



RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN
FOR CHILD CARE

Ogemaw County, Michigan

September 2023



First Children's Finance





The Rural Child Care Innovation Program is supported by the Michigan Department of Education (MDE) and Licensing and Regulatory Affairs (LARA). Together, they are leading a comprehensive, statewide effort – Caring for MI Future – to increase the number of licensed child care programs across the state. Caring for MI Future is a 100-million-dollar investment that will help more Michigan families find quality, affordable child care in their community by opening 1,000 new, or expanded, child care programs by the end of 2024. First Children’s Finance received \$600,000 in federal American Rescue Plan Act funding, awarded by the Michigan Department of Education (MDE) as part of the Caring for MI Future initiative to expand the Rural Child Care Innovation Program (RCCIP) to serve six rural communities with a focus on the sustainability and supply of Michigan child care.

This Community Solution Action plan is designed to illustrate a deep dive into the Rural Child Care Innovation Program. You will step through every stage of the community engagement process through solution development and implementation. Please visit www.ruralchildcare.org for continued updates on community progress.

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“If employees cannot find quality care for their children, they won’t work for you. They won’t move to your community, or they will be forced to move away, or they might have to consider quitting their job to stay home with their children because **they have no other option.**”

Kris Bevell

Editor
Prairie Business Magazine

EXECUTIVE SUMMARY

The Rural Child Care Innovation Program (RCCIP) is a community engagement process designed to develop “right-sized” solutions that address the needs of early care and education in Michigan’s rural communities. The goal of RCCIP is to help communities identify the size and scope of their child care challenges, along with empowering and supporting communities to develop solutions that address these challenges.

The Community Solution Action Plan for Ogemaw County intends to outline the child care challenges identified within the selected zip codes and the proposed solutions to improve the state of child care in the area. A Core Team from Ogemaw County, with the support of First Children’s Finance, conducted a thorough investigation and analysis to uncover the factors contributing to the child care challenges in the area. The investigation was carried out through focus groups, individual interviews, and surveys, with a multitude of stakeholders in the community.

To understand the potential need for child care in Ogemaw County, First Children’s Finance conducted a Supply and Demand Gap Analysis, coupled with extensive community surveys. The outcomes highlighted a child care shortage of approximately

637 child care slots as of March 2023, in the Ogemaw Area. The analysis revealed that it is exceedingly difficult to be a child care provider due to ratio restrictions, low pay, lack of benefits, long hours, and high operating costs. Staffing is a significant expense for many child care programs, resulting in 60–80% of overall expenses. Simultaneously, providing adequate staff wages is essential to sustainability. This heavily influences the ability of child care providers to sustain their child care operations.

The analysis revealed that these child care challenges have severely impacted parents living in Ogemaw County. Fifty percent of survey respondents declined employment or withdrew from the workforce due to child care issues. Absence from work (when a provider is closed for the day), inability to work a flexible schedule, inability to work different shifts, and tardiness to work hinders the opportunity for many parents to advance in their careers.

Some of the major factors contributing to the child care challenges in Ogemaw County include affordability for working families, and a drastic child care staffing shortage.

Through the Rural Child Care Innovation Program, Ogemaw County has identified four SMART goals to address child care challenges. These include:

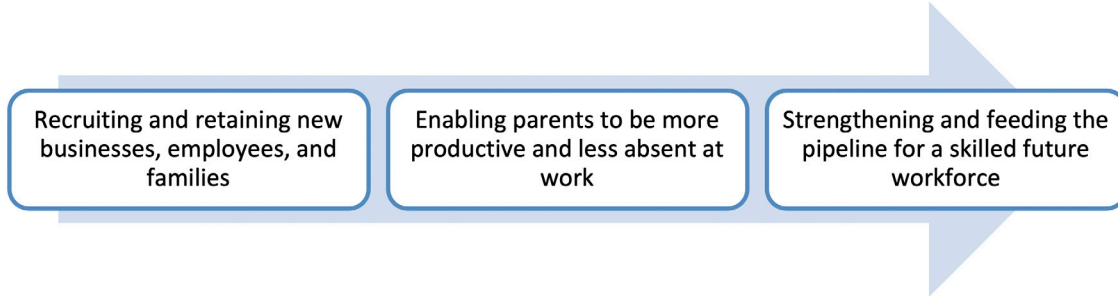
1. The development of community partnerships with the West Branch Recreation Center, to host an innovative child care program by December of 2024.
2. The establishment of a county-based child care provider network/mentorship program by December of 2023.
3. The development of an initiative that promotes community education around understanding the child care shortage and the unsustainable child care business model within the 2023 calendar year.
4. Establishment of a community-based business network to support the local child care industry through shared services by December of 2024.

In implementing these goals, Ogemaw County will improve the state of child care by empowering local child care businesses through continuous community support, providing parents with more care options, and giving child care entrepreneurs

stronger resources to run and operate their programs. First Children’s Finance will provide support to the core team in implementing these goals, when needed through September 30, 2023.

THE IMPORTANCE OF HIGH QUALITY CHILD CARE IN COMMUNITIES

In rural communities the ebb and flow of the local economy heavily influences the sustainability and supply of child care and vice versa. Because of this, the Rural Child Care Innovation Program addresses child care and early education challenges through a framework of regional economic development. A robust supply of high-quality child care fosters community growth through:



The connection is clear; when our children thrive, so do our communities. Investing in early care and education is not only the right thing to do for our youngest citizens, but the best thing to do for our economic growth and prosperity.

INTRODUCING THE RURAL CHILD CARE INNOVATIVE PROGRAM

Child care is an economic driver for rural communities across the United States, but many communities are facing shortages of high-quality child care. The Rural Child Care Innovation Program (RCCIP) is based on the fundamental idea that rural communities are greater than their size in numbers, and greater than their current challenges. By mobilizing and empowering rural communities, the landscape of early care and education is beginning to change in rural America.



Program Activities & General Timeline

PHASE	TIMING	ACTIVITIES
Project Planning	September – October 2022	<ul style="list-style-type: none"> Project planning. Marketing and communications strategies to launch awareness of RCCIP.
Project Planning	November – December 2022	<ul style="list-style-type: none"> Marketing and communication of application; outreach to rural communities as potential applicants. Host information webinar. Answer questions and offer technical assistance for application components. Application deadline.
Project planning	December 2022–January 2023	<ul style="list-style-type: none"> Review and score applications. Determine selections.
Discovery	February 2023–April 2023	<ul style="list-style-type: none"> Selected Communities notified the week of 2/3/2023. Launch Core Team onboarding sessions. First Children’s Finance completes a Supply/Demand/Gap analyses for RCCIP communities–calculated from data gathered from the United States Census, LARA, and Great Start to Quality. First Children’s Finance gathers supporting demographic data for the selected zip codes.
Discovery	April –May 2023	<ul style="list-style-type: none"> Core Teams identify Town Hall dates, begin regular planning meetings and Discovery Phase. Ogemaw County Provider Appreciation events hosted. Qualitative data collection and analysis conducted by First Children’s Finance. First Children’s Finance preps for Community Solution Action Plan. Town Hall logistics confirmed by Core Team (promotion/registration).
Planning	June –July 2023	<ul style="list-style-type: none"> Qualitative data collection complete, analyzed and shared with Core Teams. Town Hall promotion and preparation by Core Team, with support from First Children’s Finance, continues. Town Hall Events Hosted. Smart Goal/Implementation meeting hosted. Community Solution Action Plan drafts created by First Children’s Finance. Launch community SMART goal projects with goals established during the Implementation meeting.
Planning	August 2023	<ul style="list-style-type: none"> Community Solution Action Plans Drafted. Preliminary Timelines for Implementation drafted.
Planning	August – September 2023	<ul style="list-style-type: none"> Community Solution Action Plan drafts submitted to the Core Team for feedback. Community Solution Action Plan. submitted to the Michigan Department of Education for review and feedback.
Implementation	September 2023	<ul style="list-style-type: none"> Finalize project implementation plans for Core Teams. Community Solution Action Plan completed and published. First Children’s Finance’s Scope of work Completed by 9/30/2023. The Core Team will manage ongoing progress on community projects and SMART goals.

EXPECTED OUTCOMES AND IMPACT

The Rural Child Care Innovation Program is designed to support fundamental change in the overall condition of child care in the areas that it is delivered. This is accomplished through various methods that include:

- An analysis of the current full-time year-round child care supply and demand, and a thorough evaluation of community factors impacting the local child care supply.
- Events that educate community members about the link between quality child care, rural economic development, and viable communities.
- A Community Solution Action Plan that includes innovative solutions generated through a facilitated process.
- Support and business improvement services to existing family/group home child care providers, and child care centers.
- Access to First Children's Finance's expertise, resources, and tools (including, but not limited to, research and financial modeling).
- Links to other communities who are working on similar issues.

ABOUT OGEMAW COUNTY

Ogemaw County is located in the Northern Central Lower Peninsula of Michigan and has a total population of 20,895 according to the 2021 United States Census. The county covers an area of 575 square miles and consists of 14 townships, one village, and two cities, with the largest city being West Branch. Ogemaw County adjoins Iosco County on the west and owes its settlement to the primal forests of pine that line the Rifle and Tittabawassee rivers. The county seat of West Branch contains Irons Park, a city park established in 1955. Many community events are held in the park yearly. Lastly, Ogemaw County features the Ogemaw Hills Rifle River Recreation area. Canoeing, trout fishing, and swimming are just a few of the many recreational activities that are enjoyed throughout the county.



▶ LOCAL TEAM REPRESENTATION

The Core Team was identified locally, and asked to commit to investigating the child care challenges in Ogemaw County. The Core Team has and will continue to support development of solutions to sustain a high quality and sustainable child care infrastructure in the Ogemaw County Area. In the table below, all core team members and the organizations that they are affiliated with are listed.

▶ Core Team Lead: Penny Payea	Michigan Works! Region 7B (EDC)
▶ Mary Bickel	Northern Initiatives
▶ Tracey Stein	Great Start to Quality
▶ Melissa Maeder	Great Start to Quality
▶ Theresa Erickson	Huron Community Bank (EDC)
▶ Tracey Wood	NEMSCA
▶ Gail Hughey	Ogemaw Schools
▶ Yvonne DeRoso	Morris-Richardson Real Estate (EDC)
▶ Jody Perkola	MDHHS
▶ Phil Durst	MSU Extension (EDC)
▶ Tim Dolenhanty	Ogemaw County Administrator
▶ Michon VanWormer	AuSable Valley CMHA
▶ John Dantzer	West Branch City Manager
▶ Laura Marantette	AuSable Valley Mental Health
▶ Rich Castle	Consumers Energy (EDC)
▶ Charles Wiltse	Ogemaw County Commissioner (EDC)
▶ Denis Stephens	Ogemaw Township Supervisor
▶ Ray Stover	My Michigan Health (EDC)
▶ Joe Perrera	Whittmore-Prescott Schools (EDC)
▶ Heather Neuhaus	West Branch Chamber of Commerce

CHILD CARE DATA AND EARLY EDUCATION TRENDS

As part of the Rural Child Care Innovation Program, the local community was provided with various forms of data to understand the contributing factors of the child care challenges. First Children's leveraged different data sources to pull together an illustrative picture of the child care impact in the local area. These data sources include the [2021 United States Census](#), [Michigan Department of Licensing and Regulatory Affairs-Child Care Licensing](#), [Great Start to Quality](#), the [2020 Michigan Child Care Market Rate Study-Public Policy Associates](#), the [U.S. Department of Labor and Economics](#), [Michigan Department of Education](#), and other internal research tools, including First Children's Finance data.

POTENTIAL NEED OVERVIEW

First Children's Finance conducted a child care supply and demand gap analysis which provided a snapshot of the potential full-time/year-round child care needs within Ogemaw County. When analyzing the supply and demand gap for the selected area, First Children's Finance looked at the data for all zip codes located within the county, to determine the overall need. First Children's Finance's specialized supply and demand gap analysis is calculated from data gathered through public sources such as The Michigan Child Care Licensing and Regulatory Affairs (LARA) provider database, The Great Start to Quality (GSQ) provider database and the 2021 U.S. Census. Considering the goal is to highlight full-time, year-round care within the selected zip codes, all child care that operates part-time, half-day, or school year only has been omitted from the calculation. While these programs are a wonderful resource to the community, most working parents need care after the school day ends and throughout the summer. These programs can leave parents scrambling to find gap coverage. Lastly, it is important to take into consideration that most programs are not filled to capacity, 100% of the time. When considering group homes or child care centers, capacity is limited based on staffing. Currently, the child care industry is experiencing a heightened staffing shortage activated by the pandemic. With that understanding, the capacity calculation is run at an 85% rate. First Children's Finance's supply and demand gap analysis gives the community an opportunity to look at the child care need from a different, more defined perspective.

The Ogemaw County supply and demand gap analysis completed in March of 2023, shows a shortage of 637 full-time year-round slots for children ages birth-five years, with all available parents in the workforce.

Below is a dashboard that highlights the information gathered through the analysis. It is important to note the constant fluidity of child care data when reviewing the information in the dashboard below. This analysis represents a snapshot in time, of the child care need in Ogemaw, as of March 2023. Due to the nature of the industry, it is difficult to keep up with its steadily changing data. Child care constantly fluctuates as providers open and close their doors, experience staffing losses and gains, and families move in and out of the community. It is important to emphasize that this is an **estimate** of need.

Ogemaw County Child Care Need Analysis



Selected Zip Codes

48610- Alger 48761- South Branch
 48635-Lupton 48739- Hale
 48654 Rose City 48743-Long Lake
 48661-West Branch 48756-Prescott

Ogemaw County

5 Licensed Family Child Care Providers
7 Licensed Group Home Providers
1 Licensed Child Care Centers



637
 Birth to 5 spots needed
 FCF Calculation



77%
 Children under 5 with all parents in the workforce
 Estimate based on the 2021 ACS

140

Current child care capacity
 FCF Calculation



777
 Children under 5 with all parents working
 Estimate based on the 2021 ACS



\$759
 Per Month

Cost of Infant/Toddler care
 Michigan 2021 Market Rate Child Care Study Survey 75 percentile -Manistee County



\$683
 Per Month

Cost of Preschool care
 Michigan 2021 Market Rate Child Care Study Survey 75 percentile -Manistee County



First Children's Finance

March 2023



FAMILY CHILD CARE – BY THE NUMBERS AS OF MARCH 2023

In rural communities, family or group home providers are a primary delivery mechanism for child care. This type of care is more likely to be financially sustainable, due to the size and scattered population of most rural areas. This fact makes smaller “in home” programs a critical factor in the overall supply of child care within the community.

First Children’s Finance evaluated the current supply of family child care to identify trends needing further examination.

- According to the [Gallup Business Journal](#), a study was conducted revealing that 50% of new businesses fail before they hit their five-year milestone. With that in mind, it is safe to assume that providers with less than five years of service are at a higher risk for turnover, and those with more than 20 years of service are potentially getting close to retirement or burnout. In an industry that already sees tremendous employment turnover rates, these are important factors to consider.

	Local
▶ Total Family Child Care Providers	12
▶ Average Length of Service	8 Years
▶ Less than 5 years / Service	7/58%
▶ More than 20 years / Service	1/8%

Source: Great Start to Quality Provider Database and the Licensing and Regulatory Affairs Provider Database as of March

Perceptions: How Long do Family and Group Home Providers Plan on Staying in the Business?

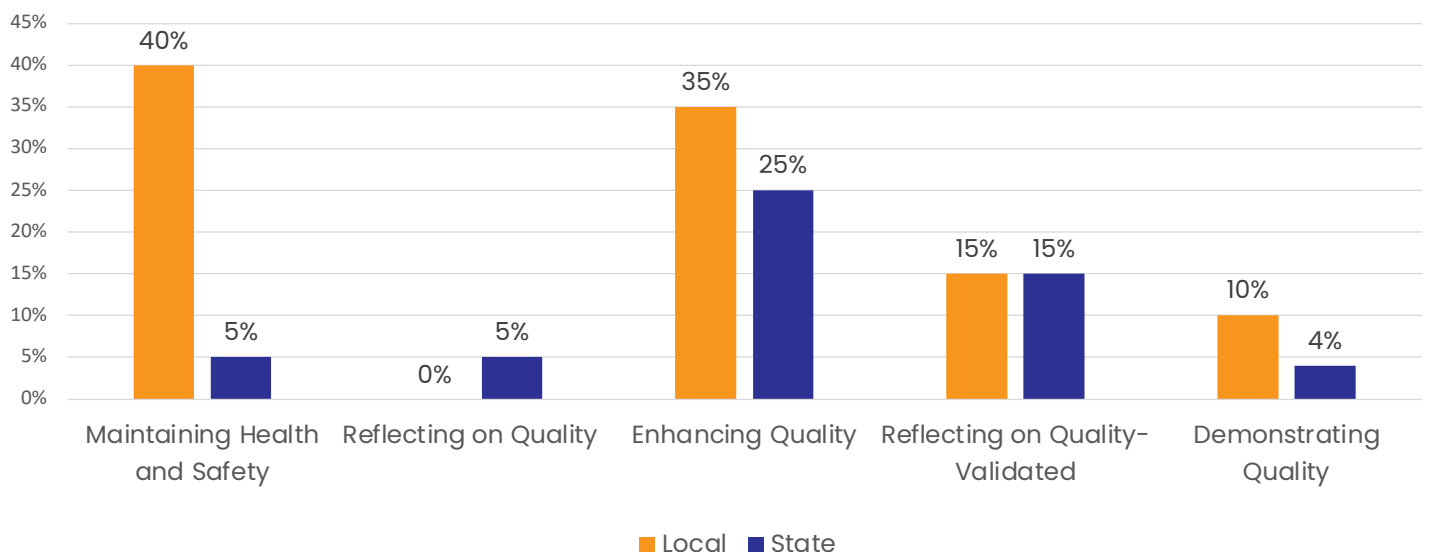
When Ogemaw County Family and Group Home child care providers were surveyed in the spring/summer of 2023, they were asked about how long they plan to remain in business. Seventeen percent said they are planning to remain in business for another 3–5 years. Another 17% stated they are planning on being in business 6–9 additional years, while 67% said they are planning to continue operating for 10 or more years. It is important for Ogemaw County to consider ways to retain the current family child care and education providers as well as building additional slots within the community.

▶ QUALITY CHILD CARE OVERVIEW

Each state has their own child care Quality Rating System (QRS). Michigan currently uses the Great Start to Quality (GSQ) “Levels of Quality” system. This program can provide great benefits and resources to providers that strive for higher quality. Until recently, it was based on a star rating system. Programs were assessed on a scale of 1 to 5 stars awarded, according to a specific set of quality standards. As of February 1, 2023, the system has upgraded to a quality rating process called “Levels of Quality”. One of the benefits available to providers that achieve higher levels of quality includes receiving a higher Child Development and Care (CDC) reimbursement rate. Families that qualify for a CDC reimbursement will receive more money to use towards child care if they attend programs that have achieved higher levels of quality. The “Levels of Quality” that are available to achieve are as follows: Maintaining Health and Safety, Reflecting Quality, Enhancing Quality, Enhancing Quality-Validated, and the highest level, Demonstrating Quality. While participating in the GSQ “Levels of Quality” program is one way to measure and ensure quality in a child care facility or home-based program, there are other forms of accreditations that child care businesses can also achieve. One example of high-quality accreditation is through NAEYC (The National Association for the Education of Young Children). This organization offers a highly coveted program that holds the provider to an extremely high set of standards. Another example is NECPA (The National Early Childhood Program Accreditation Commission). While these are both fantastic programs to gain accreditation from, they take time and cost money. It is important to note that all these processes are difficult for providers to engage in when they are short-staffed and struggling to profit.

The chart below illustrates the overall “Level of Quality” that the providers of Ogemaw County have achieved. This data reflects all child care programs in the community, full and part time. This is a critical component when we evaluate child care program offerings in the area. It provides insight on the number of programs that could potentially qualify for higher Child Development and Care Credits for the families that they serve. It also illustrates that despite the known challenges most providers face, they are still striving for quality in Ogemaw County.

Great Start to Quality Participation in Ogemaw County vs. The State of Michigan as of March 2023





AVERAGE COST OF CHILD CARE

Child care is a large investment for families with children. According to the Public Policy Associates, the 2020 Market Rate Study included a survey of 6,896 licensed child care providers known to be open across the state. This survey asked about the number of children providers were able to serve (capacity), how many children were in care, tuition rates, and other relevant fees and policies. Due to the fact that this research was conducted during the pandemic, the survey also addressed special cost considerations associated with COVID-19. In addition, Public Policy Associates conducted in-depth interviews with 24 providers and analyzed the cost to provide care using a variety of extant data and the Provider Cost of Quality Calculator from the U.S. Department of Health and Human Services, Office of Child Care. These rates are reflected below for Ogemaw County.

Northeast Region Market Rates –Ogemaw County– based on (45 hrs./52 wks.)

Age Group	Weekly Rate	Annual Cost
▶ 75th Percentile- Infant weekly	\$175	\$9100
▶ 75th Percentile- Toddler Weekly	\$175	\$9100
▶ 75th Percentile- Preschool Weekly	\$158	\$8216
▶ 75th Percentile- School Age Weekly (15hrs/44wks)	\$53	\$ 2332

2020 Child Care Market Rate Survey

While rates of investment for child care are high for families, many child care businesses operate on very slim margins due to the excessive cost of quality staffing and care. Quality staffing is critical to overall success and is desirable for families, but is a significant expense for many child care center programs at 60–80% of overall expenses.

▶ OTHER LOCAL SUPPORTING DATA

As part of the overall collection and review of data, First Children's Finance shared additional data outcomes such as third grade reading proficiency rates, and local graduation rates. There are multiple studies indicating a link between the quality of early education opportunities and school readiness such as the research conducted by the [Annie E Casey Foundation](#) on the importance of third grade reading. Third grade reading proficiency rates and high school graduation rates are one way to link the two. Lower achievement levels from birth to age five can be an early indicator of things like future challenges in school, engagement in higher education, and teen pregnancy rates. The higher the quality of early care and education programs for children birth to age five, the higher the achievement later in life. Ogemaw County has both reading proficiency levels and graduation rates above the state average. By raising the quality and availability of early childhood education in the community, there is potential to meet even higher state testing and graduation rates.

Third Grade English Language Acquisition (ELA) Proficiency Rates by School District

District	2021-2022 Proficiency Rate
▶ West Branch-Rose Area Schools #65045	51.6%
Statewide Average	41.6%

Local Graduation Rates by District

District	2021-2022 Graduation Rate (4 year Cohort)
▶ West Branch-Rose Area Schools	79.55%
Michigan Statewide Average	81.01%

Source: Michigan Department of Education



ABILITY TO PAY FOR CHILD CARE

Many families working on the lower end of the wage spectrum have difficulty paying for child care. According to the 2021 U.S. Census, 25% of children ages 18 and younger, living in Ogemaw County, reside in households that fall below the poverty level. Thirty-four percent of those children are under the age of five. The following chart provides an overview of the local household income averages in Ogemaw County.

Total households ACS 2021	# of Households	%
▶ Less than \$10,000	576	6.4%
▶ \$10,000 to \$14,999	504	5.6%
▶ \$15,000 to \$24,999	1260	14.0%
▶ \$25,000 to \$34,999	1260	14.1%
▶ \$35,000 to \$49,999	1449	16.1%
▶ \$50,000 to \$74,999	1746	19.4%
▶ \$75,000 to \$99,999	945	10.5%
▶ \$100,000 to \$149,999	882	9.8%
▶ \$150,000 to \$199,999	216	2.4%
▶ \$200,000 or more	153	2.4%
Median Household Income	\$44,165	

U.S. Census American Community Survey 2021

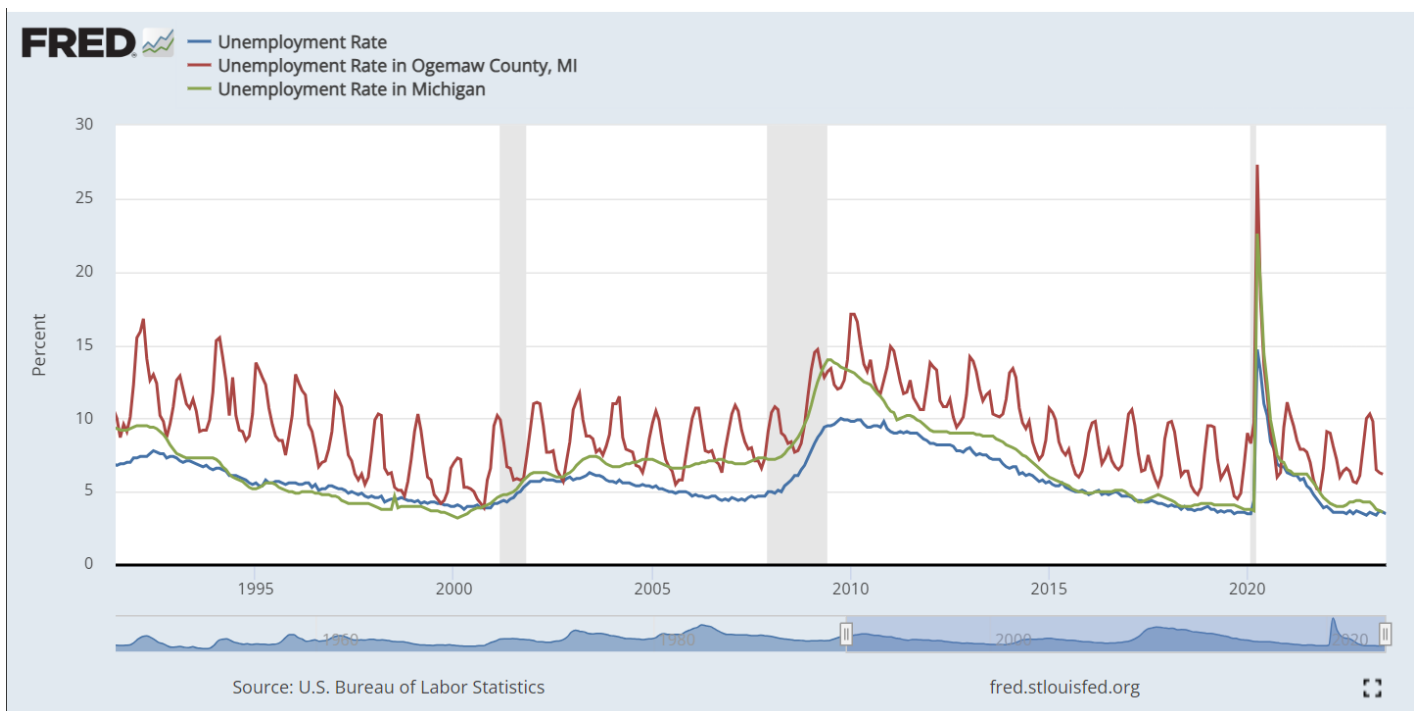


LOCAL EMPLOYMENT CONDITIONS

Employment data was also considered by First Children’s Finance in the analysis of the child care crisis in Ogemaw County. It can be an indicator that additional child care is needed to support the employment needs of the community, since there are more families with all available parents in the workforce.

Unemployment Rates – Ogemaw County

The most recent unemployment data available for Ogemaw County is highlighted in the chart below. As of June 2023, the overall county unemployment rate was at 6.2%. That is higher than the state and national average of 3.6%. One thing to note when looking at the chart below, is the fluctuation of the Ogemaw County unemployment rate. You can see that it dips and rises consistently over the span of time. This suggests that there is an annual surge in seasonal work, which is common for a community that is rich in tourism.



Unemployment Rate:	Jun 2023 3.6
Unemployment Rate in Ogemaw County, MI:	Jun 2023 6.2
Unemployment Rate in Michigan:	Jun 2023 3.6

Community Employers – Ogemaw County

Employers in the Ogemaw County Area were invited to participate in the child care conversation through surveys. Survey respondents reported that they are heavily impacted by absenteeism and tardiness to work when child care is a challenge. Furthermore, many employers have been able to provide valuable insight, and resources into child care discussions. Employer data is included in the chart on page 24.

COMMUNITY INSIGHTS

Extensive outreach was conducted by the Core Team to engage the community in the discussion around child care. This work included one-on-one stakeholder meetings with various community leaders, community surveys, focus groups, and presentations about child care. Through these various strategies, the Core Team was able to better understand the underlying causes of the local child care challenges.

FOCUS GROUPS



ONE ON ONE MEETINGS



SURVEYS



PRESENTATIONS

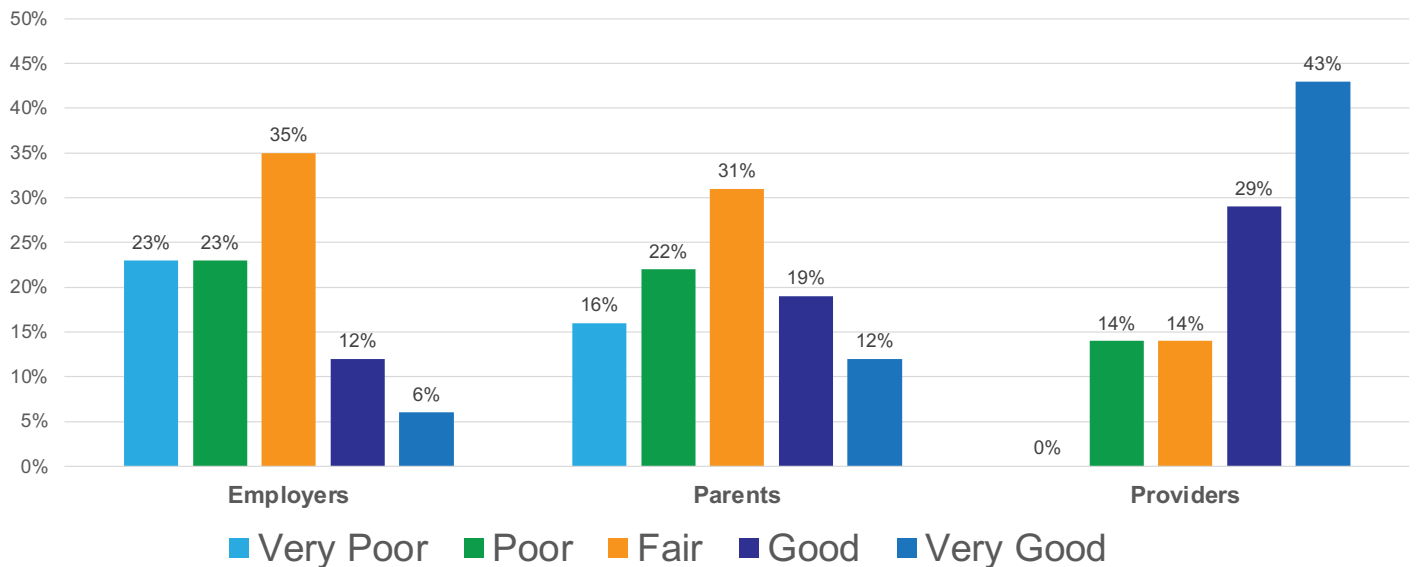


COMMUNITY SURVEYS – SELECTED PERSPECTIVES

The general community was invited to participate in comprehensive surveys concerning child care in Ogemaw County. The following charts represent some highlighted perspectives within the community.

Perceptions: Quality of Child Care in Ogemaw County

How Do Ogemaw County Community Members Rate the QUALITY of Local Child Care Options?



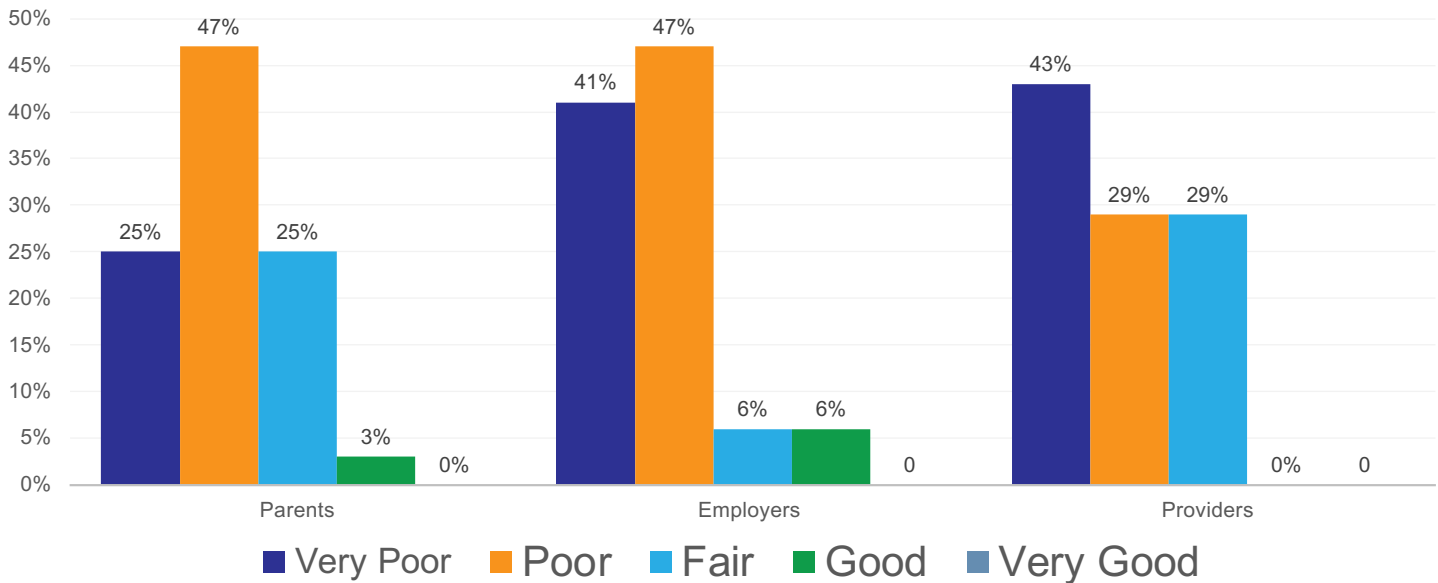
Perceptions: Quality of Available Child Care in Ogemaw County

While specific questions about quality were not part of the above survey, it was noted that there is an overall “fair” perception of quality regarding child care throughout the local community. It is important to consider that the definition of quality is subjective to each family. When survey participants were asked about “what is important for them in a child care program,” they ranked their preferences in the following order (1 being the most important, and 7 being the least).

1. The provider demonstrates a safe and healthy environment.
2. The provider uses an educational or accredited curriculum.
3. The provider has achieved a high level of education or credential.
4. The provider is conveniently located.
5. The provider is licensed by the State of Michigan.
6. The provider has obtained an established “Level of Quality” from Great Start to Quality.
7. The provider is a trusted friend or family member.

Perceptions: Availability of Child Care in Ogemaw County

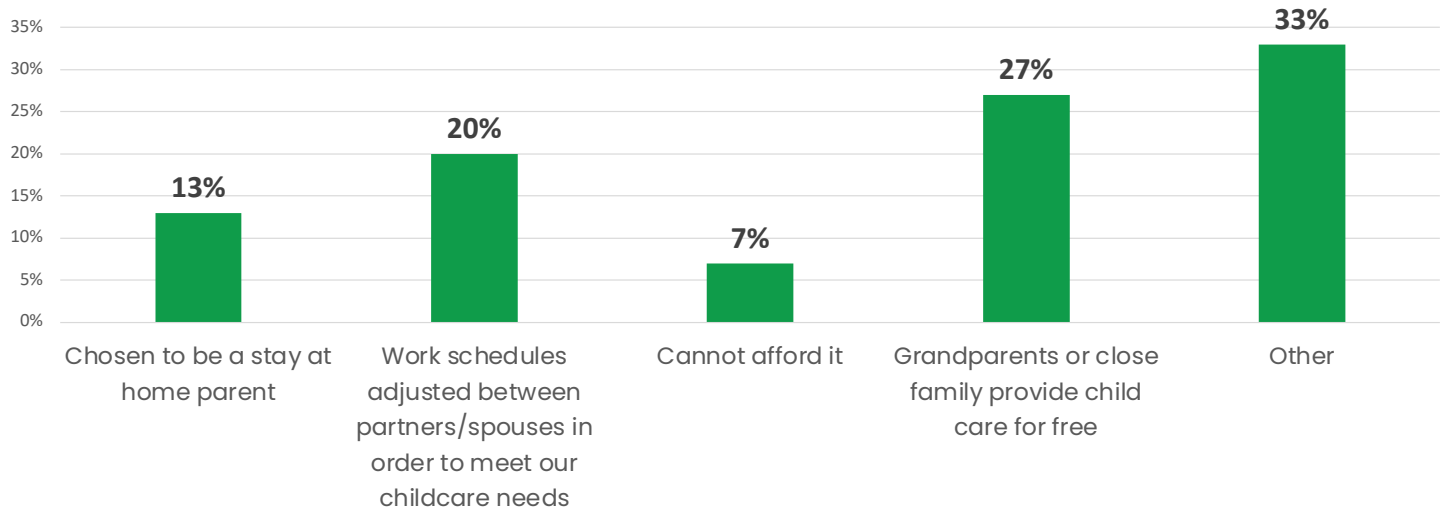
How do Ogemaw County Community Members Rate the AVAILABILITY of Care in the Local Area?



The above table illustrates how members of the community (local parents, providers, and employers) rate the availability of child care in the area. It is noted that there is an overall poor perception of availability across the three groups.

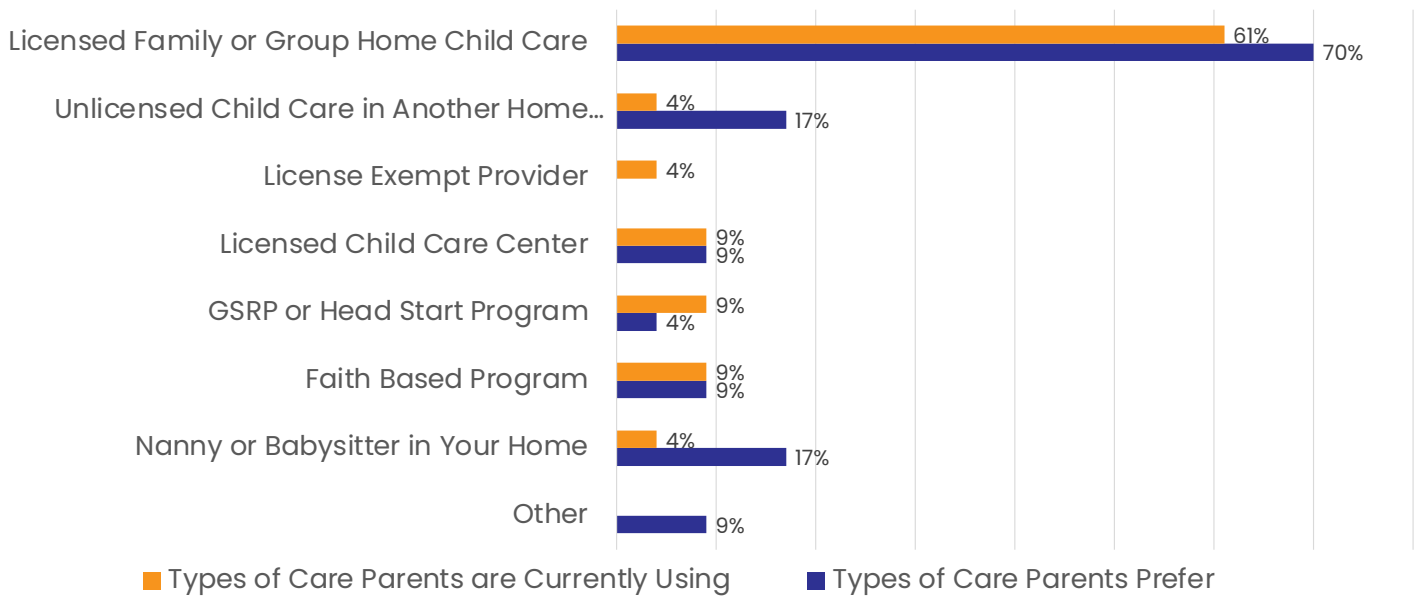
Reasons for Not Enrolling in Paid Child Care

The Ogemaw County Core Team explored data related to why parents might not be enrolled in paid child care. A breakdown of the parent survey revealed that most parents who do not use paid child care reported that they are either receiving free care from a friend/family member or adjusting their work schedules in order to accommodate their child care needs, often at the sacrifice of income.



Types of Care Parents are Currently Using Vs. Preferred Type of Care

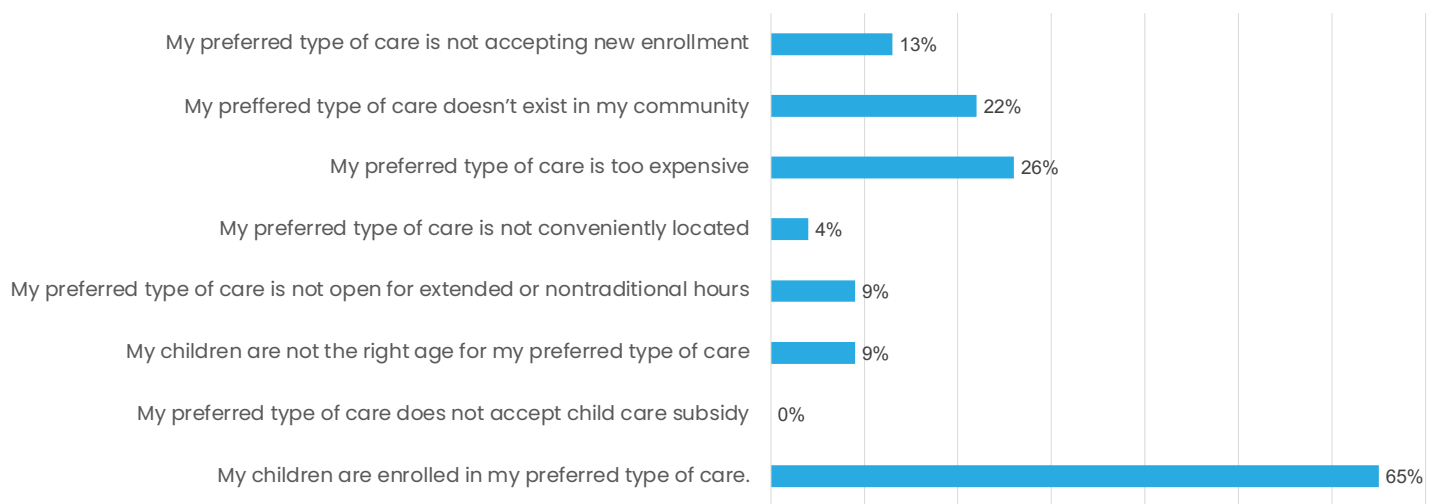
The chart below shows the types of child care currently being used by families in the Ogemaw County area, vs. the type that they prefer. Parents were asked to select the type of child care they are currently using. Afterward, they were asked to select their preferred type of child care. The survey question allowed parents to “check all that apply”. This data format allows an opportunity to layer responses in an effort to highlight the contrast between the type of care that survey respondents use vs. the type that they prefer. This overall helps to illustrate the percentage of families that are sacrificing their preferred type of care in Ogemaw County.



Preferred Child Care

Parents of Ogemaw County were asked to provide the reasons that they currently do not have their children enrolled in their preferred type of care. The respondents were given the opportunity to “select all that apply”. While 65% of parents indicated that their children were already enrolled in their preferred type of care, based on the survey results, cost was identified as the number one reason. Parents reported that their preferred type of care was too expensive. The second most popular reason was centered around availability. Families reported that the type of care that they preferred was either not accepting new enrollment or simply not available in their community. The chart below highlights the contrast between the types of care that families are currently using vs. the types of care that they prefer.

Reasons Why Families Have Not Enrolled Their Children into Their Preferred Type of Care

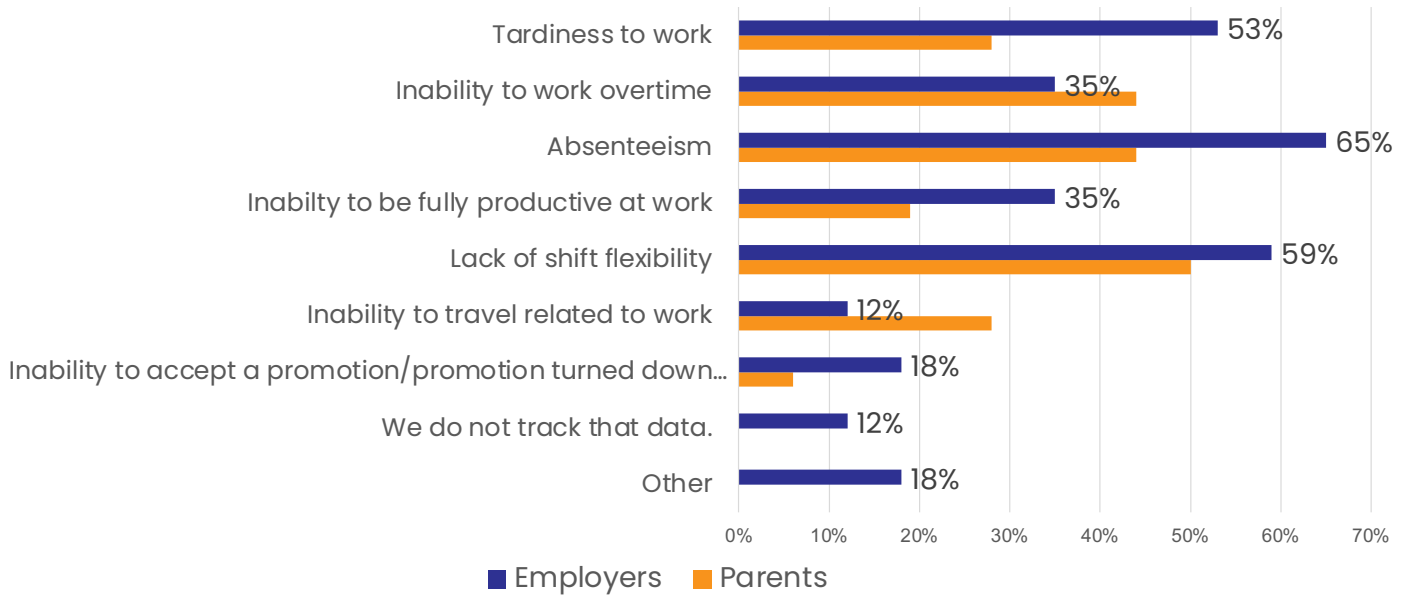


How Child Care Shortages Impact the Employers and the Economic Health of the Community

Beyond families and children, the greater community and local businesses are also impacted by child care challenges and issues. Child care is often framed as an economic development issue by communities facing declining populations, or challenges within the workforce. These issues can compound and further extend into the business community. Loss of workers due to the lack of child care or businesses relocating to communities with better availability of care are two examples of its impact. Parents were asked to select from a list of work-related issues that they have experienced over the past 12 months due to child care related issues. Employers were also asked to select the workforce issues that they have experienced due to child care arrangements over the past 12 months. Participants were invited to “select all occurrences that apply”. The data results were layered in the chart below to illustrate the occurrence of various work-related issues from both a parent employee, and an employer perspective, in an effort to highlight the contrast between the two groups.

Economic Impact of Child Care

Workforce Issues Relating to Child Care Arrangements, that Ogemaw County Employers and Employees Have Experienced in the Last 12 Months

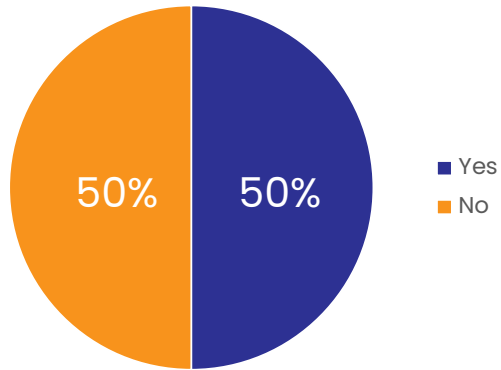


Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include: absence from work, lack of shift flexibility, tardiness, and inability to be productive at work or work overtime.

Based on the responses in the parent survey, 50% of parents reported that they needed to decline employment or withdraw from the workforce due to child care issues. Many local employers have reported that the child care shortage in Ogemaw County has impacted their ability to attract and retain employees.

Impact on Family Planning – Ogemaw County

Parents participating in the survey were asked if the availability of child care has had an impact on their family planning and their decisions to have another child. This chart shows the results.

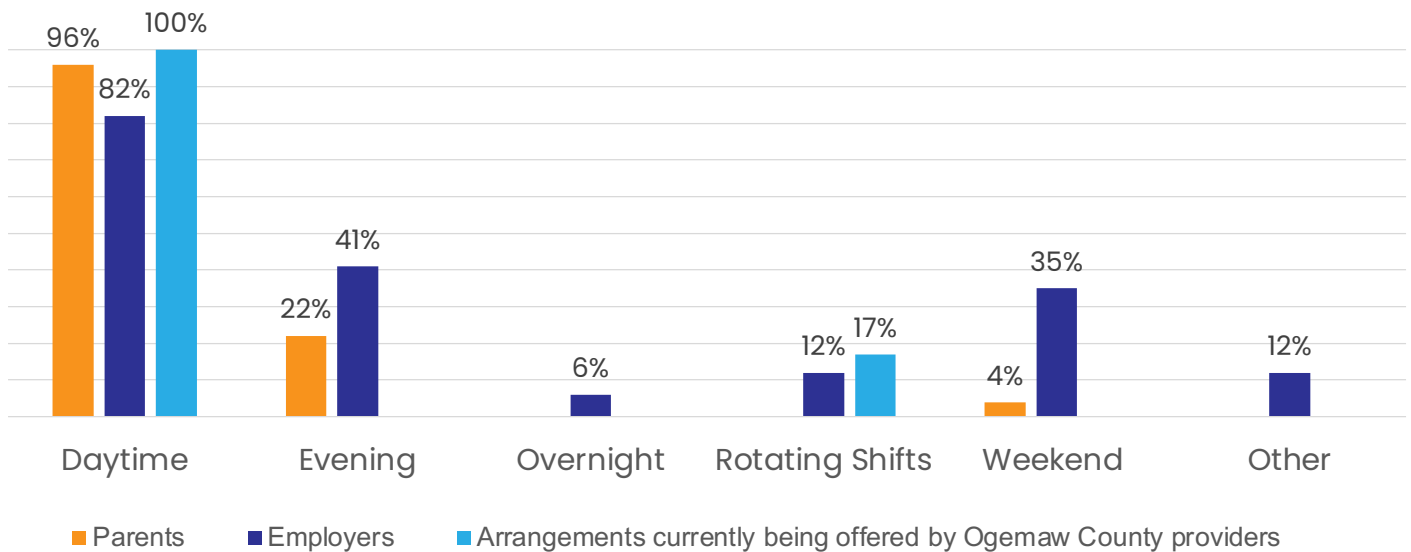


Ogemaw County must consider this data point. If families report that their decision to have children/expand their family size is impacted by the availability of child care, it stands to reason that families could relocate to different communities where child care availability is better. Rural Communities such as Ogemaw County need to look closely at child care as a strategy to retain young professionals and their families.

TYPES OF CHILD CARE NEEDED

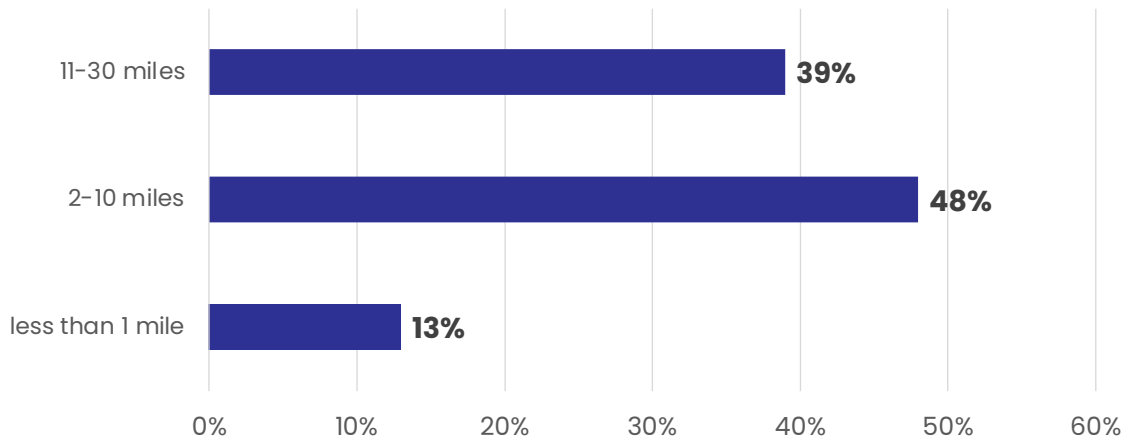
It is important for a community to understand the types of child care parents need in order to identify the appropriate solutions for the families that reside within. It is also important to determine when parents need care, so the community can offer options that meet that need. The chart below shows the hours of care needed from both a parent perspective and an employer perspective, vs. what is currently being offered. This layered approach helps illuminate the inconsistencies between what is needed vs. what is being offered. One result that is worth noting is the difference between what employers believe families need, vs. what families believe that they need (or want). Employers reported a much higher need for care outside of normal work hours, including evenings, overnights, rotating shifts, and weekends. This data tells us that employers are making sacrifices to accommodate families and their current child care options.

What Types of Child Care Arrangements are Needed Vs. What is Currently Being Offered in the Community



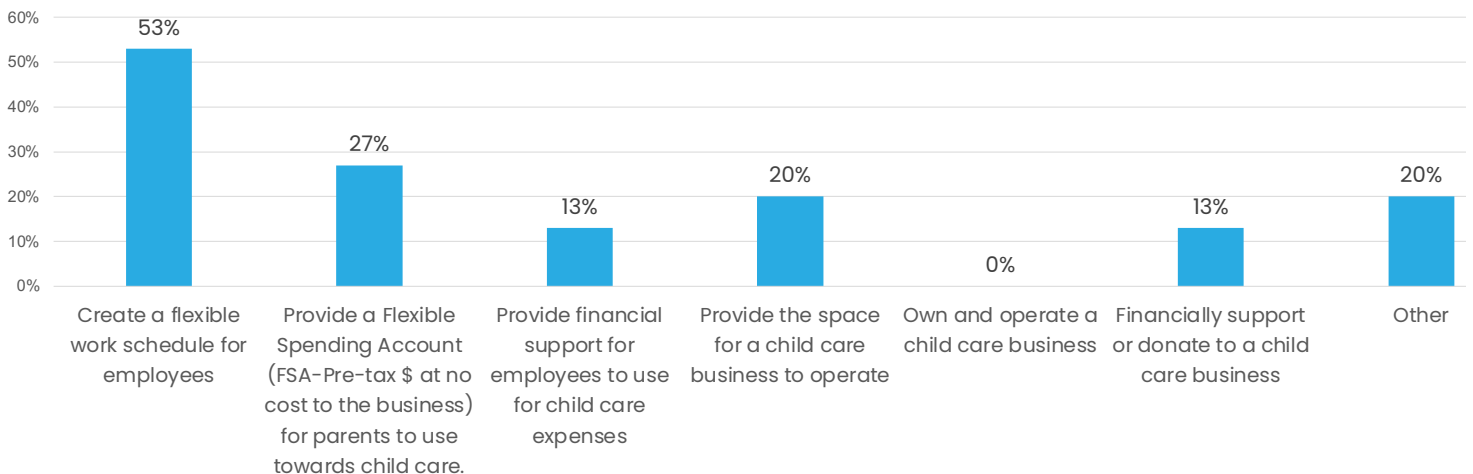
Travel Distance: How Far do Parents Travel Out of Their Way in One Direction for Child Care?

Ogemaw County Area survey respondents indicated that they were traveling great distances to find appropriate child care. Thirty-nine percent of families indicated that they were traveling between 11 and 30 miles out of their way, in one direction, for care. The chart below represents the distance Ogemaw County parents reported that they travel.



How Can Employers Help to Address the Child Care Shortage?

Employers can help address the child care shortage in multiple ways. The most common include, but are not limited to, donating or providing spaces/locations to house a child care program, financial support for providers, and employer/provider partnerships. Results from the Ogemaw County employer survey indicate the top two ways employers in the region are willing to help, is to create flexible schedules, and provide flex spending accounts to defray the out-of-pocket cost of dependent care. Fifty-three percent of employers who responded to the survey are willing to adjust employees' schedules, while 27% would consider offering child care FSA's. Additionally, 20% of Ogemaw County employers indicated that they are willing to provide/donate the space for a child care business to operate. The chart below displays the survey results regarding the types of support most local employers are willing to offer.





UNDERSTANDING THE UNDERLYING CHALLENGES

The Core Team in Ogemaw County spent several months investigating the underlying reasons for the local child care challenges by conducting one-on-one interviews, engaging with members of the community, and surveying community members. Digging deeper into the child care challenge led to discovery about the situations many families, providers, and employers are experiencing. The factors contributing to those challenges are outlined below:

FACTOR: It is Challenging to be a Child Care Provider

- Providers do not feel respected as business owners. It is perceived by providers that parents and the larger community do not understand the value of the services they offer.
- Child care centers struggle to find, keep, and afford to pay quality staff fair and competitive wages.
- The child care workforce receives low wages for long hours of work and has no access to benefits such as health insurance, retirement, or PTO.
- Many family child care providers find it stressful and overwhelming to provide care within their home, but a lack of affordable and appropriate space to expand or operate outside of the home limits their options.
- Child care is an extremely complicated and unsustainable business model that is constantly changing, in conjunction with a lack of adequate support systems.
- A child care business is expensive to start, and in the first year it is unlikely to have a positive cash flow. There is a possibility that it may never have one.

The challenges of being a family/group home child care provider or running a child care center are well-documented throughout the state. Licensing rules and regulations have changed over the years, along with increasing expectations around outcomes for children entering kindergarten. Many family child care providers operate their businesses with minimal to zero community support. This can lead to sustainability issues. Child care providers have a tough job that comes with very few benefits or recognition. The Ogemaw County community has an opportunity to recognize the ongoing contributions and continuous innovation of family child care providers and child care centers serving the region.

FACTOR: Quality & Regulations: Two Sides of One Coin

- There is a need for low-cost, local training to increase quality care, or other supports that will enhance programs.
- Overall, parents agree that fair to high quality child care exists within the community, but sometimes they take what they can get, even if they do not like or trust the program.
- Child care is a highly regulated industry with a growing number of requirements and regulations.
- While necessary for the quality of the program and the overall health and safety of the children, adult to child ratios for the number of children in younger age groups reduces the number of infants and toddlers a provider can care for. This can make it very difficult to cash flow infant and toddler care. Consequentially, infant and toddler are universally the most needed types of care.

Ogemaw County residents indicated the desire to have more licensed child care choices and quality offerings available to families. While some of this desire is for new child care offerings, many also want enhanced offerings within existing programs. Leveraging interaction and engagement with existing child care programs and families can provide additional insights to support and understand the child care programs within the area. As child care quality increases, the community should expect increased family and community investments in child care.

FACTOR: High Cost and Low Availability of Child Care

- Families have a tough time finding and affording quality child care.
- Employers see the need to provide flexibility to schedules, when possible, to accommodate the lack of child care.
- Infant care is extremely hard to find, some programs have as long as a two-year waitlist. Parents are trying to line up infant care in early pregnancy or even before they become pregnant.
- Child care produces small profit margins, is expensive to start, and may require significant time to achieve a desirable cashflow.
- Parents want high quality care, but they cannot pay enough to compensate provider's costs, which are heavily influenced by state licensing regulations and ratio rules.
- Employers struggle with lost productivity and many other grievances when employees have challenges with child care.
- It is difficult to find care that meets local families' needs.
- Programs have a challenging time charging enough to maintain staff or maintain financial stability.

There is no clear answer to the ongoing challenge of cost of care versus family investment to achieve quality child care. Additional support in helping families with low-to-moderate incomes become acquainted with existing support systems such as the Child Care and Development (CCDF) reimbursement program can help bridge the gap.

COMMUNITY DEVELOPED SOLUTIONS

First Children's Finance and the Ogemaw County RCCIP Core Team facilitated a town hall and consensus workshop with the members of the community to produce a variety of potential ideas to address the child care shortage. Below are the main points of conversation from the session.

THEME: FACILITIES AND START-UP SUPPORT

- Michigan Works! Region 7B can help to support child care businesses through their "Business Services Team", by providing connections to resources.
- Consistent zoning.
- Develop a plan to take inventory of all child care "ready" or "friendly" facilities.
- Explore operating a child care business in the West Branch Recreation Center, with the support of larger local employers.

THEME: AFFORDABLE CARE

- Assistance to more families, not just those that are in the current poverty classification, by offering tuition assistance to middle class families.
- Encourage and assist providers in earning higher levels of quality through Great Start to Quality (GSQ) to increase the amount of Child Care and Development (CCDF) subsidy that providers are eligible to receive.
- Encourage employers to participate in Tri-Share and other assistance programs.
- Michigan Works! Region 7B can help to support and encourage employees to establish FSA tax-free child care funds.
- Encourage small businesses to support employees that have young children in child care.

THEME: COMMUNITY SUPPORT-EMPLOYER/STAKEHOLDER AND PROVIDER PARTNERSHIP

- Encourage larger local employers to create/offer child care scholarships for families to help offset the cost of care.
- Create a system of shared costs for businesses to help cover the costs of care as a benefit to employees.
- Facilitate and promote a convening of multiple thriving businesses to partner together in an effort to support existing child care and support creating new slots.
- Create partnerships between local employers and the West Branch Recreation Center to host a child care center.
- Michigan Works! Region 7B can provide assistance in convening partners for the development of a Professional Employer Organization (PEO), to handle HR functions for the group.

THEME: COMMUNITY EDUCATION AND AWARENESS

- Advocate to make county leaders and the general public more aware of the issues surrounding child care. Provide tools and resources locally to support an initiative to educate county officials on the economic impact and community needs surrounding child care.
- Encourage and find ways to help home providers feel supported and appreciated.
- Michigan Works! Region 7B can utilize existing relationships with legislators to address the many rules and requirements for child care that create the unsustainable business model, including financial support or incentives for child care providers.
- Michigan Works! Region 7B can help address the insurance issues in the industry for both liability and healthcare.

THEME: WORKFORCE DEVELOPMENT AND TRAINING

- Michigan Works! Region 7B can support through the development of highly skilled talent through United States Department of Labor (USDOL) registered apprenticeships (Early Childhood Education and Child Care Development Specialist).
- Local push to have an ECE program brought back to Kirtland Community College.
- Encourage School districts to create a co-op/high school apprenticeship program where they can volunteer to work with a provider to earn high school/college credit.
- Connect with local school districts to brainstorm on a “sub-pool” or substitute caregiver system, similar to the system in place for the K-12 education system.
- Michigan Works! Region 7B can provide and utilize dollars to help train new talent.
- Find ways to help providers get benefits for themselves and their employees.
- Find ways to offer back-end help to current providers (i.e., HR, taxes, accounting, etc.).
- Provide start-up support and assistance through a platform or a mentoring system that will help guide potential new providers through all the necessary red tape and requirements.

IMPLEMENTATION PROJECTS

After the brainstorming session, the Core Team met to develop SMART Goals in an effort to address the child care needs and challenges discovered through the surveys, focus groups, stakeholder interviews, and Town Hall as mentioned above. Those SMART Goals, project team members and expected outcomes are listed below.

SMART GOAL ONE: Initiative to develop community partnerships with the West Branch Recreation Center, to host an innovative child care center by December of 2024.

- a. Connect with Dan Zettel, owner of the West Branch Recreation Center, to discuss program parameters.
- b. Complete a child care facility fire inspection of the area that will be used, with potential funding support from the Ogemaw County Economic Development Corporation.
- c. Invite the local Child Care Licensing Consultant to do a consultation-based walk through, to determine capacity of the available space.
- d. Create cost models to determine the most innovative and cost-effective option for child care offerings (i.e., POD model, child care center, co-working space, etc.)
- e. Work toward gaining the support of local businesses to connect resources and support the needs of both the provider, the employers, and the parents.

Project Team Members:

- Korey Kripli-Ogemaw Heights High School
- Penny Payea-Michigan Works! Region 7B
- Melissa Chambers-NEMCOG (Regional Planning)
- Charlie Wiltse-County Commissioner

Expected Outcomes and Impact:

- To increase the child care slots in Ogemaw County by utilizing space within the West Branch Recreation Center by December of 2024.
- To support the child care entrepreneurs in the area by offering innovative business options such as the space to operate, and cost sharing opportunities.
- The West Branch Recreation Center will serve as a pillar of the local economy through the establishment of partnerships with local businesses. The creation of more child care slots will increase county-wide employment opportunities, retention, and recruitment.

SMART GOAL TWO: Establishment of a county-based child care provider network/mentorship program by December of 2023.

- a. Host a second provider appreciation event to kick off the network by September 30, 2023. The goal of this event will be to:
 - update the providers on the established community solution action plan and SMART goals developed for Ogemaw County.
 - Promote the Great Start to Quality “Levels of Quality” process to local providers and connect them with peer mentors as needed.
 - Promote the benefits of participating in the Child Care Apprenticeship Program, by hosting an intern.
- b. Create and maintain a supportive platform/space for providers to stay connected, host meetings, pool professional development, and share resources.
- c. Create and assign an administrator to manage a digital platform that connects to the Child Care Provider Network through the Economic Development Corporation Facebook page.

Project Team Members:

- Melissa Maeder–Great Start to Quality
- Amy Zettel–Ogemaw County Family Child Care Entrepreneur
- Penny Payea–Michigan Works! Region 7B
- First Children’s Finance Team

Expected Outcomes and Impact:

- To establish increased awareness of services and supports available to Ogemaw County Child Care Providers.
- Increased quality standards through peer mentorship and support access. This will in turn, increase child care business profits and sustainability through increased Child Care and Development reimbursement rates.
- Developing a defined support system could increase the number of providers that choose to stay in the field longer.
- More access to high quality, licensed child care in Ogemaw County could deter families from utilizing unlicensed care.
- Providing increased supports and peer mentoring could encourage some unlicensed providers to apply for and complete the licensing process.

SMART GOAL THREE: Develop an initiative that promotes community education and understanding around the child care shortage and the unsustainable child care business model within the 2023 calendar year, and ongoing.

- a. Partner with First Children’s Finance to create a PowerPoint presentation, that summarizes the information gathered from the survey responses, as well as understanding the child care business model, highlighting its flaws.
- b. Complete and distribute the Rural Child Care Innovation Project Community Solution Action Plan.
- c. Partner with First Children’s Finance to create a two–page summary of the action plan to distribute.
- d. Work to create a toolkit to distribute to Ogemaw County Employers that includes the following:
 - Information on the benefits of providing pre-taxed Flex Spending Accounts (FSAs) for employees to utilize toward child care.
 - Lists of ways that local employers can support and partner with Ogemaw County child care providers.
 - Flyers that can be distributed in new hire packets that contain the link to the Great Start to Quality provider database.
- e. Present the summarized PowerPoint at the Economic Outlook Breakfast on October 19 ,2023.

Project Team Members

- Penny Payea–Michigan Works! Region 7B
- Mary Bickel–Northern Initiatives
- First Children’s Finance Team

Expected Outcomes and Impact:

- To increase community awareness around the sustainability challenges that child care businesses face, in an effort to encourage stakeholder support in any way possible. Some examples of stakeholder supports are, but not limited to, offering FSAs (Flex Spending Accounts), creating company child care allowances, shared costs, Tri-Share utilization, donating or converting space, and financial support.
- To create a toolkit of materials to distribute to parents, employers, and county stakeholders as needed.
- To create a toolkit of materials to utilize when educating legislators on the state of the local child care industry in Ogemaw County.

SMART GOAL FOUR: Establishment of a community-based business network to support the local child care industry through shared services by December of 2024.

- a. Collaborate with neighboring counties in developing a partnership with an insurance provider that could offer affordable insurance rates to family providers attempting to expand.
- b. Reach out to local businesses and organizations in an effort to generate interest in participating in the network.
- c. Collaborate with NEMCOG's regional efforts to develop a shared services network.

Project Team Members

- Melissa Chambers-NEMCOG (Regional Planning)
- Penny Payea-Michigan Works! Region 7B
- Heather Neuhaus-West Branch Chamber of Commerce
- Mary Bickel-Northern Initiatives

Expected Outcomes and Impact:

- A shared service model would provide business expense support to local child care providers, which in turn, would increase revenue. Examples of services that could be included are, but not limited to:
 - Tax Professionals
 - Insurance Providers
 - Bulk Food
 - Child Care supplies
 - HR services

In summation, while this report is designed to provide insight into and around the child care shortage in Ogemaw County, there is still a lot of work to be done. The core team will remain engaged around the SMART goals as defined, as well as continue to grow and evolve solutions over time.



ABOUT FIRST CHILDREN'S FINANCE

Founded in 1991, First Children's Finance (FCF) is a national nonprofit organization based in Minneapolis, Minnesota with regional offices in Iowa, Michigan, Minnesota, and Vermont. First Children's Finance works to stabilize, improve, and expand high-quality child care businesses serving low and moderate-income families. First Children's Finance provides financing, child care business training and consulting, and builds partnerships that connect child care businesses with the resources and expertise of the public and private sectors.

First Children's Finance understands the issues and challenges child care businesses face in today's world. We have industry specific expertise and a shared commitment to the success of child care.

In addition, First Children's Finance aligns its work with child care leaders, businesses and regional initiatives committed to quality. We define quality as the creation of environments that support healthy brain development for young children to enhance early learning. FCF brings a unique perspective, approach, and experience to providing business planning and financial assistance to our child care and economic development partners.

For more information visit www.firstchildrensfinance.org



First Children's Finance