Policy Matters Ohio

POLICY BRIEF

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Child care payment changes could stabilize a sector in crisis

State payments should work the same as private pay

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Across Ohio, parents who pay out-of-pocket for child care almost always pay ahead. For example, payment for the month of February is due on February 1st. They also pay based on enrollment, not attendance: They pay the same amount every month, even if their child misses a day for a visit with grandpa & grandma or gets the flu and stays home for a week.

Child care programs often operate on tight margins. Providers must pay for safe staffing levels and cover fixed costs regardless of whether a particular child is absent on a particular day. **Prospective payment** (paying ahead) and payment **based on enrollment** allow providers to budget responsibly, keep classrooms appropriately staffed, and avoid sudden financial shortfalls. This stability directly benefits families by preventing closures, avoiding tuition hikes, and ensuring children have consistent care.

Prospective payment based on enrollment is not just an issue of convenience for providers, it's a cornerstone of a sustainable, stable child care system.

Here are some answers to frequently asked questions about changes to child care payments in Ohio:

How does Ohio handle Publicly Funded Child Care (PFCC) payments?
Currently, the state of Ohio reimburses child care providers for some of the cost of caring for children whose families qualify for PFCC. These payments are based on attendance and generally made two weeks *after* the care was provided.

Does Ohio plan to change PFCC payments to stabilize the child care sector, improving access and affordability?
In the most recent state budget, Ohio legislators failed to address the ongoing child care crisis in our state. However, federal rule changes forced them to make some improvements to the way PFCC payments are made.

In 2024,[1] the federal government required that all states make PFCC payments prospective and enrollment-based, which the Administration for Children and Families

[1] See the summary and complete text of the Health and Human Services Dept 2024 Final Rule.

(ACF) says "aligns with generally accepted payment practices in the private market."[2] Because the majority of Ohio's child care funding comes from the federal government, our legislators were compelled to follow these rules. They allocated $89 million in the state budget to support these reforms,[3] but they dragged their feet, promising to implement changes just before the federal deadline in July 2026.

In August, the Trump administration extended that deadline an additional two years.[4] By December, Ohio legislators had passed a law to delay the state's implementation until July 9, 2028.[5]

On January 5th, the Administration for Children and Families introduced a new rule rescinding several prior child care funding rules, including the requirement to adopt an enrollment-based payment system.[6] Enrollment-based payment is not paying for empty child care spots, even according to this new federal rule proposal,[7] which says "Delinking payments [from attendance] is important to support providers' fixed costs of delivering child care services and to encourage providers' participation in CCDF."

Allowing this change will continue the crisis in the childcare sector. You can submit a comment on this proposed rule by February 4, 2026.

What does any of this have to do with Minnesota, immigration, or "fraud"?
Recently, unsubstantiated and easily debunked videos went viral on social media, falsely alleging widespread fraud in Minnesota's child care subsidy system and targeting Somali business owners and kids. Copycats have attempted to do the same in Ohio.

Ohio leaders have been unequivocal: Ohio's child care system is transparent, highly regulated and inspected, and accountable.[8] In fact, during FY 2025, DCY and JFS conducted 19,983 inspections across Ohio,[9] covering every licensed provider. These inspections are thorough and documented,[10] and reports are publicly available. Families can look up their provider's most recent inspection using the state's online lookup tool.[11]

Social media "investigations" are political theater, attempting to pit neighbors against each other, scapegoat immigrant communities, and distract from what's really at stake: kids' access to safe, quality care, and parents' ability to work.

How has the Trump administration responded?
The Trump administration responded to — and advanced — unfounded allegations of fraud by freezing $10 billion in federal child care and other funding to California,

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[2] Ibid.
[3] According to DCY Director Kara Wente, as quoted in Laura Hancock's December 15, 2025 Cleveland.com reporting, *Ohio to delay child care payment changes until 2028 as Trump reviews Biden plan*.
[4] The Office of Child Care notified states of this change and the process to extend waivers on August 22, 2026.
[5] H.B. 184, 136th Ohio General Assembly, amending Sec. 5104.32 (C)(1) of the Ohio Revised Code.
[6] See the summary and full text of the proposed rule.
[7] Ibid.
[8] See Gov. DeWine's January 5, 2026 press release, *Governor DeWine Highlights Ohio's Anti-Fraud Safeguards and Urges Public to Report Suspected Child Care Fraud*, and his January 5, 2026 press conference on the same topic.
[9] Department of Children and Youth's December 2025 *Annual Report: Early Care & Education Licensing*.
[10] *Ohio's child care oversight is transparent and effective*. Policy Matters Ohio. January 1, 2026.
[11] The lookup tool is available at https://childcaresearch.ohio.gov/

Colorado, Illinois, Minnesota, and New York.[12] Any delays in funding would be catastrophic to a sector already in crisis.[13]

Internet theatrics are great ways to monetize an extreme political position, but it's a terrible way to make policy. Paying prospectively and based on enrollment is smart, effective policy that will help stabilize a sector in crisis and improve access to quality child care. Ohio should move to enrollment-based payments — as many other states have done — even if the federal government doesn't require the state to do so. If they don't, legislators should partner with child care providers to identify ways the currently allocated $89 million investment in the PFCC could be used to create a more accessible and affordable system for the good of kids, early childhood educators, and the Ohio economy, even if the federal government is abandoning it.

We have until February 4, 2026 to submit public comment on the federal proposal to rescind the requirement for states to use prospective, enrollment-based payment.

[12] *Trump freezes over $10 billion in childcare, family assistance funds to 5 US states*. Reuters January 7, 2025.
[13] For more on Ohio's child care crisis see Policy Matters Ohio's April 15, 2025 report, *Ohio's child care crisis*.