City of Cincinnati

801 Plum Street, Suite 351
Cincinnati, Ohio 45202

Phone: (513) 352-5232
Email: greg.landsman@cincinnati-oh.gov
Web: www.cincinnati-oh.gov

Greg Landsman
Councilmember

THE WORKFORCE BEHIND THE WORKFORCE:
The Case for Funding Childcare in Cincinnati through American Rescue Package Spending

The COVID-19 pandemic has had a destructive impact on our local and national economy. Any successful recovery will require comprehensive financial and systemic support for local businesses—a critical aspect of which is making sure Cincinnatians can actually *return to work*. Considering over one-quarter of our city's population have children, and women experienced the majority of job loss this year,[1] investing in a robust return to child care would help ensure our recovery is effective and equitable. After all, child care is the workforce behind the workforce; the small businesses behind our businesses.

Why Childcare?

Affordable child care could radiate widespread benefits in Cincinnati.[2] Research shows that high-quality child care programs for disadvantaged children can deliver a 13% per year return on investment in a community.[3] It boasts a two-generation impact, by improving the parent's labor income, work experience, and education, as well as improving children's social, emotional, and educational outcomes. High-quality child care is a central driver of kindergarten readiness, which is a central driver of high school graduation and post-education outcomes. Lastly, in recognition of 2020 being our most violent year in Cincinnati's history (in terms of shootings and homicides), it is important to note that children who receive quality early child care are up to 70% less likely to be arrested for a violent crime by age 18.[4] Furthermore, universal child care is one of the best potential investments in dismantling the wage gap (according to the Census, the female median income in Cincinnati is more than $5,000 less than the male median income).[5] Childcare keeps communities safe, economically stable, and equitable for all.

Why Cincinnati & Why Now?

Cincinnati has proved itself to be a city that values children and education; twice, our community voted in record numbers to support the expansion of quality preschool. Yet, as a result of the COVID-19 health crisis, our region has lost several high-quality child care programs and the pace has slowed in lower-quality programs reaching high

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1 Hulsey, Lynn. "Women Are Leaving the Workforce in Droves in Southwest Ohio. Here's What They're Saying about Why." *Journal News*, Dayton Daily News, 13 Dec. 2020, www.journal-news.com

2 García, Jorge Luis, et al. "The Long-Term Benefits of Quality Early Childcare for Disadvantaged Mothers and Their Children." *VoxEU.org*, voxeu.org/article/long-term-benefits-quality-early-childcare.

3 Heckman, James J. "There's More to Gain by Taking a Comprehensive Approach to Early Childhood Development." *The Heckman Equation*, 5 Dec. 2016.

4 Economic Opportunity Institute. "The Link between Early Childhood Education and Crime and Violence Reduction." *Opportunityinstitute.org/*, July 2002.

5 Lyons, J'Taime. "Narrowing the Gender Wage Gap with Universal Child Care." *Michigan Journal of Public Affairs*, 10 Apr. 2020.

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quality. Even before the pandemic, child care was in short supply. But with the onset of the pandemic, two things immediately emerged: first, many parents could no longer afford child care, and second, many child care centers could no longer afford to—or, due to safety restrictions, were no longer allowed to—stay open at full capacity.

Childcare in Ohio is expensive.[6] It's the biggest expense families face after college and housing. The average annual cost of infant care in Ohio is $9,697 — that's just $329 (3.3%) less than in-state tuition for four-year public college, and 3.1% more than the state average rent. This means that a minimum-wage worker in Ohio needs to work full-time for 28 weeks just to pay for child care for one infant.

At the same time that parents struggled to pay for child care, the availability of child care dropped significantly. Of greatest concern is the loss of programs that accept families who pay for child care through Ohio's Publicly Funded Child Care (PFCC) program, a state tuition program that assists low-income—defined here as being 130% of the federal poverty level. According to data from 4C for Children, a child care resource and referral agency, **Hamilton County had a 9% net loss of programs accepting PFCC between December 2019 and December 2020, meaning there are *59 fewer centers* accepting PFCC, and *21 fewer home-based family child care businesses* accepting PFCC. Overall, there was a 17% drop in overall child care enrollment (from 30,000 to 25,000), and of that 17%, 70% were children from families that pay for child care through PFCC.**

Of the child care programs that remain open, almost all are at a financial precipice. The State did provide some financial support to certain programs through the pandemic, but it stopped 6-8 months ago, and its restrictions meant many child care providers could not access the funding in the first place.

What Should We Do? (Recommendations for City, County and State Uses of ARP Funds)

The City should work with the Country to support a 2-year plan to invest in our local child care economy that would allow families to get back to work and vastly improve potential outcomes for our children (especially as they return to school and address learning loss). This funding should be organized and administered in partnership with 4C for Children, Community Action Agency, and others, and be matched by private philanthropic sources.

6 "Child Care Costs in the United States." *Economic Policy Institute*, www.epi.org/child-care-costs-in-the-united-states/#/OH.

**Recommended funding specifics are outlines in companion document*

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Proposal	*How much?*	*What & Why?*
Child Care Contingency Fund	YR 1: $1,000,000 YR 2: $1,500,000 Total: $2,500,000	Create a contingency fund to ensure child care providers can survive unexpected financial challenges that would threaten their stability. This would include assistance to cover temporary closures of rooms or programs due to COVID infections; major infrastructure repairs such as HVAC; coverage of parent payments if parents experience unemployment or reduction in hours worked; and, project administration.
Child Care Program Pandemic Recovery Payments	YR 1: $4,422,000 YR 2: $8,844,000 Total: $17,688,000	Distribute payments in the form of grants to programs that serve PFCC families to help them recover from their losses. Estimates show that some have suffered up to 1/3 loss of income. The payments would be similar to the payments made by the state to some programs during the pandemic (payments ended in October 2020), but more flexible.
Starting New Program	YR 1: $592,000 YR 2: $1,184,000 Total: $1,776,000	Fund family child care start-ups so they can access materials, training, business skills, inspections, and project administration; help start new center programs; and, expand rooms in existing center programs. This should help greatly expand care for low-wage families, and focused in gap areas.
Family Child Care Debt	YR 1: $1,237,500 Total: $1,237,500	Fund a debt forgiveness program focused on parents who have incurred child care debt due to un/under-employment during the pandemic (over the last year, Hamilton County working families' have incurred child care debts ranging from $56 to $6,120 per family).
Filling the Gap in Hero Pay	YR 1: $2,013,440 YR 2: $2,773,760 Total: $4,787,200	Pay Family Child Care (FCC) workers "Hero Pay," as they will not receive the Hero Pay from the State funds. This is the first step in addressing the near-poverty wages of those who work in child care, which leads to mass teacher shortages.
TOTAL FUNDING OVER 2 YEARS	**= $23,566,700**	

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