

# Commentary: Child care isn't just a parental issue. It's a concern for employers, too <sup>[1]</sup>

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## EXCERPTS

Finding affordable, quality child care – especially infant and toddler care – is nearly impossible for many families. This matter deeply affects children, parents and employers.

We write as members of the Children's Leadership Council of Michigan (CLCM), business leaders committed to wise investment in early childhood initiatives that make a difference in the lives of children and foster the talent that Michigan's economy needs to thrive now and in the decades ahead.

And we write as chief executives of business organizations who represent thousands of employers, large and small, across Michigan. To put it bluntly, access to quality child care has become a huge obstacle to moving qualified employees into our members' businesses and helping those employees thrive once they secure those jobs.

A recent Talent 2025 study on labor force participation in west Michigan concluded that the three biggest barriers to workforce participation for families with modest incomes are poor access to reliable transportation, inadequate job skills and lack of affordable child care. Talent 2025 does not mince words: without improvements to our child care system – including streamlining onerous regulation for child care providers – the effect on Michigan's economy will be “devastating.”

Katharine Stevens, who leads the American Enterprise Institute's early childhood program, states very clearly the importance of child care:

We need to pursue new approaches to build our nation's human capital and ensure that all children have an equal chance to realize their full potential. High-quality child care that helps the country's youngest, most disadvantaged children get a good start while enabling their parents to work is an especially promising strategy. Done right, it provides a powerful approach to breaking the cycle of intergenerational poverty and advancing opportunity for two generations simultaneously.

In our state, we face major obstacles to doing child care right.

Michigan families with incomes below 125 percent of the federal poverty level (\$25,200 for a family of three) are eligible for a subsidy to help pay for child care. Michigan's investment in the subsidy has fallen sharply in recent years, serving fewer than half of the children it served only ten years ago. Our state's restrictive eligibility threshold is among the very lowest in the nation.

Perhaps most disheartening, we deny tens of thousands of parents' applications for the subsidy – and we're not sure why. (State government is now looking into this issue and we applaud these efforts.)

Why do we – as business leaders – worry about child care? Because these parents are an essential part of the Michigan economy. They work hard to make better lives for their families. The child care subsidy allows them to grow and prosper in their jobs and model good work habits for their children. An inadequate subsidy means that child care may be unaffordable, forcing some parents to quit work because it does not provide enough income to offset the cost of child care. And taxpayers are short-changed because good child care is essential to helping parents become independent, working members of society.

Reliable child care is not just an issue for parents. When parents have a problem with child care and cannot get to work, this creates issues for employers. Shifts may end up understaffed. Employers may lose good employees in whom they have invested training dollars. In some regions of the state, unemployment has dropped to a level where many employers are struggling to find workers. A recent Crain's Detroit Business article estimates that more affordable child care would “boost labor force participation for women by two percent” or 43,000 workers in Michigan.

Child care providers, which are themselves businesses, also feel the pain. The state, largely with federal dollars, pays the subsidy for lower income children directly to child care providers. But just as Michigan restricts the number of families who are eligible for the subsidy, so too does it keep subsidy payments to providers low. Here again Michigan is among the very lowest in the nation. Low subsidy payments

force many child care providers to turn away children or go out of business altogether; in fact, we are seeing a significant decline in the total number of child care providers licensed or registered with the state.

And so the vicious cycle continues: even with the subsidy, many families cannot afford child care and many child care providers cannot afford to go into or stay in business. If the state were to increase the income threshold for eligibility for the subsidy and increase reimbursement to providers, we could begin to break the cycle. Fortunately, Governor Snyder has proposed to do the latter in his fiscal year 2017-18 budget proposal. We urge the legislature to support this.

Labor shortages are constraining our state's economic growth. Our members feel the talent gap. Affordable, quality child care reduces a major barrier to getting people into the workforce. In this way, eliminating child care as a barrier to employment is an essential tool in any meaningful economic development strategy.

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