



# Budget Basics

Detailed information and  
recommendations regarding  
State of Michigan budgets

## for Child & Family Advocates

Michigan's  
Children

June 2023

### Supporting Quality Early Childhood in the Michigan State Budget *Equitable Access to Child Care Takes Back Seat in FY24 Budget Plan*

The Michigan Legislature and Governor Gretchen Whitmer have reached a deal for the state budget for the 2023-2024 Fiscal Year which begins on October 1, 2023. The agreement fulfills promises made by Democrats and the Governor beginning on the campaign trail last year to move Michigan toward making universal pre-K available to all families of 4 year olds who want it. The plan makes significant increases in the state's free **Great Start Readiness Program (GSRP)** for 4 year olds to get there. In contrast, and outside of the GSRP program, budget negotiations this year failed to raise serious investment in the state's struggling child care system overall. Here are the spending highlights:

- \$90.8 million in state funds to increase the **per-pupil grant for the Great Start Readiness Program**, Michigan's state-run 4-year-old preschool program, from \$9,150 to \$9,608 for full-day and \$4,808 for part-day, and to **raise the family income eligibility threshold** for the program from 250% of the Federal Poverty Line (FPL) to 300% FPL.
- \$35 million in one-time state funds for **starting up new and expanded GSRP classrooms**.
- \$30 million in one-time federal funds for projects to **strengthen early childhood workforce training, recruitment, and retention**.
- \$18 million in new funds for **expanded GSRP transportation**.
- \$15.8 million in new state funds for **piloting additional sites for GSRP for 3-year-olds**.
- \$1 million increase to fund **Great Start Collaboratives** and Parent Coalitions through the Early Childhood Block Grant.
- Continued \$3 million in funding for [Infant and Early Childhood Mental Health Consultation \(IECMHC\)](#), which helps child care providers appropriately respond to child behaviors.
- Funding for a new GSRP extended program option, which offers 20% increase in per-pupil funding for programs that run **5 day, 36 week programming**.
- **No increased funding for expanding GSRP hours** to include more hours of the day.
- **Maintenance of COVID-era child care system improvements** including:
  - 200% FPL family income eligibility threshold for the state's child care subsidy program.
  - Enrollment-based payments to providers rather than attendance-based.
  - The lower end of a stepped-down reimbursement rate schedule for child care providers.

While expanding funds to strengthen the GSRP system for families with currently enrolled children is a positive step in the right direction, **we still have not seen significant expansions of state funding to backfill expiring COVID-era federal funds, which will hold our state back from investing in a system that reflects the true cost of child care**. We also did not see the enactment of a tax credit that would dedicate resources to raising the incomes of all early childhood educators by at least \$1,000.

## How We Got Here

Budget negotiations around early childhood focused primarily on the idea of universal access to Michigan's Great Start Readiness Program (GSRP) for all 4-year-olds. Michigan's Children recommended building on this window of opportunity to go beyond expanding preschool access for more middle-income families and to strengthen the entire early childhood system for all by:

- **Involving all early childhood stakeholders in universal preschool expansion planning** so that it is implemented in a way that supports rather than harms child care providers.
- **Tripling the Governor's proposed child care educator tax credit** to give teachers a \$9k bonus, which would move the early care and education field closer to a living wage and incentivize more Michiganders to pursue it as a viable career path.
- **Providing \$1.5 million** in additional funding to expand access to behavioral support for child care providers statewide through the **Infant and Early Childhood Mental Health Consultation program**. This initiative currently reaches providers in fewer than half of Michigan counties.

The final allocations are the product of final negotiations between the different branches. View our previous [Budget Basics on this issue](#) for a more detailed look at the recommendations from the state House, state Senate, and Governor.

## Why Invest in Increasing Access to Child Care?

Over the past few years, federal pandemic funding stabilized Michigan's child care system by enabling long-overdue investments into higher payments for providers closer to the true cost of care and increasing eligibility levels for families to the subsidy. With pandemic funds running out, Michigan's child care system once again faces crisis because state revenue investment has not kept pace. Just prior to the pandemic, 44% of Michigan families lived in a community where there were more than three times as many children as licensed child care slots, primarily due to underinvestment from the state. While families struggle to find affordable child care, [child care teachers](#), the workforce behind Michigan's workforce, continue to earn an average of just \$12 an hour, and experience high levels of burnout from understaffing and behavioral challenges in the classroom. Michigan has lost almost one quarter of its child care workforce since 2005 to other sectors with higher wages and benefits. Increased wages, stronger career pipelines, and professional supports like the [Infant and Early Childhood Mental Health Consultation \(IECMHC\)](#), which reduces child care teacher burnout and reduces suspension and expulsion rates for kids in child care, are essential.

Child care providers are integral to Michigan's GSRP model, and 4 year olds who are *not* enrolled in GSRP are integral to the survival of many child care providers who serve infants and toddlers. Systemic underfunding of the child care system has pushed providers to rely more frequently on serving 4 year olds to make ends meet and keep their spaces open. Furthermore, many families who are eligible for GSRP now choose traditional preschool programs or make a private care arrangement instead because GSRP's operating schedule does not match every parent's work schedule. The child care sector plays such a large part in caring for 4-year-old children today that policymakers must pay attention to child care broadly in order to expand GSRP without disturbing the child care arrangements of thousands of working families who have infants and toddlers. As Michigan moves to expand public preschool access, we must prioritize:

- 1) Making GSRP work for families with the greatest needs before offering it to families with higher incomes, which would include providing full-week, full-year instruction.
- 2) Strengthening inclusion of community-based child care providers in the GSRP to prevent harm to the rest of the early childhood system.
- 3) Significant investments into recruitment, retention, and wage support for the entire early childhood workforce as well as the child care system overall.

Without public investment, child care, a service that requires intensive and costly adult supervision of children, operates on an economic model that is unaffordable for families and unable to pay living wages to its professionals.