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**Ohio Senate
Finance Committee
FY2018-2019 Operating Budget
Groundwork Ohio
Shannon Jones, Executive Director
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Good Afternoon, Chairman Oelsalger, Vice Chair Manning, Ranking Member Skindell and members of the committee. I am Shannon Jones, Executive Director of Groundwork Ohio. Thank you for the opportunity to be here today and give testimony concerning Substitute House Bill 49, Ohio's budget bill for state fiscal years 2018 and 2019. My testimony is limited to comment and concern on Ohio's early childhood education system.

As you may know, Groundwork is Ohio's statewide advocacy leader for early care and education. In addition to myself and my staff, Groundwork is governed by a robust steering committee of child-focused experts from around the state, including those who are leading the early care and education charge in their local communities, public school leaders, child advocates, and center and home child care providers. We enjoy consistent support from our funders, our largest including the United Way of Greater Cincinnati and The George Gund Foundation, and have cast a wide net of support including to those in the business community.

Quality Early Childhood Education Matters

Early care and education, and what falls under the scope of "child care," in the JFS budget is no longer merely providing basic safety and supervision to kids. The evidence is overwhelming that brains are built by early experiences – in the first five years of life, 90% of a child's brain development happens with about 1 million neural connections made every second in the early years. We have a critical period of time to position all Ohio children for success.

Not all children have the same early experiences. Poor children's ability to develop on par with their peers is greatly compromised -- by age 3, low income learners have heard an average of 30 million fewer words than their high income peers and their vocabulary is half as large. Kids who start behind often stay behind. These indisputable facts explain why the investments made during the first five years of life are so significant. The earlier the investment, the greater the return. And the greatest return is when we invest in the kids most in need.

Not only do we know that early childhood education works, now we know how it works best—and we call the best "high quality." High quality means enriching curriculum aligned with standards, highly educated teachers and low teacher to student ratios, and consistent communication and engagement with family. High quality is a powerful package that delivers not only cognitive, but social emotional skills to kids and families.

High quality programs produce high quality outcomes. The Perry Preschool Program and Abecedarian Preschool Project—long considered the quality gold standards of research because they follow children through the life course, giving us reliable longitudinal data—delivered better education, health-related behavior, and social and economic outcomes for disadvantaged children who received programming versus those who received none. Abecedarian, a comprehensive birth to age five program, had lasting effects on IQ, boosted academic and economic achievement and helped prevent the incidence of chronic disease and obesity in adulthood. At the age of 27, participants in the Perry Preschool Project had spent 1.3 fewer years in special education services, had a 44% higher high school graduation rate

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and had 50% fewer teen pregnancies. And at the age of 40, these same participants were 46% less likely to have served time in jail or prison, had a 42% higher median monthly income and were 26% less likely to have received government assistance.

Clearly, high quality outcomes translate to a high return on investment. In fact, Dr. James Heckman, a Nobel Laureate in economics and an expert in the economics of human development at the University of Chicago, recently analyzed the early childhood research and concluded that high-quality birth-to-five programs for disadvantaged children can deliver a 13% per year return on investment. For every 1 public dollar invested in these programs we see \$4.10 returned through age 21 and \$9.20 through age 40. Based on the research, we believe that even these estimates are conservative as we have not fully quantified long term health benefits of these programs—experts estimate a 16-18% ROI as more analysis is done. High quality early childhood education is changing the trajectory of kids’ lives and our economy—it’s the smart investment for all Ohioans.

Failing to invest early has big consequences. Just one example of the cost of potential outcomes for our most at-risk kids is juvenile delinquency. The cost of sending just one kid to juvenile prison in Ohio for just one year in FY 2016 cost taxpayers \$185,000.00. That is more than the cost of a Harvard education and pales in comparison to the cost of the early intervention we know works for these at-risk kids that position them for lifelong success.

Ohio’s System Knows Quality Matters but Our Kids Still Don’t Have Access to Quality

Ohio’s response to all of the empirical data supporting early investments in high quality interventions was the establishment of the Step Up to Quality Program (SUTQ) with the goal of increasing access to high quality programs as part of Ohio’s Race to the Top Early Learning Challenge Grant. In SUTQ, early care and education programs earn 1- to 5-Star ratings based on meeting nationally researched quality program standards administered by ODJFS. We thank the administration for their leadership and tenacity in providing a framework that embraces quality.

As a response to the Grant, the legislature affirmed the approach by setting statutory goals that mandated 100% of licensed child care providers be high quality (rated 3 to 5 stars) by 2025 with the following threshold benchmarks so that we can get better outcomes for more of the kids we are currently serving:

- By June 30, 2017, 25%
- By June 30, 2019, 40%
- By June 30, 2021, 60%
- By June 30, 2023, 80%

To ensure adequate progress towards these benchmarks, all programs are required to be rated by 2020.

While we relied on the indisputable national data to create our quality system, we now have findings on how it is working in Ohio. An independent study of SUTQ in Ohio was recently conducted to begin measuring the impact of our program and amongst many findings, the key takeaways from the study are as follows:

1. **Higher Quality & Better Outcomes:** There is a strong correlation between children scoring higher on Ohio’s Kindergarten Readiness Assessment and attendance at a 3-5 Star Rated Program.
2. **Higher Ratings Mean Better Quality:** Programs that are Star Rated showed higher quality classroom practices compared to programs that are not Star Rated.
3. **Higher Attendance Matters:** Students who attended publicly funded childcare programs over a longer period of time scored higher on average on the Kindergarten Readiness Assessment.

We know quality is producing good outcomes for Ohio kids and yet the State of Ohio is making incredibly slow progress in getting kids into the programs it knows work. According to JFS data, in FY 2016, only a scant 13.2% of programs are rated high quality --- far off the statutory benchmark of 25% by this June. In fact, only 35% of *all* programs serving publicly funded children are even rated.

What is even more concerning to this abysmal progress is the racial disparity among the children currently receiving publicly funded child care (PFCC): 17% of white PFCC children are in high quality programs compared to only 11% of black children. Further, 70% of black PFCC children remain in unrated programs as compared to 57% of white children.

Clearly more must be done to impact all children, but the racial inequity that exists is alarming and requires special consideration. We look forward to understanding these disparities and working with the administration and the legislature to address them.

Compounding the problem of slow progress for at-risk kids to access quality programs, however, is that the state has 38 counties in the incorrect peer group to the state's advantage. These 38 counties serve 39,711 (38.8%) of all 102,421 children being served in the state of Ohio. These 38 counties are being paid less than their similar counterparts which makes it much more difficult for them to make up any ground in improving access to quality.

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	

Amongst the counties that have been underpaid for its early childhood education services, perhaps the most significant is Cuyahoga County—one of Ohio's largest urban counties serving many of the state's poorest kids. Only 16% of Cleveland's children entering kindergarten are fully prepared for success (Ohio's Kindergarten Readiness results, 2013) and yet this county remains underfunded.

Simply put, these counties remaining in the incorrect rate category provides 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 first. If this accounting injustice is fixed, children in these 38 counties will have the funds they deserve to begin increasing their access to high-quality early childhood education programming.

Legislative Response

This fix necessitates a legislative response and has been cost out by the Department at \$65 million over the biennium. Given our understanding of the challenges the State and this body have during this budget cycle, we hired a data analyst, Howard Fleeter, to thoughtfully assist us in determining how we could phase in this fix. We determined that 13,840 of the 39,711 children served in the 38 counties affected by the rate injustice are in SUTQ star-rated programs. The cost to fix the rate injustice for these 13,840 kids is \$11 million in both FY18 and FY19.

Accordingly, we are asking for your support for a new investment of \$22 million to support our most at-risk kids over the biennium. The impact of even this first phase of the fix is critical—for example, our Cuyahoga County programs estimates that this new investment will mean about \$20,000 additional dollars per classroom. 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.

As we look towards our goals, it is important to understand what will happen to the majority of kids being served by unrated providers as of July 1, 2020. Unrated providers will no longer receive publicly funded dollars and the system

will no longer have the capacity to serve many or most of these children. Perhaps some of them may be absorbed by rated programs, likely a center that has the flexibility to take on a few more publicly funded slots since they can account for their overhead with their private pay population. But the majority of our most at-risk kids, sitting in unrated home care provider or center settings will not have access to any care, quality or otherwise. For example, as it stands now, none of the kids being served in Monroe County in Ohio's Appalachian region are being served in a quality setting. If a child in Monroe County, one of the 38 counties impacted by the accounting injustice, can't be served in a quality setting in 2020, they won't get served at all. The capacity issue that exists right now has grave effects for the trajectory of Ohio's system and most importantly, the individual kids who will be robbed of the services that quite literally have the ability to change their lives.

Proposed Budget Concerns

When we began our budget advocacy, Ohio's early childhood had been flat funded which, given our looming goals, told us that the 2020 and 2025 goals you established were well out of reach. I stand before you today now asking that before you consider making a small but critical new investment of \$22 million in the system that you first restore funding to the system made by the House and the Senate in the total amount of \$11.8 million. The cuts are as follows:

1. GRF 600413 Child Care State/MOE in the JFS budget was funded at \$84,732,730 each year in the Executive Proposal and was reduced to \$83,461,739 each year in the House budget for a **total cut of \$2,541,982** over the biennium. Further, given the nature of this federal TANF funding stream, a cut to this line results in Ohio leaving additional federal dollars on the table.
2. GRF 200408 Early Childhood Education in the Department of Education budget was funded at \$70.3 million each year in the Executive Proposal and was reduced to \$67.8 million each year in the House budget for a **total cut of \$5 million** over the biennium. This line funds preschool slots and will result in fewer kids being served.
3. GRF 600535 Early Care and Education in the Department of Job and Family Services budget was funded at \$141.3 million each year in the Executive and House proposals and was reduced to \$139.1 million each year in the Senate budget for a **total cut of \$4.3 million** over the biennium. This line funds publicly funded child care slots and will result in fewer kids being served.

Further, an amendment included in the House bill (Section 307.170, Lines 133299-133315, Pg. 42 of the As Passed by the House Text and pg. 18 of the Comp. Doc.), while sharing our objective of correcting the 38 county injustice in part, does so by reallocating current funds (Casino Operator Settlement Funds out of Early Childhood Education Line Item 600696). We have been advised by the administration that the consequence of this reallocation is the loss of approximately 1,250 slots for kids, critical funding for early childhood mental health services to our most at-risk preschool kids, and the elimination of financial supports given to programs transitioning from a 2-star program to a high quality 3-star program—without this necessary bridge, programs are unable to achieve a high quality rating. So while we are unified by the stated goal of moving these 38 counties, Groundwork's position is to do so with new dollars. We thank the Senate for removing this harmful language and ask that as the budget process progresses that this language remain out of the final budget bill.

Thus, as we request your support for a new investment in the amount of \$22 million over the biennium, we respectfully ask that you support the amendments to restore cuts that have been made to the system by the House and the Senate in addition to maintaining amendments remedying the language that further compromises funding for Ohio's early childhood education system.

As we work to build a system that positions kids for success, we need to be mindful that we are only serving 60% of all eligible preschool aged kids in publicly funded child care and a mere 7% of kids eligible for public preschool in our state. Considering our reality, cuts to current funding levels inevitably means serving even less kids. Given all that we know in this field about what a smart investment early childhood education is, cuts to these programs is irresponsible.

Conclusion

The legislature understood more than a decade ago that we couldn't build our quality early childhood education system overnight but that we needed to do it incrementally, anticipating both lean and more robust budget times. This long term approach, now spanning more than a decade, was fortified by the statutory benchmarks that were put in place by the legislature. We knew that progress towards these benchmarks would require continued investments that couldn't be accomplished in a single budget cycle. As we reach a critical point in this budget process in an increasingly challenging fiscal environment, Groundwork asks you to invest smart by maintaining and improving the trajectory of progress for Ohio's most important investment—our kids.



Early Childhood Education:

Laying the Groundwork for
a More Successful Ohio.



**BRAINS ARE BUILT BY
EARLY EXPERIENCES.**

90% of **DEVELOPMENT**
happens from birth to 5 years old.

We have a critical period
of time to position all
Ohio children for success.



**NOT ALL CHILDREN HAVE
THE SAME EARLY EXPERIENCES.**

BY AGE 3, low-income
learners have
HALF the **VOCABULARY**
as their high-income peers.

Kids who start behind
often stay behind.



EARLY INVESTMENTS PAY OFF.

ROI for every 1 public dollar
invested in early childhood
programs:

\$4.10 to \$9.20
through age 21 through age 40

High-quality early childhood
education is the smart
investment for all Ohioans.



**YET WE SPEND OUR EDUCATION
DOLLARS TOO LATE FOR TOO MANY.**

90-95% are
used
on programs for kids
older than age 5.

Early investments are
the proven strategy.

**WE CAN'T
AFFORD TO WAIT.**



SOURCES



Data is collected from:

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- www.DevelopingChild.Harvard.edu
- www.HeckmanEquation.org
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Ohio Knows Quality Matters...

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In 2005, Ohio established the Step Up to Quality Program (SUTQ) with the goal of increasing access to high-quality programs as part of Ohio's Race to the Top Early Learning Challenge Grant.

In SUTQ, early care and education programs earn 1- to 5-Star ratings based on meeting nationally researched quality program standards administered by ODJFS.

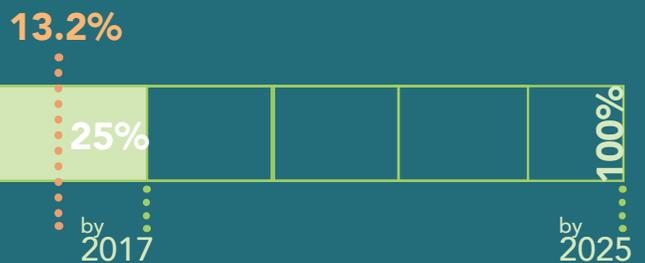
As part of the Grant, the state set statutory goals that mandated 100% of licensed child care providers be high-quality rated (3 to 5 stars) by 2025 with the following threshold benchmarks as of June 30:



To ensure adequate progress towards these benchmarks, all programs are required to be rated by 2020.

...But, access to high-quality early childhood education in Ohio is lacking.

In FY 2016, we are far off the statutory benchmark of 25% by this June.



Only 35% of all programs serving publicly funded children are even rated at all.

There are also racial disparity concerns.

Among the children currently receiving publicly funded child care (PFCC):

17% of white PFCC children are in high-quality programs. Only **11% of black** children are.

70% of black PFCC children remain in unrated programs compared to **57% of white** children.

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How Do We Achieve Quality in Ohio?

We need to fix the fact that 38 Ohio counties—over 1/3 of our state—are in the incorrect peer group to the state's advantage.

These 38 counties are being paid less than their similar counterparts, which makes it much more difficult for them to make up any ground in improving access to quality. Funding quality in Ohio cannot be achieved without addressing this significant gap first.

If this accounting injustice is fixed, children in these 38 counties will have the funds they deserve to increase their access to high-quality early childhood education programming.

Correct funding levels support:

- Enriching curriculum aligned with standards
- Highly-educated teachers
- Lower teacher-to-student ratios
- Consistent communication & engagement with families



102,421 CHILDREN are served in Ohio by publicly funded early childhood education programs.

• **39,711 (38.8%)** of these children are served in the 38 counties impacted by the accounting injustice that exists.

• **13,840** children of this 39,711 are in Step Up To Quality (SUTQ) star-rated programs ranging from 1 to 5 stars with the remainder being served by unrated programs.

The cost to fix the rate injustice for these 13,840 kids is \$11 million in both FY18 and FY19.

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Step Up to Quality (SUTQ)

Ohio's 5-star early care & child care rating & improvement system.



SUTQ recognizes early care and child care programs that exceed minimum health and safety standards and promotes children's learning and development. Step Up To Quality helps parents choose services that provide both an educational and developmental experience for their son or daughter, while at the same time giving providers enhanced funding for offering high-quality care.

ALL THIS FOR ONE GOAL:

Making a real, positive difference for Ohio's youngest citizens.

An independent study was recently conducted to begin measuring impact. Key takeaways are:

Higher Quality & Better Outcomes:

There is a strong correlation between children scoring higher on Ohio's Kindergarten Readiness Assessment and attendance at a 3-5 Star Rated program.

Higher Ratings Mean Better Quality:

Programs that are Star Rated showed higher quality classroom practices compared to programs that are not Star Rated.

Higher Attendance Matters:

Students who attended publicly funded childcare programs over a longer period of time scored higher on average on the Kindergarten Readiness Assessment.

BOTTOM LINE:

The initial review of Step Up to Quality indicates it is moving students in the right direction. It's providing low-income families with something more than early care and child care—it's giving them an educational experience that will better prepare their children for the next step in their schooling.

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