

March, 2022

Supporting Quality Child Care in the Michigan State Budget

Michigan's Children calls for State Investment to Strengthen Child Care System for Families and Providers

Michigan's lawmakers are currently considering Governor Whitmer's recommendations and determining their own priorities for spending billions of one-time federal and state revenues for both current-year supplemental spending and for the 2022-2023 Fiscal Year, beginning October 1, 2022. In a public opinion poll of nearly 800 likely voters statewide, respondents across diverse regions of Michigan agreed that [child care](#) is a priority for public investment.

Unfortunately, the state has historically underinvested in Michigan's child care system resulting in [critical shortcomings](#) over decades. 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, a problem across urban, rural, and suburban areas. Michigan has lost almost one quarter of its child care workforce since 2005 to other sectors with higher wages and benefits. Our state budget must commit to providing what is necessary to increase the availability of child care options for families and providers.

To strengthen the child care system, Michigan's Children supports:

- 1. Increasing provider reimbursement rates by 45% above the rates in FY21.** This would bring Michigan provider rates closer to the true cost of care and equates to the [highest rate that Michigan paid to providers](#) using federal ARPA funds.
- 2. Providing bonuses to child care teachers on par with PreK-12 teachers.**
- 3. \$5.4 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 only 18 counties.

Right Now: Aside from an expansion of a [child care payment pilot program](#) to a few more sites, the Governor recommended no additional child care funding, beyond [previously-appropriated federal funds](#) which will continue through the end of FY23.

The Governor also proposed retention bonuses for teachers between PreK-12, a "Hero Pay" one-time bonus for essential workers, and a specific one-time bonus for public safety professionals. Despite the recent federal child care ARPA investment, child care teachers' wages are still so low that many are leaving for other jobs including Preschool. To support the whole early care and education workforce, child care teachers ultimately deserve bonus payments on par with PreK-12 teachers.

Why Invest in Increasing Access to Child Care?

State investment into child care has declined precipitously over the last two decades, leaving limited access to affordable child care and encouraging an unsustainable child care business model where parents can't pay more and providers can't afford to properly compensate their workforce. Child care

providers receive reimbursement for every child they serve who is enrolled in the [Child Development and Care](#) subsidy. Despite recent increases, these rates do not reflect the true cost that a provider incurs caring for a child, which makes it impossible for child care providers to care for subsidy-eligible children while properly compensating teachers and paying other program costs.

[Child care teachers](#) are the workforce behind Michigan's workforce, providing enriching education and care to our youngest residents while enabling their parents to find family-sustaining employment and participate in the economy. However, child care teachers are underpaid, making an average of just \$12 an hour, and experience high levels of burnout from understaffing and behavioral challenges in the classroom.

Infant and Early Childhood Mental Health Consultation is another crucial support for child care providers, children, and families. Mental health coaches associated with this program improve child care teachers' ability to attend to kids' [social, emotional, and behavioral needs](#), thus improving their quality of care and building kids' foundational skills needed in school and beyond. This program has been found to reduce child care teacher burnout and turnover, suspension/expulsion of kids in care, and parent job disruption.