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Senate Bill 177 Sponsor Testimony

Chairman Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance Committee, thank you for the opportunity to provide sponsor testimony on this important legislation to address Ohio's childcare shortage through targeted investment in childcare workforce.

Many solutions have been proposed to address the growing childcare crisis. And it is a crisis. Last year 58% of Ohio's childcare providers reported staffing shortages that limit the number of available childcare slots they can offer. The Ohio Chamber of Commerce estimates we need 62,000 additional childcare workers to return to February 2020 employment numbers. This is a simple supply and demand issue. We have demand but we do not have the supply.

The reduction in childcare workforce has driven costs higher. Too often, individuals who could fill these crucial positions are caught between making too little to afford childcare and making too much to qualify for federal aid, leading many to exit the workforce after having children.

It is not just childcare workers who exit the workforce. The effects ripple out to other industry sectors. When childcare costs are equal to or exceed a parent's paycheck, families lose choices, employers lose workers, and our economy loses productivity. To put this in perspective: the Ohio Chamber of Commerce estimates that Ohio loses \$5.48 billion each year in lost productivity.

Often, proposals address costs to families by some form of government subsidy. While these proposals may reduce the financial burden faced by families, they do not address the workforce issue.

Senate Bill 177 takes a different approach. Modeled after a similar program in Kentucky, this legislation establishes a pilot program that will provide childcare to childcare workers in exchange for their service in the childcare workforce. I will note, participants would qualify based on income or working over 20 hours a week.

This is not an investment without a return. What makes this bill unique is its ability to create a supply-side multiplier effect which will increase childcare workforce while reducing childcare costs for Ohio's families. When costs are reduced, individuals who previously exited the workforce due to the prohibitive cost of childcare can choose to return to work. As of November 2024, Kentucky had about 2,900 families and 5,000 children receiving free childcare. This created between 14,000 and 40,000 additional spots in childcare programs.

High childcare costs force families to make decisions to delay starting a family, or delay having their second, or third child. I support this legislation not just for the return on investment but also because this is a common-sense solution that supports Ohio's families and restores their choice to raise a family without undue financial burden.

Chairman Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 177. I am happy to answer any questions the committee may have.