Current Challenges in Child Care: Your Voice Matters

August 2025 Survey Results

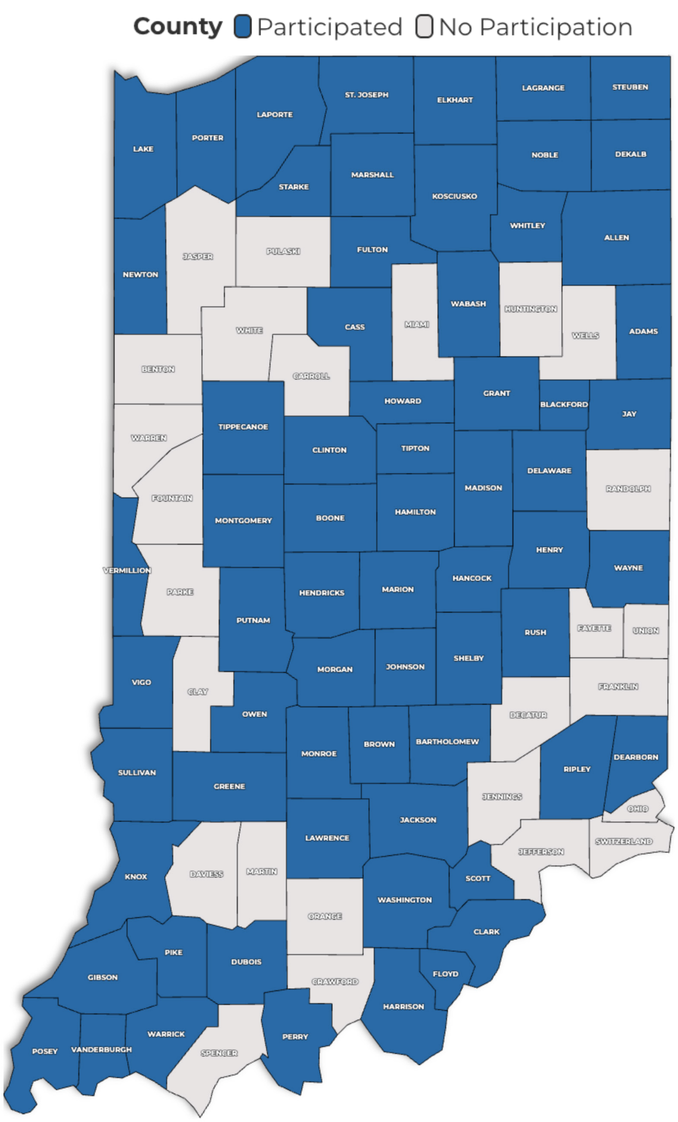
Like other essential infrastructure, access to effective early learning programs empowers children to thrive and families and communities across Indiana to prosper. The long-term benefits are well-documented and provide reason enough that vulnerable children should have access to high-quality early learning opportunities. More immediately, access to high quality child care is critical to enabling parents to participate in the workforce. Yet, a pervasive market failure negatively impacts the overall quality and stability of child care in Indiana and across the nation.

Access to reliable, affordable, high-quality child care has been a challenge for many Hoosier families for years. Early Learning Indiana's 2024 Closing the Gap report estimates that Indiana has less than two-thirds of the child care capacity needed to support children between the ages of birth and five years old likely to be in need of care. Moreover, the cost of child care accounts for more than 11% of the average household income statewide, meaning that the cost of caring for very young children outpaces many families' ability to pay. In addition to the long-term consequences for foundational learning, a 2024 U.S. Chamber of Commerce Foundation study found child care issues resulted in a loss of $4.22 billion annually for Indiana's economy, with 57% of parents of young children missing work or class at least once in a three-month period for child care-related reasons.

Now, there are troubling indications that an historically unstable system is facing even greater uncertainty. As pandemic-era funding has waned, public vouchers used to subsidize care for low-income families are projected to contract by more than 35%, eliminating a reliable payer from the mix for thousands of early learning seats in the state. Earlier this year, Early Learning Indiana examined the intersection between these vouchers and child care supply, finding that nearly two-thirds of providers have a moderate reliance on public vouchers and more than 20% of providers have a high reliance. As the number of public vouchers circulating decreases, these providers are the most likely to face unsustainable conditions.

To understand the challenges facing child care providers in more detail, Early Learning Indiana conducted a survey from Aug. 11-20. The survey garnered 443 responses from providers in 67 counties across the state – together, these providers represent approximately 15% of all child care capacity statewide. The majority of respondents represented licensed homes (170) and licensed centers (139). High-quality programs (those participating in Paths to QUALITY at Levels 3 or 4) comprised 77% of responding providers.

Figure 1: Survey Participation by County



Source: U.S. Census Bureau 2021 boundaries, U.S. Census Bureau 2021 population estimates

Survey Participant Response

Our CCDF enrollment dropped by 50%. Families who would like to enroll cannot afford to.

SUSTAINABILITY OF SUPPLY

Child care is a low margin industry. A provider's ability to maintain near-full enrollment is an important indicator of its overall sustainability. Maintaining full enrollment depends upon both the supply of a qualified workforce and sufficient demand from families with an ability to pay. Survey responses suggest that both are currently threatened.

Only about 16% of responding providers shared that their programs were fully enrolled currently. Compared to a year ago, decreased enrollment was most commonly reported for preschool/pre-K aged children (67% of programs) but also prevalent for toddler (54%) and infant children (51%). Half of respondents indicated their program does not have a waiting list at the present time. A full 78% of providers reported decreased funding from CCDF vouchers.

In addition to low demand for enrollment among families with an ability to pay, respondents shared continued staffing shortfalls threaten capacity in areas with adequate enrollment. Respondents reported 396 open full-time teaching positions and 255 open part-time positions. Providers in urban counties with large population centers reported the most openings, including

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Marion (n=81 full time vacancies), Allen (37) and Lake (27). However, several suburban counties also topped the list, with full-time vacancies reported in Tippecanoe (22), Delaware (18) and Jay (18) counties. Part-time openings showed a similar geographic spread. When asked whether they planned to fill open positions, more than half of providers reported wanting to fill at least some of them, perhaps due to concerns about the impact of a staffing shortage on the well-being of remaining staff. As one provider stated, **"If we are unable to fill the open teaching positions, we will start to lose other staff from them becoming overworked and burnt out. We [have vacancies in] our support staff positions, so that means full time classroom teachers are not getting planning time or support for challenging behaviors. These will add up quickly and cause burn out to happen faster."**

Temporary Loss of Supply

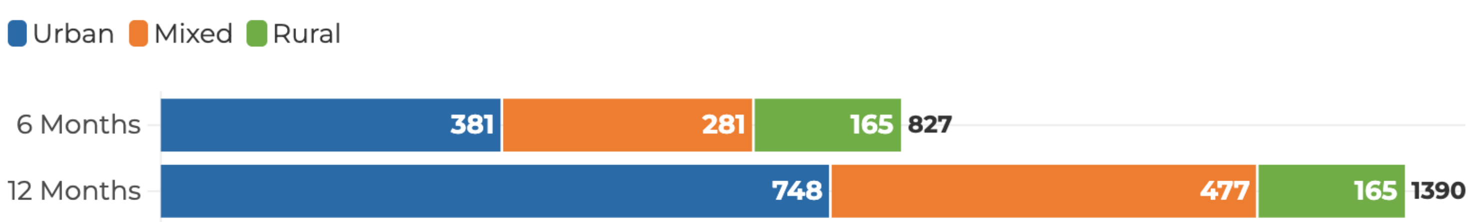
Over time, providers' inability to maintain near-full enrollment results in temporary loss of supply. As unfavorable conditions persist, some of these temporary closures will become permanent. Providers generally close classrooms when enrollment drops or when they are unable to find enough teachers to maintain the required adult-to-child ratios. Results from the survey suggest that some providers are facing both issues. About 19% of responding providers reported at least one classroom closure, with total closures in the survey sample of 364 classrooms. An additional 699 classrooms are operating in single ratio, meaning the room would accommodate more teachers or children if the program was able to enroll enough children to fill it. While closures exist across all program types, the highest numbers were reported within registered ministries (137) followed by licensed centers (124). Closed classrooms were most prevalent in Marion County (n=92), but eight additional urban and suburban counties reported at least ten closed classrooms. These results are consistent with the Family and Social Services Administration's Child Care Subsidy Dashboard, which shows that Marion County has nearly half (3,613) of the 8,231 vouchers that have been lost statewide between June 2024 and June 2025.

Risk of Permanent Loss of Supply

Despite making various financial adjustments to their operations, many providers said they anticipate continued challenges. When asked about the next year, 16% of responding providers planned to close one or more classrooms. Another 11% believed their programs will close entirely, and another 3% planned to merge or consolidate with another program.

The planned closures among respondents represent a potential loss of child care capacity of nearly 1,400 seats in the next 12 months. Providers at greatest risk of closure might have been more motivated than other providers to respond to this survey. Recognizing that limitation, extrapolating this sample statewide would suggest that Indiana's child care supply could shrink by nearly 10K seats over the next 12 months if conditions remain unchanged.

Figure 2: Projected Capacity Loss



OTHER IMPACT

The threat to the already-insufficient supply of child care is one consequence of the financial strain providers are experiencing, but it is not the only consequence. To meet the needs of children and families, providers often offer additional services beyond early learning and care, such as family engagement activities that support families' participation in their children's learning. The survey revealed that 39% of programs have cut already family-facing services, including workshops and field trips. Financial pressure related to lower enrollment, rising operational costs and the loss of CCDF vouchers was the most commonly cited reason for cuts in these programs.

Providers were also asked about the status of routine operations, such as cleaning, nutrition and technology services. Those who have made reductions most frequently reported a reduction in cleaning or janitorial services (25% of respondents). Several of these providers indicated that teachers have been asked to assist with cleaning. As one provider stated, **"In addition to not providing diapers, we had to cut our cleaning service and have teachers clean their own classrooms. We want to try and mitigate the trickle down effect and not let our enrolled families feel our cuts. We decided the cleaning crew was the next service to stop."**

CONCLUSION

Several months ago, Early Learning Indiana noted that child care programs serving a moderate to high proportion of children using vouchers have a total program capacity that represents approximately 40% of all known capacity statewide. These are the providers most in danger of closure in this environment, potentially depriving children of early learning opportunities and preventing parents from entering the workforce. The results of Early Learning Indiana's survey provide only a limited snapshot in time, but the warning signs are clear – early learning providers are already experiencing the anticipated effects of a changing public funding environment, temporarily closing capacity even as many plan for permanent closures. Addressing the challenges revealed by this survey calls for a renewed commitment on the part of all stakeholders due to the critical role of early education in the success of children, the well-being of families and the future strength of the state's economy.

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