

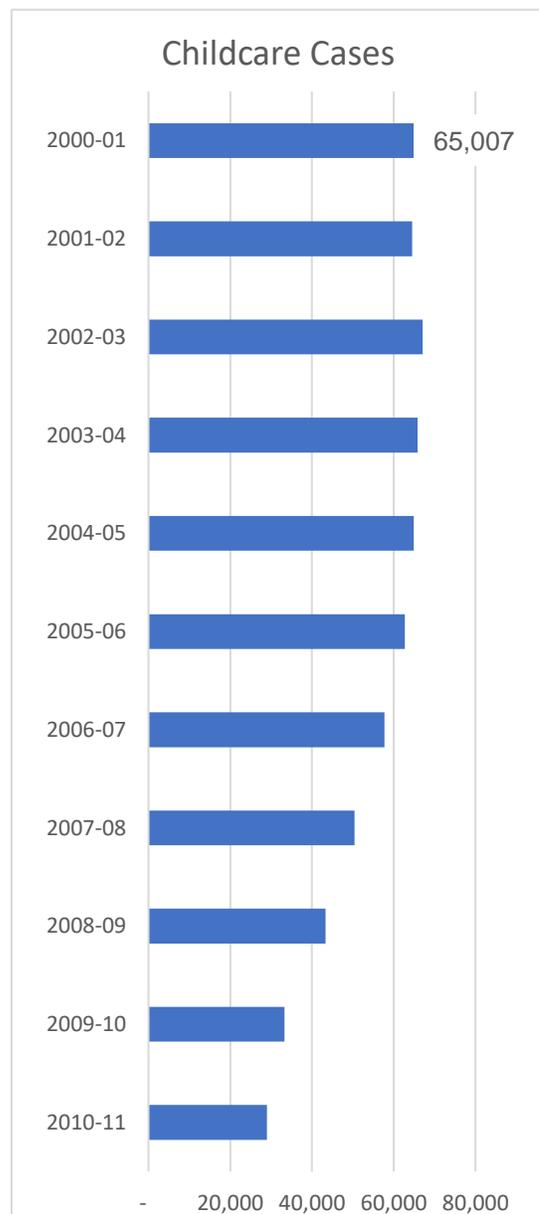
OneFAB

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In 2000, Michigan had roughly 65,000 subsidized childcare cases and a healthy childcare labor force. Nearly 25 years and three dozen public acts later, the number of childcare cases in Michigan is recovering from a Fiscal Year (FY) 2020-21 low of 13,750 and currently stands at 24,846¹ at the close of FY 2023-24. For context, cases represent the number of parents (with one or more children) who qualify for subsidized childcare payments from the State. While the number of cases does not represent the overall statewide need for childcare, a review of how childcare regulation (specifically, changes to the Childcare Licensing Act, Public Act (PA) 116 of 1973) impacts cases can inform how regulation impacts childcare availability overall. Below is a brief summation of the most substantive legislation.

2005: In response to a series of *Detroit News* stories detailing the number of convicted sex offenders working in State schools, Michigan enacted legislation to:

- PA 128: Require criminal background checks on licensees of family day care and group day care homes, along with any private individuals residing in those homes. Also require the Department of Human Services (DHS) (now the Department of Health and Human Services) to perform criminal records checks on all then-current registrants/licensees by January 2007.
- PA 133: Require background checks on childcare and day care center licensees, their employees, and contract workers. Require DHS to revoke licensure when a background check revealed a licensee or applicant had been convicted of a listed offense. Require childcare and day care centers to perform background checks on applicants and prohibited them from offering employment when those checks revealed a prior conviction of a listed offense.
- PA 202: Expand the definitions of "childcare center" and "day care center" to include before- and after-school programs (excepting specialized programs, including athletics or organized clubs/hobbies). The effect was to expand licensing



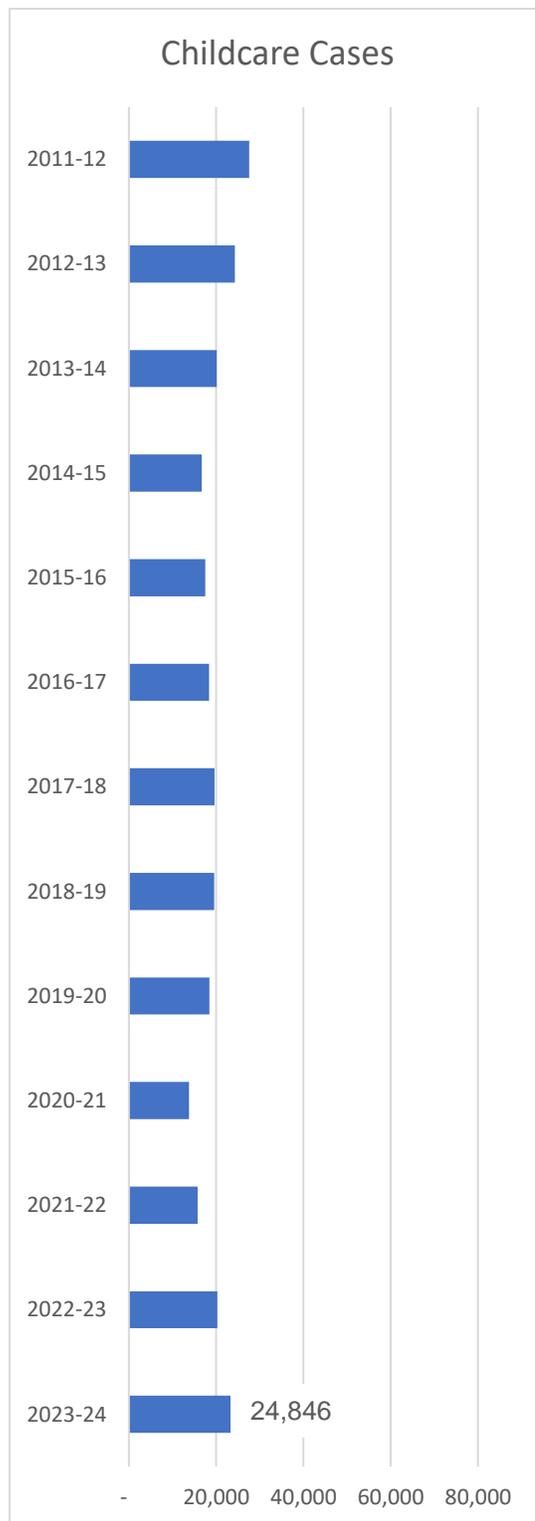
requirements, including the new background checks, to childcare centers associated with schools.

2010:

- PA 85: Create requirements for childcare providers to maintain licensing notebooks on the premises. Prohibit DHS from renewing licenses and registrations when prior violations resulted in child injury or death. Require DHS to update its childcare database more rapidly to list investigations of childcare organizations.
- PA 379: Expand criminal history checks to include licensee designees. Prohibit DHS from issuing a license if an owner, partner, or director of applying organization had been convicted of child abuse or neglect. The cost of the criminal history checks was shifted to licensee applicants.

2017:

- PAs 256, 257, & 258: This bill package made significant changes to the industry, including the following:
 - Require licensure, instead of registration, with the Department of Licensing and Regulatory Affairs (LARA).
 - Add licensure and renewal fees.
 - Require annual, unannounced inspections.
 - The addition of past crimes to justify license denial, including felony drug use and shoplifting.
 - Require clearances from national registries prior to issuing or renewing a license.
 - Add legal authority to LARA to seek injunctions for suspected violations.
 - Extend license denials to five years from two years under certain circumstances.
 - Require at least one person at a licensed organization be certified in first aid and CPR.



The primary concern for most of the above legislation was child safety; however, the consequence of increasing regulation for a previously unregulated (or lightly regulated) industry is increased costs for licensees and increased complexity for initial licensure and licensure compliance. In reviewing the above legislation, the impacts of increased costs and complexity to be borne by the industry were not influential factors when the Legislature passed the bills but are correlated with a reduction in available childcare statewide. One way to encourage compliance with increased regulation is to increase compensation. This has begun in recent years for subsidized childcare as the need for a stronger childcare labor force has become apparent.

¹ See DHHS Greenbook: <https://www.michigan.gov/mdhhs/inside-mdhhs/reports-stats/green-book>