

**Ohio Senate  
Finance Committee  
FY2018-2019 Operating Budget  
Action for Children  
Eric Karolak  
June 13, 2017**

Good Afternoon, Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell and members of the committee. I am Eric Karolak, CEO of Action for Children. Thank you for the opportunity to be here today and give testimony concerning the Executive and Ohio House proposal for Ohio's early childhood education budget for state fiscal years 2018 and 2019.

Action for Children is a private, not-for-profit child care resource and referral organization headquartered in Columbus and serving Franklin and six surrounding counties: Delaware, Fairfield, Licking, Madison, Pickaway, and Union. This fiscal year, we will have:

- helped more than 9,000 early childhood teachers improve their practice;
- prepared more than 100 practitioners to complete nationally-recognized para-professional certification;
- achieved a 98% success rate in helping programs achieve, maintain, or increase their rating in Ohio's quality rating and improvement system, Step Up to Quality (SUTQ);
- helped hundreds of parents, including many restored citizen fathers, with individualized coaching and job placement; and
- provided 750,000 nutritious snacks and meals in child care settings.

This is important community-building work that lays the foundation for success in school and life. We support parents, family members, early childhood educators and child care programs all, with the strategies and tools they need to provide kids with quality early learning experiences. Last year, OSU estimated our reach extended to 50,000 children in central Ohio.

There are about 2,000 days from birth to school entry, and every one offers an opportunity to change a child's life by investing in her development and learning. Parents talking as they grocery shop, children playing intensely on a playground, child care practitioners reading a storybook to kids gathered in a home or center, and preschoolers focusing on counting – it all counts, especially for our most at risk children. Often those children don't have access to safe and stimulating environments much less quality programs. As a result, researchers have found the achievement gap emerges as early as age three – when children from well-resourced homes show exposure to as many as 30 million words more than their less fortunate chums. Time and time again, longitudinal research has shown that access to high quality early childhood education improves outcomes over a lifetime, beginning with better school readiness, less delinquency and crime, and improved job and earnings prospects, not to mention the benefits to the hundreds of thousands of working parents who use child care so they can go to work or participate in an approved job training or education program. This is the original two-generation program: parents earning, children learning.

Ohio has made great strides to embrace the opportunities present in the early years, but with this budget we're poised to veer off course with disastrous consequence. Our state led the country in establishing a quality rating and improvement system, Step Up to Quality, to provide the thousands of public, private for-profit and not-for-profit programs with a continuous quality improvement path to guide their actions in the marketplace. Thanks to your leadership, SUTQ has demonstrated results in a recent independent validation study.

The problem is that too few kids, especially those most at-risk that we serve, have access to the quality programming that produces outcomes. We are making slow progress towards increasing access. This slow progress is measured by the statutory goals that you helped put in place. These goals are that by 2020, 100% of providers receiving public funding of any kind must be rated (at least a 1-star in the SUTQ system) and that by 2025 all providers must be high quality (3, 4 and 5 stars) to receive public dollars. With only 35% of programs even rated and just 13.2% of those being high quality we are far away from meeting these benchmarks for Ohio kids.

This problem is compounded by two issues I'd like to draw your attention to today. First, in 38 counties child care is reimbursed at lower rates than their similar counterparts to provide quality programs for kids, which makes it much more difficult for them to make up any ground in improving access to quality. These serve 39,711 (38.8%) of all 102,421 children being served in the state of Ohio. Simply put, perpetuating the incorrect rate categories creates an additional burden to kids gaining access to quality programs in these 38 counties – over a third of our state. Funding quality in Ohio cannot be achieved without addressing this significant gap. If this accounting injustice is fixed, children in these 38 counties will have the support they deserve to access high-quality early childhood education.

For reference, the following is a list of those 38 counties who need to be moved to the correct peer group:

Allen	Erie	Licking	Sandusky
Ashland	Fairfield	Logan	Seneca
Athens	Greene	Lucas	Shelby
Auglaize	Hancock	Miami	Stark
Belmont	Harrison	Monroe	Trumbull
Carroll	Highland	Morrow	Union
Clark	Huron	Ottawa	Wayne
Columbiana	Knox	Pickaway	Wood
Cuyahoga	Lake	Portage	
Darke	Lawrence	Preble	

This fix necessitates a legislative response and has been costed out by the Department at \$65 million over the biennium. Today, we have been thoughtful in asking you for a new investment of \$11 million per year to support our most at risk kids. This funding level will begin the fix for 13,840 of the 39,711 children served in the 38 counties affected by the rate injustice that are in SUTQ star-rated programs. Fairfield (180 kids), Licking (375), Pickaway (41) and Union (6) counties for which I serve are all impacted by this accounting injustice. These counties serve 602 children in rated programs alone. And, for the counties we serve that aren't impacted, we know that this first critical step towards removing the accounting injustice experienced by the 38 counties is the right next step helps all kids statewide get better access to quality early childhood education as we are building our system. Correct funding levels with this new investment supports better outcomes for Ohio kids through enriching curriculum aligned with standards, highly-educated teachers, lower teacher-to-student ratios and consistent communication and engagement with families.

The second issue is more important and critical. We are also asking, as you consider this new investment, that we first make sure we are protecting the existing system. Ohio's early childhood education system budget has been cut by \$11.7 since the flat-funded Executive proposal was introduced. The Ohio House proposed \$7.5 million worth of cuts between the Department of Education (GRFT 200408 Early Childhood Education) and the Department of Job and Family Services (GRF 600413 Child Care State/MOE impacting Ohio's early childhood system. Further, the Senate cut an additional \$4.2 million (GRF 600535 Early Care and Education) from the

Department of Job and Family Services Budget. We knew entering this budget process that flat funding for the system would not make any progress towards our statutory goals, and so we thoughtfully have asked for an incremental improvement to move the needle towards these goals. However, cuts to kids accessing quality and the number of kids our system serves will surely undermine any progress towards these goals. Accordingly, we ask that you restore these funds and then begin to fund the 38 county fix to ensure that we don't take a step back at a time when we need to push forward.

At just the time we should be backing up our families and kids, we're reducing the support for access to quality. In this the last full budget before the July 1, 2020 deadline takes effect, the House and now the Senate are now pulling back. As difficult as are the decisions you face now, I assure you they pale in comparison to those of the income-eligible moms – tens of thousands of them across the state – heading to work on July 1, 2020 only to find that her child care closed or will no longer accept publicly funded child care assistance.