



# 2021 BUDGET PRIORITY: HELP PARENTS WITH LOW WAGES FIND AFFORDABLE CHILD CARE

## LEAGUE RECOMMENDATION:

- Increase child care payments to providers to ensure that parents can afford 75% of the child care in their community—the federal guideline for affordability.
- Increase the income eligibility cutoff for child care to 185% of poverty.
- Establish grants and contracts with providers to increase high-quality care in areas of shortage such as infant and toddler care, care for parents working evenings and weekends, and care for children with special needs.
- Reverse the state policy of requiring child support compliance documentation as a condition of eligibility for child care assistance.

## BACKGROUND:

Although eager to work, many Michigan parents cannot earn enough to pay for high-quality child care. The cost of child care for a parent with two children in a center in Michigan is approximately \$18,600 a year—exceeding the average annual cost of rent (\$9,900) or a mortgage (\$15,000), and rivaling the cost of college tuition for two students (\$26,800). Yet, child care providers are some of the most underpaid workers in the state, with average wages that fall below those earned by animal trainers/caretakers, manicurists and baggage porters.

Average Annual Child Care Costs Rival College Tuition and Housing Costs in Michigan	
Center care for one infant	\$10,287
Center care for one infant and a 4-year-old	\$18,602
Home-based care for an infant and a 4-year-old	\$13,621
Average annualized rent	\$9,888
Average annualized mortgage	\$15,012
Public college tuition/fees	\$13,420

Source: The US and the High Price of Child Care, 2019 Report, by Child Care Aware of America

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Despite the unaffordability of child care, few Michigan families are eligible for assistance with child care because of the state’s very low income eligibility thresholds. Michigan has one of the most restrictive programs in the country, with entry eligibility for child care assistance set at 130% of the federal poverty line. As a result, the number of families receiving assistance fell from 67,000 in 2003 to under 20,000 in 2019—a 70% decline.

For some parents, child care is not available even with a subsidy, including those needing scarce infant/toddler care, evening and weekend care, and care for a child with special needs. Many child care providers cannot afford the higher costs that come with caring for infants and toddlers or children with special needs, where more staff is needed to meet their needs.

In addition to the short supply of certain types of child care in communities, many parents experience barriers to receiving state child care assistance even if they are eligible. One barrier is the need to document compliance with state child support requirements. Michigan policy requires that a parent who lives separately from the noncustodial parent pursue child support—something not mandated in federal law. Many parents are afraid to pursue child care assistance because they fear it may trigger a court case on child support—when they have an informal arrangement with the noncustodial parent that works for them—or because they fear the child support agency or do not understand the process of seeking an exemption.

## WHY DOES IT MATTER?

**When parents cannot work because of the high cost of care, their children are more likely to live in poverty.** The youngest children in the state have the highest poverty rates—in part because of the barrier of child care costs. Exposure to poverty in the earliest years can affect children’s long-term development and success in school.

**Child care is an important learning environment for children.** The foundations for literacy, school success and social-emotional growth are set during the earliest years of life when brain growth is at its optimal. Many children are in child care during those earliest months and years of life, and high-quality care can contribute to their growth and success.

**Businesses report that they are unable to find workers for low-wage jobs because they cannot afford safe and reliable child care.** Business leaders are increasingly identifying the lack of access to affordable child care as a major issue affecting their bottom line.