



Testimony of Eric Karolak, Executive Director, Early Care and Education Consortium

The Ohio Department of Job and Family Services and Ohio Department of Education
SFY 2010-2011 Early Learning/Child Care Budget

The Senate Finance and Financial Institutions Committee

Columbus, Ohio
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Good morning, Chairman Carey, Senator Miller, and members of the Finance and Financial Institutions Committee. Thank you for the opportunity to brief you on aspects of the budget relating to early care and education and the implications of Sub House Bill 1 for Ohio's youngest children and their families.

I am Eric Karolak, Executive Director of the Early Care and Education Consortium, an alliance of America's leading national, regional, and independent providers of quality early learning programs. Consortium members operate more than 7,800 centers enrolling more than 800,000 children in 49 states and the District of Columbia, including 275 centers enrolling approximately 22,000 children right here in Ohio. Our members include private non-profit organizations and for-profit companies who offer full-day/full-year programs for children birth through age 12, state-funded prekindergarten, before- and afterschool programs, extended day, and summer programs with enrollments that reflect the rich diversity of our communities and nation. We implement the programs you authorize and fund, and our partners in state government create.

Today, I urge you to maintain funding for the Early Learning Initiative and to support child care for Ohio's working families by restoring an accounting definition of full-time care. These changes will keep child care programs open, keep Ohioans employed, and assure access to high quality early learning experiences for many of our most at risk young children.

Early Learning Initiative (ELI)

There are many reasons to keep ELI intact at current funding levels. I'd like to draw your attention to two of them today.

First, investing in young children is the most cost effective approach to addressing the achievement gap. Research by Nobel laureates and Federal Reserve economists, drawing on 40 years of longitudinal studies on early learning programs, has demonstrated conclusively that investing in early childhood development especially for at-risk children yields extraordinary annual rates of return – ranging in real terms between 7 and 18 percent – far exceeding the return on most investments, private or public. If early

childhood education was a stock, many are fond of saying now, it would be wildly undervalued.¹

What's more, as Nobel laureate economist James Heckman concludes, "The longer we wait to intervene in the life cycle of the child the more costly it is to remediate to restore the child to its full potential."² That means the interventions you fund for the 4-year-old will reap greater returns than for the 4th grader, which will reap greater returns than those for older children and into college. ELI is perhaps the last place to balance the budget.

Already, we are seeing impressive results from ELI. Children from ELI programs using the Kindergarten Readiness Assessment – Literacy (KRA-L) tool are showing higher KRA-L scores in kindergarten than the overall KRA-L scores for the school district and higher than the statewide averages for all school districts. (The KRA-L is required of all children entering kindergarten in public schools, and must be administered no later than October 1 of each year. The assessment measures skill areas important to becoming a successful reader. The assessment tool also provides information that helps teachers plan for experiences and lessons that encourage reading.) And scores on the *Get It, Got It, Go* statewide early literacy assessment administered by the Ohio Department of Education have shown marked improvement.

If we are to stop the constant increase in the number of children in \$300 a day treatment facilities, in the juvenile justice system and ultimately in \$30,000 to \$50,000 jail cells, we must start at the beginning to provide them with the ability to learn and to navigate the world. Pay now or pay later, but pay we must.

Keeping ELI whole is important for second reason I'd like to emphasize today: in ELI, Ohio got early childhood education right. In the last decade and especially since the passage of No Child Left Behind, there has been heightened interest in and state funding of prekindergarten. A few states have offered prekindergarten exclusively in public schools, simply adding another grade to an already burdened K-12 system. Others created part-day and part-year programs that left challenges for working parents.

But Ohio took a different approach. In 2006, ELI was established to provide full-day, full-year child care services and high quality early childhood education opportunities to low-income families in need. Ohio's policy makers recognized that children are capable of developing critical reading, communication and problem-solving skills very early on when a comprehensive approach to education is taken – this includes a focus on the

¹ Art Rolnick and Rob Grunewald, "Early Childhood Development: Economic Development with a High Public Return," *Fedgazette* (December 2003), p. 7; James Heckman, "Catch 'em Young: Investing in Disadvantaged Young Children is Both Fair and Efficient," *Wall Street Journal*, January 10, 2006, p. A14;; and Rolnick and Grunewald, "The Economics of Early Childhood Development as Seen by Two Fed Economists," *Community Investments* (Fall 2007), pp. 13-14.

² James Heckman and Flavio Cunha, "Investing in Disadvantaged Young Children Is Good Economics and Good Public Policy," Telluride Economic Summit on Early Childhood Investment, Telluride Colorado, September 9-10, 2007. Available online at http://www.partnershipforsuccess.org/uploads/200709_CunhaHeckmanpres.pdf.

health and wellness of the child as well as the ongoing professional development of teachers.

ELI is a collaborative partnership between the Ohio Department of Education and the Ohio Department of Job and Family Services. This collaborative approach utilizes existing providers reducing the need to create a program – buildings, staff, curricula – from scratch, and realized efficiencies in the delivery of services.

Subsidized Child Care

Sub H.B. 1 also includes a change in the definitions of full-time, part-time and hourly rates of care. Instead of 25 hours or more, children will have to be in care for 32.5 hours per week to be considered full-time, and for child care programs to receive the full-time reimbursement rate for the care and learning they provide. But child care programs – which must staff their programs to meet *enrollment* not actual attendance – will have to staff their classrooms the same regardless.

This simple technical change will have a dramatic effect on child care and early learning centers. Since staffing costs are far and away the largest portion of child care costs, even a slight change in the definition of what constitutes the higher, full-time rate can make or break a program's budget. And that will affect how many teachers and staff are employed, whether parents will be able to rely on the center to remain open, and the quality of the program children experience. A recent survey estimated that some 6,000 jobs – teachers, aides, administrators, cooks and other support staff – would be lost from this single change.

Losing jobs in child care, economists tell us, is worse than losing them elsewhere. The economic impact of a dollar spent in child care is multiplied by a greater factor than in many other sectors because child care employment helps keep other workers employed.³ These are among the last jobs you want to lose.

Whether a parent participates in the child care assistance program or not, this proposed change in an accounting definition will make it that much harder to find care because programs all over the state will be forced to turn families away. And for children whose parents are in the state's child care assistance program, access could be cut by as much as 50 percent. Rising numbers of "latch key" children are likely as this change would particularly adversely affect school age programs – and this at a time when our communities have fewer resources to address this fragile population.

By cutting the revenue that a program receives, this simple accounting change will undermine program quality. Providers will no longer be able to afford Step Up to Quality and other quality initiatives and participation will plummet. That means that children's

³ Mildred Warner, "Child Care Multipliers: Stimulus for the States," Cornell University Department of City and Regional Planning, 2009. Available online at http://www.planning.org/nationalconference/speakers/materials/pdf/S553_Stimulus_Brochure_09.pdf.

school readiness will deteriorate as early childhood programs close doors and cannot support the higher cost of higher quality programming.

I urge you to maintain funding for the Early Learning Initiative and to support child care for Ohio's working families by restoring the existing accounting definition of full-time care. In this difficult budget year, spending priorities should not penalize programs that keep people working and have the highest rate of return for the public dollar invested.



ECEC is an alliance of America's leading providers of quality early learning programs. Consortium members operate nearly 8,000 licensed centers caring for and educating nearly 800,000 children every day across the country. ECEC is the only national organization exclusively representing the voice of child care providers on Capitol Hill and in the states. ECEC supports the development of sound public policy initiatives that invest in high quality care and education for children; support the needs of working parents; and recognize the significant economic impact of the early care and education sector. ECEC collaborates with other state and national organizations to promote a systemic approach to early care and education and to ensure a focus on the continuum of child development birth to age five. More information is available online at www.ececonsortium.org.