



In a Year of Terrible News, Something to Celebrate: Child Care Gets a Needed Shot in the Arm

In a time of terrible bad news – a pandemic that’s raged on for 18 months, and real safety concerns for schoolkids and teachers set against the awful political theater over mask mandates - it’s sensible to celebrate some good news. The negotiated FY2022 state budget grinded to victory this week with a never-before, historic investment of \$1.49 billion to begin rebuilding Michigan’s weak child care system. The budget should be signed by the Governor soon. Yes, it really is historic; and yes, it is finally a significant step forward for providers, kids, parents, and their employers. Michigan’s Children and other advocates have been calling for major system change for a very long time. So we’ll pause for a bit to say, thank you to our Republican-led State Legislature, and thank you to our Democratic Governor Whitmer for putting partisan differences aside to work for positive change on behalf of the hard-working families and child care providers of Michigan. You showed us that bipartisanship still has a heart-beat in Michigan.

To begin, let’s talk about why this budget is significant and historic for child care. This investment will be transformational, pivoting Michigan in the direction of a stronger, more sustainable system by addressing serious economic considerations. For too long, child care has been unaffordable for many working parents, not profitable for providers, and a service that’s devalued its workforce for so long that people just up and quit for more *lucrative* fast food jobs.

For parents, a major improvement includes expanding the family income eligibility for obtaining a child care subsidy from the current and historically low 150% of the federal poverty line to 185% of the federal poverty line. (FPL = \$32,227 for a family of two; \$40,626 for a family of three; and \$49,025 for a family of four). In some states, eligibility is well over 200% of the federal poverty line. The good news is that more parents will become eligible for the subsidy, making child care more affordable for a greater number of Michigan families.

Providers participating in the child care subsidy system will be getting a rate increase, too. The budget includes an ongoing reimbursement rate increase by 30% for two years, plus temporary increases for one year, starting at 50% above that new rate and ending at 30% above the rate. Another boost to their bottom line: Providers will also be paid based on enrollment instead of attendance for two more years.

The budget sets aside \$700 million in stabilization grants to child care providers whose businesses have been hurt by the pandemic. In two payments this fall and in the spring, the funding is designed to help these businesses stay open. Too many regions in Michigan are pockmarked with child care deserts where families can’t find care. With that in mind, the budget also includes \$100 million for start-up grants for new providers. Additionally, the budget addresses another critical problem in the system - a shortage of care slots for infants and toddlers. The approved plan has \$36.5 million carved out for what’s described as infant-toddler contracts with providers, recognizing that it is more expensive to provide care for these youngest children. For child care workers, themselves, there will be a one-time bonus of \$1,000.

Federal spending for child care has been increasing in recent years, then spiked with new relief spending as the pandemic ushered in a period of greater necessity and urgency to keep parents working and providers in business. The lack of affordable child care is why tens of thousands of women in Michigan have left the workforce in the past year, creating a crisis for employers and putting their own future employment and retirement prospects at risk. Anyone paying attention to the headlines, particularly in the past year, understands that we can't fix the workforce issue here in Michigan without fixing the child care issue. This new state budget recognizes the need to reboot an under-resource system of care. But we all have a lot of work to do.

The Legislature and Governor deserve credit for moving the federal dollars out the door in a way that makes sense for the child care needs of families and providers. But now it's going to take continued investment to transform child care in Michigan. That's where your voices and ours will be needed. We can pause to cheer today, but tomorrow we carry on the fight. Keep the momentum moving and join us Tuesday (Sept. 28) at our virtual event, **"Invest in Child Care, Invest in Michigan's Future."** Providers, parents and advocates will come together to address the offices of Members of Congress and urge them to make child care a priority in the next funding opportunity, the \$3.5 trillion Reconciliation bill under debate in Washington. [Register today.](#)