

# North Central Wisconsin Regional Recovery Plan

## Childcare Assessment Report



# Table of Contents

<b>Section 1 - Introduction</b> .....	<b>1</b>
<b>Section 2 – Status of Childcare</b> .....	<b>2</b>
Availability of Childcare .....	2
Families with Young Children .....	3
Defining High-Quality Childcare .....	5
Cost of Childcare .....	6
Wages for Childcare Workers .....	7
<b>Section 3 – Issues Facing Childcare</b> .....	<b>8</b>
Low Availability of Childcare .....	8
High Costs of Childcare .....	8
Low Wages for Childcare Workers .....	9
<b>Section 4 – Impact of COVID-19 on Childcare</b> .....	<b>10</b>
Childcare Closures During COVID-19 .....	10
Declines in Operational Capacity .....	10
Decreased Availability of Childcare .....	11
Increased Financial Burden on Facilities .....	11
<b>Section 5 – Benefits of Expanding and Enhancing Childcare</b> .....	<b>12</b>
Beneficial Impact on Children .....	12
Beneficial Impact on Employers and Employment .....	13
Beneficial Impact on Communities .....	13
<b>Section 6 – Vision for Childcare within North Central Wisconsin</b> .....	<b>14</b>

# Childcare Assessment Report

## Introduction

The impact of childcare is not just limited to childhood development, it also impacts families, businesses, education, and the workforce and economic development systems in place within communities. Providing childcare that is both high-quality and affordable to families with children of all ages is more important than ever, especially since having both parents in the workforce has become essential for economic survival for many families.

High-quality childcare programs allow children to develop, explore, and grow. High-quality childcare programs also help improve children's readiness for school and in language development, which helps improve academic performance, likelihood of graduation, likelihood of employment, and often increases the lifetime earnings of children who participate in a high-quality childcare program.

High-quality childcare also provides parents with the peace of mind of knowing that their child is in a safe environment, allowing them to focus on work or school. Enrolling their children in high-quality childcare helps to increase labor force participation rates, especially among women, as childcare allows them to focus on their job. Increases in labor force participation rates lead to increases in the workforce, which benefits businesses and communities.

Areas that lack adequate childcare options are facing challenges in recruiting and retaining employees with families, which hampers the growth and production potential of the area's local businesses. The lack of childcare options in both local communities and at the regional level burdens employers with job turnover costs and reduces their possibilities for innovation and expansion.

Even before the COVID-19 pandemic, childcare and early education was in a state of flux. The costs of childcare have risen over time, to a point where it is now the largest expense for many families with children and is altogether unaffordable for many other families. The availability of childcare is also an issue within both the Region and the state. According to Wisconsin Policy Forum, the number of affordable childcare slots available has been decreasing over time, to a point where only about 15 percent of childcare slots within Wisconsin are considered affordable.

The COVID-19 pandemic has had a significant impact on childcare. The pandemic exacerbated many of the existing issues that were already facing the childcare situation, such as affordability and availability. At the onset of the pandemic, about 40 percent of licensed childcare facilities within Wisconsin were forced to close, impacting over 57,000 children and over 12,000 childcare employees across the state. This came at a time when the demand for childcare significantly rose, as the closure of schools left many families looking for options to provide care for their children now that they were not able to attend school.

Improving the childcare situation in North Central Wisconsin will help to improve life outcomes for Region's children today and in the future and will help young families re-enter and remain in the workforce, improving the economic situations for many families. These factors prove that improving childcare will help to set the Region's workforce and economy up for more success now and into the future.

## Status of Childcare within North Central Wisconsin

### Availability of Childcare

According to the Wisconsin Department of Children and Families, there are currently 316 licensed childcare providers within the North Central Wisconsin Region. The 316 licensed childcare providers within the Region have the capacity to provide a maximum of 10,737 childcare slots.

Currently there are 26,484 residents within the Region below the age of six, an age group that often requires full-time childcare services, as they are still too young to enter the K-12 education system. With only a maximum of 10,737 childcare slots available within the Region, the Regional population under the age of six is more than double the number of slots available, indicating that the Region has a severe gap between the number of children who require childcare and the number of slots available.

In the North Central Wisconsin Region, there are approximately 84 children under the age of six for every childcare facility. Wood County has the lowest number of children under the age of six per childcare facility at 65, while Juneau County has the highest at 162. This helps further illustrate that current childcare needs within the Region significantly exceed the current availability of childcare within the Region.

The existing gap between the number of children requiring childcare and the availability of childcare forces families to look into other means to provide care for their child, such as relying on family members or unlicensed care. When these options are not available, many parents of young children are faced with a tough choice – to try balancing taking care of their child while remaining at their jobs until a slot becomes available or leave their job in order to provide care for their child. This is especially true for families who have infants and toddlers, are low-income, live in rural areas, or work second or third shifts, as the challenges in accessing childcare they face are more severe, as the availability of affordable childcare is significantly reduced in these situations.

### Licensed Childcare Providers, 2020

County	Licensed Providers	Maximum Capacity
Adams	9	184
Forest	7	161
Juneau	10	234
Langlade	12	273
Lincoln	18	400
Marathon	105	3,651
Oneida	22	719
Portage	52	2,071
Vilas	9	396
Wood	72	2,648
<b>Region</b>		
	316	10,747

Source: Wisconsin Department of Children and Families

### Children per Childcare Facility

County	Children Under 6 Years	Children per Facility
Adams	734	82
Forest	560	80
Juneau	1,622	162
Langlade	1,001	83
Lincoln	1,408	78
Marathon	9,633	92
Oneida	1,758	80
Portage	4,112	79
Vilas	1,006	112
Wood	4,650	65
<b>Region</b>		
	26,484	84

Source: Wisconsin Department of Children and Families, U.S. Census

As mentioned earlier, there is a large gap between the number of available childcare slots within the North Central Wisconsin Region and the number of children within the Region that are below the age of 6. Rural areas are the most likely to experience childcare shortages, as 3 in 5 rural communities across the nation lack an adequate childcare supply. More than half (54%) of residents within Wisconsin live in a childcare desert, which is defined as a census tract where there are more than three children under the age of six for each licensed childcare slot. Within the North Central Wisconsin Region, there are about 2.5 children under the age of 6 for every childcare slot. Five of the counties within the North Central Wisconsin Region qualify fully as a childcare desert, as the number of children under the age of six in these counties exceeds the 3 children per childcare slot threshold. According to the Governor’s Blue Ribbon Commission on Rural Prosperity’s *Rural Voices for Prosperity* report, nearly every rural town, city, and county within Wisconsin reports having a shortage of childcare slots and long waiting lists for these slots.

Children per Childcare Slot		
County	Children Under 6 Years	Children per Slot
Adams	734	4.0
Forest	560	3.5
Juneau	1,622	6.9
Langlade	1,001	3.7
Lincoln	1,408	3.5
Marathon	9,633	2.6
Oneida	1,758	2.4
Portage	4,112	2.0
Vilas	1,006	2.5
Wood	4,650	1.8
Region	26,484	2.5

Source: Wisconsin Department of Children and Families, U.S. Census

The Center for American Progress has created an online mapping portal that identifies childcare deserts throughout the nation. Their interactive map at [www.childcaredeserts.org](http://www.childcaredeserts.org) helps identify where the greatest immediate needs are for childcare investment by adding the capacity of all childcare providers near a given location and then adjust the measure of supply to account for the number of families with young children within a 20-minute drive of that location. The interactive childcare desert map indicates that there are childcare deserts throughout the Region, as even the more urban areas within the Region such as Wausau, Stevens Point, Marshfield, and Wisconsin Rapids all have locations within their communities that are considered to be childcare deserts.

### Families with Young Children

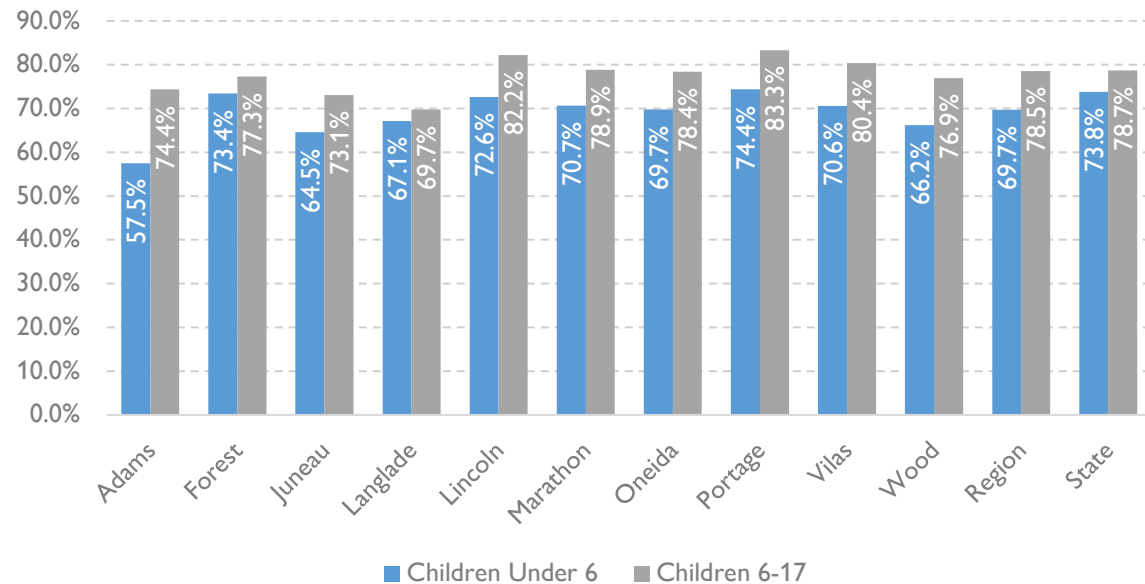
Parents with a dependent at home, particularly those with a dependent under the age of 6, are often faced with impossible choices between staying in the workforce or staying at home to provide care for their children. Often times, if affordable, high-quality childcare cannot be accessed, a family member is forced to leave the workforce in order to provide care for their children. In 2019, approximately 42,197, or 22 percent of all households within the Region had a dependent at home. Of these households, 18,290 or about 43 percent, had a dependent that is under the age of six at home. Households with a dependent under the age of 6 at home are the most likely to require childcare, as these children are often too young to begin schooling. Additionally, there are 23,907, or 57 percent of all households within the region that have a dependent between the ages of 6 and 17 living at home. While not all of these households will require childcare due to factors such as the beginning of school and the

increasing ability of children to care for themselves as they age, there are families within this group that are impacted by the availability of childcare as well.

Participation rates in the labor force among families with a child under the age of six helps to illustrate the significance of childcare, as it helps to identify how many families require childcare due to having all available parents participating in the labor force and also identifies the proportion of families who have a parent who is providing care for their child at home and is thus not participating in the workforce. In 2019, about 70 percent of children under the age of six within North Central Wisconsin had all available parents participate in the workforce, indicating that about 18,454 children under the age of 6 within the Region require some form of childcare due to having all available parents participating in the labor force. This is slightly lower than the 74 percent experienced in Wisconsin but is higher than the national average of 66 percent. With only 57 percent of children under the age of 6 having all available parents participating in the labor force, Adams County had the lowest participation rate within the Region, while Portage County had the highest percentage at 74 percent.

In comparison, about 79 percent of children between the ages of 6 and 17 had all available parents participate in the labor force within North Central Wisconsin, which is about nine percentage points higher than the percentage experienced in children under the age of six. The percentage of children between the ages of 6 and 17 in North Central Wisconsin who have all available parents participating in the workforce is similar to the state's rate and is significantly higher than national average of 71 percent.

Percentage of Children with All Available Parents Participating in the Labor Force



## Defining High-Quality Childcare

In Wisconsin, licensed childcare providers are evaluated using the YoungStar system, which rates providers on a scale of 1 to 5 stars, with 5 stars being the highest rating. The YoungStar ratings are based off of a set of criteria including educational qualifications and training of staff members, learning environment and curriculum, professional and business practices, and child health and well-being practices.

High-quality childcare enhances early childhood development in young children by building skills necessary for success in school, future employment, and for maintaining and growing relationships. High-quality childcare also allows for parents to feel comfortable re-entering and remaining in the workforce by ensuring that their children are in a safe, nurturing environment.

In the North Central Wisconsin Region, there are 132 licensed childcare providers that have a YoungStar rating of 3 Stars or Higher, indicating that about 42 percent of licensed childcare providers within the Region have been determined to be high-quality.

When measuring the proportion of childcare slots within the Region that are located within a high-quality facility, a total of 6,703, or over 62 percent, of the potential childcare slots within the Region are located within facilities that are deemed as high-quality. With all of their childcare slots being high-quality, Vilas County has the highest percentage of childcare slots that are high-quality, while Forest County has the lowest percentage with only about a quarter of childcare slots within the county being high-quality.

High-Quality Childcare in North Central Wisconsin		
County	Total Slots	Percentage of Childcare Slots that are High-Quality
Adams	184	81.5%
Forest	161	24.8%
Juneau	234	70.9%
Langlade	273	43.6%
Lincoln	400	62.5%
Marathon	3,651	69.0%
Oneida	719	43.1%
Portage	2,071	61.6%
Vilas	396	100.0%
Wood	2,648	55.9%
Region	10,737	62.4%

Source: Wisconsin Department of Children and Families

## Cost of Childcare

For families with dependents at home, particularly those with a child under the age of 6, the cost of childcare is one of the most significant expenses in their budget. In fact, childcare is often more costly than housing, transportation, college tuition, and food, making childcare difficult for many families to afford, especially for low-income families. According to the Economic Policy Institute, the average cost of childcare for an infant in Wisconsin is \$1,047 per month, or \$12,567 annually. The average cost of childcare for a 4-year-old within Wisconsin is \$850 per month, or \$10,197 annually. To put the cost of childcare in perspective, the average cost of in-state tuition for four-year public college is only \$8,475 annually and the average cost of housing is \$9,994 annually. This means that the average cost of childcare is significantly higher than the costs of both college tuition and housing.

Childcare is considered to be affordable by the U.S. Department of Health and Human Services (HHS) if it costs no more than 7 percent of a family's income. Given that the average median household income within Wisconsin in 2019 was \$64,168, and that the average cost of childcare for infants is \$12,567 annually, the average cost of infant childcare would account for about 20 percent of the median family income in Wisconsin, while the \$10,197 annual cost of childcare for 4-year-olds would account for about 16 percent of the median family income in Wisconsin. Simply put, the high costs of childcare within Wisconsin make childcare unaffordable for many families by any standard and make it especially difficult for low-income families to afford childcare.

According to data collected by Child Care Aware, all ten counties within the North Central Wisconsin Region have a lower average cost for childcare than the state average. However, this does not mean that childcare costs account for less of a household's income in all ten counties within the Region than it does in Wisconsin. Cost of childcare accounts for more of a household's income in Adams, Portage, and Vilas Counties than in Wisconsin.

When using the HHS definition of childcare affordability of no more than 7 percent of a household's income, the average cost of childcare cannot be considered affordable in any of the ten counties within the Region. In fact, the average cost of childcare as a percentage of household income is more than double the seven percent affordability threshold in nine of the Region's counties, with only Forest County not doubling the affordability threshold.

Cost of Childcare as a Percentage of Household Income		
County	Average Cost	Cost as a Percentage of Household Income
Adams	\$751	19.4%
Forest	\$433	11.4%
Juneau	\$683	15.3%
Langlade	\$662	16.1%
Lincoln	\$700	14.3%
Marathon	\$806	15.4%
Oneida	\$762	16.1%
Portage	\$848	17.3%
Vilas	\$699	17.8%
Wood	\$755	16.5%
State	\$897	16.8%

Source: Child Care Aware, Wisconsin Department of Children and Families



## Wages for Childcare Workers

Childcare workers are severely underpaid, with wage levels that make the profession undesirable and leave many childcare workers in poverty. In 2020, childcare workers within the North Central Wisconsin Region had a median hourly wage of \$9.96 per hour, while the median annual wage for childcare workers within the North Central Wisconsin Region was \$20,722, an average annual wage that is lower than the median annual wages in both the state of Wisconsin (\$21,407) and the nation (\$23,459). Within the North Central Wisconsin Region, median annual wages for childcare workers ranged from a low of \$18,408 in Portage County to a high of \$22,696 in Marathon County.

In fact, wages for childcare workers are so low that both the median hourly wage of \$9.96 and the median annual wage of \$20,722 within North Central Wisconsin for childcare workers fall below the average ALICE Household Survival Budget of \$21,624 for a single adult living within Wisconsin, indicating that most childcare workers within the Region would fall below the ALICE Threshold if they were living as a single adult. The ALICE Threshold is defined as households that have an income above the Federal Poverty Level but below a basic survival threshold. ALICE households earn too much to qualify as “poor” but are still unable to make ends meet. These low wages often force childcare workers to rely on at least one form of public assistance, despite having a full-time job.

Wages for childcare workers are also significantly low compared to other professions that require an associates degree or higher. Other professions that require an associate’s degree or higher combine for an average wage of \$18.57 per hour, with benefits included, wages that are significantly higher than the average of \$11.52 an hour, with no benefits included, that childcare workers within the North Central Wisconsin Region currently receive. The childcare profession’s low wages, especially when compared to wages earned in field that require associate’s degrees, are currently making it difficult to attract and retain workers in the childcare profession, while making it hard to earn a livable income for those that choose to join or remain in the childcare profession.

Earnings for Childcare Professionals		
County	Median Annual Wage	Average Hourly Earnings
Adams	\$19,113.45	\$11.70
Forest	\$19,018.31	\$11.32
Juneau	\$21,596.86	\$11.54
Langlade	\$18,423.75	\$11.05
Lincoln	\$18,981.66	\$11.26
Marathon	\$22,695.72	\$11.83
Oneida	\$21,011.28	\$11.82
Portage	\$18,407.53	\$10.92
Vilas	\$21,585.06	\$11.99
Wood	\$19,757.26	\$11.39
Region	\$20,722.50	\$11.52
State	\$21,406.59	\$11.60
Nation	\$23,458.86	\$12.27

Source: EMSI Q1 2021

## Issues Facing Childcare

In 2017, “access to childcare” was identified as the second largest obstacle Wisconsin employers face in keeping their businesses fully operational and growing. Access to childcare impacts families and their ability to work, the development of children, and the ability of businesses to retain and recruit the workers they need to operate and grow. Childcare shortages currently exist throughout the North Central Wisconsin Region, which threatens the Region’s ability to retain and recruit families, the ability to support local business growth, and the ability to develop a highly skilled workforce that can meet the growing needs of employers.

Current factors impacting the availability of childcare within the Region include a low number of licensed childcare slots, the high costs associated with childcare and how that impacts the affordability of childcare, and the low wages for childcare workers are making it tough to attract and retain professionals with the trainings and education needed for facilities to provide high-quality childcare.

### Low Availability of Childcare

Low availability of affordable, high-quality childcare negatively impacts children, families, employers, and communities. There is currently a widespread shortage of childcare slots within the North Central Wisconsin Region, as there are about 2.5 children under the age of 6 for every licensed childcare slot within the Region.

With more than double the number of children under the age of six than the maximum number of licensed childcare slots, the low availability of affordable, high-quality childcare within the Region is one of the Region’s primary barriers to labor force participation for families with young children, especially for low-income families. An inadequate availability of childcare within the Region prevents parents from fully participating in the labor force, whether it is by creating stresses that impact job performance and increase absenteeism among impacted families, or by limiting some impacted parents into only being able to work part-time or not at all.

Low availability of childcare also has a significant impact on the development of children. Childcare and other early education programs are essential in the development of children, and often lead to improved life outcomes for those that attend a childcare program as a young child. A lack of childcare slots within the Region hinders the Region’s capacity for supporting childhood development, putting the Region’s residents and businesses at risk alike, as families are likelier to search for homes and jobs in areas with adequate access to high-quality childcare.

### High Costs of Childcare

The high costs of childcare are one of the primary factors impacting the affordability and availability of childcare for families. Across the nation, working families on average spend about 40 percent more on childcare than the 7 percent of household income threshold that is considered to be affordable. The same is true within the North Central Wisconsin Region, where the average cost of childcare is above the 7 percent of

household income threshold considered to be affordable in all ten counties within the North Central Wisconsin Region, and is more than double the 7 percent affordable threshold in all but Forest County.

Further compounding the cost of childcare issue are the current policies in place to help families pay for childcare and their effectiveness. Current policies require most parents to cover the full cost of childcare on their own, while current childcare subsidy programs for low-income are not reaching their full capacity, as fewer than 1 in 6 subsidy-eligible children across the nation receive assistance. Additionally, the Wisconsin Shares childcare subsidy program has experienced a decline in effectiveness. According to the Wisconsin Department of Children and Families, families that qualified for the Wisconsin Shares childcare subsidies could access 75 percent of all childcare slots without paying more than their family's expected copay in 2006. However, the percentage of childcare slots that families qualifying for Wisconsin Shares childcare program subsidies could access drastically decreased to only 15 percent by 2017.

The high costs of childcare throughout the Region pose significant threats to the development and life outcomes for children, especially those from low-income families, by making it difficult for families to afford childcare for their children and excluding these children from the benefits such as the increase of school readiness, soft skill development, and increased educational attainment and performance that high-quality childcare can provide. The high costs of childcare also significantly impact the workforce by limiting the number of parents who participate in the workforce. With how high the cost of childcare is, it is cheaper for many families to have a parent leave the workforce to provide care for their children than it is to have all available parents remain at their job and enroll their child in a childcare program.

### Low-Wages for Child Care Workers

Another challenge posing a threat to the quality and provision of high-quality childcare within the region is low wages for childcare workers. As noted earlier, the median compensation of childcare professionals within the North Central Wisconsin Region was \$20,722 per year. This is a significant issue, as many low-skill and entry-level jobs offer higher annual wages than the wages that childcare professionals are currently making, making it extremely difficult to attract qualified childcare workers into the field. The low wages currently available to childcare workers also leads to high levels of staff turnover at childcare facilities. According to the *Governor's Blue Ribbon Commission on Rural Prosperity* report, about 35 percent of the childcare workforce leaves the childcare field each year due to low wages and a lack of benefits.

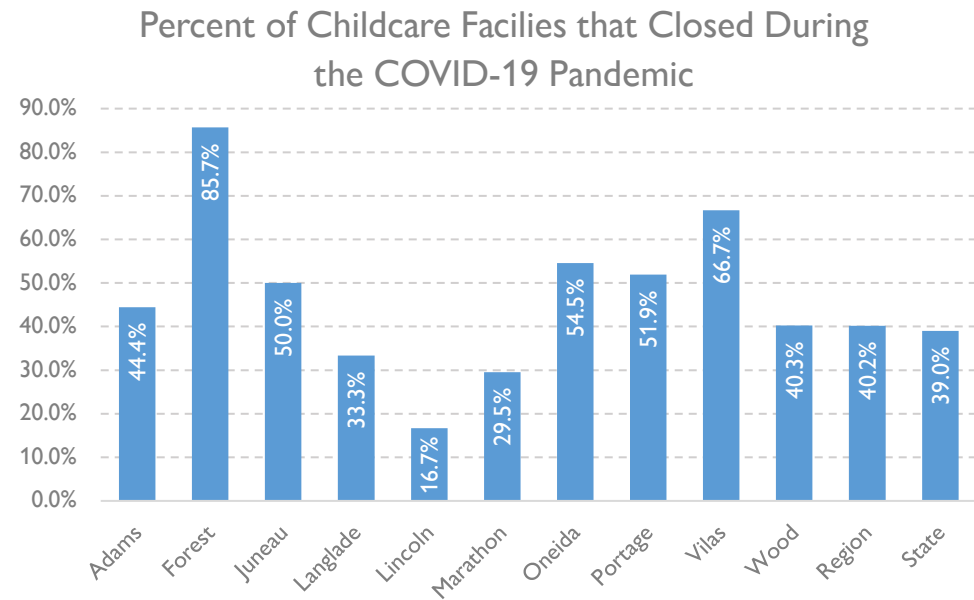
Low wages not only make it difficult to attract and retain childcare professionals, they also make it more difficult to create and uphold high-quality facilities, as constant staff turnover and the general unattractiveness of the childcare profession as a whole due to low pay, make it harder to hire childcare professionals with the trainings and education required for the provision of high-quality childcare. The high levels of staff turnover created by the low wages for childcare workers also impacts the development of children, as brain development in young children relies on relationship building, which suffers when there are high levels of turnover among childcare staff, which is currently the case.

In order to provide the conditions needed for high-quality childcare within the region, it is essential to develop strategies that identify ways to increase wages for childcare workers to help attract and retain professionals with the credentials such as advanced degrees that are desired.

## Impact of COVID-19 on Childcare

### Childcare Closures During COVID-19

During the early stages of the COVID-19 pandemic the widespread closures of childcare facilities significantly disrupted the childcare industry. By mid-May, over 40 percent of licensed childcare providers within the North Central Wisconsin Region had closed, with half of the Region's ten counties experiencing childcare facility closure rates of 50 percent or higher. The closure rate of childcare facilities within the North Central Wisconsin Region was similar to state of Wisconsin as a whole, where about 39 percent of childcare facilities had closed by mid-May. The impacts of these closures had a significant impact on the availability of childcare during the COVID-19 pandemic, as the number of available childcare slots plummeted due to the widespread closures of childcare facilities.



### Declines in Operational Capacity

There were also significant declines in operation capacities for many childcare facilities during the pandemic. In Wisconsin, the state issued limitations for licensed childcare facilities that limited childcare facilities to 10 staff members and 50 children on site. Within the North Central Wisconsin Region, there were 68 childcare facilities impacted by these limitations, which temporarily impacted the availability of 3,223, or 31 percent of the childcare slots within the Region.

The operational limitations on childcare facilities also led to many childcare workers temporarily losing their jobs, helping to increase unemployment within the Region. The limitations also led to a loss of income for childcare facilities themselves, as they lost out on revenue they would normally receive from operating at full capacity.

## Decreased Availability of Childcare

During the COVID-19 pandemic, the availability of childcare was significantly impacted due to the widespread closures and decreased operating capacities of childcare facilities, significantly exacerbating the childcare availability issue that was impacting the Region before the pandemic. As previously mentioned, over 40 percent of childcare facilities within the Region temporarily closed their doors during the early stages of the pandemic. Limitations on operational capacity further exacerbated the availability of childcare, by placing limitations on 68 facilities and temporarily closing 31 percent of the available childcare slots within the Region.

Further compounding the availability of childcare issue within the Region was the impact of school closures. With parents no longer being able to rely on school as a means to provide childcare for their children during the shift to virtual learning during the pandemic, the number of children who required childcare significantly increased. This helped to increase the competition for childcare slots, at a time when the number of slots had been significantly decreased. As a result, many families were forced to choose between leaving their jobs to provide care for their children, or to try balancing the care for their child and their jobs while working from home.

## Increased Financial Burden on Facilities

The widespread closures of childcare facilities and decreases in operational capacity also placed many childcare facilities in dire financial situations. Despite being losing their sources of revenue while being closed or operating at shortened capacities, childcare facilities still had to pay fixed costs such as rent and utilities, and those that remained open or reopened during the pandemic also had to deal with the additional costs associated with safety best practices such as cleaning, sanitation, and the provision of personal protective equipment.

According to a survey of childcare providers in Wisconsin conducted by the National Association for the Education of Young Children, about 38 percent of childcare facilities within the state reported that they were unsure how long they would be able to survive without receiving financial assistance, while an additional 20 percent said they would close within two weeks of closing, and an additional 10 percent said they would not be able to survive a closure for any duration of time without receiving financial support.<sup>1</sup>

Federal funds were provided to childcare providers in an effort to help limit the financial strain experienced by providers during the pandemic. As part of the CARES Act, Wisconsin received \$51.6 million in federal block grant funding to distribute money through the Child Care Counts: COVID-19 Emergency Payment Program to provide support to childcare providers and ensure the continued provision of childcare throughout the state during the pandemic. However, these funds prioritized facilities that remained open throughout the pandemic, meaning that facilities that were closed faced difficulties in receiving these funds. Additionally, most of the facilities that did receive funds, reported receiving less than \$10,000 between the two payment periods.

## Benefits of Expanding and Enhancing Childcare

Enhancing and expanding childcare options throughout the North Central Wisconsin Region is crucial to the long-term economic recovery and resiliency of the Region. For example, a 2011 study has found that for each dollar invested in childcare programs, the return on investment is somewhere between \$2 and \$3 in increased earnings to state residents long-term.<sup>2</sup> Supporting and increasing the amount of affordable and high-quality childcare options within North Central Wisconsin will position the Region for success in several ways. The provision of high-quality childcare enhances early childhood development in those that participate in a childcare program. **Individuals who benefit from high-quality childcare in their youth have greater odds of being educated, employed, and of receiving job-specific training. Many adults who participated in a high-quality childcare program as a child also have improved job skills, enhanced soft skills, and improved work attitudes.** This helps to create a high-quality labor supply within local economies by increasing the number of skilled workers within the community. Increasing the quality of a community's labor supply helps to attract more and better jobs to the community, resulting in higher local earnings.

### Beneficial Impact on Children

Expanding access to high-quality childcare at an early age is especially crucial for disadvantaged children. School readiness in children at age five is based off early math and reading skills, learning-related and problem behaviors, and overall physical health. A 2012 study from the Brookings Institution has shown that fewer than half of low-income children are ready for school at the age of five, compared to 75 percent of children from moderate- and high-income families being ready for school at the age of five, **representing a 27 percent school readiness gap between children from low-income families and children from moderate- and high-income families.**<sup>3</sup>

Additionally, children from low-income families can be up to two years behind in language development than their peers from higher-income families. Lower language development puts affected low-income children at a sizable disadvantage, as this puts them behind their peers from higher income families, especially their peers with college-educated parents. The disadvantage from later language development often exacerbates over the course of an individual's school years as schooling cannot close the initial gaps that were created during an individual's developmental process before school.

These gaps in school readiness and in language development often widen as disadvantaged children progress through school, resulting in higher chances of poor academic performance, higher chances of repeating a grade, higher rates of dropping out of school, and lower levels of income as adults. Expanding access to and enhancing the quality of childcare will help increase school readiness levels at age 5 and increase language development for all children, especially so for children from low-income families. Increasing readiness for school among children helps to decrease achievement gaps such as the initial 27 percent school readiness gap between low-income children and higher income children while also helping to lessen the achievement gaps that widen over time as a result of children starting school unready at age 5, such as poorer academic performance, lower high school graduation rates and lower income levels as adults, that result over time from the cascading impacts of lower levels readiness for school among low-income children.

Overall, expanding access to and enhancing the quality of childcare helps improve academic performance among individuals who are placed within childcare as young children, increases the chances of graduating high school for individuals, helps to build the skills, knowledge and attitudes that help lead to higher lifetime earnings, and helps to overcome the disparities that disadvantaged individuals face, by bridging the initial gaps in childhood development, such as readiness for school and language development, that are experienced in disadvantaged groups.

### **Beneficial Impact on Employers and Employment**

Expanding the availability and accessibility of affordable high-quality childcare would have a direct impact on labor force participation within the Region. A study examining trends on the lowering labor force participation rates within the nation conducted by the American Enterprise Institute has found that 70 percent of nonworking poor adults with children under the age of 5 cite “taking care of home/family” as the main reason why they are not actively participating in the workforce, indicating that a large number of adults are not working in order to provide care for their young children.<sup>4</sup>

Expanding access to affordable, high-quality childcare for parents of young children is essential for families, employers, communities, and economies, as it would allow many parents of young children to re-enter and remain in the workforce, build job skills and knowledge by continuing their education and/or attending job trainings, while ensuring that their child is well cared for. More parents entering and remaining within the workforce leads to a larger local labor force, and the development of skills and knowledge that parents would have more time for with access to affordable, high-quality childcare increases the quality of the local labor force. Increasing the number of workers and the skills and knowledge of these workers will help to fill labor gaps, which is currently a major threat facing the Region.

Supporting and developing affordable, high-quality childcare within the region will also have positive impacts on the region’s employers. As noted earlier, childcare is currently identified as the second-largest barrier that employers within Wisconsin face in keeping their business fully operational and growing. Employers in areas that lack childcare face challenges in recruiting and retaining young employees, which often leads to increased expenses towards recruitment and job training. Expanding access to and enhancing the quality of childcare will make businesses within or near that community more attractive to potential employees, especially to employees with young families. As the number of retirements within the Region rises, employers are facing challenges in finding qualified workers with the skills needed to fill newly available jobs. The provision of affordable, high-quality childcare enables parents of young children to enter and remain in the workforce and gives them the time to gain the skills and training needed to fill these newly available jobs, ultimately helping to stimulate growth for these businesses.

### **Beneficial Impact on Communities**

Local and state economies substantially benefit from the provision of high-quality childcare in several ways. First, enhanced early childhood development that results from high-quality childcare programs will have major economic benefits, as enhancing early childhood development leads to a more educated and skilled future workforce, and a more educated and skilled workforce increases the competitiveness and productivity of

local industries. Second, younger families are more likely to look for work and housing in communities that can offer nearby access to high-quality childcare and schooling. Numerous studies have found that parents are willing to pay extra for homes that are located within school districts with high academic performance, which increases local property values. Additionally, high-quality childhood programs help to significantly reduce crime rates and the usage of welfare programs, reducing the costs to communities associated with crime and the provision of welfare programs, while also increasing tax revenues for state and local economies over the long-term.

Providing high-quality childcare locally also leads to a higher quality labor supply locally, ultimately increasing the number of skilled workers available to the community's businesses, helping to stimulate growth for local businesses. Accessibility to childcare also helps young families to enter and remain in the labor force, increasing the community's labor supply by adding parents who would otherwise be forced to stay at home to provide care for their children, which adds additional income to the community.

## Vision for Childcare Within North Central Wisconsin

Quality, affordable childcare and the ability to access that childcare impacts children, workers, employers, and communities. This is relevant to both the current and future economy. There is a lack of quality childcare available throughout the North Central Region. In addition, the childcare that is available continues to get more expensive. This is true even while low wages for childcare workers are not keeping pace with comparable industries. Quality and affordability are competing goals statewide, which indicates that the childcare model in place is not working. The COVID-19 pandemic magnified pre-existing problems and created new ones, with closures making childcare even more scarce.

The childcare network consists of both licensed and unlicensed facilities. To maintain high quality services, the entire network needs assistance to maintain quality services. This assistance could be in the form of technical assistance, business supports, joint purchasing for bulk buying, shared staff, and access to professional learning communities. The reality also exists that the wages for professional childcare workers are not competitive. It is possible to create a network of childcare centers that are both high quality and affordable.

The benefits of affordable, quality childcare are widespread. Children benefit with the development of foundational skills, school readiness, and language. Employees benefit when they can engage in trainings, seek and accept new jobs, and advance their career more readily. Employers benefit when they know that their employees aren't faced with the unpredictability of inconsistent childcare. Communities benefit with population gains and labor force retention. All of this in turn creates economic and community prosperity. The availability of affordable, quality healthcare throughout the North Central Region is crucial to creating a sustainable and resilient Region.

This section will establish:

- **Goals** and what we hope to achieve for childcare within North Central Wisconsin moving forward
- **Priorities** for creating and maintaining affordable, quality childcare within the Region
- **Strategies** and **Recommendations** to create a childcare vision for North Central Wisconsin



## Goals

The following goals have been identified to be most important to the vision of the childcare future of the Region. When setting the goals top considerations include successfully expanding the number of childcare slots throughout the Region. These slots would be within a reasonable driving distance, all while maintaining standards of quality and affordability. There is also a need to continue to support and maintain the many quality childcare centers that do exist.

- Expand childcare slots to allow parents a reasonable commute to their childcare center.
- Maintain high quality childcare throughout the Region.
- Make childcare affordable to the diverse workforce base throughout the Region.
- Recognize the entire Regional childcare network that includes licensed centers and more informal unlicensed childcare providers.
- Help the Regional childcare network to pool resources and leverage economies of scale.

## Priorities

Childcare priorities for the Region were formulated to better meet the goals identified above. The main priorities in the Region include creating and maintaining quality and affordable childcare throughout the Region. When considering priorities, the rural nature of the Region was considered in addition to the high amount of geographic area throughout the Region that is in childcare deserts.

- Increase the availability of childcare spots to ensure that those who need childcare have options.
- Ensure that childcare is high quality.
- Reduce childcare costs.
- Support the entire childcare network.

## Strategies and Recommendations

The goals and priorities established above identify the vision for the future of childcare in the Region. Strategies and recommendations have been identified to meet these goals and priorities and can be broadly organized into three main categories of emphasis:

- Availability
- Quality
- Affordability

### **Availability Strategies and Recommendations**

The first category deals with the number of childcare centers, thereby slots, that exist or do not exist throughout the Region. Many areas within the North Central Wisconsin Region are in a childcare desert (more than three children under six per slot). The first set of strategies and recommendations are targeted at creating a childcare network that meets the needs of those within the Region.

- Support state funding for childcare.
- Foster the development of public/private partnerships to develop and maintain childcare infrastructure.
- Consider the use of underutilized, existing facilities such as churches and schools.
- Recognize the importance of the development of both informal family and group childcare programs particularly in rural areas.

## Quality Strategies and Recommendations

The second category is childcare quality. Only about 42 percent of licensed childcare providers in the Region have been determined to be high quality. It is difficult to determine the level of quality in unlicensed facilities. There is a need to bring the quality of many existing facilities to a higher standard. In addition, it is important to ensure that new childcare centers maintain high quality standards. It is also critical that childcare facilities maintain these quality standards. The following recommendations would create higher quality childcare throughout the Region:

- Support public and non-profit organizations that advocate for quality early childhood education.
- Provide a central point of contact at the state level for childcare providers.
- Create a more streamlined system at the state level and better coordination.
- Further support the creation of additional childcare centers, which will in turn increase the quality of all by creating a more competitive economy.
- Explore ways to make wages for childcare professionals higher and more competitive.

## Affordability Strategies and Recommendations

The third category is related to childcare affordability. Childcare for those with children under six years old is one of the most significant expenses in a household budget. The cost is over two times what the U.S. Department of Health and Human Services (HHS) considers affordable in all counties within the Region except Forest County. There is a need to make childcare more affordable throughout the entire Region, while keeping the standards for quality high. This may be impossible with the present model for childcare that we have in the state. However, the following recommendations would help to move toward this goal:

- Support public and non-profit organizations that pool resources and leverage economies of scale.
- Support childcare development, mentoring, and information sharing.
- Explore models for joint purchasing and shared staff.
- Continue to explore resources, including community resources such as Childcaring, composed of community-based experts who connect families with childcare resources, professionals, and data; and home-school networks.

## Notes

Endnote 1 – NAEYC - A Look at Childcare in Crisis: [https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/state\\_by\\_state\\_child\\_care\\_crisis\\_coronavirus\\_surveydata.pdf](https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/state_by_state_child_care_crisis_coronavirus_surveydata.pdf)

Endnote 2 – Early Childhood Programs as an Economic Development Tool: Investing Early to Prepare the Future Workforce: [http://wisfamilyimpact.org/wp-content/uploads/2014/10/s\\_wifis31c03.pdf](http://wisfamilyimpact.org/wp-content/uploads/2014/10/s_wifis31c03.pdf)

Endnote 3 – The Brookings Institute – The School Readiness of Poor Children: [https://www.brookings.edu/wp-content/uploads/2016/06/0319\\_school\\_disadvantage\\_isaacs.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/0319_school_disadvantage_isaacs.pdf)

Endnote 4 – Americas Work Problem: <https://www.aei.org/articles/americas-work-problem/>

# North Central Wisconsin Regional Recovery Plan

## Childcare Assessment Report