

THE IMPACT OF COVID-19 ON CHILD CARE IN MICHIGAN

Cross-Cutting Results from Primary and Secondary Data Sources, 2021

The COVID-19 pandemic drastically changed the child care industry, seemingly overnight. Stay-at-home orders meant that all but essential workers were staying home and their children were out of school and child care. There was massive job loss, especially for working mothers, and the child care sector was one of the hardest hit with one in five child care workers, nationally, having lost their jobs.¹ This job loss was reflected in Michigan data which showed a steep drop in the number of child care providers and children participating in the child care assistance program.

The State of Michigan enacted policy changes designed to support families and providers during the COVID-19 pandemic—with a focus on child care access, quality, continuity, equity, and subsidy program retention. **This brief summarizes the impacts of those policy changes instituted during 2020 (with some continuing into 2021):**

- Allowing providers to bill for enrolled children who were absent due to the pandemic, beyond the 360-hour annual maximum, even if the facility was closed.
- Offering Child Care Relief Fund grants to providers to help with their operating expenses. Requiring child care rate reductions/credits by providers to parents as part of the Child Care Relief Fund grant terms. (These were not limited to subsidy recipients.)
- Extending the redetermination period by six months (for cases that came due in March through June 2020).
- Allowing providers to bill for school-aged children who were engaged in remote learning while in care.

The results and recommendations presented below are from a comprehensive study being carried out by Public Policy Associates, Inc. (PPA) in partnership with the Michigan Department of Education (MDE), which administers the Child Development and Care (CDC) program, and the Michigan Department of Health and Human Services (MDHHS), which determines eligibility for the program. The policy changes were assessed using interviews with families and providers, a survey of eligibility specialists (i.e., caseworkers), analysis of administrative data sources, and a self-assessment completed by both MDE Office of Great Start (OGS) and MDHHS representatives.

¹ David Welna, “1 In 5 Child Care Jobs Were Lost Since Pandemic Started. Women Are Affected Most,” National Public Radio (August 19, 2020) accessed December 20, 2021, <https://www.npr.org/sections/coronavirus-live-updates/2020/08/19/903913689/1-in-5-child-care-jobs-were-lost-since-pandemic-started-women-are-affected-most>

Results

Policy changes may have stabilized the reduction in child care access associated with the COVID-19 pandemic.

Parents, providers, and specialists perceived challenges related to access to child care prior to the pandemic. Many parents felt that the pandemic had further reduced access to child care.

A reduction in access related to the pandemic is supported by the data. There was a drop in the number of providers of all types (i.e., child care home, group home, center) serving child care assistance clients, associated with the outbreak of COVID-19. There was also a substantial drop in participation in the child care assistance program.

The data suggests that the pandemic-related policy changes may have helped stabilize the child care marketplace after the early shock of the pandemic. The drop in family participation starts to level off around August 2020, while the number of providers serving CDC clients began to stabilize in April (as seen in Figure 1). However, there were still far fewer providers and families than prior to the pandemic.

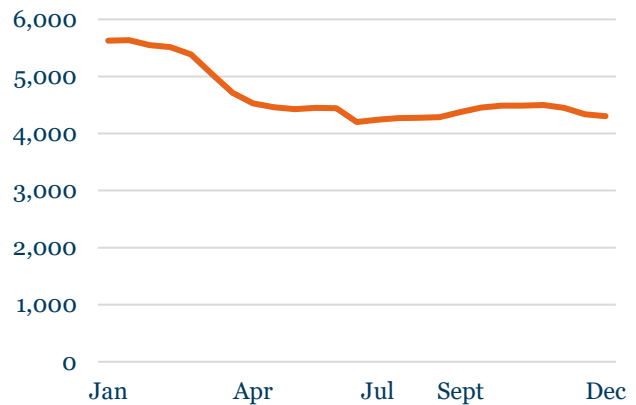


Figure 1. Number of Providers Serving CDC clients, 2020

It is unclear how policy changes impacted child care quality.

Most parents indicated that the policy changes had no impact on their child care experience, while many specialists were uncertain about the impact of the policies on quality. Furthermore, the quality ratings of providers serving child care assistance families was essentially unchanged from 2019 to 2020 (pre- and during the pandemic). Although quality ratings were effectively frozen during the pandemic, there was still a possibility that higher-rated providers would be disproportionately affected, or that families would have incentives to attend lower-rated providers. Given the drastic environmental changes brought on by the hardship of the pandemic, the fact that child care quality remained unchanged could indicate that the policies had a protective impact.

The policy changes did not have a differential impact by racial, ethnic, or income group

The analysis of administrative data on the impact of the policy changes included multiple statistical methods to test whether the impact of the policies on families that received the child care subsidy differed by race/ethnicity and income. The results were quite consistent: in no instance was there a statistically or substantively significant difference in outcomes. This does not mean that there are not inequalities in access or utilization across subgroups, only that differences across subgroups in child care assistance participation were unchanged between 2019 and 2020.

Continued financial support of child care providers was beneficial and still needed

Financial support in the form of grants allowed for providers to keep doors open, prevented closures from becoming permanent, and was used to purchase things to enhance the safety of children and staff in a pandemic. While most parents were unaware of the grant program, they felt positively about it after it was explained in the interview.

Providers felt that financial support was still needed. Most providers reported experiencing ongoing reduced income which was mainly attributed to lower enrollment or attendance of children in care. Parents suggested that the state continue to support providers by subsidizing costs, particularly sanitation and personal protective equipment and other business expenses such as staffing.

All policy changes were viewed positively, and no one policy rose to the top as being the most important to stakeholders

Eligibility specialists, parents, and providers had differing perceptions on which policies were the most important. For providers, the grants were considered the most important. For caseworkers, the extended redetermination period was considered the most important. Parents were largely unfamiliar with the policy changes and were divided on which they considered to be the most important.

Eligibility specialists, parents, providers, and the state agencies felt positively about the policy changes, overall. While there were some challenges with the policy changes, there were very few mentions of negative or unintended consequences. There was support for the policies to be extended, across the board.

The redetermination policy was a focus of the partner agencies, but others did not see a benefit in the extension

The redetermination extension required the most coordination between the MDE/OGS and MDHHS to execute successfully. The policy was also perceived as one of the two policies most highly aligned with agencies' missions and goals (two policy areas were rated 3.5, three were rated 3.0).

However, there is some evidence that the policy may not have fully met its purpose of easing the burden on subsidy families. MDE/OGS and MDHHS reported some confusion around the policy that occurred because of system date errors. From the parent perspective, few reported in the interviews that they had experienced an extended redetermination period. Similarly, providers did not perceive the policy as being particularly important.

Recommendations

Continue to support existing providers while taking action to increase the number of child care slots available.

Prior to the pandemic, the number of child care providers was steadily falling. Between 2014 and 2019, the state lost over 2,800 providers. There was a further reduction of providers associated with pandemic. To ensure access to care for families, the State should:

- Incentivize the start of new child care programs and/or the expansion of existing child care programs
- Keep taking action to stabilize current providers so that they can keep their doors open, such as by extending current policies, especially continuing to provide grants for providers
- Address the long-term reduction in number of providers by developing strategies to further support families in finding quality care

Policy Update: Michigan set up a new grant for providers, which will deliver funding in 2022 to those eligible who apply. Additional supports on the horizon include child care workforce and business investments; rate increases; and contracts for infant and toddler slots.

Consider extending policies to further support access to quality care as the pandemic continues and beyond.

While the environment is ever shifting, parents and providers continue to face pandemic-related challenges. Analysis of Michigan administrative data indicates that the policies were effective in stabilizing provider and family participation in the child care assistance program. Feedback from the providers support these results, and around half of specialists felt the policies helped to financially stabilize families. Given the effectiveness of the policies to address ongoing pandemic-related conditions, it would be wise to consider extending the policy changes as well as plan to enact these or similar policy changes in the event of other large-scale emergencies like pandemics and natural disasters.

In addition, parents, providers, and specialists are in support of changing the income eligibility thresholds, such as by raising the income limit or using a more holistic formula that accounts for essential household expenses or long-term trends in household income. Providers believe that raising the income limits, among other changes, is key to increasing access to quality care.

Policy Update: Michigan is enacting changes to the billing system so providers bill based on child enrollment rather than attendance. Also, the State increased the program's income eligibility threshold in December 2021.

Improve communication to parents and specialists.

Most of the eligibility specialists that responded to the survey did not think that policy changes were well communicated to them (56%). Furthermore, it became clear in the parent interviews that most parents were unfamiliar with the pandemic-related policy changes. This lack of parent awareness may be a reason why few believed the rule changes impacted their child care experience.

Also, in general and not specific to the pandemic, it is recommended that MDE/OGS provide more and clearer material about the program and policies for both parents and specialists, particularly the program's income eligibility requirements.

Invest in further research to fully understand the impact of pandemic-related policies.

Differential impacts by child age and geographic area should be investigated, as should both short-term outcomes before and after policy implementation and longer-term outcomes covering the entire range

of policy interventions. The Child Care Policy Research Partnership in Michigan will continue to examine policy changes to the assistance program, but some policy changes may fall outside the scope of this study.

Appendix A

The following table provides information on the use and impact of various policy changes from the perspective of the eligibility specialists, parent, provider, and state agency respondents.

2020 Policy Changes	Eligibility specialists (N=779; Survey)	Parents (N=34; Interviews)	Providers (N=24; Interviews)	State agencies (MDE and MDHHS; Self-assessment)
Grants for providers (including tuition reduction / credits to families)	<ul style="list-style-type: none"> Tuition support to families was considered more important than the grants to providers Grants to providers were considered the least important of the policies, with only 53% considering them important 	<ul style="list-style-type: none"> Most were unaware whether provider had received grant, but still viewed them positively 	<ul style="list-style-type: none"> Grants were the most helpful for providers of the policy changes 	<ul style="list-style-type: none"> Achieved intended purpose (rated 4.0 of 4.0)
Billing for absent children	<ul style="list-style-type: none"> Over half (55%) considered important 	<ul style="list-style-type: none"> Few reported that their provider had billed for absent children, but most still considered the policy beneficial 	<ul style="list-style-type: none"> Increased absence hours were the second most helpful for providers after the grants 	<ul style="list-style-type: none"> Achieved intended purpose (rated 4.0 of 4.0)
Billing for school-aged children learning remotely	<ul style="list-style-type: none"> Considered the second most important policy of the set Just over 60% considered important 	<ul style="list-style-type: none"> Few reported that their provider offered remote learning while child was in care. 	<ul style="list-style-type: none"> Many providers reported providing remote learning services 	<ul style="list-style-type: none"> Unknown (MDHHS did not rate this policy)
Redetermination extension	<ul style="list-style-type: none"> Considered the most important policy change 66% caseworkers considered this policy important 	<ul style="list-style-type: none"> Few reported having an extended redetermination period 	<ul style="list-style-type: none"> Not perceived as particularly important 	<ul style="list-style-type: none"> Achieved intended purpose (rated 3.5 of 4.0)
All policy changes	<ul style="list-style-type: none"> Many uncertain of impact of policies Around half agreed that policies (1) supported families' financial stability and (2) made it easier to improve the health and safety of children 	<ul style="list-style-type: none"> Very few were aware of the policy changes Changes were viewed positively, yet few believed they had impacted their child care experience Divided on which change was most important 	<ul style="list-style-type: none"> Half agreed that the policies made it easier for client families to obtain financial stability. About one-third were not sure of or marked "not applicable" for the effect of the policies 	<ul style="list-style-type: none"> Saw the policies as promoting their missions Satisfied that policies achieved their intended purposes

Appendix B

For the full results and recommendations and the methodology details, see the study's briefs from 2021, available at Public Policy Associates' [website](#).