

May 20, 2020

ARPA and Ensuring Quality Child Care for All Children in the State Budget

Child care will help families share in our state's recovery and full reopening while their children spend time learning and connecting with others. However, less than half of Michigan families live near affordable, licensed care. Many more who are eligible for payment support through Michigan's child care program, including families working late hours, with infants or toddlers, in school or training, or involved with court-mandated services, deal with additional barriers. For eligible families, the below-market-rate payment makes it difficult for quality providers to serve their children. For families like foster parents whose children may need child caregivers who are prepared to meet behavioral and emotional needs without burning out, access is even scarcer.

Current Situation: For the roughly \$700 million in Child Care Stabilization funds, which states must make available to providers who serve children above Michigan's child care program income threshold of 150% the federal poverty line (FPL), the Senate would require 50% be passed through to families as rate relief. This plan could support higher income families at the expense of stabilizing providers who serve lower income working families. The House plan leaves the program design for the state administration to direct where aid is needed most.

For the roughly \$700 million block grant from the American Rescue Plan Act and other federal acts, the House would expand reimbursement rates for all child care providers by 70%, continue to waive family co-pays, continue to pay providers based on enrollment instead of attendance over a specific period, maintain a bare minimum mental health consultant support available in select counties, and expand the family income eligibility threshold to 180% FPL.

Recommendations:

- Oppose tuition relief proposals that would undermine the purpose of the Child Care Stabilization Grant program to stabilize the child care sector for working families.
- Target new funds to communities with greatest need & least access to high-quality care:
 - Enhanced contracts for child care businesses caring for infants and toddlers in areas of low supply, according to data disaggregated by race, ethnicity, and income
 - Direct wage supports for child care providers
- Support the House plan to increase reimbursement rates by 70%, and call for increasing initial income eligibility to 185% of poverty.
- Call for \$6.8 million for statewide investment for socioemotional consultants to support providers who are serving children with high levels of stress or challenging behaviors.
- Utilize "business support grants" to support family, friend, and neighbor (FFN) care by forming staffed networks which support FFN child care provider skill-building, including towards improved businesses operations.