inaeyc Indiana Association for the Education of Young Children

inaeyc Indiana Association for the Education of Young Children PUBLIC POLICY COMMITTEE

2955 N Meridian Street, Suite 120
Indianapolis, IN 46208
t (855) 484-2392 / o (317) 356-6884
f (317) 259-9489 / inaeyc.org

BUSINESS & FUNDERS GUIDE TO PROPOSED CHANGES IN INDIANA CHILD CARE RULES
Child Care Centers (LSA #26-159) & Family Child Care Homes (LSA #26-158)

WHY THIS MATTERS FOR BUSINESSES AND FUNDERS

The Indiana Association for the Education of Young Children (INAEYC) is sharing this guide to help businesses, community leaders, and funders understand proposed changes to Indiana's child care licensing rules for both **child care centers and family child care homes**.

These rules shape:

- The availability of child care for working families
- The stability of the early childhood workforce
- The quality of care children receive
- The strength of local economies and communities

Child care is essential workforce infrastructure. When it is stable and accessible, businesses thrive. When it is not, employers face absenteeism, turnover, and reduced productivity.

Updating rules is important and necessary. However, changes must **maintain quality while ensuring the child care system remains stable, accessible, and sustainable**.

WHAT CHANGES ARE BEING PROPOSED?

Across both rule sets, proposed updates aim to:

- Align with **modern practices and federal requirements**
- Improve **clarity and consistency**
- Strengthen **health, safety, and emergency preparedness**
- Reduce **regulatory burden on providers**
- Expand **training and accountability systems**

These are important goals. However, some proposed changes may have **unintended impacts on workforce stability, provider supply, and access to care**.

WHY CHILD CARE MATTERS TO THE ECONOMY

Both **child care centers and family child care homes** are critical to Indiana's economy:

Child Care Centers:

- Serve large numbers of children
- Employ significant numbers of staff
- Provide structured early learning environments

Family Child Care Homes:

- Serve infants, toddlers, and mixed-age groups
- Operate during nontraditional hours
- Fill gaps in rural and underserved areas
- Represent small business ownership and entrepreneurship

When either type of care is unstable or unavailable:

- Employees cannot reliably work
- Businesses face staffing shortages
- Economic productivity declines

WHY THE EARLY CHILDHOOD WORKFORCE MATTERS

The child care workforce is the backbone of the system.

Across both centers and home-based programs, providers leave due to:

- Low wages and limited benefits
- High stress and long hours
- Lack of professional recognition
- Limited access to training and support

Impact on businesses:

- Reduced child care supply
- Workforce disruptions
- Increased employee turnover

Key takeaway:

Workforce challenges are driven by **retention, not entry requirements alone**. Policies should focus on **keeping experienced educators and providers in the field**.

Key Issues Businesses and Funders Should Know

1. **Workforce Stability and Qualifications (Centers)**

   Some proposed changes for child care centers adjust staff qualification pathways.

   Potential concerns:

   - Reduced training or qualification expectations
   - Fewer incentives for credential attainment
   - Increased staff turnover

   What research shows:

   - Turnover—not lack of entry—is the primary workforce issue
   - Educators with training and credentials are **more likely to stay**

   Business impact:

   - Instability in programs → fewer available slots → employee disruptions

2. **Provider Sustainability (Family Child Care Homes)**

   The goal of reducing regulatory burden is important for home-based providers.

   Potential risks:

   - Without financial or structural supports, burden reduction alone may not improve sustainability
   - Rising costs (insurance, food, utilities) remain a challenge

- Providers may still exit the field

Business impact:

- Loss of flexible care options
- Reduced access in rural and nontraditional-hour markets

3. **Access to Child Care**

   Both rule packages directly affect the number of available child care slots.

   Risks to monitor:

   - Provider closures or reduced capacity
   - Increased waitlists
   - Reduced infant/toddler and rural care

   For employers:

   - Employees unable to find care
   - Reduced workforce participation

4. **Cost Pressures Across the System**

   Providers in both settings face:

   - Rising operating costs
   - Limited revenue flexibility
   - Workforce compensation challenges

   If rules increase costs or fail to address financial realities:

   - Programs may raise tuition (impacting families)
   - Programs may reduce enrollment
   - Programs may close

   For funders: Targeted investments can stabilize supply and prevent closures.

5. **Leadership and Oversight (Centers)**

Changes to director requirements in centers create flexibility but may reduce onsite leadership presence.

Why this matters:

- Leadership drives quality, compliance, and workforce support
- Strong oversight ensures consistency and safety

For businesses: Program quality and reliability depend on strong leadership systems.

6. **Training and Professional Development (Both Settings)**

   Expanded training requirements are a positive step.

   To be effective, providers need:

   - Affordable and accessible training
   - Paid time to complete training
   - Clear connections to career advancement

   Risk:

   Training requirements without support may increase burden and contribute to turnover.

7. **Health, Safety, and Accountability Improvements**

   Both rule sets include:

   - Stronger health and safety expectations
   - Improved emergency preparedness
   - Clearer compliance and corrective action processes

   These are important strengths that support trust, safety, and consistency across the system.

STRENGTHS OF THE PROPOSED CHANGES

Across both child care centers and family child care homes, there are important positive updates:

- Alignment with federal standards

- Modernization of outdated regulations
- Improved clarity and consistency
- Enhanced safety and emergency preparedness
- Streamlined administrative processes

These improvements provide a strong foundation when paired with **investments in workforce and provider stability**.

WHAT EXPERTS AND ECONOMIC LEADERS RECOMMEND

To strengthen child care as economic infrastructure:

- Invest in **workforce retention (compensation, benefits, supports)**
- Maintain **strong and consistent quality standards**
- Support **small business sustainability for home-based providers**
- Expand **access to training, coaching, and career pathways**
- Build **public-private partnerships** to stabilize supply

For funders and businesses, key strategies include:

- Child care investment funds or grants
- Employer-supported child care initiatives
- Shared services and back-office supports
- Targeted rural and infant care investments
- Workforce pipeline programs (e.g., apprenticeships, “Grow Your Own”)

WHAT THIS MEANS FOR EMPLOYERS AND COMMUNITIES

Reliable child care enables:

- Employee attendance and productivity
- Talent recruitment and retention
- Economic mobility for families
- Stronger local economies

Unstable child care systems lead to:

- Workforce disruptions
- Business losses
- Reduced economic growth

KEY TAKEAWAY

Child care, both centers and family child care homes, is essential infrastructure.

The strongest policies will:

- **Support and retain educators and providers**
- **Maintain quality and safety standards**
- **Expand access for working families**

Reducing burden is important, but must be balanced with **long-term system stability and workforce sustainability**.

Make Your Voice Heard by July 6, 2026

Businesses and funders play a critical role in shaping child care policy.

Why submit a comment?

- Advocate for a stable workforce and reliable child care supply
- Support employees and strengthen your business environment
- Ensure policies reflect real economic needs

How to participate:

Submit your public comment by **July 6, 2026** to: fssarulecomments@fssa.in.gov