

Michigan's Infant/Toddler Child Care Supply Crisis: Lessons from the Infant Toddler Quality Improvement (ITQI) Pilot Grant Program



In Michigan, there are approximately 6,400¹ child care providers licensed to serve infants and/or toddlers. In Nov. 2023, the subset of these programs that were currently serving at least one infant or toddler and accepting child care subsidy payments were invited to apply for Michigan's new **Infant Toddler Quality Improvement (ITQI) pilot program**. More than a third (1,700) of the state's licensed infant/toddler child care providers submitted applications.

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Data from the ITQI program applications make it clear that Michigan is experiencing an infant/toddler child care supply crisis marked by a scarcity of available, affordable care. This is evidenced by the fact that 62% of the 1,700 licensed child care programs that applied for ITQI grants currently have a waitlist. **The waitlisted children included 8,956 infants and 10,350 toddlers**, an average of 5.3 infants and 6.1 toddlers per applicant. Applying these rates to the full cohort of Michigan's 6,400 infant/toddler child care providers suggests that **child care may be unavailable for 72,682 infants and toddlers statewide**.

Drivers of Michigan's Infant/Toddler Child Care Crisis

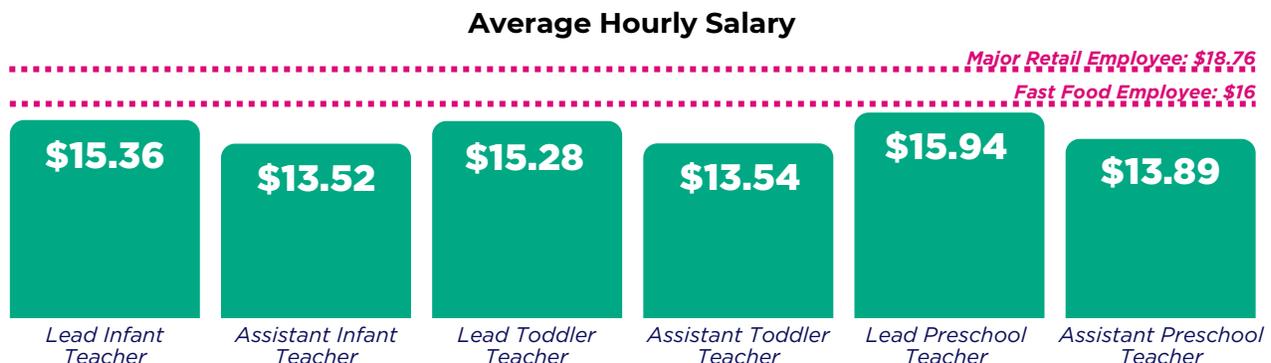
Inadequate Wages

The driving forces behind Michigan's infant toddler child care supply crisis are evident in ITQI applicants' responses to how they would spend ITQI grant funds if chosen to participate in the pilot program. They reported that, with grant funding, they could expand their programs to serve more than half (9,944) of waitlisted infants and toddlers by using the funds to:

- increase wages/pay of infant/toddler staff to strengthen recruitment and retention (76%); and/or;
- match infant/toddler staff wages to those of pre-K workers in the same building to strengthen recruitment and retention (26%).

The value that ITQI applicants' place on increasing staff wages stems from recognition that current salaries are inadequate to recruit and retain a qualified workforce.

On average, the hourly wages of infant and toddler care teachers were lower than preschool teachers and often fail to provide a living wage.



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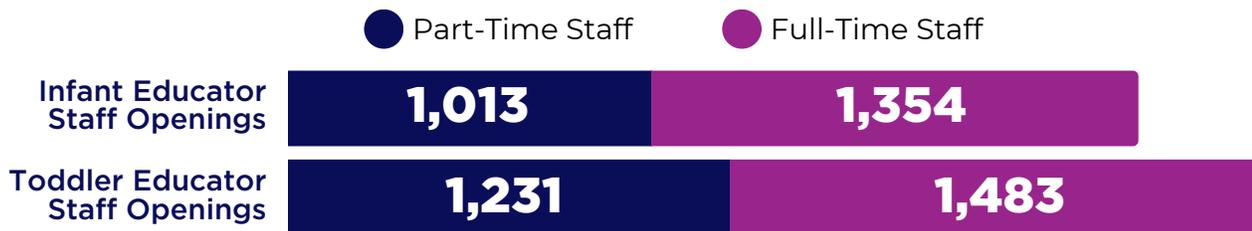


Many infant/toddler child care businesses, especially those that accept child care subsidy payments, cannot afford to pay their staff a higher wage because parents cannot afford to pay any more than they already do, and child care subsidy reimbursements rates **do not cover the true cost of providing care.**¹

Drivers of Michigan's Infant/Toddler Child Care Crisis

Staff Shortages

This results in persistent workforce shortages, especially among infant/toddler staff. More than half (56%) of the eligible child care programs that completed interest forms for the ITQI program reported that they would enroll more infants and/or toddlers in their program in the future but for the fact that they did not have enough staff. **Collectively, the 1,700 Infant Toddler Quality Pilot Grant applicants reported a total of 5,081 unfilled openings for infant/toddler staff.** Conservatively², this means they **could serve an additional 20,324 young children if funding allowed them to pay sufficient wages to fill their existing staff openings.**



Solving Michigan's Infant/Toddler Child Care Crisis

Child care is expensive, and infant/toddler care is especially costly due to the smaller staff to ratios required to meet licensing standards and ensure child safety.³ In 2024, the average cost of full-time infant care in Michigan was ~\$924/month or 41.8% of the single parent median income.⁴ Many Michigan parents simply cannot afford the expense and count on subsidy to make child care financially possible. However, qualifying for subsidy is not enough when providers are serving fewer families or permanently close due to low child care reimbursement rates. The result is Michigan's ever-shrinking supply of infant/toddler care. The MI Chamber of Commerce estimates that Michigan's child care shortage is costing the state economy \$2.88 billion each year.⁵

To address this crisis, **Michigan must increase public investment in child care and adjust subsidy reimbursement rates to align with the true cost of care** so that business owners can pay early educators sufficient wages to recruit and retain them. Until then, the state should follow federal recommendations and **use grants and contracts to provide enhanced payments to infant/toddler child care providers** serving low-income families receiving government child care assistance.

¹ Jeanna Capito, Abby McCartney, and Simon Workman, A comprehensive fiscal analysis of the prenatal to five system in Michigan, Prenatal to Five Fiscal Strategies, 2023. <https://bit.ly/P5FiscalAnalysis>

² This estimate is based on a 1:4 staff to infant/toddler ratio required for center-based infant care.

³ Per Mich. Admin. Code R. 400.8182, the legally required child care staff member to child ratio for infants and toddlers (birth until 30 months of age) is 1 to 4; whereas for 3-year-olds it is 1 to 10, for 4-year-olds it is 1 to 12, and for school-aged children it is 1 to 18. Consequently, staff expenses are highest for child care businesses providing infant/toddler care.

⁴ World Population Review, Childcare costs by state 2024. <https://bit.ly/ChildCareCostbyState>

⁵ U.S. Chamber of Commerce Foundation, Untapped potential in Michigan. <https://bit.ly/MIUntappedPotential>