Public Policy Associates

OCTOBER 2024 – SEPTEMBER 2025

2025 Summary of Study Results

MICHIGAN'S CHILD DEVELOPMENT AND CARE (CDC) SCHOLARSHIP PROGRAM PAYMENT STRUCTURE

PROJECT OVERVIEW

The research partnership between Public Policy Associates (PPA) and the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) looks at the effects of changes to the Child Development and Care (CDC) Scholarship Program's payment structure. The study measures the changes' impacts on child care access and the administrative burden of the program. This year, the research team collected primary and secondary data about:

- **The pilot to increase infant/toddler slots**
- **Temporary changes to payment and co-payment policies**
- **The administrative burden felt by eligibility specialists, providers, and families**

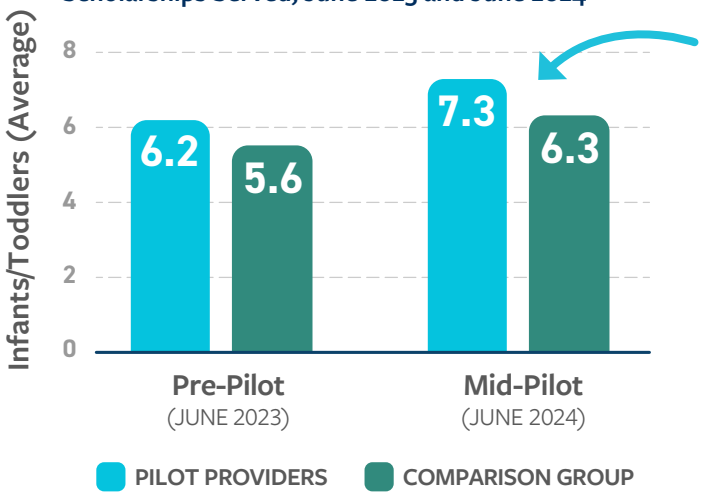



Infant/Toddler Slot Expansion Pilot

Grantee providers received grant funds for staffing, facility improvements, and other costs to increase slots December 2023 – September 2024. The children filling the new slots had to be eligible for the scholarship; this may have limited the expansion.

FAMILIES

Figure 1. Average Number of Infants and Toddlers with Scholarships Served, June 2023 and June 2024



Midway through the pilot, enrollment of infants/toddlers with CDC Scholarships was slightly higher among providers in the pilot than the comparison group.

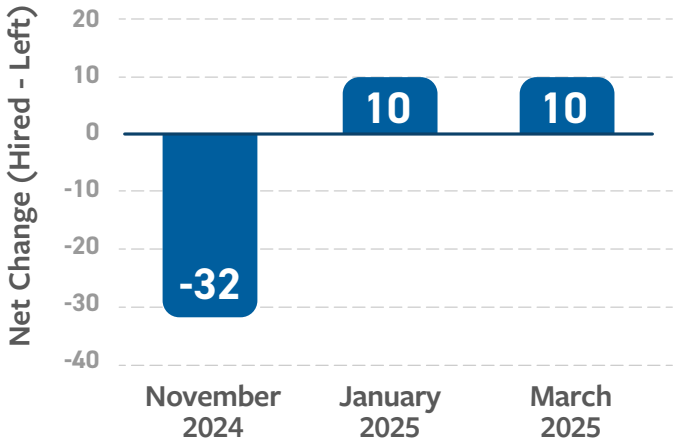
The pilot provided an overall gain of five infant/toddler classrooms.

PROVIDERS

Providers who participated in the pilot were three times less likely to close than their peers in the months following the pilot.

Staff turnover remained high at pilot providers with no differences by provider type or region. Some centers increased their staffing overall.

Figure 2. Net Staff Change after the Pilot Among Participating Providers



Temporary Policies
(Payment and Co-Payment)

As part of the pandemic recovery, Michigan temporarily raised payment rates (October 2021 – September 2023) and suspended the family contribution requirement (November 2021 – September 2023). Federal rules and available funding constrain the state's policy options (e.g., time-limited American Rescue Plan Act resources). The rates remained higher than before the pandemic, and another 15% rate increase occurred in September 2024.

Only 14% of families in the program (December 2023) had a family contribution amount deducted from their scholarship. The program waives it when the provider has a quality level of "Enhancing Quality" or above and for other reasons.

FAMILIES

Because of the rarity of a family contribution, few families were impacted by its temporary halt. However, families with license-exempt providers were 20% more likely to leave or take a break from the program in October – December 2023 than in the same months in 2019.

Figure 3. Geographic Type of the Families with a Required Family Contribution

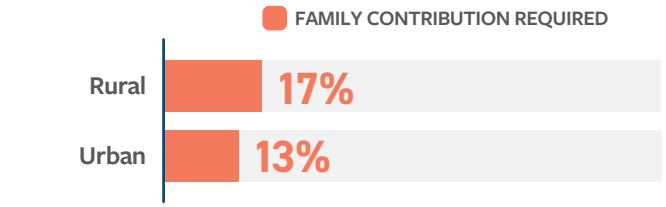
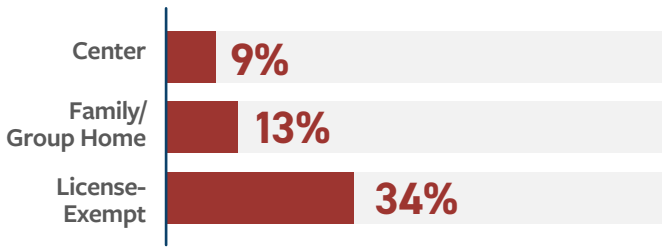


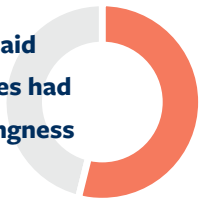
Figure 4. Provider Type of the Families with a Required Family Contribution



PROVIDERS

Among those aware of the rate changes, three in five providers surveyed said they would consider increasing their tuition or fees at the end of the temporary rates.

About half of providers (54%) said the end of the temporary policies had little to no impact on their willingness to accept the scholarship.



"I was so happy with the reimbursement amounts. I felt like, 'Okay, someone is finally understanding the importance of ECE [early childhood education].'"

– Provider Panelist (Center), August 2024

Program Administrative Burden

Michigan is interested in finding ways to reduce program barriers and errors. Lowering administrative burden can improve experiences and participation. For program participants, administrative burden is the time and effort a program asks of them in exchange for benefits. For state staff, it is the time and effort to carry out the program policies and procedures.

This study looks at three types of cost: psychological (e.g., stress experienced), compliance (e.g., completing paperwork correctly), and learning (e.g., finding program information).

"Because I started work first ... I'm trying to work, find a babysitter, and then I'm watching MDHHS [MiBridges system] every single day to see if I'm approved or not ... My stress level was through the roof."

- Parent, Wayne County, August 2024

ELIGIBILITY SPECIALISTS

Eligibility specialists experience compliance and learning cost burdens as the gatekeepers to the scholarship. For instance, specialists reported that 76% of families needed multiple reminders to submit their verification paperwork on time.

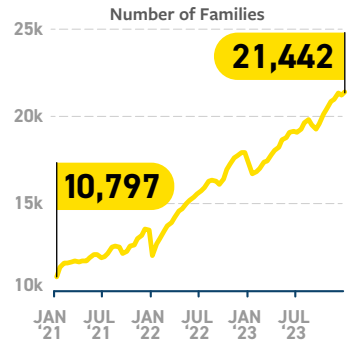
63% of eligibility specialists thought that CDC Scholarship program cases are more difficult to process than other public benefits programs.

FAMILIES

Families new to the program, with one child receiving a scholarship, or going through a change (e.g., moving) had higher administrative burden costs.

Most interviewed families reported that the program helped them meet their child care needs (69%) and access higher quality care (71%). Family program participation continues to grow.

Figure 5. CDC Scholarship Family Participation, 2021-2023

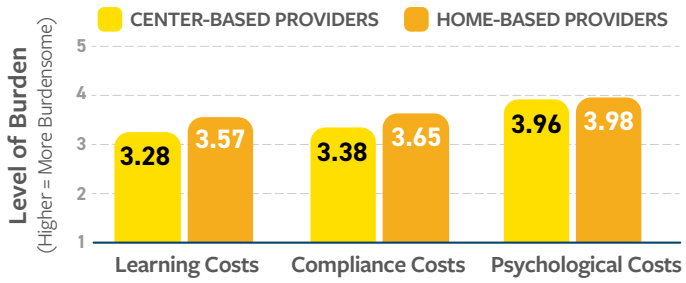


PROVIDERS

Providers experienced higher psychological costs than compliance or learning costs. This was due mainly to payment concerns and external financial pressures.

Administrative burden was highest for home-based providers.

Figure 6. Administrative Burden by Cost and Provider Type



Recommendations

INFANT/TODDLER SLOTS	Estimate the startup and maintenance costs of adding new slots by provider type. Build this amount when sponsoring new infant/toddler slots.
PAYMENTS	Establish a dedicated fund to help support fair pay for child care workers. Increase the CDC Scholarship payments for infants/toddlers.
FAMILY CONTRIBUTION	Ask eligibility specialists to discuss this requirement with families when determining eligibility. Talk with providers about the value of collecting payment beyond the scholarship. Eliminate the family contribution when feasible.
ELIGIBILITY	Continue to look for ways to reduce verification challenges.
DATA SOURCES	Require providers receiving payments from the state to update data on their staffing through the MiRegistry system. It already links worker profiles with specific workplaces.
PROGRAM COMMUNICATIONS	Lower the reading level of materials sent to families. Target messages and focus on crucial content. Create short videos explaining key policies. Include pop-up windows in the billing system to increase policy understanding.
PEER LEARNING	Urge home-based providers to share their tips for navigating the program. Ask providers how they assess the costs of providing care.

For further information, visit PPA's website. There you can read the full reports on these topics.

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