

Jobs, Talent, and People Recommendations

Recommendation Topic: Child care

Recommendation: Expand child care options that are accessible and affordable to all working families no matter where they are in the state.

Description:

1. Support incentives and funding models that increase access to and affordability of child care with flexibility to address regional nuances and challenges related to child care capacity-building.

Specific strategies may include:

- a. Guarantee child care for all Michiganders, offering low or no cost options for families who meet an equitable means test threshold.
- b. Scale the Tri-Share Model statewide, by investing in employer engagement and provide incentives for employers that participate in the program.
- c. Increase the child tax credit for graduates who start families while living and working in Michigan.
- d. Provide a state tax credit for businesses offering paid parental leave, mirroring the baseline requirements of the current federal tax credit, which sunsets in 2025.
- e. Develop a state pilot grant program providing technical assistance and capital to encourage Michigan employers to explore and deploy onsite child care.
- f. Expand access to before and after school care by helping districts offer care from 7am- 6pm.

2. Address the shortage of certified child care professionals throughout the state:

Specific strategies may include:

- a. Expand the Michigan Reconnect program to 18-year-olds for the limited purpose of obtaining child care certifications and provide free continuing education/certifications for child care workers.
- b. Convene a task force to establish and implement a model salary schedule for child care workers that is attached to an increase in the child care subsidy.

- c. Streamline childcare licensing, making it easier to operate while not sacrificing health and safety standards for children.
- d. Sustain the Caring for MI Future program to support child care entrepreneurs working to open or expand child care businesses.

Rationale:

According to a United States Chamber of Commerce Foundation Reports released in September, Michigan's shortage of child care results in a loss of \$2.88 billion a year of economic activity and \$576 million in tax revenues. Michigan employers lose out on \$2.3 billion from turnover related to child care. This crisis is nationwide, and Michigan has a chance to become a leader in how it is addressed, attracting talent to grow its population with care that working families can count on.

Michigan has been noted on the national stage to be proactive in efforts to address the child care shortage, including the following:

- The Tri-Share program with child care costs split evenly between employers, the state, and families,
- \$1.4 billion in American Rescue Plan Act funds with \$560 million for child care stabilization grants and \$800 million for child care and development block grants,
- Roughly \$100 million in the Caring for MI Future initiative to help entrepreneurs open 1,000 new child care programs by the end of 2024 or expand existing offerings, to increase the state's capacity by 105,000 children, and
- \$51.1 million in grant funding to renovate and upgrade facilities to meet licensing and quality standards; \$23 million in grants for startup programs; more than \$11.4 million for recruitment, training, and retention; and \$14.3 million in business development tools to clear startup hurdles like licensing and zoning.

Michigan needs to amplify and expedite its efforts to grow child care capacity to support its population and workforce attraction and retention goals.