



RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN
FOR CHILD CARE

Iosco 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 Iosco 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 Iosco 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 Iosco 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

759 child care slots as of March 2023, in the Iosco 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 Iosco County. Thirty-five 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 (including overtime), and tardiness to work hinders the opportunity for many parents to advance in their careers.

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

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

1. Host an event by October of 2023 for local leaders to educate them on the benefits of converting space into an innovative child care program.
2. Establish a child care provider support network and mentorship program.
3. Initiative to locate unused space that can be utilized as a community supported child care program.
4. Work to find and develop a working relationship with a local insurance provider, who is willing to partner with the Iosco County Child Care Provider Network.
5. Develop an initiative that promotes community education and understanding around the local child care shortage and the unsustainable child care business model within the 2023 calendar year, and ongoing.

In implementing these goals, Iosco 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 through September 30, 2023..

THE IMPORTANCE OF HIGH QUALITY CHILD CARE IN COMMUNITIES

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

Recruiting and retaining new businesses, employees, and families

Enabling parents to be more productive and less absent at work

Strengthening and feeding the pipeline for a skilled future workforce

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

INTRODUCING THE RURAL CHILD CARE INNOVATIVE PROGRAM

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



Program Activities & General Timeline

PHASE	TIMING	ACTIVITIES
Project Planning	September – October 2022	<ul style="list-style-type: none"> Project planning. Marketing and communications strategies to launch awareness of RCCIP.
Project Planning	November – December 2022	<ul style="list-style-type: none"> Marketing and communication of application; outreach to rural communities as potential applicants. Host information webinar. Answer questions and offer technical assistance for application components. Application deadline.
Project planning	December 2022–January 2023	<ul style="list-style-type: none"> Review and score applications Determine selections.
Discovery	February 2023–April 2023	<ul style="list-style-type: none"> Selected Communities notified the week of 2/3/2023. Launch Core Team onboarding sessions. First Children’s Finance completes a Supply/Demand/Gap analyses for RCCIP communities–calculated from data gathered from the United States Census, LARA, and Great Start to Quality. First Children’s Finance gathers supporting demographic data for the selected zip codes.
Discovery	April –May 2023	<ul style="list-style-type: none"> Core Teams identify Town Hall dates, begin regular planning meetings and Discovery Phase. Iosco 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 IOSCO COUNTY

Iosco County is located in North East Michigan, on the shores of Lake Huron, which is also known as the "Sunrise Side" of the State. According to the United States Census Bureau, Iosco County has an area of 1,890 square miles of which 549 square miles is land and 1,341 square miles is water. When traveling through Iosco County, you will find beautiful lighthouses, miles of beaches, plentiful walking trails and a welcoming community.



▶ LOCAL TEAM REPRESENTATION

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

▶ Core Team Lead: Clara Sherman	Michigan Works! Region 7B
▶ Heidi Kruse	Michigan Works! Region 7B-Career Advisor
▶ Vanessa Richmond	Michigan Works! Region 7B-Success Coach and Employment Specialist
▶ Jessica Romzek	Michigan Works! Region 7B Youth Career Advisor
▶ Scott Moore Ph.D., Ed.S., MPA	Oscoda Area Schools-Superintendent
▶ Erika Krumm	Owner/Operator-Tiny Rebels Child Care
▶ Abbagil Lubin	Iosco County Parent/Resident
▶ Angel Melendez	Apprentice Program Manager, Kalitta Air LLC
▶ Develop Iosco and all the Quad County Child Care Coalition Members	Regional Planning Child Care Coalition



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 Iosco 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 85%. 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 Iosco County supply and demand gap analysis completed in March 2023, shows a shortage of 759 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 Iosco, 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.

Iosco County Child Care Need Analysis



Iosco County

Selected Zip Codes

- 48730-E. Tawas
- 48737-Glennie
- 48739-Hale
- 48743-Long Lake
- 48748-National City
- 48750-Oscoda
- 48761-South Branch
- 48763-Tawas City
- 48765-Turner
- 48770-Whittemore

4
Licensed
Family Child
Care
Providers

11
Licensed
Group
Home
Providers

3
Licensed
Child Care
Centers

759
Birth to 5 spots needed
FCF Calculation

78%
Children under 5 with
all parents in the
workforce
Estimate based on the 2021 ACS

202
Current child care
capacity
FCF Calculation

961
Children under 5 with all
parents working
Estimate based on the 2021 ACS

\$683
per month/preschool
Cost of family child care
Michigan 2021 Market Rate Child Care
Study Survey 75 percentile -Iosco County

\$759
per month/preschool
Cost of center child care
Michigan 2021 Market Rate Child Care
Study Survey 75 percentile-Iosco 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. 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	15
▶ Average Length of Service	9 Years
▶ Less than 5 years / Service	7/46%
▶ More than 20 years / Service	2/13%

Source: Great Start to Quality Provider Database and the Licensing and Regulatory Affairs Provider Database as of March 2023

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

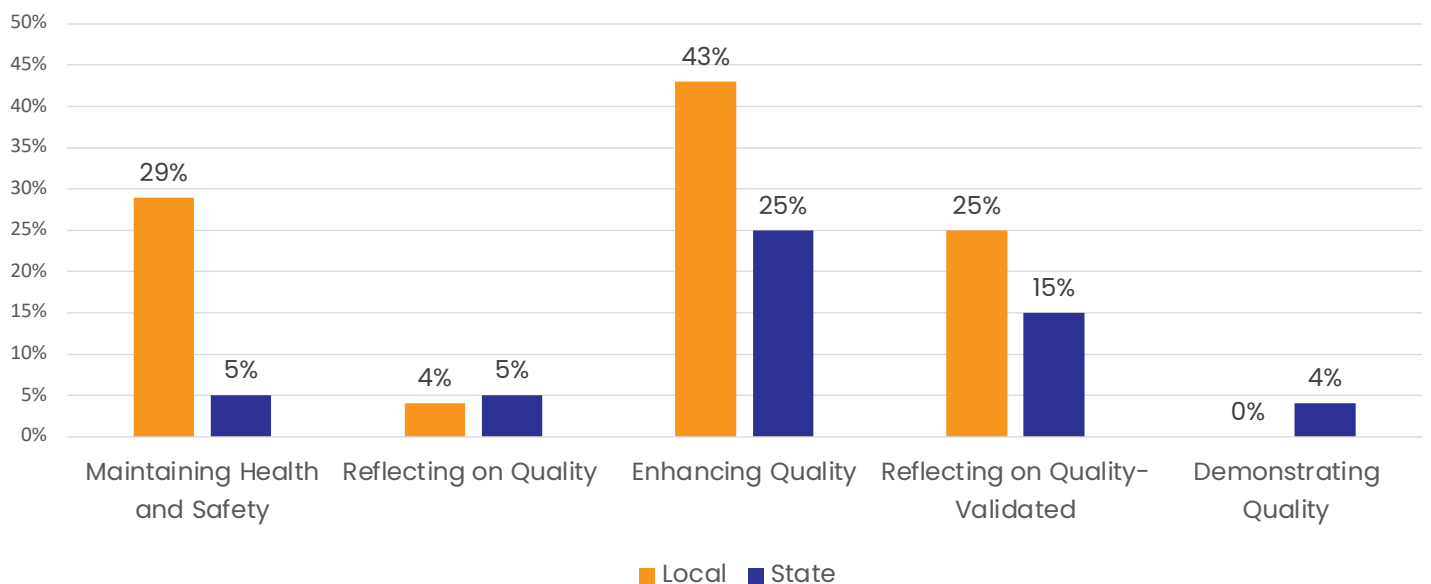
When Iosco County Family and Group Home child care providers were surveyed in the spring/summer of 2023, they were asked about how long they plan to remain in business. Fifty percent said they are planning to remain in business for another 3-5 years, while another 50% said they are planning to continue operating for 10 or more years. It is important for Iosco County to consider ways to retain the current family child care and education providers as well as building additional slots within the community.

▶ QUALITY CHILD CARE OVERVIEW

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

The chart below illustrates the overall “Level of Quality” that the providers of Iosco 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 Iosco County.

Great Start to Quality Participation in Iosco 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 Iosco County.

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

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

2020 Child Care Market Rate Survey

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



OTHER LOCAL SUPPORTING DATA

As part of the overall collection and review of data, First Children’s Finance shared additional data outcomes such as third grade reading proficiency rates, and local graduation rates. There are multiple studies indicating a link between the quality of early education opportunities and school readiness such as the research conducted by the [Annie E Casey Foundation](#) on the importance of third grade reading. Third grade reading proficiency rates and high school graduation rates are one way to link the two. Lower achievement levels from birth to age five can be an early indicator of things like future challenges in school, engagement in higher education, and teen pregnancy rates. The higher the quality of early care and education programs for children birth to age five, the higher the achievement later in life. Iosco County has both reading proficiency levels and graduation rates above the state average. By raising the quality and availability of early childhood education in the community, there is 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
▶ Hale Area Schools #35020	38.7%
▶ Oscoda Area Schools #35010	37.1%
▶ Tawas Area Schools #35030	40.5%
▶ Whittemore–Prescott Area Schools #35040	32.6%
Statewide Average	41.6%

Local Graduation Rates by District (4 Year Cohort):

District	2021–2022 Graduation Rate
▶ Hale Area Schools #35020	95.83%
▶ Oscoda Area Schools #35010	96.88%
▶ Tawas Area Schools #35030	93.68%
▶ Whittemore–Prescott Area Schools #35040	82.35%
Statewide Average	81.01%

Source: Michigan Department of Education



ABILITY TO PAY FOR CHILD CARE

Many families working on the lower end of the wage spectrum have difficulty paying for child care. According to the 2021 U.S. Census, 25% of children ages 18 and younger, living in Iosco 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 Iosco County.

Total households ACS 2021	# of Households	%
▶ Less than \$10,000	821	7.2%
▶ \$10,000 to \$14,999	650	5.7%
▶ \$15,000 to \$24,999	1551	13.6%
▶ \$25,000 to \$34,999	1437	12.6%
▶ \$35,000 to \$49,999	2064	18.1%
▶ \$50,000 to \$74,999	2143	18.8%
▶ \$75,000 to \$99,999	1402	12.3%
▶ \$100,000 to \$149,999	946	8.3%
▶ \$150,000 to \$199,999	228	2.0%
▶ \$200,000 or more	160	1.4%
Median Household Income	\$55,392	

U.S. Census American Community Survey 2021

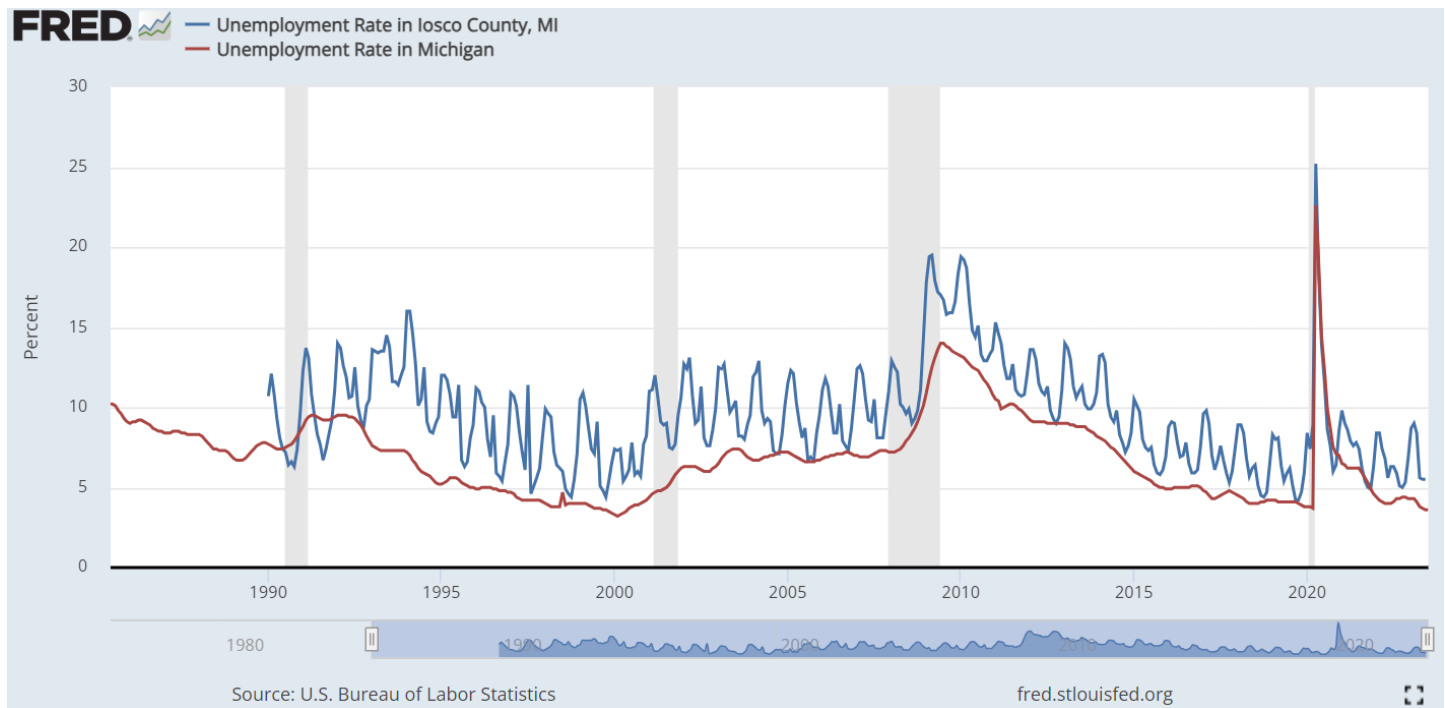


LOCAL EMPLOYMENT CONDITIONS

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

The most recent unemployment data available for Iosco County is highlighted in the chart below. As of June 2023, the overall county rate was at 5.5%. That is higher than the state average of 3.6%. One thing to note when looking at the chart below is the fluctuation of the Iosco 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 in Iosco County, MI:	Jun 2023 5.5
Unemployment Rate in Michigan:	Jun 2023 3.6

Local Employers – Iosco County

Employers in the Iosco County Area were invited to participate in the child care conversation through surveys. Survey respondents reported that they are heavily impacted by absenteeism and lack of shift flexibility 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.

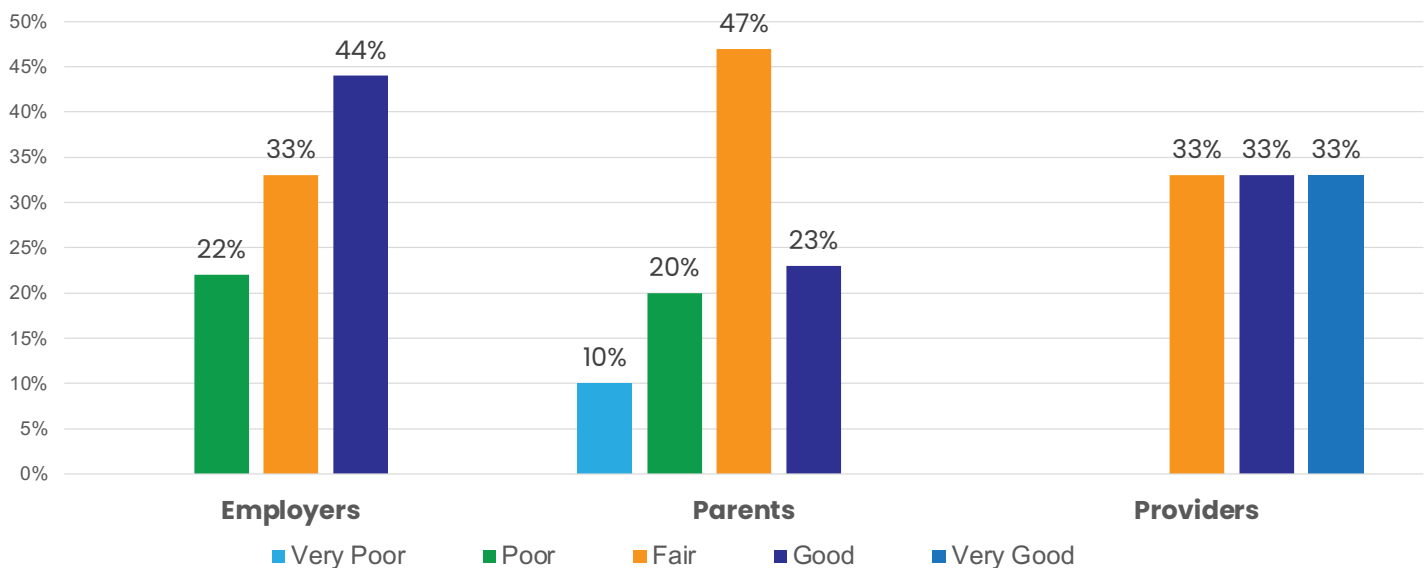


▶ COMMUNITY SURVEYS – SELECTED PERSPECTIVES

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

Perceptions: Quality of Child Care in Iosco County

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



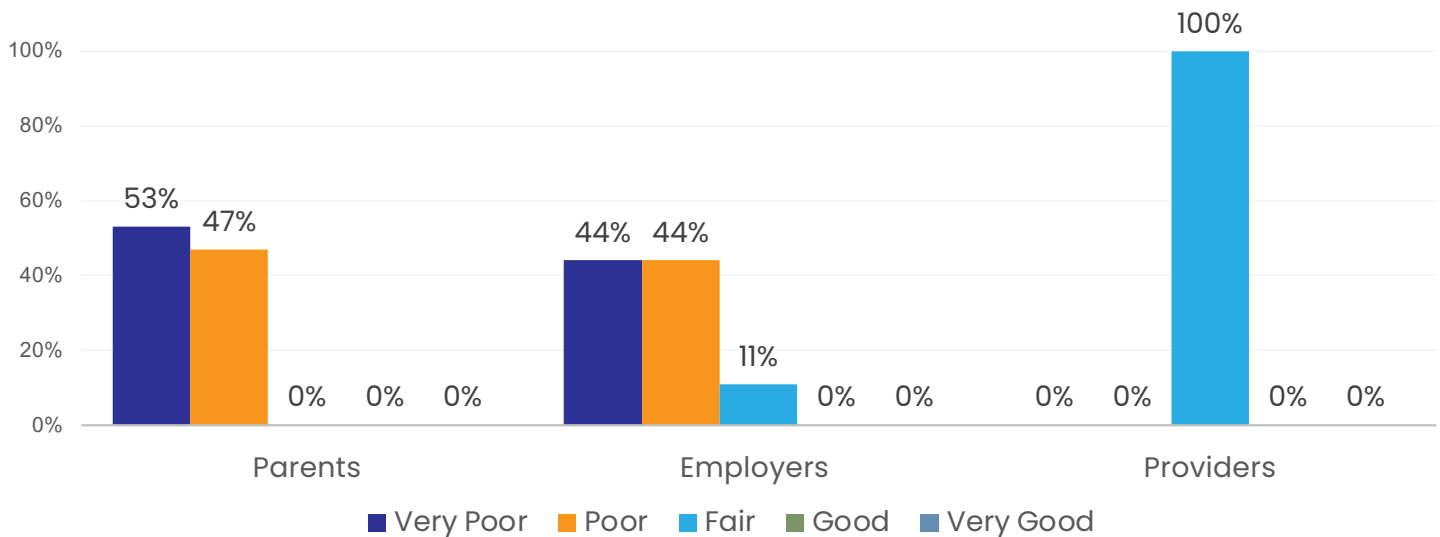
Perceptions: Quality of Available Child Care in Iosco County

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

1. The provider demonstrates a safe and healthy environment.
2. The provider is licensed by the State of Michigan.
3. The provider uses an educational or accredited curriculum.
4. The provider is conveniently located.
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 Iosco County

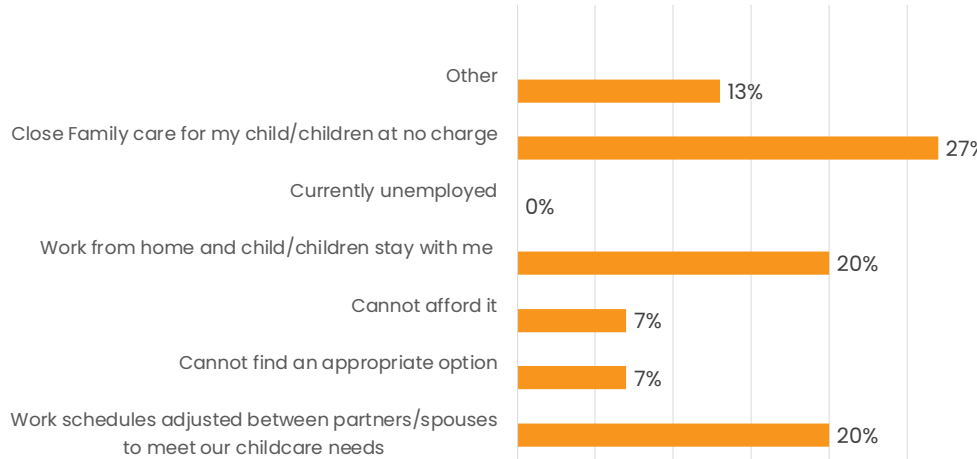
How Do Iosco County Community Members Rate the AVAILABILITY of Care in the Local Area?



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.

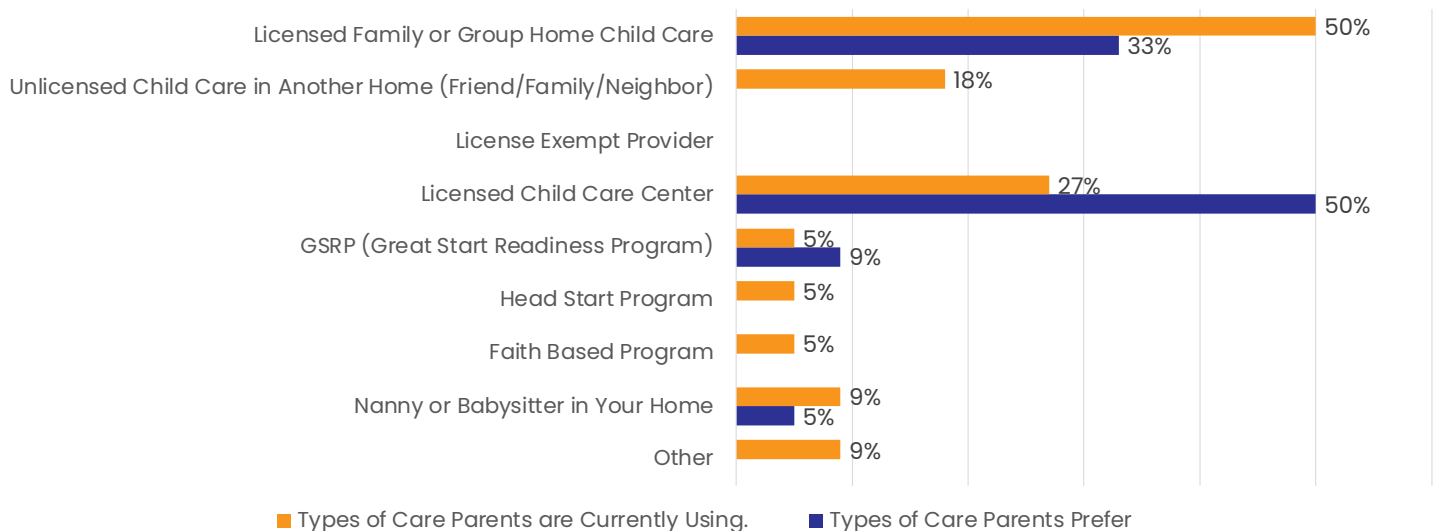
Reasons for Not Enrolling in Paid Child Care

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



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

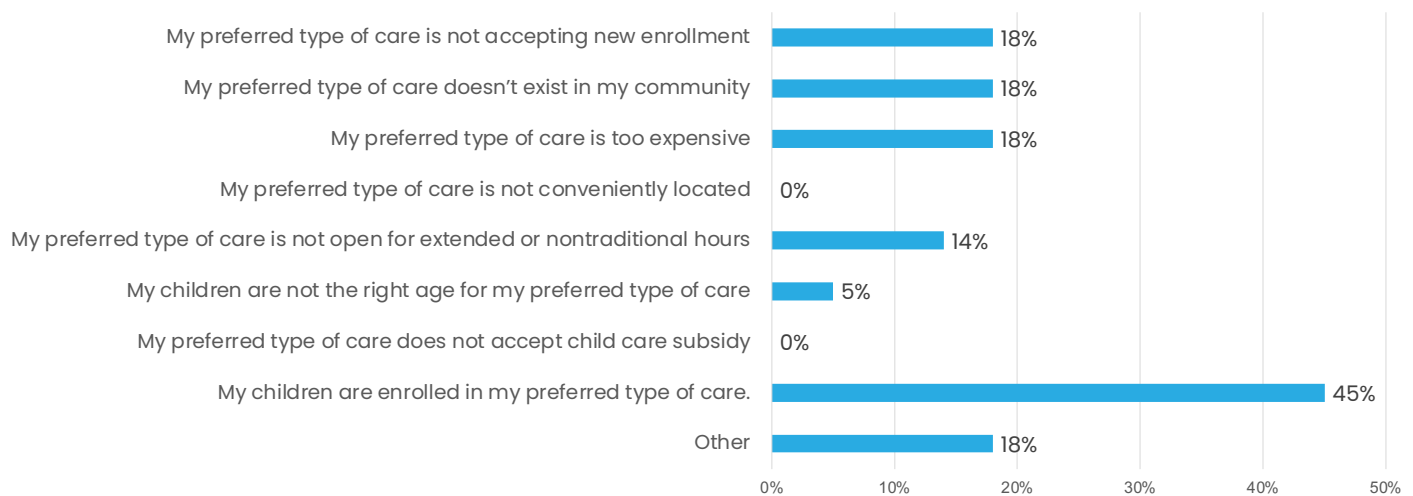
The chart below shows the types of child care currently being used by families in the Chippewa County area, vs. the type that they prefer. Parents were asked to select the type of child care they are currently using. Afterward, they were asked to select their preferred type of child care. The survey 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 Iosco County were asked to provide the reasons that they currently do not have their children enrolled in their preferred type of care. The respondents were given the opportunity to “select all that apply”. While 45% of parents indicated that their children were already enrolled in their preferred type of care, based on the survey results, cost and availability were identified as the top two reasons. The chart below highlights some of 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

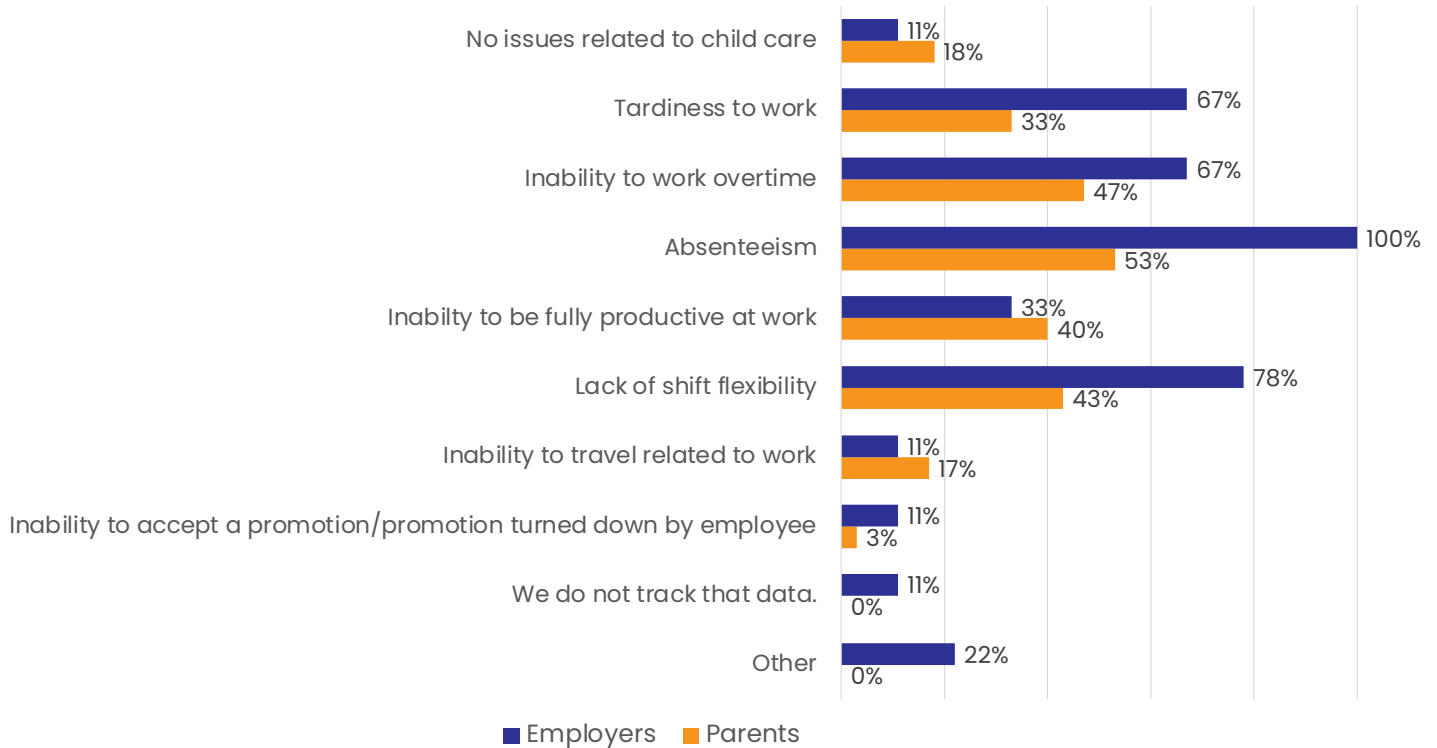


How Child Care Shortages Impact the Employers and the Economic Health of the Community

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 Iosco County Employers and Employees Have Experienced in the Last 12 Months:

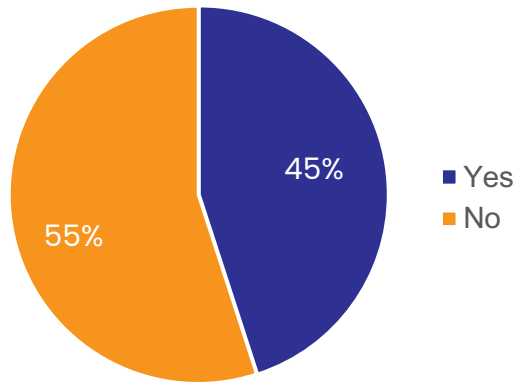


Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include absence from work, lack of shift flexibility, tardiness, and inability to be productive at work, or work overtime.

Based on the responses in the parent survey, 37% 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 Iosco County has impacted their ability to attract and retain employees.

Impact on Family Planning – losco County

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

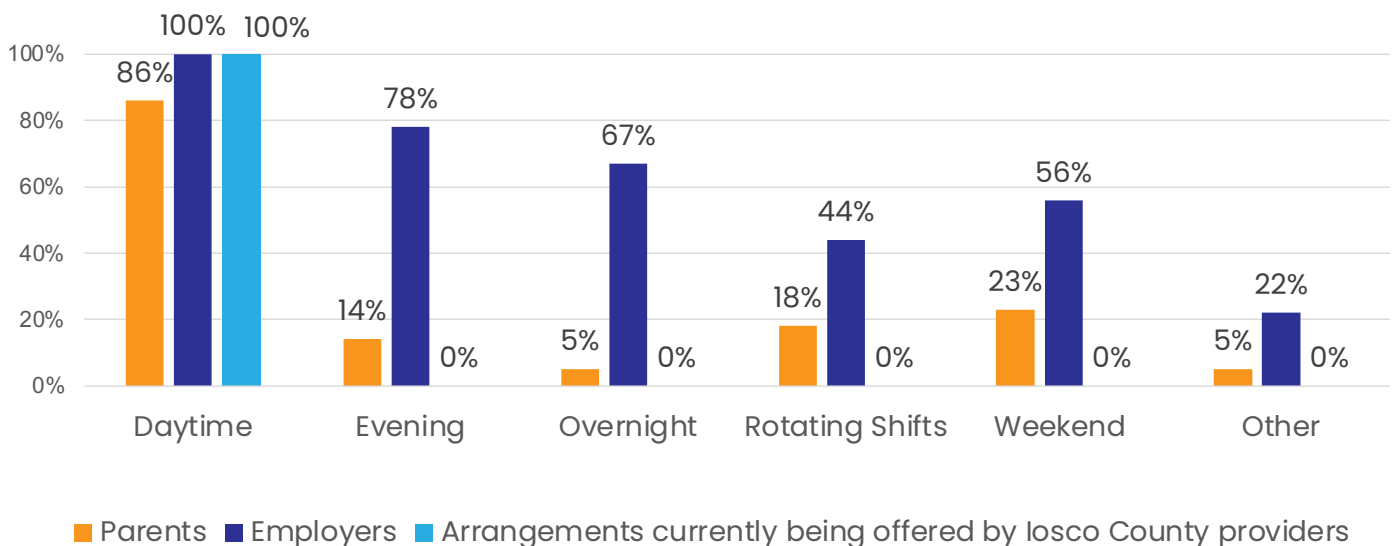


losco County must consider this data point. If families report that their decision to have children/expand their family size is impacted by the availability of child care, it stands to reason that families could relocate to different communities where child care availability is better. Rural communities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

TYPES OF CHILD CARE NEEDED

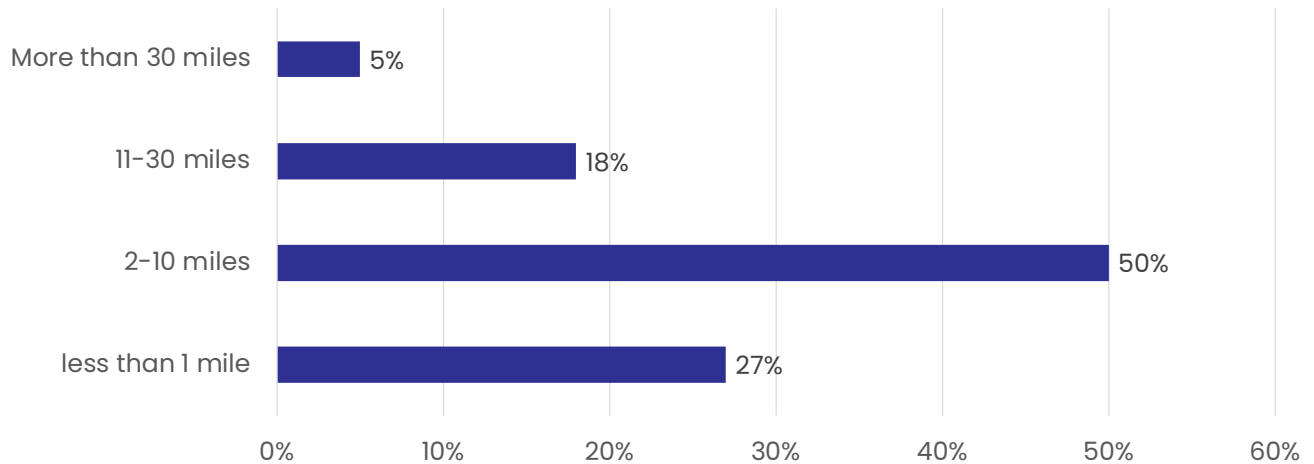
It is important for a community to understand the types of child care parents need in order to identify the appropriate solutions for the families that reside within. It is also important to determine when parents need care, so the community can offer options that meet that need. The chart below shows 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



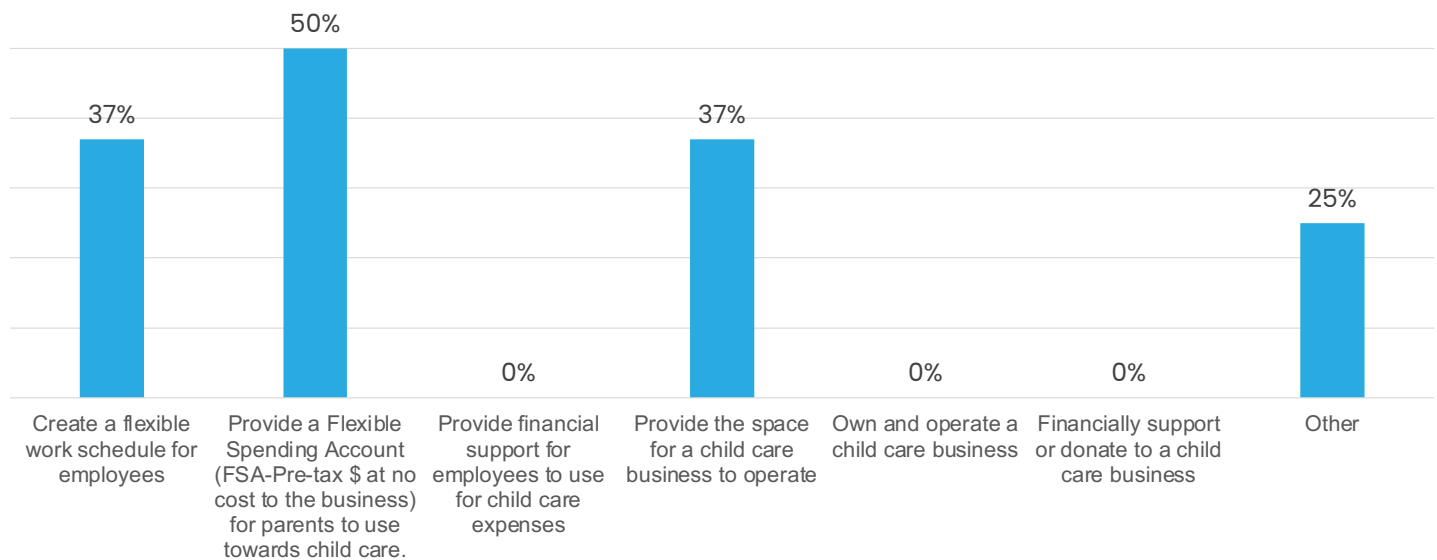
Travel Distance: How Far do Parents Travel Out of Their Way in One Direction for Child Care?

Iosco County Area survey respondents indicated that they were traveling great distances to find appropriate child care. Eighteen 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 Iosco County parents reported that they travel..



How Can Employers Help to Address the Child Care Shortage?

Employers can help address the child care shortage in multiple ways. The most common include, but are not limited to, donating or providing spaces/locations to house a child care program, financial support for providers, and employer/provider partnerships. Results from the Iosco County employer survey indicate the top two ways employers in the region are willing to help, is to provide Flex Spending Accounts (FSAs) to defray the out-of-pocket cost of dependent care, and to provide space for a child care center to operate out of. Thirty-seven percent of employers who responded to the survey are willing to provide the space for a child care business to operate, while 50% would consider offering child care FSA's. Additionally, 37% of Iosco County employers indicated that they are willing to provide flexible schedules to accommodate child care gaps. 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 Iosco County spent several months investigating the underlying reasons for the local child care challenges by conducting one-on-one interviews, engaging with members of the community, and surveying community members. Digging deeper into the child care challenge led to discovery about the situations many families, providers, and employers are experiencing. The factors contributing to those challenges are outlined below:

FACTOR: It is Challenging to be a Child Care Provider

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

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

FACTOR: Quality & Regulations: Two Sides of One Coin

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

Iosco 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 the provider's costs, which are heavily influenced by state licensing regulations and ratio rules.
- Employers struggle with lost productivity and many other grievances when employees have challenges with child care.
- It is difficult to find care that meets local families' needs.
- Programs have a challenging time charging enough to maintain staff or maintain financial stability.

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

COMMUNITY DEVELOPED SOLUTIONS

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

THEME: WORKFORCE DEVELOPMENT AND TRAINING

- Create partnerships with local high schools, community colleges, and universities, to train more qualified workers in the area.
- Discuss and advocate the benefit of co-op apprenticeship programs to providers.
- Facilitate more Michigan Works! Cohorts.
- Help providers get acclimated to the QRS (Quality Rating System) through Great Start to Quality, to help increase income through the CCDF (Child Care and Development) subsidy.
- Provide child care business owners with actual business training.

THEME: COMMUNITY INVESTMENT AND SUPPORT

- Convert local abandoned buildings, and work with state licensing to meet regulations.
- Assist the opening of new child care centers via millages or local government assistance.
- Convert school buildings that are not currently in use into space for a child care center to operate.

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

- Speak at the city council and county boards to help raise public awareness around the local child care crisis.

THEME: EMPLOYER/PROVIDER PARTNERSHIPS

- Find local funding for building improvements.
- Look into innovative ways to promote offering onsite child care at major local employers.
- Add a county tax to businesses that employ 10 or more people.

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: Host an event by October of 2023 for local church leaders to educate them on the benefits of converting unused church space into an innovative 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 Childrens 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 associated with 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:

- Clara Sherman -Michigan Works!
- Heidi Kruse-Michigan Works!
- Vanessa Richmond-Michigan Works!
- Jessica Romzek-Michigan Works!
- Melissa Chambers-NEMCOG
- First Children's Finance
- Helen Shastal-Great Start to Quality
- Erika Krumm-Owner/Operator of Tiny Rebels Child Care

Expected Outcomes and Impact:

- To increase awareness around the impact the child care shortage is having on the local community.
- To share the benefits of converting church space into child care program and gauge the interest of local community faith organization leaders, in the hope to motivate churches to convert unused space into an innovative child care program. This will, in turn, increase the child care slots in Iosco County.

SMART GOAL TWO: Establish a child care provider support network and mentorship program

- a. Secure a space to host a follow up provider appreciation event by October of 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, and the benefits of participation as a child care business owner.
 - Introduction to the GSQ Quality Improvement team. Opportunity for Quality Improvement Coaches to set up consultations with providers at the event
- b. Appoint peer mentors that can work directly with the local Great Start to Quality Resource Center.
- c. Create an online platform via Facebook to support network management, and appoint a site administrator.
- d. Partner with First Children’s Finance and Michigan Works! Region 7B, to host an in-person Business Leadership Cohort by October of 2023.
- e. Secure a space with the local Michigan Works! office to utilize for recurring network meetings.
- f. 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.
- g. Partner with NEMCOG’s regional planning initiative to develop a shared services program within the northeast region of the state.

Project Team Members:

- Helen Shastal-Great Start to Quality
- Clara Sherman-Michigan Works!
- Heidi Kruse-Michigan Works!
- Vanessa Richmond-Michigan Works!
- Jessica Romzek-Michigan Works!
- Erika Krumm-Owner/Operator of Tiny Rebels Child Care
- Melissa Chambers-NEMCOG

Expected Outcomes and Impact:

- To establish awareness of services and supports available to Iosco 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 Iosco County
- More access to high quality, licensed child care in Iosco 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.

SMART GOAL THREE: Initiative to locate unused space that can be utilized as a community supported child care program

- a. Research building options that can be used for child care. Develop a list of abandoned or unused buildings, schools and office buildings that could be potentially utilized for an innovative community-based child care program.
- b. Run feasibility tests to see if any will work as an innovative child care center/co-working space. Rank the buildings by renovation needs.
- c. Create child care cost estimates and explore cost effective, innovative child care models (i.e., Pod model, co-working space with drop-in child care, traditional child care center, etc.)
- d. Identify child care providers that are looking to expand or need a space to operate.
- e. Identify community-based funding sources to renovate as needed.

Project Team Members

- Christopher Martin-Michigan Works!
- First Children's Finance
- Clara Sherman-Michigan Works!
- Vanessa Richmond-Michigan Works!
- Heidi Kruse-Michigan Works!
- Jessica Romzek-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 Iosco County
- Community partnerships will help support the expenses of a traditional child care center, creating a program that can offer more affordable care for Iosco County community members, as well as the ability to pay the staff higher than average child care wages.
- A community supported program could serve as a pillar to the local economy by creating jobs and supporting local employers in workforce retention and recruitment.

SMART GOAL FOUR: Work to find and develop a working relationship with a local insurance provider, who is willing to partner with the Iosco County Child Care Provider Network

- a. Reach out to Meemic Insurance, or TCA insurance by September 5, 2023.
- b. Set up a meeting to discuss a working partnership by September 30, 2023.
- c. The Iosco County Child Care Network will be responsible for connecting child care providers to the partnered insurance company on an ongoing basis.

Project Team Members

- Christopher Martin–Michigan Works!
- Clara Sherman–Michigan Works!
- Helen Shastal–Great Start to Quality
- Erika Krumm–Owner/Operator of Tiny Rebels Child Care

Expected Outcomes and Impact:

- To foster a working relationship between an insurance provider and the Iosco County Child Care Provider Network.
- Partnership with the local child care community could foster relationships on a regional level. This would bring more business to the insurance provider, and potentially create more affordable rates for local family providers who are interested in expanding.
- Affordable insurance rates for family providers looking to expand will open more expansion possibilities. This will, in turn, create more child care slots in Iosco County.



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

- a. Partner with First Children’s Finance to create a PowerPoint presentation, that summarizes the information gathered from the survey responses, as well as understanding the barriers experienced by child care business owners.
- b. Complete and distribute the Rural Child Care Innovation Project Community Solution Action Plan.
- c. Set meeting with key stakeholders at Kalitta Air to discuss partnership options by September 30 2023.
- d. Partner with First Children’s Finance to create a two-page summary of the action plan to distribute.
- e. Work to create a toolkit to distribute to Iosco County Employers that includes the following:
 - Information on the benefits of providing pre-taxed Flex Spending Accounts (FSAs) for employees to utilize toward child care.
 - Lists of ways that local employers can support and partner with Iosco County providers.
 - Flyers that can be distributed in new hire packets that contain the link to the Great Start to Quality provider data base.

Project Team Members

- Clara Sherman-Michigan Works!
- First Children’s Finance
- Heidi Kruse-Michigan Works!
- Vanessa Richmond-Michigan Works!
- Jessica Romzek-Michigan Works!
- Chris Martin-Michigan Works!
- Angel Melendez-Kalitta Air

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 are, but not limited to, offering FSAs (Flex Spending Accounts), creating company child care allowances, shared costs, Tri-Share utilization, donating or converting space, and financial support.
- To develop a partnership with Kalitta Air, the biggest employer in the local area

In summation, while this report is designed to provide insight into and around the child care shortage in Iosco 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