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Supporting Quality Child Care in the Michigan State Budget

Michigan's Children urges state investment into child care as integral to universal preschool

Michigan's newly-elected leadership 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 spending and for the 2023-2024 Fiscal Year which begins on October 1, 2023. Their choices could change the odds for children and families who continue to face hardships from years of public health and economic hardship.

Budget negotiations around early childhood have focused on the idea of universal access to Michigan's Great Start Readiness Program (GSRP) for all 4-year-olds. 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. As Michigan considers universal public preschool for 4-year-olds, 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 GSRP to prevent harm to the rest of the early childhood system.
- 3) Significant investments into recruitment, retention, and wage supports for the entire early childhood workforce as well as the child care system overall.

Michigan's Children recommends:

- **Involving all early childhood stakeholders in universal preschool expansion planning** so that implementation strengthens the entire early childhood system.
- Supporting each chamber's investment into **expanding the number of days and weeks of GSRP programs.**
- Supporting the House and Governor's proposals for **start-up and expansion grants for GSRP classrooms**, as well as the Senate's proposal to incentivize ISDs to contract more of their GSRP slots with community-based providers.
- **Tripling the Governor's proposed child care educator tax credit** to give teachers a \$3-9k 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.
- Support \$1.5 million increased funding for behavioral support for child care providers statewide through **Infant and Early Childhood Mental Health Consultation.**

Right Now:

To move toward universal preschool for all 4-year-olds by 2027, the Governor proposed:

- \$91.1 million to **increase family eligibility for GSRP to 300% of the Federal Poverty Line (FPL)** and allowing intermediate school districts (ISDs) to enroll families up to 400% FPL if all others are served.

- \$75 million for the current fiscal year to **expand GSRP programs to 5 days a week and add additional weeks** to the program year.
- \$50 million for the current fiscal year to **start-up or expand new GSRP classrooms**.

To move toward universal preschool for all 4-year-olds by 2027, the Senate proposed:

- **Keeping eligibility at 250% FPL** and allowing ISDs to enroll families up to 300% FPL if all others are served.
- \$117 million in new funding to **allow school districts to run Pre-K programs and count the students**, incentivizing a move towards a school district-based preschool model.
- \$77 million to enhance payments for GSRP providers who **opt for an extended schedule that meets 5 days per week, 36 weeks per year**.
- \$5 million in rewards for ISDs who report progress on expanding the number of days and weeks of their GSRP programs and on **contracting more than 30% of their total allocation to eligible community-based providers**.
- No dedicated funds for GSRP program start-up and expansion.

To move toward universal preschool for all 4-year-olds by 2027, the House proposed:

- **\$77.7 million funding increase to raise eligibility to 275% FPL** and allow ISDs to enroll families up to 400% FPL if all others are served.
- \$75 million for the current fiscal year for ISDs to **expand GSRP programs to 5 days a week and add additional weeks to the program year**.
- \$63.5 million for the current fiscal year to **start-up or expand new GSRP classrooms**.

To maintain current levels of **direct investment in the child care system**, the Governor proposed funding to maintain child care subsidy eligibility at 200% FPL, maintain current payment rates, and continue to pay providers based on enrollment rather than attendance. The House and Senate concurred.

To enhance current efforts of Great Start Collaboratives (GSCs) to build cross-system collaboration and meet local early childhood needs, the Governor is recommending a **\$7.5 million increase in funding for GSCs. The House proposed a \$12.5 million increase and the Senate proposed flat funding at \$10.9 million**. The Governor gave ISDs discretion over Great Start Collaborative funding and the Senate and House concurred.

To maintain current access to behavioral support for child care providers, the Governor proposed **flat funding at \$3 million for the Infant and Early Childhood Mental Health Consultation program**. This initiative reaches providers in fewer than half of Michigan counties. The House and Senate concurred with the Governor.

The House and Senate have yet to introduce bills taking up the Governor's proposal for a **refundable child care educator (ECE) tax credit (\$1-3k)** for child care, preschool, and afterschool teachers. Governor Whitmer also proposed \$50 million for **Early Childhood Educator workforce recruitment and retention** projects. Neither chamber included this fund.

Why Invest in Increasing Access to Child Care?

Child care providers are integral to Michigan's GSRP model, and many families who are eligible for GSRP now choose other arrangements instead because GSRP's schedule does not match

every parent's work schedule. These 4-year-olds *not* enrolled in GSRP are integral to the survival of many child care providers who serve infants and toddlers now more than ever. 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 increased subsidy eligibility levels for families. However, as pandemic funds are running out Michigan's child care system once again faces a 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. The IECMHC program currently reaches providers in fewer than half of Michigan counties.

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.

The bottom line is, our state budget must commit to providing what is necessary to increase the availability of child care options for Michigan families.