

Unintended Consequences of Proposed House School Aid & Education Budget on Michigan's Mixed Delivery Early Care & Learning System

On April 25, 2024, the House Appropriations Subcommittee on School Aid and Education released its budget proposal, which excludes community-based organizations and providers within the PreK for All (GSRP) model as a part of a mixed-delivery system. As the Michigan state budget process continues, use these talking points below to contact your legislators to help them understand the devastating impacts that this proposal will have on our state's early care and education system.

FAMILY IMPACTS

- **Quality Care:** If community-based organizations (CBOs) are forced to close or downsize due to a drop in 4-year-olds in their programs, families will have an even harder time finding affordable, quality care for younger children.
- **Working Families:** Most school districts do not provide care after school hours, in the summer, for third shifts, and over breaks. Reducing the supply of quality care for working families in lower-income communities will be devastating on the ability of many families to sustain employment.
- **Equity Gap:** The intent of universal preschool (PreK) is to ensure equitable access for all Michigan four-year-olds. However, the proposed House changes will unintentionally reduce the availability of care for younger children and have the most negative consequences for lower-income working families.
- **The Right Fit:** With CBOs closing, families will be left with fewer child care choices to meet their diverse needs.

COMMUNITY IMPACTS

- **Child Care Program Viability:** CBOs including Head Start programs, non-profit and for-profit center-based, college and university child care centers, and other community organizations, rely on state funding from serving 4-year-old PreK to offset the more costly age-ranges (infants, toddlers, 3-year olds). Removing this income would cripple providers, many of which are already struggling, and would force closures of these small businesses.
- **Losing High Quality, Experienced Early Care & Learning Resources:** CBOs have been providing state funded GSRP PreK in Michigan since 1987. The Biden administration has explicitly called for states implementing universal preschool programs to do so in a way that supports mixed delivery to ensure that state programs promote a healthy child care system for working families with young children of all ages and to ensure the state funding does not compete with or supplant federally funded Head Start PreK.



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SCHOOL DISTRICT IMPACTS

- **Limitations:** The availability of GSRP PreK programs is very different across the state. Many local schools lack the space, programs, or staff required to support the needs of all families within their community. In fact, there are some local districts that already partner with Head Start and other CBO providers to serve all four-year-olds within their district.
- **Lack of Options:** CBOs have been an integral part of Michigan's GSRP system since 1987. A healthy mixed delivery PreK system provides options for families to ensure they have access to care for their four-year-olds and younger children as well as year-round, third shift, and weekend care not available through school-based programs.

ECONOMIC IMPACTS

- **Workforce Strain:** Families cannot work without access to quality child care for children under 4. Any exclusion of CBO providers from GSRP will reduce the supply of care available for younger children. This will further hurt Michigan businesses already struggling to find workers. The Michigan Chamber of Commerce has calculated that our state is already losing nearly \$2.9 billion per year in economic productivity because of insufficient child care supply, including \$576 million in lost tax revenue.
- **Affordability:** Most CBOs are non-profit or small businesses with low profit margins. Reducing or eliminating access to GSRP funding will put many smaller providers out of business and make it harder for families to find care to go to work.
- **Raising Rates:** CBOs that are able to stay open would be forced to raise rates for families who can afford it, as the cost of providing care is higher for younger children. This would put more financial burden on families, perpetuating inflation concerns. In lower-income communities, providers will not have the ability to pass along added operating costs to working families.

