TENNESSEE
Business + Family Forum

POWERED BY TQEE

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The Child Care Advantage Report

Executive Brief

About This Report

Employers across Tennessee are telling us the same thing: child care is affecting recruitment, retention, productivity, and the ability of people to work. But recognizing the problem is different from knowing what to do about it.

We created ***The Child Care Advantage*** to make the path forward more concrete. We talked with employers and organizations already taking action, from small businesses and school districts to hospitals, manufacturers, professional firms, and major corporations, to understand what works and what others can learn from them.

What emerged were six approaches spanning a wide range of cost and complexity. Some require little or no capital; others create new child care capacity. Together, they show that employers of different sizes and budgets can find a place to start.

This Executive Brief distills the business case, six approaches, and funding and incentive landscape. The full report explores how each solution works and what employers have learned.

About the Tennessee Business + Family Forum.

Powered by Tennesseans for Quality Early Education (TQEE), the Tennessee Business + Family Forum works with employers to explore child care and related family-friendly workplace solutions and identify the right fit for their workforce and budget. We provide practical guidance and tools to move from interest to action.

Acknowledgements

With Thanks.

This report would not have been possible without the employers and organizations across Tennessee who shared their time, experience, and stories with us. Their candor about what they tried and learned makes this report especially useful to others considering where to begin.

We are also deeply grateful to our chamber of commerce partners. They distributed our companion employer survey, connected us with organizations taking action on child care, and helped us reach employers statewide. Their partnership made this effort possible.

Chamber Partners

- Anderson County Chamber of Commerce
- Blount Partnership
- Bristol Chamber of Commerce
- Chattanooga Chamber of Commerce
- Cheatham County Chamber of Commerce
- Cookeville-Putnam County Chamber of Commerce
- Donelson-Hermitage Chamber of Commerce
- Farragut West Knox Chamber of Commerce
- Gallatin Chamber of Commerce
- Gatlinburg Chamber of Commerce
- Greater Jackson Chamber of Commerce
- Greater Memphis Chamber of Commerce
- Greene County Partnership
- Humboldt Chamber of Commerce
- Johnson City Chamber of Commerce
- Kingsport Chamber of Commerce
- Knoxville Chamber
- Lawrence County Chamber of Commerce
- Nashville Area Chamber of Commerce
- Oak Ridge Chamber of Commerce
- Obion County Chamber of Commerce
- Tennessee Business Roundtable
- Tennessee Chamber of Commerce
- Williamson, Inc.

Child Care Is Economic Infrastructure

Reliable child care is economic infrastructure, no less real than the roads that get people to work or the broadband that connects them when they arrive. When it holds, parents work, and businesses grow. When it fails, employees lose earnings, employers lose productivity, and the economy suffers.

TENNESSEE IMPACT

80%+	305,484	$2.6B
of Tennessee working parents of young children report work disruptions due to child care challenges	Tennessee children under age 6 have all available parents in the workforce	in annual economic losses from inadequate child care in Tennessee

Sources: TQEE[1] ; U.S Census Bureau[2]

For Tennessee's working parents of young children, **child care often determines whether work is possible at all**. Seventy-two percent say they cannot afford not to work[1], yet 37 of the state's 95 counties are designated child care deserts[3].

The economic consequences reach well beyond individual families. Of Tennessee's estimated $2.6 billion in annual losses from inadequate child care, working parents and families lose $1.65 billion in earnings, employers lose $497 million through reduced productivity, revenue, and increased hiring and retention costs, and approximately $413 million is lost in tax revenue[1].

The National Picture Mirrors Tennessee

Tennessee is not an outlier. National research shows the same pattern at much greater scale: inadequate child care pulls workers out of jobs and hours out of the economy every month.

MCKINSEY & COMPANY	KPMG ECONOMICS		
$70B	1.34M	1.44B	$15-44B
potential workforce output recoverable each year	workers affected monthly	work hours lost in one year	lost wages in one year

Sources: McKinsey/Moms First[4]; KPMG Economics[5]

KPMG's Parental Work Disruption Index also reached roughly 20 percent above its pre-pandemic baseline — further evidence that the workforce impact has intensified rather than receded[5].

The Return on Employer Investment

For years, child care sat in the nice-to-have column with nothing on the other side of the ledger. Increasingly, that's not the case.

BOSTON CONSULTING GROUP	MCKINSEY & COMPANY
90–425%	**5–140%**
Return on Child Care Investment	Average ROI across child care interventions
Five employers · Five industries · Every one positive	Navigation · Reimbursement · On-/near-site care
(Source: BCG/Moms First[6])	*(Source: McKinsey/Moms First[4])*

YET FEWER THAN 15% OF U.S. PRIVATE SECTOR WORKERS have access to an employer-provided child care benefit *(Source: BLS[7])*

TENNESSEE EMPLOYERS SEE THE OPPORTUNITY: 98% say child care matters to productivity · 54% say a 50% tax credit would make them likely to add or expand a benefit. *(Source: TQEE Employer Survey[8])*

Across different industries and different kinds of child care support, the research points in the same direction: when an intervention reduces absenteeism, workforce non-participation, attrition, and presenteeism, the investment can pay back.

Tennessee employers already see the business case. In a 2026 survey distributed through local chambers of commerce, 98 percent said affordable, quality child care matters to workforce productivity[8]. More than half, 54 percent, said a federal tax credit covering half the investment would make them likely to add or expand a child care benefit[8].

Yet adoption remains low. Fewer than 15 percent of U.S. private-sector workers have access to an employer-provided child care benefit[7].

Employers who move first are not only avoiding a cost. They are claiming a talent advantage.

Finding the Right Fit

There is no single right answer to child care. The best fit depends on an employer's workforce, care needs, and budget. The first five approaches connect employees to reliable care. Tuition assistance can stand alone or be layered onto any of them to make care more affordable.

Six Approaches to Employer-Supported Child Care

1 **Navigation Platform**
Helps employees find, compare, and enroll in care that fits their schedules, location, and needs often with personalized or concierge support.

2 **Backup or Emergency Care**
Provides access to care when an employee's regular arrangement falls through because of illness, school closure, emergency, or other unexpected disruption.

3 **Guaranteed or Priority Seats**
Partners with family child care homes or centers to reserve spaces or offer employees preferred access, without the employer building or operating a facility.

4 **Shared or Consortium Center**
Creates a shared center with other employers, community partners, developers, public entities, or providers, distributing cost, demand, and responsibility.

5 **Individual Employer Center**
Establishes a dedicated center at or near the workplace for one employer's workforce, operated directly by the employer or managed by an experienced child care provider.

6 **Tuition Assistance**
Helps employees afford care through subsidies, stipends, provider discounts, dependent-care FSA contributions, or similar financial support.

Affordability Layer: *Can stand alone or be layered onto approaches 1–5*

Flexibility + Family-Friendly Practices

Flexible scheduling, paid family leave, remote-work options, and other supportive practices can make a major difference for working parents. They are important complements, but are not treated here as separate child care approaches.

An On-Ramp at Every Budget

Employer-supported child care is not an all-or-nothing proposition. The employers profiled here span a wide range of investment, from almost no direct cost to tens of millions; and each found an approach that fit. *(The source for employer information below is **The Child Care Advantage** report[9].)*

Start Where You Are ⟷	Add Affordability ⟷	Build Capacity
LOWER COST / NO MAJOR CAPITAL	*FLEXIBLE INVESTMENT*	*TYPICALLY LARGER INVESTMENT*
Approaches 1–3 Navigation Backup Care Priority Seats	**Approach 6** Tution Assistance	**Approaches 4-5** Shared Center Employer Center
No employer-owned facility required	*Stand alone or layer onto 1-5*	*Creates or expands child care capacity*

PUBLIC TOOLS CAN STRETCH EMPLOYER INVESTMENT AT EVERY LEVEL
45F Tax Credit · CareShareTN · Family-Side Assistance · Grants

Start where you are. Approaches 1 through 3 require no employer-owned facility or major capital investment. Dollywood offers care navigation through Upwards. Truist provides backup care through Care.com. And UCOR secured preferential access to an existing Oak Ridge provider. Some employers also minimize cost through partnerships or flexibility. Hamilton County Schools contributes space while a child care provider handles operations. ICC International makes case-by-case schedule accommodations, and A Walk in the Woods allows children at the office when regular care falls through.

Add affordability. Tuition assistance can stand alone or layer onto another approach. Dollywood pairs navigation with a stipend. St. Jude contributes $2,000 to eligible employees’ dependent-care FSAs; and The Church at Sugar Creek covers child care tuition as part of employee compensation.

Build capacity. Shared and employer-specific centers typically require larger commitments, but they also create new child care capacity. Tennessee examples range from SRM’s headquarters center and Ballad Health’s network of centers to multi-partner projects such as Nashville Yards, and Ford’s BlueOval City initiative.

Stretch the investment with public tools. Employers do not always have to carry the full cost themselves. Clarksville used a $1-a-year land lease and a Payment in Lieu of Taxes agreement. Clinton combined state, federal, and local funds; and state grants helped launch projects at Hillcrest and Sullivan County Schools among others. Tax incentives, state matching programs, family-side assistance, grants, community partnerships, and even real estate leverage can make a larger solution possible. The next section outlines the major funding and incentive tools available or coming online in Tennessee.

No employer has to start big.

Funding & Incentives That Can Stretch Employer Investment

The financing landscape has changed significantly, giving employers more ways to reduce their own cost and leverage public investment. The right tool depends on the type of employer and the solution being pursued.

FEDERAL INCOME TAX-PAYING EMPLOYERS **45F Tax Credit**	**40-50%** of qualified expenses Up to $500K / $600K · Pooling allowed
ALL EMPLOYER TYPES **CareShareTN**	**Employer + Employee + State** 3-way cost sharing | Expected 2027
WORKING FAMILIES **Smart Steps, Smart Steps Plus**	**Family-side Assistance** Smart Steps: ≤ 85% SMI, Smart Steps Plus 85-150% SMI
CAPACITY PROJECTS **State Child Care Grants** Recent programs largely concluded	**Proven Catalyst** Helped launch and expand key TN projects

45F. For federal income tax-paying employers, the expanded credit can now materially offset eligible child care investment, and new rules allowing employers to pool resources through a shared provider network make consortium models more practical, particularly for small employers. Nonprofits and public employers cannot use the income tax credit directly.[10]

CareShare Tennessee. Because the forthcoming program uses a state match rather than a tax credit, it can reach for-profit, nonprofit, and public employers. Implementation is authorized beginning in 2027, subject to available funding.

Family-side assistance. Smart Steps currently supports eligible working families at or below 85 percent of state median income.[12] Broader Smart Steps Plus eligibility has been authorized for families above that threshold, helping reduce the portion of child care cost that families, and potentially employers, must cover.[11]

State grants. Tennessee grant programs have helped employers and communities create new child care capacity. Availability varies by program, making current TDHS opportunities important to check when planning a project.[13]

All 26 Employers at a Glance

Across the state, in manufacturing plants and hospitals, law firms and school districts, family businesses and Fortune 500 campuses, Tennessee employers have stopped waiting. Some invested millions. Others found solutions requiring little direct investment. Each treated child care as an operating problem with an operating solution. (Source: ***The Child Care Advantage*** *report*[9]*)*

Use the QR Code to view or download the full report and each individual story.

EMPLOYER	EMPLOYEES	INDUSTRY	REGION	APPROACH
A Walk in the Woods	10–49 (scaled with seasonal demand)	Retail & Hospitality	East TN	Flexibility + Family-Friendly Practices
Ballad Health	13,000+ (system-wide)	Healthcare	East TN	Individual Employer Center · Shared or Consortium Center · Tuition Assistance
Bass, Berry & Sims PLC	~550	Legal Services	Middle TN	Shared or Consortium Center
Blockhouse Services Group	0–9 (7 current consultants)	Professional Services	East TN	Flexibility + Family-Friendly Practices
The Church at Sugar Creek	10–49 (13 full-time staff)	Faith-Based Nonprofit	West TN	Tuition Assistance
Clarksville-Montgomery County Industrial Development Board	15,000+ industrial park employees + active-duty military	Economic Development	Middle TN	Shared or Consortium Center · Tuition Assistance
Clinton City Schools and City of Clinton	~135 and ~50-80	Education and Government	East TN	Shared or Consortium Center · Tuition Assistance
Dollywood Parks & Resorts	~3,800 (seasonal, part-time, and full-time)	Hospitality & Tourism	East TN	Navigation Platform · Tuition Assistance
Erlanger Health System	7,000+	Healthcare	East TN	Individual Employer Center · Shared or Consortium Center · Tuition Assistance
Ford Motor Company (BlueOval City / Tennessee Truck Plant)	Thousands planned at the Tennessee Truck Plant	Manufacturing	West TN	Shared or Consortium Center · Tuition Assistance
Hamilton County Schools	~6000 (child care supports staff at 12 school sites)	Education	East TN	Individual Employer Center
Highwoods Properties	~20 tenants across a 263,597 sq ft office building	Commercial Real Estate Development	Middle TN	Shared or Consortium Center
Hillcrest Healthcare	450+	Healthcare	East TN	Individual Employer Center
Industrial Commutator Corporation (ICC International)	50–99	Manufacturing	East TN	Flexibility + Family-Friendly Practices

Jackson (Jackson National Life Insurance Company)	640+	Financial Services	Middle TN	Navigation Platform · Tuition Assistance · Flexibility + Family-Friendly Practices
Maryville City Schools	~850	Education	East TN	Individual Employer Center
Muse Knoxville	10–49	Nonprofit & Social Services	East TN	Backup or Emergency Care · Tuition Assistance
Nashville Yards (Southwest Value Partners)	Tenants: 10,000–12,000 workers at full occupancy	Commercial Real Estate Development	Middle TN	Shared or Consortium Center
The Opaline at Artist Hill (Holladay Ventures)	251 households earning up to 60% of area median income	Affordable and Mixed-Income Housing Development	Middle TN	Shared or Consortium Center
SRM Concrete	~8,500 across 24 states	Manufacturing	Middle TN	Individual Employer Center · Tuition Assistance
St. Jude Children's Research Hospital	7,000+	Healthcare & Life Sciences	West TN	Individual Employer Center · Tuition Assistance
Sullivan County Schools	~1,200	Education	East TN	Shared or Consortium Center
Truist Financial Corporation	~38,000 nationally	Financial Services	Statewide	Navigation Platform · Backup or Emergency Care · Tuition Assistance
United Cleanup Oak Ridge LLC (UCOR)	~2,200	Environmental Remediation	East TN	Guaranteed or Priority Seats · Flexibility + Family-Friendly Practices
UT Medical	~8,000 team members, contractors and volunteers	Healthcare	East TN	Individual Employer Center
Vanderbilt University	~8,000 (faculty, staff, plus graduate students)	Education	Middle TN	Individual Employer Center · Tuition Assistance · Flexibility + Family-Friendly Practices

From Interest to Action

The employers in this report all started somewhere, usually with a single conversation.

Explore your options with us. TQEE's Tennessee Business + Family Forum provides employers with a free Comprehensive Recommendation Report: a workforce needs assessment, tailored solution options, financial modeling, and an ROI case at no cost.

Drawing on more than 30 years of experience advising employers on child care benefits, our nonprofit team provides recommendations free from vendor influence and focused entirely on your workforce.

Start the conversation at TNBusinessAndFamily.org | 615.560.1324

Sources & Notes

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