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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 2**  
**136<sup>th</sup> General Assembly**

## Bill Analysis

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**Version:** As Re-referred by House Rules and Reference

**Primary Sponsor:** Rep. Johnson

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### SUMMARY

- Creates the Child Care Cred Program in the Department of Children and Youth (DCY), a program that allows the costs of child care to be shared by participating employees, their employers, and DCY.
- Authorizes a participating employer to select one or more of its employees to participate in the program.
- Requires each participating employee to have a family income that does not exceed 400% of the federal poverty level and choose a child care provider for the employee's child.
- Requires a child care provider participating in the program to hold a license issued by the state or be certified by a county department of job and family services.
- Requires DCY to perform all administrative activities for the program.
- Appropriates \$10 million in FY 2026 from the GRF for the Child Care Cred Program.

### DETAILED ANALYSIS

#### Child Care Cred Program

H.B. 2 creates the Child Care Cred Program in the Department of Children and Youth (DCY). Under the program, the costs of child care are shared by participating employees, their employers, and, subject to available funds, DCY. The bill specifies that the program has three goals – enabling employers to attract and retain talent; assisting employees with child care costs; and sustaining the businesses of child care providers.<sup>1</sup>

<sup>1</sup> R.C. 5104.54(A).

## **Cost sharing**

An employee's child care costs are to be distributed as follows: employees are responsible for 40%, employers are responsible for 40%, and, subject to available funds, DCY is responsible for 20%. An employer, however, may agree to also contribute some or all of the employee's share.<sup>2</sup>

## **Eligibility conditions**

The bill establishes several conditions on program participation.<sup>3</sup> An employee must reside in Ohio, have been selected for participation by the employee's employer, and have a family income that does not exceed 400% of the federal poverty level.

An employer must be located in Ohio and have selected one or more of its employees to participate in the program.

A child care provider must hold a child care center or family child care home license issued by the state or be certified as an in-home aide by a county department of job and family services. The bill prohibits DCY from requiring a child care provider to participate in the Step Up to Quality Program in order to be an eligible provider under the program.

## **Application**

Each employee and employer seeking to participate in the program must together submit an application to DCY in a manner prescribed by DCY. DCY must review each application as soon as practicable after it is received and must determine if the employee and employer are both eligible to participate.<sup>4</sup> An eligibility determination remains valid as long as the employee, employer, and child care provider continue to satisfy the bill's eligibility conditions.<sup>5</sup>

## **Program administration**

After DCY determines that an employee and employer are both eligible and each agrees to participate in the program, the bill requires or authorizes the following actions:

- The employee, with DCY's assistance, must select a child care provider for the employee's child and must enroll the child with the selected provider. An employee may opt to choose his or her existing provider so long as that provider is licensed or certified as required by the bill.
- DCY may require the employee, employer, and child care provider to each sign a memorandum of understanding with DCY.

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<sup>2</sup> R.C. 5104.54(A) and (D)(2).

<sup>3</sup> R.C.5104.54(B).

<sup>4</sup> R.C. 5104.54(C).

<sup>5</sup> R.C. 5104.54(E).

- DCY is responsible for coordinating and performing all administrative activities associated with the sharing of child care costs and making payments to child care providers.<sup>6</sup>

### **Fraud, misrepresentation, or deception**

If DCY finds that an employee or employer has committed fraud, misrepresentation, or deception in applying to participate, or in participating, in the program, the employee or employer is permanently ineligible to participate, or to continue to participate, in the program.<sup>7</sup>

### **Rulemaking**

The bill authorizes DCY to adopt rules in accordance with the Administrative Procedure Act as necessary to implement its provisions.<sup>8</sup> The bill also specifies that a regulatory restriction contained in such a rule is not subject to the two-for-one rule, effective until July 1, 2025, or the statutory cap, effective beginning July 1, 2025, on the number of regulatory restrictions that DCY may have in place.<sup>9</sup>

### **Appropriation**

The bill appropriates \$10 million in FY 2026 in GRF line item 830414, Child Care Cred Program, under DCY.<sup>10</sup>

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## **HISTORY**

Action	Date
Introduced	01-23-25
Reported, H. Children & Human Services	05-14-25
Re-referred, H. Rules & Reference	05-21-25

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<sup>6</sup> R.C. 5104.54(D)(1), (3), and (4).

<sup>7</sup> R.C. 5104.54(F).

<sup>8</sup> R.C. 5104.54(G)(1).

<sup>9</sup> R.C. 5104.54(G)(2). See also R.C. 121.95 to 121.953, not in the bill.

<sup>10</sup> Section 3.