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# OHIO LEGISLATIVE SERVICE COMMISSION

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Legislative Budget  
Office

H.B. 647  
136<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Reps. Plummer and T. Young

Elizabeth Molnar, Attorney

### SUMMARY

- Revises the law governing the publicly funded child care (PFCC) program, including by eliminating the requirement that the Department of Children and Youth (DCY) calculate PFCC payments based on a child's enrollment rather than a child's attendance by July 9, 2028.
- Prohibits a child care provider participating in the PFCC program's automated child care system from knowingly seeking or accepting a PFCC payment for a child not in attendance with the provider, rather than for a child not enrolled with the provider as under current law.
- Explicitly authorizes DCY to suspend or terminate a child care provider's contract to provide PFCC care, including on the grounds that the provider engaged in the misuse of public funds or acted with intent to commit fraud against the PFCC program.
- Allows DCY to suspend, without prior hearing, the license of a child care center, type A family child care home, or licensed type B family child care home if DCY has reason to suspect that it has engaged in the misuse of public dollars or acted with intent to commit fraud against the PFCC program.
- Modifies the law allowing a caretaker parent, on an exemption granted by a county department of job and family services, to receive PFCC from more than one provider per child during a week, including by clarifying that the exemption is temporary.
- Requires the Attorney General, under certain circumstances, to investigate any criminal or civil violation of the child care law generally or PFCC program specifically and, when there is cause to prosecute a criminal violation or pursue a civil remedy, authorizes the Attorney General to do so.
- Reduces to \$5 million (from \$10 million) the FY 2026 appropriation for the Child Care Cred Program and appropriates \$5 million (\$2 million in FY 2026, \$3M in FY 2027) to DCY for

enhanced data analytics, including to perform automated attendance reviews of PFCC care providers.

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## DETAILED ANALYSIS

### Publicly funded child care

H.B. 647 makes several changes to the law governing the publicly funded child care (PFCC) program administered by the Department of Children and Youth (DCY), including those related to the following topics: (1) DCY calculating, and child care providers receiving, PFCC payments based on attendance rather than enrollment and (2) DCY taking action against participating providers suspected of engaging in the misuse of public dollars or acting with intent to commit fraud against the program.

#### Background

In Ohio, PFCC is funded primarily through two federal block grants – the Child Care and Development Block Grant and the Temporary Assistance for Needy Families Block Grant. Each year, the Child Care and Development Fund, a federal program administered by the U.S. Department of Health and Human Services, provides grants to states to assist low-income working families in obtaining child care.<sup>1</sup> DCY is designated as the lead state agency responsible for administering and coordinating federal and state funding for PFCC pursuant to a state plan.<sup>2</sup> Eligible families participating in PFCC may select from any legally operating child care provider, including child care centers and home-based settings.<sup>3</sup>

In general, to be eligible for PFCC, a family's income must fall within certain limits, the child in need of care must be under age 13 or in the case of special needs child care, under age 18, and the child's caretaker parent must be employed or participating in an education or training program for an amount of time reasonably related to the time the child receives child care.<sup>4</sup> To be paid as a PFCC provider, the child care provider must enter into a contract with DCY, with the contract establishing certain duties on the provider, including participating in the automated child care system, which electronically tracks attendance and calculates PFCC payments.<sup>5</sup>

#### Payments based on attendance not enrollment

##### Calculating payments – DCY

Current law requires DCY, by July 9, 2028, to calculate PFCC payments based on a child's enrollment with a child care provider rather than on a child's attendance.<sup>6</sup> Until that date, it is

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<sup>1</sup> 42 United States Code 9857 to 9859r.

<sup>2</sup> R.C. 5104.30.

<sup>3</sup> R.C. 5104.31, not in the bill.

<sup>4</sup> R.C. 5104.34; Section 423.230 of H.B. 96, the 136<sup>th</sup> General Assembly's main operating budget.

<sup>5</sup> R.C. 5104.32. See also Ohio Administrative Code 5101:2-16-01(E).

<sup>6</sup> R.C. 5104.32(C)(1).

likely that DCY may continue to calculate payments based on attendance. Former law, before the 136<sup>th</sup> General Assembly's enactment of H.B. 96, required payments to be calculated based on a child's attendance. A 2024 federal rule promulgated under the Biden Administration required states to calculate PFCC payments based on enrollment, rather than attendance. On January 5, 2026, the current administration proposed a rule to repeal the Biden Administration change, proposing to again allow states to calculate payment base on verified attendance, rather than enrollment.<sup>7</sup>

The bill eliminates the July 2028, deadline to transition to enrollment-based payments, specifically requires DCY to base its payment calculations on attendance, and makes conforming changes in related statutory provisions.<sup>8</sup>

### **Seeking or accepting payments through the automated child care system – PFCC providers**

The bill also revises the law prohibiting a PFCC provider, when participating in the automated child care system, from knowingly seeking or accepting payments for a child not enrolled with the provider. Under the bill, the prohibition instead applies to payments for a child not in attendance with the provider. Prior to H.B. 96's enactment, the prohibition applied to payments for PFCC that was not provided.<sup>9</sup>

### **Misusing public funds or acting with intent to commit fraud**

#### **Suspending or terminating provider contracts**

Current law authorizes DCY to withhold any money due, or recover any money erroneously paid, to a PFCC provider if evidence demonstrates that the provider failed to comply with either the terms of the provider contract entered into with DCY or statutory or administrative law governing child care.<sup>10</sup> The bill extends DCY's authority, by also allowing it to suspend or terminate a provider's contract to provide PFCC if DCY has reason to suspect the provider engaged in the misuse of public funds or acted with intent to commit fraud against the PFCC program.<sup>11</sup>

#### **Suspending licenses without prior hearing**

Existing law authorizes DCY to suspend, without prior hearing, the license of a child care center, type A family child care home, or licensed type B family child care home under five circumstances, including when a child dies or suffers serious injury while receiving child care in the center or home or DCY determines that the center or home created a serious risk to the

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<sup>7</sup> H.B. 96 required DCY to calculate PFCC payments based on enrollment not later than July 5, 2026. H.B. 184, enacted in December 2025, extended the deadline for that requirement to July 9, 2028.

<sup>8</sup> See e.g., R.C. 5104.30(E)(1)(b).

<sup>9</sup> R.C. 5104.32(C)(2)(c).

<sup>10</sup> R.C. 5104.32(D)(1) to (2).

<sup>11</sup> R.C. 5104.32(D)(3).

health or safety of children in its care.<sup>12</sup> The bill extends DCY's authority to suspend a license, without prior hearing, to the following situation – when it has reason to suspect that the center's or home's owner, licensee, administrator, employee, or resident engaged in the misuse of public dollars or acted with intent to commit fraud against the PFCC program.<sup>13</sup>

### **Dual authorizations**

Current law generally prohibits a caretaker parent from receiving PFCC from more than one child care provider per child during a week, unless a county department of job and family services grants the family an exemption for one of three reasons:

- The child needs additional care during nontraditional hours;
- The child needs to change providers in the middle of the week and the hours of care provided by the providers do not overlap;
- The child's provider is closed on scheduled school days off or on calamity days.<sup>14</sup>

The bill revises this provision in the following ways. First, it restates the prohibition as a limit, specifying that a caretaker parent must receive PFCC only from one provider, unless an exemption is granted. Second, it clarifies that an exemption is granted on a temporary basis. Third, it eliminates the exemption available for care needed during nontraditional hours. Finally, with respect to the exemption regarding a provider change mid-week, it states that the change is needed for a period not more than one week.

### **Attorney General – criminal and civil actions**

The bill requires the Attorney General to investigate any criminal or civil violation of R.C. Chapter 5104, the law governing the licensure and regulation of child care providers, or the PFCC program. The duty to investigate is triggered by (1) a written request of the Governor, General Assembly, Auditor of State, DCY Director, or Director of Budget and Management or (2) upon the Attorney General becoming aware of criminal or improper activity related to R.C. Chapter 5104 or the PFCC program.<sup>15</sup>

When it appears, following the Attorney General's investigation, that there is cause to prosecute a criminal violation or pursue a civil remedy, the Attorney General may refer the evidence to one of the following: the prosecuting attorney having jurisdiction over the matter; a regular grand jury; or a special grand jury. In the alternative, the bill authorizes the Attorney General to initiate and prosecute any necessary criminal or civil action in any court of competent jurisdiction in Ohio.<sup>16</sup>

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<sup>12</sup> R.C. 5104.042.

<sup>13</sup> R.C. 5104.042(A)(6).

<sup>14</sup> R.C. 5104.34(E).

<sup>15</sup> R.C. 109.44(A).

<sup>16</sup> R.C. 109.44(B).

The bill also states that it does not prevent a county prosecuting attorney from investigating and prosecuting criminal activity related to R.C. Chapter 5104 and the PFCC program.<sup>17</sup>

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## HISTORY

Action	Date
Introduced	01-14-26

ANHB0647IN-136/sb

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<sup>17</sup> R.C. 109.44(C).