

# Child Care in State Economies Report Series, Part 2: Trends in Child Care Industry Revenue and Employment

## FACT SHEET

### Michigan

Part 2 of the 2024 Child Care in State Economies Report Series focuses on the provision of child care services in the aftermath of the COVID-19 public health pandemic. Industry recovery was aided in part by \$52 billion in supplemental federal child care funding provided through three COVID-relief measures passed by Congress between March 2020 and March 2021.

#### Initial COVID-19 Impact

- Revenue for child care centers plummeted by 36% in the 2<sup>nd</sup> quarter of 2020 compared to a 9% decline across all service sectors during the same period.
- Employment within child care centers declined by 31% (-290,000 jobs) compared to a 14% drop (-22 million jobs) in total wage and salary employment between March and April 2020.

#### Federal Supplemental Child Care Funding

Between March of 2020 and March of 2021, Congress provided \$1.5 billion in supplemental child care funding to Michigan. This funding was used to

- ensure that parents could have choices in the child care market
- enable programs to remain open with a reduction in child enrollment, and
- increase pay for staff (recruitment and retention bonuses) to ensure that programs could operate in a competitive job market

#### Child Care Businesses

There were 16,527 child care businesses in 2022.

- 1,675 child care centers
- 14,852 home-based child care businesses
- Between 2019 and 2022, the number of child care centers declined by 150
- Between 2019 and 2022, the number of home-based child care businesses declined by 1,613



#### Child Care Revenue

Child care businesses earned \$1.71 billion in revenue in 2022.

- Centers: \$1.4 billion in revenue (83.6% of total revenue for the child care sector)
- Home-based: \$278 million in revenue

#### Child Care Employment

Total employment was 33,600 people in 2022.

- 18,748 (centers)
- 14,852 (home-based child care businesses)

#### Average Annual Revenue per Child Care Business, 2022

- \$858,179 (centers)
- \$18,715 (home-based child care businesses)

#### Employment & Wages

Wages for individuals working in child care centers in Michigan have increased by 24.6% since 2019.

- Median annual wages have increased from \$23,160 to \$28,860 in 2023, an increase of \$5,700.
- The median hourly wage increased from \$11.13 to \$13.88 in 2023.
- 2021 average annual revenue for home-based child care businesses was \$18,715 (net earnings of \$10,417 after operational costs)
- The average child care center had 11.2 employees in 2023.

#### Future of the Child Care Industry

- Revenue has increased since pre-COVID
- Employment has increased since pre-COVID
- Wages have increased since pre-COVID
- At this time, it is not possible to know if these industry gains will remain after the supplemental federal child care funding has been spent (deadline September 30, 2024)