



# RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN  
FOR CHILD CARE

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**Arenac/Northern Bay County,  
Michigan**

December 2022



**First Children's Finance**





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Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the Office of Child Care, the Administration for Children and Families, or the U.S. Department of Health and Human Services.

This Community Solution Action plan is designed to be 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](http://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

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# EXECUTIVE SUMMARY

The Rural Child Care Innovation Program (RCCIP) is a community engagement process designed to develop right-sized solutions to 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 and to empower and support communities to develop solutions to address these challenges.

The Community Solution Action Plan for Arenac/Northern Bay County intends to outline the child care challenges identified in the community and the proposed solutions to improve the state of child care in the area. A Core Team from Arenac/Northern Bay County, with the support of First Children's Finance, conducted a thorough investigation and analysis to uncover the factors contributing to the child care shortage 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 Arenac/Northern Bay 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 522 child care slots in the Arenac/Northern Bay Area. The analysis revealed that it is exceedingly difficult to be a child care provider due to numerous rules and regulations, low pay and no benefits, long hours, and high operating costs. Staffing is a significant expense for many child care programs, resulting in sixty to eighty percent of overall expenses. This heavily influences the ability of child care providers to sustain their child care operations.

The analysis revealed that the child care shortage has severely impacted parents living in Arenac/Northern Bay County. Fifty eight 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 ability of parents to advance in their careers.

Some of the major factors contributing to the child care shortage in Arenac/Northern Bay County include affordability for working families, and a drastic child care staffing shortage.

**Through the RCCIP, Arenac/Northern Bay County has identified six goals to address child care challenges. These goals include:**

1. Promote community support to license the Arenac Community Center to house a child care center.
2. Support the startup of a child care center in the city of Pinconning.
3. Create a Revolving Loan Fund that will aid with initial child care costs for DHHS families that are eligible for child care subsidy, while they are waiting for their applications to be processed/approved.
4. Facilitate employer partnership conversations. Educate employers on the issues surrounding child care and how they are directly affected. Promote supportive partnerships between providers, employers and working families.
5. Workforce Development and Employer-Supported Strategies

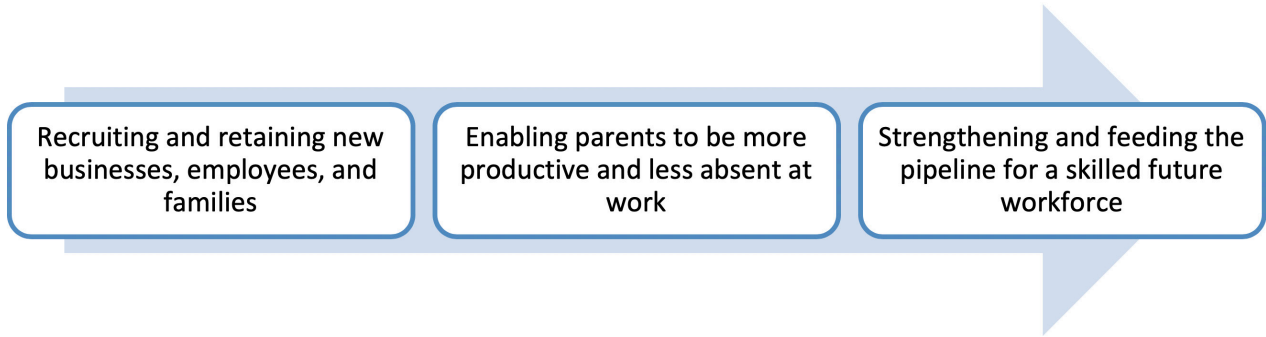
In implementing these goals, Arenac/Northern Bay County will improve the state of child care by empowering local child care businesses through continuous community support, providing parents with more care options, and giving child care

entrepreneurs stronger resources to run and operate their businesses. During the next 3 months, First Children's Finance will provide support to the core team when needed in implementing these goals.

# THE IMPORTANCE OF HIGH QUALITY CHILD CARE IN COMMUNITIES

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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

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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 changing in rural America.

### PROGRAM FOCUS

Children living in rural areas are more likely to come from low-income households than children in urban areas and are more likely to be living in poverty for longer periods of time. Many rural areas struggle to attract and retain a young, educated workforce, while others lack the resources to keep up with their own growth and success. Although rural communities face many challenges, they are also resilient. They have the innovative spirit required to develop nimble, creative solutions that will be effective in their communities. The Rural Child Care Innovation Program leverages communities' independent, "can-do" attitudes to address early care and education in Michigan.

## Program Activities & General Timeline

PHASE	TIMING	ACTIVITIES
Project Planning	August – September 2021	<ul style="list-style-type: none"> <li>Project planning</li> <li>Marketing and communications strategies to launch awareness of RCCIP launch</li> </ul>
Project Planning	September – October 2021	<ul style="list-style-type: none"> <li>Marketing and communication of application; outreach to rural communities as potential applicants</li> <li>Host information webinar</li> <li>Answer questions and offer technical assistance for application components.</li> <li>Application deadline</li> </ul>
Project Planning	November 2021	<ul style="list-style-type: none"> <li>Review and score applications</li> <li>Determine selections.</li> <li>Notify selected communities.</li> </ul>
Discovery	March – April 2022	<ul style="list-style-type: none"> <li>Launch Core Team onboarding sessions.</li> <li>Complete Supply/Demand/Gap analyses for RCCIP communities.</li> <li></li> </ul>
Discovery	May – August 2022	<ul style="list-style-type: none"> <li>Core Teams identify Town Hall dates, begin regular planning meetings and Discovery Phase.</li> <li>Provide appreciation events in RCCIP communities.</li> <li>ECIC conducts qualitative data collection and analysis.</li> <li>First Children’s Finance preps for Community Solution Action Plans.</li> <li>Town Hall logistics confirmed by Core Team, promotion/ registration.</li> </ul>
Discovery	September 2022	<ul style="list-style-type: none"> <li>Qualitative data collection analyzed and shared with Core Teams</li> </ul>
Discovery	September– November 2022	<ul style="list-style-type: none"> <li>Town Hall logistics set and confirmed. by Core Team, promotion/registration.</li> <li>Town Hall events hosted.</li> <li>Smart goal meeting.</li> <li>Community Solution Action Plan. (CSAP) drafts created by First Children’s Finance to include. consensus workshop materials.</li> <li>Launch community consultation projects.</li> </ul>
Planning	December 2022	<ul style="list-style-type: none"> <li>Community Solution Action Plan drafts reviewed by Core Teams, preliminary timelines for implementation drafted.</li> <li>CSAPs finalized, designed, and published on First Children’s Finance website.</li> <li>Ongoing progress on community consultation projects.</li> </ul>
Implementation	December 2022 – January 2023	<ul style="list-style-type: none"> <li>Finalize project implementation plans for Core Teams.</li> <li>Ongoing progress on community projects.</li> </ul>
Implementation	January 2023– March 2023	<ul style="list-style-type: none"> <li>Core Team implementation support</li> <li>Technical expertise to community projects as needed.</li> <li>Track progress of implementation goals and adjacent initiatives.</li> </ul>

## 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 child care supply and demand, and 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 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 ARENAC/NORTHERN BAY COUNTY

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Arenac/Northern Bay is a cluster area of communities, located in the counties of Arenac and Bay. It includes the cities of Standish (Arenac County), Pinconning (Northern Bay County), Au Gres (Arenac County), and Omer (Arenac County) list 2019 populations of 1421, 1296, 808, 259. It extends to even more rural, unincorporated areas surrounding the cities, in the outlying areas of Arenac and Northern Bay Counties.

Arenac/Northern Bay is located on the Sunrise Side of Michigan, from the shores of Lake Huron to the east to just a few miles west of I-75; and from US-23 in Au Gres south to Pinconning. Its communities share not only the same geographical area and demographic, but also the same Educational Service District, multiple service groups, and the talent pool for the businesses located in the region.





## ▶ LOCAL TEAM REPRESENTATION

The Core Team was identified locally, and asked to commit to investigating the child care challenges in Arenac/Northern Bay 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 Arenac/Northern Bay County Area.

▶ Stephanie Buffman	Michigan Works! Region 7B
▶ Tammy Goodroe	Lil Sprouts Child Development Center, Assistant Teacher
▶ Tina Stark	Arenac Public Transit Authority
▶ Pastor Rick Pockrandt	Pinconning Apostolic Lighthouse Church, Senior Pastor
▶ Julie Bash	Great Start to Quality Eastern Resource Center, Program Director
▶ Lyle Swartz	Arenac Eastern Community Center, Owner
▶ Paul Aultman	Vantage Plastics, President
▶ Greg Ecker	Magline Inc., Vice President of Operations
▶ Ashley Sweet	Sterling Area Health Center, Community Health Worker
▶ Lori Jacques	Sterling Area Health Center, Prevention Specialist
▶ Joshua Stein	Child Care Licensing Bureau, Licensing Consultant
▶ Stacy Tomczak	Child Care Licensing Bureau, Licensing Consultant
▶ Gretchen Wagner	Bay Area ISD, Director of Early Childhood Education
▶ Kristine Walko	Saginaw ISD, Quality Improvement Consultant
▶ Melonie Woodhull	Bay Area Behavioral Health
▶ Harold Woolhiser	Arenac County Board of Commissioners
▶ Tommy King	Lil Sprouts Child Development Center, Assistant Director
▶ August Busch	Human Resources on Information Technology- Bopp-Busch Manufacturing
▶ Heather Bauman	The WELL, Director. Vantage Plastics, Outreach.
▶ Danaea Trombley	Lil Sprouts Development Center, Manager. Play, Learn, Grow- Treasurer
▶ Lorrie Foor	Play, Learn , Grow President. Lil Sprouts Development Center, Owner
▶ Brianna Lyons	Michigan DHHS, Children Foster Care Worker
▶ Monica Baniel	Bay Arenac Behavioral Health, Social Worker
▶ Angela Masson	Northeast Michigan Community Service Agency, NEMSCA Head Start
▶ Rich VantTol	Bay Arenac ISD, Great Start Collaborative Coordinator
▶ Matthew Colby	Faith Alive Church, Pastor
▶ Ryan Klenk	Arenac Community Center

▶ Shara Klenk	Arenac Community Center, CEO
▶ Dennis Whitney	Pinconning Twp Trustee, Downtown Development Authority Board Member, Local Business Owner
▶ Denise Dunn	Arenac Public Transit, Executive Director
▶ Tara Marcazak	Independent Bank, Standish Brand Manager
▶ Becky Lakin	City of Pinconning, City Clerk Manager
▶ Diane Morley	Arenac Community Fun, Bay Area Community Foundation Board Member
▶ Trevor Keyes	Bay Fortune Inc., President & CEO
▶ Brand Mason	City of Standish, City Manager
▶ Deputy Don McIntyre	Arenac County Sheriff Department, Undersheriff
▶ Penny Payea	Michigan Works! Region 7B, Certified Life Coach / Success Coach

# 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 Finance leveraged different data sources to pull together an illustrative picture of the impact of child care in the local area. These data sources include the US Census, MI Child Care Licensing Records, Michigan Great Start to Quality/ LARA Provider Database, the 2021 Market Rate Study, The U.S. Department of Labor and Economics, and other internal research tools including First Children’s Finance data.

## POTENTIAL NEED OVERVIEW

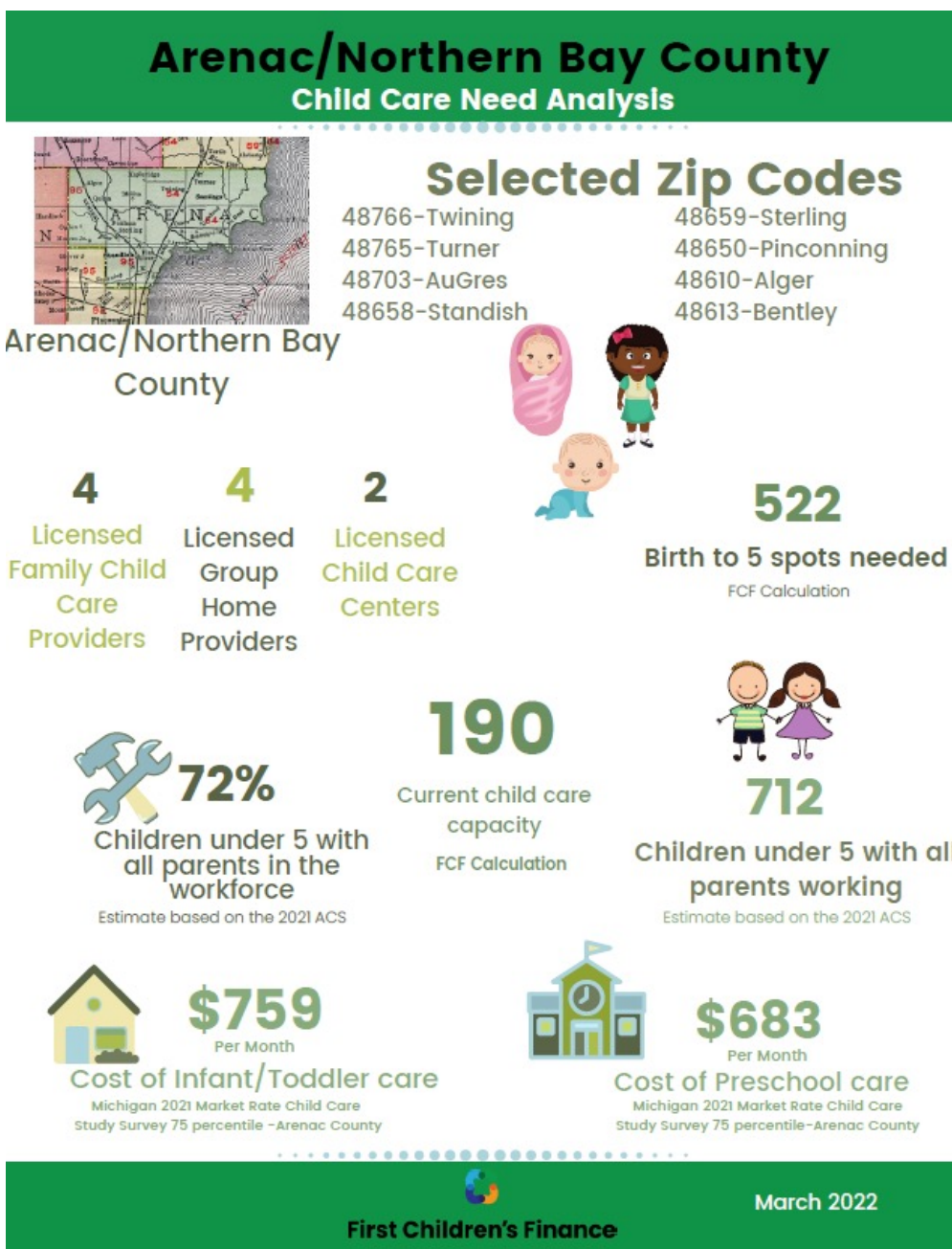
First Children’s Finance conducted a child care supply and demand gap analysis, which provided a snapshot of potential child care need. When analyzing the data for Arenac/Northern Bay County, we looked at the data for all zip codes located within the cluster to determine the overall need. The supply and demand gap analysis from March 2022 shows a shortage of 522 slots for children ages birth–five years of age with all available parents in the workforce.

First Children’s Finance’s specialized child care supply and demand gap analysis provides a snapshot of the potential full-time/year-round child care needs within Arenac/Northern Bay County. 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 not all programs are filled to capacity, one hundred percent 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 calculation is run at an 85% capacity 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.

It is also 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 Arenac/Northern Bay County, in March of 2022. Due to the nature of the industry, it is difficult to keep up with its steadily changing data. These numbers are constantly fluctuating as providers open and close their doors, experience staffing losses and gains, families move in and out of the community, county boundaries, zip codes and school district boundaries never align perfectly. It is important to emphasize that this is an estimate of need and only represents a snapshot of the community in March 2022.





## FAMILY CHILD CARE – BY THE NUMBERS

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 more 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.

- Providers with less than 5 years of service, and those with more than 20 years of service, are most at risk for turnover in an industry that already sees tremendous employment turnover rates.

▶ Total Family & Group Home Child Care Providers	8
▶ Average Length of Service	14.2 Years
▶ Less than 5 years of service	2 / 25%
▶ More than 20 years of service	2 / 25%

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

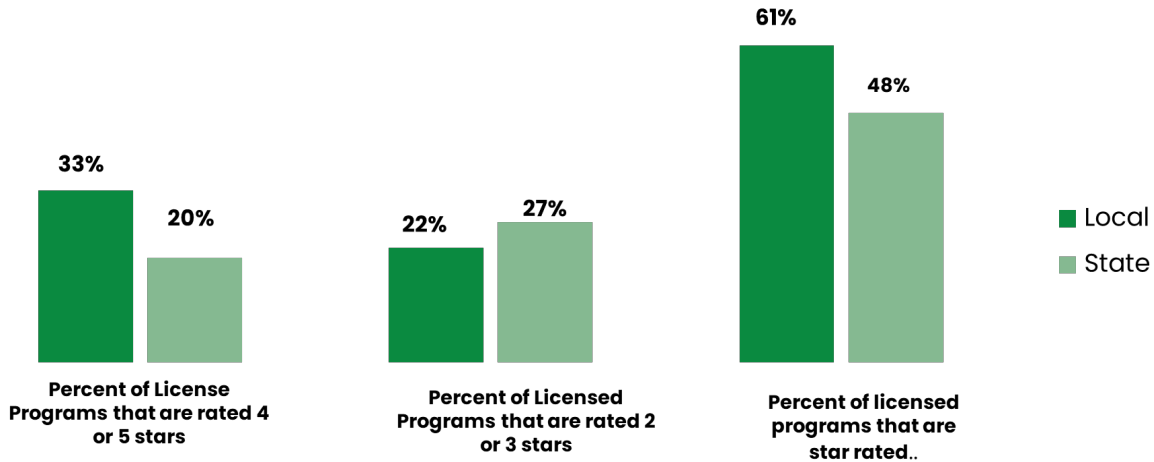
When asked about how long family providers plan to remain in business, 31% of Providers said they are planning to remain for another 3–5 years. 38% of Providers stated they are planning on being in business 6–9 additional years while 31% said they are planning for another 10 plus years. It is important for Arenac/ Northern Bay 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 Quality Rating Improvement System (QRIS). Michigan currently uses the Great Start to Quality (GSQ) Star rating system. The program is optional for providers to enroll in but can provide great benefits and resources to those that do. Programs are rated on a scale of 1 to 5 stars based on a set of quality standards. These standards tend to be more curriculum based than the State of Michigan Licensing Standards. One of the benefits available to providers that obtain a star rating, is eligibility for higher CDC (Child Development and Care) reimbursement rates. Families that qualify for CDC reimbursement will receive more money to use towards child care if they attend centers with star ratings. The higher the rating, the higher the reimbursement rate.

## Great Start to Quality Participation in Arenac/Northern Bay County vs. The State of Michigan as of March 2022



\*Great Start to Quality-Michigan

The chart above shows as of March 2022, that the participation of Arenac/Northern Bay County child care programs with Great Start to Quality was above the state average. This is a critical component when we evaluate the quality child care program offerings in the area.

## AVERAGE COST OF CHILD CARE

Child care is a large investment for families with children. According to Public Policy Associates the 2021 Market Rate Survey included a survey of 6,896 licensed child care providers known to be operating across Michigan. 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 the Northwest Region.

### Northwest Region Market Rates –Arenac/Northern Bay County- based on (45 hrs./52 wks.)

Age Group	Weekly Rate	Annual Cost
▶ 75th Percentile- Infant weekly	\$200	\$10,400
▶ 75th Percentile- Toddler Weekly	\$200	\$10,400
▶ 75th Percentile- Preschool Weekly	\$175	\$9,100
▶ 75th Percentile- School Age Weekly (15hrs/44wks)	\$58	\$2,552

2021 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. Staffing 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. 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 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. By raising the quality and availability of early childhood education in the community, there is potential to meet higher state testing and graduation rate goals.

### Third Grade ELA (English Language Acquisition) Levels by District:

District	2021–2022 Proficiency Rate
▶ Bay City Scholl District #09010	33.9%
▶ Au Gres–Sims #06020	53.6%
▶ Standish–Sterling Community Schools #06050	49.5%
▶ Bangor Twp Schools #09030	37.1%
▶ Essexville–Hampton Schools #09050	32.3%
▶ Pinconning Area Schools #09090	49.4%
<b>Statewide</b>	<b>41.6%</b>

Michigan Department of Education

### Local Graduation Rates by District:

District	2021–2024 (4–Year Cohort) Graduation Rate
▶ Bay City Scholl District #09010	76.92%
▶ Au Gres–Sims #06020	53.6%
▶ Standish–Sterling Community Schools #06050	86.67%
▶ Bangor Twp Schools #09030	83.13%
▶ Essexville–Hampton Schools #09050	95.68%
▶ Pinconning Area Schools #09090	85.00%
<b>Statewide</b>	<b>81.01%</b>

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 US Census, 18% of children ages 18 and younger, living in Arenac County, reside in households that fall below the poverty level. 16% of those children are under the age of 5. The following chart provides an overview of the local household income averages in Arenac County

### Household Income – Arenac/Northern Bay County

Household Income	# of Households	%
▶ Less than \$10,000	321	5.1%
▶ \$10,000 to \$14,999	390	6.2%
▶ \$ 15,000 to \$24,999	629	10.1%
▶ \$25,000 to \$34,999	799	12.7%
▶ \$35,000 to \$49,999	1063	16.9%
▶ \$50,000 to \$74,999	1403	22.3%
▶ \$75,000 to \$99,999	805	12.8%
▶ \$100,000 to \$149,999	610	9.7%
▶ \$150,000 to \$199,999	126	2.0%
▶ \$200,000 or more	151	2.4%
<b>Total Households</b>	<b>6292</b>	
<b>Median Household Income</b>	<b>\$48,989</b>	



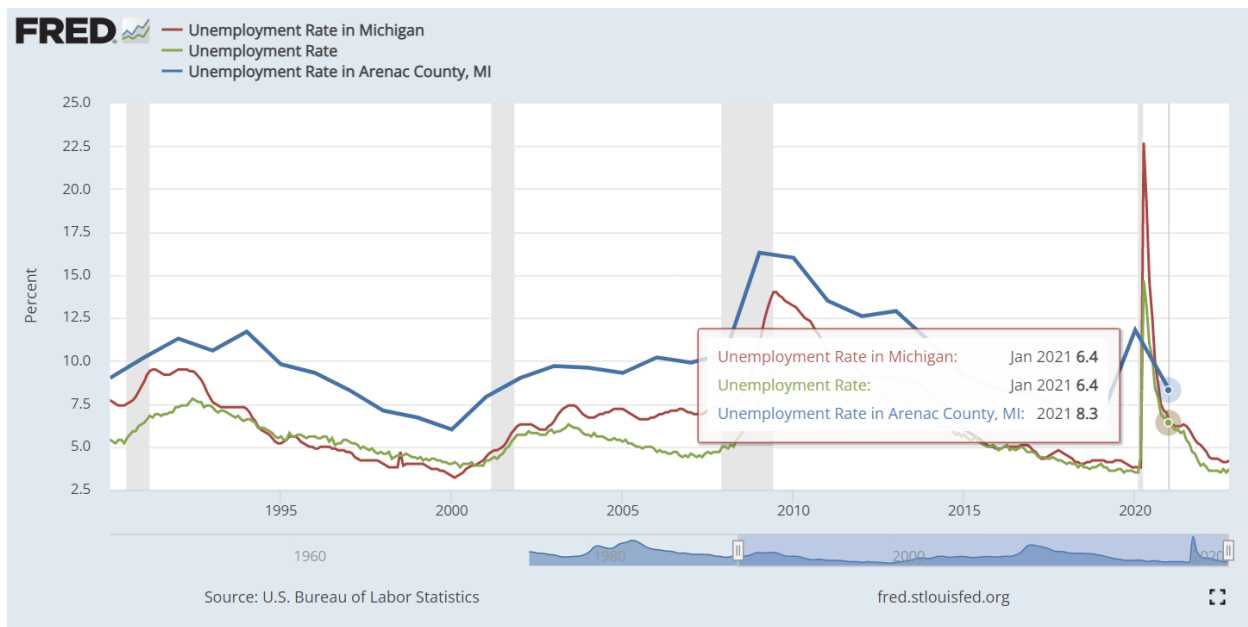


## LOCAL EMPLOYMENT CONDITIONS

Employment data was also considered by First Children’s Finance in the analysis of the child care crisis in Arenac/Northern Bay 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 – Arenac County

The most recent unemployment data available for Arenac County is highlighted in the chart below. As of 2021, the County rate was at 8.3%. That is higher than the State and National average of 6.4% as of Jan 2021.



### Local Employers – Arenac/Northern Bay County

Employers in the Arenac/Northern Bay County Area were invited to participate in the child care conversation, and complete surveys. They are heavily impacted by absenteeism and decreased employee productivity 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 #25



# 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, electronic surveys of parents, providers, and employers, focus groups, and presentations about child care. Through these various inputs, the Core Team was able to better understand the underlying causes of local child care challenges.

FOCUS GROUPS



ONE ON ONE MEETINGS



SURVEYS



PRESENTATIONS

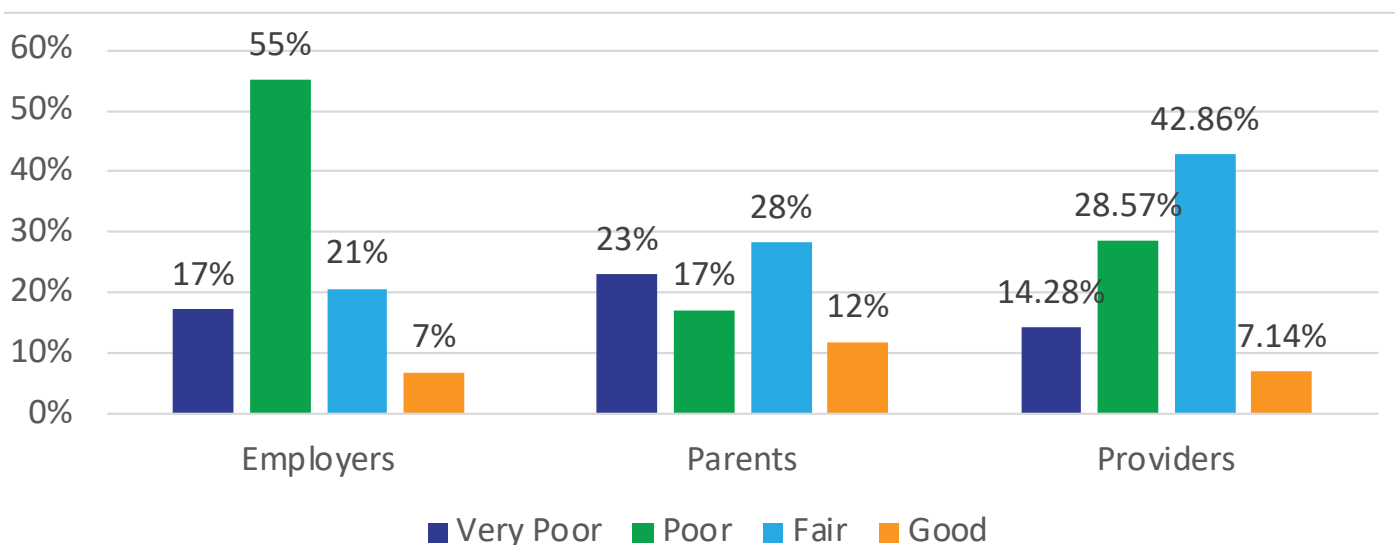


## COMMUNITY SURVEYS – SELECTED PERSPECTIVES

The general community was invited to participate in comprehensive surveys concerning child care in Arenac/Northern Bay County.

The following charts represent some highlighted perspectives within the community.

### How Do Local Arenac/Northern Bay Parents Rate the AVAILABILITY of Child Care Options in the Community?



## Perceptions: Quality of Available Child Care in Arenac/Northern Bay County

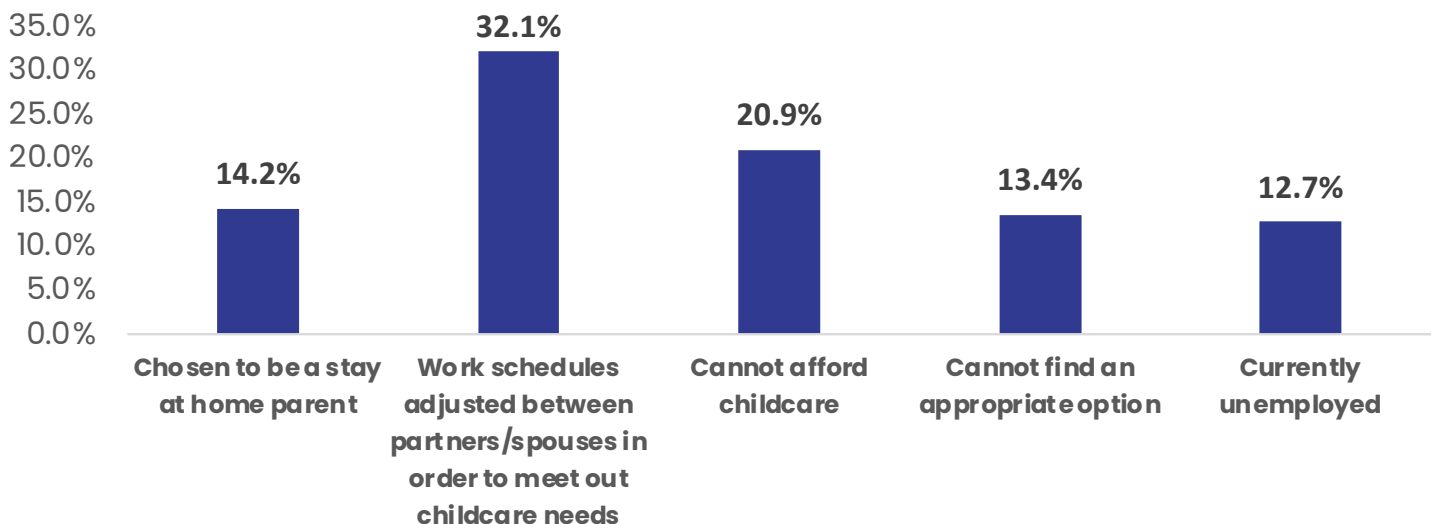
While specific questions about quality were not part of this survey, it was noted that there is a positive perception between child care providers and the local community on the quality of child care programs in the area. It is important to consider that the definition of quality is subjective to each family. When survey participants were asked about what is important for them in a child care program, they ranked their preferences as follows (1 being the most important):

1. The Provider has achieved a high level of education.
2. The Provider demonstrates a safe and healthy environment.
3. The Provider uses an educational curriculum.
4. The Provider is conveniently located.
5. The Provider is Great Start to Quality Star rated or nationally accredited.
6. The Provider is licensed by the State of Michigan.

### Reasons for Not Enrolling in Paid Child care

The Arenac/Northern Bay County Core Team explored data related to why parents may not have their children enrolled in paid child care. A breakdown of the parent survey revealed that most parents who do not use paid child care reported that making sacrifices to adjust partners work schedules in order to accommodate their child care needs was more well suited for their families. Parents also reported that they were not able to afford paid child care.

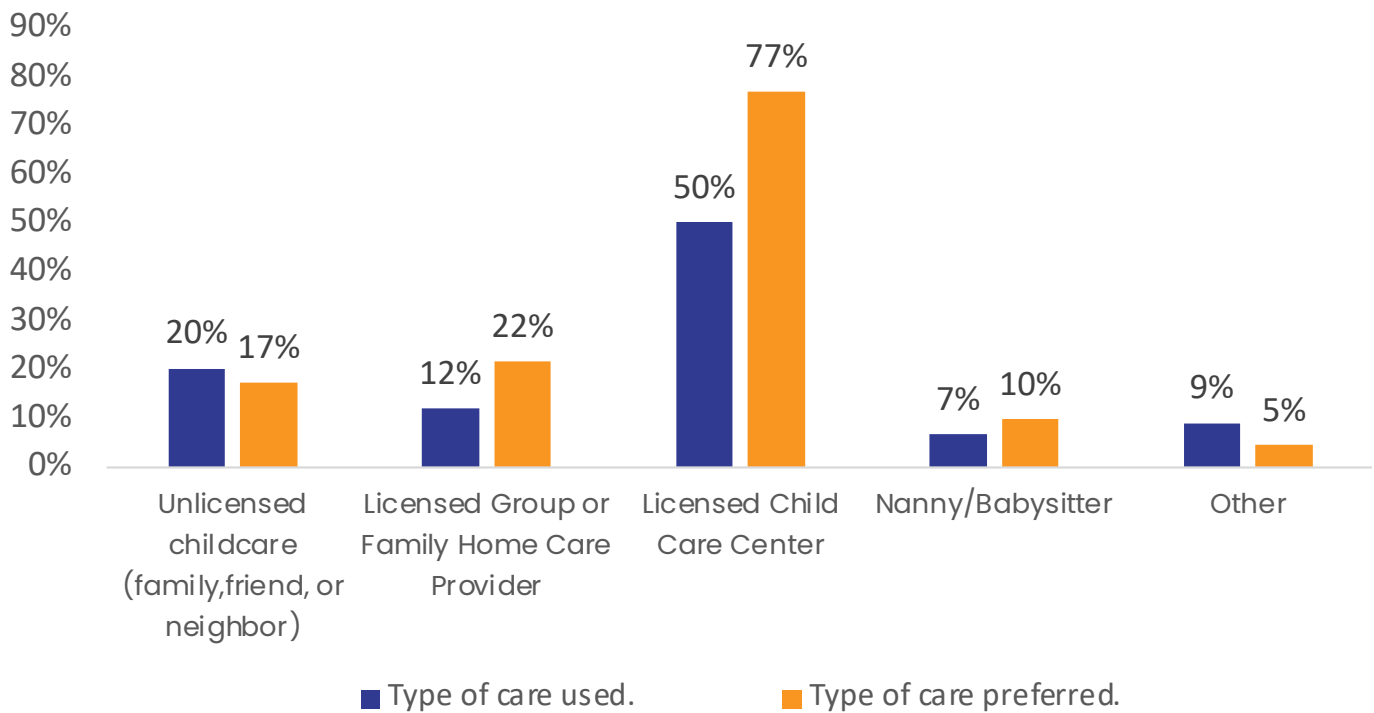
Reasons For Not Enrolling in Paid Child Care



## 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 Arenac/Northern Bay County area, vs the type that they prefer. This data highlights the contrast between what families actually use vs what they would prefer to be using. When a community can better meet the preferred child care options of families, it will be more successful in attracting new families and individuals to live and work within.

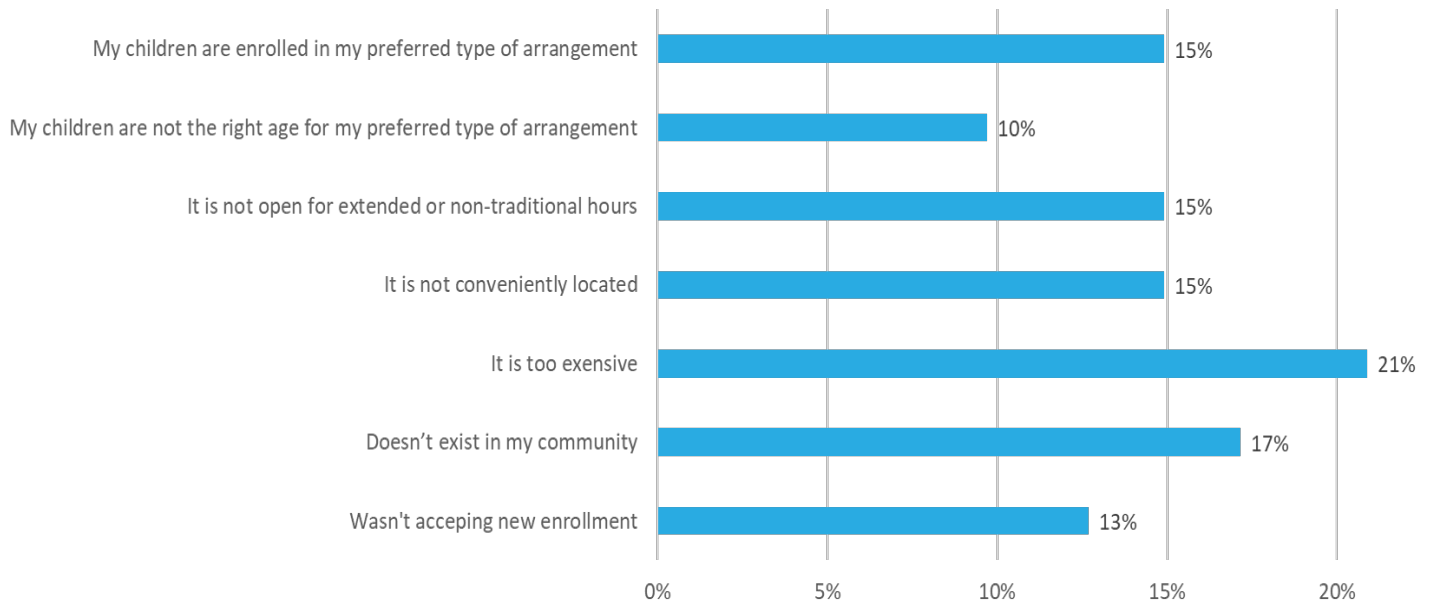
Types of Care Parents are Using vs. Types They Prefer



## Preferred Child Care:

Parents of Arenac/Northern Bay County were asked to provide the reasons that they currently do not have their children 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 child care was too expensive. The second most popular reason was centered around availability. Families reported that the type of care that they preferred was not available in their community. The Chart below highlights some of the reasons behind the contrast between the types of care that families are currently using vs the types of care that they prefer.

## 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:

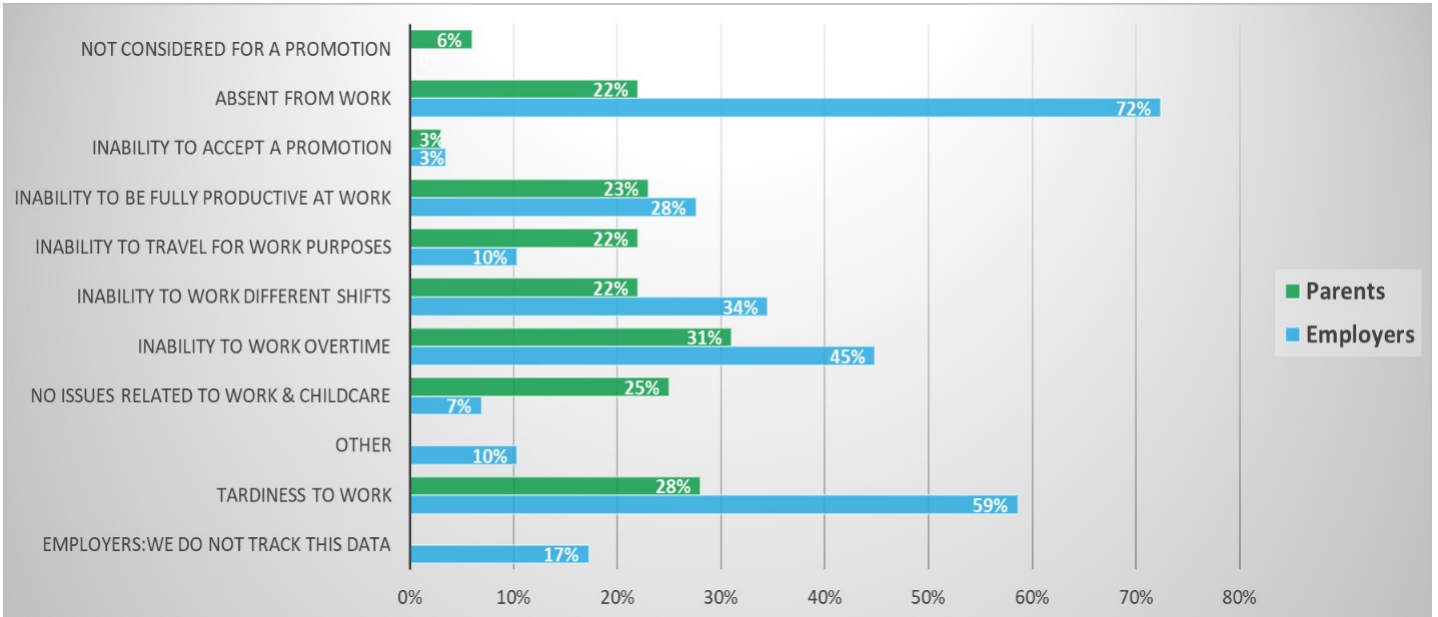
Beyond families and children, the greater community and local businesses are also impacted by child care challenges and issues. Child care is often framed as an economic development issue by communities facing declining populations, or challenges with the workforce. These issues can compound and further extend into the business community. Loss of workers due to the lack of child care or by businesses relocating to communities with better availability of care are 2 examples of its impact. The charts below illustrate the occurrence of various work-related issues from both a parent employee, and an employer perspective.





## ECONOMIC IMPACT OF CHILD CARE

### Workforce Issues Relating to Child care Arrangements, that Arenac/Northern Bay County Employers and Employees Have Experienced in the Last 12 Months:

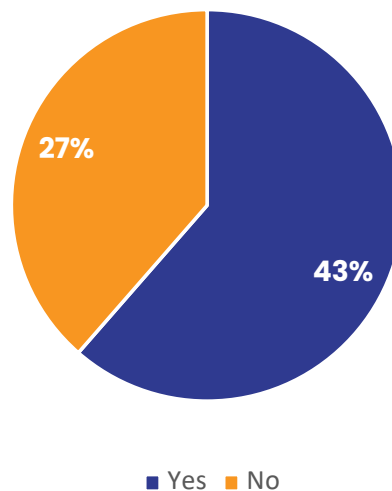


Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include absence from work, inability to work a flexible schedule or work different shifts, and tardiness to work.

Based off the responses in the parent survey, 58.2% of parents reported that they needed to withdraw from the workforce due to child care issues. Local Employers have reported that the child care shortage in Arenac/Northern Bay County has impacted their ability to attract and retain employees.

### Impact on Family Planning – Arenac/Northern Bay 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. The chart below illustrates these results.

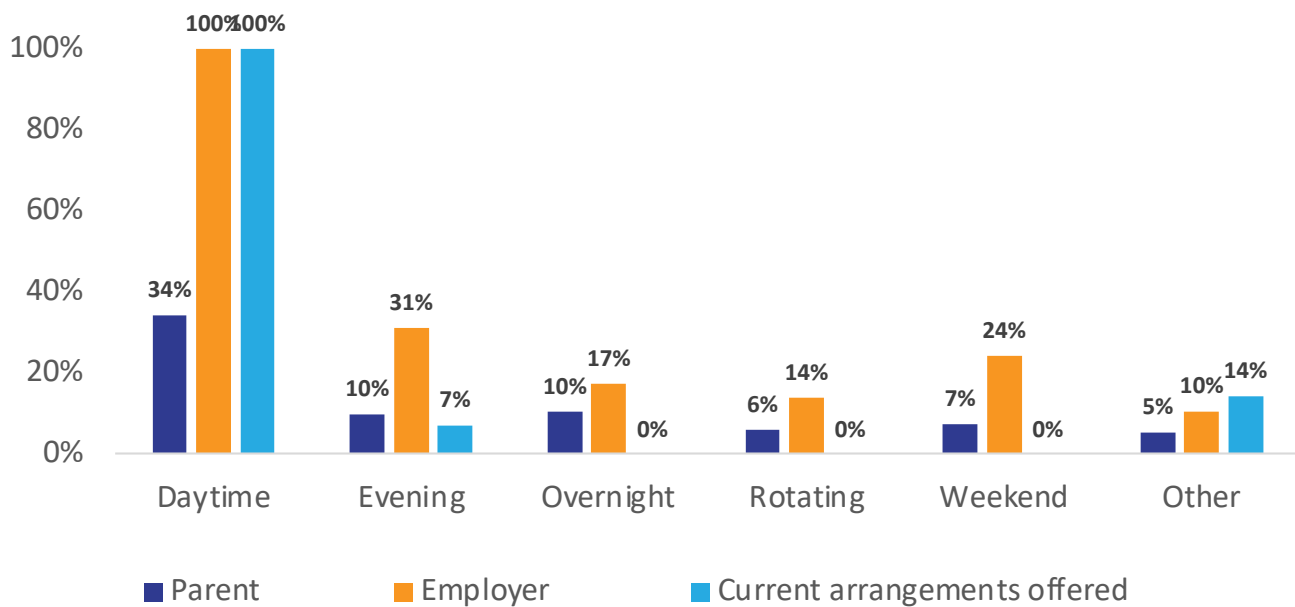




## TYPES OF CHILD CARE NEEDED

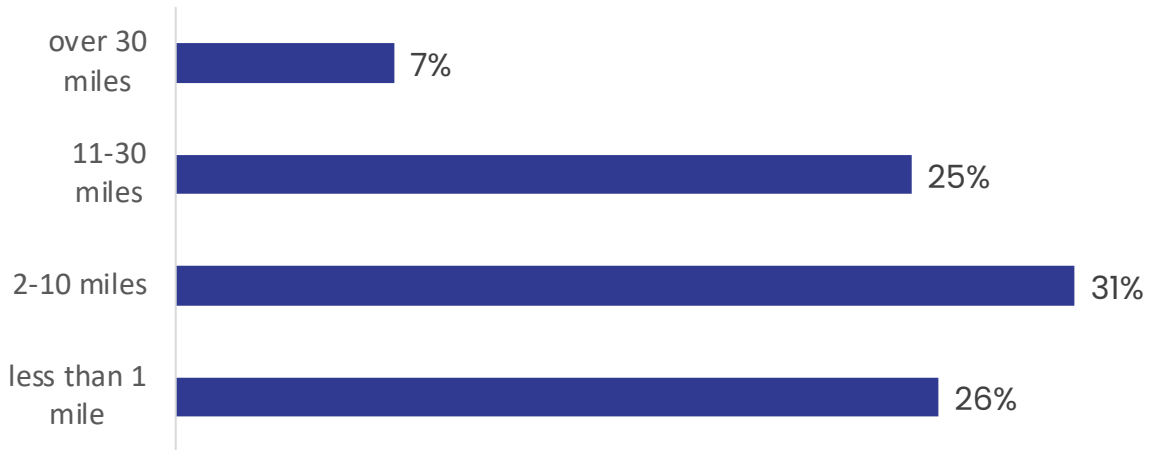
It is important for a community to understand the types of child care parents need in order to identify the right sized solutions for the families that reside within. It is also important to determine when parents need care so the community can offer options that meet that need. The chart below shows 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 available. One result that is worth noting is the difference in belief 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 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 Arenac/Northern Bay Community:



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

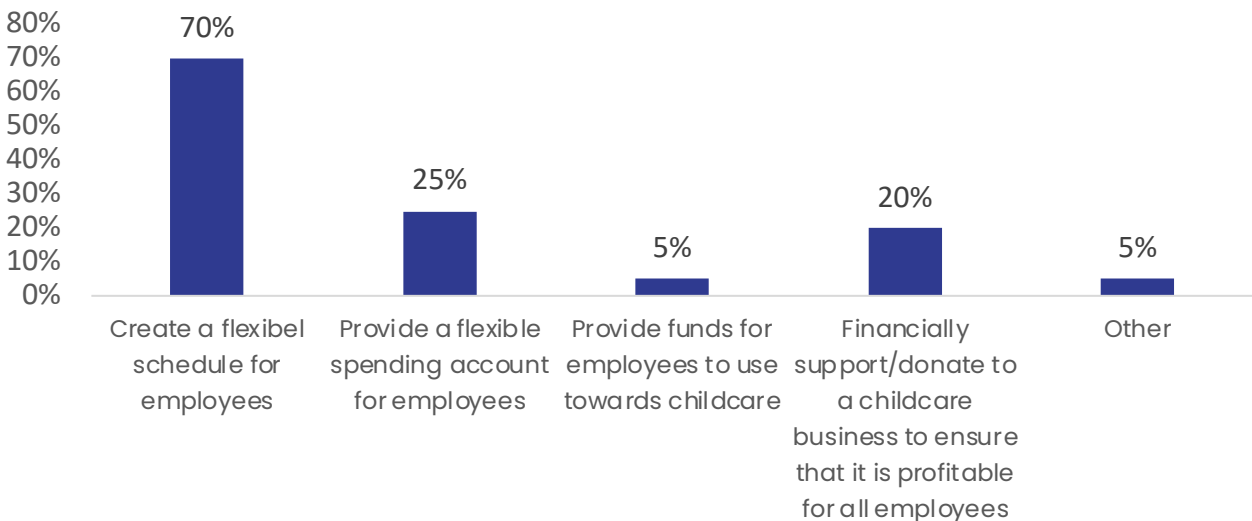
Arenac/Northern Bay County Area survey respondents indicated that they were traveling great distances to find appropriate child care. Twenty-five Percent of families indicated that they were traveling between 11 and 30 miles out of their way, in one direction, for child care. The Chart below represents the distance that Arenac/Northern Bay 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. They can offer support in many forms. The most common include, but are not limited to, spaces/locations, financial support and partnerships. Results from the Arenac/Northern Bay County employer survey indicate the top two ways employers in the region are willing to help, were to create flexible schedules, and provide flex spending accounts to defray the out-of-pocket cost of dependent care. 70% of employers are willing to adjust employees' schedules, while 25% would consider offering child care FSA's. Coming in close behind the top two avenues of support, 20% of Arenac/Northern Bay County Employers indicated that they are willing to provide financial support or donate to a child care fund that helps sustain the child care providers within the community. The chart below displays the survey results regarding the types of support most local employers are willing to offer.

Employers are Willing to Address the Child Care Issue in the following ways:





## UNDERSTANDING THE UNDERLYING CHALLENGES

The Core Team in Arenac/Northern Bay 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. 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 have 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 a complicated business model due to the high level and fluidity of regulations, and 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 child care provider, or running a child care center are well-documented. 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 community support. This can lead to sustainability issues. Child care providers have a tough job that comes with very few benefits or recognition. The Arenac/Northern Bay 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. This could be achieved through recognition programs and other financial or material support.



## FACTOR: Quality & Regulations: Two Sides of One Coin

- There is a need for low-cost, local training to increase quality care, or other support to enhance programs.
- Overall, parents agree there is high quality child care, but sometimes parents take what they can get, even if they do not like or trust the program.
- Providers have reported frustration with paperwork and rules.
- Child care is a highly regulated industry with a growing number of requirements and regulations.
- Ratios for numbers of children in younger age groups reduces the number of infants and toddlers a provider can care for making it difficult to cash flow infants and toddler care, which is also one of the highest needs.
- Potential new providers may be intimidated by the licensing process, and experienced providers may be frustrated by the regulations.

Arenac/Northern 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 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 lack of child care.
- Infant care is extremely hard to find, some programs have as long as a 2-year waitlist. Parents are trying to line up infant care in early pregnancy or before they become pregnant.
- Child care produces small profit margins, is expensive to start, and may require significant time to cashflow.
- Parents want high quality care, but they cannot pay enough to compensate providers due to 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 the family's 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 get quality child care. Additional support in helping families with low-to-moderate incomes become acquainted with existing support systems such as the CDC-DHHS reimbursement program that can help bridge the gap.

# COMMUNITY DEVELOPED SOLUTIONS

First Children's Finance and the Arenac/Northern Bay County RCCIP Core Team facilitated a town hall and consensus workshop with the community in an effort to produce a variety of viable solutions to address the child care shortage. Below are the main points of conversation from the session.

## **THEME: COMMUNITY INVESTMENT, SUPPORT, AND INCENTIVES:**

- Creating a centralized child care support HUB that facilitates partnerships between employers and providers. Employers will have the opportunity to pay for a package (gold, silver, or bronze) in order to participate. This partnership can offer financial and in-kind benefits to employees with children, employers, and providers.
- Work with Licensing and the community to open a center that is onsite, in the style of a co-op, where the parents will be onsite.
- Outreach to employers to leverage direct funding and support for the ECE community. Support in the form of spaces/locations, financial, partnerships
- Create an incentive for providers to offer care outside of normal business hours.

## **THEME: WORKFORCE DEVELOPMENT:**

- Create ECE career pathways--utilizing partners from ISDs and Local Schools to develop and refine ECE career pathways.
- Apprentice Opportunities
- Host Job Fairs
- Education and community awareness on ECE job openings in the community.
- Private funding to subsidize child Care Center Staff Compensation in order to support providers in offering more affordable rates to Arenac/Northern Bay families.
- Incentives for community members to host a child care business from their homes.
- Develop a volunteer Network with a focus on retired teachers.

## **THEME: COMMUNITY EDUCATION:**

- Educate the community about the professional standards of ECE. Improve overall community perspective on the Profession.
- Promote and advertise child care openings through a universal community system of child care marketing.
- Create a campaign that advocates the impact of child care on the economy, as well as the flawed business model of the child care program.
- Examination of the Tri-share pilot and advocacy towards a system that works better. Educate and improve the system so that more parents and providers will benefit from it.

## **THEME: AFFORDABLE CARE:**

- Employer funding pools that will aid with costs for DHHS families while they are waiting for their applications to be approved.
- Employer sponsored support or subsidy as an employee benefit.
- Create a shared services program to alleviate administrative costs to Arenac/Northern Bay providers. In turn, this will support their ability to offer more affordable rates to families.
- Encourage Employers to offer child are Flexible Spending accounts to their employees as a benefit.

## THEME: FACILITIES AND START-UP SUPPORT:

- Request instrumental variances for licensing regulations (crib space, age limits, group sizes, toilet to child ratio, fingerprinting) without sacrificing quality or safety, in an effort to support the use of innovative child care spaces.
- Open a Pinconning location child care facility.
- Find funding for renovation and startup costs. Advocate to potential private funders in the community.
- Look for ways to reuse community infrastructure.



# IMPLEMENTATION PROJECTS

After the brainstorming session, the Core Team met to develop SMART Goals in an effort to address the child care needs of the community. Those SMART Goals, Project Team Members and expected outcomes are listed below.

## SMART GOAL ONE

**Project Team Members:** Shara Klenk, Diane Morley, Angie Cook, Dennis Curtis

Community support to license the Arenac Community Center to house a child care center. The Community School District and the RCCIP Core Team will work together to support what is needed to complete the licensing inspection and get the Arenac County Community Center Child Care Program successfully up and running by May 2023.

**Expected Outcomes and Impact:**

- The Community Center will be a great asset to working parents of Arenac/Northern Bay. It will create over 100 slots, which will in turn, have a positive impact on the economy over all. Employers will be able to attract and gain employees and parents will be able to secure and maintain employment.
- The Community Center will fill a need in the Standish area.

## SMART GOAL TWO

**Project Team Members:** Mike Stoner, Heather Bauman, Lorrie Floor, Tammy King, Danaea Trombley

Facilitate the startup of a new “Play Learn Grow” child care center in the city of Pinconning through community support.

**Expected Outcomes and Impact:**

- This facility will fill the need for more child care slots in the Pinconning area of Bay County. Many residents of Northern Bay County, travel to Arenac County for work, and vice versa. This inflow and outflow of employment highlights the need in the Pinconning area.

## SMART GOAL THREE

**Project Team Members:** Heather Bauman, Trevor Keyes, Rich VanTol, Tara Marczak, Brianna Lyons

Develop a proposal for a Revolving Loan Fund that will aid with initial child care costs for subsidy families, while they are waiting for their applications to be processed/approved.

### **Expected Outcomes and Impact:**

- The team will work together to identify an agency that can act in the management capacity of the fund. The third party would be responsible for making loans and receiving reimbursements. The MIHIA (Michigan Health Improvement Alliance) has been identified as a potential partner in this. A Revolving Fund will support working families that qualify for subsidy while they wait for approval, through community and employer partnerships. This fund will also support local providers income gaps during the approval process.

## SMART GOAL FOUR

**Project Team Members:** Lori Jacques, Angie Masson, Ashley Sweet, Rich VanTol, Stephanie Buffman

Facilitate employer partnership conversations through education, awareness and advocacy. The core team will work together to create a system of outreach to educate employers on the issues surrounding child care, and how they are directly affected. The ultimate goal is to promote supportive partnerships between providers, employers, and working families.

### **Expected Outcomes and Impact:**

- The community will gain the support of local employers, through education and advocacy, around issues surrounding the child care industry and its direct impact on the local economy. The team will work to advocate the impact of local employers offering support such as enrollment in the local Tri-Share Program, offering Flexible Spending Accounts to their employees as a benefit, and more.
- The core team will create a 20 minute, summarized power point of the RCCIP Town Hall presentation, that can be used to share with stakeholders and legislators, including but not limited to, the Michigan Economic Developer Association (MEDA) Webinar.

## SMART GOAL FIVE

**Project Team Members:** Stephanie Buffman, Julie Bash, Gus Busch, Penny Payea, Bridget Baker

Workforce Development and Employer-Supported Strategies. The team will explore and advance strategies that will help to create and bolster a talent pipeline for child care workers in the community. This includes, but is not limited to, career pathways for youth, apprenticeship design and implementation, curriculum alignment, as well as the further development of employer supported solutions such as subscription-based care.

### **Expected Outcomes and Impact:**

- Through workforce development and Employer-supported strategies, the community will
  - Identify Career Pathways.
  - Design and establish apprenticeships.
  - Create learning opportunities in ECE.
  - Align curriculum across educational institutions.
  - Explore Employer Solutions, including but not limited to, subscription, and on-site options.
- Through Employer support and the Apprenticeship Design Grant under ECIC and Caring For MI Future, this goal will help to grow the child care workforce in the Arenac/Northern Bay Community. Child Care workforce development will in turn, support the creation and innovation of new slots.



Founded in 1991, First Children's Finance is a national nonprofit organization based in Minneapolis, Minnesota with regional offices in Iowa, Michigan 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 that are 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 about First Children's Finance visit [www.firstchildrensfinance.org](http://www.firstchildrensfinance.org)

For more information about Rural Child Care Innovation Program visit [www.ruralchildcare.org](http://www.ruralchildcare.org)



**First Children's Finance**