



Michigan's Child Care Subsidy System Deserves a Boost

Who benefits from Michigan's child care subsidy? The subsidy which provides minimal-to-no cost child care for low-income families who would struggle to pay child care tuition, which [in Michigan averages nearly \\$9,000 annually for home-based and over \\$12,000 annually for center-based care](#). Families are eligible for the subsidy based on their earnings. At the top end, those living at 200 percent of the federal poverty level – or \$60,000 a year for a family of four – are eligible. Payments are made through the state's Child Development and Care program directly to child care providers on behalf of eligible families. Find more information about the child care subsidy here: [TBMI Child Care Subsidy Fact Sheet](#).

Why does Michigan's child care system need a subsidy rate increase? Currently, the subsidy rate that the state pays child care businesses does not cover the actual cost of providing high quality early care and education. Neither is it substantial enough to pay a living wage needed to retain qualified teachers, which is one of the most critical aspects of quality.

Reimbursement rates are also significantly lower than what most providers charge private-pay families, which has prevented providers from accepting families enrolled in the subsidy program. Only 41 percent of providers accept the subsidy, making it hugely difficult for single-parent families and families earning minimum wages to find care while they're working or going to school.

Families are required to pay the difference between the cost of care and what the program will reimburse providers. **Copay payments** were suspended during the pandemic but this year families will be required to pay them once again. For those earning very low incomes, copays are not an inconsequential burden on limited family finances, and the rate reduction will be subsidized on the backs of these families.

[A comprehensive report of Michigan's child care system](#) by Think Babies Michigan affirmed that the state must significantly increase the subsidy rates paid to child care business owners. [Find the breakdown of subsidy rates needed for high quality care here, starting on page 32.](#)

How does lack of available child care impact working families and Michigan's workforce in general? In 2021, 14 percent of children under 5 lived in families in which a parent made a job change when they were unable to find affordable, accessible child care close to home. [Parents were forced to either quit a job](#), decline a job offer, or make significant changes to their current job. Lack of access to child care negatively impacts the workforces of every industry in Michigan.

Why do we need a highly trained workforce in a child's early years? 90 percent of brain development happens by the age of 5, so it is critical that we build an early childhood system in which the state invests public dollars in subsidy rates that make it possible for providers to increase wages and attract highly qualified child care educators. They are not just babysitters. It takes a highly skilled educator to provide the support young children need to develop foundational skills and become school-ready.

What does the research say about access to high-quality early learning and care? [The First Five Years Fund reports](#): "Evidence shows that increased access to high-quality early learning and care programs results in short- and long-term benefits to individuals and society. Research shows that for every dollar invested in high-quality early childhood education, society gains up to \$7.30 in economic returns over the long term."

Get involved and stay informed: Michigan's child care cost study was commissioned by Think Babies Michigan. [Click this link to become a member of Think Babies](#), which will give you early childhood policy updates and advocacy opportunities. The [Think Babies Michigan website](#) has a treasure trove of fact sheets that you can use to educate your lawmakers about the child care crisis and what the state can do to invest in the kids and families who need support. Consider emailing some of these resources to your state lawmakers.

And stay up to date on new child care advocacy tips and resources by [subscribing to Michigan's Children's e-bulletin](#). We also host free virtual Lunch and Learn programs that have focused on the state of Michigan's child care workforce crisis, how to educate your lawmakers, and more. You can find [recordings of past Lunch and Learns here](#). And we have a podcast called [Speaking for Kids](#) where we've discussed social emotional supports in child care settings, the Governor's universal preschool plan, and more.