

Michigan Child Care Subsidy Policy Options

Summary of Partner Insights



The child care subsidy policies that states use to implement child care assistance programs funded through the Federal Child Care and Development Fund (CCDF) can have a significant impact on the stability of child care provider finances and the access that families have to child care. To better understand the financial challenges that child care providers in Michigan face and to obtain their feedback on child care subsidy policies that could mitigate them, the Office of Great Start conducted three webinars with more than 200 participants and a survey of 210 child care providers from all Great Start regions in September of 2021. This summary highlights key findings from the survey and webinars.

Child Care Provider Financial Challenges

Michigan **child care providers say that private tuition levels are insufficient** to operate without financial challenges. To stay in operation:

- 86% of centers have **not been able to pay competitive wages.**
- 77% of centers have **not been able to hire support staff.**
- 46% of centers **maintain higher than desired child/staff ratios.**
- 61% of family child care providers have **not been able to buy supplies.**
- 49% of centers and 46% of family child care providers have had to **reduce the number of children who are not private paying.**
- Approximately 45% of survey and poll participants say that they had to **close, reduce program hours or size, or cut back on services.**



In Michigan, the Michigan Department of Education – Office of Great Start has historically based provider reimbursements for the Child Development and Care (CDC) program on daily attendance. This method is typically not used when billing private-paying families, and **70% of providers indicated that it is challenging because of the time spent tracking, documenting and reporting attendance.** It also makes predicting cashflow and budgeting a challenge for child care providers.

Solutions Providers Support

Providers showed **strong support for changes to how the state finances child care.** Based on responses to the survey and webinar polls:

- More than 90% of centers and 84% of family child care **providers support an enrollment-based policy for child care subsidy.**
- Approximately 82% of centers, 64% of family child care and 100% of license-exempt providers selected **grants to support higher compensation for early educators and other child care staff or cost-based CDC reimbursement rates as their top strategies** for improving how child care is financed.
- When asked what additional strategies the state could adopt, survey and poll participants **supported rate increases or adopting cost-based rates that would allow child care providers to offer competitive wage and benefit packages,** streamlining state processes and expanding eligibility for child care assistance.

