Early Childhood Challenges and Opportunities

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Highlights:

- High-quality early childhood programs promote school readiness and family self-sufficiency.
- Reductions in funding in the State Fiscal Year (SFY) 2010-2011 budget resulted in $281 million reduction in early childhood funding.
- Increasing numbers of young children are falling into poverty, while pressures on the state and federal budgets threaten further reductions for early childhood programs.
- State funding for early care and education is crucial to filling the immediate needs of Ohio’s working families, while providing safe, enriching early childhood development opportunities for our youngest children.
- The proposed reduction of child care services of more than $100 million per year would be devastating for Ohio’s young children and families.

Research has long shown that investments in quality early childhood programs positively impact children’s educational, health, and behavioral development. Comprehensive investment benefits children as they arrive at school ready to learn, and provides skills that support high school graduation, reduce involvement in the criminal justice system, and promote success in the future workforce.¹ A five-state study of state-funded preschool programs on entering kindergartners’ academic skills conducted in 2005 found that children who attended the state-funded preschool programs had 31 percent higher vocabulary scores and 44 percent higher early math scores than children who did not participate in a preschool program.²

Along with increasing school readiness, analysts consider child care assistance to be a key ingredient of any successful strategy to help families leave or avoid welfare, continue working, and move towards self-sufficiency. Overall in Ohio, 68 percent of households with children ages birth through five have all parents in the workforce.³ With the average annual cost of child care in Ohio at approximately $7,564 per child, state funding for early care and education is crucial to filling the immediate needs of Ohio’s working families, while providing safe, enriching early childhood development opportunities for our youngest children.⁴
Ohio’s Early Childhood System: A Comprehensive Approach to Early Childhood Development

Ohio chose to adopt a nationally developed framework and set of core elements to explain its comprehensive early childhood development system. This framework was developed by the Early Childhood Systems Workgroup, comprised of national organizations and funders interested in advancing the development of early childhood systems. The diagram to the left demonstrates the core elements and their interconnectivity, including early care and education, family support, special needs and early intervention, and health, mental health, and nutrition.

Additionally, Ohio chose three overarching early childhood goals that guide early childhood policy:

- Children have high-quality early care and education supports and environments.
- Children have supports and services to promote their comprehensive healthy development.
- Families have meaningful community and parenting supports.

Ohio’s early childhood system serves children from prenatal through age six, their families, and their care providers. Services include early education, health, development, and behavioral health supports aimed at increasing positive child and family outcomes and school readiness. Most publicly funded early childhood programs delivered in Ohio are targeted to families below 200 percent of the federal poverty level (FPL), but early childhood health, education, and development services impact all Ohio families.

Ohio’s Young Children: In Numbers

In 2009, there were approximately 570,000 children in Ohio living below the federal poverty line, an increase of almost 75,000 children compared with just two years before.³ Other measures, such as food insecurity and the increase in multiple families living together under one roof, indicate that the newly poor are close to falling into deep poverty. For early childhood, demand for child care has increased as the number of children below the federal poverty line needing child care services has expanded.
**Table 1: Early Care and Education State and Federal Programs Serving Ohio’s Young Children**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Subsidized Child Care</th>
<th>Public Preschool</th>
<th>Head Start/ Early Head Start</th>
<th>Help Me Grow</th>
<th>Early Childhood Mental Health Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio Department of Job and Family Services</td>
<td>Ohio Department of Education</td>
<td>U.S. Dept. of HHS ACF/Office of Head Start</td>
<td>Ohio Department of Health</td>
<td>Ohio Department of Mental Health</td>
<td></td>
</tr>
<tr>
<td><strong>Purpose</strong></td>
<td>A federal and state partnership that provides child care subsidies to working parents to promote family self-sufficiency and to help children succeed through affordable, quality early care and education and afterschool programs.</td>
<td>State program that provides funding for school districts to operate preschool programs in public schools.</td>
<td>Federal programs that promote school readiness by enhancing the social and cognitive development of children prenatal through age 4.</td>
<td>State program that provides parenting education, health services, and developmental supports for at-risk babies and their families through home visiting.</td>
<td>State and federal funding that provides early childhood mental health consultation in child care centers, providing mental health interventions for children and training for parents and child care providers.</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>Child Care and Development Fund (federal), State TANF and GRF</td>
<td>State GRF</td>
<td>Federal Head Start Funds</td>
<td>State GRF Funds, Part C of Federal IDEA funding</td>
<td>State GRF, Child Care and Development Fund Quality Funds</td>
</tr>
<tr>
<td><strong>Population Served</strong></td>
<td>Children 0-200% FPL where a family is working or in approved training or educational program, for children birth through 12 years old.</td>
<td>Children ages 3 and 4 at or below 200% FPL.</td>
<td>Head Start serves 3- and 4-year-old children at 100% FPL and below; Early Head Start serves children prenatal to 3 at 100% FPL and below.</td>
<td>First-time parents at 200% FPL with children ages prenatal through 3, and children with developmental delays and disabilities ages birth to 3.</td>
<td>Children with mental health challenges or concerns, parents, and child care providers.</td>
</tr>
</tbody>
</table>
Cases of abuse and neglect have increased as families experience the stress of joblessness and poverty; in 2007, child abuse cases topped 100,000 for the first time in Ohio, and have continued to rise; abuse and neglect has significant consequences for very young children as they experience their most sensitive time of brain development and growth.⁶

For decades, the negative impact of abuse and neglect on children has been documented to include injuries, disabilities, and other physical health issues; low academic achievement; and emotional problems. In recent years, new brain imaging techniques have enabled scientists to document the effects of abuse and neglect on the developing brain and capture a broader range of health and social consequences of abuse and neglect. These images show that maltreatment early in life actually damages the brain’s physical structure by impairing cell growth, interfering with the formation of health circuitry, and altering the neural structure and function of the brain itself.⁷ Early childhood care and education, with significant parent involvement, helps to prevent child maltreatment and assist children and families who already are involved in the child welfare system. It can do so by offering parents caring relationships, a supportive learning environment, help to establish social support networks, information about parenting and child development, and referrals to other services.⁸

Now more than ever, Ohio’s families need support to provide high-quality early childhood opportunities to guarantee their children will be ready for school and able to succeed in the future workforce.

**FY 2010-2011 Budget**

Prior to FY 2010, many early childhood programs were supported by TANF funds. The end of the TANF surplus, coupled with reduced state revenues due to the 2006 tax overhaul and the recession, led to significant reductions in early care and education programming. Overall, the early childhood budget was reduced by $281 million, impacting the areas listed below.

**Early Care and Education**

Several parts of the early care and education budget were reduced in the FY 2010-2011 budget, which decreased access to quality early education opportunities for Ohio’s youngest children.

For subsidized child care, eligibility was reduced from 200 percent to 150 percent of FPL, in addition to a reduction in the reimbursement rate for child care providers from the 65th percentile of the 2006 Market Rate Survey to the 35th percentile of the 2008 survey.⁹ The reduction in eligibility was projected to impact approximately 9,400 children who would have otherwise accessed subsidized child care between 151-200 percent FPL.¹⁰

Ohio’s public school preschool program was reduced 33 percent below the FY 2008-2009 levels, an $11.5 million reduction per year. This reduction resulted in a reduction in Public Preschool from 6,400 to 5,700 children served, and reduction in the per pupil amount from $4,750 to $4,000 per year.¹¹

The Early Learning Initiative (ELI), one of Ohio’s high-quality pre-kindergarten programs, was eliminated entirely. Elimination of this program contributed to a loss of programming for more
than 10,000 children. The Ohio Department of Job and Family Services (ODJFS) reported that of the 10,270 children previously enrolled in ELI, 5,496 children transitioned to subsidized child care, 3,562 transitioned to kindergarten, and 1,685 children were not eligible to apply for child care due to their parents’ work status. Of the 1,685 children not eligible for child care, it was projected that 41 percent would enroll in Head Start and 11 percent in Public Preschool.  

**Home Visiting**
Ohio’s home visiting program, Help Me Grow, received a 40 percent reduction from FY 2008-2009 levels, as well as a shift in funding from Temporary Assistance for Needy Families (TANF) dollars to the General Revenue Fund (GRF).

**Early Childhood Mental Health**
Funding for Early Childhood Mental Health Treatment was eliminated, while Mental Health Consultation was reduced 16 percent.

**The Center for Early Childhood Development**
House Bill (H.B.) 1 called for the establishment of a Center for Early Childhood Development which would provide a single administrative home for early childhood programs spanning across the departments of Health, Mental Health, Job & Family Services into the Department of Education. In doing this, duplication of professional development, licensing, and other administrative services would be eliminated, while providing these departments an opportunity to align standards and quality improvement across the early childhood system. In FY 2010-2011, an implementation plan for the Center for Early Childhood Development was created by the relevant departments in collaboration with the Early Childhood Advisory Council. As Governor Kasich and Ohio’s 129th General Assembly consider proposals to reorganize state government during the upcoming budget process, the Center for Early Childhood Development Implementation Plan provides a solid foundation for consideration of how to best approach the governance of Ohio’s early childhood system.

**Early Childhood Funding: FY 2006-FY 2011**
Figure 1 tabulates early childhood funding by funding source and year to show trends in funding patterns over the last six years. Funding sources for main early childhood programs such as Help Me Grow, Early Childhood Mental Health, Public Preschool, and Child Care, were combined by year to show shifts in funding trends from federal to state reliance. Table 1 shows the shifts in revenue streams for early childhood from FY 2006-2011, most notably a large increase in TANF funding from FY 2007-2009. Starting in FY 2010, TANF funding is greatly reduced, replaced with increased GRF funding and one-time federal stimulus funding.
FY 2012-FY 2013 Budget

Based on analysis of state revenue and spending, the range of the structural deficit during the 2012-2013 biennium is forecast to be $6 to $8 billion. With an increased reliance on state GRF funding for early childhood programming, this forecast is troubling to an already-stretched early childhood system in Ohio.

ODJFS projects that Ohio Works First (OWF) cash assistance caseloads in the FY 2012-2013 budget are predicted to shrink TANF funds available for child care subsidies and quality supports, further weakening Ohio’s ability to provide quality early childhood services to families. The total cost for OWF cash assistance is estimated to increase from $460 million in 2011 to $477 million in FY 2012 and $492 million in FY 2013, increasing from an annual average of 105,519 assistance groups in FY 2011 to 108,308 in FY 2013.14

The child care baseline forecast is predicted to increase from $588.2 million in FY 2011 to $602 million in FY 2013 if eligibility remains at the current level.15 Additionally, the federal Child Care Development Fund (CCDF) is estimated at $203.3 million, a reduction of $32 million from FY 2011. To adjust for the increasing demand for cash assistance caseloads in the TANF budget and decreasing CCDF funding, ODJFS’ SFY 2012-2013 budget submission recommends reducing child care funding by more than $100 million per year, a reduction they forecast will decrease access to child care by approximately 17,000 children per year and decrease the amount of quality improvement and technical assistance for child care providers. This reduction would be devastating for Ohio’s young children and working families.

Additionally, early childhood programs including child care and home visiting will be impacted by the loss of approximately $40 million in federal stimulus funds included in the FY
2011 budget. These include $34 million directed toward CCDF funding for child care, and $6.8 million directed toward Help Me Grow- Part C services.¹⁶

Changes in federal policy also have the potential to greatly impact early childhood services in Ohio. Concerns about the size of the federal deficit could lead to reductions in federal discretionary spending for these important programs.

**Important Early Childhood Developments**

**Early Childhood Advisory Council**

In 2008, Ohio established the Early Childhood Advisory Council to advise the governor’s office on policy and resource development priorities, suggest options for the governor’s consideration, assist with communication strategies, and ensure compliance with the requirements of the 2007 Head Start Act reauthorization.¹⁷

The 45-member Council includes an array of stakeholders representing early childhood programs, K-12 administrators, higher education, business leaders, and foundations. Beginning in September, 2008, directors of the Head Start State Collaboration and the Early Childhood Comprehensive Systems projects began to share the responsibility of staffing the Advisory Council and Cabinet, along with the director of the Cabinet. The Advisory Council will also serve as the advisory group for both projects.

The Early Childhood Advisory Council works to ensure that all children have access to high quality early childhood experiences so that every child is socially, emotionally, physically, and intellectually prepared to use his or her capabilities to succeed. Ohio secured a three-year federal grant in the amount of $3.5 million for the work of the Early Childhood Advisory Council in 2010.

**Early Childhood Financing Workgroup**

The Ohio Early Childhood Advisory Council established the Ohio Early Childhood Financing Work Group to develop recommendations that “explore the implementation of a single financing system for early care and education programs that includes aligned payment mechanisms and consistent eligibility and co-payment policies.”¹⁸ The workgroup included state department officials from the departments of Job and Family Services and Education, the Office of Budget and Management, K-12 administrators, early education providers, union representatives, and other early childhood advocates.

In addition to making recommendations for a single financing system, the Work Group’s intent was for the early care and education system to allow all children, birth to kindergarten entry, to eventually have access to high-quality experiences.¹⁹ Additionally, the Work Group considered all settings in which early care and education takes place, including home-based child care businesses, child care centers, and Public Preschool classrooms as part of the new financing system.
High-quality early care and education experiences refers to the standards under which early care and education programs operate, which research has shown to greatly impact child outcomes related to cognitive and social development, and subsequent school success. Critical features of quality early care and education settings include:

- At least one lead teacher and one assistant teacher with early childhood credentials in each classroom;
- High-quality educational and developmental materials that are available to all children;
- Age-appropriate research-based curriculum that is available to all children;
- Staff that is available to promote parental involvement, provide parenting support, and facilitate access to community resources;
- Continuous training and quality improvement for staff;
- Adequate staff salaries and benefits;
- Student-to-teacher ratios that are low enough to allow for individualized attention to students;
- Schools and centers that perform internal evaluations and participate in third-party evaluations to assess child outcomes and school readiness;
- Schools and centers that are regulated and properly monitored; and
- Facilities that are adequately maintained to ensure the health and safety of children and staff.20

Ohio’s main program for early care and education quality improvement and monitoring is Step Up to Quality, a quality rating and improvement system that aids child care providers through technical assistance and quality grants, and informs parents as they make child care decisions; in SFY 2010, 1,053 child care centers were participating in the program, serving approximately 77,000 children.21 Step Up to Quality is a key component in the Early Childhood Financing Work Group’s recommendations, serving as the main vehicle to create a more seamless set of standards across home-based settings, child care centers, and public preschool classrooms.

The Work Group met in 2010 to develop the recommendations as well as guidance for implementation of recommendations for the FY 2012-2013 state budget. The overarching principle that guided the Work Group was to create a standard approach to spending current resources that has the capacity to expand as resources increase, that can be phased in over time, and that is efficient and effective for children, families, providers, and the state.

The Early Childhood Financing Work Group provided recommendations for four components of the early childhood system, including eligibility, payment systems, family contribution, and the creation of a data portal for early care and education.

The Work Group recognized the fiscal constraints facing Ohio and recommended that implementing the single payment system has substantial benefits to providers, families, and the state. The Work Group recommended that investing in quality is a higher priority in the near term than investing in a higher quantity of children accessing the programs. Rationale for this position was based on research showing that, in order to achieve positive outcomes for children, a program must possess a level of quality achievement.
The policy principle laid out by the Work Group for the FY 2012-2013 biennium was to first provide stability to families and providers currently in the system, then to increase quality and later expand access. This is a departure from past practice in which increased access was the main goal. This recommendation is controversial due to the amount of families that need child care supports, especially taking into account the projections from ODJFS showing increased demand for child care through FY 2013.

**Help Me Grow Policy Changes**

Help Me Grow is Ohio’s voluntary home visiting program that provides state and federal funds to counties to provide home visiting services for expectant parents, newborns, infants, and toddlers up to age three.

Home visiting delivers a range of health and child development supports to at-risk families in their own homes. During home visits, early childhood professionals work with parents during pregnancy, providing preventive health and prenatal practices for the mother, such as helping her find appropriate prenatal care from health care providers, improve her diet, and reduce her use of cigarettes, alcohol and illegal substances. Once the baby is born, the visits provide health and development education and care for both mother and child — providing individualized parent coaching aimed at increasing awareness of specific child development milestones and behaviors, and encouraging parents to use praise and other nonviolent techniques.

Life coaching for the mother and her family — enabling economic self-sufficiency among mothers by encouraging them to develop a vision for their own futures, stay in school, find employment, and plan future pregnancies is also part of the home visits. Home visits can extend from pregnancy up to the child’s third birthday, and the partnership can extend beyond the mother and the early childhood professional to involve the mother’s family members, the baby’s father, and friends.

Help Me Grow serves two populations. Families with infants and toddlers with developmental delays or disabilities are served through Part C of the federal Individuals with Disabilities Education Act (IDEA) grant. Families who are at-risk due to certain criteria, including income below 200 percent of the FPL and first-time parents, are served through GRF funds. The Ohio Department of Health (ODH), Bureau of Early Intervention Services is the lead agency administering Help Me Grow.

In 2010, ODH launched a revised Help Me Grow program for at-risk families following a thorough review of Ohio’s home visiting model, national home visiting models, and home visiting research. This process also included providers from across Ohio and nationally to assist in making informed policy decisions. The goal of this process was to ensure that Ohio’s home visiting program design utilizes research-based programs and practices, maximizes child and family outcomes, and is standardized across all counties. Based on scientific evidence, Help Me Grow was designed to effect four areas:

1) *Increased Healthy Pregnancies*;
2) *Improved Child Health, Development, and Readiness*;
3) *Improved Parenting Confidence and Competence*;
4) *Increased Family Connectedness to Community and Social Support*. 
State funding for home visiting was reduced by 40 percent in the FY 2010-2011 state budget due to the spend-down of the TANF surplus, and shifted from TANF to state GRF. The funding reduction caused a significant decrease in the number of children served by at-risk services. The estimated total number of families who are eligible for the HMG Home Visiting program is 35,000. In FY 2009, Help Me Grow served 35,787 at-risk families. In FY 2011, ODH projects being able to serve only 16,000 families, with decreased numbers served due to eligibility changes and funding reductions.

New federal funding streams offer opportunities to offset some of the state funding reductions for home visiting. The federal Maternal, Infant, and Early Childhood Home Visiting Program legislation passed in 2010 awards $1.5 billion dollars to eligible states and territories to fund evidence-based home visiting programs in high-risk communities.

The Maternal, Infant and Early Childhood Home Visiting Program includes a Maintenance of Effort requirement. States are required to maintain the level of General Revenue Funding (GRF) that was being expended on home visiting as of March, 2010. ODH is currently determining that number based on caseloads and county data, but cuts to the program will jeopardize Ohio’s ability to access these federal resources.

**Conclusion**

While reductions in funding in FY 2010-2011 created decreased access to services, continued policy work—including the advancements made by the Early Childhood Advisory Council, the creation of an implementation plan for the Center for Early Childhood Development, recommendations from the Early Childhood Financing Work Group, and the revision of Help Me Grow—have positioned Ohio to deliver more effective and efficient programs for Ohio’s young children and their families. Ohio has a vision, defined system elements, strategic policy directions, and strong programs and services that can serve as a road map for future system development and investments. The ability to implement these policy improvements, however, will be challenged in the short-term by the state budget deficit, increased demand for TANF for safety net services, and potential federal reductions for early childhood programs. Despite these challenges, quality early childhood services remain a key strategy for family self-sufficiency, school readiness, and child health and well-being for Ohio, especially during this time of economic instability.

4 Cost and number of children needing care estimates based on 2009 Child Care In the State of Ohio, NACCRA, March 2009, with data from CCR&R Network.
6 Ackerman, Susan. “Policy Makers Face Additional Challenges in FY 2012-2013 Budget: The TANF Budget”. The Center for Community Solutions. www.communitysolutions.com
9 Federal regulations require child care subsidy rate ceilings to be based on the unsubsidized rates that child care providers charge parents around the state. The goal is to set subsidy rates high enough to ensure access to child care for low-income families but low enough that prices are not inflated and the cost to taxpayers is not excessive. The federal government recommends that in order to ensure access to quality child care for low-income children, states set their reimbursement rates for providers at the 75th percentile of the private pay market rate. Federal rules require that states conduct child care market rate surveys every two years as part of their program to ensure access to child care for low-income families.
10 Ohio Department of Job and Family Services, 2010.
12 Ohio Department of Job and Family Services, January 2011.
13 More information on the Center for Early Childhood Development is available at http://www.build-ohio.org/cecd.html
16 Ohio Department of Job and Family Services, TANF Spending Plan, SFY 2009-2011.
17 Head Start is a federally-funded comprehensive early childhood development program primarily serving at-risk preschool-age children and their families at 100 percent FPL and below. Established during the 1994 Reauthorization of HS, Early Head Start is a comprehensive early childhood program serving primarily at-risk children prenatal to age three, pregnant women, and their families. Funding for these programs goes directly from the federal government to local grantees.
19 Ibid.
21 Ohio Department of Job and Family Services, 2010.