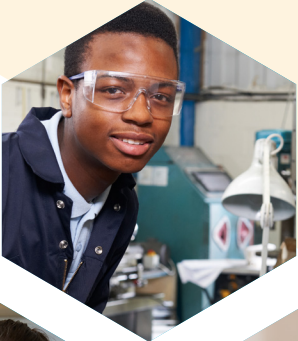




VILLAGE PATHWAYS™  
**TO CHILDCARE**



— AMPLIFYING VOICES —

# EMPLOYERS

IN BARRY, IONIA, KENT, MECOSTA, MONTCALM COUNTIES



VIBRANT  
**FUTURES**

# Partners

Thanks to all the individuals and organizations whose contributions were instrumental in amplifying the voices of employers in Barry, Ionia, Kent, Mecosta, and Montcalm counties.



## Acknowledgements

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# The Silent Noise: A Costly Endeavor

## Childcare shortage quietly limiting West Michigan economic growth


In the five-county area including Barry, Ionia, Kent, Mecosta, and Montcalm, 100% of employers surveyed, representing 40,000 employees, support State action on the Michigan silent but costly childcare crisis. As a recent Michigan Chamber of Commerce report quantified, the lack of affordable childcare is limiting family earnings, jeopardizing business growth, and constraining the state economy.

The Village Pathways to Childcare employer survey results confirm that employee expectations have shifted post-pandemic, and childcare shortages continue to restrict recruiting and retaining talent.

***As the childcare shortage continues, nearly 80% of employers are open to partnering on state solutions to help manage the workforce and childcare challenge.***

In the same set of employers surveyed, 63% were open to considering the state-supported and extremely promising Tri-Share program, in which Michigan, employer, and eligible employee each pay one-third of childcare costs for parents whose wages limit their ability to pay.





***Employers surveyed rated cost as the top childcare challenge for their employees, with one commenting that childcare costs sometimes exceed income, preventing some parents from staying in the workforce.***

Availability of care during work hours, including overtime shifts, is another common constraint affecting employers.

While the demand for childcare currently outstrips supply throughout West Michigan—with sufficient capacity for only about 61% of children under age 5—employer participation in the federal Employer-Provided Tax Credit is generally low. In addition, Michigan employers have been slow to access State of Michigan funds by adopting Tri-Share.

Fortunately, West Michigan leaders from the private, public, and independent sectors have joined forces to take on the challenge. In a region well known for its creative and collaborative spirit, we look forward to shaping a solution that will allow economic growth to flourish once again.



Chana Edmond-Verley  
Chief Executive Officer  
Vibrant Futures

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# Absence of Care

## Top 10 Concerns of West Michigan Employers

The voices of employers in Barry, Ionia, Kent, Macomb and Mecosta raise 10 concerns.

- 1** Childcare costs have risen faster than wages making it unaffordable.
- 2** Employer-provided childcare benefits may be perceived as inequitable to employees without young children.
- 3** The childcare shortage limits hiring of younger, longer-term workers.
- 4** Childcare providers also struggle to attract workers for prevailing wages.
- 5** Providing onsite childcare is not an option for many workplaces due to safety and liability factors.
- 6** Stopgap childcare measures rather than systemic solutions perpetuate worker turmoil and family distress.
- 7** Poor alignment between employer, school, and childcare schedules creates constant gaps in coverage.
- 8** Essential businesses running 24/7 require reliable attendance to operate.
- 9** Increasing the supply of quality affordable childcare is a top priority for both rural and urban communities.
- 10** Cross-sector innovations may offer new solutions.

# Executive Summary

## Findings



### **COST OF CARE RELATIVE TO THE ECONOMY**

The cost of childcare creates a burden for employers and parents, but childcare sector wages are too low to attract enough workers for growth.



### **LIMITATIONS ON HIRING AND FUTURE GROWTH**

The childcare shortage makes it difficult to hire and train younger workers for knowledge transfer, continuity, and future growth.

### **STRATEGIC SOLUTION REQUIRED**

Neither parents nor employers have the capacity or expertise to create the strategic, systemic childcare solution that West Michigan needs.

## Insights

### **WEST MICHIGAN EMPLOYERS REVEAL THAT CHILDCARE SHORTAGE CHALLENGES ARE AFFECTING THEIR BUSINESSES AND ORGANIZATIONS**



1. Childcare costs and shortage major concerns



2. Childcare instability producing worker turmoil and distress



3. Childcare benefits support only some employees



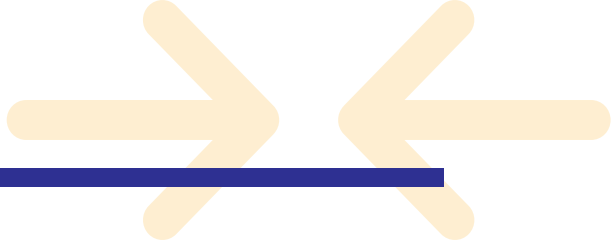
4. Gaps in insights, data, funding impeding progress



5. Low support for employer-provided care

## Conclusion

Absent a strategic, systemic, public-private solution, the childcare crisis will continue to impede economic growth in Kent County, constraining the prosperity of families, businesses, and communities.



# Costly Consequences

## CHILDCARE CRISIS EMPLOYER INSIGHT 1

### Childcare costs and shortage major concerns

Employees are the lifeblood of businesses, hospitals, nonprofits, and governments. Whether public, private, or independent sector, employers manage current operations and future growth by hiring, training, and retaining valuable employees.

“The pandemic drove thousands of childcare providers out of business,” said Shana Lewis, Trinity Health vice president of talent acquisition and workforce development. “Parents of young children who cannot find affordable childcare simply cannot join the workforce, and we are still feeling the effects of an overly tight childcare market in West Michigan.”

Regional planning leaders agree. “In most West Michigan communities, availability in childcare continues to be a key part of the hiring crisis,” said Marcus Keech, director of government affairs for Grand Rapids Chamber. “The childcare crisis was even more amplified due to the economic shifts triggered by the global pandemic. In order to change the course, it will take a cross-sector approach to address uncertainty within the childcare industry, and in turn, address childcare capacity needs in each community.”

Until that happens, the workforce shortage will continue to challenge employers in their attempts to attract, hire, and train the young employees who will help take their business forward.

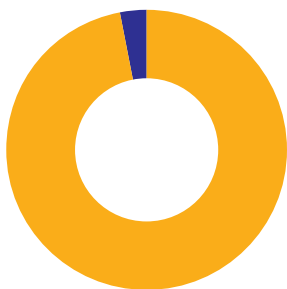
***“How can someone earning \$25 an hour pay \$20 an hour for childcare?”***

***—Manufacturer, Ionia County***





## Top Childcare Considerations for Employers



**98%**  
childcare is important to employees



**61%**  
childcare gaps negatively impact business



**86%**  
lack of childcare affects recruitment and retention

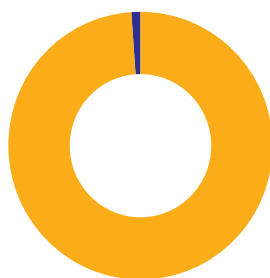
*“Childcare is very costly... sometimes employees are unable to even afford proper childcare so they can work.”*  
—Human Resources, Kent County

*“Employees are not able or willing to pay the high cost of childcare.”*  
—Engineering, Kent County

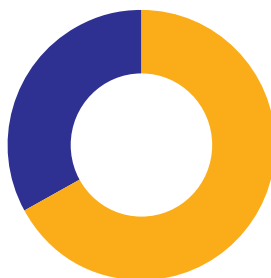
## Employer Interest in Activating Childcare Solutions



**72%**  
interested in implementing strategic solutions



**99%**  
believe in making childcare more affordable for parents



**67%**  
likely to publicly champion childcare



# Distracted Workers, Lost Productivity

## CHILDCARE CRISIS EMPLOYER INSIGHT 2

### Childcare instability producing worker turmoil and distress

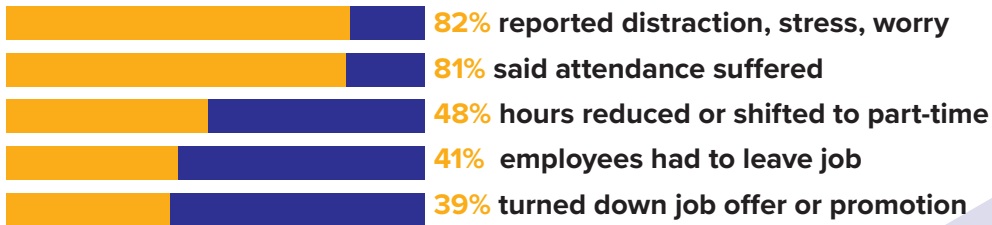
Apart from early childhood centers and preschools, employers are not in the business of childcare. They build roads and bridges, run hospitals, educate students, manufacture cars, and more... all on tight budgets and schedules with strict requirements to produce returns on investment. Few have the financial or operational capacity to operate childcare on the side: the regulation is steep, the liability high, and the costs prohibitive.

As a result, working parents must navigate a too-tight childcare marketplace, balancing the needs to earn a living and ensure safe care for their children. When overtime is mandated, a shift changes, or a child gets sick, the tightrope snaps, creating worker turmoil and family distress... which in turn affects productivity and quality at work.

“As businesses continue to navigate the evolving talent landscape, the impact of childcare disruptions on workforce productivity has become a critical concern,” said Victor Joaquin, talent program manager for The Right Place. “Childcare disruptions not only affect working parents but also have a ripple effect across the entire business community.”

Each interruption in care potentially creates a ripple effect for parents, their coworkers, their boss, and the employer, eventually landing on the bottom line.

## Effects on Employee Performance



*"I feel this is a complicated issue. Having cost-effective options for last-minute care as well as consistent and sick care are important. I believe more businesses would invest in childcare if there was a little more security and potentially funding for it. I have considered building a daycare, but I need to staff it, and talent is a huge issue in all industries."*

*—Building and Construction, Barry County*

*"Childcare is the #1 thing that needs to be worked on in this state. I have seen so much turmoil in employees, workers, and friends due to the lack of reliable, safe childcare."*

*—Hospitality*

*Mecosta County*



# Diverse Employees, Varied Needs

## CHILDCARE CRISIS EMPLOYER INSIGHT 3

### Childcare benefits support only some employees

West Michigan employers represent a broad range of industries — automotive manufacturing, agribusiness, technology, food processing, and more—each employing a diverse array of employees.

While employers surveyed recognize that unmet childcare needs can keep highly qualified people out of the workforce, they also see costly childcare benefits as serving only a portion of their employees.

Honoring the need to ensure equitable treatment of all employees was cited more than once in the survey and in follow-up interviews.

“One of our values is care for families, and we continually look for ways to make sure we are supporting the families that make up our workforce,” wrote one Ionia County survey respondent from the agriculture sector. “Funding is always an issue, as is fairness across the labor force.”

Another employer voiced a similar perspective.

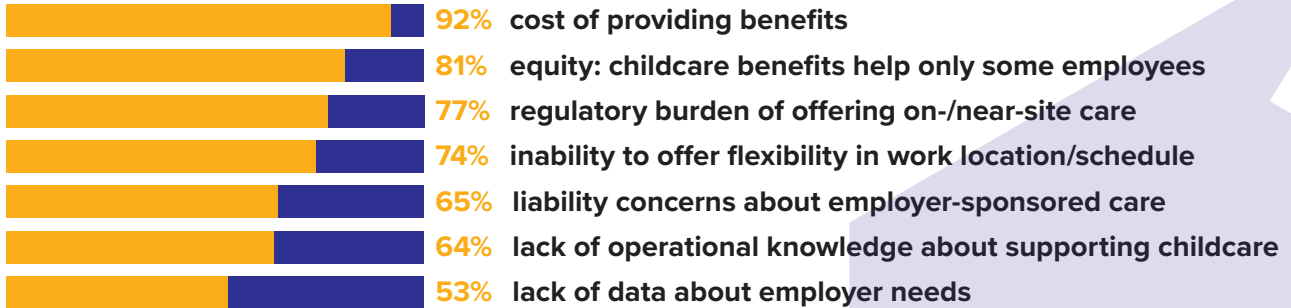
“We have to ensure that what we offer is equitable for all employees,” said one Kent County executive. “And we must live within a fixed benefits budget for each year. From an administrative perspective, it’s not as simple as it might appear.”

*The cost of offering anything would be challenging, as well as a philosophical shift in whose responsibility childcare costs are, as agriculture tends to be more traditional in its thinking versus other industries.*

*— Agriculture, Ionia County*

## Barriers to Supporting Employees' Childcare Needs

Cost and worker equity top concerns.



## Employers' Post-Pandemic Accommodations

	IN PLACE	DID NOT ADOPT	N/A
Four-day work weeks	22%	62%	15%
Remote/hybrid models	56%	29%	15%
Scheduling flexibility	59%	30%	11%

*“Our scheduling/remote/hybrid flexibility is always available to employees within reason, on an as-needed basis. No permanent changes, but we are understanding and open to life needs.”*  
 —Nonprofit, Kent County

*“We did implement a 4-day work week for approximately a year, but we found that employees were seeking second jobs to fill in the additional day of wages.”*  
 —Manufacturer, Kent County

*“We don’t pay a lot of attention to COVID—just go to work. If you’re down and out sick, stay home. We haven’t changed the common-sense model that has been in place for years.”*  
 —Building and Construction, Barry County

*“There has been discussion from our last two employee engagement surveys around the need our employees have for childcare. We had begun exploring options, but it’s very burdensome. This issue has been on our radar, and we would be interested in collaborating further.”*  
 —Manufacturer Ionia County

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# Growing Employment, Static Childcare

## CHILDCARE CRISIS EMPLOYER INSIGHT 4

### Gaps in insights, data, funding impeding progress

The West Michigan region is considered a manufacturing hub for aerospace, automotive, commercial furniture, and food processing industries. With a culture of collaboration between private and public sectors encouraging innovation, growth, and new development, West Michigan is emerging as a dynamic region capable of attracting top talent from elsewhere.

“We’re back to being a thriving, dynamic, regional economy... we’re well past that pandemic moment,” said Randy Thelen, CEO of The Right Place, a Grand Rapids-based regional economic development group. In a December 2023 announcement about creating and retaining 1,393 jobs in technology, manufacturing, and automation, he said, “it really speaks to the desire of our region to continue to have that edge of a much more diverse economy that helps us weather some of the economic storms that other parts of the Midwest have to fight through.”

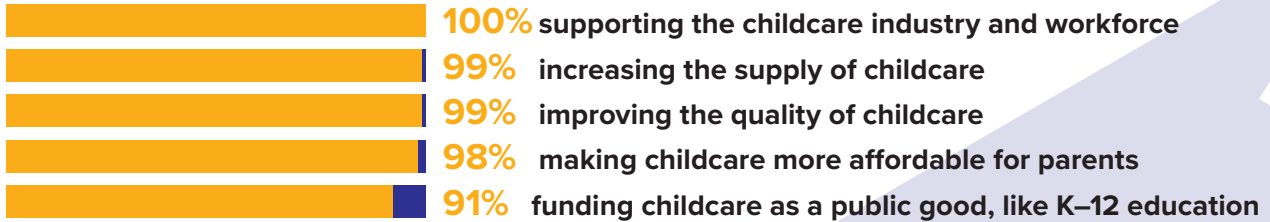
Along with new growth percolating in multiple sectors come greater demands on an already-strained childcare market. Survey respondents noted the complexity of the issue and the persistent difficulty in finding affordable, equitable, and flexible care formulas. Gaps in insights, data, and funding were all cited by employers as barriers to progress.

In 2022, national employer JC Penney extended childcare benefits to all 50,000 employees, anticipating a positive mix of cost savings from employees gaining proximity, flexibility, and easier access to quality care. Nationally, 56% of employers in 2022 reported offering some childcare benefits, up from 36% in 2019.

Until expansion in West Michigan childcare tracks with growth in employment, employers’ ability to fill jobs will be constrained.

## Michigan policies and investments

Important state priorities per employers.



*“Considering the shortages of employees across the state, it will be hard to imagine that the state can just create enough qualified childcare professionals in a year. But a college-to-work pipeline of childcare professionals is possible.... Access to childcare (and healthcare) should be independent from your employer and available no matter where you work.”*

*—Manufacturer, Ionia County*

*“Childcare costs half of my take-home pay each month. I’ve had to place my mortgage in forbearance to pay for it and will soon need to borrow money. All the moderately priced centers and at-home care with a good reputation had a 12- to 18-month wait for full-time infant care. I had no choice but to use a very expensive daycare center.”*

*—Parent, Kent County*



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# Scalable Solutions, Healthy Growth



## CHILDCARE CRISIS EMPLOYER INSIGHT 5

### Low support for employer-provided care

Whether operating a factory, running a construction site, educating the next generation, or handling financial affairs for clients around the globe, West Michigan employers juggle multiple priorities as they balance the needs of customers, regulators, supply chains, technology, competition, and employees.

While a strong majority of employers surveyed (61% to 99%) indicated high awareness, interest, and willingness to invest in better childcare solutions for their workers, less than one-third (31%) would consider hosting onsite childcare. In comments, respondents mentioned regulatory burdens, intolerable liability, incompatibility with a high-risk workforce, and lack of operational knowledge.

Yet at the federal level, the *Employer-Provided Child Care Credit* offers a tax reduction only for firms providing a childcare facility for employees. Additional factors that may limit use of the credit include lack of awareness, insufficient financial incentive, difficulty in ensuring equitable access for shift workers, and lack of affordability even if the care is subsidized and provided by the employer.

Clearly, a strategic alignment of federal, state, and private incentives has yet to be identified and operationalized for working families in West Michigan.

“All families deserve to have childcare that meets their needs — regardless of where they live, how much money they make, their race, ethnicity or immigration status,” said Governor Gretchen Whitmer, affirming the need for strategic and systemic solutions. “In too many Michigan communities, families cannot find the childcare they need.”



## Employers' financial contribution preferences

	IN PLACE	CONSIDERING	NO
Flexible Spending Account	41%	39%	8%
Michigan Tri-Share	5%	58%	24%
Vouchers	10%	51%	27%

## Helping Employees Bridge the Gap

Families expressed preference for employers that offer assistance with childcare availability and expenses.

	IN PLACE	CONSIDERING	TOTAL
Offer information about financial assistance for childcare	24%	67%	90%
Provide information about available childcare	25%	65%	90%
Offer Flexible Spending Account or reduced childcare rates	41%	39%	80%
Offer remote or flexible work options	49%	22%	71%
Partner with local childcare provider	7%	65%	72%
Assist with emergency or backup care	13%	52%	65%
Participate in Michigan Tri-Share model*	5%	58%	63%
Help pay for childcare expenses with vouchers	10%	51%	61%
Host onsite childcare	9%	23%	31%

\* Michigan Tri-Share model involves employer, employee, state split childcare cost for qualifying parents.

# Demographics

## COUNTY

59%	Kent
20%	Barry
14%	Mecosta
14%	Ionia
5%	Montcalm
2%	Muskegon
1%	Ottawa
1%	Mason
1%	Oakland

## NUMBER OF EMPLOYEES

19%	20–49
16%	500+
15%	10–19
15%	1–9
13%	100–249
12%	250–500
9%	50–99

## GEOGRAPHY

33%	Small city or town
33%	Large city
19%	Rural area
15%	Suburb near city

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# Conclusions

In West Michigan, the impact of the childcare shortage is silent but significant. Post-pandemic, many parents have not yet returned to the workforce, and new parents are dropping out due to lack of available and affordable quality childcare.

“Business as usual,” characterized as a hands-off approach to childcare, is undergoing a major shift that echoes the creation of Social Security after the Great Depression and the adoption of health care reform post-economic downturn.

No longer perceived as an issue affecting an insignificant portion of workers, the childcare crisis is now widely regarded as a critical impediment to economic growth and vitality.

The climate for engagement and action is ripe. Employer interest, early-stage responses from multiple sectors, and readiness for systemic change, are all high.

On the public-private policy agenda now:

- expanding creative cost-sharing options such as Michigan Tri-Share
- embracing smart technology to improve the flow of data, information, and navigability
- exploring opportunities for new policies, tax incentives, and grants
- building talent pipeline approaches to begin addressing workforce challenges and talent shortages
- investing in universal early childhood education options to bolster sector offerings, bring relief to families, and create pay parity with K–12 sector

Vibrant Futures creates cradle-to-career opportunities and experiences that hold sacred the vibrant promise and potential in every child, family, and caregiver, to ensure more vibrant futures for all.



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