

*Advocacy in Action:*

# The State of Child Care in Indiana

SYSTEM CHANGES, POLICY  
DECISIONS, AND THE  
ROAD AHEAD



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2026 ANNUAL REPORT

# About Marion County Commission on Youth (MCCOY)

For more than 30 years, Marion County Commission on Youth (MCCOY) has worked to improve outcomes for children, youth, and families across Marion County through community and systems change. As a leading intermediary organization, MCCOY connects partners, strengthens youth-serving organizations, elevates youth voice, and advocates for policies that support the well-being of young people and families. MCCOY's work spans key issues including education, juvenile justice, violence prevention, child care, mental health, family stability, and supporting the youth-serving workforce.

## Advocacy in Action

Advocacy in Action is a public education and policy engagement initiative led by Marion County Commission on Youth. Through white papers, policy briefs, issue analyses, and op-eds, the initiative examines how local and state policies impact children, youth, and families in Marion County.

The initiative was created to make policy more accessible and community-centered by connecting research, data, and lived experience. Advocacy in Action aims to inform the community, strengthen advocacy efforts, and encourage meaningful engagement around issues affecting youth and families.



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## How to Engage

Community members and organizations can engage by:

- Reading and sharing MCCOY policy resources
- Participating in community and policy discussions
- Partnering on youth and family advocacy efforts
- Joining coalition and systems-change initiatives
- Connecting with MCCOY around specific policy issues impacting youth and families



[mccoyouth.org/advocacy](https://mccoyouth.org/advocacy)



# Glossary of Key Terms

## **Child Care and Development Fund (CCDF)**

CCDF is a federal–state partnership program that provides financial assistance to low-income families so they can work or participate in education or training while accessing high-quality child care.

## **Early Learning Advisory Committee (ELAC)**

ELAC is a statutorily established body that advises on early childhood policy in Indiana. Members are appointed by state leadership and include representatives from FSSA, the Indiana Department of Education, and the Head Start State Collaboration Office.

## **Family and Social Services Administration (FSSA)**

FSSA is an Indiana state agency that administers health care and social service programs, including those related to early childhood.

## **Financial Responsibility and Opportunity Growth (FROG) Fund**

The FROG Fund is a state-controlled funding source in Indiana used to support major budget priorities, including child care, Medicaid, and correctional services.

## **Office of Early Childhood and Out-of-School Learning (OECOSL)**

OECOSL, within FSSA, oversees early care and education and out-of-school time programs, including CCDF and On My Way Pre-K.

## **On My Way Pre-K (OMWPK)**

OMWPK is Indiana’s state-funded program that provides free, high-quality prekindergarten to eligible four-year-old children. The program supports school readiness by funding enrollment in approved public schools, private child care centers, ministries, and licensed homes.

## **School-Age Child Care Grant (SAC Grant)**

The SAC Grant is a state initiative that increases the availability and affordability of high-quality care for school-age children (ages 5–14). Eligible applicants include schools and 501(c)(3) nonprofit organizations regulated by OECOSL that provide before- and after-school or school break care (excluding summer) and have been operating for at least one year.

# Context Summary

Indiana's child care system is currently in a state of crisis, driven in large part by the expiration of COVID-era federal funding compounded with long-standing structural challenges. Even prior to the pandemic, Indiana faced a persistent gap between the number of children needing care and the availability of affordable, high-quality child care slots. This shortage was rooted in a fragile business model - one that relied heavily on parent tuition while operating with thin margins - and a workforce challenged by low wages and high turnover. As a result, **supply consistently lagged behind demand**, particularly for infants, toddlers, and families in rural or low-income communities.

Today, these challenges have intensified. More than 34,000 children are on a waitlist for state assistance, underscoring the widening gap between supply and demand.<sup>1</sup> The lack of accessible child care is no longer solely a family burden; it has become a broader economic issue, limiting workforce participation and **costing Indiana an estimated \$4.22 billion** annually in lost productivity and absenteeism.<sup>2</sup>

With the next state budget cycle approaching in 2027, Indiana faces a pivotal opportunity; either continue to operate within a constrained system that limits access and economic growth or invest in long-term structural solutions that stabilize child care providers, support the workforce, and ensure families can access affordable, quality care.

The trajectory from pre-pandemic shortages, through temporary stabilization, to the current contraction underscores a central reality: **without sustained investment and policy alignment, the gap between child care supply and demand will continue to widen.**

## Pre-2020: Structural Fragility

The child care sector operated on razor-thin margins reliant on parent tuition, plagued by low educator wages, high turnover, and a persistent lack of supply, especially for infants and rural communities.

## 2020–2023: Temporary Stabilization

Expanded federal investments through the Child Care and Development Fund (CCDF) and pandemic relief grants stabilized the system, allowing providers to increase capacity and retain staff.

## 2024–2025: The Funding Cliff

As federal funds expired, Indiana implemented severe cost-containment measures. The state froze new enrollments in assistance programs, cut provider reimbursement rates by up to 35%, and severely capped On My Way Pre-k (OMWPK) scholarships.

## 2026: Short-Term Bridge

A \$200 million temporary investment of Financial Responsibility and Growth (FROG) Fund was allocated to move approximately 14,000 families off the CCDF waitlist.

## 2027: The Turning Point

The upcoming state budget cycle represents a critical opportunity to either secure long-term structural funding or face continued economic disruption.

1. FSSA Child Care Subsidy Dashboard, April 2026  
2. Indiana Chamber of Commerce



# Investing in Early Learning

Child care access is a key component of Indiana's workforce infrastructure, with measurable impacts on families, employers, and the broader economy. Limited access to affordable, high-quality child care affects workforce participation, specifically among parents who rely on consistent care to maintain employment. As noted by the *Indiana Chamber of Commerce*, "Childcare is a central determinant in whether and how reliably a parent can participate in the labor force," a dynamic that is increasingly visible as the state works to support job growth.

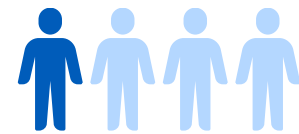
## \$4.22B Lost

Data from the *Indiana Chamber of Commerce* indicate that child care challenges cost Indiana an estimated \$4.22 billion annually in economic losses due to reduced workforce participation, employee absenteeism, and turnover. Employers report ongoing disruptions as parents adjust work schedules, reduce hours, or leave jobs altogether when care is unavailable or unaffordable.

These challenges extend to business operations and economic growth. Companies face increased difficulty recruiting and retaining workers, and in some cases, child care availability is a factor in decisions about business expansion or relocation. When workforce participation is constrained, local economies are also affected through reduced earnings and consumer spending.

Rural and lower-income communities experience these impacts more acutely, as limited provider availability and program closures further restrict access to care and early learning opportunities. This can contribute to longer-term disparities in educational and workforce outcomes.

Overall, constraints in the child care system create ripple effects across Indiana's economy, affecting workforce stability, business competitiveness, and community well-being. **Strengthening child care access as a component of economic infrastructure is critical to supporting a stable workforce and sustaining long-term economic growth.**



**1 in 4 parents report child care issues impacting employment.**

*Indy Chamber, 2024*

**>60%**

**of employers report child care-related workforce disruptions**

*Indy Chamber, 2024*

*"Childcare is a central determinant in whether and how reliably a parent can participate in the labor force."*

*-Indiana Chamber of Commerce*

# A History of the Crisis

To understand the current crisis, it is essential to recognize that Indiana’s child care sector was unstable long before recent funding cuts. The challenges facing the system today are not new; they are the result of long-standing structural weaknesses that were temporarily masked, but not resolved, by short-term investments.

## Pre-Pandemic Fragility

Even prior to the pandemic, Indiana faced a persistent gap between the number of children needing care and the availability of affordable, high-quality slots. This shortage stemmed from a fundamentally fragile business model - one that relies heavily on parent tuition while operating on extremely thin margins.

As a result, providers have historically been unable to offer competitive wages, leading to chronic staff turnover and persistent workforce shortages. Supply consistently lagged behind demand, particularly for infants and toddlers, as well as for families in rural and low-income communities where access to care was already limited.

## A Glimpse of Stability: Federal Relief (2020-2023)

During the COVID-19 pandemic, unprecedented federal investments temporarily stabilized this fragile system. Indiana received over \$1 billion in federal relief funding, which was used to expand access, stabilize providers, and strengthen the child care workforce (*FSSA/OECOSL*).

### Stabilization Grants

Funds helped providers maintain operations, cover staffing costs, and pay for PPE.

### Build, Learn, Grow

Grants designed to support early care and education programs' sustainability.

### CCDF Expansion

Increased access for families, particularly for children under 13 with parents working, in school, or seeking employment.

### Come Back Stronger Fund

A \$25 million initiative, partly supported by federal funds and philanthropy, for safety and operational costs.

*The Indiana Family and Social Services Administration (FSSA) through the Office of Early Childhood and Out-of-School Learning (OECOSL) oversaw the distribution of these funds.*

Programs responded to long waitlists by opening new classrooms and increasing enrollment, with many operating at or near full capacity; demonstrating both strong demand and the effectiveness of these temporary supports.



## Section 2: How We Got Here

During this period, intermediary organizations such as Early Learning Indiana, SPARK Learning Lab, and regional Child Care Resource and Referral (CCR&R) agencies played a critical role in supporting providers through training, coaching, and technical assistance.

These temporary investments helped sustain programs that might otherwise have closed during the pandemic and enabled providers to operate at or near capacity despite ongoing workforce challenges. However, the funding was time-limited and thus, did not create a permanent funding structure for the expanded system.

### **Federal CCDF Policy Changes: “The Final Rule”**

At the same time, the federal government implemented updated rules for CCDF, designed to make the program more accessible for families and more sustainable for providers.

#### **The updated rule emphasized:**

- Increased affordability for families
- Fairer and more predictable payment structures for providers
- Improved health and safety standards
- Expanded access to child care assistance

While these updates were intended to strengthen the child care system nationwide, their implementation coincided closely with the expiration of pandemic-era relief funding. This convergence, new federal requirements paired with a significant reduction in available funding, placed additional strain on state systems, including Indiana, which were left to meet higher standards with fewer resources.

### **The Return of Structural Constraints**

As federal relief funding expired, Indiana faced an estimated \$225 million shortfall across its early childhood system, exposing underlying sustainability challenges that had been temporarily masked by pandemic-era investments (*FFSA*). In response to the resulting budget gap, state agencies and lawmakers moved to reduce expenditures and realign programs with available funding. These actions marked a return to long-standing structural constraints, where limited public investment restricts both access to care for families and financial stability for providers.

### 2024–2025 Cost-Containment Measures Severely Impact the Child Care Sector

As federal relief funding expired, Indiana faced a substantial shortfall across its early childhood system, including an estimated \$225 million gap in Child Care and Development Fund (CCDF) funding. In the absence of replacement funding at a similar scale, the state adopted a series of cost-containment measures in 2024 and 2025 to align program enrollment and expenditures with available resources.

These actions reflected a shift from pandemic-era expansion to fiscal contraction, as policymakers prioritized maintaining services for currently enrolled families within a more limited funding environment. State leaders characterized these decisions as necessary tradeoffs, emphasizing the need to preserve access for existing voucher recipients rather than sustain higher reimbursement rates or expanded eligibility.

#### Key Cost-Containment Measures

- **Freeze on New CCDF Voucher Enrollments.**  
Indiana halted new enrollments in CCDF, reinstating a statewide waitlist and limiting access to available funding.
- **Reduction in Provider Reimbursement Rates.**  
The state reduced payment rates to child care providers by 10% for infants and toddlers, 15% for preschool-aged children, and up to 35% for school-age care.
- **Restructuring of Child Care Support Systems.**  
Indiana ended or reduced contracts with regional partners that previously provided family navigation, provider coaching, and business support, transitioning to a centralized service model.
- **Cap on On My Way Pre-K (OMWPK) Enrollment.**  
Enrollment in OMWPK was limited to 2,500 children statewide (down from 7,948 children in 2024), a significant reduction from prior participation levels.

These measures collectively represent the state’s primary approach to addressing the funding gap; reducing costs by limiting access, lowering provider payments, and scaling back system infrastructure.



## Section 2: How We Got Here



### CCDF Voucher Freeze

Beginning in late 2024 and continuing through 2025, Indiana halted new enrollments in CCDF vouchers and OMWPK, due to funding limitations.

As a result:

- Tens of thousands of children were placed on waitlists for child care assistance.
- Families must regularly reconfirm their eligibility while waiting for services.
- Job search is no longer considered an eligible service need for voucher access.

# 34,109

**Indiana children are currently  
on the CCDF waitlist**

*as of 3.16.26 via FSSA Child Care Subsidy Dashboard*

For many families, the waitlist has created significant uncertainty about whether they will be able to access affordable child care in the near future. Some families have been forced to rely on temporary arrangements, unlicensed care, or reduced work hours. In other cases, parents have left the workforce entirely because reliable child care is unavailable.

Infant care, the most expensive and resource-intensive form of child care, has been particularly affected by Indiana's 2025 voucher freeze. Without access to subsidies, many families are unable to afford high-quality infant care programs. In response to rising costs, some families have withdrawn older siblings from care or shifted children to lower-cost arrangements, creating additional financial strain for providers already operating on thin margins.

Advocates and providers have emphasized that these policy changes affect not only individual families but also the broader workforce and local economies.

### Reduced CCDF Reimbursement Rates

In September 2025, Indiana reduced reimbursement rates for child care providers serving families receiving vouchers, with an average cut of 16%, though exact reductions vary by provider type, quality rating, and the ages of children served.

↓ **10%**

**Infants/Toddlers**

↓ **15%**

**Preschool-aged**

↓ **35%**

**School-aged**

**Rate Cuts:** Effective October 5, 2025, reimbursement rates are reduced: 10% for infants/toddlers, 15% for preschoolers, and 35% for school-age children; FSSA Office of Early Childhood and Out-of-School Learning.

These changes were intended to maintain services for currently enrolled families while controlling program costs. However, combined with the existing CCDF waitlist, providers reported that the cuts have significantly strained their ability to sustain operations, particularly in counties where many families rely on CCDF to afford child care.

### Sunsetting Child Care Support Systems

Historically, Indiana relied on a network of regional agencies to provide essential infrastructure for its child care system. Through Child Care Resource and Referral (CCR&R) agencies and partners like SPARK Learning Lab and Early Learning Indiana, families received help finding care, navigating subsidies, and securing placements, while providers accessed coaching, business support, licensing guidance, and quality improvement services.

In June 2025, the state canceled contracts with many of these regional partners, eliminating or significantly reducing these supports. This included:

- Family referrals and navigation assistance
- Provider coaching and quality improvement
- Business and operational support
- Local outreach and real-time supply coordination

Beginning in October 2025, these decentralized services were largely replaced by a centralized call center model. While intended to streamline access, the shift reduced localized, hands-on support, leaving families with fewer resources to find care and providers without critical technical assistance to sustain operations.

### Cuts to OMWPK

Indiana's OMWPK program also experienced substantial reductions as a result of the 2025 policy changes, shifting from a broad access model to a more restrictive "most needy" approach. For the 2025–2026 school year, enrollment in the program was capped at 2,500 children statewide.

While enrollment dropped sharply (from 7,948 children in 2024 to a capped 2,500 slots in 2025), the state did not reach this new cap by August 2025 (*FSSA*). At first glance, this could suggest declining demand for OMWPK scholarships. In reality, several structural changes made the program less accessible for many families.

#### Before vs. After Policy Changes

| Category              | Before (Through 2024–2025)                                  | After (2025–2026 and Beyond)                                                |
|-----------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------|
| Enrollment Capacity   | 7,500–8,000 children annually (7,948 in 2024)               | Capped at 2,500 children statewide (↓ 60%)                                  |
| Eligibility Threshold | Up to 150% of Federal Poverty Level (FPL)                   | Reduced to 140% FPL (→ 135% in 2026–2027)                                   |
| Service Need          | Included parents seeking employment                         | Must be working, in school, or in training (job search no longer qualifies) |
| Reimbursement Rate    | Up to \$300 per week per child, depending on provider rates | Capped at \$147.82 per week (cut by more than half)                         |
| Annual Voucher Cap    | Flexible; aligned more closely with provider costs          | Capped at \$6,800 per child annually                                        |
| Family Cost Burden    | Many families paid little to no cost                        | Families must cover gap between tuition and voucher                         |



#### Key Takeaways

- **Access, not demand, declined:** Lower enrollment reflects stricter eligibility and affordability barriers, not reduced need.
- **Sharp capacity reduction:** The program serves thousands fewer children despite continued statewide demand.
- **Increased family burden:** More families face out-of-pocket costs and loss of sibling care access.
- **Provider destabilization:** Reduced reimbursement and enrollment contribute to financial strain and program cuts.

# Impacts on Families, Providers, and Communities

By late 2025, the cascading effects of these cost-containment measures had become both immediate and severe. Reporting from the *Indiana Capital Chronicle* described the year as a turning point for the sector, as providers and advocates began mobilizing in response to policy changes affecting both access to care and the financial stability of child care programs.

## Provider Closures and Financial Instability

Tens of thousands of families were placed on waitlists for child care assistance, creating significant barriers to accessing affordable care. As subsidies became unavailable and out-of-pocket costs increased, many families were forced to withdraw their children from programs. This led to a rapid and destabilizing shift: programs that once operated with long waitlists began experiencing declining enrollment - **not because demand disappeared, but because care became unaffordable.**



***"It is forcing families to pay the overage out of pocket and they cannot afford it, which means they may no longer afford our services."***

-Child Care Provider, surveyed by Early Learning Indiana

At the same time, providers faced mounting financial pressure. Between August 1 and November 30, 2025, 228 early childhood programs closed across the state, resulting in a net loss of 81 programs. Among those that remained open, many reduced capacity by closing classrooms due to staffing shortages and ongoing financial strain. Survey data from *Early Learning Indiana* reinforces the scale of disruption, with 19% of providers reporting at least one classroom closure and 11% indicating they may close entirely within the following year.

**-81**

Net Program Change,  
Indiana  
Aug 2025-Nov 2025

**-17**

Net Program Change,  
Marion County  
Aug 2025-Nov 2025

**-243**

Net Program Change,  
Indiana  
Aug 2025-April 2026

**-85**

Net Program Change,  
Marion County  
Aug 2025-April 2026

*Brighter Futures Data Center, 4.23.26*

## Section 3: The Current Crisis

These impacts did not occur in isolation. The combined effect of reduced access, declining provider stability, and increased costs reshaped how families engage with the child care system and how providers sustain operations. The consequences extended beyond the sector itself, affecting employers, workforce participation, and the broader economic stability of communities across Indiana.

### Child Care Capacity & Challenges, November 2025 Provider Survey

442 child care providers across 63 Indiana counties responded, representing **capacity to serve more than 30,000 children**.

- 81% indicated at least one closed classroom, adding up to 420 closures across these programs. Additionally, nearly 500 classrooms are operating at single ratio or half-capacity.
- Only 12% of providers reported being fully enrolled, down from 16% in August.
- 83% of providers reported decreases in CCDF funding, and 63% reported charging overage fees, requiring families to cover the gap between tuition costs and state reimbursement rates out of pocket.
- 19% plan to close one or more classrooms and 17% plan to close their programs entirely within the next year.

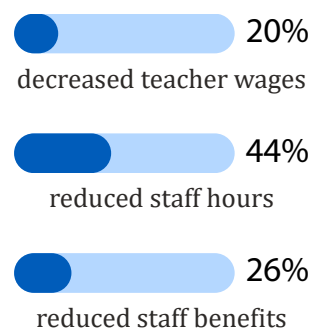


The survey reveals a critical disconnect: low enrollment does not indicate low demand, but rather reflects affordability barriers and workforce shortages that prevent the system from functioning at full capacity.

*Current Challenges in Child Care: Your Voice Matters, Nov 2025 Provider Survey, Early Learning Indiana*

### Historically Low Wages for Early Learning Professionals

Low wages remain a defining challenge for Indiana's early care and education (ECE) workforce. According to the *Center for the Study of Child Care Employment 2024 Early Childhood Workforce Index*, early educators in Indiana earned a median wage of just \$11.95 per hour in 2022 - well below the state's overall median wage and an estimated living wage - contributing to persistent economic insecurity across the field. These longstanding compensation challenges have been further exacerbated by recent cost-containment measures following the expiration of COVID-19 relief funding, which have led to decreased wages, reduced hours, and cuts to benefits for many educators, intensifying workforce instability and making it more difficult to recruit and retain qualified staff (*Center for the Study of Child Care Employment, 2024*).



*ELI CCDF Survey Result,  
Early Learning Indiana*



Section 3: The Current Crisis

Child Care Access:  
Implications for Families, Employers, and the Community

Child care functions as an essential infrastructure that supports workforce participation and economic stability. When access is limited or fragmented, the impacts extend beyond individual families to employers, communities, and the broader economy.

Child Care Supply and Demand, Marion County



Brighter Futures Data Center, 4.23.26

In Indiana, the current structure of waitlists and voucher programs can create challenges for families seeking consistent, reliable care. For example, in some cases, children eligible for OMWPK may be removed from CCDF waitlist while their siblings remain. This can require families to navigate multiple systems or make difficult decisions about continuity of care, both of which can affect parents’ ability to maintain stable employment.

Affordability also plays a central role in shaping access. When the cost of higher-quality programs exceeds available subsidies, families may opt for lower-cost options that better align with household budgets. While this reflects rational decision-making, it can have broader system implications. Programs participating in higher-quality standards, such as Levels 3 or 4 in the state’s quality rating system, typically operate with higher costs. When fewer families are able to access these programs due to funding constraints, it may influence provider participation and long-term availability of high-quality care options.

Annual Cost of Care by Type and Age Group, Marion County

| Type     | Infant/Toddler | Preschool | School-Age |
|----------|----------------|-----------|------------|
| Center   | \$18,220       | \$13,633  | \$8,094    |
| Home     | \$10,324       | \$9,211   | \$7,401    |
| Ministry | \$15,187       | \$11,949  | \$8,659    |

Brighter Futures Indiana Data Center, 2026

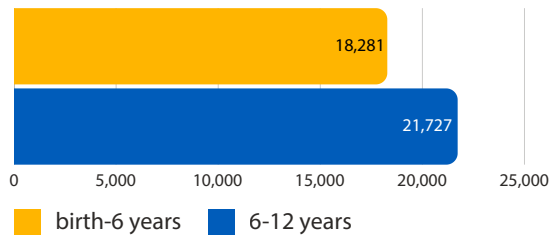
## Section 3: The Current Crisis

As funding fluctuates, families may also experience changes in care arrangements to maintain affordability or eligibility, which can disrupt continuity for children and create additional challenges for working parents. At the system level, these dynamics can lead to misalignment between where public investments are directed and where families are ultimately able to enroll.

While scholarships and vouchers remain important tools for expanding access, their effectiveness depends on alignment between reimbursement levels, provider costs, and family needs. Strengthening this alignment is critical to ensuring that child care systems function as intended - supporting families, sustaining providers, and enabling a stable and reliable workforce.

### CCDF Eligible Children

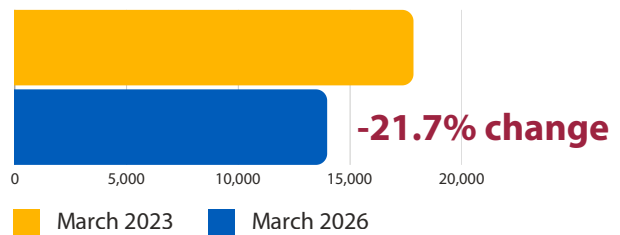
Marion County



ELI CCDF Survey Result, Early Learning Indiana

### CCDF Subsidy Count Change

Marion County



ELI CCDF Survey Result, Early Learning Indiana

To build a more durable and responsive system, policymakers must also look beyond traditional subsidies to identify and leverage additional funding streams that support long-term child care sustainability. This includes exploring dedicated state revenue sources, expanding public-private partnerships, and increasing employer investment in child care as a workforce support.

Federal opportunities, such as tax credits, grants, and blended funding models, can also be better aligned and maximized to stabilize the sector. By diversifying funding sources and reducing reliance on short-term or fluctuating dollars, Indiana can create a more resilient system that not only expands access, but also ensures consistent quality, supports the workforce, and meets the evolving needs of families and the broader economy.



# 2026 Legislative Session: Growing Attention to Child Care

Child care emerged as a recurring topic in legislative discussions, although the 2026 legislative session did not fully resolve the funding crisis because it was not a budget year.

### Key themes included:



Sustainable funding  
and bridging the  
CCDF funding gap



The role of child care  
in supporting working  
families



Early childhood  
education access



Child care  
affordability



Workforce  
development and  
economic  
competitiveness

### Legislative Wins

**Employer Child Care Tax Credit Expansion (HEA 1177):** Expands the Employer Child Care Expenditure Tax Credit to encourage businesses to help offset employee child care costs.

**HOA Restrictions Lifted (HEA 1152):** Prevents homeowners associations from prohibiting licensed family child care homes, helping expand the supply of home-based child care options.

**School-Age Child Care Grant Modernization (HEA 1018):** Updates the School-Age Child Care Grant by removing the transportation requirement for providers, making the program more accessible to smaller providers and those that do not offer transportation services.

**CCDF Funding Flexibility (SEA 4):** Allows the state Budget Agency, with approval from the Budget Committee, to use Financial Responsibility & Opportunity Growth (FROG) funds to supplement CCDF funding if needed. This provision may provide a temporary funding bridge until the next state budget cycle.

Child care advocates, providers, and families testified in multiple committee hearings about the challenges facing the sector. These conversations result from increasing recognition among policymakers that child care is essential to Indiana's economic and community wellbeing.

# Looking Ahead: The 2027 Budget Year

The 2027 state budget cycle presents a critical opportunity to address the structural challenges facing Indiana's child care system; challenges laid bare by the expiration of federal relief funds, the freeze on new CCDF voucher enrollments through at least 2027, and steep reimbursement rate cuts that have strained providers and constrained access for families, particularly those with the greatest need.

## Maintaining Momentum

Child care continues to be a central topic of discussion at the Indiana Statehouse. In the most recent legislative session, it was raised in the majority of committee hearings, reflecting increasing bipartisan recognition of its importance.

In response to immediate funding pressures, Senator Ryan Mishler advanced an amendment to Senate Bill 4 that would allow FROG funding to be used for the Child Care and Development Fund (CCDF). This action enabled the state to deploy additional resources to stabilize access to care while longer-term solutions are considered.

# \$200M Investment

*Gov. Mike Braun set aside approximately \$200 million in FROG funding to support child care stabilization and expansion efforts, providing a critical but time-limited investment in the state's early childhood infrastructure. These funds are intended to move approximately 14,000 (of the roughly 35,000) children off the CCDF waitlist, prioritizing those with the greatest need.*

While significant, this investment is time-limited and does not fully address long-term structural funding needs. As a result, it is best understood as a bridge strategy, supporting workforce participation and provider stability while the state evaluates more sustainable solutions.

At the same time, advocacy organizations and child care coalitions have become more coordinated and engaged, elevating child care as both a workforce and economic priority and ensuring that the perspectives of families, providers, and employers continue to inform policy discussions moving forward.



### What's Next

The State Budget Committee authorized the use of FROG funding to support CCDF, enabling the state to resume enrollment and move approximately 14,000 children off the waitlist. While this action provides meaningful short-term relief, long-term stability will depend on funding decisions made during the 2027 budget session.

Sustaining progress will require continued engagement from policymakers, advocates, and employers. Employer involvement, in particular, is expected to play a growing role as child care is increasingly recognized as critical to workforce participation and economic development.

Looking ahead, several policy discussions are likely to carry into the next legislative cycle. These include ongoing conversations around scholarship grant organizations (SGOs) and the work of the Early Learning Advisory Committee to advance regulatory reform and build consensus around sustainable, long-term funding solutions.

### Key Policy Considerations for 2027



**Reopening Voucher Enrollment.** Additional funding will be required to move the additional 20,000+ children off the waitlist and allow new families to access CCDF and OMWPK programs.



**Stabilizing Provider Payments.** Ensuring reimbursement rates' reflect the true cost of care will be essential to preventing additional provider closures, with a new cost-of-care survey being conducted this year by FSSA.



**Strengthening the Workforce.** Strategies such as wage supports, tuition assistance, and career pathways can help address persistent staffing shortages across the early childhood workforce.



**Expanding Affordable Child Care Supply.** Policies that support family child care homes, employer partnerships, and community-based providers could help increase access to child care across the state.



# Conclusion

## Next Steps for Indiana Child Care



As Indiana approaches the 2027 budget cycle, the state faces a pivotal moment for its child care system. The expiration of federal relief funding has once again left us to address long-standing structural challenges. Cuts to CCDF and OMWPK, provider reimbursements, and child care system supports have reshaped how families, providers, and communities access and deliver early childhood care, negatively impacting the child care ecosystem. With growing legislative attention on this critical issue, coordinated investments, thoughtful reforms, and cross-sector collaboration are essential. By acting now, Indiana can ensure affordable, high-quality care for families, sustainable programs for providers, and a stable workforce for employers, laying the foundation for a stronger, more resilient economy and communities statewide.