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Cost of childcare in Ohio is skyrocketing. What can be done about it?

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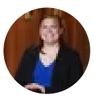

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Key Points AI-assisted summary

- Ohio parents spend tens of thousands each year on childcare, while workers guiding children through their most critical developmental years earn just over minimum wage.
- Ohio is one of only six states that does not spend state money on childcare beyond what is required for a federal match.
- Ohio faces a potential $600 million shortfall in childcare funding once one-time federal pandemic aid expires.

Maria Reyes survived radiation therapy for breast cancer. That was easier than finding reliable childcare for her son Jack, who has Down syndrome, autism and is nonverbal.

“At least with my cancer, I knew the steps that I had to take, when they’re going to happen and the results, for the most part," said Reyes, who is raising two sons with her husband in Pickerington. At age 7, Jack had shuffled through five childcare providers. "I didn't know if we were going to find daycare for him or if one of us had to stop working."

Sara McLaughlin was still pregnant when she put her twin boys on a waiting list for Head Start. It took another six months after Ruzi and Brooks were born to secure spots at the free federal childcare program, which frequently faces staff cuts and funding freezes.

“I don’t know what I would do if I didn’t have Head Start,” said McLaughlin, of Troy. Her backup childcare option is her 86-year-old grandmother.

Alice Wood would wake up before 4 a.m. to catch the first bus to her childcare provider across town. It was one of the few reputable options that was on the bus line and accepted taxpayer-funded childcare assistance.

“Even with the childcare voucher, it was very hard finding a good, quality center with availability," said Wood, who now lives in Dayton with her husband, Kris, and four children. "I was not going to just leave my child anywhere."

These women aren't alone. Every day, families in Ohio are navigating an underfunded and overburdened childcare system.

Parents spend tens of thousands each year on childcare, while workers guiding children through their most critical developmental years earn just over minimum wage. Many families receive little to no financial assistance to pay for childcare because Ohio has one of the most restrictive programs in the nation.

This problem isn't new. But the solutions are expensive, and no one wants to pay.

Ohio is one of just six states that don’t spend any state money on childcare beyond what’s required for a federal match. In the most recent state budget, Ohio lawmakers prioritized an income tax cut and $600 million for a new Cleveland Browns stadium over permanently expanding access to free childcare or creating a $1,000 tax credit for parents with young children.

Ohio business leaders bemoan the impact of inadequate childcare on recruiting and retaining workers. But only 11% of businesses nationwide offer on-site childcare, and 18% offer financial assistance for childcare, according to a 2023 report from The Best Places for Working Parents.

If nothing changes, Ohio faces a $600 million shortfall in childcare funding when one-time federal spending dries up, according to Groundwork Ohio, a policy organization that advocates for young children.

Spending more taxpayer dollars on childcare has been a tough sell – even as Republican Gov. Mike DeWine makes children his top policy focus, and the Ohio Chamber of Commerce throws its resources behind the issue.

“It’s been very difficult to get policymakers to proactively invest in this space,” said Lynanne Gutierrez, president and CEO of Groundwork Ohio. “It really is a question of priority. Many have had other priorities that are also costly propositions.”

Childcare is expensive, and it’s only getting worse

The average cost of sending an infant and a four-year-old to an Ohio childcare center in 2024 was $25,532, according to a Child Care Aware of America analysis. That represented a 16.4% increase from the previous year.

“We’re out here struggling pretty bad," said Tiara Anderson, of Maple Heights.

Despite earning $50,000 working for the U.S. Postal Service, Anderson said she can't afford childcare for her daughter, Arielle. Instead, she relies on relatives. Anderson also started a nonprofit, Creative Charisma Charities, to help fellow single parents navigate finances and childcare.

Nearly three-fourths of parents say childcare in their area is expensive, and more than one-third report facing serious problems affording it, according to a Groundwork Ohio poll.

"It's never been more expensive," said Vanessa Freytag, president and CEO of 4C for Children, a childcare resource and referral agency in Cincinnati. Childcare providers are hit by the same price spikes as families on diapers, utilities and rent – but multiplied by dozens of children.

Even without the price spikes, childcare is inherently costly. Providers can’t cut staff to reduce costs because states set minimum caregiver-to-child ratios for safety. Ohio requires one employee for every five infants at childcare centers or one worker for every 18 kindergartners, for example.

“If you increase ratios, at what point are you just asking for an accident from a health and safety concern?” Gutierrez asked. “You can’t really make this cheaper or more efficient. It’s a tough pill to swallow, because it’s a high cost.”

That high cost isn’t making the average worker rich in the childcare industry. The median wage for a childcare worker nationwide is $15.41 an hour. The rates are even lower in Ohio, where the pay is about $13.57 an hour, according to the most recent Bureau of Labor Statistics data.

That makes recruitment and retention difficult.

"You could make more at McDonald's than you can in childcare," said Angela Moses, executive director of the Canton-based Early Childhood Resource Center, which serves children in several Northeast Ohio counties. "Why not go to a fast food restaurant? You don't have all the stress with the children and the families."

What's the role of employers?

Facing this childcare crisis, Ohio's leaders have proposed several solutions. But many have either been rejected outright or scaled down.

Take one idea from the most recent state budget: a $10 million program to split the cost of childcare between employers, families and state taxpayers. Called Child Care Cred, the idea is backed by business leaders, DeWine, a bipartisan group of lawmakers and childcare advocates.

But it's also limited. The money is available for one year for businesses whose workers make between 200% and 400% of the federal poverty level. State tax money will pay for 20% of the childcare bill rather than a third, as other states like Michigan have done.

"It would be nice if we had $200 million to put toward this program, but we simply didn't have that, let's say, will to put such funds toward such a thing, and we've got to live within our means here," said state Rep. Mark Johnson, R-Chillicothe, who advocated for the childcare solution.

Finding the money for Child Care Cred was no easy task. At one point, the idea was stripped from the state budget as lawmakers slashed a variety of programs.

Now, businesses and childcare advocates have a short window to prove the money was well-spent.

"It is $10 million. It's quite a significant amount of investment using tax dollars," said Sen. Michele Reynolds, R-Canal Winchester, another proponent of the program. "We wanted to prove the concept and make sure that it's doing what we intended it to do."

Before Child Care Cred launched, Ohio pitched a less restrictive, federally funded partnership between businesses or nonprofits and government to improve childcare access.

So far, six businesses have signed up to participate.

Ohio Department of Children and Youth Director Kara Wente said that doesn’t mean the effort failed. “We are looking at these as pilots to figure out: What does the business community have the appetite for?” she said.

Increasingly, business leaders realize they have a role to play in helping employees access affordable, reliable childcare. The Ohio Chamber of Commerce has made it a top priority. A U.S. Chamber of Commerce report found that Ohio loses $5.48 billion each year in untapped taxes and employer earnings because of the childcare crisis.

"(Businesses) understand that childcare is a barrier to them receiving the best talent," said Justin Barnes, the Chamber's director of workforce, small business and technology policy. "They want to contribute to a solution."

But those solutions can be expensive at a time when business costs are already on the rise. Business leaders aren’t used to offering on-site childcare or stipends as benefits akin to health insurance or 401(K) matches.

“Not every employer is in a position to be able to pay for their employees’ childcare or even offer them stipends,” said state Rep. Andrea White, R-Kettering, who has pitched a tax credit to incentivize those options. “We have so many tax credits in this state. Which ones are truly moving our workforce and our businesses and our families forward? The money is there. It’s just going to have to be realigned.”

A $600 million childcare shortfall looms

Investing in childcare isn't an easy sell at the Ohio Statehouse.

Many lawmakers are worried about runaway costs in uncertain financial times. Others don't realize how much childcare bills have spiked since their children were younger. Still others wish one parent could stay home with their young children instead.

But for many families, that's not so easy. Angie Scheu stays home with her youngest daughter, Rachel, after closing her uptown Westerville business.

“As she grew and as things progressed, it just became very apparent that she needed her mom,” Scheu said. “She needed to be my priority over and above running a business.”

Rachel was repeatedly rejected by childcare providers. One center said her walker was a safety hazard. But cost was also a factor for Scheu and her husband, who have three daughters.

“Even if magically a childcare center called me and said, ‘hey, we’ve got a spot for Rachel,’ we couldn’t afford it," she said. "The cost of childcare is just ridiculous.”

Recognizing the high cost of childcare, state and federal taxpayers foot some or all the bill for lower-income Ohioans through publicly funded childcare. But Ohio makes accessing that public assistance harder than almost every other state in the nation.

To apply, Ohioans can’t earn more than 145% of the federal poverty level, which is $45,240 for a family of four. The threshold is slightly higher, 150% of the federal poverty level, for children with disabilities.

That assistance allowed Wood, of Dayton, to work while her children were safe and cared for. But many Ohio families don't qualify for help.

"There are people who are working, still struggling to pay for childcare that are told, 'Oh, you make too much to even get some assistance.'" Wood said. "That's ridiculous."

When DeWine took office in 2019, the threshold was 130%. He has tried to increase it to 160%, but state lawmakers rejected the idea as too costly.

“We want to invest in our low-income families. We’re still one of the lowest states in the country with our eligibility limit, so we’re always trying to push that up,” Wente said. “Unfortunately, we were not successful.”

Instead, Ohio is spending $200 million in federal dollars to offer childcare assistance to about 20,000 more children in families who earn up to 200% of the federal poverty level. Once the money is out, no more families can apply.

Raising the threshold to 200% or even 160% would help more families, but it would also cost millions more.

“I have never felt like (lawmakers) haven’t prioritized kids and families,” Wente said. “I think the childcare budget is just a really big ticket item.”

An influx of federal dollars shored up Ohio’s childcare spending following the COVID-19 pandemic. But when that money goes away, Ohio faces a $600 million shortfall, according to Groundwork Ohio.

“We’re going to be faced with this big, big hole to fill in the next budget in what’s really shaping up to be a really revenue-constrained budget," Gutierrez said.

Why a tax credit to help families failed

DeWine had an idea for his final budget to help Ohio families.

He pushed for a child tax credit of $1,000 per child up to age 7. The benefit would have helped about 450,000 families, including those too poor to owe taxes. “It will help them as they create the family of their dreams," he said.

But DeWine wanted to pay for the benefit, which would cost an estimated $890 million over two years, by raising taxes on cigarettes and other tobacco products. The new tax was a nonstarter for Republican lawmakers looking to cut taxes instead.

“There is a lot of curiosity and even support for the ideas, but it was overshadowed by the conversation about the revenue source,” Gutierrez said.

The federal government and more than a dozen states have child tax credits, but most of those states are run by Democrats.

Whether advocates push this idea again depends on the priorities of Ohio’s next governor. That could be entrepreneur Vivek Ramaswamy or former Ohio Department of Health Director Dr. Amy Acton. None has spotlighted the cost of raising a child with the same passion as DeWine, who cannot run again in 2026 because of term limits.

"We didn’t get everything that we wanted, but I think we’ve made some progress," DeWine said. "I know we’ve made a lot of progress, and I’m optimistic about the future.”

One-off ideas help, but don't solve the larger problem

Without a permanent statewide solution, local businesses and communities are coming up with their own.

The people of Ashland, Ohio, came together to raise $4.5 million from 300 people to build a 2,400-square-foot childcare center in its industrial park. The facility can serve up to 150 children, infants through elementary school-age.

“Our community is amazing and generous,” said Kristin Aspin, chief operating officer of the Ashland County Community Foundation. “What was raised spoke to the need.”

Other communities are training childcare workers to fill the skyrocketing demand for employees. Tough work for low wages has led to high turnover.

Mackenzie McArthur found a new career in childcare by completing a training program at the Early Childhood Resource Center in Canton. McArthur found a fulfilling job at JRC, helping children grow up well.

“When they come into my classroom, they’re not really talking," McArthur said. "When they leave, they don’t stop talking. So, it’s really cool to see how far they come in such a short amount of time."

Alyssa Overkamp completed a similar program through 4C for Children’s Child Care Careers in Cincinnati. She found a meaningful part-time job that allowed her to care for her children, too.

“The fact that I’m making a difference is really crucial,” Overkamp said. “I could have gotten a job at a restaurant or something, which is also making a difference, but this just feels more impactful on society.”

Ohio lawmakers are pitching a $20 million pilot program to provide free childcare for childcare workers, but that has yet to pass.

All progress is good progress, Gutierrez said. But without public investment and structural changes, childcare will remain too expensive and out of reach for most Ohio families.

"We’re not nearly going to be able to meet the demands that families have in any realistic amount of time with those one-by-one (solutions)," she said. "It’s not that we should stop. It’s just, could you imagine if we had that along with a strong public investment? Then we’d really be cooking with gas.”

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What do you think Ohio leaders should do about the rising cost of childcare?