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TIME: IT TAKES TIME FOR COLLEGE BUSINESS OWNERS AND OPERATORS TO UNDERSTAND AND ACCESS KNOWLEDGE, RESOURCES, AND TECHNICAL SUPPORT FOR THEIR BUSINESS OPERATIONS. TIME DOES NOT ALWAYS.

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

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.
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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 COMPENSATE EFFECTIVELY FOR THE TRUE COST OF PROVIDING CHILD CARE, RESULTING IN AN UNDERSTAFFED CHILD CARE WORKFORCE AND A SHORTAGE OF QUALITY 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



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.