

**The Ohio Senate**

**Finance Subcommittee on Health and Medicaid**

**House Bill 166**

**Senator Bob Hackett**

**Chair**

**Ronald J. Rees, Executive Director**

**Corporation for Ohio Appalachian Development**

Good afternoon Chairman Hackett, Vice Chairman Huffman, Ranking Member Thomas and members of the Senate Finance Subcommittee on Health and Medicaid. My name is Ron Rees and I am the Executive Director of the Corporation for Ohio Appalachian Development. COAD is a coalition of 17 Community Action agencies serving 30 counties in primarily the Appalachian region of Ohio. Additionally, COAD operates the Childcare Resource and Referral services in three of Ohio's Service Delivery Areas. Those three SDA's are comprised of 31 counties, a little more than a third of the state. I am here on behalf of COAD and the families of those 31 counties to advocate for an increased investment in the Early Care and Education system in Ohio.

The Early Care and Education Division of COAD works directly with parents and daycare providers throughout our 31 counties. Our staff assist parents in finding daycare and advising parents of the quality rating of each provider. They also assist every licensed provider in the 31 counties with training, consultation, business support and educational advancement for daycare staff. As is the case with every other CCR provider, they are also assisting centers in achieving a high quality rating in the Step Up to Quality rating system. The nature of our work in this area enables us to have a keen awareness of the needs in our region. I am here today to highlight those needs.

Everyone involved in early childhood programming appreciates that Ohio has made the full amount of the federal CCDBG funding available to Ohio's programs for children. We know that this was not a requirement and we appreciate the support. Unfortunately, however, early childhood programs have been underfunded for so long that it will take more than just the federal investment to fill the need. It will also require an investment of state dollars. Over the course of these hearings you will hear from many advocates outlining a number of important areas for support. We don't disagree with any of the recommendations that we have heard. We believe that an investment should be made in supporting improving the quality of early education. The research is clear that only quality programs can produce the results needed to assure that the young children of today can be the productive citizens of tomorrow. We also support expanding eligibility so that more children can have access to high quality programs. But overshadowing everything else in rural Appalachia is the fact that we don't have enough providers for early care and education and the number is shrinking every year. Currently, there is only capacity for one out of every four eligible children in Appalachian Ohio. Without substantial rate reform the shortage will become more extreme.

Our tracking of data shows that over the last biennium we have had a net loss of 16% of providers in Ohio's rural counties as a whole. In some of the COAD counties, the loss has been 30%, 40% and even 50%. By comparison, the average net loss for Ohio's urban counties is only 4%. The primary reason for so many centers closing in Appalachia is a rate structure that varies by county and results in a significant variance in rates across the state. Providers in Appalachia are paid at lower rates than in other areas of the state. Providers in Appalachia are closing at an alarming rate because they cannot financially break even. Historically, a number of providers in Appalachia operated in churches or other nonprofit facilities which helped offset the true cost of providing care. Those opportunities are becoming scarce. In other areas of the state there are additional resources to support early care and education from government, philanthropic or other sources. In those areas, the effects of the insufficient rate structure are partially

mitigated. In Appalachia we don't have access to those other resources and we feel the full effect of the rate structure.

The most recent rate adjustment resulted in modest rate increases for some providers but actual decreases in rates for others. There are currently three tiers of rates for counties in Ohio with tier 1 paying the lowest rate. The rates for tier 2 counties are approximately 15 % higher than tier 1 and the rates for counties in tier 3 are approximately 37% higher. The majority of the rural and Appalachian counties have been on tier 1 and the majority of the urban counties have been on tier 3. Recently, 10 of the Appalachian counties were moved to a higher tier and 4 were moved a lower tier. Urban counties were not moved in this process and remain predominantly on tier 3. It is not my intention to criticize the rate setting process but simply to highlight that current circumstances lead to Appalachian counties receiving lower payment for the same service. I am convinced that it is not a coincidence that Appalachian counties are losing providers at a significantly higher rate than urban counties. I believe the higher rate of provider closures is a direct result of the lower rates. I am hopeful that a way can be found to reverse this alarming trend.

In conclusion, I want to again express our appreciation for making the entire amount of the CCDBG funding available for investment in early childhood programming. This is certainly a step in the right direction and I look forward to the opportunity to move the early care and education system even closer to where it should be.

Ronald J. Rees, Executive Director  
Corporation for Ohio Appalachian Development