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# Outagamie County devotes 'unprecedented' ARPA funds towards youngest citizens, fighting child care crisis [1]

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EXCERPTS

Outagamie County plans to use $2.8 million of its remaining federal pandemic aid funds to improve the child care and early childhood development landscape in the county.

The funds come from a remaining pot of $14.9 million in American Rescue Plan funding for external investments. The county board earlier this month agreed to earmark the funds to address local child care and early education issues. It's tied with behavioral and mental health services as the second largest expenditure authorized by the board after the $3.5 million that will be used to address the area's shortage of affordable housing.

“This is unprecedented – we’ve never been handed (such a large sum of money) to go solve the housing crisis or make child care a little easier for working families,” County Executive Tom Nelson said. “The county day-to-day, year-to-year is indispensable, but this is giving us additional resources that we can use to drill into these consistent problems that we’ve had for many years that have only been exacerbated by the pandemic.”

The allocations were largely influenced by the feedback received through focus groups and surveys of businesses and households conducted by the University of Wisconsin-Oshkosh. Among the issues identified by stakeholders relating to child care were lack of access, affordability and staffing shortages.

The county also worked with the Greater Fox Valley Child Care Alliance to enlist research on the issue from the University of Wisconsin-Madison’s UniverCity Alliance program. Through the UniverCity Alliance, four students in the La Follette School of Public Affairs produced a report that focused on how the child care crisis rears its head in Outagamie County.

Kara Homan, the Outagamie County Development and Land Services Director who has been leading the external community investments analysis to decide how to use the funds, said the repercussions of a broken child care system extend well beyond the industry and the families who immediately rely on it.

She said an inability to find child care can keep parents out of the workforce, contributing to the region's multi-industry labor shortage.

“We need to think about, for individuals who want to participate in the workforce, what barriers might be in their way of taking employment,” Homan said. “One of those barriers is (not being able to) find reliable, affordable child care that meets the needs of the shift they’re working. In order to provide that service, you need a functioning child care sector.”

**The scope of the county's child care crisis**

The La Follette School of Public Affairs report noted over one-third of Outagamie County is considered a child care desert by the Wisconsin Department of Children and Families – an area without any regulated child care access or where there are three or more children under 5 years old for every licensed child care slot.

In essence, the demand of child care services far surpasses the supply, and for those who work nontraditional hours, it can be even harder – if not impossible – to find.

The La Follette students also found regulated care is often not affordable for families. According to Child Care Aware of America, the median family in Outagamie County devotes 15 percent of its monthly income towards child care. The U.S. Department of Health and Human Services’ defines affordable child care as costing 7 percent or less of a family’s monthly income.

The problem for providers, the report found, is that what they charge often does not cover the full cost of providing care.

However, raising prices would only exacerbate the affordability crisis, said Cartecia Lawrence, one of the La Follette students who wrote the report.

“It’s a very nuanced problem where providers can’t raise their cost of tuition to pay their staff more because it will price families out of the

market – families cannot afford to pay the actual child care expenses because it's often just as expensive as a mortgage or rent," Lawrence said.

While child care businesses cannot pay "competitive, living wages to their workforce," they also are operating on razor-thin margins, said Lynn Coriano, executive director of the Basic Needs Giving Partnership and convener of the Greater Fox Valley Child Care Alliance.

Child care providers are paid substantially less than the average wage for workers in Outagamie County of $23.60 an hour. The average wage for child care workers in Outagamie is $13.80 an hour, and few offer job benefits like health insurance or retirement accounts.

While regulated providers of any classification are likely to be forced to weather these issues, home-based child care providers face "distinct challenges," said Molly Gallagher, another recent graduate of La Follette who worked on the report.

In order to satisfy the state's child-to-staff ratio requirements, home-based providers must limit the total number of children they can serve at a time based on each infant or toddler in their care. In turn, this can end up limiting their income. Gallagher said home-based providers also reported struggling with paperwork on top of being the only provider caring for the children, and the cost of large one-time expenses like radon testing needed to meet safety requirements.

Center-based providers, however, reported challenges in recruiting and retaining staff and managing child enrollment, Gallagher said.

**Study outlines potential solutions**

The La Follette students, who started their work well before Outagamie County allocated ARPA funds to improving child care, believe their work can help guide decisions on how to spend the county's newly-allocated funds.

"Our report draws from the experiences of people in the area, child care providers, and what their challenges are and what they believe could be effective solutions," Gallagher said. "I think having that regional perspective could help them understand where the ARPA funds could be best placed."

Homan agreed that the report provides a "solid basis" for outlining potential policy changes. Before the county determines what exact areas of the child care and early childhood development sector it hopes to tackle with ARPA money, and the channels through which it will disperse this funding, it will continue research and meeting with subject matter experts, Homan said.

Based on the feedback of the 25 regulated providers the La Follette students heard from – 21 of which operate their businesses in Outagamie County, the others who serve similar markets – and their other research, the students outlined several ways Outagamie County could ease its child care crisis:

- **Partner with existing network(s) of child care providers that work together to share administrative and other costs, commonly called 'shared services networks.'** The report said this allows providers to save time and money, freeing up revenue for wages and other expenses. Common areas centralized staff members help individual member providers with include staffing, human resources, paperwork related to enrollment and business expenses, educational leadership including quality coaches who can work with providers to improve their program, professional opportunities and more.
- **Use grants to help** cover one-time health and safety costs. "The one-time grant funding for home-based providers was something they asked for over and over," Lawrence said. "Spending however many thousands of dollars to test their water for radon was something that was a big hurdle for them."
- **Incentivize public-private partnerships.** The report points to the Greater Fox Valley Child Care Alliance's ability to pinpoint which businesses would be interested in such partnerships, as well as those who are already offering child care help to employees, as the perfect way to create more sustainable supports.

**'No silver bullet'**

By the end of the year, Homan and her team hope to have the research phase wrapped up and make recommendations on which specific areas of the child care and early childhood development industry they wish to invest ARPA funds in. From there, Outagamie County will begin determining a federally and county compliant procurement process.

For now, they are continuing their research. The La Follette students recommended the county focus on determining the needs of providers of color and those just starting child care businesses.

Sarah Halpen-Meekin, a professor at the La Follette School of Public Affairs and faculty adviser on the project, explained students were limited in the scope of their research. As they are not members of the community, the students had to rely on introductions to find their sources. By nature, most of the providers recommended to them were well-established and had been in business for years, Halpen-Meekin said.

"I can say with my researcher hat on that I think folks in the county are better positioned to tie into social networks that will allow them to … find people who are considering starting child care or who have just entered that business space, or to find child care providers who identify as people of color," Halpen-Meekin said.

No matter how Outagamie County chooses to spend the $2.8 million dedicated to child care and early childhood development, both Nelson and Homan recognize it will take an overhaul of the system to fix it – something millions in ARPA funds is not equipped to do.

"Outagamie County allocating $2.9million for child care and early childhood development is not going to be the silver bullet solution to solve everything around child care in Outagamie county," Homan said. "We hope that however we determine we approach investment

might have the ability to innovate, prove a concept or tackle something that without this money we wouldn't have been able to try."

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