



OHIO CHAMBER OF COMMERCE

Rick Carfagna, Senior Vice President
Ohio Chamber of Commerce
Interested Party Testimony – House Bill 647
March 3, 2026

Chair White, Vice Chair Salvo, Ranking Member Lett, and Members of the House Children and Human Services Committee. Thank you for the opportunity to provide interested party testimony on House Bill 647. I'm Rick Carfagna, Senior Vice President of Government Affairs for the Ohio Chamber of Commerce.

The Ohio Chamber has been a consistent and vocal advocate for expanding child care access and affordability in Ohio. As this committee is aware, the U.S. Chamber of Commerce Foundation last April published "*Untapped Potential: Ohio*", a report that revealed that the direct financial impact to Ohio of insufficient child care coverage is \$5.48 billion annually. Of that number, \$1.52 billion is in missed annual tax revenue, with the remaining \$3.97 billion in child care-related employee turnover and absenteeism costs to Ohio employers. Child care is not just a family issue, it is a workforce issue and an economic competitiveness issue.

Ohio's licensed child care providers are the backbone of this system. According to the Ohio Department of Children and Youth's (DCY) most recent annual report, Ohio had 8,950 licensed child care programs in State Fiscal Year 2025, serving over 383,000 children - including more than 152,000 receiving publicly funded child care (PFCC) subsidies. These are small businesses. They are community anchors. They employ caregivers and educators, and they make it possible for parents to go to work.

The Ohio Chamber recognizes and supports the legitimate goal at the heart of HB 647: protecting taxpayer dollars invested in Ohio's publicly funded child care program from fraud, waste, and abuse. When public funds are misused, it harms children, undermines confidence in the program, and ultimately makes it harder to justify the investments Ohio needs to make in child care access. We support efforts to root out bad actors, and in that spirit we are supportive of the measured, targeted provisions in HB 647 that:

- Grant the Attorney General clear authority to investigate criminal or civil violations related to Chapter 5104 and the PFCC program (new Section 109.44);
- Accelerate the transition to enrollment-based payment calculations, removing the July 9, 2028 delayed effective date from existing law and making the enrollment standard effective immediately upon enactment; and

- Direct \$5 million over two fiscal years toward enhanced data analytics to conduct automated attendance reviews. This is a proactive, systems-based approach to detecting irregularities without singling out compliant providers.

While we share the bill's overarching goals, the Ohio Chamber has serious concerns about several provisions that, as drafted, could harm the very providers we depend on to serve Ohio's working families. We want to make sure that legislation designed to pursue bad actors does not create new burdens, legal exposure, or operational uncertainty for the thousands of providers doing exactly what we need them to do.

DCY's own data tells an important story about the state of Ohio's child care system:

- In SFY 2025, DCY and county JFS conducted 19,983 inspections across 8,950 licensed programs.
- Of those inspections at child care centers, only 267 violations rose to the level of serious risk non-compliance, a very small fraction of total programs.
- Just 33 licenses were revoked statewide, and 7 licenses were suspended out of nearly 9,000 programs.
- Zero child fatalities were reported in licensed programs during SFY 2025.

Ohio's existing licensing and oversight framework is working. That doesn't mean there isn't more to do, but it does mean that any additional enforcement tools should be carefully calibrated so they do not disrupt the operations of the many to address the misconduct of the few.

Concern #1: Lowered Standard for Contract Termination and Withholding of Payment

Section 5104.32(D) would allow DCY to withhold payments or terminate contracts based on "reason to suspect" fraud, before any investigation is complete and without due process protections. The existing standard requires "evidence" of non-compliance; the proposed standard merely requires suspicion. For a small provider operating on thin margins, losing payment while under suspicion could force closure. We urge the committee to restore an evidence-based threshold, paired with adequate notice and an expedited hearing right.

Concern #2: The Elimination of Administrative Appeal Rights

Section 5104.32(F) declares DCY decisions on fund recovery, overpayment determinations, and contract suspensions "final and not subject to appeal, hearing, or further review under Chapter 119." Ohio's Administrative Procedures Act exists precisely to protect regulated entities from arbitrary government action and removing it entirely, especially paired with the "reason to suspect" standard, leaves providers with no recourse. The Ohio Chamber strongly urges the committee to preserve Chapter 119 appeal rights or establish a clear expedited alternative.

Concern #3: Summary License Suspension Based on Suspicion of Financial Misconduct

Section 5104.042 would add "reason to suspect" financial fraud as a new basis for summary license suspension without prior hearing. The existing grounds for summary suspension such as child death, injury, abuse, and criminal charges all reflect immediate physical danger. Financial misconduct, however serious, rarely creates that same urgency and is better addressed through standard adjudicatory procedures with notice and hearing.

Concern #4: Reduction of the Child Care Cred Program Appropriation

The Ohio Chamber testified in support of the Child Care Cred Program and we are concerned to see its appropriation reduced from \$10 million to \$5 million in FY 2026. This public-private Tri-Share model is still building momentum and market awareness. We urge the committee to extend the existing appropriation beyond FY 2026 to give the program the runway it needs.

The Ohio Chamber stands ready to work with the sponsors and the committee to address these concerns while preserving the bill's core accountability objectives. Ohio's child care providers are not adversaries of accountability; they are partners in delivering a service Ohio's economy depends on. The 8,950 licensed programs across our state are subject to regular, rigorous, and largely effective oversight. We should strengthen that system where necessary, not create new uncertainties and penalties that could drive good providers out of the market Ohio already needs to expand.

We look forward to continuing to work with the sponsors, the committee, and the Department of Children and Youth to get this right. The Ohio Chamber remains committed to a child care system that is accessible, affordable, accountable, and worthy of the families and employers that depend on it. Chair White and members of this committee, thank you for your time and consideration.