



# The Governor's Office of FOUNDATION LIAISON

A partnership between the  
State of Michigan and the  
Council of Michigan Foundations

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## Bringing Philanthropy and the State Together to Improve Michigan's Child Care System

Michigan's nonpartisan Office of Foundation Liaison (OFL) was created in 2003 at the suggestion of Michigan philanthropic leaders. The Office — the first of its kind in the nation — works to foster partnerships between state government agencies and philanthropic organizations that are likely to result in policy and programmatic reforms to improve the lives of children and families in Michigan. Since its inception, OFL has brokered more than \$150 million in foundation investments for initiatives to increase Michigan's economic competitiveness through reforms in P-20 education, economic and workforce development, health, and land use.

OFL works within three priority issue areas: prenatal to postsecondary education, workforce development, and health. A program that crosses these three major buckets is Michigan's child care subsidy system that touches the lives of Michigan's low-income families and children along with local businesses and child care professionals. Recently, OFL worked with both government and philanthropic partners to uncover gaps in the state's child care subsidy program and facilitate improvements to help Michigan's families and children have access to a better, brighter future.

### Seeking Clarity around a Complicated State Child Care Issue

Michigan runs a program called Child Development and Care (CDC) that serves to implement the federal Child Care and Development Block Grant that provides working, low-income families with access to child care via state subsidies. The CDC is a long-running program but, in recent years, rumors were spreading through Michigan's funding community about why the state needed to return funds to the federal government — the only state in the country to do so. Many funders came to believe that Michigan could not find the match it needed to use all the federal subsidy funds allocated to the state.

Upon hearing this information, OFL sought clarity around the state's subsidy budget issue and went to speak with Michigan's Office of Great Start about the matter. What OFL learned was that Michigan was indeed sending unused subsidy funds back to the federal government, but it was not because it lacked a funding match, as OFL and others in the funding community had initially assumed. Rather, the issue was a policy one that kept low-income families and child care centers from accessing state subsidies.

On learning this important distinction, OFL recognized that the Office of Great Start's upcoming report on Michigan's child care system would be an excellent opportunity to convene funders and the state to build understanding and clarity around the issue. Thanks to OFL's strategic networking, the Max and Marjorie Fisher Foundation had come forward to support the creation of this report in collaboration with the Department of Education. The Fisher Foundation found that the report would align perfectly with its early childhood work and was eager to see the results.

### Major Gaps in Michigan's Child Care Subsidy Program Revealed

In September 2016, *Building a Better Child Care System: What Michigan Can Do to Help More Parents and Children Access Quality Care*, prepared by Public Sector Consultants for the Office of Great Start, was finally released. Following the report's publication, OFL, in collaboration with the Council of Michigan Foundations (CMF) P-20 Education Affinity Group, scheduled a funder's briefing that saw a strong turnout with over 35 foundation representatives and nonprofit advocates in attendance.

At the briefing, attendees learned that Michigan had the lowest eligibility level in the country for access to child care assistance and the lowest reimbursement rate to child care centers. In

In addition, funders learned that the reimbursement system was very complex; it took months for many child care centers to receive reimbursement checks and the reimbursement application for families was exceedingly long, at 50 pages with about 80% of applications denied.

### **Inspiring Funders and Policymakers to Take Action for Michigan's Families**

These findings shocked the funding community. Coming out of the briefing, funders felt they not only had a better grasp of the child care subsidy issue but also how they could work with policymakers to leverage private dollars with state funds to improve child care for Michigan's families.

The report was also influential among state agencies, early childhood advocates, and early childhood-focused organizations as it clearly defined the problems within the state's subsidy program and how they could be fixed. The report even caught the attention of Governor Snyder who later added an increase in child care provider payments to the administration's proposed budget for the next fiscal year.

Inspired by the report's findings, CMF's P-20 Education Affinity Group recommended that CMF's Public Policy Committee take up the issue. The Committee then held their own briefing to discuss what they could do to help Michigan's low-income families obtain better access to child care and sent their recommendations to the CMF Board. CMF's Board took these recommendations and submitted letters to Governor Snyder and House and Senate leadership showing support for the proposed increase in child care provider payments, urging the state to take additional action by increasing the income eligibility threshold, and to transition from an hourly billing system to biweekly payments for child care providers.

### **A Win for Michigan's Low-Income Families and Child Care Providers**

Thanks to collaborative efforts between the funding community, early childhood advocates, businesses, and state agencies, two major changes to Michigan's child care subsidy program were incorporated into the 2017–2018 state budget. The income eligibility level was increased and the reimbursement system was improved by switching to more sustainable biweekly payments.

### **OFL's Key Roles in Supporting Improvements to Michigan's Child Care System**

- Engaging in strategic networking to connect funding partners to opportunities with state agencies
- Clarifying important budget vs. policy issues to ensure government and philanthropic partners are on the same page
- Facilitating collaboration between private and public partners to cultivate knowledge-sharing between sectors and inspire coordinated cross-sector action

These improvements to the state's child care subsidy program would not have been possible without OFL. While other bodies and organizations took the reins to spur Michigan's government into action through advocacy efforts, OFL was instrumental in getting the Office of Great Start's report funded, as Jeff Guilfoyle, Vice President of Public Sector Consultants, expressed in an interview.

OFL, harnessing its unique Executive Office position, stepped in to obtain clarity around a complicated state issue, securing frank and transparent answers from state agencies. OFL also brought the Fisher Foundation together with the Office of Great Start to make the report on Michigan's child care system a reality. *Building a Better Child Care System* inspired subsequent actions by actors across the state who then successfully pushed for improvements to Michigan's child care system. This entire process—from information gathering to policy implementation—illustrates the power of cross-sector collaboration and the important role OFL plays in facilitating this collaboration.