

# Michigan League for Public Policy

## 2019 BUDGET PRIORITIES

### Expand Child Care Assistance for Parents With Lower-Wage Jobs

#### — LEAGUE RECOMMENDATION —

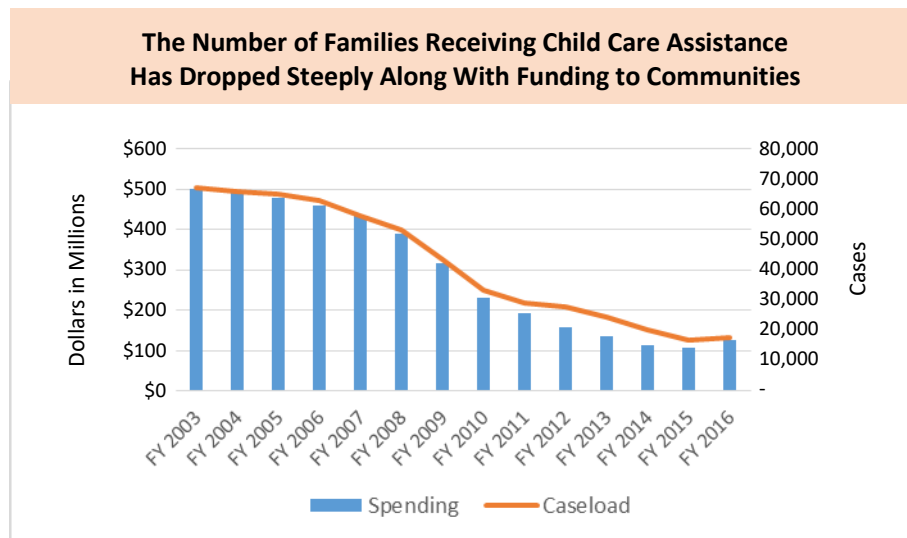
**Increase eligibility for child care assistance to 150% of poverty to expand the number of Michigan parents who can afford to work, and to improve employers' bottom line.**

**BACKGROUND:** At 120% of poverty, Michigan had the lowest child care income eligibility levels in the country in 2016. Even with small increases to 125% of poverty in 2017 and 130% in 2018, Michigan's income cutoff remains near the bottom.

- **For many parents, the cost of child care is an absolute barrier to work.** The cost of placing one infant in a child care center in Michigan (approximately \$10,200) is nearly as much as the annual cost of tuition at a public four-year college, and exceeds the median annual cost of rent. In Michigan, single parents pay 48% of their income for infant center care, while married parents of two children who live at the poverty level would need to devote 92% of their income for center care.
- **Child care assistance cases and expenditures are down dramatically.** In part because of restrictive eligibility, the number of families receiving child care subsidies dropped by nearly 70% between 2009 and 2016. State spending for the child care subsidy fell from \$491.6 million in 2003 to \$124.2 million in 2016.
- **Michigan's investment in child care has dropped compared to other states.** In 2003, Michigan's spending on child care was the 11<sup>th</sup> highest in the nation; by 2013, the state dropped to 39<sup>th</sup>—the 11<sup>th</sup> lowest.

#### WHY IT MATTERS:

- **If parents can't work because of high child care cost, 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. It is well documented that exposure to poverty in the earliest years of life can affect children's long-term development and success.



- **Systemic barriers to economic security based on race and ethnicity have made child care less affordable for families of color.** Children of color are less likely to have access to high-quality child care in part because of the barriers to economic opportunity faced by their parents. In 2015, the median family income of African-American families in Michigan was \$27,200 compared to \$71,600 for non-Hispanic White families.
- **Without child care assistance, parents may need to resort to care that is temporary and of unknown safety and quality.** If parents cannot afford child care, they must either give up the hope of finding and holding jobs to support their families, or rely on a patchwork of relatives, friends and neighbors who may be unable to make long-term commitments.
- **The inability to find stable child care affects employers' bottom line.** Employers offering low- or moderate-wage jobs are negatively affected when their employees don't have reliable child care.