The Child Care & Development Block Grant (CCDBG) is the primary federal grant program that allows states to provide child care assistance to low-income working families with children under age 13. The majority of these funds serve children 6 years or younger, with the remainder supporting care for older children during out-of-school time.

Subsidies help remove barriers to affordable, high-quality child care, whether in center- or home-based settings. They give working parents the ability to access quality care and choose the type of care that works best for them. The majority of funds go directly to providing early learning experiences, but states can also use the funding to:

- Recruit and retain a well-qualified, fairly compensated, and effective workforce
- Support continuous quality improvement
- Meet the child care needs of families working nontraditional hours

### CCDBG by the Numbers in Michigan

- **682,854** Children Under 6
- **65%** Population Under 6 with All Parents in the Workforce
- **22,100** Children Ages 0-6 Served by CCDBG and Mandatory Funds
- **6,642** Providers Accepting CCDBG Subsidies
- **65%** Children Currently Served by CCDBG Who Are Under the Age of 6
- **$244,211,409** CCDBG and Mandatory Funds
- **$20,264,363** CCDBG State Match
- **$1,530,946,467** CCDBG COVID-Relief Allocations: CARES | CRRSA | ARPA (CCDF + Stabilization)
- **$6,893,736** TANF Transferred to CCDBG

### Income Eligibility

Given CCDBG is a federal block grant, state Lead Agencies have the flexibility to design their own subsidy programs in compliance with established eligibility and quality requirements and may choose to set their own additional requirements.

The Lead Agency in Michigan is the Michigan Department of Education.

Families that meet income eligibility and work/job training/education requirements can apply to the Lead Agency for a subsidy. Many families are required to pay a copay, but states may waive those requirements. Families who receive a subsidy may choose any participating child care provider, including center-based care (including faith-based programs), home-based care, and in-home care.

In Michigan, eligibility is capped at 40% of State Median Income (SMI). This means that a family of 3 is eligible for a subsidy if they make: $2,213 or less per month ($26,556 per year).
Throughout the pandemic, there was strong bipartisan support for federal relief funding to keep the child care sector afloat. CCDBG was the primary mechanism for providing this relief to child care providers and ensuring access to child care for thousands of working families through CARES, CRRSA, and ARPA.

As of December 31, 2022:

- 6,465 child care programs in Michigan received American Rescue Plan Stabilization support, impacting up to 290,500 children.
- Providers in 100% of Michigan counties have received funds, including:
  - Most common use of funds: Personnel costs and keeping programs staffed.
  - Most common use of funds: Rent and mortgage payments, typically their largest operating expense.

**American Rescue Plan Act Spending Spotlight**

Funds have been used to support and stabilize the workforce through wage bonuses. Providers received $1,000 per full-time staff member and $500 per part-time staff member. Providers could also request additional funding for recruitment/hiring bonuses for new staff of the same amount as the retention bonuses.

Federal pandemic relief funding, which buttressed an already struggling child care market, expires in September 2024. As this temporary funding expires, Congress must come together to strengthen and invest in our federal early learning and care programs so families can access the reliable, high-quality, affordable child care they depend on.

In Michigan, center-based providers are reimbursed at a lower rate than recommended. Low payment rates make it difficult for providers to stay financially afloat and provide high-quality learning experiences. They also force low- and middle-income working families to pay higher child care fees to compensate.

**Provider Reimbursements**

ACF recommends that Lead Agencies set provider reimbursement rates at the 75th percentile of the market rate. This is the price the lowest 75% of child care programs included in the market rate survey reported charging.

However, market rates often do not reflect the actual costs of providing high-quality care as programs must charge what families can afford in order to fill slots. Therefore, there is a significant gap between how much providers are reimbursed and how much it costs to provide care. Find answers to the most frequently asked questions about provider reimbursement rates here.

**Provider Reimbursement Rates in Michigan**

In percentiles of market rate

- Infant: Center-Based 66, Home-Based 82
- Toddler: Center-Based 66, Home-Based 82
- Preschool: Center-Based 56, Home-Based 74

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**CCDBG in COVID-19 Relief**

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