

Child Care Stabilization Grants Supported Increased Care for Infants and Toddlers, Additional Hour Slots

Expanded State Funding Needed to Achieve Long-Term Improvements

The child care sector has come under a microscope during the COVID-19 pandemic as it has become more understood as an essential component of the overall economy. As the state and its residents work to recover from the impacts of the pandemic, understanding and addressing the child care needs of families is crucial. Michigan has significantly invested over the last decade in child care and preschool programs for 4-year-olds, the state now has an opportunity to meet the needs of its youngest learners under age 3.

As of January 2022, there were 368,090[†] licensed child care slots in Michigan – approximately 7% of which were designated for infants and 18% for toddlers[‡]. This means that there is an estimated one child care slot for every 4 infants¹.

Recognizing that not all families will choose to use child care for their infants and toddlers, many rely on it to go to work—and many parents have not been able to return to work post-COVID due to the inability to find affordable, quality care for their little ones. With 285 babies born to Michiganders each dayⁱⁱ, the child care system cannot meet the needs of families without addressing the availability of care and the sustainability of providing it.

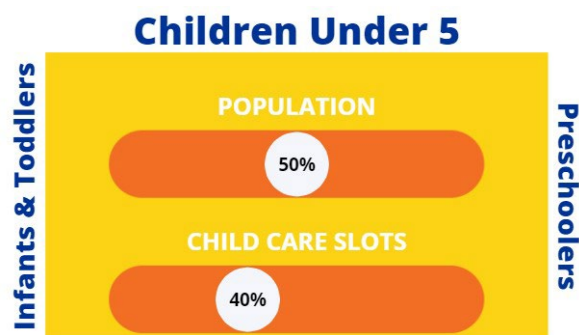
Target Availability Based on Need

Many families rely on family, friend, and neighbor care to support the needs of their smallest children. However, licensed child care providers are a critical component of this network of care. Yet, **statewide, just 60% of providers are licensed to care for infants and 77% for toddlers[†]**. Of the child care organizations that received grant funding, only **39% of slots for children under the age of 5 were allocated for those under 3[‡]**. While Michigan has rightfully focused on increasing capacity for preschool-age children, providing support for the care infants and toddlers is crucial to ensure parents of young children can fully participate in the workforce.

About the Data

In December 2021, the Michigan Department of Education presented the first of three opportunities to provide grant funding to eligible child care providers¹ throughout the state. The stabilization grants were non-competitive grants designed to help child care providers stabilize their operations and support the health and safety of children and staff.

Over \$987 million has been distributed across 6,465 providers across all 83 counties[‡]. Through this grant, real time enrollment data by age was collected for the first time. This brief is a part of a series that analyzes this new data.



Across all child care organizations that received a fall grant, there were 69,844 slots available for infants and toddlers – 23% of which were reported as vacant at that point-in-time[‡]. **Providers that received funding in both the fall and spring reported a 2% decrease in infant and toddler vacancies between the two grant periods.** Though this may appear as a minimal decrease, it means 2,152 additional infants and toddlers enrolled across just 5,166 providers.

This represents only 65% of all licensed providers, meaning increased support of all providers is likely to increase enrollment of infants and toddlers significantly.

Of organizations that received a grant in all 3 periods, there was a 28% increase in those providing care to infants and toddlers during non-traditional hours.

traditional hours, which appears to have impacted the number of providers offering such care. This includes care during evenings, overnight, on the weekends, and providers offering services 24-hours a day. **The number of providers offering care for infants and toddlers during non-traditional hours more than doubled from the fall grant application to the spring. With this increase, one in every 446 infants and toddlers have access to a slot during non-traditional hours, as opposed to one in every 937 in during the fall grant period.** Care during non-traditional hours remains one of the largest barriers that families report facing when trying to secure child care. By incentivizing organizations to provide care during non-traditional hours, the state can help increase the number of families with infants and toddlers who can receive care during the time that meets their needs.

Families with small children often rely on the support of family, friends, and neighbors because of the flexibility this system of support allows. Licensed child care providers can fulfill this need by offering care during the times when families need it most. Grant recipients received bonus funds for offering care during non-

Availability of Infant & Toddler Care During Non-Traditional Hours



November 2021



September 2022

An average of 13% of household income goes toward paying for infant and toddler care.



subsidy program is a tool that helps families offset the cost of child care. With the temporary expansion of eligibility levels for the program, 2,175 additional children under the age of three were eligible for subsidy from November 2021 until June 2022^v. Providers that received grants in both the fall and spring showed an overall increase in 43% of enrolled children receiving subsidy – accounting for 29% of all additional enrollments at these organizations^z.

Support both Providers and Families through Subsidy







The cost of child care for infants and toddlers in Michigan averages \$200 per week, or \$10,400 annually – 17% of the median household income for families with childrenⁱⁱⁱ. An average of 63% of the cost of tuition is used to cover the costs related to salaries for staff caring for infants^{iv}, meaning providers often do not have the flexibility to lower tuition for the families they serve. The child care

63% of Infant and Toddler Tuition Goes Toward Staff Salaries



Michigan used COVID relief funding to temporarily increase provider reimbursement rates for the child care subsidy program. This has coincided with an 18% increase in providers accepting subsidy payments of those that received a fall and spring grant[‡]. By making this change permanent, the state can continue to incentivize providers to accept subsidy payments for the 54,723 children who qualify for them under the current income threshold^{vi}.

A robust child care system where both families and providers are supported is vital for the well-being of the youngest Michiganders. The state can support this goal from both angles:

<p>SUSTAIN INCREASED SUBSIDY REIMBURSEMENT RATES</p> 	<p>SUSTAIN EXPANDED ELIGIBILITY LEVELS FOR CHILD CARE SUBSIDY</p> 
<p>PAY CHILD CARE BUSINESS OWNERS BEFORE SERVICES ARE RENDERED</p> 	<p>ELIMINATE REQUIREMENT THAT FAMILIES INITIATE CHILD SUPPORT CASE AGAINST NON-CUSTODIAL PARENT TO BE ELIGIBLE FOR SUBSIDY</p> 
<p>PAY CHILD CARE BUSINESS OWNERS BASED ON ELIGIBLE ENROLLMENT RATHER THAN ATTENDANCE</p> 	<p>INCENTIVIZE ORGANIZATIONS TO PROVIDE CARE DURING NON-TRADITIONAL HOURS</p> 

ⁱ Calculation is based on a combination of publicly available data, licensing data, and grant application data. Calculation is as follows: total number of children <1 in 2020 / (total licensed child care slots * percent of grant recipient licensed slots designated for infants); total number of children <1 referenced from: Kids Count Data Center (2020). Child Population by Single Age in Michigan. Retrieved from <https://datacenter.kidscount.org/data/tables/100-child-population-by-single-age?loc=24&loct=2#detailed/2/24/false/574,1729,37,871,870,573,869,36,868,867/42,43,44,45,46,47,48,49,50,51,52,53,54,55,56,57,58,59,60,61/418>

ⁱⁱ State of Michigan. Health and Human Services: Average Day. Retrieved from <https://www.michigan.gov/mdhhs/inside-mdhhs/statisticsreports/vitalstats/averageday>

ⁱⁱⁱ Kids Count Data Center (2020). Median Household Income – SAIPE in Michigan. Retrieved from <https://datacenter.kidscount.org/data/tables/1767-median-household-income--saipe?loc=24&loct=2#detailed/2/any/false/574,1729,37,871,870,573,869,36,868,867/any/3741>

^{iv} Center for American Progress (2018). Where Does Your Child Care Dollar Go? Retrieved from <https://www.americanprogress.org/article/child-care-dollar-go/>

^v Michigan Department of Health and Human Services (2022). Green Book – DHS-Pub-67-November 2021/June 2022. Retrieved from <https://www.michigan.gov/mdhhs/inside-mdhhs/reports-stats/green-book>

^{vi} Michigan Department of Health and Human Services (2022). Green Book – DHS-Pub-67-June 2022. Retrieved from <https://www.michigan.gov/mdhhs/inside-mdhhs/reports-stats/green-book>

[†]Licensing Data: Data retrieved from Michigan Department of Education on January 11, 2022.

[‡]Grant Applications: Data retrieved from child care grant applications. Data self-reported by provider. Not all fields required, thus data should be considered incomplete. Of grant applicants, 98% provided enrollment data. Enrollment data includes full- and part-time child care slots. While it should be noted that a part-time slot may be able to serve more than one child, a conservative estimate of one child per slot was used for calculation purposes.

[¥]Tuition Data: Data retrieved from child care grant applications. Field not required; thus, data should be considered incomplete. Field used in this report labeled “Full Time Weekly Tuition.” Outliers excluded based on the following criteria:

- Infant, Toddler, Preschool: Tuition less than \$40
- Kindergarten, School Age: Tuition less than \$9

Thresholds determined based on level of care typically considered “full time.” Full time care for kindergarten and school age likely understood to be before and after school care. Threshold also reflects assumption that tuition less than \$40 for full time infant/toddler/preschool care likely reflects cost billed to families beyond subsidy reimbursement. Assumptions should be understood as such and, therefore, data relevant to tuition may be invalid.