Center *for the* Study *of* Social Policy
Ideas into Action

A "GODSEND"

How Temporary Investments in the Child Tax Credit and Child Care Impacted Michigan Families

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ABOUT CSSP

CSSP is a national, non-profit policy organization that connects community action, public system reform, and policy change. We work to achieve a racially, economically, and socially just society in which all children and families thrive. To do this, we translate ideas into action, promote public policies grounded in equity, support strong and inclusive communities, and advocate with and for all children and families marginalized by public policies and institutional practices.

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INTRODUCTION

Lisa* lives in Michigan with her husband and two sons, in a neighborhood with good schools that she describes as "a nice place to raise kids." But for Lisa, as for millions of families with children—and particularly for Black families like her own, and other families of color—the pandemic has exacerbated their longstanding struggles to become economically secure. Lisa was laid off from her part-time job when the pandemic hit, and then stayed home to help her elementary- and middle-school aged sons navigate virtual school while her husband worked as an essential worker. In describing what was holding her back from being secure, she mentioned two things: income and child care. As she described it, even though they were not struggling like some families, unexpected hospital bills and car repairs had set the family back: "When we do save money, things happen, like [a] medical [emergency] or get in a car [accident] or a home repair. It just seems like there's always something that is happening. And we have this plan of, okay, how we're going to get ahead. And then it's just like, you have to go buy a car, or somebody gets sick."

Meanwhile, child care has been an ongoing struggle since her boys were born. As Lisa prepares to go back to work, she is worried about finding an afterschool program for her younger son, because the free afterschool program he used to attend closed at the beginning of the pandemic. In the past, she explained, "the cost of child care and then finding child care that is accessible, sometimes with the stress of everything and the cost of everything, it was too much. It was just not feasible to do."

Millions of families, like Lisa's, have had difficulty finding affordable, quality child care and making ends meet because policy has not valued families and the work of caring for and nurturing the next generation. Ultimately, this is a product of how racism and sexism have shaped policy over generations. With low- and stagnant wages, unpredictable scheduling, and limited family-forward policies like paid leave, paid work is incompatible with raising children for too many families, and many caregivers cannot sustain their families on their wages alone. The struggle to make ends meet is exacerbated for people who manage disabilities and chronic health conditions, and for women and Black, Latinx, Indigenous, and other people of color, who experience systematic race- and gender-based discrimination, as well as occupational segregation that depresses wages and channels many into insecure jobs.

Meanwhile, instead of ensuring every child and family in the United States can thrive, income supports have been narrowly designed to encourage and supplement work, often with additional hurdles and requirements to explicitly exclude Black families and other families of color from the support they need. The Earned Income Tax Credit (EITC) provides critical support to many working families, but does less to help families with limited or no earnings because it phases in as earnings rise—a family with one child does not receive the maximum EITC until their earnings reach $10,000.[1] Until 2021, the Child Tax Credit (CTC) was similarly structured, so that a third of all children, and over half of Black and Hispanic children, did not receive the full benefit because their incomes were too low.[2] Meanwhile

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Temporary Assistance for Needy Families (TANF), the cash assistance program for families with children, is designed to make it difficult for families to access the assistance they need, with time limits, work reporting requirements, and other paperwork and logistical hurdles.[3] A product of decades of political attacks in which racist and sexist stereotypes were invoked to impose restrictive rules and limit access to assistance,[4] TANF currently only provides cash assistance to 23 out of every 100 families living in poverty nationally.[5] Black families and other families of color are disproportionately denied assistance they need, both because they are more likely to live in states with restrictive rules, and because racism and bias leads caseworkers to sanction Black families more often than White families.[6]

The United States also lacks a comprehensive child care system. The program that serves families with low incomes, the Child Care Development Block Grant (CCDBG), has been chronically underfunded, making it difficult for families to find affordable, accessible, nurturing care, while paying child care providers and early educators poverty wages that make it all but impossible to sustain their own families. At the root of this chronic underfunding is the devaluing of care work, which has historically and to this day been performed overwhelmingly by women and disproportionately by Black and immigrant women of color.[7] Meanwhile, existing child care financing has been inextricably tied to the deeply racist cash assistance system, providing limited support to only a fraction of the lowest income families who need it while also over-burdening those families with paperwork and work reporting requirements.[8] The result is that more than half of families with young children live in a child care desert, or an area where there are more than three children ages zero to five years old for every licensed child care spot—with predominantly Hispanic neighborhoods, and certain predominantly Black neighborhoods, more likely to have a limited supply.[9] The crisis in child care was only exacerbated by the pandemic, as programs shuttered and families have been stranded without care.[10]

It is long past time that we prioritize families and provide the foundation they need to meet their needs and pursue their goals. Healthy, thriving children and families is the measure of who we are as a society, and we are currently not measuring up. Moving forward, families need holistic supports that promote their well-being, including a robust cash benefit that ensures all families with children can meet their needs and a comprehensive child care system that values early educators and ensures families have access to nurturing care that meets their needs.

Congress took a critical step toward investing in families and caregiving when it passed the American Rescue Plan Act (ARPA) in March 2021, temporarily strengthening investments in both income supports for families and child care. The bill expanded the Child Tax Credit (CTC), making it fully available to the lowest income families and distributing it via monthly payments for six months, taking the first steps toward creating a child allowance or a guaranteed income for families with children. It also significantly increased investments in child care, in an attempt to stabilize a struggling industry and support the families that rely on it.[11]

As the experience in Michigan makes clear, we will need to build on the lessons learned from these temporary investments to develop the holistic supports that recognize and value families and caregiving.

To understand how these additional resources were impacting families and communities, we conducted research in Michigan and three other states, focusing attention on whether the CTC and child care investments were advancing economic and racial equity and helping families like Lisa's. In Michigan we interviewed Black, Latinx, and other caregivers of color to learn about their experiences with the CTC and child care; we surveyed hundreds more parents to get additional perspectives on the need for income supports and child care; and we interviewed child care providers and other stakeholders in the child care sector, to learn their perspectives on the investments.

The experience with these temporary investments provides insights into what is needed to build the foundation that families need, and how it can be done. This brief synthesizes the findings from our research in Michigan, where we saw a shift in policy in a more anti-racist direction. Nationally and in Michigan, the Child Tax Credit represented a sharp departure from previous policies that restricted access to cash benefits, as it provided the vast majority of families who needed it support quickly and automatically, without the need to prove work, complete burdensome paperwork, or jump through logistical hoops. In doing so, it reflected a trust that families would use the money in ways that would most effectively support their health and well-being. As we see in Michigan, this is exactly what families did. In Michigan, there were also deliberate attempts to ensure the child care investments advanced equity, and a diverse array of child care providers' perspectives were sought out when designing the investments to ensure they did as much as possible to value their work, bolster the sector, and help families access the care they need. As the experience in Michigan makes clear, we will need to build on the lessons learned from these temporary investments to develop the holistic supports that recognize and value families and caregiving.

ABOUT THE RESEARCH

To learn about the impact of the Child Tax Credit (CTC) and child care investments on families and communities in Michigan, between September and December 2021 we conducted 15 semi-structured interviews with low- and moderate-income families of color in the state to learn about their experiences accessing the CTC and child care services. The interviews were in-depth conversations conducted virtually for 75-90 minutes. Among the 15 interviewees, 12 identified as Black and three as Hispanic or Latinx; seven had incomes between $0 and $25,000 and eight had incomes between $25,001 and $55,000. Additionally, we conducted interviews with child care providers and other stakeholders in the child care sector, including government officials and system leaders, to get additional perspectives on systemic problems in child care and the extent to which those were being addressed by current investments.

In January 2022, we also fielded a survey of parents and caregivers to understand their experiences with the CTC and child care. To field the survey, we partnered with two family-serving organizations, The Great Start Collaborate of Kent County and the United Way for Southeastern Michigan, who circulated the online survey to families in their networks with a particular goal of reaching low- and moderate-income families and families of color. In total, 529 parents or caregivers of children under 18 completed the survey, of whom 362 had children under the age of five. The survey respondents were disproportionately low and moderate income. While median income in Michigan was $63,829 in 2020, among survey respondents, 40 percent had incomes below $35,00, 21 percent had incomes between $35,000 and $50,000, 21 percent had incomes between $50,000 and $75,000, and 19 percent had incomes over $75,000.[12] Compared to the Michigan population as a whole, our survey respondents were also disproportionately Black, Latinx or Hispanic, and Native American. Among survey respondents, 45 percent identified as Black, 35 percent as White, 10 percent as Latinx or Hispanic, and 5 percent as Native American. All survey respondents were asked questions about their experience with the CTC, while only parents or guardians of children under five were asked about their experiences with child care.

Drawing on the survey and interviews, this brief details the intense pressure Michigan families are under to meet their needs and find affordable child care, both before and during the pandemic.

INVESTMENTS IN THE CHILD TAX CREDIT AND CHILD CARE IN MICHIGAN UNDER THE AMERICAN RESCUE PLAN

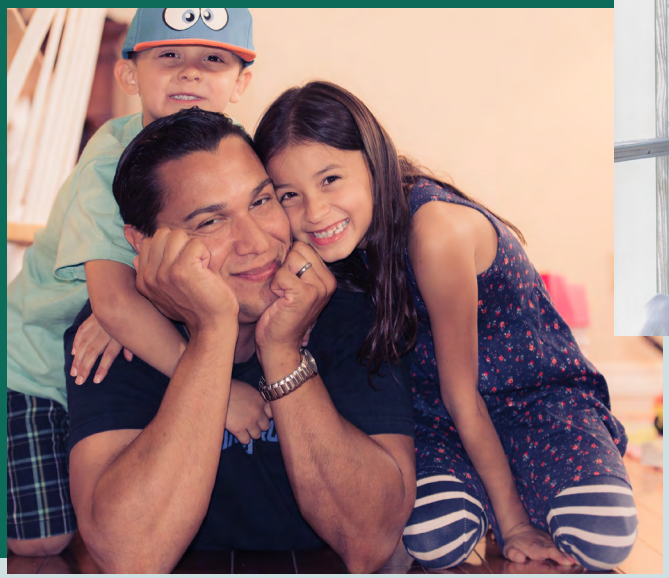
Congress passed the American Rescue Plan Act of 2021 (ARPA) in March 2021 to address the immediate economic crisis caused by the pandemic. The investments were aimed at bolstering financial security for families and shoring up the child care profession and sector. To understand the impact of ARPA spending on the health and wellbeing of families and children, our research focused on two features: the expanded Child Tax Credit and the increased investments in child care.

ARPA made the CTC fully available to families with no or low incomes for the first time, raised the annual benefit levels to $3,600 for children up to age six and $3,000 for children ages six to 17, and made the CTC available via advanced monthly payments starting in July 2021. As of December 2021, the expanded Child Tax Credit was reaching 61.2 million children nationwide, and more than one million CTC payments went out to Michigan families with an average payment amount of $455 per family.[13] As of this writing, Congress has not extended the expansion for 2022 and the monthly payments have expired, but parents can claim the second half of their 2021 CTC when they file taxes in 2022. If the expansion of the CTC were made permanent, researchers estimate it would cut child poverty in Michigan overall by 44 percent, and by 52 percent for Latino children and by 43 percent for Black children.[14]

ARPA also increased investments in child care, to provide relief for child care providers who either closed or were on the verge of closing, as well as support for states to make child care more affordable and accessible to families. Michigan received $700.1 million for Child Care Stabilization grants, intended to go directly to providers to cover the costs of everything ranging from payroll to rent to equipment. It received an additional $437.2 million in supplemental and discretionary Child Care and Development Fund (CCDF) funding. The ARPA investments were preceded by two previous pandemic-related investments in child care—the CARES Act in March 2020 and the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) in December 2020.[15]

In deciding how to allocate the child care funds, Michigan put the principle of advancing equity at the center, convening regularly with advocates and providers, including centers and family child care homes, to understand their needs. Through collaboration with stakeholders, the state decided to use the funds to address long-standing issues such as the chronic underpaying of providers who accept subsidies and under-investments in family child care networks in child care deserts, along with newer challenges exacerbated by the pandemic such as staff shortages, new health and safety requirements, and fluctuating enrollment.

Michigan has used the ARPA funds to bolster the child care system in several ways. To help providers, the state allocated ARPA funds to award providers one-time grants to help meet their ongoing costs, increase wages and offer bonuses to nearly 40,000 care workers, make child care workforce and infrastructure investments, reimburse providers based on enrollment rather than attendance, and distribute startup grants for providers.[16] To help address families' needs, ARPA funds were also allocated to increase eligibility for child care subsidies for families with incomes over 150 percent of the Federal Poverty line ($34,545 for a family of three), waive parent copays (the monthly copay for a family of three at 150 percent of the Federal Poverty line was $65 in 2020), and expand spaces for infants and toddlers.[17] As an indicator of the success of that outreach, when nearly 6,000 stabilization grants were sent out to providers in February 2022, approximately three quarters of all licensed providers received funds. The stabilization grant funding formula was designed to advance equity, providing a baseline of support calculated according to providers' capacity to serve children, with bonuses for serving children and families who too often struggle to find quality care, including children with subsidies, children with special needs, and children who need care during non-traditional hours. Of the stabilization grants disbursed, approximately half (2,952) went to licensed centers and the other half went to family child care providers—including 1,625 distributed to family child care homes (i.e. those family child care providers licensed to serve 6 or fewer children), and 1,306 to group homes (i.e. those family child care providers licensed to serve 12 or fewer children).[18]



FINDINGS FROM OUR RESEARCH: THE EXPANDED CHILD TAX CREDIT

"A Godsend:" Lessons Learned in the Expanded CTC

"I think the average family is getting something that is well-deserved, that's way overdue," Michael, a single father in Michigan told us about the impact of the monthly, expanded Child Tax Credit payments. "The CTC really helps families, not just talking about what America is supposed to be, but it does something about it... It's helping families meet their needs and pay their bills and maybe have a little extra. The [families in my community] that I talk to are like 'It's a godsend.' A lot of them feel like, 'Okay, now we're getting a part of what it means to be an American.'"

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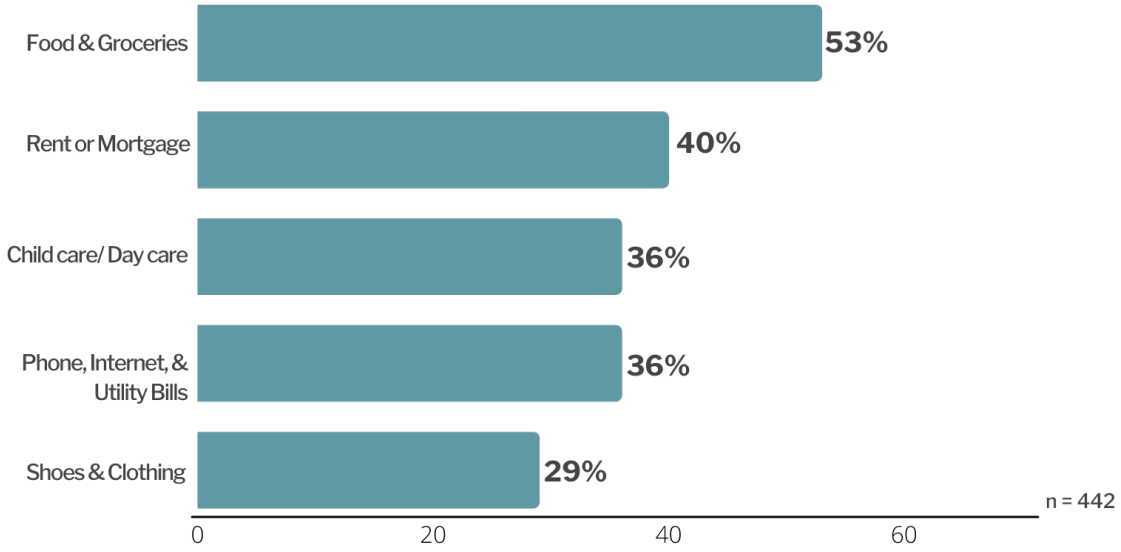
Among families interviewed by CSSP, the consensus was that the expanded CTC payments went a long way in helping families pay their bills, afford fun family activities and extracurricular activities for their children such as playing recreational sports, and invest in their futures. Many Michigan parents we spoke with described the stress of living paycheck-to-paycheck, not knowing if they'd be able to meet their expenses from month to month before receiving the CTC. Several had been laid off during the pandemic, and while most felt the pandemic-related increases in Unemployment Insurance benefits were helpful (although not enduring), several either missed out on those topped-up benefits because of difficulties applying for the program or were denied benefits altogether. But even those who had not experienced unemployment expressed concerns about covering the basics, from their rent or mortgage to groceries and car-related expenses.

It is therefore not surprising that most caregivers described using the CTC to meet their families' basic needs. Our survey data showed Michigan families' top five uses of the CTC were on basic needs: food and groceries (53 percent), rent or mortgage (40 percent), child care/day care (36 percent), phone, internet and utility bills (36 percent), and shoes and clothing (29 percent); see Figure 1. Black and Latinx or Hispanic families were more likely than White families to spend the CTC on housing or food. As the data indicate, families often took advantage of the CTC's flexibility as an unconditional cash payment to use it to meet multiple basic needs at once.

Parents also described using the CTC to invest in their children and to allow for more fun and quality time as a family—paying for everything from orthodontic appointments to birthday parties to saving for their children's college tuition. Our survey data showed that this was typical, as many parents used their CTC to meet their children's needs and fulfill their desires, spending it on school-related costs for

Figure 1. Michigan Families' Top Five Uses of the CTC Were on Basics Needs

When asked, "How have you used your monthly Child Tax Credit Payments? I used it to pay for: (please check all that apply)."



their children (27 percent), toys or gifts for their children (22 percent), and after-school activities and lessons (19 percent). Erika, who has a newborn and two school-aged children at home, was typical of the parents we talked with in describing the variety of ways she used the CTC, as it allowed her to keep up with the family's bills, and also to buy "clothes for these growing children," and to do things that were fun, like take "them [out to] a meal from McDonald's because we don't do that often."

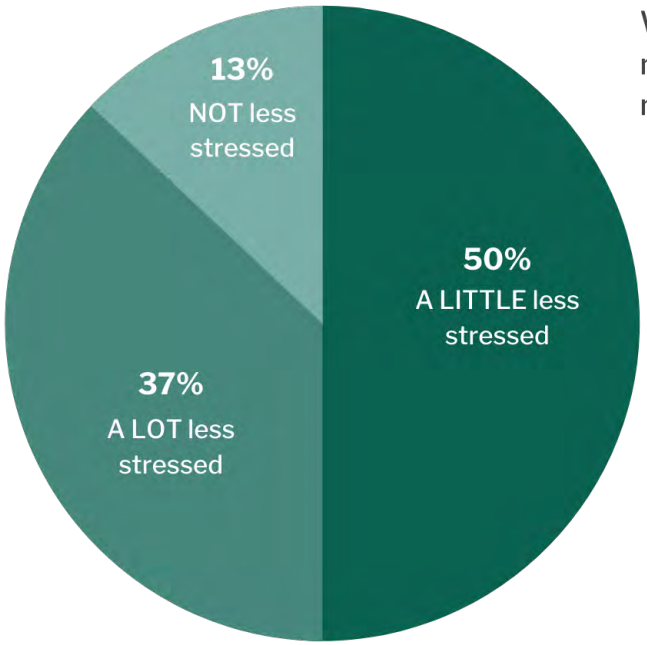
Nearly every Michigan caregiver interviewed was in favor of the monthly structure of the CTC payments, because the consistency helped them "fill in the gaps" of their budgets. They valued the predictability of the payments as well as the flexibility, which allowed caregivers to put it towards whichever expenses were most pressing in a particular month. That flexibility meant that they could use the CTC to pay for school uniforms in August, pay off debt in October, and buy gifts in December.

Evan, a father to an elementary-aged son in Michigan, emphasized how the predictability and flexibility of the monthly payments proved to be especially helpful for him when budgeting for his family. "Even though the pay wasn't equivalent to the stimulus payments, they had that consistency," he explained. "You could throw [the CTC] in your budget, and it takes the weight off of you." Evan described how it helped him meet his regular expenses: "I pay $200 a month for my son to go to school, and I still [have] to pay for food, groceries, clothes when needed, gas, whatever issues may pop up with my vehicle, car insurance, electric, water bill, heating, cooling. So [the CTC] was very, very supportive." Michigan caregivers' preference towards a regular payment was clear in our survey data, too: 94 percent of all survey respondents said they'd prefer a monthly or biweekly payment, with Black and Latinx or Hispanic respondents more likely than White respondents to say they wanted payments every two weeks.

The CTC payments created much-needed breathing room in the budgets of Michigan families, which in turned helped ease some of the stress caregivers experience providing for their families and allowed them to be more present as caregivers. As Theresa, a mom of three teenage daughters, explained it, living paycheck to paycheck can contribute to the "feeling of being overwhelmed." Theresa knows her daughters can sense her stress about paying the family's bills because "They can feel I'm being distant, because I kind of shut down.... it's hard when you're overwhelmed and you have to put on the façade to be like, "Oh everything's okay." The CTC helped reduced that stress.

When asked how the CTC affected daily life, the most common response on our survey was "helped reduce my financial stress." The top five responses to the question also included "helped reduce my stress or anxiety overall," and "allowed me to be more effective and supportive as a parent." Our survey also found that nearly 90 percent of Michigan families felt that receiving the CTC made them feel either "a little" or "a lot" less stressed about money, illustrating the impact of an extra cash buffer in taking some of the immense pressure off caregivers (see Figure 2). And, the monthly CTC checks served as a targeted stress relief: Black and Latinx or Hispanic families were more likely to say that the CTC made them feel "a lot" less stressed about money than White families, with similar findings for families with a household income between $10,000 and $35,000 compared to higher-income families. One of the ways that the CTC reduced parents' stress is that it helped them balance paid work and caregiving, allowing some parents in Michigan to stay in their jobs, go back to work, or pursue work that they felt fulfilled by, rather than being forced to accept and stay in the first job offered to them out of sheer necessity. For some parents, finding a job that is genuinely well-suited for

Figure 2. Nearly 90 Percent of Michigan Families Felt that the Monthly Payments Reduced Their Stress About Money



When asked, "Which statement best matches how you feel about the monthly payments?"

- 50% said monthly payments made them feel "A LITTLE less stressed" about money
- 37% said monthly payments made them feel "A LOT less stressed" about money
- 13% said monthly payments "DOES NOT" make them feel less stressed about money

n = 443

their skills and interests was a luxury that they were unable to afford previously– parents in Michigan frequently talked about work as a way to pay the bills and provide for their family rather than as a way to fulfill career interests. And yet, fulfilling, well-aligned work enables parents to be more successful at work—and often provides opportunities for growth.

As Lisa—the mom of two boys in Michigan described at the beginning of this brief—prepares to go back into the workforce, the CTC has relieved enough financial stress to allow her to search for a job that matches her interests and fits with her caregiving responsibilities rather than just providing a second income. "Having that extra money right now has taken some pressure off my family," she explained. "I plan to go back to work, but I'm able to wait for the opportunity that's right for me and it's not putting stress on my husband to have to work so many extra hours to provide. If he wants to work extra, fine, but he's not having to work extra to make sure our family has our basic needs, like electricity or food or different things like that."

Another Michigan mom, Robin, described how the CTC allowed her to take a new job that required going into the office. As she explained, "Knowing that I would need to go back into the office, knowing that that Child Tax Credit was going to come, it gave me the ability to have someone care for my kids [in the summer], because a lot of the summer camp programs weren't open still. And so being able to not have to stress every day about, 'Okay, who's going to keep them today? Okay, do we have somebody for tomorrow?'" As she put it, "it honestly has meant everything."

Challenges in the Expanded CTC: The Short-Term Nature of Investment Caused Stress for Families and Snags with Roll Out

For most of the Michigan caregivers we interviewed, the major challenge around the expanded CTC was the uncertainty about whether it would become permanent and if they could rely on the support past December 2021. The interviewees nearly unanimously thought that the expanded monthly CTC should be continued to help families stay afloat.

Robin, a mom of two in Michigan, wondered aloud about what would happen if the expanded CTC did not get extended: "I'm just concerned—what will families do? What will we do come January?" she posed. "You still have the rest of the year that you need to survive... You're saying that this is gonna end, but how will families still find support?"

Because of experiences being denied support in the past—experiences which were commonplace among the parents of color we interviewed—other parents were apprehensive. As Kyle, a father of three explained, "Maybe I'm just worried about government policies. I hope it's something that stays for a very long time, and they don't suddenly just cut it for some reason. The government can be funny, they can come up with something and then we don't get it again... I just hope it stays for a very long time and then maybe it gets better. It takes off a lot of pressure off me and my family. I really wish that it'd continue more than just this year."

Unfortunately for parents like Kyle who hoped it would stick around longer, the expanded Child Tax Credit expired in December 2021. When the CTC expired, it left more than 36 million households without the monthly CTC payments they had come to rely on to help pay the car insurance, rent/mortgage, birthday celebrations, and so much more.[19]

The challenges that families faced in Michigan to access and receive the Child Tax Credit are symptoms of a larger, underlying problem: short-term investments in family economic security cannot be expected to solve long-term challenges.

Importantly, the very nature of the Child Tax Credit expansion as a temporary measure that was quickly ramped up to get support out to families who needed it, also resulted in a rollout that posed challenges to some of the families interviewed in Michigan. Families felt crucial information about the basic structure of the Child Tax Credit could have been better communicated, and many were confused about how the advanced payment structure of the CTC worked. In particular, many caregivers did not realize that the money they were receiving every month amounted to an advance of half of their expected CTC for the year, and that they could receive the other half when they filed taxes in 2022. This finding suggests outreach is necessary to encourage parents to file taxes to receive the rest of the money they are owed.

Overall, the majority of Michigan families who were surveyed and interviewed by CSSP were receiving the CTC. Among survey respondents, over 90 percent said they received one or more monthly CTC payments in the second half of 2021, with nearly 60 percent saying that they had no difficulties receiving the payments. However, one in six survey respondents said they received the wrong amount and one in eight said that one or more payments were late—with Black and Latinx or Hispanic respondents more likely than White respondents to report wrong amounts or payment delays. Among caregivers interviewed, the majority received the CTC automatically, but most who did not receive it automatically reported struggles with the IRS's Sign-Up Tool, which was rolled out by the IRS to manually sign-up caregivers online for their CTC payments. Of the caregivers who did interact with the IRS and its sign-up tool, all reported to CSSP that they had difficulties. As Erika, a mom of three who works in the social services connecting low-income clients with resources like the CTC, said, "I had to call the IRS and try to do multiple hacks to get through to a live person… If you're not tech savvy, you just wouldn't be able to navigate these systems."

The challenges that families faced in Michigan to access and receive the Child Tax Credit are symptoms of a larger, underlying problem: short-term investments in family economic security cannot be expected to solve long-term challenges. A long-term investment, such as making the ARPA expansions to the Child Tax Credit permanent, would create room to develop the infrastructure—such as improved sign-up tools, customer service, and communications—to address the genuine challenges families faced in accessing and receiving the benefit.

FINDINGS FROM OUR RESEARCH: ARPA CHILD CARE INVESTMENTS

Lessons Learned: ARPA's Child Care Investments

"I think that the best investment that you can do is to help more families with daycares. We need more daycares with fair prices," Dolores, a mom of one who recently immigrated to the United States told CSSP.

For caregivers in Michigan, the impact of the ARPA child care investments had not yet been felt at the time of the interviews because funds had not yet been released to providers. Michigan families, however, have reported that finding child care is a struggle: 50 percent of parents with children under five surveyed said finding child care is "somewhat" or "very" difficult. The struggles parents described finding affordable child care that met their families' needs were acute. Michael, a single father to a young son, explained how when he put his son in child care, it immediately accounted for a large proportion of his budget, "it was like almost the first two days of the week that I'm working, I'm working to pay off child care.... And it's also kind of depressing because you just feel like you're caught in this trap like, I got work, but in order for me to work, I got to have my kid in daycare. But if I have my kid in daycare, then that's taking away so much money." Our survey data suggests that affording child care is a struggle for most caregivers, with 51 percent of respondents saying it was either "somewhat difficult" or "very difficult" to afford child care. This was even more pronounced for Black caregivers, who were more likely than White respondents to report that affording child care was either "somewhat difficult" or "very difficult". For families in Michigan who sought out child care subsidies to help offset the cost, some reported being inaccurately denied, wading through significant paperwork, or not meeting income guidelines even though they struggled to afford care.

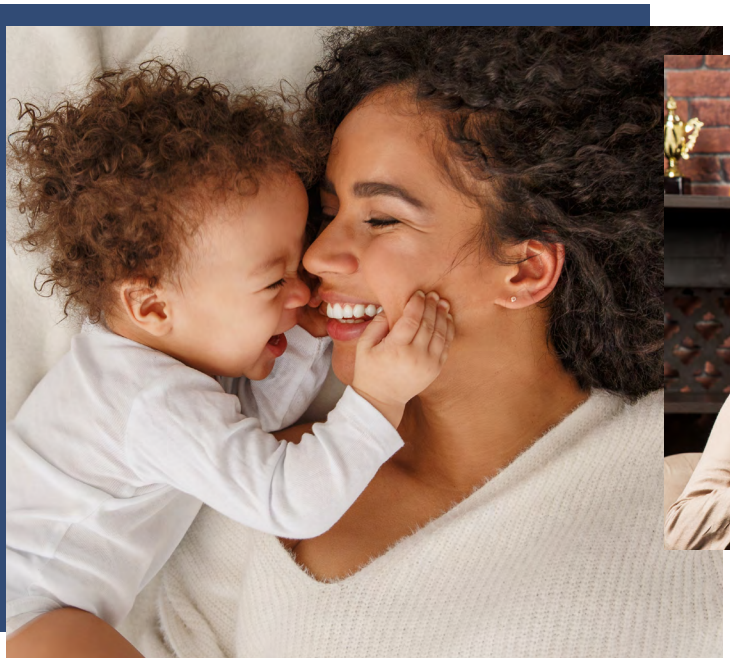
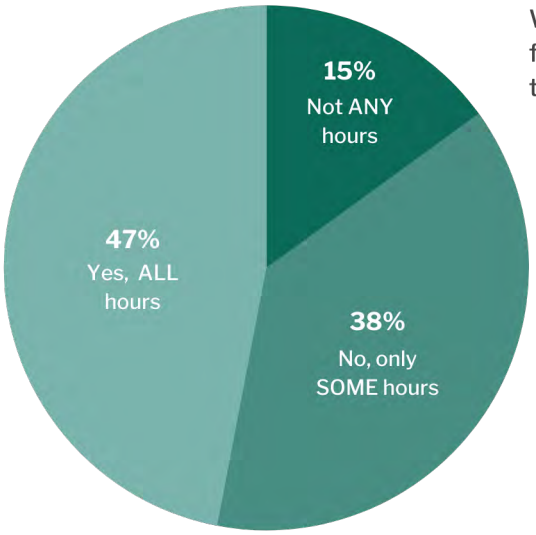


Figure 3. More than Half of Michigan Families Struggle to Find Child Care for the Hours that They Need



When asked, "Have you been able to find child care to cover all of the hours that you need care?"

- 15% said they cannot find child care to cover ANY of the hours they need care
- 38% said they can only find child care to cover SOME of the hours they need care
- 47% said they are able to find child care to cover ALL of the hours they need care

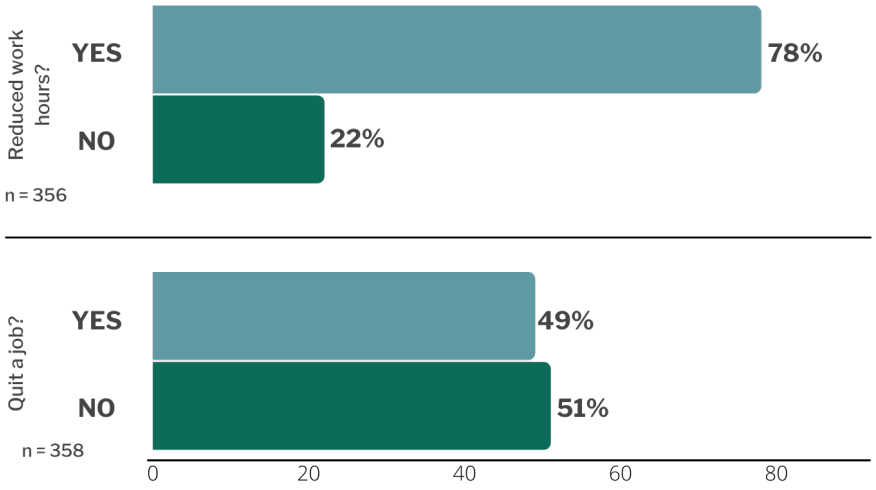
n = 360

Adding to concerns about cost, parents described struggling to find nurturing care during the hours they needed it, especially given the pandemic closures. One mother, Erika, noted how she was worried about finding child care for her newborn because the child care her older children attended closed down during the pandemic: "I have to shop all over again for a new child care center, which is a really, really hard thing to do because you want to make sure that they're doing stuff to help stimulate and develop your child, and making sure that they're properly caring for your children as well." Our survey data affirmed Michigan caregivers' struggle to find child care that aligned with the hours that they needed: 38 percent said they could only find child care to cover some of the hours they need care, while 15 percent said they could not find child care to cover any of the hours they need care (see Figure 3). Notably, Black and Latinx or Hispanic families were more likely than White families to report that they could not find child care for some or any of the hours that they need care.

Families reported that their struggle to find child care also impacted their ability to work. More than half of the caregivers interviewed expressed that their or a household members' employment was disrupted due to unmet child care needs. Similar trends are seen in our survey. Over 80 percent of parents with children under 5 said that child care related challenges have "sometimes" or "often" disrupted their ability to work. Seventy-eight percent of parents said they had reduced work hours at some point in the past due to child care challenges, and 49 percent answered they had quit a job in the past due to child care challenges. (see Figure 4) Among those surveyed, caregivers with income below $50,000 were much more likely to have reduced hours or quit a job in the past because of child care challenges. Without reliable, accessible, affordable child care, caregivers struggle to maintain employment.

Figure 4. Child Care Challenges Make it Difficult for Michigan Parents to Work Consistent Hours or Jobs

When asked, "Have you ever reduced work hours due to child care challenges?" and "Have you ever quit a job due to child care?"



The ARPA child care investments are intended to address families' struggles with affordability and stabilize and expand the supply of child care by investing in providers. In Michigan, the money began going out to providers in February 2022. The short-term ARPA funds have been helpful for providers on two fronts: the infusion of money helped cover some of their immediate costs such as payroll and rent, and they contributed to a shifting public perception that child care providers are central to the economy. And for providers, the funds help the families they serve, and the sector at large.

"I believe that [child care] is a critical part of our infrastructure, and without child care, working families don't get to their workplaces," said Caroline, a home-based provider with nearly three decades of experience, about the importance of long-term investments in child care. "We're basically the foundation of our economy, for our working families. If everybody decides they can't do this any longer, that impact will be felt from the bottom all the way up to the top."

"I believe that [child care] is a critical part of our infrastructure, and without child care, working families don't get to their workplaces," said Caroline, a home-based provider with nearly three decades of experience, about the importance of long-term investments in child care. "We're basically the foundation of our economy, for our working families. If everybody decides they can't do this any longer, that impact will be felt from the bottom all the way up to the top."

Each provider emphasized just how much of a strain the pandemic put on the already broken child

care sector, and spoke of the "constant stress" of keeping their programs open despite ongoing COVID-19 waves. Caroline shared that following the onset of the pandemic in 2020, she had almost two years of lower attendance and had lost $30,000. "I was literally paying to work 60 to 70 hours a week," Caroline said. "I was paying out of my savings to care for other people's children. I think that's why so many providers just couldn't do it. You can't survive when you're working in negatives and working 60 to 70 hours a week and not being paid. I was paying to go to work every day."

Another provider, Kim, who runs a large child care center serving approximately 200 children, described how they had to lay off most of their staff in the first months of the pandemic, as their staff plummeted from 45 to eight. When the ARPA funds began arriving to Michigan providers, it couldn't have been more needed.

The providers described the stabilization grants as a "blessing" to shore up their businesses. In the interviews, providers expressed that they planned to use their stabilization grants on payroll—including raising wages and providing bonuses—mortgages, equipment, and staff training.

"If we can pour back into the staff educationally, that increases the value of our service," said Kim, explaining why she felt using the grant money for staff training would make the center better in the long run. "When you pour back into staff training—because you have funds to let them go for a day or two to learn, and you have staff who can fill in and not scramble and to have leadership team running classroom to classroom to cover things—those are the pieces that make this a thriving center."

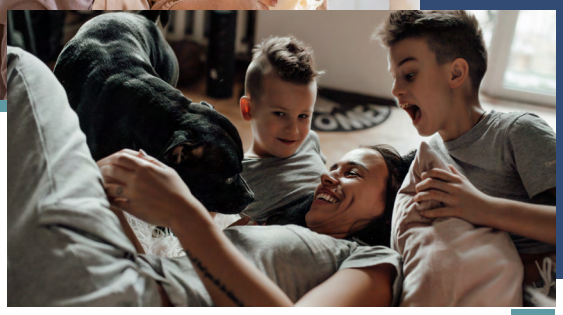
Additionally, the Michigan providers reported that they felt valued by the state and felt like they were collaborating with officials rather than on the receiving end of decisions. In general, providers felt they were being heard by state government officials as stabilization grant decisions were made. Kim described being in a listening session with Governor Gretchen Whitmer, saying "We were pretty fortunate... we were able to just speak to her about the industry and the struggles and the joys of [working in child care]." This collaborative approach helped providers feel the tone-shift happening around the child care sector more acutely, one they felt was long overdue.

"The pandemic opened a lot of people's eyes who just thought that the [child care] system would take care of itself," Caroline explained. "It was collapsing the whole time. It was always on this trajectory. This literally just sped up its death. I want just a little bit of respect for all the time and effort and the stress and the dedication that it takes to be a provider."
While the ARPA funds were described by providers as a "blessing" and "very much needed," the short-

term funds are not enough to address the long-term structural challenges facing the child care sector in Michigan. Long-term investment is necessary to ensure that the sector can grow, families can find affordable care that meets their needs, and wages can be raised and working conditions improved to reflect the importance of the work providers do.

Both providers and other child care stakeholders noted that the temporary nature of the ARPA investments raised concerns about using the money to initiate structural changes. In Michigan, there was commitment from the Governor's office to use the investments to increase access to affordable care for families and raise wages for child care providers, but uncertainty around whether these federal investments would continue made planning difficult. Additionally, in Michigan as well as in a number of other states, the state legislature needed to approve the allocation of ARPA child care funds, and it delayed doing so in part because of concerns that the funding would not be sustained. There were particular concerns at both the state level and the provider level about raising wages with the ARPA funding because of uncertainty over whether they would have the funds to sustain those higher wage rates over the long run. Two of the three providers CSSP spoke with described raising wages out of necessity in order to attract and retain qualified staff this year, but were concerned about their ability to continue to pay staff at these higher rates over the long term.

Meanwhile, the child care sector in Michigan continues to struggle. After Caroline received her stabilization grant in January, she shared in an e-mail that it was "greatly appreciated" but was concerned about her ability to continue to stay open and serve families, given successive waves of COVID-19: "We've been forced to close multiple times due to illnesses, and positives [i.e. positive COVID tests] in care in the last few months. That has made it challenging for our families in care, and our program financially. We are not out of the woods yet."



CONCLUSION

The investments in the CTC and child care have been a lifeline for families and have helped to staunch the bleeding of a child care sector ravaged by the pandemic. Families and providers who experienced these investments directly noted that both investments provided stability and helped them survive while laying a foundation for growth and success in the future. They also expressed concern and fear that these critical investments would not be sustained, because of the government's history of limiting supports to families and undervaluing caregiving.

The experience with these temporary investments has underscored how critical it is to take a holistic approach to supporting families with children, and in particular ensure families have access to a robust, predictable, easy-to access cash benefit that is not conditioned on work, as well as quality child care that meets their needs and pays educators well. These two policies are cornerstones of the foundation that families need to thrive, and one is not a substitute for the other.

The experience with these temporary investments has underscored how critical it is to take a holistic approach to supporting families with children, and in particular ensure families have access to a robust, predictable, easy-to access cash benefit that is not conditioned on work, as well as quality child care that meets their needs and pays educators well. These two policies are cornerstones of the foundation that families need to thrive, and one is not a substitute for the other.

For Lisa, whose goal for her family was to develop "a little bit of a buffer" so that they could cover the costs of unexpected expenses and pay for some of their "wants" along with their everyday "needs," the monthly Child Tax Credit temporarily provided her family that buffer. They were able to buy a car after her husband was rear-ended and know that they could comfortably afford car payments for the next six months. They were also able to put her son in football, which he had been asking to do, but "can be expensive, buying all the stuff." Like each of the families we interviewed, she appreciated the flexibility that the cash payments provided, allowing her to address her needs and even meet some of her wants so that her children could have the opportunities she hoped for them. But the CTC alone was not enough. Even with the CTC, she needed support for child care, so that she could go back to work and trust that her sons were properly supervised and in enriching activities. The CTC did not address the lack of affordable, accessible, and enriching afterschool activities for her sons.

For too long, families like Lisa's have not had the support they need because of how historical and present-day racism and sexism has shaped policy to undervalue families and the care work that is done to raise children, whether paid or unpaid. Supports for families have been inadequate and often explicitly excluded Black families and other families of color, while policymakers have frequently pitted investments in families against each other, suggesting that one might be a substitute for the other.

It is time we turn the page and provide families the full range of the supports they need, on a permanent basis. In particular, families need society to help share the financial burden of raising the next generation, by providing a regular cash benefit they can use flexibly to meet their needs. They also need a robust child care infrastructure so that they can find and afford high quality child care that meets their needs and values the work done by early educators. While giving families cash can help cushion the exponential costs of child care, it won't solve the structural problems in the child care sector that lead to limited options, low wages, and high turnovers. And while families need a robust child care infrastructure that provides affordable and accessible child care, they also need greater flexibility to cover the many other costs of raising children.

As we have seen with the temporary investments in the CTC and child care, these investments have the potential to rewire the way systems treat families of color, providing anti-racist support that redresses past injustices, meets the expressed needs of families of color, and ensures all families and children have the support they need.[20] Through the CTC, families experienced an accessible, reliable, and flexible benefit rather than being forced to jump through administrative hoops or prove work as they currently do in existing, deeply racist income support programs. For the first time, families were given the respect they are owed in knowing how to best use the money for their families.

Investments in child care have facilitated a shift in public attitude to finally recognize the value and work of child care providers as a public good, and particularly of women of color who are disproportionately care workers and whose work has been historically undervalued. Robust, long-term investments in both the Child Tax Credit and child care would recognize the value of all families—and particularly of families of color—as well as the work of child care as a public good.

As Robin, a Michigan mom of two reflected, experiencing economic insecurity long predated the pandemic. "There are so many Americans, whether they're working or they're not working, they still need a lot of support," she said. "And not even necessarily from losing things or income from the pandemic, it was an issue before the pandemic that families were struggling and needed support and so I hope [the government] can see that help is needed regardless of the pandemic."

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The American Rescue Plan's historic investments, while not perfect, offered a new way of thinking about how to best support families. The investments were crucial supports for both families and child care providers to survive the moment—but we must build on the lessons learned from these investments to develop systems that work for families moving forward.

Policymakers should permanently expand the Child Tax Credit and ensure that the higher benefits, especially for the lowest income families, continue along with the broadly popular monthly delivery of the CTC continues When policymakers make the expanded CTC permanent, they should also improve outreach and customer services as well as sign up processes so that all families, regardless of whether they regularly file taxes, can access this crucial benefit.

Policymakers should also transition from propping up the child care sector to reimagining it with new, long-term investments that make the system stronger than it was pre-pandemic and reflects the value of the work child care providers do every day. This means long-term, sustained investments that ensure child care providers can deliver affordable and accessible child care to Michigan families who currently, as mom of two Robin noted, “have no options.”

Congress has taken steps toward making these long-term investments, with the House of Representatives’ passage of the Build Back Better Act in November 2021, but as of this writing the legislation has stalled and its immediate prospects are not clear. Families and caregivers, however, cannot wait any longer. They need dual long-term investments in both the Child Tax Credit and the child care system so that families of color and all families have the support they need to not just survive, but to thrive.

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