



Andrea White
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Chair Manchester, Vice Chair Cutrona, Ranking Member Liston and members of the Families, Aging and Human Services Committee, thank you for the opportunity to provide sponsor testimony on H.B. 145 regarding eligibility for publicly funded child care. I stand before you today to make the business case for this strategic legislation that will not only elevate the workforce of today, but will sharpen and expand the workforce of tomorrow.

H.B. 145 increases the maximum family income level for initial and continued eligibility for publicly funded child care from 130% of the Federal Poverty Level to 200% to address the needs of working families at a time when many are struggling to recover from the COVID-19 pandemic, let alone keep the heat on, rent paid and food on the table. We must act now to help more parents and caregivers to remain in their jobs and continue moving our children and our state forward.

As mentioned, Ohioans must earn 130% of the Federal Poverty Level or less to qualify for help with paying for child care. That means an unemployed mom with one child who finds a job paying \$11 an hour would not qualify for assistance. At \$22,880 she makes too much. A family of four making a household income of \$35,360 annually also would not qualify. In recent years, full-time child care costs have risen to upwards of \$10,000 - \$15,000 a year, depending on the age of the child. Do the math with me. These families cannot afford to go to work.

Ohio currently ranks 49th in income eligibility for child care. Our neighboring states, including the one up north, are much higher. Under this proposal, increasing the starting income level to 200% would allow a family of four to earn up to \$53,000. This increase would allow an estimated 300,000 more families to access childcare. That's 300,000 potential workers earning income, filling jobs and helping our companies recover.

According to the U.S. Chamber of Commerce Foundation, child care allows for millions of parents to engage in the workforce. Today too many families are making a choice between spending a significant portion of their income on child care, finding cheaper, but potentially lower quality or unsafe care, or leaving the workforce all together to care for their child. During the pandemic, two-thirds of parents had to change their child care situations and 11 percent turned down a new job or promotion due to the lack of affordable child care. Since COVID hit, workers are leaving their jobs at a stunning rate and half who did so have cited child care as the reason they left. Overall, nearly 2.4 million women have exited the workforce in the past year, as well as almost 1.8 million men.

Having limited access to childcare impedes economic growth because just as employees rely on childcare, businesses rely on employees. Groundwork Ohio reports, “American businesses lose an estimated \$12.7 billion annually because of their employees’ child care challenges. Even before the pandemic began, businesses lost about \$1.150 per working parent each year due to decreased productivity and extra hiring and training costs when families did not have access to child care. Without affordable quality child care, businesses see a decrease in productivity, revenue, employee morale, work quality and tenure. Nationally, the cost of lost earnings, productivity, and revenue due to the child care crisis prior to the pandemic totaled an estimated \$57 billion each year.”

I haven’t even mentioned the looming workforce shortage Ohio was facing even before the pandemic as we were creating jobs faster than we were developing people with the skills to take those jobs. Nearly a quarter of all U.S. workers are 55 or older. Businesses who want to grow are hampered by keeping and maintaining the talent level they have now as people retire, let alone trying to expand. If businesses can’t replace employees leaving the workforce, it could end up slowing our economy, as noted by Miami University economics professor Michael Lipsitz.

Our businesses are working harder than ever to keep operations moving and bring employees safely back to work. But for parents to do so, they need to trust that their children have access to safe, affordable, high-quality environments. It is critical for us to be educating our youngest citizens – and future workforce – with high-quality learning options during the most important time of their brain development.

Ohio is facing a future workforce crisis because our kids are not ready for school. Just some of the recent facts: Only 41% of students who come to kindergarten are ready to learn. And children who start behind tend to stay behind. In terms of readiness for kindergarten, economically disadvantaged kids are at 26.7%, while non-economically disadvantaged kids are at 57% - that’s a 30 point gap. The Department of Education did a study on our current kindergartners and found that half of the students will be behind in their third grade reading levels. The impact of the pandemic has increased this number from a previous year, which was bad enough at 30%.

We know that having access to high-quality child care means your child is less likely to be held back, to be reliant on public assistance or to engage in criminal behavior. And it means your child will be more likely to be ready for kindergarten, graduate high school, have better earnings and better health.

The case is clear – for our children, for our families and for our businesses. An effective child care system provides a strong return on investment, supporting child development and early prevention efforts, and giving our economy what we need to compete today and tomorrow.

We urge you to support H.B. 145 and raise the maximum percentage for child care assistance eligibility to 200%. There are some who would argue, “how can we afford this increase with Federal and State subsidy dollars already stretched too thin? I ask you today, how can we afford not to? Let’s find the money in our budget and reprioritize children now – for our families, for our workforce and for our future.