

ADDRESSING CHILDCARE CHALLENGES PIVOTAL FOR EMPLOYERS, WORKERS

By Matt Ottinger and Rebecca Patrick

This fall, the Indiana Chamber of Commerce released a new report examining the domino effect of Indiana’s childcare challenges entitled, “Untapped Potential: How Childcare Impacts Indiana’s Workforce Productivity and the State’s Economy.”

Developed in partnership with the U.S. Chamber of Commerce Foundation and Early Learning Indiana, the research is part of a broader ongoing study of more than a dozen U.S. states that reveals the related costs and opportunities for states, employers and working parents.

The study found that Indiana misses an estimated \$4.22 billion annually for the state’s economy, including a \$1.17 billion annual loss in tax revenue, due to childcare issues. Additionally, 57% of parents of young children missed work or class at least once in the surveyed three-month span for childcare-related reasons and 40% of parents that experienced such employment disruptions in the prior year reported leaving the workforce as a direct result of childcare-related issues.

Further demonstrating the workforce impact, the report also reveals childcare-related employee turnover and absenteeism costs Indiana employers an estimated \$3.05 billion annually.

“Childcare access and affordability issues continue to hold back the Hoosier workforce and future economic growth for our state,” asserts Indiana Chamber President and CEO Vanessa Green Sindors. “This report brings into focus just how important it is to solve these childcare challenges. While daunting, we see creative solutions emerging across Indiana and we’re confident that through sustained advocacy and collaboration, we can keep making progress to help our citizens and employers.”

Numerous studies also have highlighted the developmental benefits of high-quality childcare for young children. Children given appropriate childcare perform better in school, are less likely to drop out and achieve higher test scores.

“Hundreds of thousands of Hoosier



Access to affordable and quality childcare is increasingly important for businesses when assessing potential workforce needs.

children need high-quality early learning experiences to thrive in school and beyond,” says Maureen Weber, president and CEO of Early Learning Indiana. “For the business community, this report shows a two-fold impact as parents are forced to leave today’s workforce while tomorrow’s workers cannot reach their full potential. We will continue our work with partners in government, business and the philanthropic community to ensure high-quality early learning opportunities for all Indiana children.”

Findings present the issue as multifaceted. Childcare also is a central determinant in whether and how reliably a parent can participate in the labor force, a reality that is on full display as the state continues to push for job growth. Indiana ranks 27th in labor force participation relative to other states, and findings indicate many parents may not be able to continue working without adequate childcare options.

Jason Bearce, president and CEO of the Indiana Chamber’s Institute for Workforce Excellence, bluntly puts it, “If a parent doesn’t have a safe and reliable place for their child to be while they’re at work, there’s a good chance that they’re not going to make it to work consistently or they might have to make a hard decision to pull out of the workforce altogether.”

The childcare coverage gap in Indiana

also is a hindrance to the state’s potential for growth. Indiana has an unemployment rate of 3.5%, tying it for 27th among U.S. states, and this analysis shows that childcare issues may be preventing Indiana from maximizing its economic performance.

“Traditionally, we thought of infrastructure as things like roads and bridges and then broadband internet, but increasingly, childcare and housing are just as much core infrastructure issues for making sure that you’ve got a productive workforce today – to say nothing of the missed opportunities if we don’t get this right for the workforce in the future,” Bearce explains.

“The implications are also great for economic development as Indiana tries to compete for businesses to relocate here and expand here. Having affordable quality childcare is increasingly part of a company’s checklist that’s going to help show which communities are thriving and well-positioned for growth.”

Bearce looks for a number of additional legislative efforts in 2025 to build on those recently implemented to further “increase access to affordable and safe childcare options for Hoosiers and demonstrate that the state is taking this issue very seriously.”

Atop the list of these for the Indiana Chamber, he offers, will be “policies that encourage employers to be part of the solution.”

View the full “Untapped Potential” report at www.indianachamber.com/education.