



RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN
FOR CHILD CARE

Chippewa County, Michigan

September 2023



First Children's Finance





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

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

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

Kris Bevell

Editor
Prairie Business Magazine

EXECUTIVE SUMMARY

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

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

To understand the potential need for child care in Chippewa 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 937 child care slots as of March 2023, in the Chippewa Area. The analysis revealed that it is exceedingly difficult to be a child care provider due to ratio restrictions, low pay, lack of benefits, long hours, and high operating costs. Staffing is a significant expense for many child care programs, resulting in 60–80% of overall expenses. Simultaneously, providing adequate staff wages is essential to sustainability. This heavily influences the ability of child care providers to sustain their child care operations.

The analysis revealed that these child care challenges have severely impacted parents living in Chippewa 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 also hinders the opportunity for many parents to advance in their careers.

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

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

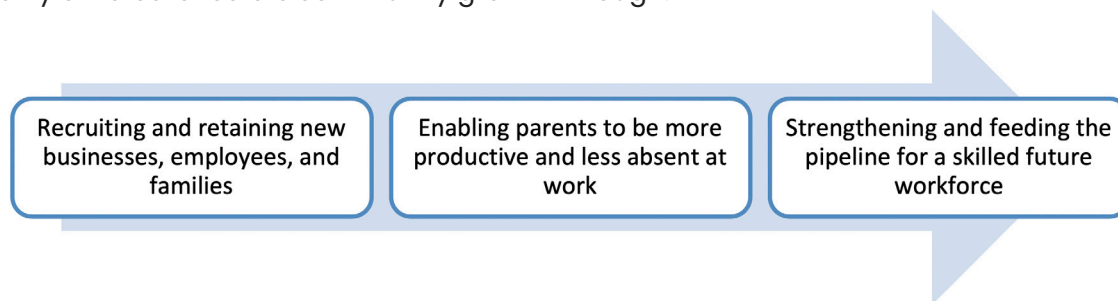
1. Initiative to partner with GSRP (Great Start Readiness Program) in an effort to investigate financially sustainable and innovative strategies to bridge before and after school, Friday and summer care options.
2. Community education and child care awareness initiative.
3. Initiative to build partnerships between the local providers, community stakeholders, and employers.
4. Establish a defined child care network to connect the providers of Chippewa County to various support systems, shared services, and peer mentoring.
5. Initiative to pitch the idea of a city tax credit in Sault Ste Marie, with the goal of supporting a base rate of pay for local child care providers.
6. Develop an initiative through partnership between the Greater Sault Area First 10 Fund and the U.P. Michigan Works! to develop new and innovative ways to utilize early care funding, to support the child care industry in Chippewa County.

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

stronger resources to run and operate their programs. First Children's Finance will provide support to the core team when needed in implementing these goals.

THE IMPORTANCE OF HIGH QUALITY CHILD CARE IN COMMUNITIES

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



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

INTRODUCING THE RURAL CHILD CARE INNOVATIVE PROGRAM

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

Program Activities & General Timeline

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

▶ EXPECTED OUTCOMES AND IMPACT

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

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

ABOUT CHIPPEWA COUNTY

Chippewa County has a total population of 36,816 spanning across 2,698 square miles. It is located in the eastern Upper Peninsula of Michigan, and is one of the largest counties in Michigan, sharing a border with Canada. Located in Sault Ste. Marie, the Soo Locks join Lake Huron and Lake Superior. The Locks are essential to the transportation of resources and goods between the Great Lakes and other regions throughout the world. Over 95% of the United States' iron ore move through the Soo Locks annually.



▶ LOCAL TEAM REPRESENTATION

The Core Team was identified locally, and asked to commit to investigating the child care challenges in Chippewa 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 Chippewa County Area. In the table below, all core team members and the organizations that they are affiliated with are listed.

▶ Core Team Lead: Nicole Radke	Sault Economic Development Corporation
▶ Jeff Holt	Sault Economic Development Corporation
▶ Kim Wilcox	EUP Regional Planning
▶ Tony Haller	Sault Area Chamber of Commerce
▶ Kathy Thomas	Chippewa County Economic Development Corporation
▶ Stephanie Sprecker	Sault Downtown Development Authority
▶ Steve Habusta	Chippewa County Community Foundation
▶ Angie McArthur	EUP ISD
▶ Jessica Savoie	EUP ISD
▶ Kelly Church	Chippewa County
▶ Mary Fossitt-McGinn	EUP Michigan Works!
▶ Cindy Dodds-Dugan	MDOC
▶ Susan Slinger	MyMichigan Medical Center
▶ Ann Cameron	Intertribal Council of Michigan (Bay Mills Tribe)
▶ Annie O'Neil	Licensing and Regulatory Affairs
▶ Deb Dupras	Great Start to Quality UP Resource Center

CHILD CARE DATA AND EARLY EDUCATION TRENDS

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

POTENTIAL NEED OVERVIEW

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

The Chippewa County supply and demand gap analysis completed in March 2023, shows a shortage of 937 full-time year-round slots for children ages birth-five years, with all available parents in the workforce.

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

Chippewa County Child Care Need Analysis



Chippewa County

Selected Zip Codes

- 49710-Barbeau
- 49715-Raco, Brimley
- 49724-Dafer
- 49725-De Tour Village
- 49726-Drummond Island
- 49728-Eckerman
- 49736-Goetzville, Stalwart
- 49748-Hulbert
- 49752-Kinross
- 49768-Paradise
- 49774-Pickford
- 49780-Rudyard
- 49783-Sault Ste. Marie
- 49788-Sault Ste. Marie
- 49793-Trout Lake

8

Licensed Family Child Care Providers

12

Licensed Group Home Providers

7

Licensed Child Care Centers



937

Birth to 5 spots needed
FCF Calculation



63%

Children under 5 with all parents in the workforce

Estimate based on the 2021 ACS

453

Current child care capacity
FCF Calculation



1390

Children under 5 with all parents working

Estimate based on the 2021 ACS



\$780

Per Month

Cost of Infant/Toddler care

Michigan 2021 Market Rate Child Care Study Survey 75 percentile -Chippewa County



\$731.25

Per Month

Cost of Preschool care

Michigan 2021 Market Rate Child Care Study Survey 75 percentile -Chippewa County



First Children's Finance

March 2023



FAMILY CHILD CARE – BY THE NUMBERS AS OF MARCH 2023

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

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

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

	Local
▶ Total Family Child Care Providers	20
▶ Average Length of Service	8 Years
▶ Less than 5 years / Service	11/55%
▶ More than 20 years / Service	3/15%

Source: Great Start to Quality Provider Database and the Licensing and Regulatory Affairs Provider Database as of March 20233

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

When Chippewa County’s family and group home child care providers were surveyed in the spring/summer of 2023, they were asked about how long they plan to remain in business. Eleven percent responded that they are only planning to remain in business for another 1-2 years. Twenty-two percent stated they are planning on being in business for 3-5 additional years, 11% indicated that they planned to stay in business for 6-9 years, and 55% said they are planning to continue operating for 10 or more years. It is important for Chippewa County to consider ways to retain the current home-based care and education providers as well as building additional slots within the community.

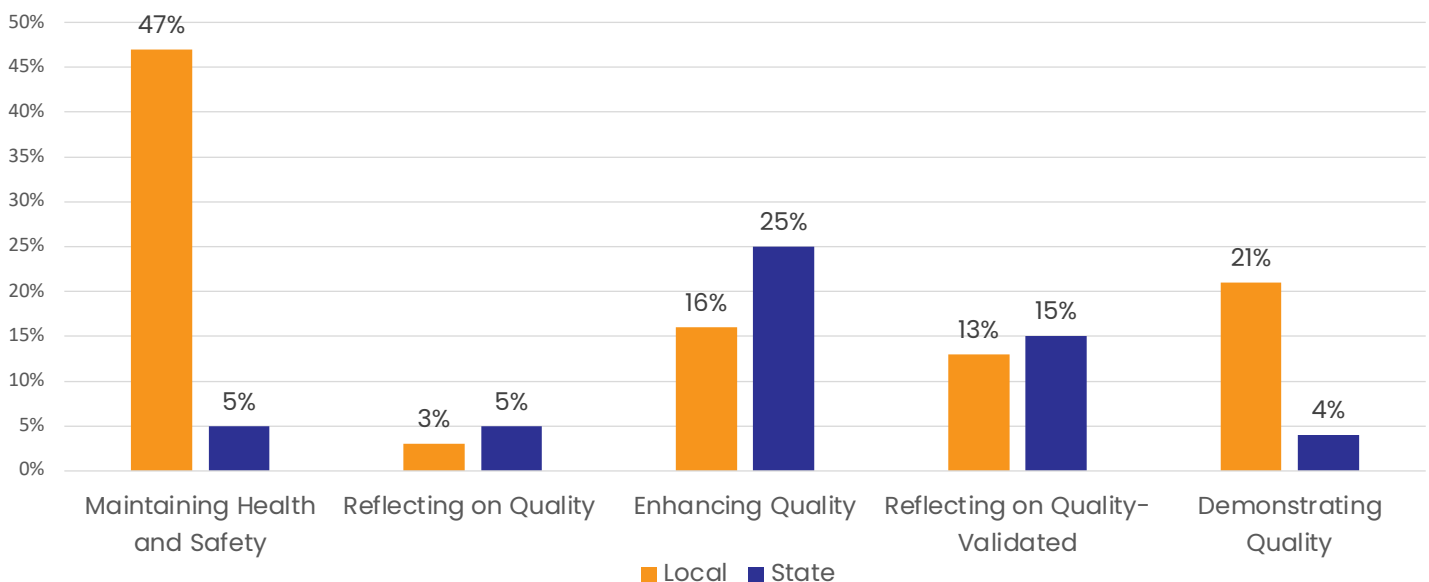


QUALITY CHILD CARE OVERVIEW

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

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

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





AVERAGE COST OF CHILD CARE

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

Upper Peninsula Region Market Rates –Chippewa County Based on (45 hrs./52 wks.)

Age Group	Weekly Rate	Annual Cost
▶ 75th Percentile- Infant weekly	\$180	\$9360
▶ 75th Percentile- Toddler Weekly	\$180	\$9360
▶ 75th Percentile- Preschool Weekly	\$169	\$8788
▶ 75th Percentile- School Age Weekly (15hrs/44wks)	\$56	\$2464

2020 Child Care Market Rate Survey

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



OTHER LOCAL SUPPORTING DATA

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

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

District	2021–2022 Proficiency Rate
▶ Brimely Area Schools #17140	58.6%
▶ DeTour Area Schools #17050	No Data
▶ Eastern Upper Peninsula Schools #17000	No Data
▶ Joseph K. Lumdesn Bahweting Anishnabe Academy #17901	31.3%
▶ Ojibwe Charter School #17902	No Data
▶ Pickford Public School #17090	27.5%
▶ Rudyard Area Schools #17110	51.20%
▶ Sault Ste. Marie Area Schools #17010	45.5%
▶ Whitefish Twp. Schools #17160	No Data
Statewide Average	41.6%

Local Graduation Rates by District (4 Year Cohort):

District	2021–2022 Graduation Rate
▶ Brimely Area Schools #17140	97.37%
▶ DeTour Area Schools #17050	100.00%
▶ Eastern Upper Peninsula Schools #17000	15.67%
▶ Joseph K. Lumdesn Bahweting Anishnabe Academy #17901	No Data
▶ Ojibwe Charter School #17902	100.00%
▶ Pickford Public School #17090	96.88%
▶ Rudyard Area Schools #17110	90%
▶ Sault Ste. Marie Area Schools #17010	81.46%
▶ Whitefish Twp. Schools #17160	100.00%
Statewide Average	81.01%

Source: Michigan Department of Education

ABILITY TO PAY FOR CHILD CARE

Many families working on the lower end of the wage spectrum have difficulty paying for child care. According to the 2021 U.S. Census, 28% of children ages 18 and younger, living in Chippewa County, reside in households that fall below the poverty level. Thirty-four percent of those children are under the age of five. The following chart provides an overview of the local household income averages in Chippewa County.

Total households ACS 2021	# of Households	%
▶ Less than \$10,000	1059	7.7%
▶ \$10,000 to \$14,999	894	6.5%
▶ \$15,000 to \$24,999	1348	9.8%
▶ \$25,000 to \$34,999	1527	11.1%
▶ \$35,000 to \$49,999	1623	11.8%
▶ \$50,000 to \$74,999	3054	22.2%
▶ \$75,000 to \$99,999	1678	12.2%
▶ \$100,000 to \$149,999	1623	11.8%
▶ \$150,000 to \$199,999	537	3.9%
▶ \$200,000 or more	413	3.0%
Median Household Income	\$53,079	

U.S. Census American Community Survey 2021

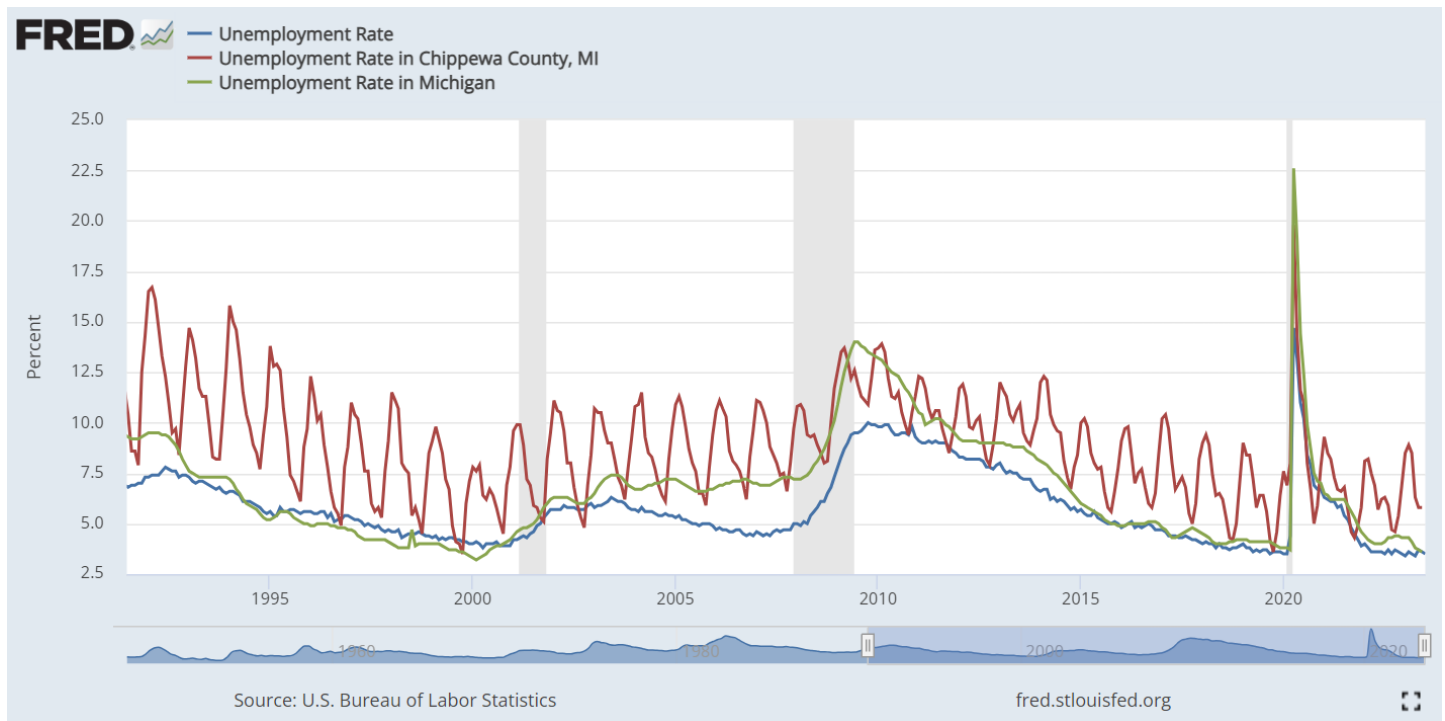


LOCAL EMPLOYMENT CONDITIONS

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

The most recent unemployment data available for Chippewa County is highlighted in the chart below. As of June 2023, the overall county rate was at 5.8%. That is higher than the state and national average of 3.6%. One thing to note when looking at the chart below, is the fluctuation of the Chippewa County unemployment rate. You can see that it dips and rises consistently over the span of time. This suggests that there is an annual surge in seasonal work, which is common for a community that is rich in tourism.



Unemployment Rate:	Jun 2023 3.6
Unemployment Rate in Chippewa County, MI:	Jun 2023 5.8
Unemployment Rate in Michigan:	Jun 2023 3.6

Local Employers – Chippewa County

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

COMMUNITY INSIGHTS

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

FOCUS GROUPS



ONE ON ONE MEETINGS



SURVEYS

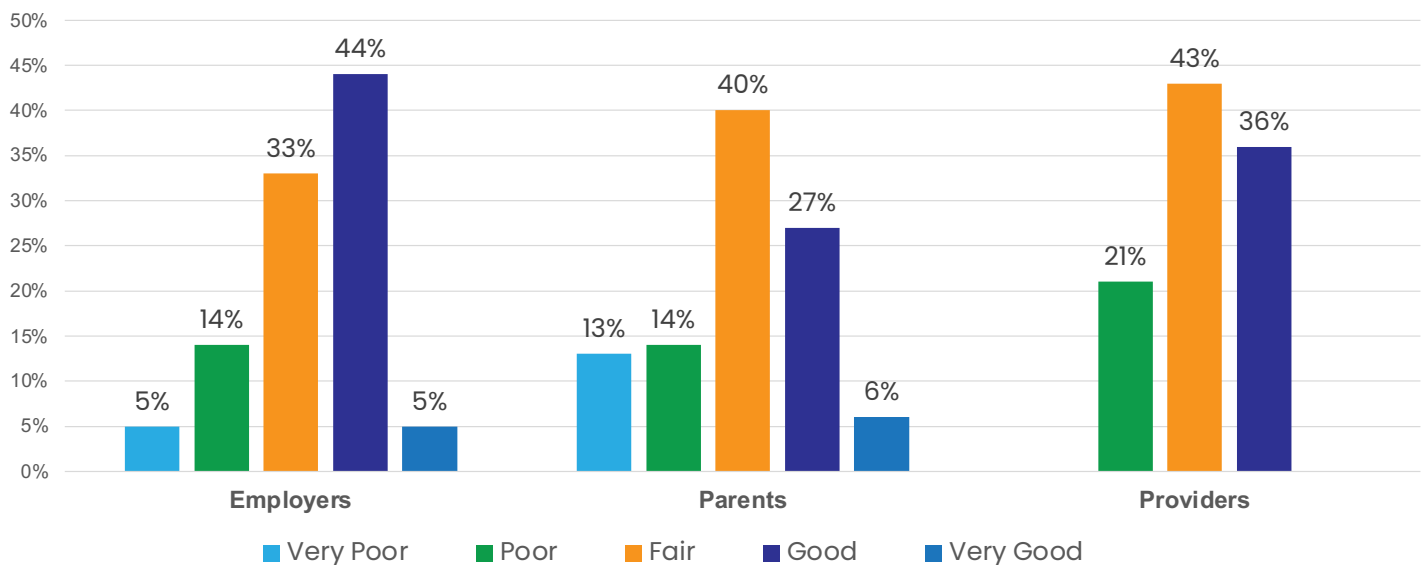


PRESENTATIONS



Perceptions: Quality of Child Care in Chippewa County

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



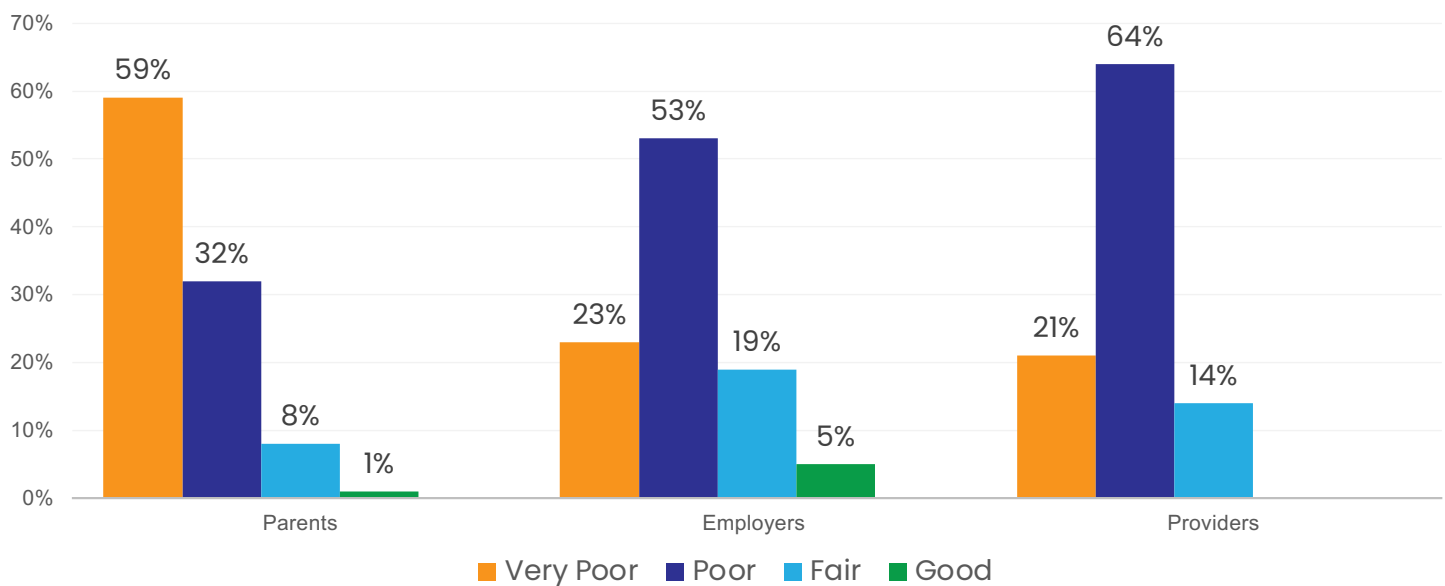
Perceptions: Quality of Available Child Care in Chippewa County

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

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

Perceptions: Availability of Child Care in Chippewa County

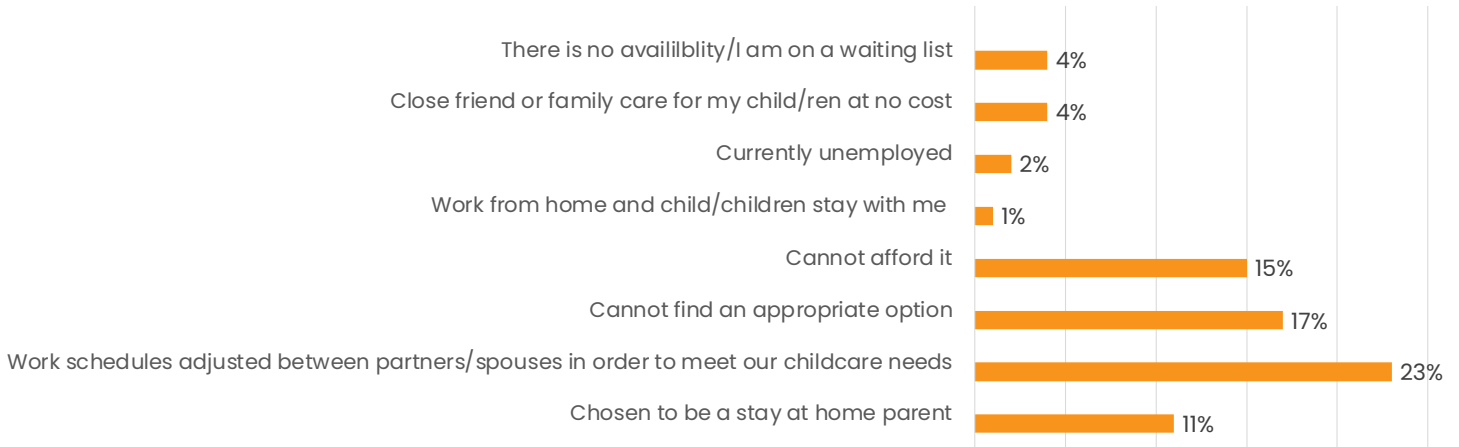
How do Chippewa County community members rate the AVAILABILITY of care in the local area?



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

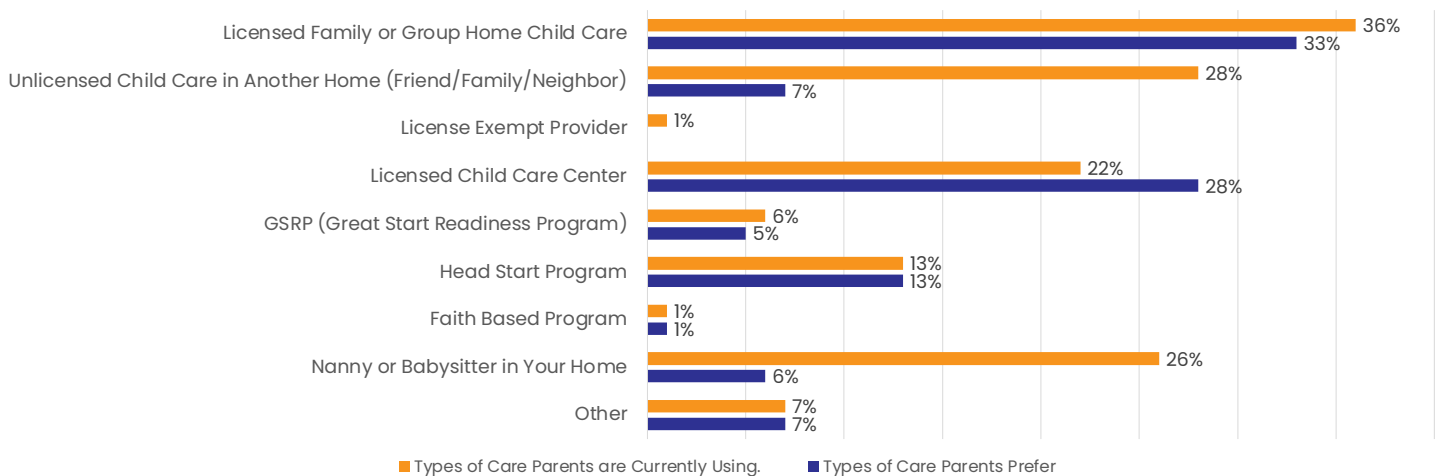
Reasons for Not Enrolling in Paid Child Care

The Chippewa County Core Team explored data related to why parents might not be enrolled in paid child care. A breakdown of the parent survey revealed that most parents who do not use paid child care reported that they are adjusting their work schedules in order to accommodate their child care needs, often at the sacrifice of household income, or time together as a family.



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

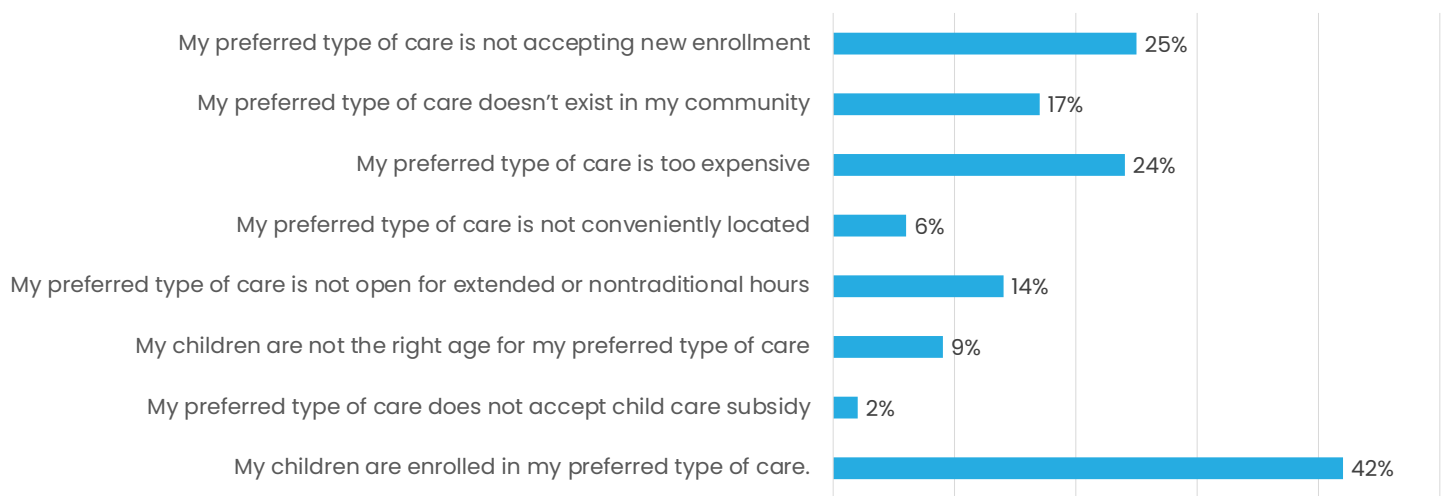
The chart below shows the types of child care currently being used by families in the Chippewa County area, vs. the type that they prefer. Parents were asked to select the type of child care they are currently using. Afterward, they were asked to select their preferred type of child care. The survey question allowed parents to “check all that apply”. This data format allows an opportunity to layer responses in an effort to highlight the contrast between the type of care that survey respondents use vs. the type that they prefer. This helps to illustrate the percentage of families that are sacrificing their preferred type of care in Chippewa County. When a community can better meet the preferred child care options of its resident families, it will be more successful in attracting new families and individuals to live and work within. When a community can better meet the preferred child care options of its resident families, it will be more successful in attracting new families and individuals to live and work within.



Preferred Child Care

Parents of Chippewa County were asked to provide the reasons they currently do not have their children enrolled in their preferred type of care. The respondents were given the opportunity to “select all that apply”. While 42% of parents indicated that their children were already enrolled in their preferred type of care, based on the survey results, availability was identified as the number one reason. Families indicated that their preferred type of care was not accepting new enrollment. The second most popular reason was cost. Parents reported that their preferred type of care was too expensive. 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.

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

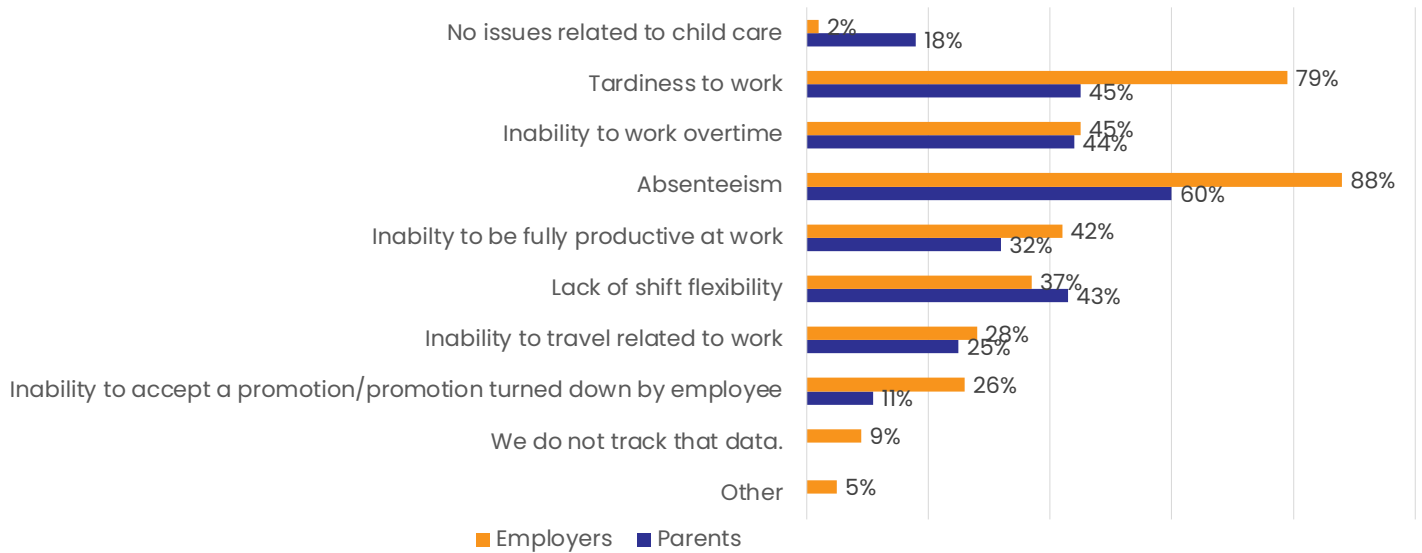


How Child Care Shortages Impact the Employers and the Economic Health of the Community

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

Economic Impact of Child Care

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

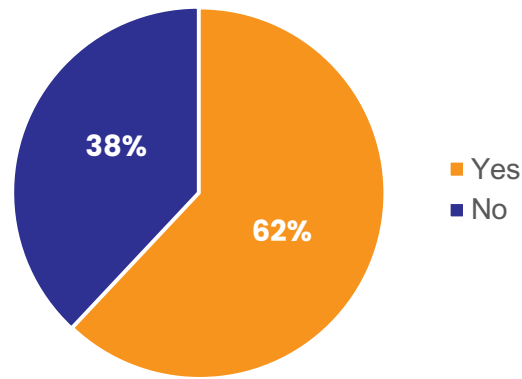


Normal work environments can be adversely impacted when child care is a challenge for employers and employees. As illustrated, the biggest impact of child care limitations include absence from work, tardiness, inability to work overtime, and lack of shift flexibility.

Based on the responses in the parent survey, 52% of parents reported that they needed to decline employment or withdraw from the workforce due to child care issues. Many local employers have reported that the child care shortage in Chippewa County has impacted their ability to attract and retain employees.

Impact on Family Planning – Chippewa 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 shows the results.

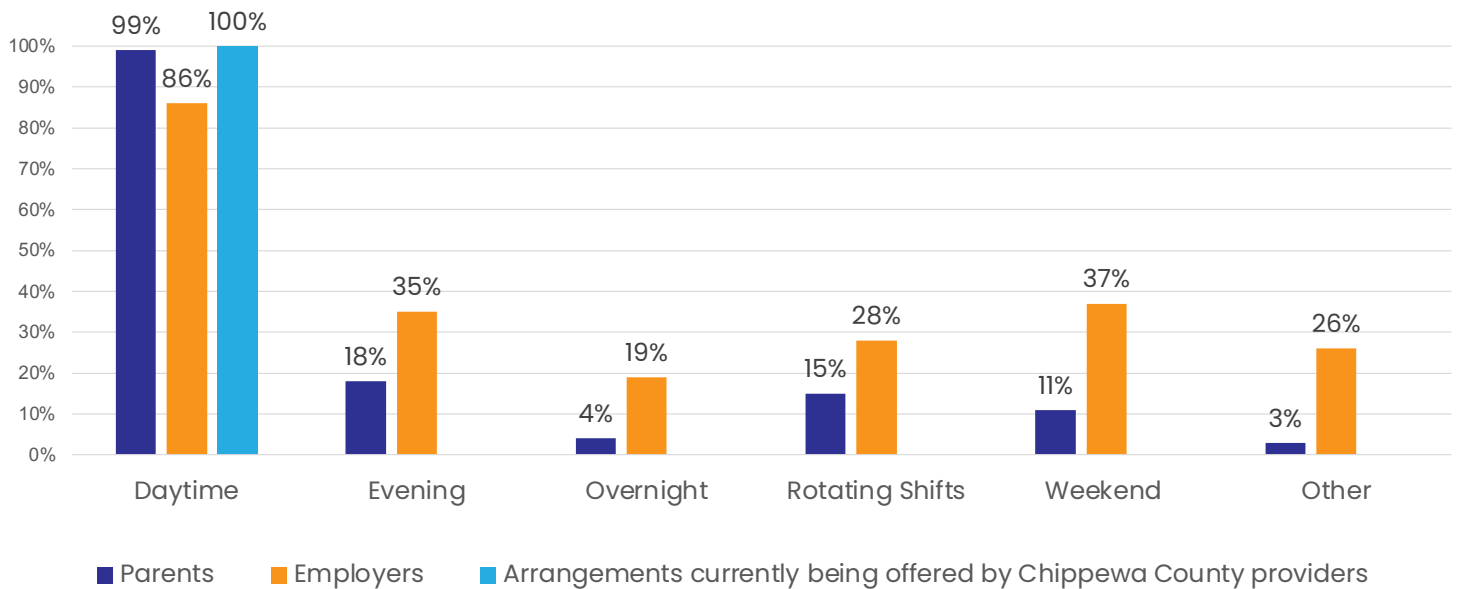


Chippewa County must consider this data point. If families report that their decision to have children/expand their family size is impacted by the availability of child care, it stands to reason that families could relocate to different communities where child care availability is better. Rural Communities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

TYPES OF CHILD CARE NEEDED

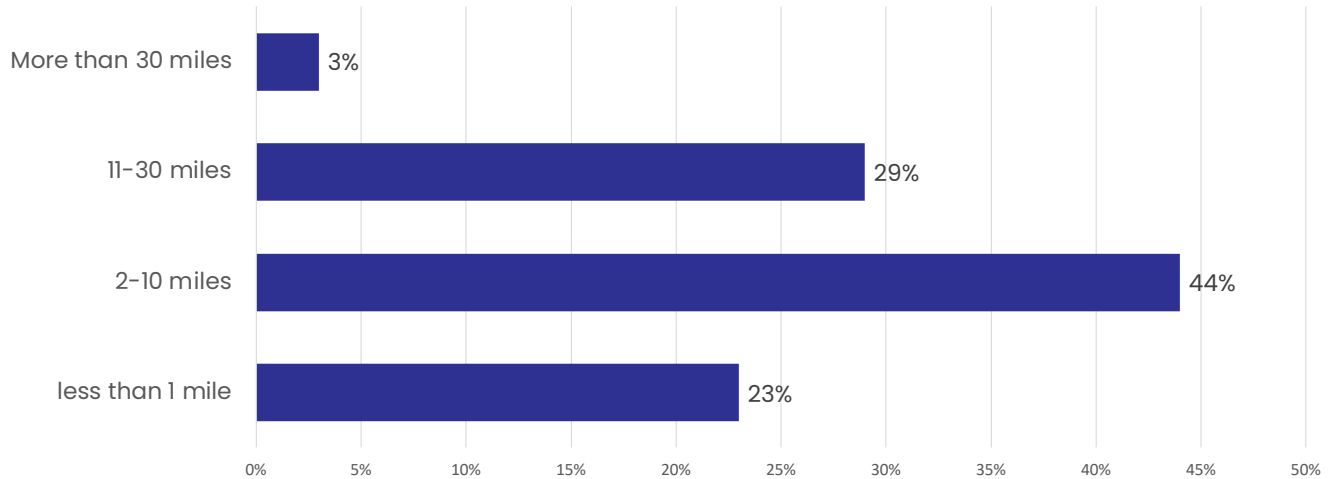
It is important for a community to understand the types of child care parents need in order to identify the appropriate solutions for the families that reside within. It is also important to determine when parents need care, so the community can offer options that meet that need. The chart below shows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

What types of Child Care Arrangements are Needed vs. What is Currently Being Offered in the Community



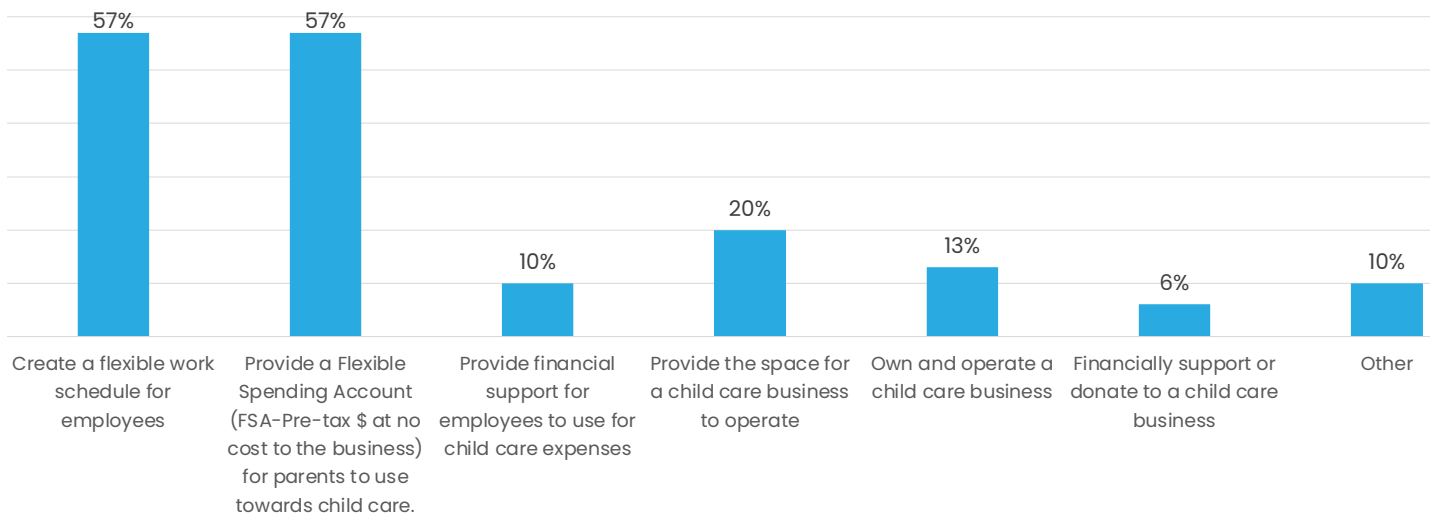
Travel Distance: How Far do Parents Travel Out of Their Way in One Direction for Child Care?

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



How Can Employers Help to Address the Child Care Shortage?

Employers can help address the child care shortage in multiple ways. The most common include, but are not limited to, providing or donating spaces/locations to house a child care program, financial support for providers and employer/provider partnerships. Results from the Chippewa County employer survey indicate the top two ways employers in the region are willing to help, is to create flexible schedules, and provide flex spending accounts to defray the out-of-pocket cost of dependent care. Fifty-seven percent of employers who responded to the survey are willing to adjust employees' schedules, while 57% would consider offering child care FSA's. Additionally, 20% of Chippewa County Employers indicated that they are willing to provide/donate the space for a child care business to operate. The chart below displays the survey results regarding the types of support most local employers are willing to offer.





UNDERSTANDING THE UNDERLYING CHALLENGES

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

FACTOR: It is Challenging to be a Child Care Provider

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

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

FACTOR: Quality & Regulations: Two Sides of One Coin

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

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

FACTOR: High Cost and Low Availability of Child Care

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

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

COMMUNITY DEVELOPED IDEAS

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

THEME: LICENSING AND POLICIES

- Create grants that support centers and home providers to meet safety standards.
- Create a liaison to help new start-ups with the requirements of the state.
- Delay the loss of subsidy for a period when a person/family gets an increase in pay.
- Decrease the fingerprinting fee to \$10 per person.

THEME: EMPLOYER/PROVIDER RELATIONSHIP

- Ask larger local employers to host a daycare site.
- Work with local employers and businesses to create child care benefits for employees.
- Find ways to provide HR support and staff pooled resources for local providers.
- Leverage local dollars via the Tri-Share program.
- Partner with local school districts to create child care options within school buildings.
- Establish community partnerships with companies for discounted equipment.
- Promote businesses to provide fully funded HSA accounts.
- Advocate for all local employers to offer a tax-exempt FSAs for child care for employees with young children.

THEME: COMMUNITY EDUCATION: THE CHALLENGES OF THE CHILD CARE INDUSTRY

- Braid state, private, and federal funding to create child care under one roof.
- Advocate and educate about the critical importance of public investment.
- Support existing providers to maintain innovative business practices and support.

THEME: AFFORDABLE CARE AND FINANCIAL SUSTAINABILITY THROUGH COMMUNITY INVESTMENT AND SUPPORT

- Find local funding to help renovate buildings in our area that are vacant, so they can be used for potential child care centers.
- Support Head Start and GSRP (Great Start Readiness Programs) in offering quality care that extends to Fridays, after school and summers.
- Lobby to introduce a county millage to support providers financial sustainability.
- Expand access-new development of child care centers-ISD, CLMCAA, and the local school districts.
- Fundraise for scholarships for providers that will cover the cost of a full-time slot.
- Lobby to provide tax credits to in home providers.
- Create an event similar to "Community Baby Showers" for providers and families.
- Create Benefit Grants that provide funds to home-based providers solely for retirement investing, and 401K/457Ks for child care centers.
- Lobby to create tax credits that guarantee wages at a base rate, in an effort to bring wages to non-poverty rates.

THEME: WORKFORCE DEVELOPMENT AND TRAINING

- Find ways to provide free continuing education for child care providers.
- Increase coaching models to support diversity, equity, and inclusion.
- Work with the local school districts to create quality CTE (Career and Technical Education) programs.
- Provide free training for providers and staff with a pay incentive or hourly rate.
- Host provider appreciation events on a regular basis to provide the local child care industry more opportunities to network together, as well as keep up on their needs.
- Partnerships with higher education institutes such as Grow Your Own.
- Build a common PD (Professional Development) calendar.
- Utilize retired teachers or K-12 teachers in the summer months, as substitute caregivers.
- Develop a county based substitute teacher pool.
- Advance workforce development of child care providers and Early Childhood Education professionals through CTE (Career and Technical Education), apprenticeships, and career pathways.
- Partner with LSSU College to try to retain Early Childhood Education employees after graduation.
- Facilitate internships with local high schools and colleges.
- Provide reimbursement for Early Childhood Education degrees or certificates similar to how CNAs are reimbursed. This includes free 11th and 12th grade classes that translate to college credit.

THEME: MISCELLANEOUS

- Coordinate with the community to host a fingerprinting event on a Saturday, in an effort to accommodate provider schedules.
- Find ways to offer and increase special needs care and training.

IMPLEMENTATION PROJECTS

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

SMART GOAL ONE: Initiative to partner with GSRP (Great Start Readiness Program), in an effort to investigate financially sustainable and innovative strategies to bridge the before and after school/Friday/summer care options.

- a. Conduct a survey of local GRSP programs to determine if there is space to operate before and after school, Fridays and throughout the summer by October 31, 2023
- b. Explore the potential to utilize the space for an independent provider to run a program under a separate license in the same building by December 31, 2023. Currently registered GSRP families would have priority to take advantage of this option.
- c. Look into other funding options or community-based grants to support this initiative.
- d. Survey home based providers that are looking to expand, in an effort to gauge local provider interest in participating.
- e. Continue to create connections between providers looking to expand and GSRP programs. Provide start up support as needed.

Project Team Members:

- Jessica Savoie-EUP ISD
- Vicki Thomas-CLM Community Action

Expected Outcomes and Impact:

- Bridging the gap in GSRP programs will significantly increase the number of full-time, year-round child care slots in Chippewa County.
- Providing summer, after school and Friday care for GSRP children will free up slots that are being held for them at local surrounding private programs.
- Providing the space for a provider to run a private program in a GSRP building or classroom could eliminate some of the expansion barriers that many home-based providers are facing (i.e., zoning, space, insurance increases, etc.).

SMART GOAL TWO: Community Education Initiative; The Economic Impact of Child Care

- a. Partner with First Children's Finance to create a PowerPoint presentation that summarizes the information gathered from the survey responses, as well as education around the child care business model and its barriers to sustainability.
- b. Complete and distribute the Rural Child Care Innovation Project Community Solution Action Plan.
- c. Partner with First Children's Finance to create a two or three-page summary of the Community Solution Action Plan to distribute.
- d. Over the next three months, work to create an informational flyer that includes a link to the Great Start to Quality provider database. This flyer will be used to help families become aware of the website and learn how to search for available child care in the local area. The flyer will also include a Child Care and Development (CCDF) link for parents to apply for subsidy, as well as Michigan Works! support services. The team will work to distribute to entities such as, but not limited to:
 - Local Employers
 - Churches
 - The Chamber of Commerce
 - The U.P. Michigan Works! office
 - The Prison
 - Local Hospitals, Doctor's Offices, Dentist's Offices and Veterinarian's Offices
 - Real Estate Offices
- e. Host an event by October 31, 2023 to educate local church leaders on the benefits of converting space into a child care program.
 - Compile a list of local churches by September 30, 2023.
 - Research programs that are currently operating out of churches successfully, to share during the presentation.
 - Secure a location to host (potentially remote), distribute invitations, and promote the event.
 - Partner with First Children's Finance to prepare a summarized PowerPoint presentation that illustrates RCCIP survey results, the overall impact that the child care shortage has on the local community, as well as the barriers of the child care business model.
 - Partner with First Children's Finance to develop cost models that can be shared with interested church leaders, as well as examples of different ways that church space can be utilized.
 - Connect home providers who are interested in expanding their programs with churches that are willing to donate space.
 - Continue to promote space conversion within churches and support the process on an ongoing basis.

Project Team Members:

- Nicole Radke-Sault Economic Development Corporation
- Deb Dupras-GSQ
- Kelly Bar-GSQ
- Sarah Mclarahmore-GSQ
- First Children's Finance

Expected Outcomes and Impact:

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

SMART GOAL THREE: Initiative to build partnerships between the local providers, community stakeholders, and employers.

- a. Work to create an HR toolkit to distribute to Chippewa County employers that includes the following information:
 - Understanding the benefits of providing pre-taxed Flex Spending Accounts (FSAs) for employees to utilize toward child care.
 - Information and links to the Greater Sault First 10 Fund
 - Subsidy Information
 - A comprehensive list of ways that employers can support or partner with local child care providers.
 - Flyers that can be distributed in new hire packets that contain the link to the Great Start to Quality provider database.
- b. Work to find and develop a working relationship with a local insurance provider, who is willing to partner with the Chippewa County Child Care Provider Network.
- c. The Chippewa County RCCIP Core Team will partner with MyMichigan Medical Center to host a fingerprinting event on a Saturday or Sunday by November 30, 2023
- d. Develop a partnership with MyMichigan Medical Center to support the start-up of an innovative, community-based child care program.
 - Explore potential locations to host a child care program, such as the Avery Square Fitness Center, Local Churches, unused school buildings or classrooms, and foreclosed homes that could potentially be converted into a child care center.
- e. In partnership with U.P. Michigan Works!, the Core Team will host a community resource fair/ECE (Early Childhood Education) job fair, modeled after the Community Baby Shower by October 31, 2023.

Project Team Members

- Nicole Radke-Sault Economic Development Corporation
- Kelly Barr-Great Start to Quality
- Deb Dupras-Great Start to Quality
- Sarah Mclarahmore-Great Start to Quality
- Susan Slinger-MyMichigan Medical Center
- Jessica Butera-U.P. Michigan Works!

Expected Outcomes and Impact:

- Utilizing unused space to house an innovative, community supported child care center will increase the child care slots over time in Chippewa County.
- Community partnerships will help support the expenses of a traditional child care center, creating a program that can offer more affordable care for Chippewa County community members, as well as the ability to pay staff higher than average child care wages.
- Community supported programs could serve as pillars to the local economy by creating jobs and supporting local employers in workforce retention and recruitment.

SMART GOAL FOUR: Establish a defined Child Care Network to connect the providers of Chippewa County to various support systems, shared services, and peer mentoring.

- a. Secure a space to host a follow up provider appreciation event by October 31, 2023. Distribute invitations and promote the event to local providers. The presentation and roundtable discussion will include the following topics:
 - Updates on the RCCIP survey results and project SMART goals.
 - Promotion of the Great Start to Quality QRS, "Levels of Quality" program, and an illustration of the benefits that come with striving to achieve higher levels.
 - Generate interest among experienced child care business owners in becoming a peer mentor to help support new providers through licensing, the Great Start to Quality QRS and general child care business best practices.
 - Promotion of the Apprenticeship Program. Illustration on the benefits of participating in the internship program.
- b. Appoint peer mentors that can work directly with the local Great Start to Quality Resource Center.
- c. GSQ Quality Improvement Coaches will have the opportunity to set up one-on-one consultations with providers at the event.
- d. Create an online platform via Facebook to support network management and appoint a site administrator.
- e. Partner with First Children's Finance and Great Start to Quality to host an in-person Business Leadership Cohort by October 31, 2023.
- f. Secure a space with the local Michigan Works! or Economic Development Corporation office, to utilize for recurring network meetings.
- g. Reach out to members of the local business community (i.e., Tax professionals, HR professionals, Accountants, Marketing professionals, Insurance Providers, etc.) to speak at monthly meetings, and potentially partner with the group.
- h. Gauge local provider interest in a shared service platform at the provider event.
- i. Create an HR and retention support "tool-kit" that will serve to support child care providers in all HR functions, including staff retention initiatives.
- j. Connect Providers with Special Needs Training Support.
- k. Encourage Providers to attend the MI Talent Together Cohort.

Project Team Members

- Deb Dupras-Great Start to Quality
- Kelly Barr-Great Start to Quality
- Sarah Mclarahmore-Great Start to Quality
- Jessica Savoie-EUP ISD
- First Children's Finance

Expected Outcomes and Impact:

- To establish awareness of services and supports available to Chippewa County child care providers.
- To promote increased quality standards through peer mentorship and support access platforms. This will, in turn, increase child care business profits and sustainability through Child Care and Development (CDC) subsidy reimbursement rates.
- Developing a defined support system could increase the number of providers that choose to stay in the field longer, as well as encourage potential providers to open new programs in Chippewa County.
- More access to high quality, licensed child care in Chippewa County could deter families from utilizing illegal, unlicensed care.
- Providing increased supports and peer mentoring could encourage some unlicensed providers to apply for and complete the licensing process.
- The Child Care Provider network could serve as an engagement platform for local businesses and HR professionals (such as insurance providers and tax professionals) to create partnerships.

SMART GOAL FIVE: Initiative to pitch the idea of a city tax credit in Sault Ste. Marie with the goal of supporting a base rate pay for local child care providers.

Project Team Members

- Nicole Radke-Sault Economic Development Corporation

Expected Outcomes and Impact:

- A tax credit that supports provider base pay, will allow providers to pay their staff more, while potentially charging their families less. This will, in turn, increase the quality and affordability of the care being offered in Sault Ste. Marie.
- The success of a tax credit in Sault Ste. Marie can pilot as a blueprint for the rest of Chippewa County.

SMART GOAL SIX: Develop an initiative through partnership between the Greater Sault Area First 10 Fund, and U.P. Michigan Works! to develop new and innovative ways to utilize early care funding that will support the child care industry in Chippewa County.

- a. Work to drive community support through community education to grow the Early Learning Foundation.
- b. Explore the potential to support the delay of subsidy loss for families who receive a pay increase and no longer qualify. Funding through the First 10 Fund would go directly to the providers as financial support during that two-week period.
- c. Partner with U.P. Michigan Works! to potentially utilize Community Support Grants to help reduce the cost of fingerprinting for child care providers to \$10 per person.
- d. Find ways to utilize the First 10 fund to support employers in building a child care benefit package for their employees.

Project Team Members

- Steve Habusta-Chippewa County Community Foundation
- Amy Kronemeyer-Sault Schools, Superintendent
- Jessica Savoie-EUP ISD

Expected Outcomes and Impact:

- Delaying subsidy loss by two weeks will give the provider an opportunity enroll or increase capacity before the delay results in a loss of revenue.
- Finding ways to financially support the local child care industry will support their overall sustainability, in turn, reducing the chances of closure.
- Lack of financial sustainability is directly correlated with loss of quality. Promoting financial sustainability will, in turn, increase the level of quality in many programs.

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

ABOUT FIRST CHILDREN'S FINANCE

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

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

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

For more information visit www.firstchildrensfinance.org



First Children's Finance