

## 2026 Child Care Legislative Solutions Package

*Tennessee's economy depends on working families—and working families depend on access to affordable, reliable, quality child care. This legislative package addresses some of the most immediate barriers limiting child care affordability, workforce participation, and supply. And it draws on models and learnings from other states.*

Core tenets anchoring our pro-family, pro-business child care proposals include:

- **Rightsizing regulations.** Regulatory barriers and complex licensing processes impede the growth of the child care industry. We strive to mitigate those barriers and burdens, while protecting child health and safety.
- **Parent choice.** Parents need early care and education options that best meet their families' needs. A "mixed delivery" child care and preschool system is the right approach for Tennessee, offering a variety of settings from home-based child care to pre-k programs run by local school districts.
- **Quality.** The quality of child care and preschool has a significant impact on kindergarten readiness, third grade reading and math proficiency, and ultimately longer-term academic success.
- **Affordability.** Child care cost more than in-state college tuition. For young families early in their careers and earning power, the costs can overwhelm the family budget. State investments that make quality child care more affordable carry a strong ROI -- supporting workforce participation, a strong early learning foundation for children, and economic growth.
- **Workforce development.** The early educator workforce, on which child care and preschool programs, and families, depend is depleted due to non-competitive compensation. The cause – a broken business model where providers can't afford to pay their workforce competitive wages because parents can't afford to pay higher fees. Fresh solutions and investments are needed to address the shortage.

## **Unfreeze the Child Care Waitlist: SB 1921 / HB 2358 (Massey / Hawk)**

### **The Problem**

Tennessee's federal child care funding was reduced last year by \$44.5 million. In response, the TN Department of Human Services reduced access to the Smart Steps child care assistance program—creating waitlists for otherwise eligible low-income working families, even while TANF funds remain available.

### **The Solution**

Requires the Department of Human Services to transfer unobligated TANF funds into the Child Care and Development Fund (CCDF), within federal limits, to ensure any eligible family who elects to participate in Smart Steps can be served. Restores prior eligibility thresholds and requires reports to strengthen fiscal transparency.

### **Why It Matters**

- Eliminates the Smart Steps waitlist using existing federal funds
- Prevents disruption for working families and employers
- Improves legislative oversight of TANF and CCDF balances

**Fiscal Note:** Not yet known. Est. \$30M x 2-3 years from the \$191M TANF reserve

## **Promising Futures Fund Act: SB 2062 / HB 1979 (Watson / White)**

### **The Problem**

Tennessee faces systemic child care challenges: workforce shortages, affordability gaps for middle-income families, and limited employer participation—without a dedicated, sustainable funding source.

### **The Solution**

Creates the Promising Futures Fund, supported by dedicated revenues from vapor and hemp-derived cannabinoid products, which prioritizes three targeted initiatives:

- **Child Care Workforce Scholarship Pilot** – Free child care for eligible child care workers to stabilize and grow the workforce
- **CareShare Tennessee Pilot** – Employer-supported child care through shared employer, employee, and state contributions
- **Smart Steps Plus** – Scholarships for middle-income working families who earn too much to qualify for traditional assistance

Includes time-limited pilots, independent evaluation, performance metrics, and clear reporting requirements.

### **Why It Matters**

- Addresses workforce shortages at their source
- Supports employers without mandates

- Helps middle-income working families just above subsidy eligibility and eliminates benefits cliff
- Uses dedicated revenues—not the general fund
- Builds accountability through data-driven evaluation

**Fiscal Note:** Not known yet. Est. \$5Mill for each of two 3-year pilots and potentially \$100M+ recurring for Smart Steps Plus and scaling pilots after completion. All funding contingent on available funds from Hemp/Vape tax and other sources.

**Tennessee Child Care Hosting Safe Harbor Act: SB 1683 / HB 1965 (Haile / Farmer)**

**The Problem**

Employers, churches, nonprofits, and community organizations often have available space for child care—but fear of civil liability prevents partnerships, even when providers are licensed and insured.

**The Solution**

Creates a narrow civil liability safe harbor for employers and host entities that host or financially support licensed child care providers, provided they do not operate or manage the care. Liability remains with the licensed provider unless the host’s own gross negligence or willful misconduct causes harm.

**Why It Matters**

- Unlocks underused space for child care quickly and at low cost
- Encourages employer, faith-based, and nonprofit partnerships
- Preserves all licensing, safety, and accountability standards
- Removes a legal barrier without shielding bad actors

**Early Educator Workforce Development Act: SB 2404 / HB 2426 (White / White)**

**The Problem**

Tennessee has strong education and workforce resources that could support the development of the early educator workforce, including postsecondary scholarships, high school career and technical education and dual enrollment programs, apprenticeships and work-based learning, and emerging tools including the Workforce Pell. However, these resources are not fully coordinated or utilized to meet the needs of early educators, especially those in child care and preschool settings. At the same time, the loss of previously funded training resources through the TECTA program for child care providers has created gaps.

**The Solution**

Creates a temporary Early Educator Workforce Development Resource Assessment Task Force to identify opportunities to better coordinate and leverage existing and emerging education

and workforce resources to strengthen early educator career pathways, and to identify remaining resource gaps.

The bill also expands work-based learning by allowing licensed child care and private preschool settings to serve as approved clinical practice sites for registered apprenticeship-based early childhood educator preparation programs.

**Why It Matters**

- Maximizes the impact of existing and emerging workforce investments
- Helps build and resource training and career pathways for early educators
- Expands practical, work-based learning in real early learning settings

**Fiscal Note:** None expected.