TENNESSEE Business+Family Forum POWERED BY TQEE

2027 Child Care Policy Priorities

Reliable, affordable child care keeps the workforce stable and productive. Without it, parents miss work, cut hours, or quit, and employers absorb lost productivity, overtime, and replacement costs. TQEE's 2022 study estimated $2.6 billion in annual economic losses, including $497 million for employers.[1] Parents cited access (70%), affordability (58%), and quality (50%) as major challenges. These four priorities help families afford care and help providers sustain and expand it.

Clear the Smart Steps Waitlist

Restore sustainable funding to clear the Smart Steps payment assistance waitlist. As of June 2, 2026, 13,835 children in 9,546 families were waiting.[2] TDHS has begun contacting families, but access remains limited.[3] Tennessee's median annual market rate for center-based infant care reached $13,926 in 2025.[4] Assistance helps eligible parents afford care, stay employed, and enroll children in available programs.

Build the Child Care Talent Pipeline

Implement the Promising Futures Fund's Child Care Workforce Scholarship Pilot to help eligible educators afford care for their own children. Tennessee child care workers earned a median $29,660 in 2025.[5] Providers cannot raise wages without raising tuition that families already cannot afford. Low pay makes educators hard to recruit and retain, leaving classrooms closed and families without care. Investing in educators helps keep parents on the job.

Consider further workforce investments informed by the Early Educator Workforce Development Resource Task Force's forthcoming recommendations, such as more apprenticeships, stackable credentials, and a larger WAGE$ program.

Improve the Child Care Business Climate

Commission a TACIR study of child care liability insurance with recommendations to improve coverage and competition, and keep simplifying licensing and compliance while protecting children. Providers operate on slim margins. Rising costs, complex compliance, and costly or unavailable insurance can force tuition increases, enrollment cuts, or closures. In a national provider survey cited by the National Conference of State Legislatures, more than one in eight respondents reported premium increases of at least $10,000; nearly two-thirds said they would have to close without coverage.[6] Closing the coverage gap and rightsizing regulation would help providers stay open and add capacity.

Launch CareShare Tennessee's Tri-Share Pilot

Launch the Promising Futures Fund's CareShare Tennessee pilot as early in 2027 as possible so employers can begin enrolling. The Promising Futures Act dedicated $5 million to CareShare, in which employers, employees, and the state share child care costs.[7] A 2026 Buffett Early Childhood Institute review of five Tri-Share programs found the model helps employers keep modest- and middle-income workers who might otherwise quit or change jobs over child care costs.[8] Because the state shares the cost, each employer dollar goes further. Set a clear launch timeline, bridge gaps from revenue delays, keep participation simple, and evaluate employer uptake, employee retention, and return on public and private investment.

Sources

1 TQEE, 2022 Child Care Study. Historical economic estimates; not a new 2026 estimate. https://www.tqee.org/2022-child-care-study/

2 TCCY, FY 2028 Budget Recommendations, TDHS Source. Waitlist count as of June 2, 2026. https://www.tn.gov/content/dam/tn/tccy/documents/budget-recommendations-/TCCY_FY2028_BudgetRecommendations_4.pdf

3 TDHS, Child Care Payment Assistance. Current waitlist outreach notice. https://www.tn.gov/humanservices/for-families/child-care-services/child-care-payment-assistance.html

4 TCCY, State of the Child 2025 release, January 7, 2026. https://www.tn.gov/tccy/news/2026/1/7/tccy-s-state-of-the-child-in-tennessee-2025-report-provides-a-data-driven-look-at-how-tennessee-s-children-and-youth-are-doing.html

5 U.S. Department of Labor, O*NET OnLine, Tennessee childcare workers. BLS 2025 wage data, annual median. https://www.onetonline.org/link/localwages/39-9011.00?st=TN

6 National Conference of State Legislatures, Childcare at a Crossroads, liability insurance discussion citing a national NAEYC survey. Figures describe survey respondents, not Tennessee providers specifically. https://www.ncsl.org/human-services/childcare-at-a-crossroads-a-state-legislative-framework-for-strengthening-childcare-systems

7 Tennessee Public Chapter 997 (2026), Promising Futures Act (HB 1979/SB 2062), codified at Tenn. Code Ann. § 71-1-301 et seq. Allocates $5 million to the CareShare Tennessee pilot over its three-year operating period. https://publications.tnsosfiles.com/acts/114/pub/pc0997.pdf

8 Smith, L.K., and Junus, H., From Pilot to Policy: Lessons Learned from Five Tri-Share Models, Buffett Early Childhood Institute at the University of Nebraska, 2026. Reviews programs in Michigan, Kentucky, Missouri, North Carolina, and Rapid City, South Dakota, drawing on administrator interviews and existing evaluations. https://docs.nebraska.edu/buffett/Resources%20Files/POLICY_Tri-Share_FINAL_DIGITAL%20(1).pdf