December 2, 2019

Andrew Williams
Office of Child Care
Administration for Children and Families
U.S. Department of Health and Human Services
330 C Street SW
Washington, DC 20201
<<Sent via Federal eRulemaking Portal: https://www.regulationsgov>>

Docket No: HHS-ACF-2019-0005
RIN: 0970-ZA15

Dear Mr. Williams:

Groundwork Ohio appreciates the opportunity to provide comments in response to the Administration for Children and Families (ACF's) request for information (RFI) regarding improving access to high-quality, affordable child care. Groundwork's mission is to champion high-quality early learning and healthy development strategies from the prenatal period to age five, that lay a strong foundation for Ohio kids, families and communities. Our vision is to make Ohio the best place to be a young child so that all children can reach their full potential. We appreciate ACF's interest in supporting working families through the commitment to addressing the "affordability and access crisis of child care in the U.S., without compromising on quality."

Decades of research have confirmed that the benefits of investing in high-quality early childhood education are clear and extensive—for children, families, business and society at large. At the same time, decades of underfunding in early childhood education have made it equally clear that significant and sustained public investments are needed to improve quality and increase supply in a broken market where neither parents nor providers can or should bear the burden of the cost of care.

States' utilization of the recent bipartisan federal child care funding increase provides evidence that we can collectively improve access to affordable child care, while improving quality and protecting children's safety. During our state's biennial budget deliberations for FY20-21 earlier this year, the state announced a spending plan for the historic increase in the Child Care Development Block Grant (CCDBG) to Ohio in the amount of $198 million to address insufficient rates for all licensed and quality rated providers. The investment implements our 2018 Market Rate Survey and increased all base rates to the 25th percentile, where many rate categories failed to reach this threshold in the past. Additionally, a portion of the money in 2019 was used on one-time quality incentives as an effective strategy to increase programs becoming rated and advancing to high-quality in our QRIS. Base rates are a critical piece to advancing quality and the incentive is a celebrated strategy.

We strongly encourage the Administration to build upon this success and focus its solutions to increasing access to affordable, high-quality child care on increasing investments key to simultaneously increasing supply and increasing quality. We recognize, however, that in order to deliver upon the promise of quality child care in our state, we not only need increased federal funding, but also need a strong partnership in the state, local communities and the private sector to fully support a sustainable system. Given Ohio's reliance on federal funding for child care, the federal partnership undoubtedly is among the most critical to sustain current investments and support growth of the system. In addition to increased federal funding, we welcome strong leadership and utilization of all policy levers to encourage states,

communities and the private sector to fulfill a continuum of roles in the system—child care must be everybody's issue. In doing so, the federal government should require cross-systems policies and practices and encourage the utilization of advocates and a diverse set of stakeholders when asking states to plan and promote innovative solutions to child care.

In response to the specific questions in the request for information, Groundwork Ohio provides the following comments:

Improving Access to Affordable, High Quality Child Care

A1. Building the Supply of High-Quality Child Care

The vast majority of Ohio kids who receive publicly funded early childhood experiences do so through child care programs, but publicly funded child care serves only 30.5% of income eligible 0-4 year olds in Ohio. Ohio offers publicly funded child care (PFCC) to children of working parents living at or below 130% federal poverty level (FPL). Ohio has one of the lowest child care eligibilities in the country. The length of child care services is determined by the parents' qualifying work and/or school schedule, ranging from hourly care to over 60 hours per week, and parents' financial contribution is determined by income level. Child care for 0-4 year olds provides a critical opportunity to impact kids during the most important period of development, in addition to a necessary support for working families. While Ohio's initial eligibility is 130% FPL, families may continue to access PFCC until they are earning up to 300% FPL provided there is no break in eligibility under the Ohio Administrative Code. Only a small population of children, however, benefit from this second tier of eligibility due to the nature of low-income jobs, family circumstances and compliance with the administrative rules. For example, between March 2017 and February of 2018, an average of 10,183 children between 130% and 200% FPL and an average of 1,525 children between 200 and 300% FPL accessed PFCC each month. This is approximately 9.2% and 1.4% percent of the total PFCC population respectively.

Under Ohio's current low eligibility threshold of 130% FPL, poor working families cannot afford quality child care, and Ohio's low child care eligibility perpetuates the cycle of poverty. At 130% FPL eligibility, a single parent family with two children (one infant and one preschooler), have to earn less than $12.99/hr to receive a child care subsidy and will pay $527 a year in a child care copay. On a frugal budget, they are lucky to have around $15,000 in remaining expendable annual income after all other living expenses are paid in consideration of their access to other public benefits. For comparison, the same family at 200% FPL who is *not* eligible for child care assistance, earning less than $19.98/hr will have half the expendable income. This means that two parents earning minimum wage would not qualify for assistance. Our state's low eligibility threshold has created a disincentive to work. Too many working parents in Ohio have to choose between 1.) dropping out of the workforce, or 2.) putting their children in a low-quality or unsafe environment. If we expanded eligibility to 200% FPL, these parents don't have to choose. They can financially support their family, work towards self-sufficiency to break out of poverty and know that their children are in a safe, nurturing and developmentally appropriate high-quality environment. To learn more about this proposal from Groundwork Ohio, click here.

While the federal government has been a strong partner in quality through its investments in CCDBG to build the supply of quality care, it also has to support building demand by utilizing policy levers to ensure states expand eligibility, especially like in Ohio where states have fallen far behind in making the necessary state investments to do so.

ACF accurately describes the challenges of supply in our communities, as families are struggling to access high-quality child care in both our rural and urban areas. We celebrated federal child care dollars being allocated to increased rates for child care providers this past summer because base rates have long

been woefully out-of-line with the market rate studies for over a decade and rates are a critical piece to ensuring increased access to quality child care in our state. The rate update, however, was motivated by our state being in federal corrective action for insufficient rates and the federal guidance which required Ohio to ensure that all base rates reach the low threshold of the 25th percentile of the market rate. Unfortunately, while the overwhelming effect of the proposed 2018 Market Rate Survey implementation was very positive, 13 primarily rural counties would have seen an actual decrease in rates under the proposal but for Groundwork Ohio's legislative budget advocacy to hold them harmless from this rate decrease. We believed that as the state was moving forward with their existing authority to update rates, this glaring injustice fell disproportionately upon rural communities already struggling to maintain status quo in terms of their supply of quality child care and had to be remedied.

In applying the federal guidance to the proposed implementation of the 2018 Market Rate Survey resulting in this injustice for rural communities, two steps were taken. First, any existing rate that didn't meet the 25th percentile was increased to the 25th percentile. Second, counties were clustered into three peer groups or rate categories. While 59 counties maintained the same category, 29 counties changed and 13 of those counties were to see a decrease in rates because they were moving to a lower rate category. The market rate tool has been and continues to be an insufficient tool to set rates, particularly for rural counties.

First, the tool is insufficient for these counties because there is not a true market for child care in these communities. The data collected by the market rate survey often includes the rates providers are charging but not the cost of providing the quality service, given that providers are being sensitive to constricted incomes of private pay parents when setting rates in areas where we see concentrated poverty or even working class parents in these markets who cannot afford the full cost of delivering quality care. Further, if providers are heavily reliant on publicly funded children, they may under report the cost of delivering the service and instead report what the state actually pays them.

Second, many areas in these 13 counties or the entire county is a child care desert where there has never been child care capacity or where they have seen significant loss of capacity over time. As a result, there is insufficient data coming from stable child care programs to create an environment which allows additional child care programs to open and stay open. The most egregious of these cases was in Harrison County. Our understanding is that during the time period of the data collection for the 2018 market rate survey there was one center and one family child care program in the entire county even available to provide data. This is certainly not because this county lacks for eligible kids who need child care. That center closed since the data was collected and the market rate survey instructed the state that Harrison should move not just one category down, but two. The market rate survey not only maintains an unsustainable environment for child care but perpetuates it.

Third, the idea that the cost structure is different in these counties is false. We as a state have required them all to deliver the same quality service with the largest cost driver being a workforce who makes on average, $10 an hour. The ability for programs to operate competitively and make decisions based on efficiency is limited, especially in communities where child care businesses are not operated by large chains but rather solo entrepreneurs and mom-and-pop shops. How can you justify, for example, a single center operating in one county, receiving lower rates than their peers just a few miles down the road?

Lastly, the fact that the federal government instructed the state that were rates are insufficient, and we are in corrective action made any decrease in rates for publicly funded children absurd on its face. Part of the solution to curing insufficient rates cannot be decreasing reimbursements to programs who struggle to stay open already. Typically, when rate adjustments occur, states will build in a hold harmless to protect against rates decreasing where, like Ohio, they are trying to actually build a quality child care system, not fill one whole to create another.

Accordingly, given the arguments made against the sufficiency of the market tool, Groundwork Ohio secured an amendment to "hold harmless" child care providers serving children in the 13 counties (Allen, Ashland, Eerie, Preble, Sandusky, Seneca, Auglaize, Belmont, Knox, Ottawa, Portage, Trumbull and Harrison) that would have seen a rate decrease from the proposed rate update. These 13 counties could not afford to lose money given the critical work they do for children and families. At a time where they could actually benefit from a rate increase as they work towards meeting our state quality mandates, at a minimum we tried to maintain their status quo so that no children lost access to care.

While we responded to the insufficiency of the market rate tool for many smaller and rural counties during budget deliberations, we also invited a greater conversation about the rate structure in our state based on this tool because of inequities it creates for infants and toddlers. The current rate structure actually encourages programs to serve preschool age children and discourages providers from serving infants and toddlers. While the CCDBG reauthorization of 2014 allows for alternative rate setting methodologies to be utilized, the federal government needs to be a strong partner in this effort to encourage and resource these methodologies that support an adequately and equitably resourced child care system. Additionally, support for targeted resources and strategies to address child care deserts in rural communities and across the state for infant and toddler care, including a strengthened infant/toddler set aside under CCDBG are required.

Among the most challenged population to getting access to quality child care are children with disabilities. While our state provides additional subsidy dollars to programs providing care to children with special needs, little attention has been given to the needs of this population and their families when it comes to accessing quality child care. First, these additional dollars are rarely accessed because most providers are not aware of the additional support available. Second, there are not sufficient parameters or qualifications around accessing these additional dollars because providers don't have to demonstrate that they have the skills to provide the additional supports required to care for the child. Federal leadership and targeted supports are required in this area as well.

Non-traditional hour availability of care continues to be a pervasive problem, mostly verified by parent anecdotal evidence without yet being made a priority in our state. We identify that part of the problem is the failure to integrate a child care lens beyond our Department of Job and Family Services that administers the program, when in fact child care policy should permeate throughout all government agencies. In the instance of non-traditional hour care, among other access barriers, it is the failed connection between child care policy and economic development and planning. As new jobs are created or we evaluate employment in communities, we have not matched the needs of the working families to the availability of child care. Federal leadership and collaboration across agencies, namely coupling child care strategies with economic development packages can be a source to help better match supply and demand for child care.

A2. Improving Child Care Regulations

There is no question regarding the critical nature of health and safety protections for children as a foundation for quality child care. As advocates for high-quality early childhood education, we must be clear that any effort to lower the bar on child care by rolling back regulations in an attempt to solve the challenges of supply is misguided and will lead parents to choose between safe child care and affordable child care, compromising quality and harming children and families in the short term and long term. While it is true that to do this well and equitably requires resources, there is no evidence to suggest a correlation between child care supply and regulations such as adult-to-child ratios, limits to group size and requirements for family child care homes to become licensed.

For example, Child Care Aware has debunked the myth that increased regulation through the reauthorization of CCDBG in 2014 caused family child care providers accepting CCDBG recipients to decline. In fact, they find that in the five years preceding the reauthorization, family child care providers accepting CCDBG recipients declined by 40% suggesting that increased regulations are not the primary cause. This trend is true with Ohio as well. In addition to increased regulation through CCDBG reauthorization, during the same timeframe, Ohio renewed its strong commitment to ensuring that all children receiving subsidized care have access to quality programs, requiring participation in enhanced requirements through our quality rating and improvement system (QRIS). State data instructs us that family child care providers are on pace with center based providers when it comes to providing quality care with both populations nearing 80% of programs participating in Ohio's 5-star QRIS, Step Up to Quality.

A3. Cultivating the Child Care Workforce

Investing, elevating and cultivating an effective, diverse, well-prepared and well-compensated workforce is the key to all sustainable solutions to the child care crisis. We encourage ACF to look at the recommendations emerging from fifteen national organizations, with the support of tens of thousands of educators and stakeholders across the nation, including a robust group meeting regularly in Ohio, who have come together to create a unified framework for the early childhood education profession addressing career pathways, preparation, competencies, responsibilities, and compensation under the banner of Power to the Profession (see www.powertotheprofession.org for more).

To ACFs specific questions, as early childhood educators are frequently earning degrees and credentials while working, apprenticeships and other short-term programs can be meaningful to support educators across all states and settings in acquiring the specialized knowledge, skills, and competencies they need to help young children thrive. It is crucial that early childhood education is recognized as a high-need field, and that these programs are stackable, portable, credit-bearing, and designed to articulate into pathways towards recognized credentials and degrees, while resulting in increased compensation. Early childhood educators working across all settings also needs specific and comprehensive supports to earn additional educational qualifications; recommendations range from increasing the use of credit for prior learning (CPL) and prior learning assessments (PLA) to providing equal access to scholarships and loan forgiveness for educators working in all settings. We recommend the new "Increasing Qualifications, Centering Equity" paper from NAEYC in partnership with the Education Trust for more information and recommendations on supporting the workforce as educational qualifications are increasingly required.

A4. Developing Better Child Care Business Models

For the many small-business owners in family and community-based child care, professional development that supports them to successfully build their business is essential. ACF should work with Congress and states to ensure that resources and supports, including increased rural broadband access and access to financing for renovations (including for lead safe facilities), are provided to help early childhood businesses become stronger, more financially sound, and better equipped to offer high-quality early learning opportunities in order to ensure the long term success of mixed delivery model in early childhood education. Ohio has experimented with a number of shared services practices and there is an appetite to scale local learnings, but additional upfront resources are required to bring these programs to scale so that they are fully functioning and saving money in the long term.

In addition, in the introduction to this question, ACF notes that child care providers are needing to address the loss of preschool-aged slots in our communities in the context of expansion of public pre-kindergarten programs. This is a reality that many providers in our states are confronting; however, it does not have to be the case. Supporting child care providers across all settings with comprehensive scholarships, loan

forgiveness, and other innovations such as substitute pools, in order to help them earn the degrees and credentials required by state funded pre-k programs allows for a robust mixed delivery system that meets the needs of all children and families. Groundwork Ohio has encouraged this type of cross-system thinking to ensure that a piecemeal funding stream model does not drive policy decisions. Local communities across the state investing in public preschool have learned firsthand how devastating and destabilizing investments in preschool aged children in school settings alone can be to the private child care market including the loss of capacity to serve infants and toddlers who were previously subsidized by older children in a program. These learnings have been instructive to planning for new local investments that better support parent choice and our mixed delivery system.

Additionally, as educators have increased their experience and earned additional credentials to meet the requirements of providing quality care in our state, those educators often transition to teach preschool in a public school setting where they can earn a competitive salary with benefits versus the average $10 an hour wage a private child care educator earns with no benefits. While we support highly qualified educators in both school and private child care settings, we have to support private child care programs to pay competitive wages and benefits to ensure consistency for their programs and the children they serve.

Transforming Financing of Child Care and Early Education Programs

Early childhood systems are and have been deeply underfunded; in order to achieve our shared goals of increased access to affordable, high-quality child care, the financing of high-quality early childhood education will have to change and grow. Local, state and federal governments will each have to embrace significant increases in investment, recognizing the individual and societal benefits that accrue when families with children from birth through age 5 have equitable access to high-quality early learning environments with supported, skilled and knowledgeable teachers.

Our organization's priority is advocating for increased state investments to leverage federal dollars given the many ongoing needs and challenges of our child care system and our state's desire to expand the program long-term and need to create sustainable funding sources for our system. We believe there is an opportunity to revisit the following in order to leverage federal investments in child care: 1.) revisit the matching requirement of CCDBG to strengthen state commitments to the child care system; 2.) evaluate how federal economic policy and packages can be utilized to advance the supply of quality child care; and 3.) explore how Medicaid can be leveraged to support and finance services required by young children in quality child care.

As any and all comments are integrated into recommendations to increase access to quality child care in this country, we know that we cannot make any policy decisions without committing to the guiding principle of equity—the understanding that all children deserve the chance to learn, grow, and reach their full potential and the recognition that not all children have access to the same quality environments and interventions. Race, geography, age, gender, and physical and intellectual ability play a determinative role in the gaps that emerge early and persist throughout the lifespan.

Early childhood education is powerful prevention policy to close those gaps where they begin. We have seen, however, that even the best intentions of policies, if we fail to view them through an equity lens, do not serve young children and their families. This is particularly evident in systems, like child care, that have been historically under-resourced—the kids who the system should be best serving are often the children who get left behind. Among these children, we find a disproportionate number of those who are living in poverty, children of color and children living in rural or Appalachian communities. To view Ohio disaggregated data on child care click here or view our full report on Ohio Early Childhood Race

and Rural Equity. You cannot be successful in increasing access to high quality care without evaluating and measuring progress of disaggregated data and viewing policies and practices through an equity lens.

Groundwork Ohio appreciates the opportunity to comment on this request for information and welcomes further questions as we work collectively to invest in an affordable, high-quality early childhood education system that supports all children, families, educators, businesses, and our economy.

Sincerely,

Shannon Jones
Executive Director
Groundwork Ohio