

OHIO's Publicly Funded CHILD CARE RATE STRUCTURE

Groundwork
OHIO



Frequently Asked Questions

How are Ohio publicly funded child care rates determined?

Rates are determined by the Ohio Department of Job and Family Services (ODJFS) who is responsible for administering federal and state funding for publicly funded child care. As part of this process, ODJFS is required to conduct a Child Care Market Rate Study (MRS) every two years to collect information concerning the amounts charged, so that the Department can establish reimbursement ceilings and payments for providers. ODJFS also must establish enhanced reimbursement ceilings for child care providers that participate in Step Up to Quality (SUTQ) and maintain quality ratings.

What is Ohio's current child care rate structure?

Ohio's current rate structure was adopted in July of 2009 and is based on the 2008 Child Care Market Rate Survey which first establishes reimbursement rates for each of four age groups: 1.) infants; 2.) toddlers; 3.) preschoolers; and 4.) school age children. The rates for each age group are computed at the county level and the counties are then grouped into categories of counties with similar rates. In the 2008 MRS, Ohio's 88 counties were grouped into 6 categories, A-F.

In 2016, a series of changes to the rate structure were made including combining county categories A, B, and C all into group D, so the rate structure now groups counties in 3 categories: D, E and F. Additionally, the base rates (rates without enhancements for participating in SUTQ) for each of the four age groups were increased by 4%. Prior to 2016, a series of rates were adopted to reward providers who participate in SUTQ. The rate structure has separate rates for full-time, part-time and hourly child care in addition to separate rates for child care centers versus "Type A" and "Type B" home care providers. In 2016, in addition to the base rate increase of 4%, these enhanced rates were also increased (5% for 1 star providers, 18% for 2 star providers, 21% for 3 star providers, 29% for 4 star providers and 35% for 5 star providers).

How would the current rate structure need to change in order to align with the 2016 MRS?

In order to align Ohio's current child care rate structure with the 2016 MRS, it is necessary to:

1. Ensure that all counties are in the appropriate rate group: 38 of Ohio's 88 counties are currently in the wrong rate category. These 38 counties need to be moved from their current county group to a different county group with other similarly situated counties.
2. Update the rates for all age groups in all county groups.

What is equal access?

The Child Care Development Block Grant, a federal grant which provides Ohio funding for child care, requires lead agencies to certify that rates are sufficient to ensure eligible children have equal access to child care services comparable to those in the State market provided to children who are not eligible to receive CCDF or other Federal or State child care assistance. The benchmark for equal access established by the federal government is the 75th percentile of the most recent current child care market rate. The 75th percentile market rate is the price at or below which 75 percent of child care providers in the state reported charging for services.

Given that Ohio's SUTQ system defines the 3 star level and above as high-quality, to ensure Ohio meets this federal benchmark, Groundwork has assigned the 3 star level rates at the 75th percentile of the MRS. In further consideration of this federal benchmark, Groundwork proposes to align rates to the 2016 MRS in the following manner:

1. 1 star quality providers are brought up to the 60th percentile of the 2016 MRS
2. 2 star quality providers are brought up to the 65th percentile of the 2016 MRS
3. 3 star quality level providers are brought up to the 75th percentile of the 2016 MRS
4. 4 star quality level providers are brought up to the 80th percentile of the 2016 MRS
5. 5 star quality level providers are brought up to the 85th percentile of the 2016 MRS

What is the cost of updating the current rate structure to the 2016 MRS?

In order to estimate the cost, Groundwork analyzed data on publicly funded child care services provided by ODJFS from a single week in October 2014 (FY15) as a baseline of both program participation and program cost. The annual costs based on this data is as follows:

1. The annual increased cost of moving the 38 counties into the correct rate group is estimated at 32.5 million.
2. The annual increased cost of aligning the rates with the 2016 MRS according to the proposed levels to support equal access is \$40.2 million.

Thus, the total annual cost of adjusting the rate structure to the 2016 MRS is \$72.6 million.

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