

Child Care

Strategies to overcome obstacles keeping adults out of the workforce.



THE AVERAGE ANNUAL
COST OF INFANT CARE
IN MICHIGAN IS

\$10,178

MICHIGAN'S
SUBSIDY RANKS

49th

FOR 1-YEAR-OLDS

48th

FOR 4-YEAR-OLDS

BETWEEN 2016-2017,
CHILDCARE PROVIDERS
IN WEST MICHIGAN
DECREASED BY

↓ 30%

The Barrier

A lack of affordable, quality child care keeps many parents out of the workforce. Of nonworking parents in low-income households, 70 percent cite "taking care of home/family" as the reason they are not working. Children, particularly those from low-income families, need high-quality care so they enter school with a solid foundation for success.

- Quality child care is often unaffordable for low-wage earners who are ineligible for assistance. Center-based infant care in Michigan averages \$10,178 annually, nearly as much as public college tuition, averaging \$11,994.
- Even families who qualify for Child Development and Care (CDC) subsidies receive comparatively low reimbursement. Michigan's subsidy ranks 49th for 1-year-olds and 48th for 4-year-olds.
- Some providers are hesitant to enroll a child eligible for assistance because the subsidy payment can be delayed as much as two months.
- Without quality care, children may be developmentally disadvantaged before they start kindergarten. This lack of readiness increases the cost to educate a child by 30 percent.
- Childcare providers have difficulty attracting and retaining employees. Fractured regulation by three state agencies is a burden as well, sometimes leading providers to opt out of the business.
- The number of childcare providers in West Michigan has decreased by 30 percent. "Childcare deserts" leave parents with a choice: placing their children in substandard child care or not working at all.

Leading Practices

Michigan's system is driving providers out. It needs to encourage providers to enter and stay in business.

- Other states offer models to increase childcare worker salaries and reduce turnover, including offering tax credits to childcare workers.
- Block grant funding can ease startup costs.
- Decrease the time it takes for the Michigan Department of Health and Human Services to pay providers.
- Increase prevalence of employer-provided childcare tax credits in West Michigan.
- Many business leaders are unaware of the program. An increase in the number of employers using it would benefit businesses, their workforce, and applicants.

Recommendations and Strategies

Innovative partnerships can increase the capacity of high-quality, affordable child care.

- Expand access to high quality childcare for working families by increasing eligibility threshold of working parents to 250% of the Federal Poverty Level.
- Increase the reimbursement rate to childcare providers. Focus on providing resources and services to children ages 0-4.

- Streamline the regulatory framework by replicating other successful state regulatory models and placing all child care functions under the direction of one department.
- Increase the capacity of childcare providers by increasing training and outreach to small home-based providers. Provide block grant funding to ease startup costs.



After using data to identify four barriers to employment, the Workforce Development Working Group wanted to put a face to our research and test our insights. This persona project, compiled from interviews and the data, confirmed our research and insights, and gives us a clearer view of how barriers impact real people.

Mary's Story

The kids come first, so the career must wait.

While her husband works, "Mary" is the full-time caretaker for their preschooler and toddler.

"My kids are my world," Mary says. "I want to show my kids that no matter what life throws at you, you can accomplish anything."

Shortly after their second child was born, Mary explored completing her medical office certification so she could return to work. But first, the family needed child care.

After weeks of searching, they found a small, affordable day care not far from where they live, only to discover that the business was closing. They expanded their search and found a reputable child care center about a half-hour away — but they were shocked at the cost.

Although they struggle to keep up with their bills on a single salary, they do not qualify for Child Development and Care (CDC) subsidies.

With no way to afford child care, Mary is delaying her return to the workforce. She wants to make sure the children are OK before resuming her career.

"Once my youngest son has been in preschool, I'll take inventory and see if he's settled enough for me to take a job."



48 Logan Street SW Suite 124 | Grand Rapids MI 49503
616.871.2450 | talent2025.org



Learn about other barriers in this series, and strategies for overcoming them.

- [Education and Skills](#)
- [Substance Use](#)
- [Transportation](#)

[Read the full report on Child Care here.](#)