TQEE Tennesseans for Quality Early Education

2027 Child Care Priorities

Tennessee's economy depends on working families—and working families depend on access to affordable, reliable, quality child care.

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.

Five core tenets of our pro-family, pro-business child care proposals

1. **Rightsizing regulations and streamlining administration.** Regulatory barriers and complex licensing and administrative processes impede the growth of the child care industry. Tennessee must continue progress on mitigating those barriers and burdens, while protecting child health and safety.
2. **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 choices from home-based, to faith-based, to public and private school-based programs.
3. **Quality.** The quality of child care has a significant impact on kindergarten readiness, third grade reading and math proficiency, and ultimately longer-term academic success. The years from birth through age 5 are the most consequential for brain development in the entire human lifespan. Key is ensuring government investment is prioritized for programs equipped to support young child learning and development.
4. **Affordability.** Child care costs more than in-state college tuition. For young families early in their careers and earning power, the costs can overwhelm the family budget and even deter families from having children. State investments that make quality child care more affordable carry a strong ROI -- supporting workforce participation and stability, a strong early learning foundation for children, and economic growth.
5. **Talent development.** The early educator workforce, on which child care 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.

2027 Child Care Policy Priorities

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 slowly adding 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 (Dec. 2026), such as more apprenticeships, stackable credentials, and a larger WAGE$ salary supplement program for child care teachers.

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 and streamlining administration 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 the CareShare Tennessee "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. Bridge the gap from revenue delays and set a clear launch timeline that employers can depend upon.

Endnotes

[1] TQEE, 2022 Child Care Study

[2] Tennessee Commission on Children and Youth, FY 2028 Budget Recommendations

[3] Tennessee Department of Human Services, Child Care Payment Assistance

[4] Tennessee Commission on Children and Youth, State of the Child in Tennessee 2025

[5] O*NET OnLine, Tennessee wage data for child care workers

[6] National Conference of State Legislatures, Childcare at a Crossroads

[7] Tennessee Public Chapter 997 (2026), Promising Futures Act

[8] Buffett Early Childhood Institute, From Pilot to Policy: Lessons Learned from Five Tri-Share Models