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**Ohio Senate
Finance Committee
House Bill 110
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Chairman Dolan, Vice Chair Gavarone, Ranking Member Sykes and members of the committee, my name is Lynanne Gutierrez, and I am the Assistant Director at Groundwork Ohio. Thank you for the opportunity to provide testimony on House Bill 110, Ohio's FY 2022-2023 budget bill as it relates to Ohio's quality publicly funded child care program.

On Tuesday morning, prior to the unveiling of the substitute bill, Groundwork Ohio released a new report by the University of Cincinnati Economics Center, commissioned by Groundwork Ohio, which yet again proves the tremendous value of quality child care. Public investment in quality child care generates a **10% yearly return on public investment**, making it not only a great support for children and families but also a good return for Ohio taxpayers.

Just a few short hours later, in defiance of decades of national, state, and local research, this body failed Ohio kids by announcing you have effectively ended Step Up to Quality, Ohio's 5-star child care Quality Rating and Improvement System. By removing the requirement that publicly funded children be served by quality rated programs, the "child" has effectively been removed from "child care." While we welcome the Senate's efforts to marginally address Ohio's woefully low eligibility rate by increasing it to 142% of the Federal Poverty Level, expanding child care access at the expense of quality is entirely self-defeating and unacceptable. Additionally, the Senate bill imposes debilitating restrictions on federal emergency dollars designated to Ohio through the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act, all designed to strengthen the early learning system and the early education workforce. This proposal fails to give families the quality child care they need to work and the enriching early experiences that children need to succeed – all while undercutting the classroom teachers who are the unsung heroes of our fragile system.

- The Senate's decision to eliminate Step Up to Quality is misinformed "workforce strategy" that undermines both the workforce of today *and* the workforce of tomorrow. It will create a two-tiered child care system of haves and have-nots, where low-income children are denied a fair shot at building a strong foundation for school and career success. Disparities in outcomes will grow even wider, resulting in fewer young adults prepared to enter the workforce.
- We reject the notion that eliminating Step Up to Quality will improve a parent's choice by offering more care options. Ohio's quality publicly funded child care system as it stands today is a private choice system that relies on community-based providers who choose to serve children and families that receive a subsidy (licensed child care providers are under no obligation to serve families who receive subsidy and therefore are not subject to participating in Step Up to Quality, Ohio's quality rating and improvement system). Parents in the private market have the market power through their income to choose and afford a child care program that meets their needs. Parents who cannot afford child care and are eligible for a subsidy do not have that same market power. The federal government and states invest public dollars to ensure access to quality child care for these families.

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Accordingly, public policy determines child care choices for low-income families and any public investments in quality child care, versus a mere work support where the education and developmental needs of young children are either not desired or not regulated/measured, do not hurt or limit access to private pay families. They do, however, severely limit low-income families, and often deny low-income children a fair shot to be on equal footing with their higher income peers who have access to high quality learning environments.

- All Ohio working parents struggle to find affordable, quality child care and, regardless of income, parents want the best for their children. The “best” includes, at baseline, a program that will prepare young children to be ready for school. Step Up to Quality is reasonable progression of expectations tied the goal of ensuring children are ready for kindergarten. When public policy fails to support low-income working families and their children’s development and school readiness as they work towards self-sufficiency, it is those low-income families that carry the burden and forced choice of withdrawing from the workforce or patchworking together low-quality and often unsafe care.
- Two independent studies have validated the success of Step Up to Quality, affirming that star-rated programs better prepare young children for kindergarten. By making Step Up to Quality voluntary, the Ohio Senate is undercutting the significant progress and investment that has been made in recent years to provide quality care and early education to Ohio’s youngest children, namely that 100% of publicly funded providers are already at least a 1-star in the 5-star system and nearly half are 3-5-star rated.
- Quality child care has long been a bipartisan issue---one that this body embraced and built upon, including the adoption of statutory mandates to ensure that progress was made to build quality capacity for the children of Ohio’s low-income working families. The Senate is now walking away from this commitment to quality early learning, throwing away years of progress and millions of dollars in private and local investment without inviting a more thoughtful investment of time and consideration to explore and evaluate the complexities of the system in a public forum.
- Step Up to Quality was not a product of a Columbus-based bureaucracy that imposed restrictive guidelines on child care programs. It is an evidence-based framework for educating young children first piloted in local communities before being scaled across the state and embraced and improved upon by years of stakeholder feedback and targeted investments. Many of Ohio’s local communities have invested millions of dollars (this includes private philanthropy and public votes to utilize local tax dollars) as a partner with the state to support young learners and prepare the future workforce. These sound investments have closed gaps in access to quality child care programs while also innovating to improve the system, including rigorous outcome evaluations—each local investment is accompanied by compelling data and significant increases in kindergarten readiness for their youngest students.
- In consideration of kindergarten readiness, the elimination to the Step Up to Quality system is wholly inconsistent with this body’s similar attempt to increase fairness and equity in the K-12 system. Quality child care not only holds the possibility of but delivers on closing gaps where they begin---far before a child reaches kindergarten. We know that nearly 60% of Ohio kids are not ready for school and that those who start behind stay behind. The K-12 system was not designed to catch children up who are up to two years behind even before entering school. Kids, families and the K-12 system alike require strong birth through five education partners in quality child care to build a foundation of lifelong success for young children.
- Low-quality care does not save the state money now or later. Even if you aren’t persuaded by decades of research demonstrating the positive relation between child care quality and virtually every facet of children’s development as one of the most consistent findings in developmental science...and even if you deny the positive correlation between participation in an Ohio quality rated program and Kindergarten readiness in Ohio demonstrated by two independent validation studies of the Step Up to Quality system...and even if you deny rigorous local research in communities where additional public and private investment have been made to improve quality and access to quality child care...*decoupling quality from access and choosing to only invest in low-quality care will not cost less.* That conclusion would be based on the false assumption that Ohio’s quality child care system is sufficiently funded and covering the full cost of quality care. In fact, one primary incentive to reach even the low financial

burden of a 1-star program is that star ratings translate to increased reimbursement rates that hold the possibility of a provider coming closer to breaking even on their costs of operations. The current quality rating system is a starting point—it is a reasonable and measured approach to improve child outcomes. While a 1-star is now a very humble floor for quality in Ohio’s publicly funded system, a 5-star rating is by no means a ceiling. Indeed, many private pay families choose more robust quality options, most of which are not accessible to low-income children. A demand to child care programs who take subsidies to do more with less or less with the same is impossible when the current business model for child care has been built on the backs of a low wage workforce. The biggest cost driver of quality child care services, not unlike other service industries, are personnel costs. The average wage of an early childhood educator working in a child care setting is \$10.67 per hour. Even prior to COVID-19, the child care industry faced a staffing crisis. Any proposal that spends less on the child care system will lead to its ultimate collapse because there will be neither qualified or unqualified staff willing to dedicate their lives to the demanding work of educating and caring for Ohio’s most at-risk young children.

- In addition to our plea during budget deliberations to serve more children in quality child care, the number one concern you have heard from the child care field is around staffing—the child care workforce or what we refer to as “the workforce behind the workforce”. The Senate’s restriction on federal funding added to the budget bill not only ignores these challenges but substantially limits any solution to this problem. Ohio is expecting \$1.2 billion coming from the American Rescue Plan to support quality child care and this body has dictated that none of those funds can be spent to “provide stipends or workforce supports to child care staff, early childhood professionals, or administrators” or to “assist providers of publicly funded child care in improving their Step Up to Quality ratings.” The language further specifies that when distributing the funds, ODJFS must “prioritize increasing direct child care payments to publicly funded child care providers.” The inability to target investments to support the child care workforce juxtaposed with a substantial and well-deserved wage increase for other caring professionals in the Senate’s plan has sent a clear and offensive message to our professional workforce made up of mostly women and disproportionately women of color who have dedicated their lives to the education of young children. Additionally, the Senate’s choice to restrict the spending of federal dollars calls into question current investments in the proposed budget bill and its most recent passage of SB 109, which appropriated the remaining \$112 million of more than \$333 million from the December federal stimulus package funds dedicated to child care. This jeopardizes program level grants in addition to modest hero pay for frontline professionals.
- Finally, we are deeply concerned about blunt policy changes that don’t take into consideration the developmental needs of our youngest children because it will exacerbate inequities where we know that Step Up to Quality and Ohio’s publicly funded child care system disproportionately serve low-income working Black families and employ Black professionals. Our nation is facing a racial reckoning and finally recognizing, as a result of the COVID-19 pandemic, how foundational child care is to our workforce. You have heard as much from stakeholders across the state including community leaders, early childhood professionals and business leaders. We are also at a time when an incredible amount of federal resources have been afforded to build our systems back better to meet the needs of Ohio’s working families. And yet, this body has chosen retreat and backed down from solving critical problems that are deeply impacting working families today and long into the future.

Thank you for your consideration as we ask that you restore all provisions concerning Step Up to Quality to HB 110 as passed by the House, remove restrictions of federal child care spending and maintain the expansion to child care eligibility. We further welcome a robust conversation about how to improve our quality system longer term. I am happy to answer any questions.