

Michigan's Public Early Care and Education Programs



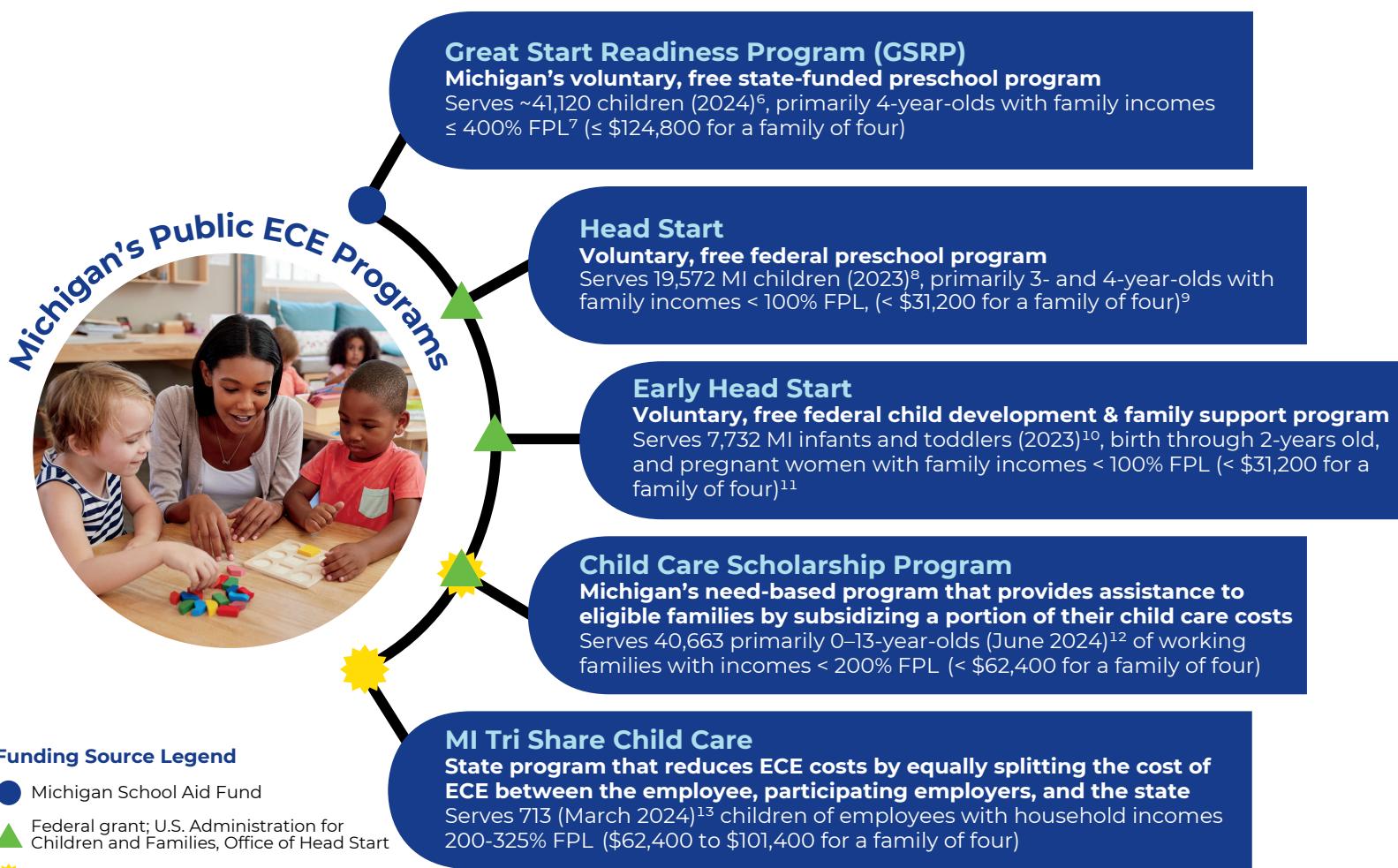
What is Early Care and Education?

Early care and education (ECE) is an umbrella term that describes a wide array of programs providing nonparental child supervision and early learning experiences for young children. Sometimes referred to as "child care", "daycare", "nursery school" and/or "preschool/PreK," ECE includes care provided by both state licensed¹ and license-exempt² caregivers, care provided in both home- and center-based settings, and care offered by nonprofit, for profit and public community-based organizations as well as schools.

The Cost of Early Care and Education

ECE is unaffordable for many working families, yet ECE businesses cannot afford to charge families less. Program costs reflect strict adult staff-to-child ratio requirements critical to ensuring children's health and safety. The largest cost driver for ECE small businesses is compensating their workforce. Plus, the average ECE program in the U.S. is operating with less than a 1% profit margin.³ Federal guidance recommends families with young children spend no more than 7% of their annual income on the cost of ECE. Yet, in Michigan, **ECE can cost families more than in-state college tuition or the cost of housing.** For Michigan families with an infant, the average cost of full-time center-based ECE is \$12,667 per year or 11% of a married household income.⁴ **For single parent households, ECE consumes, on average, nearly 40% of their budgets!**⁵

Many Michigan families shoulder the burden of paying for ECE on their own, but there are publicly funded programs that help to make ECE more accessible, especially for families with low incomes. These programs play a critical role in promoting young children's safety, school readiness and healthy development as well as encouraging family self-sufficiency by making it possible for parents to enter and remain in the workforce.



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The Need for Greater State Investment in Early Care and Education

Unfortunately, the capacity of Michigan's publicly funded ECE programs is currently insufficient to meet the need. Meaning, Michigan does not have enough availability, or supply, of ECE programs. For instance, **only 7% of income eligible children in Michigan are receiving Child Care Scholarships (subsidies).**¹⁴ In Michigan, federal and state ECE opportunities serve more than 106,000 children and families, but this accounts for **only 16% of children birth through 5-years old.**¹⁵

Now is the time to invest more in our state's ECE system.



¹ Michigan licenses three distinct groups of ECE providers: 1. *Family Child Care Homes* (provided to no more than 6 children in the caregiver's home), 2. *Group Child Care Homes* (provided to 7 to 12 children in a private home), and *Child Care Centers* (provided to 1 or more children in a commercial space).

² License exempt child care providers are adults, age 18 or older, who are enrolled to provide child care for up to 6 children at a time. They can provide care in their own home or the child's home if they are related by blood, marriage or adoption as a (great) grandparent, (great) aunt or uncle, or sibling (if the provider and child do not live together). License exempt child care providers who are not related to the child can only provide care in the child's home. You must meet certain requirements and apply to become a license exempt provider to receive CDC reimbursements for a child in your care.

³ Federal Reserve Bank of Minneapolis (2011), Hardly Child's Play, <https://bit.ly/MinneapolisFedHCP>

⁴ Child Care Aware 2023 State Profile, <https://bit.ly/CCA2023MI>.

⁵ Ibid.

⁶ This figure represents the number of Michigan 4-year olds receiving free preschool in 2024, most but not all of whom were enrolled GSRP, as reported by MiLEAP and cited in: <https://bit.ly/BridgeMIPreK2024>.

⁷ The 400% Federal Poverty Level (FPL) income threshold for GSRP eligibility goes into effect on October 1, 2024 with the start of the state's Fiscal Year 2025 budget cycle.

⁸ 2023 enrollments according to First Five Years Fund. (2024). Child Care & Early Learning in Michigan. 2024 State Fact Sheet. <https://bit.ly/FFYF2024MI>

⁹ 3- and 4-year-olds in foster care, homeless children, and children from families receiving some forms of public assistance are also eligible for Head Start regardless of income.

¹⁰ 2023 enrollments according to First Five Years Fund. (2024). Child Care & Early Learning in Michigan. 2024 State Fact Sheet. <https://bit.ly/FFYF2024MI>

¹¹ Infants and toddlers in foster care, homeless children, and children from families receiving some forms of public assistance are also eligible regardless of income.

¹² Michigan Department of Health & Human Services, June 2024 Greenbook, <https://bit.ly/MI2024GB>.

¹³ Enrollments as of March 2024 according to the Federal Reserve Bank of Chicago, <https://bit.ly/ChiFedMITriShare>.

¹⁴ Administration for Children and Families (ACF), "FY 2021 Preliminary Data Table 1 – Average Monthly Adjusted Number of Families and Children Served"; ACF, "FY 2021 Preliminary Data Table 9 – Average Monthly Percentages of Children in Care by Age Group"; ACF, "LIHEAP IM-2020-02 State Median Income Estimates for Optional Use in FY 2020 and Mandatory Use in FY 2021"; U.S. Census Bureau, 2022: ACS 1-Year Estimate Table B09001; U.S. Census Bureau, ACS 1-Year Estimates, 1-Year Estimates Public Use Microdata Sample.

¹⁵ First Five Years Fund. (2024). Child Care & Early Learning in Michigan. 2024 State Fact Sheet. <https://bit.ly/FFYF2024MI>