

West Michigan child care providers hopeful with new spending

The new funding provides relief for families and caregivers.



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After reaching a [budget deal](#) this week, lawmakers across Michigan praised the investment in child care and said the \$1.4 billion designated to the issue can address persistent issues in the industry.

According to [leaders](#), it includes:

- \$108.1 million that makes 105,000 more children eligible for child care by increasing income eligibility to 185% of the federal poverty level through fiscal

year 2023, then 160 percent ongoing in the following fiscal years.

- \$13 million to waive parent copays for child care through fiscal year 2022.
- \$158 million for an ongoing 30% rate increase for child care providers, with an additional \$222 million for a temporary rate increase.
- \$117.4 million to pay for enrollment in child care through fiscal year 2023.
- \$36.5 million over 3 years to expand the number of child care spaces for infants and toddlers.
- \$700.7 million for stabilization grants and another \$100 million for startup grants for childcare providers, including technical assistance and facility improvements.
- \$30 million for a one-time \$1,000 bonus for childcare staff.

It's relief coming not a moment too soon for Deanna Johnson, who owns [Magical Moments Childcare](#), a licensed group home in Grand Haven.

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“I’ve been following this for months and months, so I knew it was coming,” said Johnson. “It’s awesome. I’m so happy that our legislators have brought this to the forefront.”

Johnson has been welcoming families into her home for more than 20 years, but as the children in her care grew, so did the issues facing the child care industry. During the COVID-19 pandemic, she said it came to a head when children were forced to stay at home while parents worked.

“I was getting calls every single day,” said Johnson. “I had parents calling, crying because they couldn’t find quality care.

High-quality child care is linked to improved kindergarten readiness and can result in improved educational, postsecondary, and career outcomes.

[According to Michigan’s Children](#), a nonprofit policy organization focused on children’s issues from cradle to career, about half of the state’s families live in a “child care desert” where licensed care is scarce. Only one county had enough slots for its children in 2020. It found 10 counties lacked any licensed slots for infants and toddlers.

The costs associated with care are also an issue. Affordable child care is defined by federal law as 7% of a family’s income, and yet in 2020 single parents with a median income spent 36% of their earnings, nearly \$9,000, on center-based childcare for a 4-year-old child.

As a result, parents must often chose between other needs, like food and housing, or working.

Prior to the pandemic, the state lost \$1 billion in lost earnings, productivity, and tax revenue due to the lack of help. However, the pandemic exacerbated many of the challenges. Michigan’s Children says child care access contributed to 203,000 Michigan women resigning or losing their job between February 2020 and July 2021.

Another layer to the child care crisis is low pay and lack of benefits for workers.

On average, childcare workers make \$12 an hour and roughly half rely on public assistance. The number of workers in the industry dropped 21% from 2005-2020.

Michigan's Children says the nature of the business has resulted in 671 providers closing between May 2019 and June 2021.

“This investment into child care is really a great first step towards transforming our childcare system in Michigan towards what it needs to be,” said Matt Gillard, [president and CEO of Michigan's Children](#). “They are aimed at quality and quality is critically important. Nobody is going to send their child to a child care setting that they don't think is safe and of high quality in order to go to work.”

Gillard says despite low rankings, Michigan historically spends few dollars on child care. He described the \$1.4 billion spending plan as a thoughtful approach.

According to Gillard, by bumping up who qualifies for subsidized child care, more parents will be able to return to work. He says the rate increases for providers, which is the amount of money given by the state for low-income families, should help retain some workers and give businesses a more competitive edge.

Johnson, who hired her daughter in January 2021 to expand, said the increased rates are the only way she can continue offering current services. Her daughter plans to return to school next winter.

“I make like \$2 - or \$2 and some cents - an hour, per child,” said Gillard. “If I want to continue with a group daycare, I'm going to have to eventually hire someone or more than one person and it scares me, scares me to death, because I don't know what, at that time, what I'm going to be able to afford.”

Gillard says moving forward, legislators will need to focus on expanding those criteria to include more people and improve the industry.

“Learning begins at birth and the first few years of a child’s life are the most critical in terms of life long learning and the more we can do to have children in high quality learning environments at a young age, we’ll save money ten fold as these children enter our education, K-12 system and move on through,” said Gillard.