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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 7
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 7's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. A. White and Richardson

Local Impact Statement Procedure Required: No

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Highlights

- The bill would guarantee publicly funded child care (PFCC) for children placed with a foster or kinship caregiver regardless of income. It is difficult to predict the magnitude of the costs to provide PFCC in these circumstances. However, costs could be in the high tens of millions of dollars or more depending on several factors including how many children are actually eligible and how many of these children are currently receiving services.
- If children in kinship care without a formal arrangement are eligible, then this would increase the number eligible and costs drastically.

Detailed Analysis

The bill guarantees publicly funded child care (PFCC) for foster caregivers and kinship caregivers regardless of income. To be eligible, a foster caregiver or kinship caregiver must be employed or participating in an education or training program for an amount of time reasonably related to the time that the child is receiving PFCC. The benefit is only provided for a child that is placed with a foster caregiver or kinship caregiver. The bill specifies the entities that may provide PFCC. Under current law, the age limits for PFCC are under age 13 or up to 18 in the case of a child with disabilities.

It is difficult to predict the costs to provide PFCC to these children due to several factors described in more detail below. However, as of January 2025, there are 14,033 children in custody, which includes foster care, kinship care, congregate care, independent living, and other settings. Of these, approximately 8,500 are 12 years of age and under and in some type of foster

care, kinship care, pre-adoptive infant home, etc.¹ The data does not specify how many children over age 12 could qualify based on their disability status. Additionally, the data regarding children in kinship care is for those placed with a relative or nonrelative while the public children services agency maintains temporary custody (e.g., a formal arrangement exists). It is not clear if kinship caregivers have to have a formal arrangement. As a result, there would be even more children eligible: (1) those over 12 with a disability, and (2) potentially children in kinship care with informal arrangements if these children are eligible. Based on these numbers, it is possible that costs to provide PFCC would be in the high tens of millions of dollars or more² depending on the number of children actually eligible. The factors below could also greatly influence costs. If children in kinship care without formal arrangements are eligible, then the number of children eligible and the costs would increase drastically.

Factors that influence PFCC

It is unknown how many children placed with a foster or kinship caregiver are currently eligible for PFCC and receiving services. Families may be eligible for child care with incomes up to 145% of the federal poverty level ((FPL) about \$38,643 for a family of three in 2025) and 150% FPL (about \$39,975 for a family of three in 2025) for children with special needs. Once enrolled, a family can continue to receive services until their income reaches 300% FPL (\$79,950 for a family of three in 2025). Additionally, in April 2026, the Child Care Choice Program began providing vouchers to families who applied for PFCC but were found ineligible because their income was over 145% FPL. Families must have incomes between 146% FPL and 200% FPL to receive vouchers under this new program. Information about income levels of foster caregivers is not readily available so LBO cannot speculate on how many foster children are receiving services under either program. However, the U.S. Census Bureau has some data about grandparent caregivers. In Ohio, about 55% of grandparents responsible for and living with their own grandchildren under 18 years of age are in the labor force and about 22% had an income in the past 12 months below the poverty level.³ This data likely includes grandparents with both a formal kinship arrangement and an informal kinship arrangement. However, based on this data, it appears that a large portion of grandparent kinship caregivers work, so would need child care. Additionally, some would be currently eligible based on income levels.

There are several factors that impact PFCC rates. PFCC subsidies are paid by the Department of Children and Youth (DCY) directly to child care providers. The rate is currently the lesser of the base rate in the Ohio Administrative Code or the provider's customary rate.⁴ Actual rates vary for each child based on the following: the child's age, the type of provider, the amount

¹ [Ohio Department of Job and Family Services Point in Time Data](#), which can be accessed by doing a keyword "point in time" search on the Department's website: jfs.ohio.gov. In July 2024, almost 8,700 children met this criteria.

² H.B. 96 of the 136th General Assembly, As Introduced, increases initial eligibility to 160% FPL. DCY estimates that an additional 10,786 children will receive services annually at a cost of \$76.3 million in FY 2026 and \$101.8 million in FY 2027. This is provided as an example. Caregivers' income level and copayments, along with other factors, would impact actual costs.

³ Poverty level is for grandparents for whom poverty status has been determined.

⁴ Ohio Administrative Code (O.A.C.) 5180:2-16-10 Appendix.

of time the child receives child care services, and the location of the provider. Rates also vary if the provider is Step Up to Quality-rated and if so, the rating level the provider has achieved. Providers receive the following additional payments for a Step Up to Quality Rating – 10% for a bronze rating, 15% for a silver rating, and 25% for a gold rating. As younger children require more care, services, and a higher ratio of care workers per child than older children, payment rates are highest for infants and lowest for school-age children. Additionally, copayments vary based on a family's income level. Thus, rates would vary considerably for newly eligible children – the section below titled “**Additional rate and copayment information**” provides examples of how these rates could vary.

Third, it is not known how many foster or kinship caregivers need child care services and would actually apply for these services. Again, many grandparent caregivers are in the labor force. However, some individuals may have arrangements that would make child care unnecessary (e.g., a neighbor watches a child after school until the caregiver gets off work or a caregiver chooses to work in the home). However, if a foster or kinship caregiver is receiving services from a child placing agency, the agency would inform these caregivers of the availability of PFCC services. This could increase usage among this population.

Additional rate and copayment information

Each county is placed into one of three payment categories. For each of these three county categories, there is a base rate, a rate for providers with a bronze rating (10% additional), a rate for providers with a silver rating (15% additional), and a rate for providers with a gold rating (25% additional). This is further broken down by:

- Type of provider – one group comprises centers, type A homes, and Ohio Department of Education and Workforce programs and another comprises licensed type B homes and in-home aides;
- Age of child – infant, toddler, preschool, school age, and school age summer; and
- Time the child receives care – full-time, part-time, and hourly.

For illustrative purposes, the table below shows the base rate and the gold rate (lowest and highest rates) for centers for full-time care.⁵ The cost for an infant receiving care in a nonrated center in a county located in category 1 would be \$173.55 a week. In comparison, an infant receiving full-time care in a gold-rated center in a county located in category 3 would be \$368.75 a week. Providers do not necessarily receive the rates below – the payment rate received is currently the lower of the base rate or the provider's customary rate charged to the public. Payment rates are based on a market rate survey. Rates are at the 50th percentile as of July 2024. Thus, 50% of providers receive lower rates. Once the rate is determined, the quality rating is added.

⁵ According to U.S. Health and Human Services, the majority of children receiving PFCC receive care in a center.

Table 1. Weekly Payment Rates for Centers* for Full-Time Care			
Category	Infant	Toddler	School-Age
Category 1 Base Rate	\$173.55	\$160.00	\$100.00
Category 2 Base Rate	\$221.87	\$200.00	\$126.00
Category 3 Base Rate	\$295.00	\$265.00	\$150.00
Category 1 Gold Rate	\$216.94	\$200.00	\$125.00
Category 2 Gold Rate	\$277.34	\$250.00	\$157.50
Category 3 Gold Rate	\$368.75	\$331.25	\$187.50

*Not all categories and groups shown.

Copayment amounts could also have an impact on overall costs for caregivers with incomes above 100% FPL.⁶ Copayments are based on a family's income and family size. There are no copayments for families with incomes less than 100% FPL. The table below shows copayment amounts for a family of three for select FPLs. The amounts increase substantially as income increases. So, for foster and kinship caregivers with higher incomes, the amount paid by DCY would be lower.

Table 2. PFCC Weekly Copayments for a Family of Three – Select FPLs	
FPL	Copayment
150%	\$65.08
200%	\$87.00
250%	\$223.38
300%	\$402.23

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⁶ See the [Child Care Weekly Copayment Desk Aide \(PDF\)](#), which may be accessed by conducting a keyword “child care assistance” search on the DCY website: childrenandyouth.ohio.gov.