



May 2025

Re: Statewide Business Community Child Care Priorities for the 136th Ohio General Assembly

On behalf of thousands of Ohio families and businesses, our organizations write to elevate childcare as a policy priority for both the upcoming state operating budget and throughout the 136th Ohio General Assembly. Child care is a key workforce participation barrier for Ohio parents and caregivers, who often make the difficult decision to disengage partially or completely from the labor market due to high costs or lack of availability. As all industries struggle to attract and retain talent, the costs and scarcity of childcare services are robbing our labor force of an entire demographic of skilled, educated, and hardworking Ohioans.

In an economic study just released by the U.S. Chamber of Commerce Foundation, the direct financial impact to Ohio of insufficient child care coverage is **\$5.48 billion annually**. This number includes \$1.52 billion in missed annual tax revenue, and \$3.97 billion in child care-related employee turnover and absenteeism costs to Ohio employers. 70% of Ohio parents of young children missed work or class at least once in the past three months for child care reasons, and 33% of parents that experienced disruptions to their employment in the past year reported leaving the workforce as a direct result of child care issues. Finally, in 75% of states child care now costs more than in-state university tuition.

The complexities surrounding Ohio's child care crisis are rivaled by the costs involved in greater investments. We understand that these burdens must be shared with the employer community, local governments, and non-profit organizations. As we support innovation in those spaces, ***we are unified behind supporting core, structural investments in Ohio's child care system proposed in the "as introduced" budget that supports working families, employers, child care providers and the state including:***

- 1. Increase access to affordable, quality child care for working families at or below 200% FPL**

Governor DeWine's proposal increases access to the publicly funded child care program to families up to 160% of the Federal Poverty Level (up from 145% FPL, which currently puts Ohio at the lowest eligibility in the country) and maintains the Child Care Choice Voucher Program implemented last year to support working families between 161% and 200% FPL. The House budget continues Ohio's FPL at 145% and decreased the proposed voucher funds from \$225 million over the biennium to \$200 million. To sustain the progress already made with this program, **we urge the Ohio General Assembly to increase eligibility and maintain voucher access at the Governor's proposed level.**

2. Ensure federal compliance that supports families and child care businesses

Further, the as introduced budget proposal supports federal compliance with measures that support child care affordability by limiting family copays to 7% of a families income and support providers by aligning payment practices with the private market including paying on child enrollment versus attendance.

These critical, core investments do not require additional state dollars. Rather, they require appropriation authority to invest federal Child Care Development Block Grant (CCDBG) dollars—funds that are explicitly designated for child care—into the state's child care system. The House budget honors these commitments.

To build upon these core investments, we further recommend consideration of the following items that improve access and affordability, increase child care capacity and address the needs of the child care workforce:

IMPROVING ACCESS & AFFORDABILITY

- **Support "Tri-Share" and other Public-Private Cost Sharing Partnerships**

Several states have launched "Tri-Share" programs, where child care costs are shared by employees, employers, and the state. Pending bills HB 2 and SB 32 propose a similar "Child Care Cred Program" in Ohio, and the House budget appropriates \$10 million to initiate this program. We support these measures as collaborative solutions to reduce costs and improve employment access.

- **Make Foster and Kinship Caregivers Eligible for Publicly Funded Child Care**

Foster and kinship caregivers who are working are challenged with the same child care challenges as other parents and caregivers when trying to access child care. Child care availability results in tough decisions that not only influences their ability to stay in the workforce, but often deters them from taking on the responsibility of caring for children who need the loving support of foster and kinship placements. Ensuring they get the support of publicly funded child care can help address both of these challenges. This policy is reflected in HB 7 of the 136th GA and was also introduced last session.

INCREASING CENTER-BASED AND IN-HOME CAPACITY

With 60% of rural and 39% of overall Ohioans living in childcare deserts, expanding supply is essential. We propose:

- **Financial Incentives for Redeveloping Dormant Facilities into Child Care Spaces**

The state should consider financial incentives for developers, non-profits, and local governments to convert unused buildings and spaces into functional child care classrooms, similar to the grant program proposed under House Bill 41.

- **Continued Provision of Child Care Access Grants**

The DeWine Administration previously reallocated \$85 million in federal funds to expand childcare facilities and services. Continuing these grants to providers will support critical repairs and expansions to accommodate more children.

- **Cultivating In-Home Options in Child Care Deserts**

In rural Ohio particularly, capacity needs may be best met by stimulating the creation of more in-home providers. Investing in the recruitment and support of in-home providers could yield substantial new capacity in high-need areas. Recent grant-based investments resulted in the creation of 100 new family child care homes in Ohio and the state should build upon this momentum. The House budget creates a Child Care Provider Recruitment and Mentorship Grant Program, funded at \$3.2 million, to help increase licensed providers and assist recruited entities and individuals.

- **Continue Modernizing Ohio's Child Care Systems**

Ohio successfully streamlined its Step Up to Quality rating system in 2024, reducing tiers and the paperwork and administrative burdens for compliance. Additionally, in 2022 the bicameral *Publicly Funded Child Care and Step Up to Quality Study Committee* made several recommendations to improve and increase Ohio's systems of childcare and early learning. Ohio should continue to thoughtfully examine its childcare systems to create new capacity and enhance existing options without sacrificing quality.

WORKFORCE DEVELOPMENT

Childcare providers struggle to attract and retain staff due to competition with higher-paying industries. Ohio must incentivize people to enter the caregiver profession while driving higher wages and benefits to keep them in service. To strengthen this workforce, we recommend:

- **State Funding Matches to the T.E.A.C.H. Early Childhood OHIO and POWER Ohio Programs**

Expanding these scholarship and wage supplement programs through a GRF match to existing funding sources can double participation and help more workers enter and stay in the field.

- **Covering Costs Associated with CDA Credentialing Fees and Renewals**

Child Development Associate (CDA) credentials for early childhood professionals cost \$425 per new certification, \$125-\$150 per renewal, and are valid for three years. In a field that pays comparatively low wages, even the slightest financial relief for these workers through the state covering these credentialing costs over the biennium would be meaningful.

- **Providing Child Care Scholarships to Child Care Professionals**

In late 2022, Kentucky made child care professionals categorically eligible for free child care benefits and will continue to do so at least through fiscal year 2026. As of January 2024, nearly 4,000 workers across the state utilized this program. Providing this benefit to working Ohio parents who themselves are child care workers significantly increases their wage value while also freeing up providers already providing similar benefits to re-direct those monies into higher wages. We propose a similar program for Ohio, funded with an initial \$20 million per biennium, that will enable thousands of slots for the children of child care workers.

With Ohio's job market expanding, a stable and well-trained workforce is critical. Addressing child care access and affordability requires a shared commitment from both the public and private sectors, and our organizations stand ready to support these efforts. Thank you for your consideration of these initiatives.