

Closing the Gap Update:

March 14, 2025

Issue Brief

BACKGROUND

Child Care and Development Fund (CCDF) vouchers are available to families making less than 150% of the Federal Poverty Level (about \$48,000 for a family of four). Families at similar poverty levels can also qualify for On My Way Pre-K vouchers to participate in pre-K programs.

In December 2024, the Indiana Family and Social Services Administration announced the formation of a waitlist for families seeking CCDF or On My Way Pre-K vouchers. According to [Indiana's Child Care Subsidy Dashboard](#), there were 7,600 children on the waitlist as of January 2025.

CURRENT SITUATION

State leaders are discussing child care funding in the context of establishing the state budget for the 2025-27 biennium.

In January, Governor Braun proposed allocating \$362 million to child care over the biennium to address the waitlist. In February, the Indiana House adopted a version of the budget that did not include the Governor's proposal, but included \$155 million in "CCDF Hold Harmless" funding over the biennium, representing the amount required to renew vouchers for families currently holding them. The Indiana Senate is now considering the budget bill. A final budget must be adopted before the Indiana General Assembly adjourns *sine die* in late April.

ANALYSIS

Since 2021, Early Learning Indiana has tracked the availability and affordability of child care capacity statewide through the Closing the Gap report. While the exact impact of different funding levels on child care capacity is unknowable, CCDF vouchers represent a significant portion of the payer mix for many child care programs statewide, as described below.

- There are 4,323 child care providers operating in Indiana, of which **3,168 currently serve at least one child** using CCDF or On My Way Pre-K vouchers as a form of payment.
- Together, these 3,168 child care programs house about **75% (143,284)** of known child care capacity (193,919) in Indiana.
- While some programs exclusively serve children using vouchers, many programs serve these children alongside private pay families. Nearly two-thirds (2,069 programs) use 25% or more of their capacity to serve children using vouchers as payment. **More than 900 programs dedicate three-fourths of their capacity or more to children using vouchers.**
- Programs serving a moderate to high proportion of children using vouchers have a **total program capacity of 76,638**, which represents approximately **40% of all known capacity** statewide.

Table 1: Proportion of capacity served with vouchers and related program capacity

CAPACITY SERVED WITH VOUCHERS (%)	PROGRAMS (#)	TOTAL CAPACITY (#)
Limited (0-25%)	903	66,646
Moderate (26-50%)	648	35,524
Significant (51-74%)	515	20,999
High (75%+)	906	20,115
No active vouchers	1351	50,635
Grand Total	4,323	193,919

- **Many programs (1,093) serving moderate to high proportions of children using vouchers are considered high-quality**, as defined by their participation in Paths to QUALITY™ at levels 3 or 4. This represents a capacity of 52,834 seats, or 27% of all statewide capacity.
- As shown in the map below, in **28 counties at least 40% of total capacity is in programs serving moderate to high proportions of children using vouchers.**

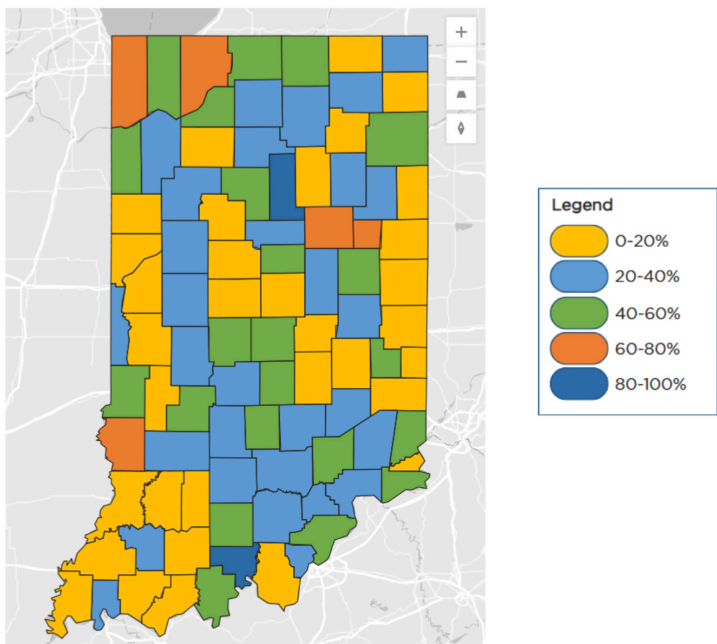


Figure 1: Proportion of total capacity within programs serving moderate to high numbers of children using vouchers

Currently, **insufficient child care capacity costs Indiana’s economy \$4.2 billion annually, of which \$1.17 billion is tax revenue**, according to a report issued last year by the U.S. Chamber of Commerce Foundation. Inadequate funding for child care vouchers may further impact Indiana’s overall child care program capacity, beyond the capacity directly supported by CCDF vouchers.