

The Ohio Senate

Finance Committee

Sen. Matt Dolan

Chair

H.B. 166

Ronald J. Rees, Executive Director

Corporation for Ohio Appalachian Development

Good morning Chairman Dolan, Vice Chair Burke, Ranking Member Sykes and other members of the Senate finance Committee. My name is Ron Rees and I am the Executive Director of the Corporation for Ohio Appalachian Development. COAD is a coalition of 17 Community Action agencies serving 30 counties in primarily the Appalachian region of Ohio. Additionally, COAD operates the Childcare Resource and Referral services in three of Ohio's Service Delivery Areas. Those three SDA's are comprised of 31 counties, a little more than a third of the state.

The Early Care and Education Division of COAD works directly with parents and daycare providers throughout our 31 counties. Our staff assist parents in finding daycare and advising parents of the quality rating of each provider. They also assist every licensed provider in the 31 counties with training, consultation, business support and educational advancement for daycare staff. As is the case with every other CCR provider, they are also assisting centers in achieving a high quality rating in the Step Up to Quality rating system. The nature of our work in this area enables us to have a keen awareness of the needs in our region. I am here today to highlight our strong concerns regarding a plan that would be devastating for four of our counties.

Under the plan adopted by the Ohio Department of Job and Family Services, a number of counties will have a change in reimbursement rates this July to comply with a federal corrective action requirement. Most of the counties will receive a rate increase but 13 counties will actually receive lower rates as part of this process. Four of those counties are in the COAD region and I want add my voice to those who are asking that providers in those 13 counties be held harmless from a rate reduction. If this rate reduction is allowed to be enacted, a desperate situation for childcare providers will be made even worse.

The four counties served by COAD that would receive a rate reduction are Ashland, Belmont, Harrison and Knox. Although I'm sure the other counties also face great adversity if the rate reduction is enacted, I am especially familiar with the challenges in those four counties.

You may be familiar with the term "childcare desert". This term is used to describe any area where the capacity for childcare is less than one third of what is needed. Harrison, Ashland and Knox counties are already childcare deserts and Belmont County, with 33.7% of the capacity needed, is just above that designation. The federal government has projected that the number of children needing childcare in those four counties is more than 13,000. The capacity currently available is less than 4,000. Even at current reimbursement rates, facilities struggle financially and in the last two years 11 have closed in those four counties. In these counties there are now only 17 licensed daycare centers and 23 family childcare homes. I want to particularly highlight the impact on Harrison County. While the other three counties are slated to drop one level in reimbursement, Harrison County is slated to drop two levels. Harrison County currently has no licensed daycare center and only one family childcare provider. We have been told that the proposed reductions in rates has been based on a market rate survey for existing providers. I am not aware of the specific methodology used but in 2018, when the most recent survey was done, but in 2018 there was only one licensed daycare center in Harrison County. That center has since closed, seeming to indicate that whatever rate they reported was insufficient.

Our tracking of data shows that over the last biennium we have had a net loss of 16% of providers in Ohio's rural counties as a whole. In some of the COAD counties, the loss has been 30%, 40% and even 50%. By comparison, the average net loss for Ohio's urban counties is only 4%. The primary reason for so many centers closing in Appalachia is a rate structure that varies by county and results in a significant variance in rates across the state. Providers in Appalachia are paid at lower rates than in other areas of the state. Providers in Appalachia are closing at an alarming rate because they cannot financially break

even. The rate adjustment proposed for implementation in July results in modest rate increases for some providers and that will improve their chances of survival. But reducing the rates for providers in this already struggling environment will only exacerbate an already serious problem.

Thank you for your time this morning. For the sake of the 13,000 children in the four COAD counties and the thousands more in the other nine counties, please support the amendment that would hold them harmless from this rate reduction.

Ronald J. Rees, Executive Director
Corporation for Ohio Appalachian Development