

UNDERSTANDING FEDERAL COVID CHILD CARE RELIEF FUNDS IN MICHIGAN

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This state profile is part of the Center for Law and Social Policy's (CLASP's) *Child Care Relief Documentation Project*, which aims to provide a deeper understanding of the impact that federal COVID child care relief funds have already had across four states: Louisiana, Michigan, New York, and Virginia.¹ The project outlines the successes and challenges of the implementation process and highlights how the funding ultimately made a difference in shaping the child care system and the lives of families and child care providers. The CLASP team conducted interviews in each state with a variety of decision-makers, advocates, and directly impacted providers—as well as with families in Louisiana.² For more information and to read other state profiles and the overarching brief, visit our [resource page](#).

QUICK FACTS: CHILD CARE IN MICHIGAN

Lead Agency for the Child Care and Development Fund (CCDF) ^{3,4} :	Department of Education; Office of Child Development and Care
Number of children under 13 (2021):	1,530,431 ⁵
Number of children under 13 living below 200 percent Federal Poverty Level (FPL):	626,705 ⁶
Average monthly number of children served by CCDF (2020):	34,000 ⁷
CCDF income eligibility threshold pre-COVID (2019):	130 percent FPL ⁸
CCDF income eligibility threshold with COVID Child Care Relief Funding (2021):	200 percent FPL ⁹
Average Annual Wage for Child Care Workers (2022) ¹⁰ :	\$27,980 ¹¹
Method of Authorization for Relief Resources ¹² :	Appropriated by the state legislature and signed into law by the governor.
Total federal COVID Child Care Relief Funding ¹³ :	\$1.4 billion ¹⁴

QUICK FACTS: FEDERAL COVID CHILD CARE RELIEF FUNDING

To date, Congress has delivered more than \$50 billion to support children, families, and early educators across the country through child care relief resources. In total, this relief came from the following authorizations.

Date Signed into Law	Authorizing Legislation	Total Amount	Obligation & Liquidation Deadlines
March 2020	Coronavirus Aid, Relief, and Economic Security Act (CARES) Act ¹⁵	\$3.5 billion in supplemental CCDBG discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
December 2020	Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) ¹⁶	\$10 billion in supplemental CCCDBG discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
March 2021	American Rescue Plan Act (ARPA) ¹⁷	Nearly \$24 billion for the Child Care Stabilization Program Almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds A permanent increase (\$633 million) in annual mandatory CCDBG funding to \$3.55 billion	Stabilization funds: Obligation: September 30, 2022 Liquidation: September 30, 2023 Supplemental funds: Obligation: September 30, 2023 Liquidation: September 20, 2024

HIGHLIGHTS: KEY USES OF FEDERAL CHILD CARE RELIEF FUNDS

As of March 2023, Michigan had spent all its funding from the CARES Act and CRRSAA and had spent or obligated all ARPA funding that has to be liquidated by September 2023. The federal relief funds in Michigan were designated across four main categories with the goal of making care low or no cost for more families.¹⁸ The following is a non-comprehensive selection of ways Michigan used the relief funds.

- **Lowering costs for working families**
 - Increased income eligibility to 200 percent FPL. There is no official date set for the increased eligibility rate's expiration, but the state's Child Development and Care handbook indicates the income eligibility for child care will decrease to 160 percent FPL when federal funds run out.¹⁹ The FY24 state budget that passed at the end of June maintains the increase of income eligibility to 200 percent FPL through the fiscal year using regular CCDBG funds.
 - Waived parent copays for all households eligible for child care assistance until September 23, 2023.

- ***Keeping current child care providers open***
 - Child Care Stabilization Program²⁰
 - Funding: \$700.7 million.
 - Three rounds of stabilization grants to providers.
 - Bonus checks to child care professionals up to \$1,000.
 - Provided six rounds of grants to child care providers through the CARES Act and CRRSAA funding, reaching over 7,000 providers.²¹
 - Instituted a temporary 30 percent rate increase for providers accepting child care subsidies.
 - Based provider reimbursement on enrollment instead of attendance. The FY24 state budget maintains this policy.
- ***Supporting the opening of more child care businesses***
 - Offered start-up grants for providers, technical assistance, and facility improvements through the Caring for MI Future initiative to help child care entrepreneurs open 1,000 new or expanded child care programs by the end of 2024.²²
 - Provided infant-toddler contracted slots, but did not change the entire assistance program to this model.
- ***Recruiting and retaining skilled child care professionals***
 - Gave bonuses to child care professionals.
 - Offered college scholarships to child care professionals.
 - Provided apprenticeships and family child care networks to support professionals.
 - Expanded access to infant and early childhood mental health consultation.



IMPACT OF FEDERAL COVID CHILD CARE RELIEF FUNDS

QUICK FACTS: IMPACT IN MICHIGAN

Additional children served through child care assistance expansion:	150,000 ²³
Total stabilization resources provided to child care businesses:	Over \$700 million ²⁴
Child care programs reached through stabilization program:	6,465 ²⁵
Children served by providers that received stabilization grants:	Approximately 290,500 ²⁶
Number of child care professionals reached with bonuses:	Over 38,000 ²⁷

In addition to reaching children, families, and providers with direct support, the COVID relief funds enabled the state to launch targeted initiatives to support and retain the current child care workforce while also providing support for new child care businesses. This support included two initiatives: Caring for MI Future and Our Strong Start. Caring for MI Future invested \$100 million with the goal of opening 1,000 new child care programs by the end of 2024. In the beginning of March 2023, the state had 655 new providers. Our Strong Start connects prospective child care business owners with entrepreneurial support, grant connections, and licensing help, among other services through a team of navigators. The navigators also support existing child care business owners to expand their current programs. These initiatives are vital because, as of August 2022, there were only 264,000 available slots for children birth-5 in a state that has more than 559,000 children under 5.²⁸

By focusing on the stabilization of the current workforce and recruitment of new business owners and providers, Michigan has been able to support children and their families through increased availability and provider choice, smaller teacher-to-student ratios, and improved infrastructure and resources in classrooms. Through these investments, over 30,000 child care professionals received bonuses, and in January 2022, nearly 6,000 providers received grant awards.²⁹ Outside of the stabilization relief funds, which totaled around \$700 million, Michigan used the ARPA supplemental Child Care and Development Block Grant (CCDBG) funds as well as ARPA Match, CRRSAA, and state general funds to expand family income eligibility to 200 percent FPL, waive co-payments, increase payment rates to providers, and pay providers based on enrollment versus attendance.³⁰

“THE CHILD CARE PROFESSIONALS ARE THE FORGOTTEN WORKFORCE BEHIND MICHIGAN’S WORKFORCE.”
– MICHIGAN CHILD CARE ADVOCATE

As one advocate stated, “the child care professionals are the forgotten workforce behind Michigan’s workforce.” In utilizing COVID-19 relief funding primarily to stabilize and expand the child care industry, the state has worked to show that child care is a necessary industry in its economy, and with these funds, has worked toward the goal of creating an accessible, competitive child care industry that values those in it and compensates workers in a way that reflects that value. However, there is still a long way to go to improve compensation for child care educators and increase wages across the field.

IMPLEMENTATION PROCESS

In Michigan, the governor began the process of designating relief funds through an executive recommendation. Ultimately, the state legislature determined how the funds were allocated. It was important that the federal government explicitly directed the funding to be spent on child care, otherwise the legislature could have directed the funding elsewhere and left families and child care providers in crisis.

After the proposal for how to use the funding was approved by the state legislature, the Michigan Office of Child Development and Care convened several groups to generate input and feedback for working through the details of the implementation process.

When Michigan started to receive federal relief funds, a team at the Office of Child Development and Care began meeting weekly to share updates and progress on implementation. The state also hosted webinars and other regular opportunities for open dialogue and feedback that engaged child care providers, the state's child care resource and referral agencies, early childhood support networks that worked with parent coalitions, the Think Babies Michigan Coalition,³¹ and a community of practice funded by the Kellogg Foundation and convened by the Policy Equity Group,³² a national advocacy organization. This community of practice also included child care resource and referral directors, providers, and early childhood leaders from different parts of the state. The Office of Child Development and Care was able to work closely with this group and adjust its operations as needed to improve the systems of support.

Michigan's Office of Child Development and Care also convened a monthly virtual call for child care providers that offered time for questions. That state office surveyed providers to gather information on improving the process for providing stabilization grants as well as the needs of the workforce.

For the stabilization grants, Michigan's Office of Child Development and Care used the knowledge gained through each round of relief funding to improve the process for distributing grants to child care providers. State officials also worked with the child care resource and referral agencies along with other community agencies to provide technical assistance to providers to help them access stabilization grants. The application for these grants was offered on a website that was similar in design to the sites used by providers who had previously worked with the state. The website provided translation into other languages, which the community of practice had advocated for, and the state worked with providers who had already applied for grants to connect them with other providers that they could encourage to apply.

CHALLENGES

The implementation process was not without its challenges. For example, legislative language limited how some of the stabilization grants could be spent. One advocate shared that the legislature allocated funding for technical assistance, but not full-time staff to support the administration and distribution of relief funds, which meant the Office of Child Development and Care had limited staff capacity. Since implementing the funds was a significant undertaking, advocates and the community of practice helped by supporting initiatives where they could, and the office was receptive of this support as it navigated the persistent challenges of the pandemic. One example of this was in reaching out to providers about the stabilization grants. While thousands of providers ultimately received stabilization grants, advocates reported that many providers felt there could have been more outreach and more detailed communication and support about the process for getting grants, how many opportunities they would have to apply for support, and how the grants would impact their taxes.

WHAT WILL HAPPEN WITHOUT ADDITIONAL RESOURCES?

As the COVID-19 relief funds expire this year and next, this progress is in jeopardy. The FY24 state budget maintains the income eligibility increase to 200 percent FPL and provider reimbursement based on enrollment instead of attendance. However, the remaining policy changes—including the waived co-payments, bonus payments to providers, stabilization grants, and more—will cease to exist.³³ Without these, the workforce will be in a deeper crisis, creating challenges for providers in retaining and recruiting staff. As a result, families are likely to face decreased accessibility and affordability in child care programs.

WITHOUT THESE [POLICY CHANGES], THE WORKFORCE WILL BE IN A DEEPER CRISIS, CREATING CHALLENGES FOR PROVIDERS IN RETAINING AND RECRUITING STAFF. AS A RESULT, FAMILIES ARE LIKELY TO FACE DECREASED ACCESSIBILITY AND AFFORDABILITY IN CHILD CARE PROGRAMS.

With permanent, large investments, Michigan could maintain all the changes that benefit their children, families, and child care workforce. The state could also sustainably increase wages for the child care workforce, establish a refundable tax credit for early childhood educators, continue to expand CCDBG eligibility to better support the existing families accessing the program, and reach more eligible families in the state.

The CLASP team conducted interviews with a variety of decision-makers in each state as well as advocates and directly impacted providers and families. For details on our methods and a deeper analysis of the impact federal relief funding had on the child care field and the takeaways from each state, please visit our [resource page](#).

ENDNOTES

¹ Total COVID relief funding is defined as federal funding that was designated to states in the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, the 2021 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the 2021 American Rescue Plan Act (ARPA). The ARPA funding included two major investments: (1) nearly \$24 billion for the Child Care Stabilization Program; and (2) almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds and an increase in annual mandatory CCDBG funding to \$3.55 billion (which was exempted from the state match requirement in 2021 and 2022). National Women's Law Center, *Child Care Rescue: How States are Using their American Rescue Plan Act Child Care Funds*, 2022, <https://nwlc.org/wp-content/uploads/2023/01/Child-Care-Rescue-State-Uses-of-ARPA-Funds-NWLC-Report.pdf>.

² All information without an endnote citation is from the interviews conducted with the decision-makers in each state as well as advocates, and directly impacted providers and families.

³ A lead agency is the state agency that is designated with implementing the child care assistance program and the federal funding from the Child Care and Development Fund (CCDF).

⁴ For the purposes of this state profile, we will be referring to the program and the act that authorizes it – the Child Care and Development Block Grant (CCDBG) – interchangeably using the acronym CCDF.

⁵ CLASP analysis of 5-year American Community Survey data, 2017-2021. Estimates are based on children ages 0 through 12.

⁶ CLASP analysis of 5-year American Community Survey data, 2017-2021. Estimates are based on children ages 0 through 12 who are at or below 200% FPL.

⁷ *FY 2020 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served*, Administration for Children and Families, Office of Child Care, 2022, <https://www.acf.hhs.gov/occ/data/fy-2020-preliminary-data-table-1>.

⁸ Information obtained from the Michigan Department of Education, Office of Child Development and Care.

⁹ Information obtained from the Michigan Department of Education, Office of Child Development and Care.

¹⁰ Bureau of Labor Statistics definition of child care worker: "Attend to children at schools, businesses, private households, and childcare institutions. Perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play." Excludes "Preschool Teachers, Except Special Education" (25-2011) and "Teaching Assistants, Preschool, Elementary, Middle, and Secondary School, Except Special Education" (25-9042)."

<https://www.bls.gov/oes/current/oes399011.htm>.

¹¹ Bureau of Labor Statistics, *State Occupational Employment and Wage Estimates Michigan*, 2022, https://www.bls.gov/oes/current/oes_mi.htm#39-0000.

¹² The authorization process is part of what provides the legal authority for the government to operate and fund programs. <https://www.cbo.gov/publication/57660>.

¹³ Total COVID relief funding is defined as federal funding that was designated to states in the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, the 2021 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the 2021 American Rescue Plan Act (ARPA). The ARPA funding included two major investments: (1) Nearly \$24 billion for the Child Care Stabilization Program and (2) Almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds and an increase in annual mandatory CCDBG funding to \$3.55 billion (which was exempted from the state match requirement in 2021 and 2022).

¹⁴ Michigan Department of Education, *Expanding Access to Quality, Affordable Child Care for Working Families*, 2022, https://www.michigan.gov/mde/-/media/Project/Websites/mde/ogs/cdc-2/other/ChildCare_SpendingUpdate_032122F.pdf?rev=177ebc4761d74418af210c80f1f1cf21&hash=C2F6A7D3F6C75E6F2D48BD8262176038.

¹⁵ H.R. 748 of January 3, 2020, "Coronavirus Aid, Relief, and Economic Security Act," <https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>.

¹⁶ H.R. 133 of December 27, 2020, "Consolidated Appropriations Act, 2021," <https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>.

¹⁷ H.R. 1319 of March 11, 2021, "American Rescue Plan Act of 2021," <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>.

¹⁸ Michigan Department of Education, *Expanding Access to Quality, Affordable Child Care*.

¹⁹ Michigan Department of Education, *State of Michigan Child Development and Care Handbook*, 2023, https://www.michigan.gov/mde/-/media/Project/Websites/mde/ogs/cdc-2/cdc-handbook/2nd-Quarter_fixed-

links-ADA-2023-CDC-Handbook-January.pdf?rev=a2925a548f4545e2b2d77ca33908d788&hash=5401ED237FB09D05EDFCA562B035C7C8.

²⁰ Michigan Department of Education, *Expanding Access to Quality, Affordable Child Care*.

²¹ Michigan Department of Education, *Total Child Care Relief Fund Grants Awarded, 2023*, <https://www.michigan.gov/mde/services/early-learners-and-care/cdc/grants/grant-information>.

²² Michigan Department of Education, *Caring for MI Future, 2023*, <https://www.michigan.gov/lara/bureau-list/cclb/caring-for-mi-future#:~:text=Caring%20for%20MI%20Future%20is%20a%20statewide%20effort,recruiting%20staff%2C%20and%20support%20creating%20a%20business%20plan>.

²³ Office of Governor Gretchen Whitmer, "Whitmer Announces 40% of Michigan's Working Families with Kids Under Age 12 Now Eligible for Free or Low-Cost Child Care," August 9, 2022, <https://www.michigan.gov/whitmer/news/press-releases/2022/08/09/40-percent-of-michigan-working-families-with-kids-under-12-eligible-for-free-or-low-cost-child-care>.

²⁴ Administration for Children and Families, Office of Child Care, *Michigan ARP Child Care Stabilization Fact Sheet, 2022*, https://www.acf.hhs.gov/sites/default/files/documents/occ/Michigan_ARP_Child_Care_Stabilization_Fact_Sheet.pdf.

²⁵ Administration for Children and Families, *Michigan ARP Child Care Stabilization Fact Sheet*.

²⁶ Administration for Children and Families, *Michigan ARP Child Care Stabilization Fact Sheet*.

²⁷ Office of Governor Gretchen Whitmer, "Governor Whitmer Delivers \$1,000 bonuses to Childcare Professionals," November 8, 2021, <https://www.michigan.gov/whitmer/news/press-releases/2021/11/08/governor-whitmer-delivers-1000-bonuses-to-childcare-professionals>.

²⁸ Koby Levin and Derek Kravitz, "Michigan aims to boost child care supply by helping entrepreneurs navigate red tape," September 26, 2022, <https://detroit.chalkbeat.org/2022/9/26/23367666/michigan-child-care-supply-our-strong-start-red-tape>.

²⁹ Michigan Department of Education, *Expanding Access to Quality, Affordable Child Care*.

³⁰ Michigan Department of Education, *Expanding Access to Quality, Affordable Child Care*.

³¹ Early Childhood Investment Corporation, *Think Babies Michigan, 2022*, <https://www.ecic4kids.org/policy-thinkbabiesmi/>.

³² Policy Equity website, <https://policyequity.com/>.

³³ State of Michigan, Executive Budget Fiscal Years 2024 and 2025, Office of Governor Gretchen Whitmer, https://www.michigan.gov/budget/-/media/Project/Websites/budget/Fiscal/Executive-Budget/Current-Exec-Rec/FY-2024-Budget-Book_FINAL_2-8-23.pdf?rev=88d0722031504d3e863ee8e7ba5195e6&hash=4FF9CFD6BEB257C8E15C0AA4258C22DC.