



November 19, 2014

CCDBG Reauthorization and What This Means for Michigan

In September, Congress reached a bipartisan agreement on a bill reauthorizing the Child Care and Development Block Grant (CCDBG). The bill was approved by the House in September, the Senate in mid-November, and was signed into law by the President on November 19th. The measure reauthorizes the federal child care program for the first time since 1996, and is aimed at ensuring the health and safety of children in child care, facilitating families' access to child care assistance, and improving the quality of child care for children including a special attention to infants and toddlers.

Changes to CCDBG will have implications for Michigan's Child Development and Care (CDC) program – the state-run child care subsidy program that utilizes CCDBG funding. First and foremost, the reauthorized CCDBG law calls for increased appropriations for child care over the next five years and an increase in the percentage of funds that must be used for quality improvements from 4 to 9 percent. While Michigan already exceeds the federally mandated 4 percent set-aside for quality improvements, the increase in the quality set aside in addition to the overall increased pot of funding is welcomed. Currently, Michigan only utilizes federal funds to support our CDC program though states can – and many do – utilize state funding beyond the federally required state match to bolster their child care programs. While we know that efforts to improve the quality of the child care system requires investments, Michigan has demonstrated little interest in investing state funds towards those efforts, resulting in significant challenges for low-income working families to find affordable, high quality care.

In addition to funding shifts to CCDBG, policy changes in the reauthorized law are welcomed changes that will continue to push Michigan's child care system to be of higher quality that is more accessible to low-income working families. Here are a few policy changes to CCDBG in bold and how those changes will result in positive outcomes for Michigan children.

Require a sufficient number of licensing inspectors to enable states to conduct timely inspections. As was revealed in a recent report by the [Michigan League for Public Policy](#), Michigan has a history of insufficient child care licensing inspectors. In May 2014, the state's ratio of licensing staff to caseloads of 1:153 was more than three times the federally recommended ratio of 1:50, making it extremely difficult to ensure compliance with basic health and safety licensing requirements. The CCDBG changes would require Michigan to hire more licensing staff to ensure that all licensed child care settings are meeting minimum health and safety standards.

Require a pre-licensure inspection and unannounced annual inspection for all regulated and licensed providers receiving CCDBG funds, and one annual inspection for license-exempt providers. Currently, Michigan requires an on-site inspection prior to licensing for child care centers and group child care homes. Registered family homes self-certify and are visited within 90 days of the registration issuance to ensure the accuracy of the self—certification. As for unannounced inspections, only child care centers and group home providers receive annual unannounced inspections. Only 10% of family child care homes are visited annually unannounced. For unlicensed child care providers, on-site visits are not conducted. The CCDBG changes would require additional inspections for both licensed and unlicensed child care settings in Michigan to ensure that they are meeting basic health and safety requirements.

Require families to receive 12-months of eligibility that does not fluctuate based on changes in parents' work status or other status related to job training or education or if the family's income increases as long as families' incomes do not exceed 85% of the state's median income. While Michigan currently provides 12-months of eligibility for families seeking the child care subsidy, families may lose their subsidy during that 12-month period based on changes in parents' work, training, or income status. Therefore, if families experience job loss or make a little more money that pushes them above the income eligibility threshold during their 12-month eligibility period, they will lose their subsidy. The CCDBG changes will require Michigan to continue to provide the subsidy to families for the duration of that 12-month period whether they experience temporary unemployment or have variations in their income, so that their children can receive continuous care by the same caregiver – a key component of healthy attachment and development.

Encourage states to maintain child care assistance for at least three months when a family experiences a job loss to facilitate the parent's return to work. Michigan is one of only four states that does not allow families to continue to receive the child care subsidy when they experience job loss. Continuity of care is a key element of high quality child care, yet children in Michigan do not receive continuous care if their parents experience unemployment. While the CCDBG changes would allow families to lose child care assistance if they become unemployed prior to the end of their 12-month eligibility period, the new law would require Michigan to allow children to remain in the same child care setting without disruption while their parent searches for a new job for at least three months.

Allow states to utilize an alternative methodology to the market rate survey – such as a cost estimation model – to determine the cost of providing care on which to base the child care subsidy reimbursement rates. Michigan currently utilizes a market rate survey as required by federal law, and our market rate survey shows us that our child care subsidy reimbursement levels fall somewhere between the 7th and 86th percent of the market rate (federal recommendation is that the reimbursement be set at the 75th percentile). The CCDBG changes should encourage Michigan to consider an alternative methodology such as a cost estimation model to better identify the true cost of care, but Michigan's CDC reimbursement rates are determined by the state Legislature who may or may not take into consideration those results.

Require states to set-aside at least 3 percent of their funding to expand access and improve the quality of care for infants and toddlers. Michigan currently utilizes some of our federal funding to increase access to high quality services for infants and toddlers. First, through Great Start CONNECT, parents can search for child care providers by quality level who accept infants and toddlers in their care. Additionally, Michigan's Great Start to Quality Resource Centers offer professional development and training opportunities for child care providers on infant and toddler needs including providing quality improvement consultation services for infant-toddler providers.

Furthermore, in fiscal year 2014, Michigan began the Early Learning Enhancement Grant (ELEG) two-year pilot. This grant opportunity targets providers who serve CDC recipients to collaborate with Early Head Start, Head Start, and Great Start Readiness Program providers to provide scholarships for full-day, full-year programming to young children at no cost to families. While only a fraction of ELEG awardees were for infant-toddler scholarships, a 3 percent set-aside in CCDBG funds could allow Michigan to expand this opportunity to ensure more infants and toddlers can access high quality care that meets parents' needs. At the same time, Michigan can continue to bolster parents' understanding of the importance of high quality child care and quality improvement efforts for infant-toddler providers through Great Start CONNECT and the Resource Centers.