

**Ohio House  
Finance Subcommittee on Health and Human Services  
House Bill 33  
Mary Auch, PNC Bank Regional President, Columbus  
March 14, 2023**

Chair Carruthers, Ranking Member Liston, and members of the Finance Subcommittee on Health and Human Services, my name is Mary Auch, and I am regional president of PNC Bank in Columbus.

Today, I join with my fellow PNC regional president colleagues from across Ohio in thanking you for the opportunity to provide interested party testimony on House Bill 33, Ohio's FY 2024-2025 budget bill, regarding the state publicly funded child care program.

PNC's support of expanding access to high-quality early education is longstanding and unwavering – dating back to 2004 with the launch of our signature philanthropic initiative, PNC Grow Up Great®. We have provided \$225 million in early education grants in the communities where we do business across our coast-to-coast footprint. A \$500 million multi-year, bilingual initiative, PNC Grow Up Great provides support to pre-K education centers with the ultimate goal of helping children from birth through age 5 become better prepared for success in school and life.

Here in Ohio, over the past five years PNC has invested more than \$10 million in early education grants, and our employees have spent more than 91,000 hours volunteering in early childhood education settings across the state.

Funding is more critical than ever before as the COVID-19 pandemic and associated workforce crisis has disproportionately, negatively impacted child care and early education, while also highlighting child care's vital role in a healthy economy. Child care is an industry that operates on thin margins. Increased expenses and the inability to attract skilled professionals to a field that, for far too long, has relied on low-income workers to operate safely have greatly strained the industry. According to the U.S. Chamber of Commerce Foundation, almost two-thirds of child care centers are small businesses serving less than 75 children, and those that continue to have their doors open today after pervasive closures are struggling to break even and evaluating the ability to keep their business open, as more of their classrooms are closed due to lack of workforce.

Meanwhile, our infants, toddlers, and preschoolers have lost access to important learning opportunities. Through a PNC Foundation-funded study, the National Institute for Early Education Research (NIEER), led by early childhood education public policy expert Dr. Steve Barnett, found that during the pandemic era young children in poverty had less than one-third the amount of access to in-person education than their higher-income peers. Kindergartners are our future workforce, and they are facing unprecedented academic challenges, with those already at a disadvantage falling even further behind. 62% of preschoolers are not demonstrating readiness for kindergarten according to the Department of Education for the

2021-2022 school year. This number increases to 77% for kindergartners who are economically disadvantaged.

We know that 90% of a child's brain develops by age 5. That is when they are most receptive to learning. Once children reach kindergarten, the gaps in learning and development not only persist, but start to widen, especially if they haven't received early childhood education. Attempting to level the playing field becomes more expensive and the results decline as children age. And yet, in Ohio, more than half of low-income young children don't have any access to early learning programs.

That's why PNC supports bolstering Ohio's Publicly Funded Child Care program, which currently is available only to the poorest of low-income families — those whose earnings fall below 142% of the Federal Poverty Level. That means to qualify, a parent of two children cannot earn more than \$15.72 per hour — or an annual salary of \$32,712. If the parent earns more, he/she is not eligible for child care benefits. That same parent will also be challenged to afford the cost of private child care. According to the Department of Labor, here in Columbus, the average cost of infant care is \$14,189 per year. This difficult choice gives little incentive to return to or advance in the workplace. Further, the same source revealed that families who can pay spend 17.4% of their income on child care.

Providing for two children on a gross salary of less than \$33,000 a year is nearly impossible. As cited by [the Ohio Chamber of Commerce](#), child care costs in Ohio are on average more costly than rent, with the cost ratio among the worst in the nation. There is also limited child care availability, with 60% of rural Ohioans and 30% of all Ohioans living in a "child care desert" – an area with more than 50 children under 5 and no providers, or an area with three times as many children as licensed child care slots.

As emergency federal funding continues to be utilized in the state, Ohio has an opportunity to invest in and prepare for its future. In his budget, Governor Mike DeWine is proposing increasing the eligibility threshold for subsidized child care to 160% of the Federal Poverty Level. This is a necessary step forward, to ensure parents can return to or remain in the workforce.

Previously, PNC testified in support of House Bill 145 in the 135<sup>th</sup> General Assembly. HB 145 was bipartisan-sponsored legislation to expand initial eligibility for publicly funded child care to 200% of the Federal Poverty Level. PNC supports expanding eligibility to 200% of the Federal Poverty Level and sees this budget as an opportunity to move closer to this eligibility threshold through the Governor's proposal. The proposed increase would benefit 15,000 additional children throughout the state and means that a parent of two children earning \$36,864 per year (\$17.72 per hour) would now qualify for publicly funded child care. Many low-income parents would be less likely to quit the workforce if they knew they wouldn't be penalized for accepting a raise, a promotion or more responsibility on the job.

Make no mistake – this is a crisis that has hamstrung our economy. In fact, an updated [study](#) from ReadyNation finds that the nation's infant-toddler child care crisis now costs \$122 billion

in lost earnings, productivity and revenue, and Ohio's economy loses an estimated \$3.9 billion per year due to child care issues.

Specifically, the lack of quality, affordable child care is a significant contributor to ongoing workforce challenges and labor shortages, which, according to the [National Federation of Independent Business](#), remain among the top problems facing businesses. [U.S. Chamber of Commerce studies](#) show that half of all workers and nearly 60% of parents cite lack of child care as their reason for leaving the workforce, and 1 in 3 unemployed women are not returning to the workforce because they must provide for a family member.

Our state and our businesses are in dire need of strategic state investment in early childhood education, as expanding access to publicly funded child care will help more people enter and remain in the workforce. Not only will it address the workforce challenges of today, but access to quality early childhood education is a two-generation workforce issue. Public policy to improve outcomes for our youngest Ohioans will also ensure the workforce of tomorrow is prepared to excel and contribute to a thriving economy in the future.

For us to ensure that the child care system can support serving more children and families, it must also invest in capacity building and the child care workforce.

That is why we ask you to consider protecting and building upon proposed investments made by Governor DeWine in the biennial budget, which include:

- *Child Care Capacity*: An investment of \$150 million of state ARPA funds to provide child care scholarships and to increase infant and toddler child care capacity in communities throughout the state.
- *Child Care Eligibility*: An expansion of the state's publicly funded child care program from 142% of the Federal Poverty Level (FPL) to 160%, which would result in more than 15,000 children and families gaining access to care.
- *Preschool*: An additional \$46 million per year in Early Childhood Education grants, estimated to expand preschool to an additional 11,525 children under 200% FPL.

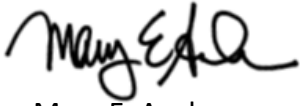
Even with these targeted investments, too many children and their families will still be left out. They are just the beginning of what is needed to fully address the child care crisis facing kids, parents and Ohio businesses, but they will be a vital step in the right direction. PNC supports additional investment in infant-toddler child care capacity and preschool proposed by Groundwork Ohio.

Child care and preschool are investments — investments in our children, our working families and Ohio's future. We must adopt a long-term view, knowing we will reap the dividends of our investment for years to come.

The time to invest is now! We appreciate the opportunity to provide written testimony.

*Thank you for your consideration of this critical support for our state's future leaders and their families.*

Respectfully,



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