



A Firm Footing
for Children, Schools,
Families and Communities

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groundWork Testimony for the House Finance Committee

4-17-15

Chairman Smith, Representative Driehaus, and members of the House Finance Committee:

My name is Margaret Hulbert and I am Vice President of the United Way of Greater Cincinnati. United Way mobilizes the caring power of individuals and organizations to help people measurably improve their lives. In SW Ohio, our community generously raises more than \$60 million a year to address the needs in their communities.

I am here as member of GroundWork to clarify the purpose for and in support of an amendment being offered by Representative Grossman to ensure the dollars set aside for Early Childhood Education in the Governor's as-introduced version of the budget are spent in ways that 20 years of experience and research shows provide the best results.

I want to be clear. We are not asking for more money.

We appreciate the Governor's initiative and the House's support to provide \$118 million for Early Childhood Education. Representative Grossman's amendment **does not increase the funding**. It does specify that the \$20 million per year of Casino funds be used to increase the quality of care for our most at-risk children.

The private sector learned the importance of quality through 20 years of investing in child care and pre-K. The private sector will only support high quality care because it is the quality of care that gets you the return on investment.

I mentioned GroundWork. GroundWork is a nonprofit, nonpartisan advocacy organization that advances quality early learning and development as the most transformative strategy to improve school outcomes, increase the life-long success of Ohio's children, and lay a strong foundation for economic prosperity in our state. Members of groundWork include business and community leaders, private foundations and community funders, child advocates, early childhood and K – 12 educators, and early childhood initiatives around the state. Independent researchers have documented the success of our private sector initiatives.

groundWork's different constituencies all agree that the first years of a child's life, birth through age five, are the most important years for building a strong foundation for future success in school and in

life. Research shows that in the first five years of a child's life, the brain grows faster than at any other period. Parents and other caregivers are the people who have the most influence in building this strong foundation during these early years.

Business leaders, law enforcement, educators and clergy have found through 20 years of investment that **all children benefit from early learning and development programs, but they are particularly important for our highest needs children.** What the private funding community also discovered is that **it is vital these early learning programs are high-quality, particularly for our highest needs children.** If we are going to help our most at-risk children, those who live in poverty, witness violence or lack adequate adult care, we must ensure that they get high quality care.

High quality programs have an intentional focus on teaching and learning and a curriculum that includes both cognitive and social-emotional skill development. This is not babysitting. It requires educated and well-supervised staff who understand young children and can stimulate learning through play and daily activities. It requires adult to child ratios that allow for one-on-one and small group interaction.

We are very pleased that in Ohio we have begun to recognize the importance of quality early learning programs. Over the last three years, Ohio has provided \$32 million to improve access to quality childcare and preschool. It has made the commitment that by 2020 Ohio will require that low-income children funded through the state will only be served in quality rated care. Using the federal Early Learning Challenge Grant it has encouraged early learning programs to become quality rated and to move up in that rating scale.

In this budget, Governor Kasich included \$118 million in new spending for children in early childhood programs. The funds as introduced, with one exception, remain in the House version of the budget.

Specifically they are:

Increasing access to low income subsidized child care

- Eliminates copays for families under 100% FPL (aligns copays 101 - 200% FPL with public pre-K) \$7M per year TANF
- Increases intake from 125 to 130% FPL \$3M per year TANF
- Increases outtake from 200 to 300% FPL (implements escalating co-pays) \$4M per year GRF

We support the proposed changes in eligibility and copays for low-income subsidized children totaling \$14m per year.

Provides early childhood mental health support

- Described as “preschool dropout prevention”, increases statewide staff from 9 to 78 for mental health consultation in child care centers and public pre-K \$5M per year GRF

The \$5m per year early childhood mental health consultation program is critical and important. The House budget cuts this number in half and we would hope it is restored to the full funding amount.

Expands pre-K

- Expands slots by 3675 at \$4K each \$15M 1st year GRF
- Expands slots by 6125 at \$4K each \$25M 2nd year GRF
(Limited to part-day, school-year, can eventually layer with part-time TANF child care subsidy, limits pre-K to 4 years old)

We support the \$40M pre-K expansion but would change it so that is focused more specifically on the needs of low-income working families. As currently designed, the expansion provides only part-day, part-year programs. If combined with the TANF low-income child care subsidy (proposed for the second year) beginning in year one it would better meet the needs of working families who need full-day, full-year care for their children. We recommend that a minimum of 65% of available slots be full-day, full year since 68% of Ohio families have all parents in the workforce.

Increasing quality

- Unspecified use, requires a study by 1/16 \$20M per year
Casino Settlement Fund

As proposed, these funds do two very valuable things: they expand access to more children and require those children be enrolled in high quality and they provide much needed mental health consultation and support to child care centers serving children with increasing emotional health needs. We hope the House will fully support these funds.

But I want want to focus your attention on the \$40 million expenditure that is currently unspecified. Representative Grossman has submitted an amendment that we hope will be included in the House Omnibus. As I stated earlier, the amendment **does not increase the funding** in any way, but it does specify that the \$20 million per year of Casino funds be used to increase the quality of care for our most at-risk children.

Of the 42,500 low-income preschool-aged children who receive state funding for childcare and preschool, 74% attend programs licensed by the Ohio Department of Job & Family Services, with the other 26% attending preschools licensed by the Ohio Department of Education. Because they care for children for full days, child care programs are critical to meet the needs of working families. Currently only 13% of children birth to age five, who receive publicly funded child care, attend high-quality programs. 21% attend 1-2 star rated programs, leaving **the vast majority (66%) of our publicly funded, highest needs children in unrated settings**. The best opportunity Ohio has to increase the number of children who get a strong start is to increase the quality of the care for the children we are already funding.

Although as a state we have said we want our children to have a high quality early education, we are not paying for them to receive it. Remember, we want all of our children in care that is rated a 3 star or above because that is what works. The private sector recognized this, and now, after 20 years of investing in child care and pre-K, the private sector will only support high quality care because it is the quality of care that gets you the return on investment.

Although it is always a compelling idea to serve more children, early care and education is only a strong public investment when it is high quality. Attached to my testimony are two slides that illustrate the problem. As you can see in the first slide, child care providers in urban areas who increase their level of quality beyond a 2 star cannot sustain it under the current state payment system. Those of you who represent smaller communities or rural areas should be even more concerned because, as you can see in the second slide, state payments are not currently sufficient to provide even unrated care in your communities.

We ask that you accept Representative Grossman's amendment to invest the \$20 million annual allocation in programs to increase the quality of care for our highest needs children by increasing funding for children served in rural programs and programs who achieve a 3, 4, or 5 star rating.

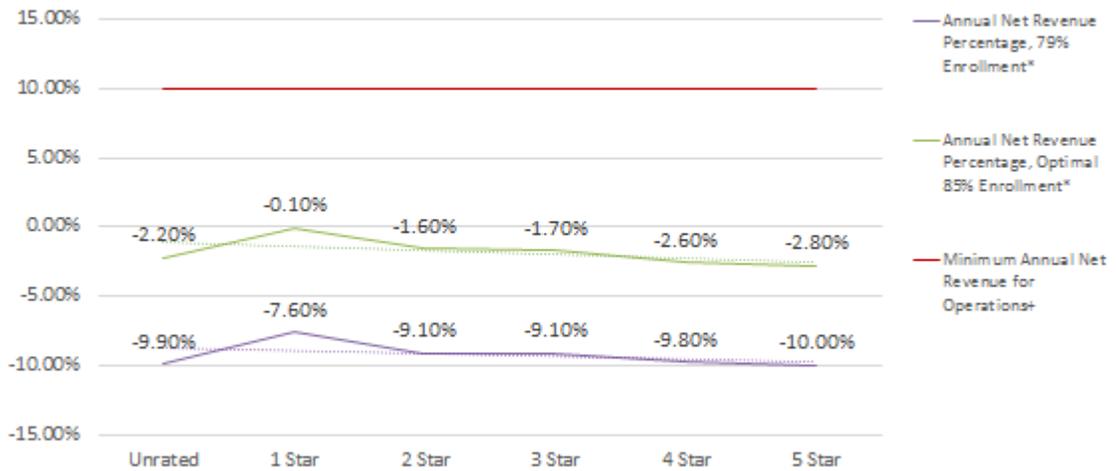
I would be happy to answer any questions you may have.

Ohio Urban, 100% Subsidy, Current Base Rate (Category F), Reduced Preschool Ratios at 4 & 5-Star, Current Tiered Reimbursement: 79% v. 85% Enrollment



* Net revenue as a percentage of total revenue.
 † Calculated as positive annual net revenue equal to 10% of total annual revenue

Ohio Rural, 100% Subsidy, Current Base Rate (Category A/B, C), Ratios at Licensing (Not Reduced for Quality Levels), Current Tiered Reimbursement: 79% v. 85% Enrollment



* Net revenue as a percentage of total revenue.
 † Calculated as positive annual net revenue equal to 10% of total annual revenue