

# State Budgeting Matters

## Early Care and Education Funding in Ohio

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*groundWork is a coalition of early care and education leaders, parents, service professionals, business leaders, and organizations across the state who have come together to promote state investments and policies that will address the needs of Ohio's youngest children, including voluntary access to high-quality early care and education programs, assessment, screening, and treatment for social and emotional problems, increased access to health services and supports, and voluntary access to full-day kindergarten. The campaign is working to ensure that every parent in our community has the tools they need to provide a safe, healthy, and enriching environment for their children during the first six years of life.*

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Early care and education funding in Ohio has undergone significant shifts in the last 20 years. Despite starting the current decade as a national leader in the number of children with access to early education, Ohio's latest revenue crisis has caused the elimination of one early education program and drastic cuts to many other parts of the system.

Ohio lawmakers from both sides of the aisle have shown significant support for building a system of high-quality early care and education in Ohio. In his 1991 State of the State speech, then Governor George Voinovich (R) stated, "I am committed to doing everything in my power to assure that every Ohio child is healthy and prepared—not just for school, but for life, itself." That commitment led Governor Voinovich to make unprecedented investments in state-funded Head Start throughout the 1990s.

In his 2007 State of the State address, Governor Ted Strickland (D) also stressed the importance of making "meaningful investments that will transform Ohio." He named early care and education as one of the best investments Ohio can make.

The Ohio legislature has a history of significant support for early care and education, creating programs such as the Public Preschool Program, the Early Childhood Mental Health Program, Ohio's early childhood home visitation program, and Help Me Grow, and expanding health supports for children.

While these developments helped to build an early childhood system that addresses the unique developmental needs of Ohio's youngest children, a substantial budget deficit in the state Fiscal Year (FY) 2010-2011 budget caused the funding for the early childhood system to be cut by more than \$281 million over the biennium, eliminating the Early Learning Initiative and rolling back much of the progress achieved during the past decade. The Ohio Department of Job and Family Services (ODJFS) estimates that at least 14,000 children will lose access to early education services due to the cuts, and many more children will lose access to home visitation services, public preschool, and early childhood mental health treatment.

The impact of the funding reductions and program changes are already being felt throughout the state as providers shut down early childhood centers and families struggle to find new ways to meet their children's early care and education needs.

At the same time, policy changes within the early childhood system offer new hope for improved quality and administration, including the creation of a new



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Center for Early Childhood Development within the Ohio Department of Education (ODE). These changes are intended to create the infrastructure needed to rebuild a system that can meet the developmental and educational needs of Ohio’s children.

## Early Childhood Education 1990-2009: A Moving Patchwork of Funding and Services

Between 1991 and 1999, Ohio made a historic investment of General Revenue Fund (GRF) dollars in early education through its state Head Start program, increasing annual funding from \$18.4 million to \$181.2 million. Due to the fact that federal Head Start resources were limited, state-funded Head Start met the same standards as federally funded Head Start, serving three, four, and five-year-olds not yet in kindergarten and at or below 100 percent Federal Poverty Level (FPL). Starting in FY 2000, counties could also apply for waivers for children up to 125 percent of poverty for state Head Start. Head Start is a part-day, part-year preschool program that must meet the following requirements:

- Case management for families (including vision, dental, general health screenings);
- An accredited teacher in every classroom;
- Parental involvement;
- Breakfast and lunch; and a
- Family social worker.

By 1999, state and federal Head Start combined reached 90 percent of eligible Ohio children, at a time when the program reached just 40 percent of eligible children nationally.<sup>1</sup>

The Public Preschool Program was also started in FY 1990-1991, and was originally designed to reach children between 100 percent and 185 percent FPL in high-poverty school districts.<sup>2</sup> Funding for this program flows through the public school districts, which can choose to either host the programs in their public school building or contract with private child care or Head Start providers. Originally funded at \$4.5 million in FY 1990, it was increased to \$19.5 million per year in FY 2000.

At the same time, hundreds of thousands of Ohioans left the welfare rolls and entered the workforce with the beginning of welfare reform in 1997, leaving

### Timeline: Child Care Funding and Eligibility Changes 1996-2010

Year	Child Care Funding and Policy in Ohio
1996	Child care eligibility set at 100 percent FPL.
1997	Welfare reform put into effect; federal child care programs consolidated into the Child Care and Development Block Grant; eligibility raised to 150 percent FPL in Ohio.
1998	Eligibility increased to 185 percent FPL.
2000	Family co-payments capped at 10 percent of families’ income; eligibility determination extended from six months to one year.
2003	House Bill 40, a budget corrections bill, reduced eligibility to 150 percent FPL, reducing the number of children served by 18,500; also increased family co-payments and froze provider reimbursement rates.
2006	Eligibility increased to 185 percent FPL; provider reimbursement rates increased; family co-payments again capped at 10 percent of a families’ income.
2008	Eligibility increased to 200 percent FPL and provider reimbursement rates increased.
2010	Eligibility reduced to 150 percent FPL; reimbursement rates for providers reduced by 15 percent; 9,400 children projected to lose services due to changes.

many families in need of quality child care for their young children. Until 1997, children were eligible for subsidized child care only if their families were at or below FPL. In 1997, the state expanded eligibility for child care programs to families earning 150 percent FPL, or \$28,275 for a family of four (in 2004 dollars). In late 1998, eligibility for child care was further expanded to families with incomes up to 185 percent of the poverty level.

The expanded eligibility in the late 1990s led to higher combined state and federal spending and higher program participation. The number of children in the child care program grew by 66 percent, from 118,328 in 1997 to 196,148 in 2003. As measured in 1997 dollars, program spending for direct (non-administrative) child care subsidies grew by 91 percent in real terms, from \$184 million in SFY 1997 to \$351 million in 2003.<sup>3</sup>

### *State-Funded Head Start*

Facing the need for GRF cost containment due to a major education funding lawsuit and a national recession, federal Temporary Assistance to Needy Families (TANF) dollars were deposited in the GRF to back appropriations for state-funded Head Start in the FY 2002-2003 biennium. Beginning FY 2004, investment in child care was reduced. Eligibility for child care was lowered to 150 percent FPL and family co-payments were increased.<sup>4</sup> In addition, funding for the state-funded Head Start program was permanently shifted to the federal TANF block grant. This shift tied the state Head Start program to the federal requirements prescribed under TANF, including attaching a parental work requirement to the program and paying providers on a reimbursement basis.

In addition to moving the funding for state Head Start into the TANF budget, then Governor Bob Taft (R) recommended changing the program to a full-day, full-year program to end duplication of coverage for eligible children in Head Start and child care, and streamline services.<sup>5</sup> This new program was renamed Head Start Plus, and was funded to serve 10,000 children per year, down from the 22,000 children served in the state Head Start program.

Beginning in FY 2006, Head Start Plus was renamed the Early Learning Initiative (ELI), and remained a full-day, full-year early education program with many of the same components as Head Start. ELI was funded at \$128.3 million per year from FY 2006 through FY 2009, with the majority of that funding drawn from Ohio's TANF budget.

Appropriations for early care and education in the FY 2006-2007 biennium totaled \$200 million more than the previous biennium. These additional resources were a step toward stabilizing the state's early care and education system. Reimbursement rates in Ohio are based on the current market rate, a figure required by the Child Care and Development Fund (CCDF) Final Rule to ensure that families receiving child care assistance have equal access to comparable care purchased by private-paying parents. Ohio conducts a biennial survey to determine the current market rate, and reimbursement rates are modified to represent a percentage of the current market rate. The FY 2006-2007 budget increased the child care market rate, established a co-pay cap on child care and ELI at 10 percent of a families' income, and increased eligibility for both ELI and child care to 185 percent FPL. Eligibility for Public Preschool also was raised to 200 percent FPL.

In the FY 2008-2009 biennium, funding was again increased for early education. Funding for Public Preschool was increased by \$29.5 million, for a total of \$36.5 million in FY 2009, serving 6,400 children in 200 districts. ELI was flat-funded at \$128 million per year, but the parental work requirement attached to eligibility for the program was removed and eligibility for the program was increased to 200 percent FPL, allowing more low-income children to take advantage of the program. In FY 2009, ELI served approximately 14,000 children.

Increased investments in subsidized child care in FY 2008-2009 also expanded access for low-income children, increasing the provider reimbursement rate and eligibility level to 200 percent FPL. These eligibility changes were put in place to streamline all three early education programs and create a more seamless system for families and providers.

Several components of the funding for the FY 2008-2009 biennium consisted of surplus dollars from the TANF budget. These surplus dollars accumulated due to dramatically reduced cash-assistance caseloads resulting from the welfare reforms beginning in 1998 and administrative rules put in place by Ohio that limited the use of surplus dollars.<sup>6</sup> In FY 2008-2009, TANF surplus funding was used to fund a \$104 million increase in the child care reimbursement rate as well as a \$17 million increase in Help Me Grow funding, among other social service programs.<sup>7</sup> Altogether, the changes in TANF and GRF funding in the FY 2008-2009 biennium represented an increase of approximately \$216 million for early education in Ohio.

#### *Early Childhood Behavioral Health*

Early childhood behavioral health is the capacity of the child from birth through age six to experience, regulate, and express emotions; form close and secure interpersonal relationships; and explore the environment and learn. Infant mental health refers to how these issues affect development in the first three years of life. Early childhood behavioral health is synonymous with healthy social and emotional development.<sup>8</sup>

The Ohio Department of Mental Health (ODMH) Early Childhood Mental Health Initiative was launched in state FY 2000 to increase the quality of Ohio's existing early childhood programs by adding mental health consultation services. Mental Health consultants work in child care settings with families, child care providers, and children to identify and address a child's behavioral health problem or developmental delay. Consultants also work to improve the capacity of child care programs to respond to the behavioral health needs of young children in their care.

In FY 2006-2007, \$5.63 million was allocated for the overall early childhood mental health program, with an investment of \$2.9 million for FY 2007. With the budget increases for FY 2008-2009, an additional \$2.1 million was allocated for early childhood mental health, with program expansions for maternal

depression, research-based screening programs, and \$1 million for early childhood mental health treatment for children ages birth through seven.

#### *Early Childhood Health Services*

Already poised to expand Medicaid coverage for low-income children when the State Child Health Insurance Program (SCHIP) legislation was enacted in August, 1997, Healthy Start (Ohio's SCHIP program) began covering children through age 18 in families with incomes up to 150 percent FPL in January, 1998. Ohio further expanded Medicaid coverage in July, 2000, raising eligibility to 200 percent FPL. Enrollment in Healthy Start has steadily grown over the years, demonstrating the success of Ohio's efforts to make Medicaid more accessible to more children.<sup>9</sup> Despite these efforts, the 2008 Ohio Family Health Survey estimated that 111,000 children in Ohio are still uninsured.

In the FY 2008-2009 biennium, the following expansions were made for Ohio's Medicaid program and SCHIP impacting young children and their families:

- Raised the Medicaid/SCHIP eligibility for Ohio children from 200 percent FPL to 300 percent FPL.
- Raised the Medicaid eligibility for pregnant women from 150 percent FPL to 200 percent FPL.
- Created the Children's Buy In Program, which allowed uninsured special-needs children living in families with incomes over 300 percent FPL to buy public health coverage on a sliding-fee scale.

In December, 2007, the federal Centers for Medicare & Medicaid Services (CMS) denied Ohio's State Plan Amendment to extend Medicaid coverage to children living in families with incomes from 200 percent to 300 percent FPL. This denial did not allow Medicaid to expand to the approximately 32,000 uninsured Ohio children that could benefit from this expansion. The Administration estimated that 19,695 children would have enrolled during the biennium if the expansion had moved forward. In December, 2008, this ruling was rescinded, giving Ohio the opportunity to complete its expansion goals. Ohio still has not expanded coverage to this group.

**Populations served by Help Me Grow**

Population Served	Eligibility for participation in Help Me Grow	Types of Services
Children at risk for a developmental delay	Four or more risk factors in the child and/or family which could interfere with care giving, health, and development of the child. Examples include a history of chronic abuse and neglect, an adolescent mother, a lack of stable residence or homelessness, a history of prenatal substance abuse, and low birth weight.	Professional provides information to parents on prenatal care, child health, development, safety and community resources; provides screenings for health, hearing, vision, and development; ensures child is receiving regular pediatric care and immunizations; creates an individualized service plan for early family; provides parent education that promotes early literacy and focuses on parent/child interaction and child development; and connects children at age three with appropriate early education and other ongoing services.
Children diagnosed with a developmental delay or disability (Part C services)	Child's development is delayed or child has been medically diagnosed with a physical or mental condition that has a high chance of resulting in a developmental delay.	Children receive services listed above; additional options also available for family training and counseling, nursing, special instruction, occupational therapy, and speech-language pathology and audiology services.

In addition, Help Me Grow was started in 2001 to provide health and developmental services to children age birth through three and their families. The statewide program serves families through home visitation and early intervention services for newborn and at-risk children. Services include prenatal home visits, newborn home visits, ongoing home visits for at-risk children, developmental screenings and evaluations, service coordination, linkages to special needs services, and family support. Services are delivered through early childhood professionals and nurses, depending on the county. From FY 2001 through FY 2009, Help Me Grow was funded mostly through TANF funding and federal Part C<sup>10</sup> funding for children with development delays and disabilities, in addition to smaller amounts of state GRF funding for administration of the program.

In the FY 2008-2009 biennium, Help Me Grow received an increase of \$21 million over the biennium, for a total of \$80.7 million in FY 2009. In FY 2008, Help Me Grow served 96,207 children and families.<sup>11</sup> Additional funding helped to increase services to children and reimbursements to providers, and improve overall program quality.

**Funding for Early Care and Education in House Bill 1**

Ohio's state budget for FY 2010-2011, signed on July 17, reduced state share GRF spending significantly compared to the last biennium. Funding for many human service programs was reduced to decade-low levels.<sup>12</sup> The early childhood budget received sweeping changes in funding for the entire system,

impacting families, community-based centers, public school districts, and mental health providers. The most dramatic change was due to a shift in funding for early childhood programs from TANF to GRF funding as a result of the liquidation of the TANF surplus in the previous biennium.

At the start of the FY 2008-2009 biennium, Ohio's Temporary TANF balance stood at \$549 million. Ohio's annual TANF revenue (both federal and state dollars) amounts to only \$1.1 billion. House Bill (H.B.) 119 obligated these available resources at \$1.5 billion a year. Therefore, the 2008-2009 spending plan liquidated all surplus TANF funds.<sup>13</sup> ODJFS responded to this decrease in the TANF budget by stating that they would limit the TANF allocations only to those services that align with the core purposes of this program, putting a priority on cash-assistance and child care. Programs such as ELI, Help Me Grow, and the child care reimbursement rate increase were moved out of the TANF budget to ensure adequate funding for these other priorities.

To make up for the loss of TANF funding, \$277 million in new GRF funding was put into the early childhood budget for FY 2010-2011. Despite this investment, the loss of TANF caused the overall early childhood budget to be reduced by \$281 million as compared to the FY 2008-2009 biennium. While certain early childhood programs were maintained with reduced access, others were eliminated entirely.

#### *Early Learning Initiative*

Funding for the ELI in FY 2008-2009 was provided through the TANF budget. In the FY 2010-2011 budget, funding for ELI was eliminated. The reduction from this program alone amounted to a \$240.5 million dollar loss to Ohio's early childhood system. A one-time amount of \$16 million remained in the line-item in FY 2010 to fund a two-month transition while children in the program enrolled in subsidized care.

ELI was terminated on August 22, 2009. It is estimated that of the 14,000 children enrolled in the program, 4,500 children will enter kindergarten and

7,500 children will transfer to subsidized child care. The remaining 1,200 to 1,400 children likely will not qualify for subsidized child care due to eligibility guidelines that require parents to be employed to receive subsidy. With Ohio's unemployment rate at 11.2 percent,<sup>14</sup> a 4.5 percent increase since July, 2008,<sup>15</sup> it is likely that many more parents that request the child care subsidy to secure employment will not meet eligibility requirements. A lack of access to licensed child care leaves families to choose between using unlicensed and potentially substandard child care settings for their children or leaving them at home unattended or under the care of older siblings.

Also undefined at this time is the number of child care centers in the community that will close. Child care centers are being hit from all sides—private pay enrollments are down as more parents are unemployed, tighter eligibility standards are limiting the number of subsidized enrollments, and the termination of ELI will reduce enrollment even more. One month into the biennium, groundWork<sup>16</sup> has received multiple reports of centers that, due to reductions in state funding, have been forced to reduce hours, benefits, and staff, and/or shut their doors completely. Many former child care center staff have turned to public assistance to provide for their own families. Currently in Ohio, there are over 9,000 full- and part-time centers, including Type A homes, school child centers, Head Start centers, registered day camps, and certified Type B homes. Before the elimination of ELI, more than 650 centers were listed as ELI providers.<sup>17</sup> As centers react to reductions in funding, groundWork will continue to monitor staff reductions and center closings.

It is important to remember that demand for child care will increase as the economy begins to turn around. Quality child care is a key support for working parents of all income strata. It has taken years to develop Ohio's child care provider network. The damage caused by state funding reductions in this biennium coupled with the economic downturn will be felt for years to come. The weakening of the provider network could hinder working parents' participation in the workforce if they cannot find appropriate care for their children.

**Reduction of Child Care Reimbursement Rates in Licensed Centers, Full Week (Stark County, OH)<sup>19</sup>**

	<b>Current Rate</b>	<b>Rate Effective 8/23/09</b>	<b>Difference in Dollars</b>	<b>Percentage Difference</b>
<b>Infant</b>	\$169.90	\$151.30	-\$18.60	-10.95 percent
<b>Toddler</b>	\$149.42	\$130.72	-\$18.70	-12.52 percent
<b>Pre-School</b>	\$133.89	\$116.03	-\$17.86	-13.34 percent

***Child Care***

Subsidized child care is one of the most utilized early childhood programs in Ohio. In June, 2009, over 110,000 children were enrolled in the child care program in both public centers and private homes.<sup>18</sup> In FY 2010-2011 funding for the subsidized child care program, made up of TANF, GRF, Child Care and Development Block Grant (CCDBG), and federal stimulus dollars, totaled \$1.4 billion over the biennium.

In FY 2010-2011, subsidized child care program eligibility is reduced from 200 percent to 150 percent FPL. In addition, provider reimbursement rates are reduced from the 50th percentile to the 34th percentile of the current market rate. Rates vary by region, provider type, and age of child served. An example of the impact of this change for licensed centers is represented in the chart below.

Several measures have been added that will be beneficial to families in the next biennium. The eligibility re-determination process has been extended from once every six months to once per year. Also, children currently enrolled in subsidized child care will remain eligible until their family incomes exceed 200 percent FPL. This measure was implemented to reduce the likelihood that a minor salary increase would jeopardize eligibility for subsidized child care. Lastly, families with incomes between 150 percent and 200 percent FPL and with children currently enrolled in subsidized child care will be allowed to add any siblings not currently enrolled.

***Step Up to Quality/Child Care and Development Block Grant***

The federal Child Care and Development Block Grant (CCDBG), which provides a substantial amount of

funds for Ohio’s subsidized child care program,<sup>20</sup> requires at least 4 percent of the state’s grant to be used for activities to improve the quality of child care for all children. This set-aside can include technical assistance and training, resource and referral services, grants and loans to providers for start-up costs, increasing monitoring staff, compensation projects, and other activities. In the FY 2008-2009 biennium, Ohio spent approximately \$23 million above the 4 percent requirement. In FY 2010-2011, the CCDBG quality budget was reduced 29 percent from the FY 2008-2009 level to provide additional funds for direct service.<sup>21</sup> Ohio is still spending approximately \$10 million above the required amount.

CCDBG funds the Step Up to Quality program, Ohio’s voluntary three-star rating system for child care centers. Step Up to Quality encourages licensed child care centers to meet quality benchmarks that exceed minimum health and safety licensing standards. Benchmarks include requiring teachers to hold associate’s degrees or higher, providing professional development opportunities, and lowering staff-to-student ratios. Within Step Up to Quality, teachers in star-rated centers are encouraged to further their education with assistance for tuition and paid leave through Teacher Education and Compensation Helps (T.E.A.C.H.). Since 2003, nearly 1,500 scholarships have been awarded in Ohio through the T.E.A.C.H. program.

Centers that meet Step Up to Quality benchmarks are eligible to receive quality achievement awards, financial incentives given in recognition of their rating in the program. In the next biennium, these awards will be maintained. Also, centers will receive an increase in provider reimbursement rates of 5 percentage points for each star level. Funding for

**Early Childhood Education Programs in Public Schools Nationwide, 2008<sup>23</sup>**

State	Name of Program	Total Enrollment	Ages Served
Alabama	Alabama PreKindergarten Program	2,265	3 and 4
Arizona	Early Childhood Block Grant Program	5,401	4
Arkansas	Arkansas Better Chance Program	18,870	3 and 4
California	California State Preschool Program	92,458	3 and 4
Colorado	Colorado Preschool and Kindergarten Program	13,636	3 and 4
Connecticut	Connecticut School Readiness Program	8,699	3 and 4
Delaware	Early Childhood Assistance Program	843	4
Florida	Florida Voluntary PreKindergarten Program	134,583	4
Georgia	Georgia PreKindergarten Program	76,491	4
Illinois	Preschool for All	91,808	3 and 4
Iowa	Shared Visions Program	7,367	3 and 4
Kansas	At Risk 4 Year Old Childhood Preschool Program	6,281	4
Kentucky	Kentucky Preschool Program	21,485	3 and 4
Louisiana	8(g) Student Enhancement Block Grant	17,788	4
Maine	Two-Year Kindergarten Initiative	2,675	4
Maryland	Extended Elementary Education Program	27,719	3 and 4
Massachusetts	Preschool Scholarships	19,257	3 and 4
Michigan	Michigan School Readiness Program	23,134	4
Minnesota	Minnesota School Readiness Program	2,349	3 and 4
Mississippi	Mississippi Preschool Project	4,640	3 and 4
Nebraska	Early Childhood Grant Program	2,221	3 and 4
Nevada	Nevada State PreKindergarten Education Program	1,039	3 and 4
New Jersey	Abbott Preschool Program	47,004	3 and 4
New Mexico	New Mexico PreKindergarten Program	3,570	4
New York	Universal PreKindergarten Program	91,517	3 and 4
North Carolina	More at Four PreKindergarten Program	27,788	4
Oklahoma	Early Childhood Four-Year-Old Program	35,231	4
Oregon	Oregon Head Start PreKindergarten Program	5,098	3 and 4
Pennsylvania	PreKindergarten Counts	23,937	3 and 4
South Carolina	Half-Day Child Development Program	22,590	3 and 4
Tennessee	Early Childhood Education Pilot Project	17,916	3 and 4
Texas	Texas Public School PreKindergarten Initiative	193,869	4
Vermont	Vermont Early Education Initiative	4,438	3 and 4
Virginia	Virginia Preschool Initiative	13,125	4
Washington	Early Childhood Education & Assistance Program	6,801	3 and 4
West Virginia	Public School Early Childhood Education Initiative	12,404	3 and 4
Wisconsin	Four-Year-Old Kindergarten Program	29,175	3 and 4

Step Up to Quality was reduced in the FY 2010-2011 biennium, lowering the number of child care centers that will be able to participate in the program.

Other programs funded by the CCDBG quality budget that will receive a reduction include support for professional development initiatives such as the Professional Development Registry and Ohio's Child Care Resource and Referral Association (OCCRRA). OCCRRA, which provides guidance and referrals to families looking for child care, received a 40 percent reduction in funding. OCCRRA has reported that they will reduce agency staffing, hours, and services offered.

### *Early Childhood Education (Public Preschool)*

Ohio's Public Preschool program, now known as Early Childhood Education, is funded with \$23.2 million dollars per year for the biennium. Children in this program are served in the public school system, and the funding is provided to the school district directly. In FY 2009, approximately 6,400 children participated in this program. Early Childhood Education received a 33 percent reduction in FY 2010-2011 totaling \$11.5 million each year. In this biennium, 5,700 children will be served, 1,400 fewer than the previous biennium. Also, the per-child subsidy was reduced to \$4,000 from \$4,750 in FY 2009.

With the elimination of ELI and the reduction in Public Preschool, Ohio has fallen behind many other states in access to state-funded pre-kindergarten programs. Nationwide, 38 states, including Ohio, offered pre-kindergarten programs in FY 2008. Without ELI, Ohio drops to the bottom of the list, serving only 5,700 of the state's estimated 300,000 children ages three and four in state-funded pre-kindergarten programs.<sup>22</sup>

### *Full-day Kindergarten*

A component of Ohio's education reform in the FY 2010-2011 budget included access to full-day kindergarten for all children in Ohio. In FY 2008-2009, 74,250 children participated in full-day kindergarten in 132 school districts. This represented 54 percent of the total kindergarten population statewide. The

majority of the districts received funding for full-day kindergarten from the state through Poverty Based Assistance, determined by the number of children in each district below FPL. The remaining districts funded their programs by charging tuition or supplementing with local dollars.

Beginning in FY 2011, every school district must offer full-day kindergarten to every kindergarten student. Districts are also required to continue to offer parents the option of placing their child in a half-day kindergarten classroom. In FY 2011, districts not able to provide full-day kindergarten may apply to the State Superintendent for a one-year waiver of this requirement.<sup>24</sup> School districts are permitted to use state funds from the school funding formula for the modification or purchase of classroom space to provide all-day kindergarten or to reduce class sizes in kindergarten through third grade if those funds are not specifically allocated for another purpose and the district certifies its need for additional space to the ODE.

The budget also allows school districts, at their discretion, to partner with community-based centers that meet licensing requirements to provide all-day kindergarten to district students. Center-based full-day kindergarten provides an opportunity for partnership with school districts and the community-based centers their students may already use. Partnerships provide a potential new revenue stream to child care centers, enable school districts to meet new space and staffing requirements, and provide consistency for kindergarten students who have a relationship with the center.

### *Help Me Grow and SCHIP*

In the last biennium, Ohio's home visitation program, Help Me Grow, was funded with TANF dollars. In the FY 2010-2011 biennium, with the TANF surplus exhausted, TANF funding for Help Me Grow was eliminated entirely and partially replaced with GRF dollars. Even with the addition of GRF dollars, the Help Me Grow program received a 40 percent cut from the FY 2008-2009 levels. In FY 2010-2011, the program will be funded at \$36.5 million in GRF

funding each fiscal year. Help Me Grow will also receive \$35.4 million in federal funding for the Part C portion of the program for children with diagnosed development delays and disabilities.

In this biennium, changes in Help Me Grow eligibility include limiting access to first-time parents with incomes below 200 percent FPL or for those that meet four to six risk factors.<sup>25</sup> Families meeting these criteria will be able to enroll starting in the second trimester of the pregnancy until the child is six months old. Some counties in Ohio, including Cuyahoga County, are leveraging other local and federal funds to continue to serve families no longer eligible for the program. Additionally, families who have a child age birth to three diagnosed with a developmental delay or highly likely of being diagnosed with a developmental delay will be eligible to participate in Help Me Grow and will not be subject to the eligibility criteria that apply to the rest of the program.<sup>26</sup>

In this biennium, Help Me Grow services will be standardized across the state to ensure that all families are receiving the same services and guidance from trained staff, regardless of county. In addition, to leverage additional federal dollars, some services provided will be refinanced through the Early Periodic Screening, Diagnosis, and Treatment (EPSDT) program within Medicaid.

The budget also included language to implement the SCHIP expansion to serve families from 200 percent to 300 percent FPL with approximately \$14 million in funding from the tobacco settlement funds. The Franklin County Common Pleas Court, however, decided on August 11, 2009, to block the state from using these funds, ruling that Governor Strickland and the State Legislature acted illegally when they sought to take back \$230 million in tobacco settlement funds they had placed in an endowment to fund programs to reduce tobacco use. The Court issued a permanent injunction on the diversion of funds and ordered that they must be used as intended: to fund programs to prevent kids from smoking and help smokers quit. The state has appealed this decision, leaving the expansion of SCHIP again uncertain.

### *Early Childhood Behavioral Health*

Early Childhood Mental Health Consultation (ECMH), a program that provides targeted assessment to children with behavioral health concerns in child care settings, will be funded at \$2.1 million per year out of the CCDBG quality budget. This amount represents a 16 percent reduction from the FY 2008-2009 levels. An estimated 3,000 children will be served with these dollars, including several hundred families and centers. Additionally, \$275,000 in the Department of Mental Health's budget will be used for ECMH consultation and professional development.

The ECMH program also provides training and educational opportunities to center staff and parents with the goal of developing tools to support children and allow them to remain in the same child care setting. In the last biennium, 99 percent of children with identified behavioral health concerns that participated in the ECMH program were able to remain in their original child care setting.<sup>27</sup>

An earmark providing funding for ECMH treatment was eliminated in the FY 2010-2011 budget. In the FY 2008-2009 biennium, this program was funded at \$1 million per year. In FY 2010-2010, while some county mental health boards may be able to fund the program with local dollars, drastic cuts to the mental health system statewide make access to specialized treatment for young children less likely.

## **Future of Early Childhood in Ohio: Creating a Unified and Sustainable System**

Policy changes at the state level offer the opportunity to create long-term system improvements. Namely, the new Center for Early Childhood Development within the ODE will create one unified early childhood administrative center for the Child Care, Public Preschool, and Help Me Grow programs. The goal of the center will be to eliminate duplication of professional development, licensing, and other administrative services and create alignment of

standards and quality improvement across the early childhood system.

The Center for Early Childhood Development will also examine long-term funding options for early care and education to avoid the roller coaster of funding and eligibility that has dominated early childhood services in Ohio during the last 20 years. Beginning in late 2009, early childhood stakeholders will begin examining how to utilize current revenue streams more effectively, as well as weave new revenue into the system to create a seamless and sustainable long-term funding plan. This funding plan will seek to support the providers of early childhood services and families to make Ohio's early care and education system higher quality, more affordable, and more consistent.

Additionally, opportunities for early care and education policy improvements and funding at the federal level will give Ohio additional support in implementing these changes. These include the Early Learning Challenge Grant, an \$8 billion, eight-year competitive grant to states to provide funding for quality improvement for early learning systems; home visitation legislation that would increase federal support for home visitation services; and other opportunities in the American Recovery and Reinvestment Act (ARRA) funds such as Race to the Top.

Together, the opportunities at the state and federal levels have the potential to create the infrastructure needed to rebuild a system that can truly meet the developmental and educational needs of Ohio's children.

## Conclusion

Funding decreases for early care and education in H.B. 1 have damaged Ohio's early childhood system and decreased access to quality care for all families with young children. The decisions made in this budget not only affect Ohio's families but also adversely affect Ohio's future.

Research shows that 85 percent of a child's brain is developed by the age of five, making the first five

years of life a critical window of opportunity for development, growth, and the foundation for future learning. Ohio's decision to decrease investments in critical early care and education supports will have negative and more costly impacts down the road as those children reach the K-12 system unprepared to learn. The result of this will be less academic achievement, higher rates of criminal activity among low-achieving children, and eventually a less-prepared workforce.

Factors such as educational achievement, workforce readiness, and a support system for parents currently in the workforce should also be considered in Ohio's short- and long-term economic vitality. Choosing to cut spending on early care and education today will only mean larger and more damaging costs to our families, our workforce, and our state budget for decades to come.

Ohio is facing a substantial budget deficit in FY 2012-2013, and the revenue estimates supporting the FY 2010-2011 budget are looking less likely with each passing day. Ohio's revenue structure has been severely damaged by five years of tax cuts. It is past time to talk about new revenues. Ohio's budget can no longer be balanced by cuts alone, increased revenues must be part of the solution.

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### Footnotes:

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  8. "Early Childhood Behavioral Health: Focusing on Early Intervention and Prevention." groundWork Early Care and Education Campaign. 2008.
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  10. Part C services are federally funded home visits available to children who have been identified as having a medically diagnosed disability or developmental delay.
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  13. Testimony of ODJFS Director Douglas Lumpkin to the House Finance and Appropriations Committee, February 25, 2009.
  14. Ohio Department of Job & Family Services, Press Release, August 21, 2009.
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  27. Ohio Department of Mental Health, 2008 Annual Report.
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### Do You Have Questions about Early Care and Education in Ohio?

E-mail your questions to Susan Blasko at [sblasko@CommunitySolutions.com](mailto:sblasko@CommunitySolutions.com).