



Michigan's Response to COVID-19: Child Care Actions

Fact Sheet | January 2021

On March 27, 2020, the CARES Act was signed into law, including \$3.5 billion in supplemental appropriations for the Child Care and Development Block Grant to prevent, prepare for, and respond to the coronavirus. This funding represents a 60% increase in total discretionary appropriations for fiscal year 2020, which amounts to \$9.326 billion. States were given broad flexibility for how to use this funding and have therefore taken a variety of approaches to help address needs of working families and providers through COVID-19. However, as the funds ran out during the ongoing crisis, many states began pulling from other sources to continue supporting parents and providers alike. This fact sheet explains the actions Michigan took to support the child care industry and working parents through 2020.

Michigan received \$100 million in supplemental CCDBG funds through the CARES Act.

At the end of April, the state used this money, and \$30 million of its existing CCDBG funds, to establish the Child Care Relief Fund. This program provided grants to child care providers that were open and serving children of essential workers. To receive funds, providers had to agree to reduce weekly rates for families by 10%. Funds were intended to cover the costs of mortgages, utilities, insurance, and payroll. The program also covered the cost of any parent copayments or fees, so that parents were not required to pay anything to participate in the program.

Centers were eligible for a grant of at least \$3,000 and home-based providers could apply for at least \$1,500, with additional funding based on the size of the provider, whether they were open and serving essential workers, and their quality rating. Base grants were calculated as 30% of providers' monthly tuition bills. Applications first opened on April 29. The April application round closed on June 5, with subsequent rounds occurring in the months of May and June. Recipients were required to give families a credit on their next tuition statement.

The state used the remainder of the \$100 million to provide two additional rounds of incentive payments for providers that remained open in July and August—\$1,000 for centers and \$500 for home-based providers.

On July 1, to support families throughout the summer, Gov. Gretchen Whitmer (D) authorized an additional \$125 million for child care subsidy payments through state funding sources, via Senate Bill 690. Specifically, \$25 million of these funds were distributed as tuition credit reimbursements; \$20 million supported new subsidy policies related to school age children and absence hours; and \$10 million was redirected to support other COVID priorities.

The sixth and most generous round of Child Care Relief Fund Grants was announced in October. Funded with the remaining \$70 million Coronavirus Relief Fund dollars, one-time grants ranging from \$1,000 to \$26,000 were disbursed to open centers and family-based providers. This grant program was developed after feedback from providers that large quantities of flexible funds were necessary. Additional bonuses would be offered scaled to a provider's quality rating. Grants could be used for payroll, rent, utilities, cleaning supplies, and other CRF approved expenses. Applications closed on November 6. Awards were first come, first served until all funding was awarded.

At the time of publication, Michigan had yet to announce any further support for child care programs into the winter. Though Michigan announced that providers would be able to bill additional hours for absences related to COVID-19, they did not announce whether they were offering subsidies based on enrollment or attendance through the fall and winter.