



**NORTH CENTRAL MICHIGAN
COLLEGE INNOVATION ACCESS AND
IMPACT ANALYSIS: FINAL REPORT**

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Jen Harris, Jennifer Wixson, Karen Ann Kling, William D. Lopez

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AUTHORS

Jen Harris,

Jennifer Wixson, North Central Michigan College

Karen Kling, Poverty Solutions

William D. Lopez, Poverty Solutions

INTRODUCTION

Emmet County faces a shortage of affordable, high-quality child care options, with available child care having steadily declined in recent years, particularly following the onset of the COVID-19 pandemic.

To help stabilize the local child care business sector and lay the foundation for growth, North Central Michigan College (NCMC) launched the Access and Impact Analysis (AIA) for Child Care Businesses project. The AIA intended to help optimize business operations for five child care programs in Emmet County by helping them to strategically leverage existing child care innovations, resources, and tools.

Over the course of 10 months, our team recruited and provided five pilot child care businesses with technical assistance and collected data about their experiences through surveys and interviews. Technical assistance included assisting pilot programs in identifying long-term business goals, connecting them with available resources, innovations, and tools to reach those goals, and helping them navigate barriers to accessing those supports. We also worked with pilots to establish or clarify business plans and budgets and help them understand how existing supports could help them bridge the gap from their current budgets to their optimal budgets. Throughout the project, we realized the child care businesses we worked with made decisions from the heart. They cared deeply about the children in their care and worked tirelessly to ensure the families that they served had access to high-quality child care.

In working alongside the five pilot programs, we identified three main takeaways regarding the experience of child care businesses in Emmet County:

1. It takes time for child care business owners and operators to understand and access innovations, resources, and tools that could support their business operations – time they do not have.
2. It is difficult to navigate the myriad supports available for child care businesses without a clear organizing framework, as well as connection to and guidance from others in real-time.
3. The gap between what parents can afford to pay and the cost to provide quality child care means businesses are unable to charge rates reflective of the true cost of care, resulting in an undersized child care workforce and a shortage of available care.

FINDINGS

Our analysis allowed us to generate key learnings across three themes – **time, supports, and funding** – that we believe can inform efforts to fortify the child care industry in Emmet County and statewide. In this section, we describe these findings and provide recommendations for local and state actors to help address opportunities related to these findings.

TIME: IT TAKES TIME FOR CHILD CARE BUSINESS OWNERS AND OPERATORS TO UNDERSTAND AND ACCESS INNOVATIONS, RESOURCES, AND TOOLS THAT COULD SUPPORT THEIR BUSINESS OPERATIONS – TIME THEY DO NOT HAVE.

Pilot participants were both intrinsically and extrinsically motivated to participate in our research, but they were challenged to find the time. Pilot participants shared their enthusiasm about the opportunity to engage in the project and obtain technical assistance to identify and work toward their goals. Additionally, we compensated participants for their time, at rates of \$100 per hour for 10 hours. Pilot participants appreciated the pay and felt that the compensation was either adequate or more than adequate for their involvement. But despite these motivating factors, participants struggled to reserve uninterrupted time to fully participate in meetings and routine check-ins or make the most of the referred resources.

Contributing to time constraints, each pilot participant was juggling the dual role of running their business and often serving as a primary caregiver in classrooms to meet state mandated staff-to-child ratios. This was the norm for owners and operators of in-home child care businesses. However, for those involved in center-based programs, being in the classroom daily was a result of staffing shortages. One participant described the challenging balance between business management and caregiving: “I’m fulfilling the ratio requirements, but I’m also trying to handle administrative tasks, and I’d prefer not to be in charge. It’s tough. There’s always someone out sick or their kids are ill, and I have to cover for them.”

Each of our pilot participants had familial obligations that also competed for their time. For most participants, it was difficult to attend meetings, training sessions, or conduct interviews outside of work hours because they cared for their own children during those times. A business owner who employs multiple directors stated, “When you’re already working eight, nine, 10 hours a day, asking for another two hours is difficult when you have a family waiting for you at home. I think it’s impossible. The last thing I want to do is ask my directors to go online and attend a class or a meeting. They have sports, events, and various personal commitments. I would never impose that on them.”

Identifying and leveraging supports for business operations is time consuming, particularly when support systems operate with inefficiencies. One participant expressed needing help to reach her clearly defined objectives, while lacking the time to take advantage of that support. When applying for a grant to upgrade her facility, another waited weeks to receive communication and encountered an application process that she described as far from user friendly. About that process, she shared, “to be honest, it’s been quite a headache. I just read my email, sent in what they asked for, and then I waited for a response, which can take up to four weeks.” Pilot participants also noted that some of the newest sources of state funding were uncoordinated, requiring similar but different inputs for each.

Responding to the Need for Time:

- NCMC and other thought leaders should advocate for process improvements that make existing supports more accessible and streamlined for child care business owners and operators.
- The State of Michigan's Child Care Licensing Department should look for opportunities to connect future child care owners and operators to business planning support prior to launching their operations, when time could be more available.
- Local and federal policies should continue to prioritize the stabilization of the child care workforce as a way to afford administrators more time for their primary role.

SUPPORT: IT IS DIFFICULT TO NAVIGATE THE MYRIAD SUPPORTS AVAILABLE FOR CHILD CARE BUSINESSES WITHOUT A CLEAR ORGANIZING FRAMEWORK, AS WELL AS CONNECTION TO AND GUIDANCE FROM OTHERS IN REAL-TIME.

Pilot participants were largely unaware of the array of supports available to their businesses. To address this, during the project period, our team organized available supports into an easy-to-navigate catalog. Project survey data indicated that among existing supports, providers were most aware of resources aimed at increasing access to partnerships and professional development and least familiar with those for business support. These findings directly influenced how we organized our guide.

In addition to support provided by service and governmental organizations, informal, relational supports have been critical to the success of local child care businesses. For nearly every pilot, a personal relationship with one or more mentors who had experience running a child care business was critical to getting their business up and running. Interestingly, pilot participants did not see other child care owners and operators as competitors. With demand for care far exceeding supply, they recognized that child care business owners and operators must work together to provide the care their community needs and deserves. One in-home provider who had started her business recently shared that, “everyone that’s been in child care has been helpful to other people, like other centers.” Other owners and operators, by and large, were interested in helping others “keep it going and make things easier” because they understood the need for child care in the area.

Having the opportunity to engage, particularly in person, with other pilot organizations was a value-add for pilots in this project because of the networking it allowed. In addition to in-person networking, one pilot described the usefulness of social media to network and connect with and learn from other child care business owners and operators.

Personalized engagement and relationship building was critical to pilot programs’ journeys to success. The most-named benefit of this project by pilot participants was the one-on-one, largely in person, technical assistance provided by the Great Start To Quality (GSQ) Improvement Coach. Seen as a trusted partner, the coach represented a welcoming and knowledgeable point of contact for any question related to owning and operating a child care business. To pilot participants, it was particularly helpful to have a singular point of contact for advising. Pilot participants underscored how the GSQ coach’s relationship-based approach was central to the value they added.

Well-connected and trusted partners at local nonprofits, like GSQ, can help to advocate for ways to increase accessibility of existing supports. Emmet County's GSQ organization is well positioned as an expert of quality improvement and business development within the early childhood education field. The GSQ coach's relational approach, too, arms them with an awareness of local child care business owners' and operators' needs. The State of Michigan called upon Emmet County's GSQ coach to advise on the application for COVID stabilization grant – a resource our pilot participants felt was relatively easy to access and useful to their organization. Including a GSQ partner in the development of this resource was a way to ensure it well supported the intended audience.

Responding to the Need for Support:

- NCMC should publish and maintain a guide that organizes support for child care businesses in Emmet County. The State could modify and replicate this tool for broader audiences.
- Local and statewide organizations should continue to create opportunities for networking among child care owners and operators. In-person networking should be encouraged when possible.
- The State should include child care owner and operator input, either directly or through well connected partner organizations, in the development of supports for this business sector.
- The State should streamline points of contact that providers need to start and operate a child care business.
- The State should continue to partner with local organizations to better implement a relationship-based model for providing support to child care business owners and operators.

FUNDING: THE GAP BETWEEN WHAT PARENTS CAN AFFORD TO PAY AND THE COST TO PROVIDE QUALITY CARE MEANS BUSINESSES ARE UNABLE TO CHARGE RATES REFLECTIVE OF THE TRUE COST OF CHILD CARE, RESULTING IN AN UNDERSIZED CHILD CARE WORKFORCE AND A SHORTAGE OF AVAILABLE CHILD CARE.

Pilot participants mostly determined tuition and fees based on what they perceived parents could afford and what aligned with rates at other local child care businesses, rather than aligning with the true cost to provide quality care.¹ They described an informal process of “asking around” to find out the “going rate” in the community to set their prices. Generally, pilot participants were concerned about out-pricing parents in their community because child care can be prohibitively expensive for many families. One participant shared “I’m not out trying to make a killing, and I want to be able to help in a way, too, because [parents] need to work, too, for their family.”

By charging rates that are not reflective of the cost to provide quality care, many providers have struggled to maintain adequate staffing levels. The true cost of quality care necessarily includes providing competitive and living wages for all staff and owners. When pilots suppressed tuition and fees to meet parents' needs, they could no longer afford to provide competitive wages for their team. There were two implications: a shortage of well-trained professionals ready to lead classrooms and fewer classrooms to serve children and families. One provider shared, “I know [for] a lot of people, being able to expand is huge to take more kids. But to also have that quality, even if it's small, is huge, and you can't have that quality just on the 200 [dollars] a week you get from four kids.”

Pilot participants were largely reluctant to consider adjusting rates so that revenues reflect the true cost of care. While they were interested in learning about innovations, resources, and tools that could help them better support their businesses, they feared raising rates if it meant stressing parents' budgets. They were genuinely concerned about the welfare of the families in their care and also about the chance of losing customers by raising prices. The reality of the situation is that each pilot participant ran their business on incredibly tight margins, which allowed them to keep their doors open but at great cost.

Prioritizing living wages for staff should not be in direct conflict with serving families. A child care business owner should not be afraid to charge families what it costs to provide quality care. In order to position child care businesses to be able to raise their rates, we must also simultaneously increase the financial support available to families, both by expanding thresholds for Child Development and Care (CDC) Subsidy as well as increasing reimbursement rates for child care providers. It is only then that we will be able to assist child care businesses in implementing a true cost fiscal model that offers living wages for all employees, thereby ensuring space for all children of working families.

Responding to the Need for Funding:

- NCMC and other thought leaders should educate child care providers about a child care business model that incorporates rates that reflect the true cost of care and the benefits such a model could have for themselves and their customers.
- Local and state policies and programs that seek to increase compensation for early childhood professionals must simultaneously support families' ability to afford care. This could include encouraging and educating employers to play a role in paying for employees' child care needs.
- The State should continue to work to simplify and expand access to public funding, such as through the Child Development and Care program, that can support parents in paying the true cost of child care.
- Government and philanthropic partners should support child care owners and operators in accessing business training in addition to their credentialing as early childhood educators.

FUTURE WORK

Returning to the goals central to this project, our team sought to optimize business operations and strategically leverage child care innovations, resources, and tools to stabilize and prepare the child care business sector in Emmet County for growth. Our analysis allowed us to generate key findings across three themes – time, support, and funding – that can inform systems change within the local and statewide child care industries. In light of our findings, we proposed various recommendations for local and state partners to address opportunities, challenges, and needs that pilot programs identified.

At a broader scale, this work has directly informed NCMC's Child Care Initiative, a long-term effort to lead the development of a community-centered plan for a sustainable and viable local child care

system in Emmet County. Our team is taking several immediate next steps in the context of that work to act upon the recommendations outlined for NCMC in this report. Some examples include:

- Initiating and testing a true cost fiscal model in an Emmet County child care business.
- Developing an early care and education resource hub that provides streamlined and relationship-based access to shared services and support for early childhood education leadership.
- Educating and encouraging local employers to play a role in closing the gap between what parents can afford to pay and the cost to provide quality care in Emmet County.

For more information, please see the [NCMC Child Care Initiative's Phase 1 Final Report](#) to learn about our work and next steps.

ENDNOTES

- 1 The true cost of child care, in addition to standard costs such as licensing, facilities, and non-personnel items, includes living wages and benefits for all staff and owners. It also includes the cost of quality programming, and professional development, and assumes wages will increase with additional education and experience over time. A “true cost” fiscal model would include a budget for a child care provider that assumes rates reflect the true cost of care.