

Child Care Stabilization Grants Expanded the Early Care Workforce, Reducing the Number of Staff Vacancies

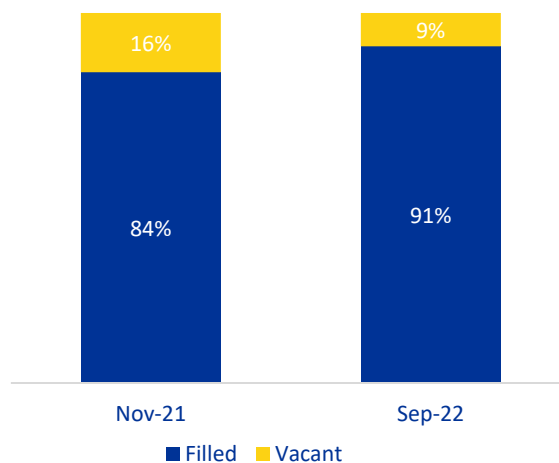
Funding to Support the Workforce Leads to More Choice for Families

As of January 2022, there were 368,090⁺ licensed child care slots in Michigan – approximately 25% of which were vacant[‡]. When applied across all licensed child care providers in the state, approximately 92,000 child care slots were assumed vacant while a lack of child care was simultaneously cited as a contributing factor that hinders parents’ ability to participate to the workforce. To better support families and to meet their needs, Michigan can continue its significant public investments in child care and the workforce.

Child Care Workers are Essential

Child care workers are essential to the overall economy, yet the average hourly wage for a child care worker in Michigan is \$11.13 and nearly 19% of child care workers live below the federal poverty lineⁱ. **Providers that received a grant in November 2021 reported 20% of their staff positions as vacant[‡].** Grant bonuses were awarded to be used as a recruitment tool to fill vacancies.

Change in Full Time Childcare Staff[‡] Agencies that Received Funding in all Three Periods



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 one of three in a series that analyzes this new data.

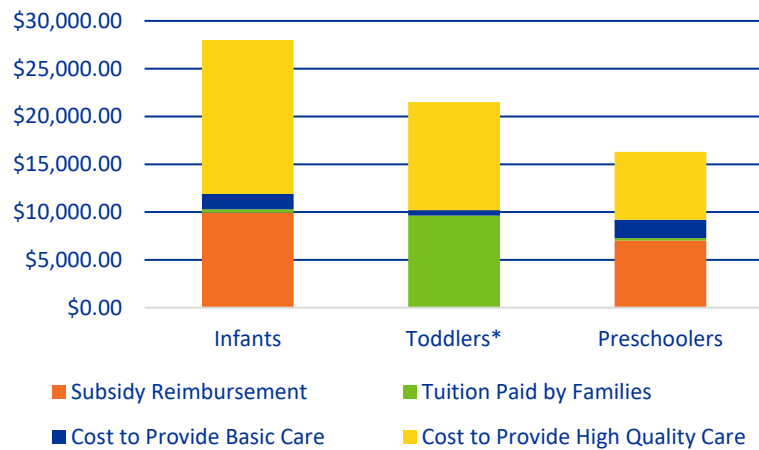
The 4,579 providers that received grant funding in all three periods reported only a 9% vacancy rate by September 2022. These organizations showed an increase in 1,865 full-time

employees, costing an average of \$2,243 per full-time vacancy filled[‡]. However, the child care worker market has proven to be vulnerable time and again as higher paying jobs become available. Sustained public support for wages and benefits would both increase the number of child care workers and stabilize the workforce to defend against the pull of other sectorsⁱⁱ.

Child Care is Expensive for Both Families and Providers

In Michigan, the cost of child care averages around \$9,350 annually† – 12% of the median household income for families with childrenⁱⁱⁱ – and is often cited as a barrier for families to access care. However, providers run on thin margins as the cost to provide care to young children is heavily based on wages even as they remain low. Supporting access to care must address both costs for families and for providers themselves. More than 50% of child care provider expenses are accounted for by staff salaries.

Cost of Child Care



For infant providers, this rises to 63%^{iv}. The true cost of providing care, particularly high-quality care, is often more than providers can charge for tuition. Michigan can support families and providers by investing in both child care overall and by creating a more robust child care subsidy program.

Child care subsidy is designed to support low- and moderate-income families' access to the child care system, but the availability of subsidized care varies greatly across the state. Even of the agencies authorized to accept child care subsidy, slots remain unfilled or are filled by families paying full-cost tuition. **Providers that received grant funding for all three periods showed a 43% increase in enrolled children receiving subsidized care**, accounting for 74% of the total number of additional slots filled between the three grant periods. Even so, only 12% of total enrollment at these agencies is filled by children receiving the child care subsidy. Expanding the income threshold for receiving subsidy allows families to engage with the child care system who may not otherwise.

Of providers that received a grant in all three periods, there was a

19%

increase in those accepting Michigan child care subsidy



and **75%** of their new enrollments were children receiving the subsidy‡.







In addition to supporting families with the cost of child care, the subsidy program can better support the needs of providers and families by increasing provider reimbursement rates to reflect the true cost of high-quality care.

Incentivize Care that Families Need

In addition to the issues of worker vacancies and wages, the child care system must be designed to support the needs of families. Care during non-traditional hours, such as nights and weekends, is necessary for parents with job shifts that occur outside of the generally recognized work week. Thirty percent of all grant recipients in November 2021 provided care during any non-traditional hours, such as care during evenings, weekends, 24-

hours, and overnight. **Of the providers that received grant funding in all three periods, the number of providers offering care during non-traditional hours rose by 4%, resulting in 19,566 additional slots available outside of the typically acknowledged work week†.** Incentivizing care during non-traditional hours helps to create a system that meets the needs of the community and local economy.

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>DEVELOP/IMPLEMENT A WAGE SCALE THAT SUPPORTS RECRUITMENT AND RETENTION</p> 	<p>ELIMINATE REQUIREMENT THAT FAMILIES INITIATE CHILD SUPPORT CASE AGAINST NON-CUSTODIAL PARENT TO BE ELIGIBLE FOR SUBSIDY</p> 
<p>CREATE OPPORTUNITIES FOR EDUCATION, PROFESSIONAL DEVELOPMENT, TRAINING, AND CREDENTIALING</p> 	<p>INCENTIVIZE ORGANIZATIONS TO PROVIDE CARE DURING NON-TRADITIONAL HOURS</p> 

ⁱ Center for the Study of Child Care Employment (2020). State Profiles: Michigan. Retrieved from <https://cscce.berkeley.edu/workforce-index-2020/states/michigan/>

ⁱⁱ National Association for the Education of Young Children (2021). Progress and Peril: Child Care at a Crossroads. Retrieved from https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/resources/blog/naeyc_july_2021_survey_progressperil_final.pdf

ⁱⁱⁱ Kids Count Data Center (2021). Median Family Income Among Households with Children in Michigan. Retrieved from <https://datacenter.kidscount.org/data/tables/65-median-family-income-among-households-with-children?loc=24&loct=2#detailed/2/24/false/2048,1729,37,871,870,573,869,36,868,867/any/365>

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

†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.