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BOARD MEETING · FEBRUARY 5, 2026

# THOUGHT LEADERSHIP ON CHILDCARE

*Fortitude Fund Thought Leaders surfaced several breakthrough ideas in the February 5th Board meeting that reimagine how Indiana finances, regulates, and grows high-quality childcare, while avoiding a larger underground market.*



## AT A GLANCE

Fortitude Fund Thought Leaders surfaced several breakthrough ideas in the February 5th Board meeting that reimagine how Indiana finances, regulates, and grows high-quality childcare, while avoiding a larger underground market. Here is a summary.

**01**  
IDEA

**Transform the childcare business model**

**02**  
IDEA

**Activate data-smart oversight instead of unwelcome government regulation**

**03**  
IDEA

**Bring underground providers into the formal system**

**04**  
IDEA

**Elevate the childcare provider voice and collaborative regulation**

**05**  
IDEA

**Integrate childcare into Indiana's education finance system**

# 01

## Transform the childcare business model

### REMOVE COST DRIVERS

- Explore automation for routine tasks with human-in-the-loop supervision via centralized Quality & Safety Control Centers.
- Make childcare a tax-free sector (sales, income, payroll, property) to attract new homegrown entrepreneurs (and attract from across the nation) to increase supply.

### SUPPORT FRACTIONAL CHILDCARE

- Staffed in part by highly qualified grandparents and other adults who love children and have flexible time and disposable income.
- Optimized by AI tools that predict daily childcare demand by location, hours, and required skillsets and match caregivers accordingly.

### BUILD A CO-OP INFRASTRUCTURE

- Create a "Do it Best"-style model so independent providers can pool risk and purchasing power.
- Innovate new models such as micro-centers, co-working-based care in faith and employer spaces, and spoke-and-wheel networks.

### REFRAME THE PUBLIC-PRIVATE COMPACT

- Advocate that the State become an equal one-third financial partner in every child's early years, alongside parents and their employers.

# 02

## Activate data-smart oversight instead of unwelcome government regulation

### SHIFT TOWARD ANALYTICS-ENABLED OVERSIGHT

- AI- and analytics-enabled systems (e.g., integrated platforms like Wonderschool Oversight) that combine attendance, billing, and nutrition program data to flag anomalies.
- Targeted investigations focused on truly high-risk cases.

### INTEGRATE, DON'T DUPLICATE

- Integrate retired police officers into existing compliance systems rather than creating duplicative enforcement channels, using their skills within a more collaborative, data-informed framework.

### CLARIFY AND RATIONALIZE REGULATION

- Use streamlined licensing for multi-site operators and tiered compliance thresholds so providers know exactly when and how they must become licensed.
- Focus on desired outcomes (school readiness, safety, wellbeing) rather than burdensome processes.

# 03

## Bring underground providers into the formal system

### CREATE A STRONG CARROT STRATEGY

- Maintain stable CCDF funding so regulated providers are not forced out when voucher streams freeze.
- Extend vouchers and targeted grants to currently unregulated providers conditioned on clear, staged steps toward licensure and capacity expansion.
- Tie higher reimbursement rates to participation in Paths to QUALITY™ so improvements in quality and compliance are financially rewarded.

### MAXIMIZE PULL INTO THE REGULATED MARKET

- Recognize that some underground activity will persist but aim to maximize pull into the regulated market through incentives, clarity, and support rather than fear.

### DESIGN LICENSING AS A REALISTIC ON-RAMP

- Use streamlined, tiered systems and a defined “middle ground” for small home sitters so they can formalize step-by-step rather than stay underground.
- Provide visible benefits — training, marketing support, access to substitute teacher marketplaces — to reinforce the value of joining the regulated sector.

# 04

## Elevate the childcare provider voice and collaborative regulation

### BUILD ORGANIZED, CREDIBLE REPRESENTATION

- Form trade groups, co-ops, or coalitions that speak with one voice to the State.
- Teach providers advocacy skills to explain unintended consequences of current enforcement and how to propose workable alternatives.

### HELP PROVIDERS UNDERSTAND THE REGULATORY LANDSCAPE

- Invest in education, readiness-to-scale supports, and clear penalty frameworks so providers understand both expectations and consequences.
- Encourage providers to help design oversight tools and processes so regulation is experienced as supportive rather than adversarial.

FROM

**ADVERSARIAL**

*enforcement done to providers*

TO

**COLLABORATIVE**

*oversight designed with providers*

*One voice, at the table.*

# 05

## Integrate childcare into Indiana's education finance system

### EXTEND K-12 SCHOLARSHIPS TO INCLUDE CHILDCARE

- Leverage the existing Scholarship Granting Organization (SGO) framework in IC 20-51 and IC 6-3.1-30.5, where SGOs already raise private donations and award tax-credit scholarships using at least 90% of contributions for scholarships.
- Build on proposals like House Bill 1149 (2026) to establish an early childhood scholarship tax credit for contributions to SGOs serving qualified childcare providers.
- Explicitly allow and encourage SGOs — including new early-childhood SGOs — to include licensed early childhood programs as eligible partners and uses of funds.

### USE THE INTEGRATED SCHOLARSHIP MODEL TO

- Reward families for choosing regulated, quality-rated childcare instead of underground options.
- Align early childhood care with Indiana's broader education funding ecosystem so early care is viewed as the first stage of a continuous educational journey.

#### THE BIRTH-THROUGH-GRADE-12 PIPELINE

