



# Indiana Early Learning Advisory Committee

## Introduction and Overview

Lack of access to early care and learning opportunities is costing Indiana billions of dollars each year, as underscored in a recent report by the U.S. Chamber of Commerce Foundation (USCCF). While the immediate financial implications are easier to quantify, the long-term health of Indiana's talent pipeline is also threatened by the deficiencies in our early learning system which prevent thousands of young Hoosiers from making the most of the early years of unparalleled foundational learning and development.

There are myriad factors undermining the efficacy of Indiana's early learning supply, including challenging market dynamics that keep affordable child care out of reach for many families. The current regulatory framework is complex and duplicative, making navigation difficult and serving as an inadvertent barrier to entry. The decades-old quality rating system has been critical to strengthening the focus on high quality practice, but it is not designed to inform essential questions about the learning trajectories of young children. And the well-intended network of government-administered technical assistance and related supports has achieved, at best, uneven outcomes over time and across geographies.

Despite these challenges, Indiana has made substantial progress against the priorities established by the Early Learning Advisory Committee in 2022. Since that time, the state enacted a range of system-level improvements aimed at improving access to affordable, high-quality early learning. It exempted school districts from the Paths to Quality™ minimum level requirements to make On My Way Pre-K dollars more accessible to school-based programs and eased regulatory burdens on all providers. Indiana increased reimbursement rates, aligned with an updated cost-of-care model, and a shift to enrollment-based provider payments further represent Indiana's commitment to progress. Early childhood has been a priority for state leadership, with Governor Eric Holcomb integrating multiple early childhood education items in his agenda.

The Early Learning Advisory Committee (ELAC) is committed to supporting the continuation of this momentum under Indiana's next administration, as the stakes remain high for both our economy and the future of our children. ELAC's public policy objectives remain steadfast in advancing the following goals:

1. Ensuring Hoosier Children – especially vulnerable children – have access to early learning opportunities capable of preparing them with the foundational skills needed to thrive in kindergarten and beyond.
2. Ensuring Hoosier families have convenient access to reliable and effective early learning opportunities that facilitate participation in the labor force.

In alignment with these objectives, ELAC's core priorities include:

1. Improving learning and kindergarten readiness



# Indiana Early Learning Advisory Committee

2. Expanding the supply and sustainability of high-quality providers
3. Increasing affordability for families, particularly vulnerable families
4. Strengthening and increasing system capacity

While the primary execution of the action items described below will lie within the two agencies driving early childhood education, the Office of Early Childhood and Out-of-School Learning in the Family and Social Services Administration and the Office of Kindergarten Readiness in the Indiana Department of Education, ELAC will collaborate closely to coordinate and monitor progress, ensuring transparency and alignment across initiatives.

## **Improve learning and kindergarten readiness**

Fully and expeditiously implement ELAC's recent recommendations that refine Indiana's quality rating system, Paths to QUALITY™, around streamlined and objective measures that are most closely connected with learning and development outcomes, including early literacy skills. Among other recommended changes, require participation for early-learning providers serving families who are leveraging public vouchers to enable policymakers to evaluate the return on this public investment.

## **Increase the supply and sustainability of high-quality providers**

### *Workforce Capacity*

Retool workforce preparation models to be more competency-based and job-embedded, providing greater confidence that the individuals employed in early-learning settings are efficiently prepared with the skills they need to be successful and utilizing existing funding through Next Level Jobs and T.E.A.C.H. Indiana has made some great progress here, creating and launching an Early Childhood Education Registered Apprenticeship with the US Department of Labor. There has been significant interest across the state to participate on the student and provider side. To support furthering this work, Indiana should create a true career lattice highlighting opportunities for mobility within the field and related fields. Learning from other professions like health care, leverage portable and stackable credentials, apprenticeships, and regional sector-based job embedded training. Indiana can also consider opportunities to drive dollars to early learning classrooms by utilizing recommendations put forth in ELAC's recent report focusing on early childhood educator pay, specifically by linking early childhood education to business job growth incentives, Indiana can encourage companies to invest in EASAL access for their employees and communities through tax incentives.

### *Physical Capacity*

Continue to ensure reimbursement rates are based on the cost of care while encouraging and enabling innovation in child care deserts. Innovations could include, but not limited to, employer- and school-based facilities and family child care home collaboratives that take advantage of administrative scale without sacrificing family choice.



# Indiana Early Learning Advisory Committee

## **Increase affordability for families, particularly vulnerable families**

To the extent of available funding, continue to expand income eligibility for federal Child Care and Development Fund vouchers while moving to a transparent, graduated scale for co-payments to minimize funding cliffs while expanding access for more families. At the same time, expand threshold for On My Way Pre-K eligibility and remove work requirement of families. Lastly, consider more streamlined technology approaches to vouchers like digital wallets, K-12 voucher alignment, links with [Indiana's Early Learning Marketplace](#) or presumptive eligibility options for providers to conditionally approve eligibility on-site. Done well, these improvements will ensure more efficient distribution of funds while simplifying the process for families to find and access high-quality care.

While utilizing the above levers to make care more affordable, the state should draw upon any lessons learned from the recent investment in Employer-Sponsored Care grants and explore additional mechanisms to incentivize business sector support through technical assistance and tax credits for those improving access and affordability among their employees. Consider shared responsibility models that allocate costs among the family, the employer and other entities.

## **Improve and increase system capacity**

The state's efforts to improve and increase system capacity should be heavily focused on system-level improvements that can only be carried out by the public sector, avoiding programmatic activities that can and should be implemented by other stakeholders. Alignment across statewide data systems should be a high priority to reduce administrative burdens, streamline accessibility and reduce barriers for families. The state should also consider a zero-based budget exercise that verifies all spending is cost-effective and relevant, driving fiscal responsibility and accountability for tax dollars.

To strengthen the foundations of the early learning system and ensure return on investment, the state should repair its primary building blocks by first modernizing the statutory and regulatory environment and then ensuring the system is designed to make the most of the rapid development of the early years through the recommended Paths to Quality™ update.

The incoming administration does not have to start at ground zero. Indiana should base its updated regulations on the expansive recommendations ELAC proposed in our most recent [Regulatory Review and Recommendations report](#) and reform Paths to QUALITY in accordance with the [Implementing a revised Paths to Quality™ program report](#). By going back to basics when it comes to regulation, Indiana can reduce ineffective regulations and focus on actual measures of health and safety that are consistent across all child care auspices. The state can provide a reasonable assurance of safety to families accessing the system using straightforward, plain-language regulations that help families understand the protections available while still allowing for flexibilities, specifically in facilities.

## **Conclusion**



# Indiana Early Learning Advisory Committee

It is time for Indiana to take a chronically fragile, mis- and under-funded market and make a change. By strategically breaking down silos and bureaucratic programming, Indiana can focus on governmental levers we have control over to influence a system that is craving innovation. Now is our time to make an enormous difference and make meaningful steps for future generations. They deserve it.

Strategy/Recommendation	Type of Change	Timeline	Resources
<b>Improve and Increase System Capacity</b>			
Modernize Statutory and regulatory environment by utilizing ELAC's 2023 Recommendations	IAC IC CCDF State Plan	ASAP - Complete rule promulgation by Fall 2025 to utilize Legislative Session 2026 to align IC	<a href="https://www.in.gov/fssa/carefinder/files/Indiana-Licensing-Framework_ELAC-Review.pdf">https://www.in.gov/fssa/carefinder/files/Indiana-Licensing-Framework_ELAC-Review.pdf</a>
Refine licensing compliance with efficient and abbreviated inspections focused on key indicators, using risk-based approach to corrections	IAC CCDF State Plan	Roll out with new regulations	
Update licensing systems to increase automation and streamline reporting, especially associated with staff compliance measures	IAC CCDF State Plan	Roll out with new regulations	
Establish targets for percentage of subsidies allocated through providers qualifying under "agreement center" contracts. Enable these providers to determine eligibility, so that families can have a one-stop shop. Adopt robust auditing process to avoid fraud.	CCDF State Plan	Summer 2025	
Complete a zero-based budgeting exercise to verify all spending is cost effective, relevant, and drive fiscal responsibility	None	Immediately	
<b>Increase Affordability for Families</b>			
Expand income eligibility for Child Care and Development Fund vouchers. Mirroring the Build, Learn, Grow scholarship approach, implement a transparent graduated scale for co-payments to minimize funding cliffs while expanding access.	IC IAC CCDF State Plan	2027	
Expand income eligibility and remove work requirement for On My Way Pre-K, in recognition of the program's educational purpose. Consider more technology solutions for streamlining vouchers.	IC	2027	
Improve business sector support through technical assistance and tax credits to employers who improve employee access to or participation in high-quality early learning. Consider national models of shared responsibility among employer, employee, and the public sector	IC	Ongoing	<a href="https://www.in.gov/fssa/carefinder/files/Indiana-Licensing-Framework_ELAC-Review.pdf">https://www.in.gov/fssa/carefinder/files/Indiana-Licensing-Framework_ELAC-Review.pdf</a>
<b>Increase the Supply and Sustainability of High-Quality Providers</b>			
Continue to fund vouchers based on cost of actual care to improve sustainability	CCDF State Plan	Ongoing	
Enable new models of care to meet demand, especially in hard-to-serve areas (e.g. employer and school-based microsites, family childcare home collaboratives, etc.). Follow/coordinate with statutory/regulatory changes above	IC IAC	2025	<a href="https://www.in.gov/fssa/carefinder/files/Indiana-Licensing-Framework_ELAC-Review.pdf">https://www.in.gov/fssa/carefinder/files/Indiana-Licensing-Framework_ELAC-Review.pdf</a>
Design and implement a strategy to encourage new workforce training models (competency-based credentials and pathways, including career technical education in high-school) for career entry and advancement, leveraging portable and stackable credentials, apprenticeships and regional sector-based job-embedded training).	IAC	2025-2027	<a href="https://www.in.gov/fssa/carefinder/files/Full-Report_Hidden-Cost-of-Low-Pay.pdf">https://www.in.gov/fssa/carefinder/files/Full-Report_Hidden-Cost-of-Low-Pay.pdf</a>
<b>Improve Learning and Kindergarten Readiness</b>			
Update Paths to QUALITY to incorporate objective measures of quality drawn from the assessment system and to reflect current understanding of quality practices. Incentivize increased workforce compensation, lower adult-child staffing ratios, ECCE/K-12 system coordination, and job-embedded training and professional development. Promote accountability, transparency and ease of use.	IC IAC	Timeline TBD, encouraging pilot in 2025	<a href="https://www.in.gov/fssa/carefinder/files/OECOSL-ELAC-Report-2023.pdf">https://www.in.gov/fssa/carefinder/files/OECOSL-ELAC-Report-2023.pdf</a>
Following the update, require Paths to QUALITY participation for all providers receiving public funding and continue tiered reimbursement based on rating levels		Timeline TBD	