

2022 BUDGET PRIORITY: HELP PARENTS WITH LOW WAGES FIND AFFORDABLE CHILD CARE

LEAGUE RECOMMENDATIONS:

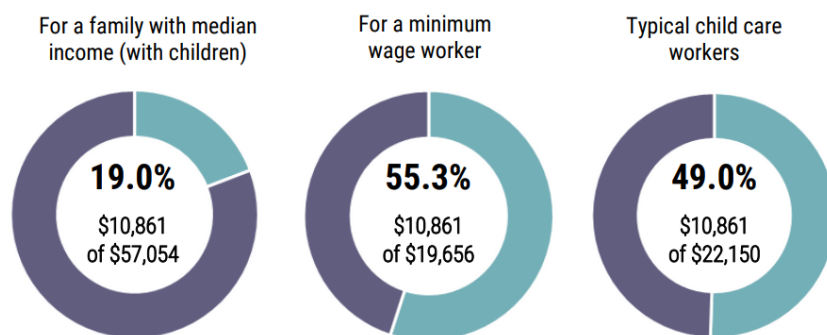
- Target new child care funding to communities with the greatest need and least access to high-quality care, with a focus on equity while expanding access to high-quality care for infants and toddlers.
- Continue to increase both the supply and demand for child care by simultaneously: (1) increasing child care subsidy reimbursement rates for all providers, including enhanced contracts for child care businesses caring for infants and toddlers in areas of low supply and high need; and (2) increasing initial child care eligibility to 185% of poverty.
- Support home-based child care providers by forming staffed family child care networks that can reduce their isolation, and make it easier for these small businesses to operate by creating shared services solutions.
- Support statewide socio-emotional consultants to support child care providers who are working with children with high levels of stress and challenging behaviors.
- Require an annual comprehensive child care system financing plan that ensures that all available federal and state funds are spent.

BACKGROUND:

Although eager to work, many Michigan parents cannot earn enough to pay for high-quality child care. Child care for one infant in Michigan consumes 19% of the income of a family at the state's median income, and 55% of income for a parent working at the minimum wage. Child care often exceeds the cost of mortgage or rental payments for families, and rivals college costs. Families with two or more children needing care face even bigger hurdles.

How big a bite does child care take?

Infant care costs as a share of income in Michigan



Average cost of infant care in Michigan \$10,861/year

Source: *The Cost of Child Care in Michigan*, Economic Policy Institute (Updated July 2019)

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Unfortunately, very few Michigan families have been eligible for assistance with child care because of the state's low entry income eligibility thresholds. Michigan has had one of the most restrictive programs in the country, with entry eligibility for

child care assistance set at 130% of the federal poverty line. The result was a decline of 70% in the number of families receiving child care assistance between 2003 and 2019. The 2021 state budget included an increase to 150% of poverty beginning in January of 2021, an important step forward, but still falling below the national median of roughly 180% of poverty, and far below the federal cap of 85% of state median income.

For some parents, child care is not available even with a subsidy, including those needing scarce infant/toddler care, evening and weekend care, and care for a child with special needs. Many child care providers cannot afford the higher costs that come with caring for infants and toddlers or children with special needs, where more staff is needed to meet their needs. Child care providers are some of the lowest-paid workers in the state, and child care businesses have struggled to keep their doors open—a problem that has been underscored by the COVID-19 public health crisis.

In addition to the short supply of certain types of child care in communities, many parents experience barriers to receiving state child care assistance even if they are eligible. One barrier is the need to document compliance with state child support requirements. Michigan policy requires that a parent who lives separately from the noncustodial parent pursue child support—something not mandated in federal law. Many parents are afraid to pursue child care assistance because they fear it may trigger a court case on child support—when they have an informal arrangement with the noncustodial parent that works for them—or because they fear the child support agency or do not understand the process of seeking an exemption.

WHY DOES IT MATTER?

When parents cannot work because of the high cost of care, their children are more likely to live in poverty. The youngest children in the state have the highest poverty rates—in part because of the barrier of child care costs. Exposure to poverty in the earliest years can affect children’s long-term development and success in school.

Child care is an important learning environment for children. The foundations for literacy, school success and social-emotional growth are set during the earliest years of life when brain growth is at its optimal. Many children are in child care during those earliest months and years of life, and high-quality care can contribute to their growth and success.

Businesses report that they are unable to find workers for low-wage jobs because they cannot afford safe and reliable child care. Business leaders are increasingly identifying the lack of access to affordable child care as a major issue affecting their bottom line, and the failure to find and retain workers ultimately affects local economies.