

Child Care & Early Learning in Indiana

In Indiana, federal and state early learning opportunities serve more than **80,589** children,¹ or **16%** of children ages 5 and under.²

High-quality child care and early learning programs support children's healthy development while giving parents peace of mind as they work or attend school.

While several federally funded programs help working families access quality child care, limited funding leaves many eligible children unserved. These challenges not only affect families but also employers and the broader economy. Each year, child care shortages across the country impose significant economic costs on families, businesses, and state tax revenues.

Indiana's early learning landscape operates through a mixed-delivery system of diverse programs, each with distinct eligibility requirements, funding structures, and service delivery models designed to maximize parental choice.

INDIANA AT-A-GLANCE

NEED

495,465

Children 5 & Under³

64%

Children 5 & Under with All Available Parents in the Workforce⁴

46%

Gap in Supply of Child Care vs. Potential Need⁵

COST

\$17,461

Annual Price of Center-Based Care (\$1,455 per month)⁶

\$9,822

Annual Price of Home-Based Care (\$819 per month)⁷

IMPACT

\$3.1B

Estimated Annual Economic Impact of the Child Care Crisis⁸

INDIANA INCOME ELIGIBILITY

CDCTC

Available to families of all income levels (higher credit for lower incomes)

CCDBG

45% of state median income, families earning up to **\$38,736** for a family of 3⁹

HEAD START

100% of the federal poverty level, **\$27,320** for a family of 3⁹

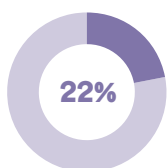
INDIANA PROGRAM REACH

Existing federal child care and early learning programs, combined with state-funded pre-K, form a mixed delivery system that aims to meet children's individual needs. However, at current funding levels, only a fraction of eligible families are served.

CHILD CARE & DEVELOPMENT BLOCK GRANT (CCDBG)

140,902 CHILDREN 5 & UNDER ELIGIBLE¹¹

30,800 CHILDREN 5 & UNDER SERVED¹²

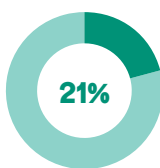


ELIGIBLE CHILDREN 5 & UNDER SERVED¹³
Based on federal eligibility (85% SMI)

HEAD START PRESCHOOL

44,336 CHILDREN ELIGIBLE¹⁴

9,163 CHILDREN ENROLLED¹⁵

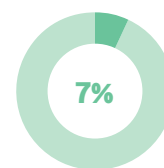


ELIGIBLE CHILDREN SERVED¹⁶

EARLY HEAD START

44,336 CHILDREN ELIGIBLE¹⁷

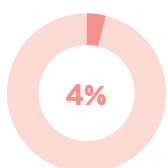
3,132 CHILDREN ENROLLED¹⁸



ELIGIBLE CHILDREN SERVED¹⁹

STATE-FUNDED PRE-K

6,018 CHILDREN ENROLLED²⁰



3- & 4-YEAR-OLDS SERVED²¹

IDEA PART C (EARLY INTERVENTION)

14,899 CHILDREN SERVED²²

IDEA PART B, SEC. 619 (PRESCHOOL SPECIAL EDUCATION)

14,930 CHILDREN SERVED²³

MATERNAL, INFANT, & EARLY CHILDHOOD HOME VISITING (MIECHV)

1,647 CHILDREN SERVED²⁴

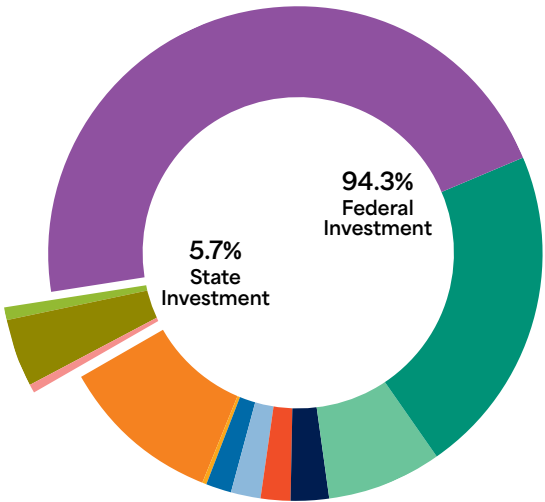
CHILD & DEPENDENT CARE TAX CREDIT (CDCTC)

111,220 FAMILIES RECEIVED²⁵

INDIANA FEDERAL & STATE CHILD CARE AND EARLY LEARNING FUNDING

STATE INVESTMENT

- \$3.6M** State-Funded Pre-K²⁶
- \$25.5M** CCDBG State Match²⁷
- \$4.4M** PDG B-5 State Match²⁸



FEDERAL INVESTMENT

- \$271.8M** CCDBG and Mandatory Funds²⁹
- \$125.6M** Head Start Preschool³⁰ (includes AIAN when applicable)
- \$44.2M** Early Head Start³¹ (includes AIAN when applicable)
- \$14.7M** PDG B-5³²
- \$12.5M** MIECHV³³
- \$10.9M** IDEA Part C³⁴
- \$9.8M** IDEA Part B, Sec. 619³⁵
- \$620.7K** TANF Early Care and Education³⁶
- \$61.8M** TANF Transferred to CCDBG³⁷

CCDBG

CCDBG allows states to provide child care assistance to low-income working families with children under age 13, helping parents access child care in a setting of their choice.

- Income eligibility: **45% of state median income** (**\$38,736 per year** for a family of 3)^{38,39}
- Monthly cost of center-based infant care
 - No subsidy: **\$1,455**⁴⁰
 - Maximum copayment with subsidy: **\$240**⁴¹
 - Potential savings: **\$1,215**
- 3,346** child care providers accept CCDBG subsidies⁴²
- Child care workers' median wage: **\$15.06 per hour** (**\$31,330 per year**)⁴³

States must establish child care licensing requirements, including staff-to-child ratios, to ensure children are cared for in safe, quality environments. Different rules may apply depending on the setting (e.g., center- or home-based), and some providers may be exempt from licensing requirements (e.g., faith-based programs).

The state has set the following ratios for licensed center-based care:⁴⁴

INFANT	1:4
TODDLER	1:5
PRESCHOOL	1:10 for age 3 1:12 for age 4 1:15 for age 5 and older

EARLY HEAD START/HEAD START

Early Head Start and Head Start provide high-quality early learning and comprehensive services – including health, nutrition, and family support – at no cost to eligible families. Programs are federally funded and locally administered.⁴⁵ Children are eligible based on family income, if they receive TANF, SNAP, or SSI benefits, or if they are in foster care or experiencing homelessness. Head Start programs must reserve at least 10% of enrollment slots for children with disabilities.

- Income eligibility: at or below the federal poverty level (**\$27,320** for a family of 3)⁴⁶
- In Indiana: **44 Head Start grants** fund **209 program sites**, serving **12,295 children**.^{47, 48, 49}
- This includes **164 children** through Migrant and Seasonal Head Start.⁵⁰

PDG B-5

To date, Indiana has been awarded **\$63.6 million** in funds through Preschool Development Grant Birth through Five (PDG B-5).⁵¹

PDG B-5 is a competitive federal grant program designed to improve states' early childhood systems. Indiana's PDG B-5 accomplishments include:⁵²

- Expanding the Employer-Sponsored Child Care Fund, which awarded \$25 million in seed funding to employers and non-profits working with local businesses to expand child care benefits.
- Establishing user-centered systems to improve navigation, access, and delivery of support services for families.

CDCTC

In 2022, **111,220** Indiana families claimed the CDCTC.⁵³

The CDCTC directly helps working parents offset the cost of child care. In 2025, the CDCTC was permanently updated for the first time since 2001. Many filers could see their credit increase by as much as \$450 (for one child) or \$900 (for two or more children) in tax year 2026.⁵⁴



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