

Testimony on House Bill 647

Ohio House Children and Human Services Committee

Submitted by Ohio Association for the Education of Young Children (Ohio AEYC)

Chairperson White, Vice Chair Salvo, Ranking Member Lett and members of the Committee:

Thank you for the opportunity to provide testimony on House Bill 647. The Ohio Association for the Education of Young Children (Ohio AEYC) represents early childhood educators, program leaders, and advocates committed to ensuring that all young children in Ohio have access to high-quality early learning experiences.

Ohio AEYC shares the legislature's goal of ensuring accountability and integrity within the publicly funded childcare system. However, we have serious concerns about provisions within HB 647 that would reinforce payment practices based on attendance rather than enrollment, expand enforcement authority without adequate safeguards, and introduce policies that could destabilize an already fragile childcare sector.

Data cited in this testimony are drawn from the National Association for the Education of Young Children (NAEYC) *2026 Ohio State Fact Sheet*, which compiles federal and national datasets on childcare access, workforce conditions, and early childhood system capacity.

According to this fact sheet, Ohio has approximately 798,955 children ages birth through five, with more than 541,961 children potentially needing childcare. At the same time, 55% of childcare programs report staffing shortages, and 62% report having to increase tuition to keep their doors open, demonstrating the fragility of the childcare system.

Payment Based on Attendance vs. Enrollment

Childcare programs operate fundamentally differently from most other social service systems. Programs must maintain fixed staffing ratios, classroom capacity, and facility costs regardless of whether a child is present on a given day. When payments are tied to attendance rather than enrollment, providers assume financial risk for circumstances they cannot control — including child illness, family emergencies, transportation issues, or inconsistent parental work schedules.

Private-pay families already pay based on enrollment, typically paying in advance to reserve their child's slot. This enrollment-based approach allows programs to budget responsibly and maintain staffing stability.

When publicly funded payments are instead tied to attendance and issued after services are delivered, programs experience unpredictable revenue and cash-flow instability. This instability leads to:

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- Difficulty maintaining staffing levels
- Increased tuition for private-pay families
- Reduced willingness to accept publicly funded children
- Classroom closures or reduced capacity
- Program shutdowns in already underserved communities

Increased Hours Required for Full-Time Reimbursement

Providers are also currently struggling with recent changes to the number of authorized hours required to receive full-time reimbursement. Ohio increased the threshold for full-time care from **25 hours per week to 33 hours per week**.

This change has already produced significant financial consequences:

- Children attending between 25 and 32 hours per week — previously considered full-time — are now reimbursed at lower part-time rates.
- Providers are experiencing payment reductions of 30% or more for some children despite similar staffing and operational costs.
- Programs must either absorb losses or deny enrollment to families needing fewer hours.

Layering attendance-based payment instability on top of these reduced reimbursement levels compounds financial risk for programs already operating on narrow margins.

Workforce and Economic Implications

Ohio has approximately 58,600 early childhood educators, earning an average salary of \$23,234 per year, with 23% relying on public benefits to make ends meet. These workforce realities make financial instability at the program level even more dangerous.

Child care is essential infrastructure for Ohio's economy. The fact sheet indicates 71% of children have all available parents in the workforce, meaning access to reliable child care directly affects employment stability across the state.

When providers close classrooms or stop accepting publicly funded children due to financial uncertainty, the consequences extend beyond programs:

- Parents lose employment or reduce hours
- Businesses face workforce shortages
- Communities experience increased child care deserts
- Children lose continuity of care and early learning opportunities

Additional Concerns with HB 647

Ohio AEYC also has significant concerns regarding several provisions in HB 647 that extend beyond payment policy and could have unintended consequences for providers, families, and the state's early childhood system.

Expansion of State Surveillance and Data Collection

HB 647 would dramatically increase state surveillance of child care provider data by authorizing enhanced automated data analytics without clearly defined parameters, safeguards, or accountability measures. This expanded oversight does little to improve child safety while creating substantial risks related to the collection and storage of sensitive information.

The bill provides no clear guardrails for protecting the large volume of data that would be gathered, including personal information about providers, children, and families. Without explicit data security standards, privacy protections, or limitations on use, this provision exposes confidential information to unnecessary risk and potential misuse.

Unclear Procurement and Cost Implications

The process outlined in the bill for contracting with an artificial intelligence or technology company to conduct "enhanced automated data analytics" is unclear. The legislation does not specify procurement standards, evaluation criteria, oversight mechanisms, or performance accountability for vendors.

Additionally, HB 647 does not address the initial or ongoing costs the state may incur for implementing and maintaining these systems. Without fiscal transparency, policymakers cannot fully evaluate whether this approach represents an effective or responsible use of public resources.

Expansion of Attorney General Authority Without Due Process Protections

HB 647 would significantly expand the authority of the Attorney General to intervene in child care operations, including the potential for immediate license suspension or program closure based on suspicion of fraud alone.

The concentration of this authority raises serious concerns because the bill does not require:

- A completed investigation
- Shown evidence meeting a defined threshold
- Administrative hearing
- Due process protections for providers prior to action

Child care programs serve families who depend on stable care to maintain employment. Immediate closures based solely on suspicion could leave families without care overnight and providers without recourse, causing widespread disruption to communities.

Lack of Standards for Investigating Allegations

The bill includes no clear threshold for validating claims against child care programs before enforcement action occurs. Allegations of fraud can be complex and require careful investigation. Policies that allow enforcement actions without established evidentiary standards risk misuse, errors, or unintended harm to compliant providers.

Ohio's child care system depends on partnership and trust between providers and the state. Policies perceived as punitive or arbitrary may discourage provider participation in publicly funded programs, further reducing access for families.

Potential Conflict with Federal Child Care Requirements

HB 647 proposes removing statutory language implementing enrollment-based payment by July 9, 2028. This approach may conflict with current federal child care requirements under the Child Care and Development Fund (CCDF) Final Rule issued in 2024, which encourages states to move toward prospective, enrollment-based payment practices to stabilize child care supply.

Although federal policies may evolve, altering state law before federal changes are finalized could create compliance risks and potentially jeopardize federal child care funding that supports Ohio families.

Impact on Families and Ohio's Economy

Reducing provider participation or creating additional administrative burdens ultimately reduces child care options for working families. Ohio already faces significant challenges:

- Growing child care deserts
- Workforce shortages
- Limited access for families working nontraditional hours
- Programs struggling to remain financially viable

Families working second and third shifts, weekends, or early morning schedules — including those in health care, manufacturing, and construction — already face significant barriers to finding child care. Policies that further destabilize the supply of providers will worsen these challenges and harm Ohio's workforce and economy.

Recommendations

- Ohio AEYC respectfully urges policymakers to:
- Support enrollment-based, prospective payment models that reflect how child care businesses actually operate.
- Reevaluate reimbursement thresholds and rate structures to ensure providers are not penalized for serving children with variable schedules.
- Ensure due process protections and clear evidentiary standards before enforcement actions affecting provider licenses or operations.
- Provide transparency and safeguards regarding data collection and technology use to protect families and providers.
- Prioritize policies that expand access and stabilize the child care supply, rather than increasing financial and administrative risk.

Conclusion

Ohio's early childhood educators are dedicated professionals who support children's development, family stability, and the state's workforce. Policies that increase financial unpredictability, expand enforcement authority without safeguards, and introduce additional administrative burdens — especially when providers are already facing reduced reimbursement due to increased hourly thresholds — risk worsening the child care crisis rather than solving it.

In a state where child care access challenges have persisted for years, children, families, and providers deserve public policy solutions that address real needs by strengthening funding, improving access, and stabilizing the workforce. HB 647, as currently written, would move Ohio in the opposite direction.

We respectfully ask the Committee to carefully consider the real-world operational impact of HB 647 on programs, families, and communities across Ohio.

Thank you for your time and consideration.



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