

May 3, 2018

Affordable, High Quality Child Care Keeps Parents Working and Kids Learning

Families need affordable, high quality child care that supports their children's learning and development while parents work or engage in job training. Access to high quality child care can ensure that young children are building the foundation they need to succeed in school and life, and school-aged children can stay engaged in learning and academically on-track. And the research is clear that high quality child care provides the greatest benefit to the state's most challenged children and youth, including children of color and children from low-income families.

Our child care system is broken for those who need it most – at 130% of the federal poverty line (FPL), Michigan is 44th in the nation in family income eligibility. Yet, even for those low-income families who are eligible, other barriers keep them from receiving support. Michigan's bottom-third-in-the-country reimbursement rates for providers, plus an onerous and inefficient hourly payment structure, shift a tremendous share of costs onto child care and afterschool providers with zero margins, causing providers leave the market and leaving parents, especially those on public assistance who need child care to fulfill state work requirements, in an impossible bind. Expanding access to quality child care for families who need it most is one of the best investments in talent we can make.

Current Situation: After the Governor released FY19 budget recommendations, Michigan learned it would receive new federal funding through the Child Care and Development Block Grant beginning in the current fiscal year, and for the fiscal year being currently debated. This funding, \$62 million each year for two fiscal years, represents a 30% increase in available resources for our child care subsidy system. The Senate budget recommendation includes using \$15 million in the current fiscal year (carrying forward the remainder) to be used from passage through September 2018, and appropriating an additional \$62 million in the FY19 fiscal year. The increase would be utilized to raise family income eligibility to 150% FPL, and shifting Michigan's hourly payment structure to bi-weekly, reforms that would present a major improvement to our system. The House did not propose a plan for these new federal revenues in their recommendations.

Actions Needed:

1. Maintain the Senate recommendation to shift the CDC payment to a biweekly rate to more closely match the standard way child care and afterschool or summer learning providers charge for care, opening more seats for eligible children.
2. Maintain the Senate recommendation to raise the eligibility threshold for the CDC program.

For more recommendations to improve the state's child care system, please see our Issues for Michigan's Children, [Child Care and Expanded Learning Keep Parents Working and Kids Learning](#).