



Northeast Michigan Child Care Coalition

Alcona County
Alpena County
Cheboygan County
Crawford County
Iosco County
Montmorency County
Ogemaw County
Oscoda County
Otsego County
Roscommon County
Presque Isle County

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Introduction

Overview

Adequate child care capacity in Michigan is essential for economic development. Child care business owners offer safe spaces for children while parents are working, which gives businesses access to a pool of labor (parents with young children) that would otherwise be unavailable. Child care business owners also help to prepare Michigan's workforce of tomorrow by building the initial foundation for learning that prepares children for school and beyond.



The Early Childhood Investment Corporation (ECIC) Child Care Innovation Fund collaborates with national, state, and regional community partners to design, pilot, and scale common-sense business, workforce, and financing solutions that expand equitable access to high quality, affordable child care for working families. Throughout their work, the Regional Child Care Planning Grants were announced. The goal of the Regional Child Care Planning Grants was to help each region of the state organize and respond to challenges related to the access, affordability, and quality of child care within their specific region. To accomplish this goal, a robust regional coalition was to be created to understand the capacity and quality of the current child care system, the child care preferences of parents, and the needs of the business community. With this understanding, each region can then determine the barriers to increasing access, affordability, and quality, along with the policy, funding, and program recommendation that can be used to overcome these barriers.



The Northeast Michigan Council of Governments (NEMCOG) was awarded a Regional Child Care Planning Grant for Region 3 in Northeast Michigan, which is where the Northeast Michigan Child Care Coalition (NEMCCC) was convened. The coalition covers 11 counties within its geographic region: Alcona, Alpena, Cheboygan, Crawford, Iosco, Montmorency, Ogemaw, Oscoda, Otsego, Presque Isle, and Roscommon.

Background

Michigan as a whole is experiencing a state-wide child care deficit, and Northeast Michigan is no exception. More specifically, nine of the eleven counties in the region are considered child care deserts. Parents are being forced to decide if going to work makes financial sense for their family. They also have to make the choice on whether or not to have additional children, or if they can have children at all due to availability and the high cost of child care. To put this issue into perspective, for the average family in Michigan, it costs more annually to send an infant to daycare than it does to pay for one year of undergraduate tuition.

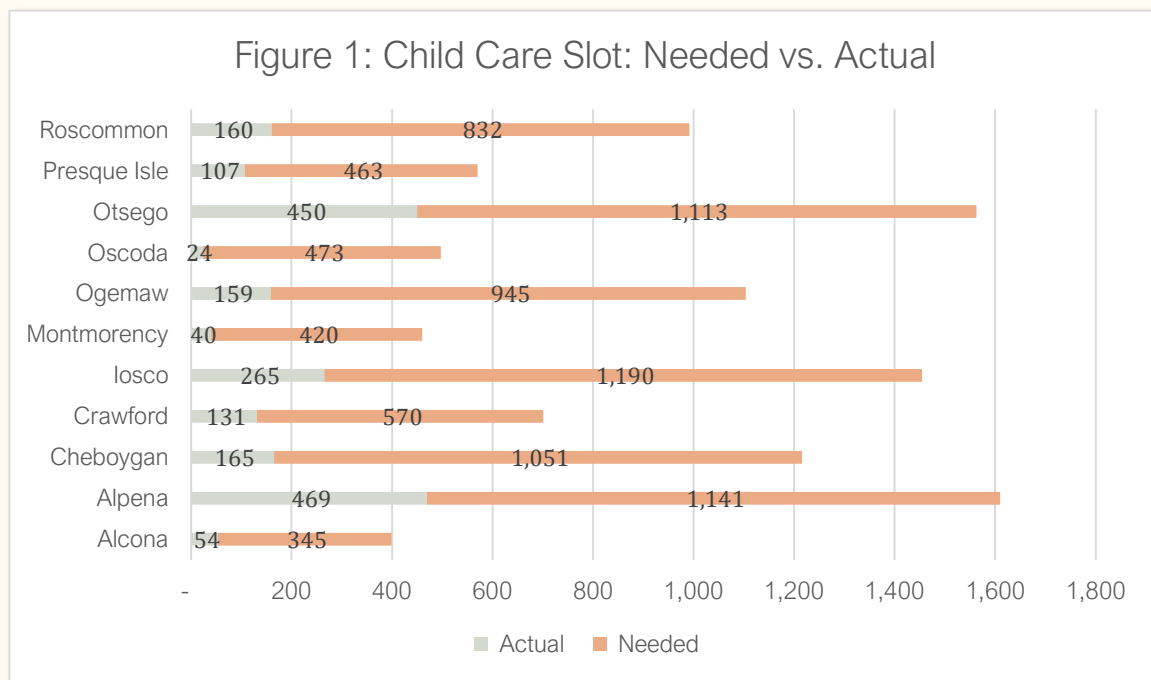
A complete inventory from LARA was pulled in January of 2023, August 2023, and May 2024, which are detailed in the table below. From January 2023 through the last data pull in May 2024, there has been an increase of 176 child care slots. Interestingly, this increase is not due to a large number of programs opening; rather it seems the increase can be credited to expansion of existing programs. It is extremely important to note that all of these programs are not year-round child care options, some are only during the school year, leaving parents scrambling to find wrap-around care in the summer.

	Number of Family Homes	Number of Group Homes	Number of Centers	Total Number of Child Care Slots
January 2023	56	67	81	4,308
August 2023	58	70	75	4,352
May 2024	51	68	80	4,484
Change from Jan 2023 – May 2024	-5	+1	-1	+176

According to the US Department of Health and Human Services (DHHS), child care is considered to be affordable if the cost is no more than 7% of a household's income. However, according to the US Census Bureau, the median household income in the State of Michigan in 2021 was \$63,202 and the average cost of child care for infants is approximately \$905 per month in Michigan, according to a Fox 17 article by Doug Reardon. In this scenario, this family would be paying 17.2% of their annual household income towards child care for one child, more than doubling the 'affordable' cost set by DHHS. For two children, it could be as high as 34% of their annual household income. These high rates make it nearly impossible for families to send their children to quality child care facilities that they can trust so parents can go to work every day.

Figure 1 shows the total number of child care slots that are needed to cover all of the children aged 0-5 in the eleven counties, compared to the total number of available slots within each county. If the needed child care slots were available, or even a fraction of them, due to more child care facilities

opening or expanding, this would strengthen our workforce exponentially and add countless dollars and jobs to our region.



¹ These calculations were completed by the NEMCCC using data from the Michigan Licensing and Regulatory Affairs (LARA) website, as well as Great Start to Quality (GSTQ) and Michigan League for Public Policy.

Anne Kuhnen from the Michigan League for Public Policy emphasizes in her article that a well-functioning child care system is necessary to make Michigan an ideal place to raise a family. Such a system supports families and accommodates the needs of working women. Kuhnen states, “Big investments in child care can boost labor force participation and narrow the gender pay gap for women in and out of the early childhood care sector.” This necessity extends to men, women, single and married parents, and non-traditional family structures alike. Families should not have to choose between working and having adequate child care, nor should they be deterred from having children due to a lack of options.

Furthermore, low wages in the early childhood sector significantly contribute to the child care deficit. According to the Bipartisan Policy Center, 90% of brain development occurs before age five, and “the emotional and physical health, social skills, and cognitive and linguistic capacities that emerge in the early years are all important for success in school, the workplace, and in the larger community.” Early learning and the workforce necessary to teach young minds should be included in the current education system. The NEMCCC is committed to addressing these challenges to support our community and workforce.

Methodology



The NEMCCC has developed into a strong, dedicated team due to the diversity in personal and professional experiences of the individuals within the coalition. We have gathered a group that includes NEMCOG staff, Economic Development Organizations, Community Action Agencies, Regional and Local Governments, School Systems, Child Care Business Owners, as well as parents of young children. Please reference Appendix A for a complete roster of our coalition members.

The NEMCCC has engaged with child care business owners, school staff, employers, parents, zoning, and planning administrators, as well as other community members via surveys, interviews, and informational roundtables. These participants chose not to formally be a part of the coalition. It was a high priority of the coalition to get a good understanding of the community throughout all of the eleven counties even if these individuals did not want to fully participate due to the time commitment for our coalition. We welcomed any and all input from our community to gain a better understanding of the child care sector in Northeast Michigan.

Through our survey, developed by Policy Equity Group, we were able to survey 21 child care business owners, 156 families, and 44 employers. These surveys were designed to gauge the needs and preferences of parents, child care business owners, and employers. The Northeast Michigan Community Service Agency (NEMCSA) was a great resource when distributing these surveys, especially when it came to families. To ensure that we got a good variety of participants, we pushed the survey out to family groups, schools, Michigan Works!, and via social media. When reviewing the survey results, we can confirm that we reached a range of individuals and family structures, income levels, as well as people with varying child care needs. Of the survey respondents, 99.1% spoke only English, and 96.1% of respondents classified themselves as white or Caucasian, which mirrors our region's demographics. Additionally, we saw a variety of employment statuses, such as employed full time, part time, not working, unemployed, stay at home parent, etc.

We also hosted two provider roundtables where we had more intimate conversations with groups of child care business owners, at which we were able to discuss regulatory issues and other struggles with nine business owners across most licensee types and counties. These intimate and welcoming settings provided a powerful space for child care business owners to discuss issues in conjunction with their peers and to voice their opinions on various issues within their business or the industry as a

whole. We were able to collect common themes that we will discuss at more length throughout this report.

Our coalition conducted one-on-one interviews, totaling the following: 37 parents, 17 employers, and 10 child care business owners. Through the employers we interviewed, 1,395 employees were represented in various industries such as manufacturing, education, nonprofit, government, retail, and more. Throughout all of these efforts, we strived to reach each of the 11 counties to ensure that we could capture all needs and preferences throughout the region in an attempt to get the most accurate picture possible. Although there is no way to guarantee these findings will be the exact preferences in all situations, we feel our findings represent our communities and the needs of working families.



Parent involvement was a bit of a struggle for our coalition. We worked with ECIC and NEMCSA to gather parent involvement in our coalition, but many stated that the time commitment was too much for them beyond our initial survey. However, we continued our efforts to gain parent involvement throughout the grant process. Additionally, many of our coalition members were parents, some of young children, so we were still able to get adequate parent perspective.

Defining Child Care Gaps

Background

The NEMCCC has completed a comprehensive list of existing child care facilities across all eleven counties, updated in May 2024 (Appendix F). This list includes details such as facility name, county, ages served, license capacity, estimated staffing requirements (which can fluctuate depending on the age ranges enrolled), hours of operation, owner name, and organization type. The information for this database was obtained from the LARA website, the GSTQ website, and input from staff members.

Our original grant application included a commitment to researching the number of children currently enrolled in each facility by age group and identifying available openings by age. However, we encountered several barriers in gathering this data. Although we made significant efforts by contacting child care business owners directly, many were difficult to reach. When contact was made, some owners were reluctant to share information, fearing potential misuse. This hesitation, though understandable, hindered our ability to compile comprehensive enrollment figures.

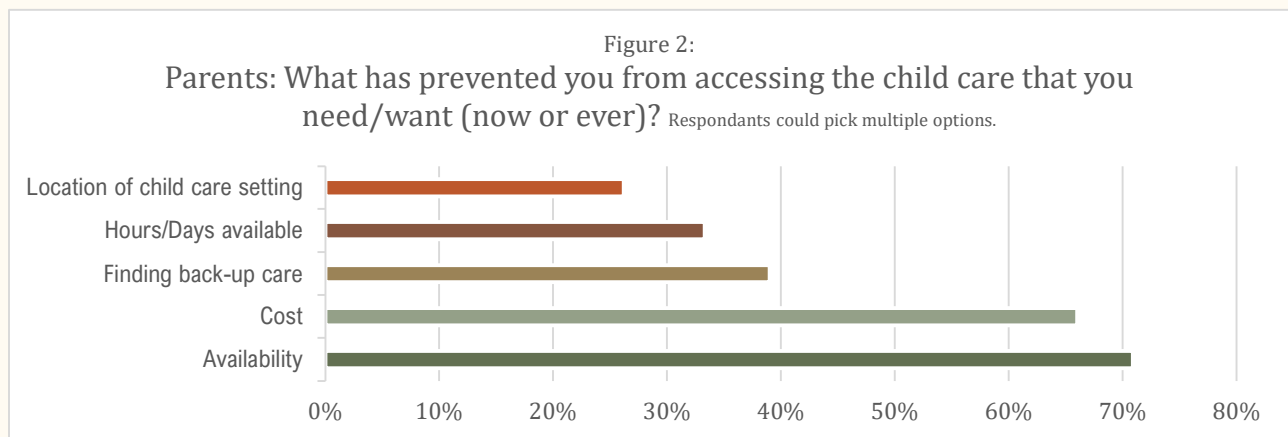
Ideally, enrollment information should be available through the GSTQ website. However, our comparisons of gathered data with GSTQ's listed slots revealed that most of the numbers were outdated and inaccurate. **This discrepancy makes it challenging for parents to find available child care options and adds an inconvenience for child care business owners, who may not be utilizing technology to its full potential to maintain full enrollment.**

Many family homes are operating at full capacity with waitlists, but an alarming number of group home child care facilities are only serving six children due to staffing issues. Despite their licenses allowing for 12 children, **insufficient staffing prevents these facilities from operating at full capacity.** The inventory in Appendix B reflects the total licensed capacity, not the actual capacity, which is difficult to determine given the inconsistencies in staffing and enrollment.

These findings underscore the urgent need for improved data accuracy and support for child care facilities to address staffing shortages. Addressing these issues is essential for parents seeking reliable child care and for business owners striving to meet their capacity.

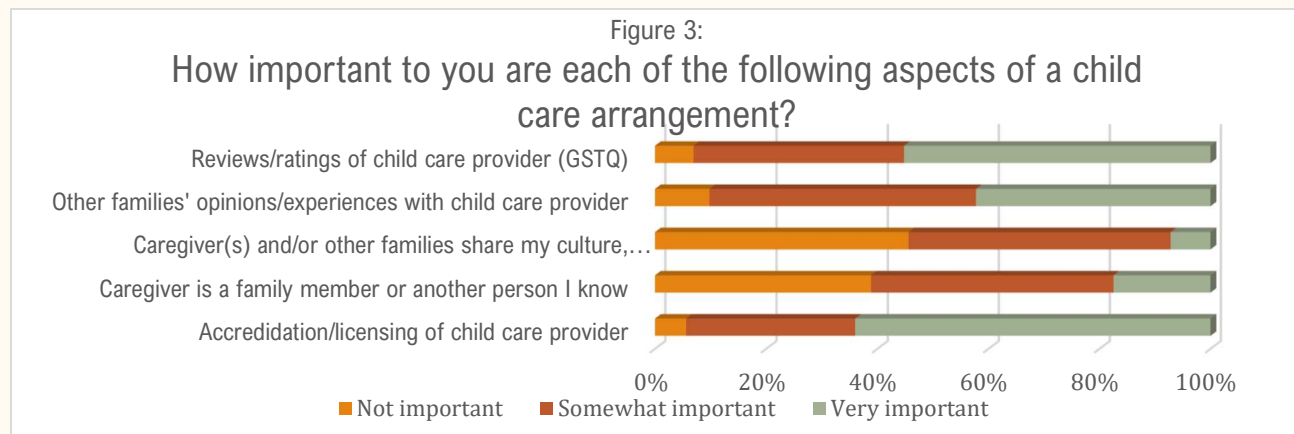
Availability of Care & Location

Throughout the data collection phase of our work, our surveys were able to provide a very telling picture of the struggles that families face when it comes to child care needs. Of the families surveyed, 70.9% said that **the main barrier that has prevented them from accessing the child care they want or need was availability** of care (e.g., open slots), followed next by cost at 66%. Below, Figure 2 represents a chart of the top five responses from the 156 families we surveyed regarding their biggest barriers to accessing quality care.



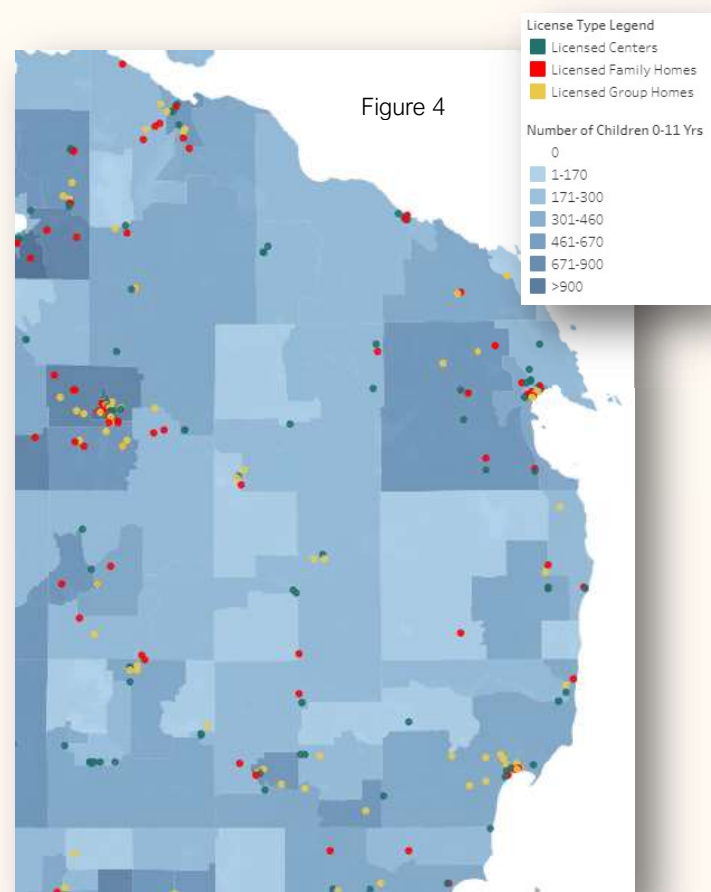
Another crucial factor to consider is the preferences of families with multiple children. According to our findings, 51.6% of **families emphasized that keeping their children in the same child care arrangement** is very important, while another 25.8% stated that it is somewhat important to them. Given that our entire region is classified as a child care desert, securing a spot for even one child is challenging, and finding accommodations for multiple children is significantly more difficult.

Below, Figure 3 shows families' responses when asked what aspects are important to them regarding child care arrangements. The most important things to parents were accreditation/licensing of a child care provider, reviews/ratings of the child care provider, and other families' opinions/experience with child care business owners. The highest ranking quality was that the **child care business owner be licensed and have accreditation** that supports a successful program. In counties like Oscoda (6 total licensed programs), Montmorency (8 total licensed programs), and Alcona (10 total licensed programs), there are so few child care businesses that families have few options for licensed programs. This does not take into consideration their further preferences, such as setting (in home or center), location, or cost.



In addition to availability, **location of child care programs is a barrier to families** access the child care they need or want. Figure 4 is a map from the Michigan State University Child Care Mapping Project, and this map shows all of the current licensed child care businesses in the northeast region of Michigan. As shown in the figure, there are many miles between child care programs, especially in the more rural counties. Families that are fortunate enough to find a child care facility that has open slots that fit their needs are often traveling many miles to utilize that care. 40.2% of families stated that it was very important that their child care provider was close to their home, however, looking at Figure 4, that is a tough task for many households. Location was also ranked fifth with 26.2% of parents stating that location of child care setting was the biggest barrier that has prevented them from accessing the child care that they want or need.

The lack of child care availability has also gained attention among employers. When surveyed, 27.3% of employers reported that **child care availability significantly impacts their ability to recruit candidates for open positions**, while 63.6% stated it has a moderate impact. Overall, 90.9% of employers acknowledged that child care issues are affecting their employees and their business in some capacity.



"Being spread over rural geography makes clustering for daycare difficult. Some drive significant distances to find child care. A close second is cost. Good daycare is (and should be) expensive." – Local Employer

High Cost

Child care in Northeast Michigan, and across the state, is prohibitively expensive for the average family seeking quality programs. In Figure 2 of the previous section, we found that cost was the second highest barrier preventing families from accessing the child care they need. Specifically, 66% of families identified the **cost of child care as the primary barrier preventing them from accessing the care they need or want**. Additionally, 69% of families stated that the price of care is very important when considering child care arrangements, while another 27% said it is somewhat important, leaving only 4% who do not consider it a concern. With an average of 45.7% of households living in poverty or categorized as ALICE (Asset Limited, Income Constrained, Employed) according to Kids Count in Michigan 2023, many parents are forced to decide if going to work is economically feasible given the high cost of child care necessary for workforce participation.



The average child care cost throughout our 11 counties, calculated from the Kids Count in Michigan county data from 2021, was \$593 per month, or \$7,114 annually. Although there are scholarship programs available through the state (e.g., Child Development and Care Scholarship Program) and other organizations, many families do not meet the qualifications to participate in those programs, **leaving families struggling to pay for care**, especially the middle class folks.

Employer Support

The current workforce is not getting enough support from their employers when it comes to child care. Our surveys showed that financial assistance for child care expenses was the second highest support option that employees would find helpful from their employer, following flexible work scheduling and/or remote work options.

MI Tri-Share

The Michigan Tri-Share program is a great opportunity developed by our state government in the attempt to combat the child care crisis. Simply put, this program splits the cost of child care into thirds to be shared equally between the family, their employer, and the State of Michigan. This program has helped many children, parents, and employers throughout the state. Children benefit because they can access the high quality childcare and education of which they are so deserving. Families benefit because they can be a more stable member of the workforce as they have access to quality, reliable child care at a more affordable rate – a third of the going rate. Child care business owners benefit from this program because they can reach full capacity and have a reliable paying customer in their program. Lastly, employers benefit from this because they are able to offer new employees an appealing benefit, and they can retain their employees better than if they had to find/use child care on their own. Overall, it is a great program that helps all parties involved, however there are major flaws in the system.



One of the biggest barriers for enrollment into this program is employer involvement. When asked what barriers employers see that would cause them not to use this program would be the **cost as well as the equality of the benefits offered to employees**. Within a participating company, any employee that does not have children would be receiving a lesser benefit package than those that have children, so many employers think that this would be an unfair distribution of funds. Additionally, larger corporations that may be based out of a different state are most likely not able to participate in Tri-Share. Even though these companies employ a vast number of employees within our region such as Walmart, Meijer, Home Depot, etc., these companies are not able to participate because their headquarters and decision makers may not be in the state, or they are not able to offer these benefits to their entire staff that may be located in other states, etc. However, a commonly used counter-argument could be vision benefits offered by employers – often, vision benefits are offered to ALL employees, even though many choose not to participate. Why can't child care benefits fall into this same type of coverage or assistance?

While these barriers are completely understandable from the employer's perspective, that does not change the fact that this program is not being used to its full potential. There are many suggestions that could, and have, been made to the state to **revamp this program to make it more user-friendly**, as well as more accessible to more families. For example, as discussed, cost to the employer has been a major barrier to getting families enrolled. A workaround for this could be to have the state still pay their third (or a different portion), and have the parents pay the remainder, but still have employers involved in just verifying employment. This would be a good verification of the employment process to ensure these funds are being used by deserving individuals who want to stay participating in the workforce, while still giving the employer retention security and recruitment leverage.

Another adjustment that was made to this program was the eligible counties that are allowed to participate in Tri-Share. Early in our work throughout our interviews, we found multiple companies that would be willing to consider the Tri-Share program for their employees, but local hubs were not approved to serve all counties. For example, of our eleven counties, Alpena, Alcona, Cheboygan, Iosco, and Presque Isle counties were not able to utilize the Tri-Share program. As a statewide initiative, it stands to reason that access should be universal across the state. However, recently this program's administrative functions has been turned over to the United Way. It is very exciting that they are able to offer Tri-Share to all counties, however, it has not been a seamless transition.

In discussion with providers as well as employers, there have been some snags getting set up with the new system. On the provider side, we have gotten reports that their process is hard to follow and is confusing. Additionally, it was shared by a local provider that there are additional steps that make it hard to find time to invoice for the care provided. On the other side, employers are also pushing back a bit on the process. Overall, the transition has not been ideal, and with an underutilized program, any negative report regarding the program could really hurt the spread of participation.

"If I would have known this process would add so much work for me, I wouldn't have agreed to accept Tri-Share for one of my families." – Local provider

Regulatory Inconsistencies

To understand the shortage of child care providers in our region, it is important to review what is causing them to not get started in the first place. Throughout our research there have been many instances where **policy and regulatory confusion and inconsistencies contribute to individuals being deterred from starting their own child care business.**

LARA

To become recognized as a child care provider in the state of Michigan, an individual must become licensed through Michigan's Licensing and Regulatory Affairs (LARA). To do this, there are many steps and processes that need to be completed before a license can be issued. However, when talking with child care business owners, we got an overwhelming sense of discouragement when dealing with LARA. Unfortunately, there were instances where the licensing consultant did not have the applicant's best interest at heart and it became a personal matter, rather than a business environment. Obviously, children's safety is the number one concern, but at the same time, these regulations and red tape barriers are creating an environment in which very few people want to get involved. Between that and the low wages within the industry, these large negative aspects are enough to discourage new child care business owners from opening their doors. It is a vicious cycle that leads to fewer child care slots available to families.

"I cannot help to think that the individuals that contact LARA about starting a child care business but never follow through is because no one is there to help guide you through the red tape. I can see where people would just give up and not do it. My consultant repeatedly said, "just read the licensing book." – Local Child Care Business Owner

There are many regulations that are necessary and structurally sound, as our conversations with child care business owners indicate. However, there are some that, though they may have been developed out of need at the time, or for the safety of children, the **culmination of the regulations as a whole has become cumbersome and a burden for child care business owners operating their day-to-day business.**

As stated previously, we hosted multiple events and interviews where we were able to talk with child care business owners about things that they feel might not be the most effective in practice for a child care program. One instance that was discussed was consistency with licensing. Often times regulations are up to interpretation by the consultants, which could vary from consultant to consultant, or even day to day with the same consultant. This makes it extremely difficult for a provider to know exactly what is expected of them and it also causes a lot of unnecessary stress for times when they have to interact with licensing. Additionally, it was often said that the rules are hard to understand, and there doesn't seem to be appropriate communication or training when changes are made.



"It feels like you need to have a law degree to keep up with the regulations anymore. They seem to change so often!" – Local Provider

Another issue that child care business owners pointed out was if a regulation or process was changed, but if you were already in business, some child care business owners were 'grandfathered' in and might not have to follow these regulations. This doesn't seem to line up with LARA's purpose – which is to keep the children safe. If LARA requires child care business owners to follow regulations, it doesn't make sense for one group of child care business owners to have to follow them while others are able to slide under the radar. One example we heard was with a provider who had been in business for 10+ years, then left the child care sector for many years, and just recently got relicensed in the same home that she operated in before. The consultant working with this particular provider pointed out some updates that needed to be made to a fire escape window in her basement and stated that if she would have kept her license throughout the years the window would not have to be updated because she would have been grandfathered in, but since it is technically a new license, she had to complete the renovations. This seems extremely counterintuitive. **If a feature of a home is unsafe, it should be unsafe across the board, not just on a case-by-case basis.**

Child care business owners also pointed out that incremental regulations are a bit frustrating to them. For example, with fire safety regulations, there are various levels of requirements depending on how

many children a facility is licensed for. While children's safety is obviously the number one concern, there is the question as to why certain things are needed when there are varying numbers of children. What is safe for one group of kids should be equally as safe for just a slightly larger group of kids.

A specific regulation about roofing was brought up with a provider that was enforced during pre-licensure. This particular provider was told that they had to replace their entire roof as opposed to repairing certain portions of the roof. However, when speaking to a building inspector, he stated that if they were to inspect a roof that was properly repaired and approved through their code, then there would be no need to replace it. This is simply putting additional stress and a financial burden on the providers. If these agencies would work together to find ways to ensure the home is safe while still being reasonable to oblige by, it would make it easier for more child care businesses to stay afloat.

Scholarship Programs

Another thing that was discussed at length with providers and parents was the Child Development and Care Scholarship Program offered by the state. A way the state could get more individuals involved in state assistance if they qualify would be to find a way to change the narrative and stigmas around the scholarship program. Many families in the northeast region typically are not very high wage earners, and we are finding that parents aren't taking the scholarship or might be resistant to do so because they feel like they are 'handouts.' These opportunities should be viewed and advertised as tools or short-term solutions for parents to get back out into the workforce and support their families rather than a handout. Many individuals in rural, poorer communities have a prideful disposition so trying to involve them in these programs is difficult even if it has good intentions and is only there to help. It would be worthwhile for the program to change its approach when involving these individuals. Thankfully, the state seems to be listening to this issue. Recently, this program has altered its language, replacing the term 'subsidy' with 'scholarship' in hopes to help shift the narrative.

Additionally, it would be beneficial if **scholarships would be automatic for childcare child care business owners**. Often times child care business owners are among the lower wage earners, so they should be compensated for this by earning this benefit. A major flaw in the system is how these scholarships are being allocated to child care business owners. It is counterintuitive that if the parent qualifies for a scholarship, they cannot use it in their own business. Child care business owners have to take their children to other child care facilities so they can use those capacity slots for paying families. They should be able to use them in their own businesses in order to keep their children in their own home and ensure that they are getting quality care. This could be a huge selling point for new or potential child care business owners looking to get into the business.



Ratios

One big area of complaint from in-home child care business owners was capacity. Many child care business owners stated that they are certain they could care for more children in their homes but are not able to do so due to capacity restrictions. A proposed idea from child care providers in our region was that there could be another tier of licensing that could create space for more children. For example, you would have family homes (up to 6 children), group homes (up to 12 children), then possibly an 'in-home center' license where they could take more children while keeping in the child/adult ratios by adding additional staff.

"Michigan does have one of the lowest ratios. Anyone who has done child care for more than 12 months can tell you that we can easily watch more than seven kids. I'm not just talking about keeping them alive, I am talking about making sure to meet the individual needs of every single child in my care, teach a preschool classroom, and hold a baby while feeding them. I know some people cannot handle as much as I can, but I do feel like 8 is a fairer number. I would like to see 10 like most states with 2 being school-aged. We have a huge deficit of school-age care in the summer. I know several kids that are home alone this summer that should not be." – Local Provider

Overall, it is completely possible to find child care business owners that are capable and willing to accommodate more children, but they currently cannot do so due to licensing restrictions. Some of these child care business owners' homes are quite large and have adequate space, equipment, and potential staffing opportunities in their region in order to make this a possibility. Adding this option for licensing would **increase the number of potential slots in programs already thriving and trusted businesses with high-quality standards**. Obviously, not all child care business owners are capable of this, or their homes may not accommodate this volume of children but there are some cases where this may be a creative solution to help more parents get quality care for their children.



"We could care for more children if licensing would expand ratios for children ages 24-30 months" – Local Provider

Another ratio suggestion that was made was in regard to toddlers, ages 24-30 months. Child care business owners feel that the ratios for this age group are too strict, and they believe they can care for more children in this range. As of right now, the regulations state that there should be no more than four children under the age of 30 months, and no more than two of these can be under 18 months old.

The child care business owners agreed that there should be no more than two under 18 months, but once children get just a bit older, these children are not nearly as demanding to care for. This is also restricting the most underserved demographic in child care right now— infants and toddlers! By expanding this ratio, assuming the provider is up to it, more toddlers would be able to receive care, meaning more families would be able to return to work knowing that their children are in the capable hands of a reliable child care facility.

On the flip side, micro-centers are another creative solution to the child care crisis. In Leelanau County, they are testing a pilot program that allows a family or group license to operate outside of the home, for example, in a separate rented or purchased commercial building. First of all, it is worthwhile to mention that there is a lot of controversy around this model. If not done correctly there is a potential risk of lowering the quality of the program as well as the safety of the children. For example, in home program rules do not require the staff to be in the same room with children at all times. In home child care program regulations also have a higher ratio of caregivers to staff. Rules like these do not pose as much of a concern in a home-based setting but have the potential to be quite dangerous in a center location with multiple programs operating. This case study could be extremely helpful in finding creative solutions to get more child care business owners willing to start their businesses. There would need to be an extensively evaluated list of regulations that pull from both home-based and center-based handbooks in order to ensure the highest level of health and safety possible.

When this study wraps up and if this is a model that will be pushed to the masses, this could be a great tool for child care business owners to work together to open more 'Micro-Centers' while still being able to share overhead costs. For example, two or more child care business owners would have the capability to occupy a facility together and share overhead costs, but still have the flexibility to run their own small-scale programs.

Framing the Problem (Root Causes)

Market Failure

Throughout our grant work we worked very closely with the multiple Rural Child Care Innovation Projects (RCCIP) that were going on throughout our region. This group excels in doing cost-analysis projections, and they have repeatedly proved that **the business model for a child care program is simply unsustainable**. According to their examples, a child care center will spend an average of 70% of their income on staffing costs alone. That is followed next by 20% for facility costs and 5% for food for the children. After these costs, only **5% of the center's income is left for everything else, including profit!** This does not take into consideration any repairs, benefits for employees (very rare in this industry), or any other unforeseen cost at the center.



Below are two different models, one for a 57-seat center, and one for a 114-seat center. These models are run for 85% capacity due to the likelihood of programs being short staffed, children coming in and out of the program, as well as other factors causing the facility to not remain at full capacity. Below is a business model example of a 114-seat center. In this scenario, the 114 seat center would end up losing \$34,000 per year due to staff salaries and the profitability not being great enough to sustain the program. Parents are already having a hard time paying the rates that centers cost, but the fees do not cover the expenses incurred by the center. This is especially true with well-educated staff members. Highly educated individuals are and should be paid according to their value add to the company. However, most of the time these centers are being forced to cut workers' salaries and are not able to offer any other kinds of benefits to their employees. As stated before, the business model is simply flawed.

114-Seat Center Example Business Model: (data provided by First Children's Finance)

-Assumes a child care center rate that aligns with the 75th percentile of the Market Rate cost
-Start-up costs of \$400k, plus \$3k monthly for rent
-Wages range from \$12-\$16/hr. with the Director making \$20/hr.

Age Group	Capacity	85% Capacity
Infant	16	14
Toddler	28	24
Preschool	40	34
School Age	30	26

This center would LOSE \$34,000 per year!

They would need to operate at 95% occupancy to break even.

Some may argue that the size of the center can contribute to profitability. As reason would have it, less staff means less expenses so that should bring the center back into the positive, right? This is not the

case. In the example of a 57-seat center, this program would have to operate at 107% capacity in order to simply break even! In this scenario, **the workers are still not making a livable wage**, and they will go bankrupt in a matter of years or months.

57-Seat Center Example Business Model: (data provided by First Children's Finance)			
-Assumes a child care center rate that aligns with the 75 th percentile of the Market Rate cost -Start-up costs of \$200k, plus \$1,500 monthly for rent -Wages range from \$12-\$16/hr. with the Director making \$20/hr.	Age Group	Capacity	85% Capacity
	Infant	8	7
	Toddler	14	12
	Preschool	20	17
	School Age	15	13
This center would LOSE \$102,000 per year! They would need to operate at 107% occupancy to break even.			

Many child care business owners that we talked with stated that the only way that they are able to give their employees a livable wage was due to the GSTQ Rating system and the scholarships that the program receives. They said they were forced to keep their quality rating even though it is a lot of work that they may not do otherwise, just to ensure they get those extra scholarship dollars. This pressure on centers to just keep the lights on is too much, and there has to be a better way to support these businesses that are essential to the sustainability of our community and economy.

It is important to note that these models are using the 75th percentile for the child care rates for each analysis. Additionally, the wages used for these analyses are so low that it is impossible to expect a quality, educated employee to work for those wages, not to mention with no benefits. These business models show that it is nearly impossible to be a thriving, profitable center in Northern Michigan, and this fact alone would be enough to deter an individual from wanting to go into business. **Those that do go into this industry have to really enjoy what they do to work under these strenuous financial limitations.**

Early Childhood Education Workforce Gap

A child care desert is any census tract with more than 50 children under age 5 that contains either no child care business owners or so few options that there are more than three times as many children as licensed child care slots. Throughout our data collection, we confirmed that nearly our entire region is considered a child care desert. These statistics were calculated by using the Population Estimates for July 1, 2022, from the United States Census Bureau. We also took into consideration year-round care in comparison to programs that only operate during the school year. The counties' ratios for children under the age of 5 are as follows (in order from worst child care deficit ratios to the lowest deficit): Oscoda 18:1, Montmorency 10:1, Alcona 7:1, Cheboygan 6:1, Presque Isle 6:1, Ogemaw 6:1, Roscommon 6:1, Crawford 5:1, Iosco 4:1, Otsego 3:1, and Alpena 3:1. Overall, **our region as a**

whole has an average of 6.34 children competing for one available child care slot. This has a huge economic impact on our region.

Oscoda County by far had the worst ratio for children under age 5 compared to the available year-round capacity. While interviewing parents and child care business owners in the area, many stated that among the child care business owners that are currently open, there are multiple thinking of closing their doors due to retirement, so this county will be even worse off if/when these businesses are not operating.

Oscoda County →



It is also important to note that these ratios are best case scenario, meaning this assumes that these facilities are running at 100% capacity, however as discussed earlier, the current state of the early childhood education workforce is not large enough for it to be at full capacity. Many times, these programs are not fully staffed, causing the program to close classrooms and not accept the number of children the facility is licensed for. Aside from creating new facilities for these children to be enrolled in, even starting with getting a full roster of educated staff to these facilities would be a great way to get more children the available slots that families in our region are desperate to find.

We interviewed a group home owner in Otsego County, and she has a perfect example of the staffing/ratio issues in our region. She is currently licensed for 12 children, but she cannot find a staff



person/helper that is reliable and qualified for her to be able to take more than 6 children into their program. When opening up her child care business, her intention was obviously to make money and pay her bills, but she also wanted to be able to spend time at home with her son, who is currently 4 years old. However, she cannot afford to use the ratio slot that her son takes up in her program. She was also approved for the child care scholarship through the state, which is what she is forced to use. She

has to take her son to another child care provider in the area to use her child care scholarship, just to go back home to open her own child care business. She is forced to fill the slot with a paying customer and is not able to keep her own son in her home because it would not make economic sense to do so – she would be losing out on too much money each week. Situations like these are happening throughout our eleven counties and the state as a whole and are discouraging individuals from wanting to get into this industry to start their own business.

Child care business owners know that there is a deficit in the number of slots available for families. Expansion could be a possibility for many child care business owners, however, staffing, finances, and other constraints prohibit them from doing so. When we asked child care business owners if they were willing to expand their business, 75% said they would be willing to expand their license capacity if given the proper resources. Of the child care business owners that stated they would be willing to expand, *ALL* of them said that additional staff was a barrier to expansion. *There simply are not enough qualified staff in our region to keep these programs staffed to operate at full capacity.* Please reference the below graphic that shows the responses from child care business owners on what they would need to expand their capacity.



"I am considering, like many providers, to go down to 7 kids and work alone because finding and keeping staff is the hardest part of my job!" – Local Child Care Business Owner

The ECE Workforce faces a multifaceted challenge where the delicate balance between staffing levels and enrollment numbers is critical. This balance not only impacts the quality of care provided but also influences the financial sustainability of child care programs. Ensuring this balance is crucial because it allows programs to offer high-quality care that is affordable to families while also maintaining profitability sufficient to support competitive wages for staff. However, the current reality depicted in the Regional Child Care Profile, developed by ECIC, depicts the *average hourly wage for child care teachers in our region is reported at just \$13.72*. This wage level does not include crucial benefits such as health insurance or paid leave, making it challenging for child care providers to attract and retain qualified educators. As a result, many skilled professionals in the ECE field are compelled to

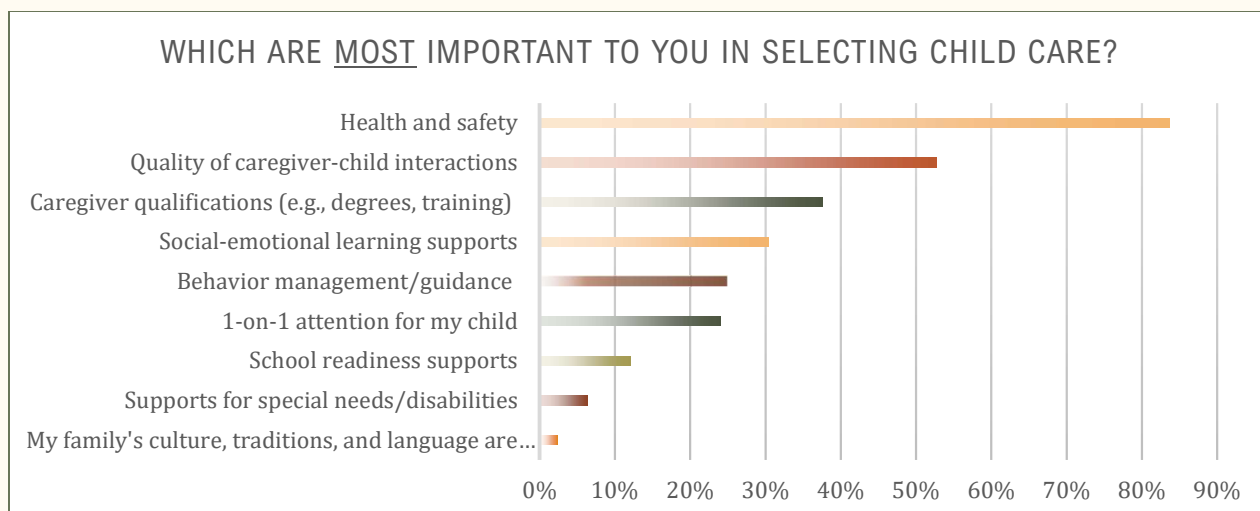
seek employment opportunities in schools or other sectors that offer better pay and benefits. The impact of these wage and benefit disparities is profound. Child care programs **struggle to maintain a stable workforce, leading to high turnover rates and inconsistency in care quality**. This instability not only affects the educators themselves but also disrupts the continuity of care for children and families.

To address these challenges effectively, it is imperative that child care programs are supported in generating sufficient revenue. This financial support would enable them to offer competitive wages and benefits, thereby elevating the status of early childhood educators and fostering a more sustainable workforce. By investing in the well-being and professional development of ECE professionals, we can enhance the overall quality of early childhood education and create a more supportive environment for children and families in our community.

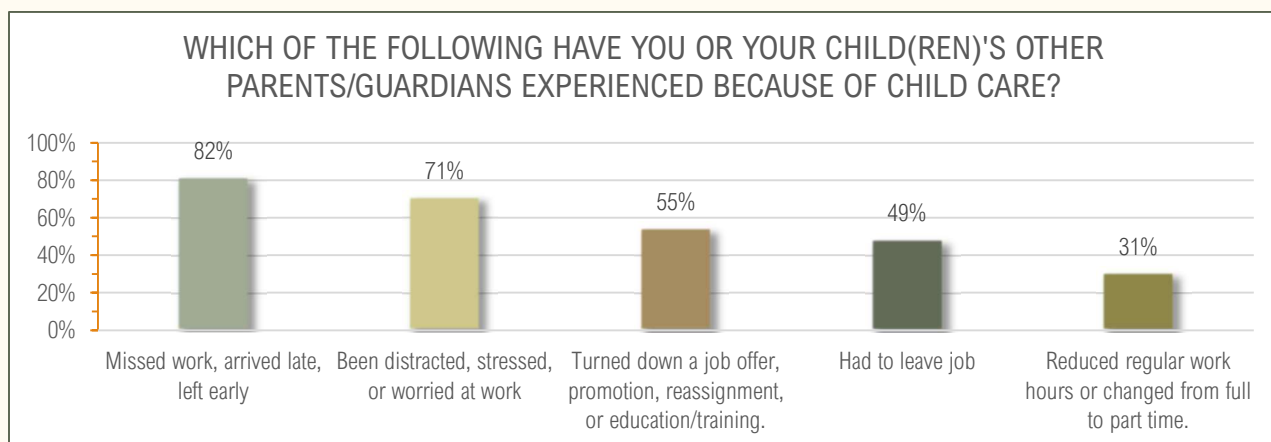
Limited Access to Quality Child Care that Meets Family Preference

Regionally and around the state, even if a spot is available, it may not line up with a family's preferences or needs. For example, when surveyed, 74% of families stated **that the main barrier for them accessing the child care that they want or need is the availability of care, followed closely by the cost**. Everyone's preferences are different. One family may prefer to send their child to a licensed center, while another may feel more comfortable having a relative be the child care provider. Families with a larger number of children may also benefit from an in-home nanny to reduce costs. All of these options are valid and should be available to families if that is what they feel comfortable with, and even more importantly, the children should be able to stay in a safe environment.

The factors that families value when they are choosing a child care accommodation for their children are also important to consider. The top thing that families look for is the health and safety of their children (83.2%) followed next by the quality of the caregiver interactions. Note, caregiver qualifications (such as degrees and training) follow third, with only 37% of families saying this is a priority. This shows that parents would be willing to use unlicensed care, as long as their children are in a safe and healthy environment while having good interactions with the provider, even if they aren't licensed or highly educated. This leads to a larger problem of child care business owners not getting licensed and parents still putting children in their care. Below is a chart showing the most important qualities while choosing a child care:



Not only do parents have to sacrifice when it comes to their needs and preferences for child care, but it is also affecting their productivity in the workplace. When surveyed, 84.2% of parents said they either missed work, arrived late, or left work early. Additionally, 55.3% of parents had to turn down job offers, promotions, reassignment, or further education/training due to child care issues.



“Lack of Daycare prevents many potentials from working. Financially, the cost doesn’t justify working outside of home. It is hard to compete and be able to offer the kind of wages that would make working worth it. The state is offering too heavy assistance packages...when on the border, they can’t turn those benefits down while not having to work.” – Local Employer

Many employers struggle to find ways to assist their employees in finding and using child care resources. For example, we asked multiple employers if they participated in the Tri-Share program, and it was overwhelming how many employers did not want to or could not participate. The majority of these businesses do not want to offer one employee a benefit that they cannot offer to the masses. Additionally, the smaller companies may simply not be able to afford this additional expense in their benefit packages. Another large issue was the large corporate chain stores could not participate in Tri-Share because they were not locally founded. Although their branches are local, their corporate headquarters location prohibits them from participating in these local benefits. Others stated that even

if they wanted to help their employees, they may not know what would be beneficial for them. They simply do not know what resources would help them. There are many options out there that would ease the burden of working parents, but they are not widely utilized.

Parents are having to make the decision whether or not to join the workforce due to the excessive cost of child care and no available slots, and employers are forced to adjust and compromise to work around the lack of workforce. Some larger manufacturing companies that were interviewed stated that they are not able to utilize shiftwork as much as they would prefer to due to the lack of employees available to work these shifts. Employers are having to compromise productivity which in turn decreases their bottom line. Below are some quotes we gathered from employers and parents that demonstrate how the limited access to quality child care is affecting our region:

"I have been unable to work due to not having child care. It's left us struggling to make our payments and bottom line is I need child care so I can work and help my family." – Local Parent

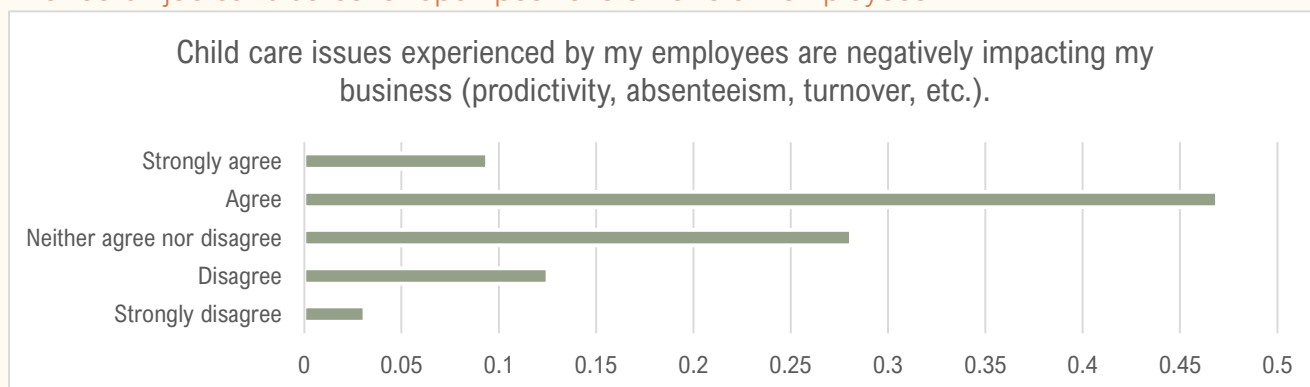
"We can't afford our bills. We are in huge amounts of debt and stress. I have my master's and a lot of student loans, but I can't work much because I have very little support with people watching them. My only other option would be to neglect them. So, we are now going through divorce mainly because of financial stress and lack of child care availability." – Local Parent

"I am concerned that if I acquire a job basically, I would be working to pay for child care. Also worried about the future of government assistance. I do not find it possible for me to work as a single parent and pay for rent, gas, groceries, and child care without any assistance." – Local Parent

"We have added remote work options for when needed, we prefer on-site employees but have had to compromise. We have additional part-time positions and some additional flexibility to accommodate." – Local Employer

"Many women in the office have had children in the past two years and have struggled to be able to find child care options in the area. When trying to hire new employees, people are not able to work unless they are paid a higher wage to be able to pay for child care." – Local Employer

Many companies understand the issues that the lack of available quality child care brings to their employees. In fact, 90.6% of employers that were surveyed stated that **child care affects their ability to recruit job candidates for open positions or to retain employees.**



Charting a Course of Action

Management Services Organization (MSO)

Child care business owners have to wear many hats. In any given day they can be the directors, accountants, human resources, janitors, nurses, counselors, cooks, cheerleaders, etc. The list goes on and on. There are countless tasks that need to be done to both run a business, as well as stay current with requirements from LARA, food programs, and GSTQ. Yet after completing all these tasks they are still expected to provide quality care and teach young minds. Our coalition has identified an opportunity to help alleviate some of these burdens on child care business owners in hopes that this will open up some time in their day and reduce expenses for their programs. Shared service programs have been proven to be a valuable asset in other regions, and we intend to develop a program that can assist with back-end services that a provider may not have time, expertise, or experience doing in the past. We believe by offering these business solutions we will be able to give child care business owners a better work/life balance as well as free them up to focus on what is most important in their business – the children!

"I think that it would be helpful to have a start up advisor or consultant to help individuals who are interested in, or operating a child care business!" – Local Child Care Business Owner

NEMCOG, NEMCSA, and Develop Iosco (DI) are partnering to develop a separate nonprofit organization that will serve as the child care MSO for our region. Ideally, if this pilot goes as planned, this could be a service that could be scaled statewide. As of the end of this grant period, True Cedar LLC has been contracted to get the ball rolling with this nonprofit. They have unique experience and skills in strategy, feasibility, creation, and management of MSO's and have successfully implemented nationwide MSO start-ups. Their work will span from May 2024-August 2024 and will consist of the following deliverables:

- Facilitate the creation of a separate joint venture with recommendations for corporate structure and requirements between NEMCOG, NEMCSA, and DI.
- Research and recommend articles of incorporation.
- Research and recommend IRS 501c3 organization creation/application.
- Identification and vetting of services to be offered through the MSO that could include but are not limited to:
 - Group purchasing
 - Health insurance benefits
 - Billing
 - Help line
 - Technology support
 - Human resources
 - Education



- Financial reporting
 - Compliance with licensing requirements
- Provide an MSO feasibility study for childcare businesses that includes but are not limited to the following:
 - Business drivers
 - Readiness
 - Timeline and cost
 - Functional analysis
 - Entity structure
 - Staffing and resources
 - Three-Year pro forma profit & loss model
 - Implementation plan, including key tasks and timeline
- Survey and interview child care business owners and provide them a chance to review and comment on recommendations.

Throughout this work, True Cedar will be able to get a good grasp on the issues that are being faced by child care providers in Michigan and will use their expertise to offer the above recommendations. One of the most important focuses of their work is trying to **capture the child care business owner's voice and perspective**. Throughout all of our conversations with True Cedar staff, they are very encouraging in that they are using the work that we have already done (interviews, surveys, provider roundtables, etc.) and additionally doing their own due diligence to ensure that we are offering the best options for child care business owners at costs that they can afford. These key business functions can be done more efficiently and cost-effectively if done by an MSO that uses current technology and has the proper training to do so.

One thing that was clear in our conversations with child care business owners was the need for one central resource that could serve as an expert in the industry, which would be able to direct providers to various resources or contacts. It has been very clear throughout this work that we do not want to reinvent the wheel, but if the MSO could simply **direct providers to proper resources**, help them navigate the system, as well as provide clarity to any questions, which would be a great help with start-up, expansion, as well as simply maintaining a successful child care program. By partnering with the existing resources in the region such as Great Start to Quality, LARA, local municipalities, etc., we will be able to offer reliable information to programs.



Not only are the services that the MSO will offer (listed above) but there is also the opportunity for additional recommendations to be housed within this entity, licensing for example. One major portion

of the licensing process that may be very daunting for a new provider starting up is getting set up before your initial inspection to become licensed. It can be very intimidating and there is a misconception that if you inquire with your licensing consultant about barriers or questions then they will just write you up. This leaves the provider struggling to figure out licensing requirements and processes alone, rather than having support to follow the steps properly. We intend to be that middle ground. We want to be there in the beginning stages of their start-up, connect them with the SBDC to get their business plan together, connect them with LARA agents that can help guide through the process, and also with GSTQ to get them started in the quality rating system. All of these steps are essential in getting up and running, but a lot of the child care business owners that we spoke with expressed confusion or that they felt they didn't have the resources needed to easily navigate the red tape. We understand that some of these services to help child care business owners get started are already existing, so even just making the connection between potential new child care business owners and the resources required to get licensed would be a huge help.

Additionally, the public tends to have a bias against child care business owners and the services they provide. Child care business owners often are referred to as 'babysitters' which can carry a certain stigma against them. In reality, these individuals are **teachers who are influencing the most crucial developmental years in our youth**. Child care business owners do not feel as if they are respected by the community as business owners, and the value that their services provide is not often understood by the public. By informing the community about what the child care industry is struggling with, we intend to gain support from the region. Through the connections of the MSO, child care businesses can create one unified voice to advocate to the public regarding issues they are facing. This would not only have to be at the local level, but having that shared voice and message, there is a bigger opportunity for elected officials and state programs to hear the needs and concerns of child care programs.

"I wish the community had a better understanding of how little we make." – Local Child Care Business Owner

Technology is another factor that is going to be crucial to the success of the MSO. Child care business owners are not always using the proper technology and we intend to help them get set up and use the technology to best fit their business, making them more efficient. One huge benefit of technology is ensuring the programs are operating at full capacity. Below is a graphic (data from First Children's Finance) that shows the impact of a program operating at full capacity:

Impact: Full Enrollment and Full Collection: (data provided by First Children's Finance)

Enrollment & Revenue in a Small Family Child

Average Monthly Market Price Per Child	\$600		
Max Annual Revenue @ 6 Children	\$43,200		
Vacancy Rate	5%	15%	25%
Actual Revenue Earned	\$41,040	\$36,720	\$32,400
Bad Debt	0%	10%	15%
Total <u>Gross</u> Revenue Collected	\$41,040	\$33,048	\$27,540

This nonprofit organization aims to tackle all the underlying issues identified in this regional plan related to child care. Our primary focus will be on addressing market failures by helping child care business owners save time and money, thereby enhancing their financial stability. These savings could also be reinvested to improve the working conditions for early childhood education (ECE) workers, aiming to narrow workforce gaps in this sector. Additionally, our efforts aim to make quality child care that meets families' needs and preferences more accessible across the region.

Expanding Child Care Capacity Project

The NEMCCC had the opportunity to use some of our funding to conduct a research project to analyze what projects are keeping child care businesses from starting up or expanding. We offered funding specifically for startup or expansion projects in our region, in partnership with DI and NEMCSA. We worked hand in hand to advertise, develop an application process, as well as review applications and projects throughout the region. We had some really great projects that demonstrated expansion, and we also had many that greatly increased quality in programs. The majority of our applications were from existing child care businesses that were looking to renovate or improve the quality of their facilities or equipment. Unfortunately, these quality related projects had to be denied due to the lack of capacity expansion.

As stated above, DI was a key partner in this work in both the administrative function, as well as another funding source. DI was able to fund projects in Alcona, Arenac, Iosco, and Ogemaw Counties, while NEMCCC covered the remaining counties: Alpena, Cheboygan, Crawford, Montmorency, Oscoda, Otsego, Presque Isle, and Roscommon Counties. Throughout all 12 counties participating, *we were able to approve 14 projects to be completed*. Below is a list of some of the items that were deemed necessary in order to start up or increase capacity in current programs:

- Getting outdoor space up to LARA standards
- Application fees
- Safety equipment purchases
- Age appropriate indoor equipment and toys (cots, cribs, height chairs, etc.)
- Furnace repairs

- Plumbing modifications for toilets (center based)
- Outdoor safety (wood chips under structures)
- Employee fees (background check, physical, TB testing, etc.)
- Administrative Equipment
- Computer
- Printer
- Child care software fees, such as ProCare
- Special Use Permit fees
- Fire Inspection
- CPR and other MI Registry training fees
- Staff wages and recruitment advertising
- Classroom remodeling

The above is not an exhaustive list of what child care business owners repeatedly expressed as needs for expansion. However, these items align closely with our survey findings: *child care business owners need more staff, funding for property, funding for remodeling costs, and startup assistance*. This project underscores the importance of our other recommendations and highlights the need to find ways to create sustainability in programs like the Expanding Child Care Capacity Project.

Word of this project has reached other regions, including Bay City. Representatives from Bay City contacted the NEMCCC to explore collaboration opportunities for implementing the same program in their community. Leveraging their existing funding sources, this partnership will showcase how such a program can be implemented statewide, emphasizing the importance of financial assistance for child care business owners. If the State of Michigan allocates budget resources for this type of project, it would *ease the startup process for small businesses with limited funding, making it less daunting and more feasible*. This project will be starting July 2024. Further information can be requested from NEMCOG to do a more in depth analysis.

The main root causes addressed with the Expanding Child Care Capacity Project would be the ECE Workforce Gap as well as the limited access. Making start up and expansion more accessible to the average child care business owner will allow them to spend time and funding on making sure they have quality staff to run programs. Furthermore, the underlying goal of our research project was to add additional slots, giving families more options for reliable, quality care.

Zoning

Throughout our initial efforts for this grant, a common theme in conversation was zoning. Many individuals that are on the sidelines of child care view zoning as a major barrier to child care business owners getting up and running, when in reality zoning does not cause as much trouble to start a child care business as one might think. For a family home license, the majority of municipalities that we studies have it written in their ordinance that operating a child care business out of their home is

permitted by right, meaning zoning is a minor issue. The only thing that may cause them issues is simply the process of getting zoning approval, but it would be minimal due to it being by right. Group homes cause a bit more hassle but again, the process is more intimidating than anything. The majority of the municipalities surveyed require a special use permit which involves many steps and fees. Center licenses are a bit more particular to where they can be located, and they also require a special use permit in local municipalities. The district that the center is located in will also be monitored more closely.

Overall, **the barriers caused by zoning lie mainly with the cost and the daunting process of getting approved**. Each municipality is different, so finding where to get information, whom to contact, small staff for rural communities, etc. can be huge hang-ups with child care business owners. Sometimes it can deter them from completing the process altogether. Also, this process can be quite time consuming for potential new child care business owners. To get a special use permit, oftentimes there is a public meeting that has to take place, review by the planning commission, public comment, and notification, as well as many additional steps. This takes time! Child care business owners that are ready and willing to get up and running are being held up by these processes when NONE of the municipalities that we surveyed has denied a child care facility! If these facilities are needed and wanted in the community, why are they being forced to go through such tedious, time consuming, expensive processes?

Drafting sample language for local ordinances regarding child care would be greatly beneficial to communities to encourage child care facilities to open, rather than being indifferent one way or the other as most ordinances are right now. It would be beneficial to reduce the fee structure included in getting a child care facility opened. Most ordinances only have definitions related to child care and regions that allow the different license types in different districts; they are generally overlooked!

This recommendation addresses the root cause of limited access. If new child care providers can not get their business started due to the complex nature and red tape within their local municipality, many business owners will give up before they even get started and we are hoping to change this.

Provider Peer Communities



Experienced child care business owners who are already in operation have valuable insight and knowledge about the industry that could be a huge benefit to new child care business owners. Our goal is to create a space in each community that would be used for child care business owners to connect, offer support, share advice, as well as work together to solve problems. One major benefit this community could offer would be to **help new child care business owners work through the licensing process**. As we have discussed, the licensing process is not always easy to navigate. Assistance and guidance from a provider who has already gone through all the red tape and all the steps required could give a bit of help to answer questions, find the next steps, and connect new child care business owners with proper resources. Both new child care business owners and long-standing

community-based programs would benefit from this type of community. Sharing information and resources is crucial for the success of child care businesses, and this exchange can only happen among those with years of experience. By connecting these established businesses, new ideas and connections can emerge, enhancing any program.

Another benefit of this program would be to **advocate for existing programs and resources that may otherwise be overlooked**. For example, GSTQ is a fantastic hub for new and existing child care business owners to attain curriculums, resources, supplies, etc. but many new child care business owners associate GSTQ with only their quality ratings, which is a bit intimidating. Many child care business owners feel like they do not want to work with GSTQ coaches because they are going to be the ones evaluating them, so they do not want to give them any reason to mark them down on their performance. This is all logical thinking, but that doesn't change the fact that they are missing out on valuable resources.

Many unlicensed providers are not getting licensed so they can charge less to parents, but in turn, take in more children each day since they do not have to follow ratio requirements. This peer support system would be a great tool to get these individuals through the licensing process, keep children safe, and ensure each program is kept up to the standards kept by licensing. This mentor/mentee program can show the unlicensed child care business owners how many programs and opportunities they are missing by not being licensed. For example, they would be able to utilize the food programs, parents could participate in subsidized child care, GSTQ resources, grant opportunities, and many others.

The core issue we're addressing with this recommendation is the ECE Workforce Gap. By providing resources and facilitating information sharing among providers, we aim to alleviate burdens on business owners and attract new providers to enter the industry. If this community becomes a robust asset, the ECE workforce can unite to drive further positive change and support throughout the community.

Apprenticeships

Michigan Works! Northeast Consortium (serving Alcona, Alpena, Cheboygan, Crawford, Montmorency, Oscoda, Otsego, and Presque Isle counties) and Michigan Works! Region 7B (serving Iosco, Ogemaw, and Roscommon counties) each received a grant from ECIC Child Care Innovation Fund for the Apprenticeship Scale Up programs. We are collaborating with both regions to raise awareness and boost participation in these programs by promoting this opportunity to existing child care businesses. Additionally, we aim to introduce this valuable asset to the MSO as a service offering to provide further assistance.

Apprenticeships are a great resource for child care business owners, especially centers looking for additional staffing options. An apprentice would be brought into the program to get **on the job training and experience while working through their education**. These apprenticeship programs use a

'build your own skilled workforce' approach, where they are able to help potential future full time employees become educated and learn the ways of that company. Not only will apprentices be more likely to remain more loyal to that particular provider, but they also have an opportunity to complete their education with less financial burden. On the employer side, they are building a skilled workforce, improving productivity, reducing turnover, retaining workers, all while using a customizable training method to help staff future workforce. There are also grant opportunities such as the Going PRO Talent Fund, as well as others, that are able to assist child care business owners in covering the cost of getting the apprentices trained.

Again, this recommendation is aimed to address the ECE Workforce Gap. If providers can have access to quality educated staff, they have a better chance at running a successful program. The NEMCCC sees the value in these apprenticeships and worked to promote this work throughout the region. Through our work with this ECIC grant, we were able to connect our local Michigan Works! agency to a partner in southern Michigan who is already running a thriving apprenticeship program. There are a lot of opportunities to share resources and ideas on how to keep these programs going, as well as getting new providers on board.



Enabling Success

To successfully launch an MSO for child care business owners in our region, ongoing community support and communication are crucial. Throughout this process, we have diligently stayed in touch with various groups, coalitions, and communities to gather as much perspective and input as possible. This effort has helped our coalition build strong relationships, which we will rely on to spread the word about the MSO and to gather the resources needed for its success. Additionally, we will seek continuous feedback to ensure the MSO operates at its full potential. The three founding organizations—NEMCOG, NEMCSA, and DI—must also maintain constant communication to ensure the nonprofit's successful implementation and sustainability. One thing that might limit the success of this goal is the results of the provider survey that is being distributed by True Cedar. A fear of the



coalition is that the MSO will not be well received initially by the child care business owners so intentional language and advertisement of the project will be essential to ensure that the proper message and intentions are being displayed. Future opportunities with grants and other funding sources will be a great asset to the sustainability of this project. Child care business owner dues will be leveraged to create some sustainability, but in an effort to keep cost low for business owners,

additional funding should be sought out to limit their burden. Additional support from organizations such as ECIC would also be welcomed to ensure visibility at the state level and to be an early resource of information for any future potential funding opportunities. **Continuous stakeholder feedback and partnership will be extremely important** and will continue throughout the rollout of this non-profit as well as our other recommendations. Plan vetting and messaging will need to be reviewed with current early childhood education workers to ensure we are bringing forth and adapting when the best possible strategies and adapting when necessary.

We will also be able to leverage the connections with GSTQ to ensure the Provider Peer Communities are operational and effective. Our coalition will not be conducting these groups; however, the MSO can stand as a resource for these groups to remain sustainable. Coordinating these events and groups will take some time and energy, so it will be communicated to GSTQ to lean on them as a partner in making this happen. Community support for this recommendation will also be important. If community advocacy continues and more partners join the fight against the child care crisis, more events and provider community opportunities could become available.

NEMCOG will serve as the monitoring entity for our zoning recommendation. Given that much of their daily work involves interactions with municipalities, integrating child care information into these activities will be straightforward. Additionally, NEMCOG is expected to have a seat on the MSO board, providing an opportunity to expand this initiative on a statewide scale.

At the state level, achieving systematic change requires shifting the perception of child care business owners. These professionals, many of whom are highly educated, are often mistakenly seen as mere 'babysitters.' Advocacy to elected officials is crucial to promote the necessary systems change and policy updates for the child care industry; if the industry did not include so many barriers, more qualified teachers and business owners would feel comfortable working through the process. Additionally, integrating early learning into the child care system would be immensely beneficial at both the state and federal levels. This integration should go beyond the existing Pre-K for all systems, which have their own merits. Currently, formal education typically begins at Pre-K or Kindergarten, overlooking a crucial window of learning. Given the critical importance of early years of learning, it is essential to include infant and toddler care in our educational framework.



Beyond the critical importance of early childhood education, child care providers require substantial support at the state level to ensure the sustainability and quality of their services. These professionals play a pivotal role in the development of young children, yet they often face significant challenges, including low wages, limited resources, and inadequate professional recognition.



To implement effective recommendations, it is essential that child care business owners receive a livable wage. This financial stability is necessary not only for attracting new professionals to the field but also for retaining experienced caregivers who are committed to nurturing and educating young children. Without adequate compensation, many talented individuals may be forced to leave the profession, exacerbating the already critical shortage of qualified child care providers. State and federal governments need to reevaluate and reform current policies to address these issues comprehensively. This could involve increasing funding for child care programs, providing tax incentives for child care businesses, and implementing wage subsidies for child care workers. Such measures would help ensure that child care providers can maintain their operations and offer high-quality care without financial strain. Addressing the child care crisis requires a multifaceted approach that includes policy reform, financial support, and societal recognition.

Tracking Progress



To track progress for this regional plan, the MSO would be the likely organization to measure many different elements of success. Participation from the child care businesses in the MSO will be the main measure of success, as well as the longevity of said participation. It is recommended that periodic check ins with providers be rolled out to ensure that value is being added to their program in terms of time savings, financial saving, access to resources, as well as convenience. Additionally, statewide presence of the MSO will show that the model is a viable solution in assisting child care business owners both locally and state wide.

The MSO can maintain connections with partners like NEMCOG to ensure zoning regulations and ordinances remain relevant and reasonable for child care businesses. These partnerships are essential for driving change. They can leverage their existing community relationships to distribute and promote child care-friendly language and guide communities in developing supportive ordinances rather than imposing extra hurdles. Appendix H includes a draft of a zoning ordinance informational flyer developed for community distribution. This flyer can be updated as needed to ensure it remains current and useful.

Once again, the success of the provider peer learning communities can be overseen by the MSO. Through collaboration with GSTQ, these meetings and events can be promoted and potentially hosted by the nonprofit. Continued engagement and increased participation will be key indicators of success for this initiative. Additionally, gathering provider feedback, possibly through surveys, will ensure that child care business owners receive sufficient information and community support at these gatherings. Based on the feedback received, adjustments can be implemented to maximize the value of these opportunities for participants. The objective is to maintain these communities as valuable resources rather than adding to the burdens of child care business owners.



Monitoring and promoting Apprenticeship programs will be a priority for the MSO. Serving as a resource, the MSO can support child care business owners interested in participating by assisting with paperwork and implementation processes. Currently, participation in these programs is minimal or nonexistent, and increasing involvement is a key measure of success. The MSO can facilitate informational sessions to educate child care business owners about the benefits and opportunities offered by the Apprenticeship program. It's crucial that MSO staff are knowledgeable about the administrative aspects to effectively support child care programs and ensure their continued value.

Conclusion

Our coalition has been truly inspired by the passion our partners have demonstrated during our work to uncover the true extent of the child care crisis and the child care deserts in our region. We've learned that our neighbors are forced to make difficult financial and personal decisions due to the lack of available child care, and child care business owners are struggling to stay afloat in this challenging environment.

Families in our community are often caught in a cycle where they must choose between earning a living and securing reliable and affordable child care. This has led to significant stress and hardship, with many parents unable to participate fully in the workforce. On the other side, child care providers are facing immense pressure with insufficient resources and support, making it nearly impossible for them to sustain their businesses and provide the high-quality care that children deserve.

Despite these challenges, we are very hopeful that our recommendations will lead to meaningful improvements. The relationships we have built over the past year have been instrumental in shaping our understanding and approach. These connections with various stakeholders—including parents, child care providers, community leaders, and policymakers—have provided us with valuable insights and a strong network of support.

Our work is far from finished; we recognize that addressing the child care crisis is a continuous journey that requires sustained effort and collaboration. However, the unprecedented attention and excitement surrounding the child care industry give us great optimism. There is a growing recognition of the vital role that child care plays in the well-being of our community and the economy at large.

Looking ahead, we are eager to see the positive changes that our collective efforts will bring to child care in Northeast Michigan. We remain committed to supporting child care providers and advocating for the necessary resources and policies to ensure their success. Thank you for the opportunity to engage in this important work. We are excited to continue our efforts to support child care and child care business owners in every possible way, and we are confident that together, we can create a brighter future for all families in our region.



Appendix Files

- A – Coalition Membership
- B – Census Information (Desert Ratios)
- C – Provider Database Updated August 2023
- D – Provider Database Updated September 2023
- E – Provider Database Updated January 2024
- F – Provider Database Updated May 2024
- G – Partner Plan Links
 - ❖ Alcona
 - ❖ Iosco
 - ❖ Ogemaw
 - ❖ Develop Iosco
- H – Zoning Language Flyer (subject to change)