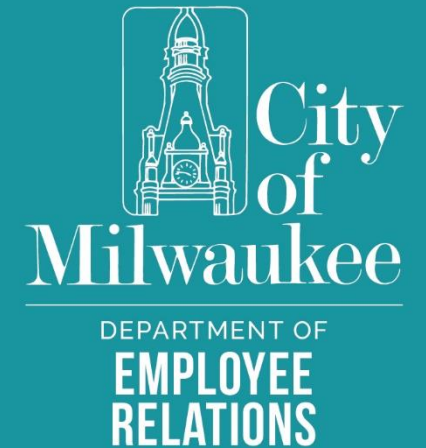


Childcare Initiative

Key Considerations and Implementation Options

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Challenge: Milwaukee's Childcare Landscape

High-quality care is in short supply, providers are underpaid

- **Widespread shortage of high-quality early childcare education**

- A 2020 Greater Milwaukee Foundation (GMF) report found that there are only 37,000 facility spots for the 47,000 children under six in Milwaukee — and more than half of young kids lack access to high-quality care
- Only two four-star or five-star childcare centers currently exist within the central business district. Several dense neighborhoods on the North Side and South Side face acute shortages of high-quality centers

- **High costs and low wages**

- A 2022 market survey by the Wisconsin Department of Children and Families (DCF) found that the average center in an urban area charges \$200-\$300 weekly — families could be paying up to \$15,000 per child yearly
- GMF found that Black families spent up to 31% of income on care
- Median hourly wages for providers in Wisconsin range from \$11.00 to \$13.55 — and one in four providers reported being food insecure

Goals: Childcare Initiative

Offer a high-quality benefit that attracts employees back to the office

- **Provide affordable five-star care in the central business district**
 - Discounted care provided as an FSA benefit would make the City stand out as an employer of choice and respond to a clear need in the Downtown area
- **Offer market-leading salaries and benefits to high-quality providers**
 - Only one in five providers currently receive health insurance through their employer; the City's robust benefits package (or benefits offered by a contracted agency) could offer teachers stability in an industry where turnover is high
- **Prioritize City employees with lower incomes that work on the City complex 4-5 days a week**
 - Remaining spots could be offered to other City employees and private sector workers in the CBD

Case Studies: Boston, Madison

Long-running program in Boston, Madison studied six options in 2023

- **Boston**

- Childcare center operating in City Hall since 1989 — open to private sector workers at market rates, but priority given to municipal employees
 - Employee cost share undetermined

- **Madison**

- La Follette School conducted cost-benefit study in 2023, found that total benefit was maximized with a facility with 150 daytime slots and 37 after-hours slots
 - Up to \$2.9 million in annual benefits for the City of Madison through improved productivity, reduced absenteeism, and reduced turnover
 - Wide range of possible staffing costs and breakeven weekly rates

Considerations: Space Availability

City Hall basement could be remodeled without space reconfiguration

- **Current space utilization on the City complex**

- The only unused spaces in City Hall are the 8th floor and three relatively small rooms on the 3rd floor, both allocated to the City Clerk's office — all other spaces would require reconfiguring other departments' work spaces
- Collaborating with DPW to identify multiple options, depending on the number of childcare slots are made available

- **Spaces that could be vacated and reconfigured for childcare**

- The south basement of City Hall (~3,000 sq. ft., currently allocated to the City Clerk's office) could hold 40-60 children depending on usable floor area — the basement common areas were recently remodeled and already have washrooms and baby changing tables
 - Further code analysis is necessary to assess usable space in the basement
- DPW recommends that any spaces selected for further study be located at or near ground level

Considerations: Space Availability

City Hall basement could be remodeled without space reconfiguration

- **South basement would take approximately 16-18 months to configure as a childcare facility**
 - Design work (5 months)
 - Programming, predesign, schematic design, design development, and construction documents
 - Bidding to general contractor (2 months)
 - Construction (10 months)
 - If the Council and DER move forward, a first-phase facility could be ready by 2026
- **Long-term space usage considerations**
 - The Downtown Plan calls for 809 Broadway to be redeveloped — if the City opts to retain some space in a future new building on that site, a childcare facility could be relocated there
 - Childcare services could be provided to employees at other large City buildings outside of Downtown (e.g., the DPW Field Headquarters or the Howard Avenue Water Treatment Plant)

South Basement Site Photos



South Basement Site Photos



South Basement Site Photos



Considerations: State/Local Regulations

Childcare centers are mainly regulated by State administrative rules

- **Wis. Dept. of Children and Families (DCF) facility requirements**
 - Centers must have 35 square feet of usable floor area per child
 - An outdoor play space must be provided with 75 square feet of space per older child and 35 square feet of space per younger child — it must be on-site unless an exemption request and written travel plan are approved by DCF
 - Infants and toddlers must be cared for on a ground floor unless the facility meets local zoning/building code requirements for providing care on other levels
 - HVAC equipment and electrical outlets must be childproofed and screens must be placed on windows
 - Radon testing must be conducted regularly
 - Meals may be prepared on-site, at a central kitchen, or another facility inspected by a State agency

Considerations: Demand for Childcare

Madison study offers reference point on willingness to pay

- **Approximate demand curve based on Madison study**
 - ~1,200 dependents under age 7 on City healthcare plans
 - ~600-1,000 employees on-site at the City complex post-COVID due to remote work, some of whom may choose to return to the office if on-site childcare was offered
 - Based on parents' willingness to pay in Madison:
 - **\$100 weekly rate:** 95-155 spots demanded
 - **\$200 weekly rate:** 70-115 spots demanded
 - **\$300 weekly rate:** 45-75 spots demanded
- **If the Council moves forward, DER will conduct its own survey of City employees**
 - Interest and willingness to pay need to be assessed before making staffing and space decisions

Considerations: Budgeting and Costs

Staffing costs highly dependent on age/number of children and space size

- **Space configuration costs**

- DPW quoted the City Clerk's office approximately \$1.3 million to outfit the City Hall south basement for a museum
- The specific space and furnishing needs of a childcare facility may lead to higher or lower costs

- **Staffing costs**

- DCF enforces minimum staff-to-child ratios that shift depending on age:
 - **Birth to 2 years: 1:4**
 - **2 to 2½ years: 1:6**
 - **2½ to 3 years: 1:8**
 - **3 to 4 years: 1:10**
 - **4 to 5 years: 1:13**
 - **5 years and up: 1:18**

Considerations: Budgeting and Costs

Staffing costs highly dependent on age/number of children and space size

• Staffing costs

- Based on an average hourly wage of \$22 and a fringe benefit rate of 45%, DER estimated staff cost ranges based on two edge scenarios:
 - Upper bound: all children are younger than age 2
 - Lower bound: all children are older than age 5
 - Demand at lower price points cannot be met without more space

	Spots demanded	Lower bound staffing	Lower bound salaries	Upper bound staffing	Upper bound salaries
Demand @ \$100	95-155	6-9	\$398,112 - \$597,168	24-39	\$1,592,448 - \$2,587,728
Demand @ \$200	70-115	4-7	\$265,408 - \$464,464	18-29	\$1,194,336 - \$1,924,208
Demand @ \$300	45-75	3-5	\$199,056 - \$331,760	12-19	\$796,224 - \$1,260,688

Potential Community Partnerships

DER could seek a discounted rate for City employees elsewhere

- **Educational institutions**

- UWM, MATC currently offer childcare to students and the community
 - UWM approx. weekly fees for non-students:
 - **Infant: \$417**
 - **Toddler: \$364**
 - **Preschool: \$279**
 - **K3-K5 (summer): \$315**
 - **1st grade and up (summer): \$290**

- **Other potential partners**

- Milwaukee County
- Downtown private sector employers

Option 1: On-Site Childcare Pilot

Higher upfront costs, but more convenient for City complex employees

- **Facility for City complex employees opening in the City Hall south basement in 2026**
 - Employees with lower incomes that work in-person at the City complex 4-5 days a week receive first priority for spots
 - Remaining spots are made available to other City complex employees, all other City employees, and private sector workers
 - City employees can pay for childcare at a discounted pre-tax rate through their Flexible Spending Accounts (FSAs)
- **Considerations**
 - Higher upfront infrastructure costs to make the basement space suitable for childcare
 - Most convenient location for Downtown-based City employees
 - Creates several dozen additional childcare spots in the CBD — alleviates “childcare desert”

Option 2: Off-Site Facility

Lower upfront costs, but may be less convenient and poach spots

- **The Benefits Division partners with an external childcare provider to reserve spots for City employees at discounted rates**
 - Employees with lower incomes that work in-person at the City complex 4-5 days a week receive first priority for spots
 - Remaining spots are made available to other City complex employees, all other City employees, and private sector workers
 - City employees can pay for childcare at a discounted pre-tax rate through their Flexible Spending Accounts (FSAs)
- **Considerations**
 - Minimal upfront infrastructure costs and no facility construction required
 - Potentially less central location for City complex employees
 - May not create new childcare spots unless increased revenue from City employees justifies additional staff, making “childcare desert” worse; providers might not be paid a living wage

Future Expansions of Childcare Options

Options if initial facility is successful

- **Satellite childcare services at other City facilities**

- If a “phase one” facility at the City complex is successful, DER and DPW could explore developing additional childcare facilities to serve other City employees on the North Side and South Side

- **809 Broadway redevelopment**

- The City could reserve space in a future new building on the 809 Broadway site in order to purpose-build an expanded childcare facility

- **Partner with the private sector to expand into a nearby building**

- Should the City Hall south basement site prove to be too small to meet demand, the City could identify a partner employer in the CBD with available space for a childcare facility. City employees could receive spots in this facility at the same rates as the City Hall childcare center

Next Steps

- Continue working with DPW to assess space needs, options, and costs
- Conduct a site visit to the City Hall south basement with DPW
- Establish contact with other employers and childcare providers in the Downtown area and consider off-site options
- Develop an employee survey to assess interest and willingness to pay for on-site and off-site childcare
- Work with DCD to identify other vacant City properties that could be repurposed for childcare
- Evaluate and compare the costs of using City employees and contractors to provide care
- Identify possible funding sources and state/federal grant opportunities

Questions/ideas? Contact Molly King, Employee Benefits Director: molkin@milwaukee.gov, (414) 286-2938