



First Children's Finance

RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN FOR CHILD CARE

MONTEVIDEO, MINNESOTA

FEBRUARY 2023

The Rural Child Care Innovation Program is possible due to generous funding from the Minnesota Department of Human Services.





This Community Solution Action Plan is designed to be a deep dive into the Rural Child Care Innovation Program.

You will step through every stage of the community engagement process from solution development to implementation.

Please visit
www.ruralchildcare.org
for continued updates on
community progress.

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“If employees can’t find quality care for their children, they won’t work for you. They won’t move to your community, or they’ll be forced to move away, or they might have to consider quitting their job to stay home with their children because **they have no other option.**”

Kris Bevell

Editor
Prairie Business Magazine

EXECUTIVE SUMMARY

Minnesota's rural communities. The goal of RCCIP is to help communities identify the size and scope of their child care challenges and to empower and support communities to develop solutions to address these challenges.

The Community Solution Action Plan for Montevideo intends to outline the child care challenges identified in the community and the proposed solutions to improve the state of child care in the area. A Core Team from Montevideo, with the support of First Children's Finance, conducted a thorough investigation and analysis to uncover the factors contributing to the child care shortage in the area through focus groups, individual interviews, and surveys with a multitude of stakeholders in the community.

To understand the potential need for child care in Montevideo, First Children's Finance conducted a Supply and Demand Gap Analysis and community surveys, which showed a child care shortage of approximately 149 child care slots in the Montevideo Area. The analysis revealed it is very difficult to be a child care provider due to numerous rules and regulations, low pay and no benefits, long hours, and high operating costs. Staffing is a significant expense for many child care programs, resulting in 60-80% of overall expenses. This heavily influences the ability of child care providers to sustain their child care operations.

The analysis revealed that the child care shortage has severely impacted parents living in Montevideo. More than 38% of parent survey respondents declined employment or withdrew from the workforce due to child care issues, and 53% of employers responded that child care impacted their ability to attract or retain employees. Absence from work (when a provider is closed for the day), inability to work a flexible schedule, inability to work different shifts, and tardiness to work hinders the ability of parents to advance in their careers and the ability of employers to meet their business needs.

Some of the major factors contributing to the child care shortage in Montevideo include an increase in dual-working families, attraction of new employees to the area, affordability of child care, difficulties of being a child care provider, and lack of community recognition for child care providers.

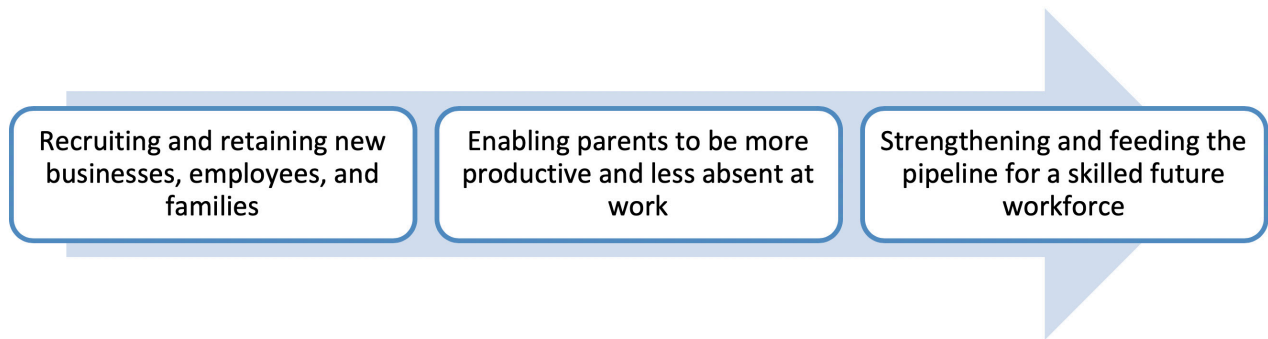
Through the RCCIP, the Montevideo Core Team has identified five goals to address child care challenges. These goals include:

1. Establish within 1 year a network that shares bilingual resources to providers and connects parents to bilingual child care providers in order to work through language barriers and connect the community with more child care options.
2. Coordinate within the next year the development of 2 new child care facilities through partnerships between local community/economic development boards, government agencies, and businesses in order to create new slots and provide child care providers with more employment opportunities.
3. Assist in creating within a year a community-led child care organization that will subsidize child care initiatives and programs in Montevideo.
4. Create an early childhood pathway for high school students by January 2024 that includes career exposure utilizing partnerships and YSL/Work Experience classes, as well as two foundational Child Development classes, leading to a CDA credential or advancement to post-secondary in early childhood education.
5. Identify and implement within the next year at least three ways to continue engaging and supporting current providers.

In implementing these goals, Montevideo will improve the state of child care, empower local child care providers through continuous community support, provide parents with more care options, and give providers stronger resources to run and operate their child care business. In the next 12 months, First Children's Finance will support the core team in implementing these goals and measuring outcomes of their efforts.

THE IMPORTANCE OF HIGH QUALITY CHILD CARE IN COMMUNITIES

In rural communities, the ebbs and flows of the local economy greatly influence the sustainability and supply of child care and vice versa. Because of this, the Rural Child Care Innovation Program addresses child care and early education challenges through a framework of regional economic development. A robust supply of high-quality child care fosters community growth through:



The connection is clear: when our children thrive, so do our communities. Investing in early care and education is not only the right thing to do for our youngest citizens, but the best thing to do for our economic growth and prosperity.

INTRODUCING THE RURAL CHILD CARE INNOVATIVE PROGRAM

Child care is an economic driver for rural communities across the United States, but many communities are facing shortages of high-quality child care. The Rural Child Care Innovation Program (RCCIP) is based on the fundamental idea that rural communities are greater than their size in numbers and greater than their current challenges. By mobilizing and empowering rural communities, the landscape of early care and education is changing in rural America.



PROGRAM FOCUS

Children living in rural areas are more likely to come from low-income households than children in urban areas and are more likely to be living in poverty for longer periods of time. Many rural areas struggle to attract and retain a young, educated workforce, while others lack the resources to keep up with their own growth and success. Although rural communities face many challenges, they are also resilient. They have the innovation it takes to develop nimble, creative solutions that will be effective in their communities. The Rural Child Care Innovation Program leverages communities' independent, can-do attitudes to address early care and education in Greater Minnesota.

PROGRAM ACTIVITIES & GENERAL TIMELINE

APPLICATION PHASE		
ACTIVITIES	TIMING	DETAILS
Application Opens	July 6, 2021	Send the application, post on website
Webinar	July 20, 2021	Learn about RCCIP, expectations, and ask questions
Application Deadline	August 6, 2021	Due by 5:00pm
Follow Up Questions For Applicants	August 24, 2021	FCF will connect by phone or email
Final Awards Made	August 31, 2021	FCF will notify via email
PLANNING PHASE		
ACTIVITIES	TIMING	DETAILS
Core Team Onboarding	April 28 & July 19-20, 2022	Face-to-face meetings to discuss RCCIP details and expectations
Core Team Planning Meetings	July 26, August 18, & September 15, 2022	Develop survey to collect potential solution ideas from the community and begin mapping out community engagement activities
Data Gathering & Community Engagement Activities	August-September 2022	Core Team engages community in gathering data and makes community aware of their work
Child Care Appreciation Event	October 3, 2022	In-person event organized to recognize and appreciate providers in the community
Synthesize Data	October 2022	FCF synthesizes data into useful information
Core Team Meeting	October 20, 2022	Discuss survey progress & plan for Town Hall Event
Town Hall Event	November 10, 2022	Community brainstorming session of possible solutions
IMPLEMENTATION PHASE		
ACTIVITIES	TIMING	DETAILS
Organization of Town Hall ideas	November 2022	FCF staff organizes Town Hall Ideas into a workable format
Implementation Planning Meeting	November 17, 2022	Determine projects to move forward with, set SMART Goals & map out implementation activities
SMART Goal Refinement Meeting	January 19, 2023	In person meeting to finalize SMART Goals
Community Solution Action Plan (CSAP)	February 2023	FCF created report detailing community data, types of solutions, and community identified projects
Community Launch of CSAP	May-June, 2023	Press release and/or community luncheon to share the CSAP
Quarterly updates	March 2023-April 2024	Core team lead provides written quarterly updates to FCF
Regular Project Team Meetings	March 2023-April 2024	Project teams meet to implement community solutions; facilitated by project team lead
Technical Assistance Support	March 2023 – April 2024	FCF provides technical assistance when needed
Final Report	April 2024	Core Team leader submits final written report to FCF
Celebration	April 2024	Core team celebrates its success



EXPECTED OUTCOMES AND IMPACT

The Rural Child Care Innovation Program is designed to support fundamental change in the overall condition of child care in the areas that it is delivered. This is accomplished through various methods that include:

- A thorough analysis of the current child care supply and demand, and evaluation of community factors impacting the local child care supply.
- Events that educate community members about the link between quality child care, rural economic development, and viable communities.
- A Community Solution Action Plan that includes innovative solutions generated through a facilitated process.
- Support and business improvement services to existing family child care providers and child care centers.
- Access to First Children's Finance's expertise, resources, and tools, including research and financial modeling.
- Links to other communities working on similar issues.

Measurements of success are determined through a tactical project management grid that provides guidance to the Core Team about the involved participants and their projected steps and progress towards project completion.

ABOUT MONTEVIDEO

Montevideo is a rural community located in Southwest Minnesota, in a double river valley where the Minnesota and Chippewa rivers converge, roughly 140 miles west of Minneapolis. Surrounded by farmland and prairies with scenic river valley views, the city serves as a hub for many of the small towns in the region and has a population of 5,292 (2021 U.S. Census estimate). Montevideo's economy is primarily driven by manufacturing and trade, which support a wide variety of jobs ranging from entry-level to high-skilled, in production, finance, and other employment sectors.



The Montevideo Area child care needs assessment, conducted in April 2022 by First Children's Finance (FCF), shows that the city's current capacity for child care meets only 84% of the entire child care need (149 child care openings short of full capacity). Additionally, a new State Veterans Home will open in the summer of 2023, bringing 125 new jobs and an increased need for child care to the area. Montevideo Local Boards have identified child care as a critical issue, and the Montevideo Economic Development Authority has similarly identified child care as a top priority for the community. This provider shortage limits the ability of employers to retain existing and attract new workers to the area. Logic dictates that the hardship associated with finding child care, particularly infant care, may also discourage families from having the number of children they may truly desire. If families decide to have fewer children, this means schools will have fewer students. Districts may eventually need to further consolidate, and, to a significant extent, communities will lose their sense of identity. Local employers will have difficulty growing or even maintaining operations as the future talent pool decreases in size. New employers will overlook Montevideo, in favor of communities better equipped to support their workers' child care needs.

LOCAL CORE TEAM REPRESENTATION

The Core Team was identified locally and asked to commit to investigating the child care challenges in Montevideo. The Core Team has and will continue to support development of solutions to sustain a high quality and sustainable child care infrastructure in the Montevideo Area.

- David Lieser – Commissioner, Chippewa County
- Desi Unzen – Coordinator, ISD 129 Little Thunder Hawk Care
- Erich Winter – Mayor, City of Montevideo
- Jack Gottfried – Community Development Director, City of Montevideo
- Kati Birhanzi – School to Work Coordinator, ISD 129
- Lynne Marotzke – Human Resources, Jennie-O
- Marge Knudson – Program Manager, Child Care Aware Region 6W
- Rachel Schlieff – Coordinator, Prairie Five Head Start
- Sarah Hollinger – Family Child Care Provider
- Scott Marquardt – President, Southwest Initiative Foundation
- Tammy Dandurand – Director, CCM Health Child Care
- Tesa Siverhus-Maus – Montevideo Area Chamber of Commerce
- Julie Nolte – Jules Tiny Gems Family Child Care
- Katie Pieh – Teacher, Wildwood Montessori

CHILD CARE DATA AND EARLY EDUCATION TRENDS

As part of the Rural Child Care Innovation Program, the local community was provided with various forms of data to understand the contributing factors to the child care challenges. First Children's Finance leveraged different data sources to pull together an illustrative picture of the impact of child care in the local area. These data sources include US Census Information, MN Child Care Licensing Records, Minnesota Department of Education, MN DEED, School District Census information and other internal research tools including First Children's Finance data.



POTENTIAL NEED OVERVIEW

First Children's Finance conducted a child care supply demand gap analysis which provided a view of potential child care needs. When analyzing the data for Montevideo we looked at the data for three geographic areas, Chippewa County, the Montevideo zip code of 56265, and the Montevideo Public School boundaries, which gives us a better picture of the need. The supply demand gap analysis, dated April 2022, shows a county shortage of 149 slots, zip code shortage of 53 slots, and a School District area shortage of approximately 60 slots for children birth to five with all available parents in the workforce. Narrowing that down even further, the data shows that roughly 40% of the slots needed are for infants and toddlers. The core team chose to focus their effort on the city of Montevideo boundaries as they move forward with creating solutions to the child care shortage. Below is a summary of the information provided in the supply and demand gap analysis for Montevideo.

Montevideo

Child Care Need Analysis

CITY

Montevideo, Minnesota
 Zip Code 56265 - Chippewa County



Population
5,398



149 Chippewa County
60 School District #129
53 56265 Zip Code
Birth to 5 spots needed
FCF Calculation

20
 Licensed family child care

3
 Licensed child care centers

1
 Certified child care center

40% 

283 Current child care capacity
FCF Calculation

Infant Need
FCF Calculation

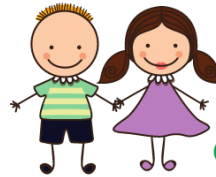


\$542

per month/preschool

Cost of family child care

County level data from 2021 DHS Market Rate Study 50th percentile price cluster 1



336

Children under 5 with all parents working

Estimate based on the 2015-2019 ACS


\$642

per month/preschool

Cost of center child care

County level data from 2021 DHS Market Rate Study 50th percentile price cluster 1



75% 
Children under 5 with all parents in the workforce
Estimate based on the 2015-2019 ACS



First Children's Finance

April, 2022



FAMILY CHILD CARE – BY THE NUMBERS

First Children’s Finance evaluated the current supply of family child care to identify trends needing further examination.

- The average length of service is slightly higher than the state average length of service.
- At 40% the number of providers with more than 20 years of service is higher than the state average. This means Montevideo should prepare for more retirement of family child care providers in the near future.
- Providers with less than 5 years of service and those with more than 20 years of service are most at risk for turnover in an industry that already sees tremendous employment turnover rates.

	LOCAL	STATE
TOTAL FAMILY CHILD CARE PROVIDERS	20	7071
AVERAGE LENGTH OF SERVICE	15.7 years	13.8 years
LESS THAN 5 YEARS / SERVICE	5 / 50%	1904 / 26.9%
MORE THAN 20 YEARS / SERVICE	8 / 40%	2276 / 32.2%
NON-OWNER OCCUPIED	0 / 0%	236 / 3.3%
NON-RESIDENTIAL DWELLING	0 / 0.0%	43 / 0.6%

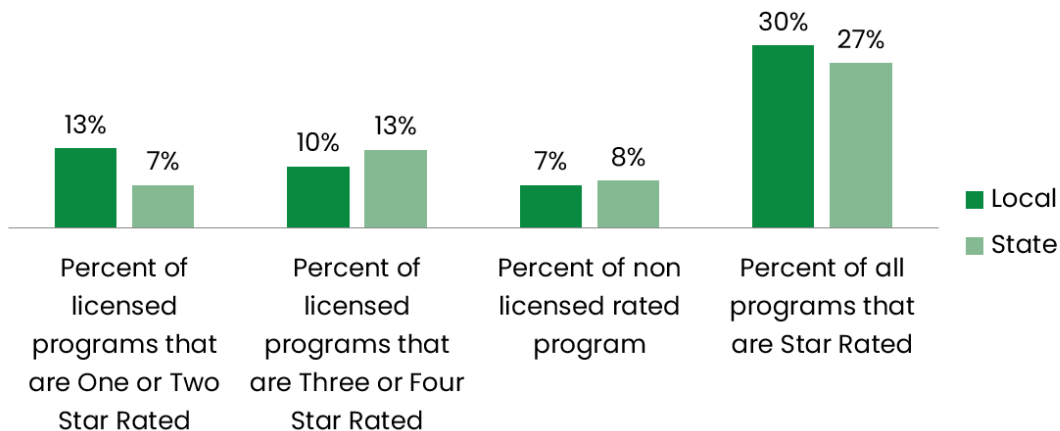
June 2021

In surveying family child care providers, we learned 33% of providers plan on staying in business less than 3 years, while 56% plan on staying in business for 3–5 years. The final 11% said they plan to stay in business for more than 10 years. It is important for Montevideo to consider ways to retain the current family child care providers as well as building more slots within the community.



QUALITY CHILD CARE OVERVIEW

First Children’s Finance examined statewide and county level information about the number of child care programs that are participating in the Parent Aware program. Parent Aware is Minnesota’s Quality Rating and Improvement System that identifies programs that go above and beyond the general licensing requirements to provide higher quality learning environments in their child care programs.



The chart above shows the participation of Chippewa County child care programs in Parent Aware is generally slightly above the state average. This is a critical component when we evaluate the quality of child care program offerings in the area.



AVERAGE COST OF CHILD CARE

Child care is a large investment for families with children. A review of the 2021 DHS Child Care Market Rate Survey was conducted as part of the Montevideo RCCIP process. This study is one tool First Children's Finance uses to analyze care costs in the area.

The following chart shows the average cost of child care investment on a weekly basis at the 75th percentile for each age group in both a center and family child care setting. This number means 25% of child care programs charge more than these dollar amounts and 75% of child care programs charge less.

Area Market Rates – Chippewa County

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
75TH PERCENTILE - INFANT WEEKLY	\$180.00	\$9,360
75TH PERCENTILE - TODDLER WEEKLY	\$ 165.00	\$ 8,580
75TH PERCENTILE - PRESCHOOL WEEKLY	\$ 155.00	\$ 8,060
75TH PERCENTILE - SCHOOL AGE WEEKLY	\$ 130.00	\$ 6,760

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
75TH PERCENTILE - INFANT WEEKLY	\$ 140.00	\$ 7,280
75TH PERCENTILE - TODDLER WEEKLY	\$ 135.00	\$ 7,020
75TH PERCENTILE - PRESCHOOL WEEKLY	\$ 130.00	\$ 6,760
75TH PERCENTILE - SCHOOL AGE WEEKLY	\$ 125.00	\$ 6,500

2021 Child Care Market Rate Survey: Minnesota Child Care Provider Business Update

The Child Care Assistance Program (CCAP) is a statewide program that helps low-income families afford child care. Families must qualify financially to receive CCAP funding. The amount of CCAP awarded to families varies depending on income levels. CCAP reimbursement rates are based on the 25th percentile of the market rate and there is a maximum reimbursement rate a county can award to qualifying families. The maximum reimbursement rates can vary from county to county. When surveyed, 56% of family providers and 50% of centers accept CCAP reimbursement for families.

CCAP – Chippewa County (No quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
NO QUALITY DIFFERENTIAL - INFANT WEEKLY - CENTER	\$170.00	\$8,840
NO QUALITY DIFFERENTIAL - TODDLER WEEKLY - CENTER	\$155.00	\$8,060
NO QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - CENTER	\$135.00	\$7,020
NO QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$ 125.00	\$6,500

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
NO QUALITY DIFFERENTIAL - INFANT WEEKLY - FAMILY	\$ 125.00	\$ 6,500
NO QUALITY DIFFERENTIAL - TODDLER WEEKLY - FAMILY	\$ 125.00	\$ 6,500
NO QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - FAMILY	\$ 115.00	\$ 5,980
NO QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - FAMILY	\$ 103.35	\$ 5,374

Because high-quality child care programs cost more to operate, there is a CCAP differential for programs volunteering to participate in the Parent Aware Star Rating Program. If a child care program has a Three-Star Parent Aware rating, the CCAP maximum reimbursement rate increases by a 15% differential. Three-Star Parent Aware rated programs are required to implement curriculum throughout their entire program. If a child care program has a Four-Star Parent Aware rating the CCAP maximum reimbursement rate increases by a 20% differential. Four-Star Parent Aware programs are also required to implement curriculum and assessment tools throughout their entire program. Below is the 20% differential maximum CCAP reimbursement rate for Chippewa County providers who are Four-Star Parent Aware rated.

CCAP –Chippewa County (20% quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
20% QUALITY DIFFERENTIAL - INFANT WEEKLY - CENTER	\$ 204.00	\$10,608
20% QUALITY DIFFERENTIAL - TODDLER WEEKLY - CENTER	\$186.00	\$9,672
20% QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - CENTER	\$162.00	\$8,424
20% QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$150.00	\$7,800

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
20% QUALITY DIFFERENTIAL - INFANT WEEKLY - FAMILY	\$ 150.00	\$ 7,800
20% QUALITY DIFFERENTIAL - TODDLER WEEKLY - FAMILY	\$ 150.00	\$ 7,800
20% QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - FAMILY	\$138.00	\$ 7,176
20% QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - FAMILY	\$ 124.02	\$ 6,449

While rates of investment for child care are high for families, many child care operations run on very slim profit margins due to the high cost of quality staffing and care. Staffing is a significant expense for many child care center programs, averaging 60-80% of overall expenses.

Many Family Child Care Providers invest significant portions of tuition revenue back into their operations, leaving providers with less than minimum wage for compensation, according to research by First Children’s Finance.

OTHER LOCAL SUPPORTING DATA

As part of the overall collection and review of data, First Children’s Finance shared additional data outcomes, such as third grade reading proficiency rates and local graduation rates. There are multiple studies indicating a link between the quality of early education opportunities and school readiness. Third grade reading proficiency rates and high school graduation rates are one way to link the two. Lower achievement levels from birth to age five can be an early indicator of future challenges in school, engagement in higher education, and teen pregnancy rates. The higher the quality of early care and education programs for children birth to age five, the higher the achievement later in life. Montevideo has third grade reading proficiency levels lower than the state average and graduation rates higher than the state average.

Third Grade Reading Levels

DISTRICT	2020 PROFICIENCY RATE
Montevideo #129	41.5%
Statewide	48.5%

Minnesota Department of Education Report Card

Local Graduation Rates

DISTRICT	2020 GRADUATION RATE
Montevideo #129	89.9%
Statewide	83.8%

Minnesota Department of Education Report Card



ABILITY TO PAY FOR CHILD CARE

Many families working on the lower end of the wage spectrum have difficulty paying for child care. The following chart provide an overview of the local household income that can further impact child care.

Household Income – Chippewa County Household Income – Chippewa County

TOTAL HOUSEHOLDS ACS 2018 5YR ESTIMATE	# OF HOUSEHOLDS	%
Less than \$10,000	240	4.6%
\$10,000 to \$14,999	385	7.4%
\$15,000 to \$24,999	521	10.0%
\$25,000 to \$34,999	484	9.3%
\$35,000 to \$49,999	667	12.8%
\$50,000 to \$74,999	1063	20.4%
\$75,000 to \$99,999	677	13.0%
\$100,000 to \$149,999	761	14.6%
\$150,000 to \$199,999	240	4.6%
\$200,000 or more	161	3.1%
TOTAL HOUSEHOLDS	5,209	
MEDIAN HOUSEHOLD INCOME	\$55,269	

U.S. Census American Community Survey 2019

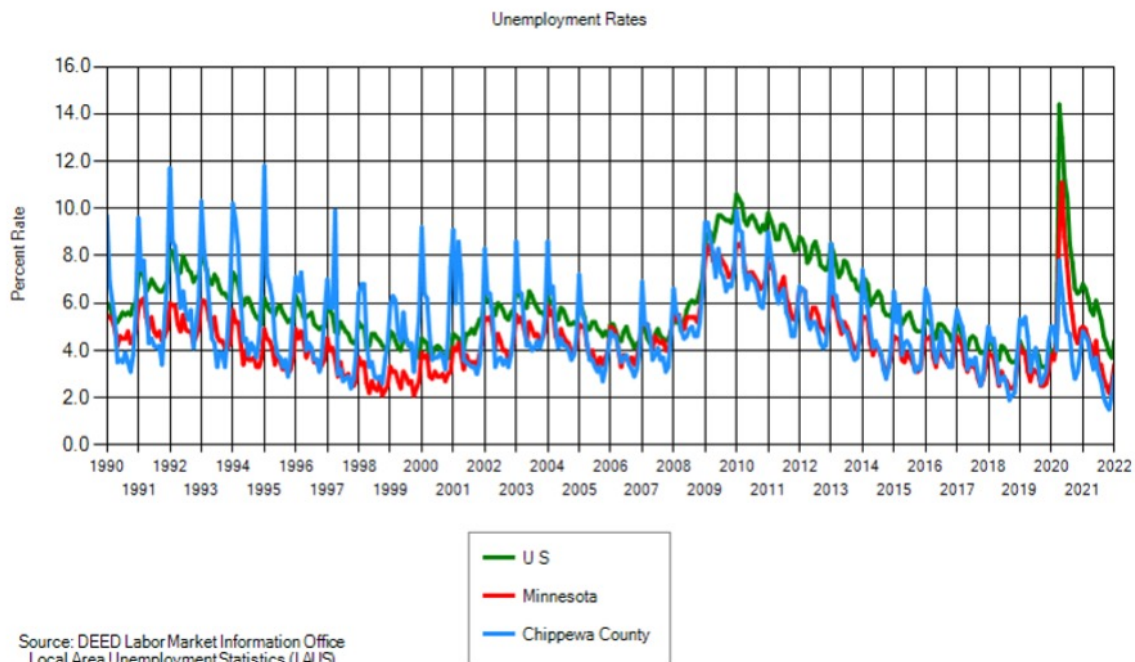


LOCAL EMPLOYMENT CONDITIONS

Employment data was also considered by First Children’s Finance in the analysis of the child care situation in Montevideo, as it can be an indicator that additional child care is needed to support the employment needs of the community when there are more two-parent families employed. Montevideo has a slightly lower than state average participation rate for households with all parents in the workforce at 75% while the state average is 76%.

Unemployment Rates – Chippewa County

In January 2022 when this initial analysis of data for Montevideo was completed, the unemployment rate was 3% which is a relatively low unemployment rate. This can also indicate a larger need for child care in a community.



Top Local Industries – Chippewa County

Employers in the Montevideo Area were invited to participate in the child care conversation and complete surveys because they are impacted by absenteeism and decreased employee productivity when child care is a challenge. Furthermore, many employers have been able to provide valuable insight and resources into child care discussions.

Top 3 Industries	# Employees	% of Workforce
Industry: Manufacturing	1,003	18.9%
Industry: Retail Trade	470	8.9%
Industry: Wholesale Trade	361	6.8%

www.ruraldataportal.org

COMMUNITY INSIGHTS

Extensive outreach was conducted by the Core Team to engage the community about child care. This work included one-on-one stakeholder meetings with various community leaders, electronic surveys of parents, providers, and employers, focus groups, and presentations about child care. Through these various inputs, the Core Team was able to better understand the underlying causes of local child care challenges.

FOCUS GROUPS



ONE ON ONE MEETINGS



SURVEYS



PRESENTATIONS

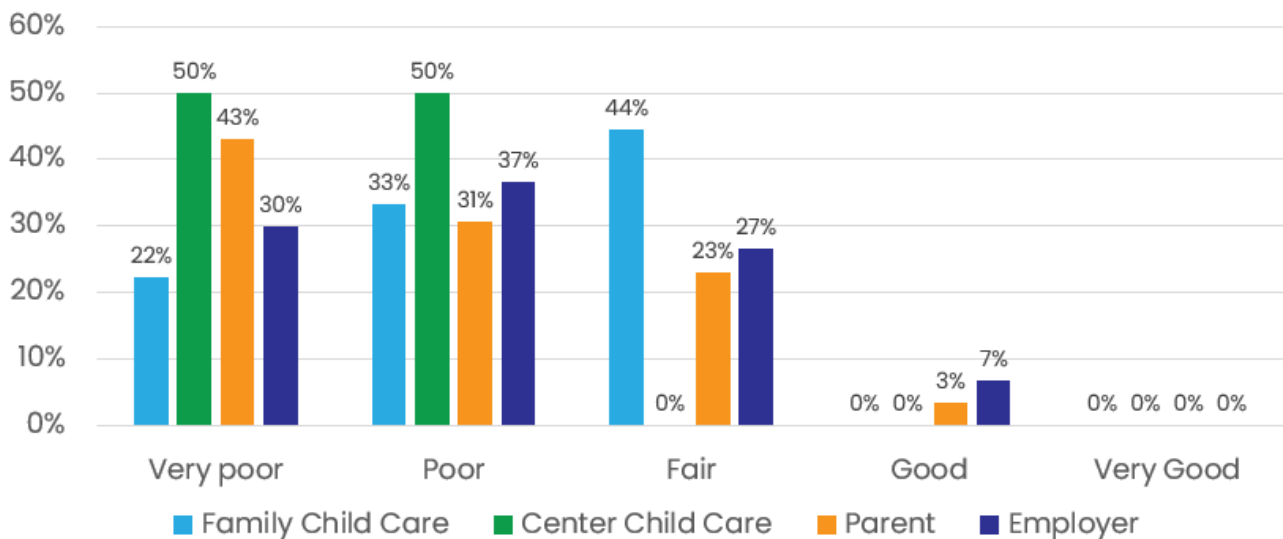


COMMUNITY SURVEYS – SELECTED PERSPECTIVES

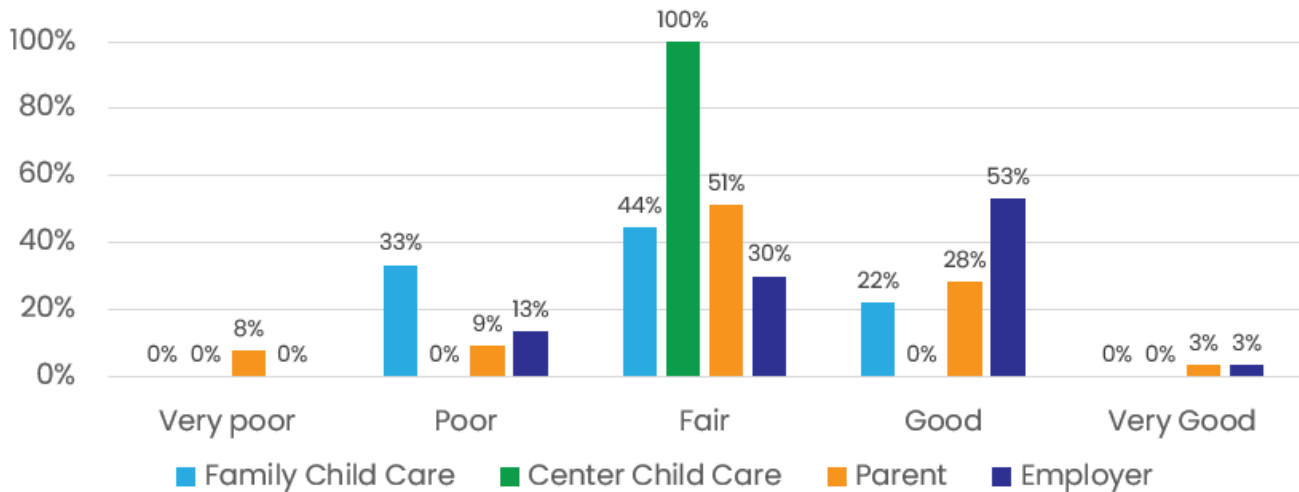
The general community was invited to participate in a comprehensive survey about child care in the local Montevideo community. Respondents included 213 individuals for the parent survey and 30 employers for the employer survey. A separate survey gathered information specific to child care businesses from 9 family child care providers and 2 child care centers.

The following charts represent some highlighted perspectives within the community.

Perceptions: Availability of Child Care in the Local Area



Perceptions: Quality of Available Child Care in the Local Area

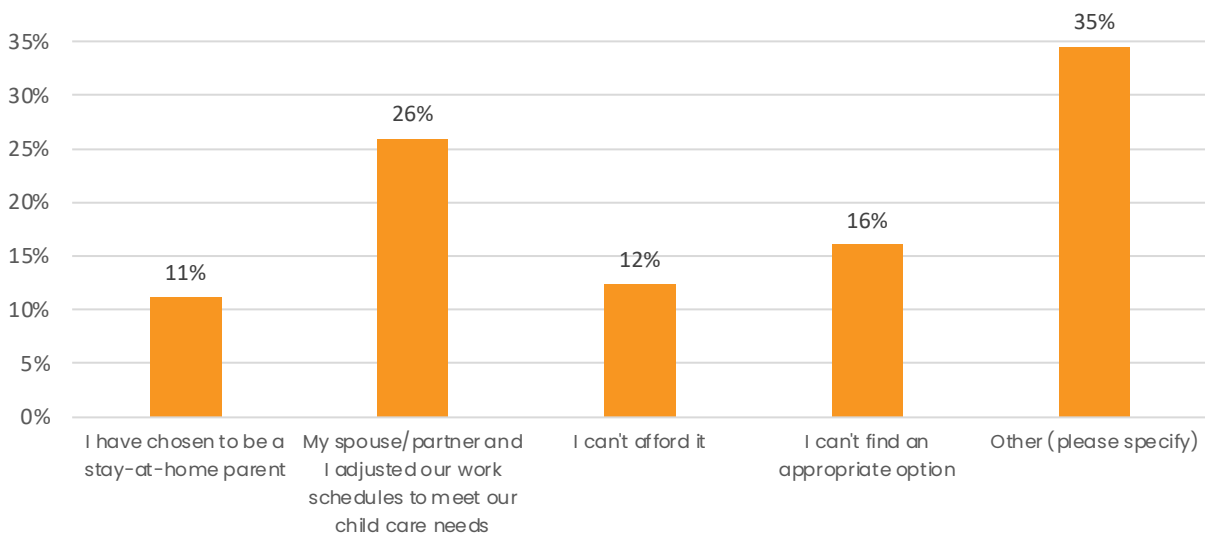


While specific questions about quality were not part of this survey, it was noted that there is a positive perception between child care providers and the local community on the quality of child care programs in the area. When survey participants were asked about what is important for them in a child care program, they ranked their preferences as follows (1 being the most important):

1. Provider demonstrates a safe and healthy environment
2. Provider is licensed by the Department of Human Services
3. Provider uses an educational curriculum
4. Provider is conveniently located
5. Provider has achieved a high level of education or credential
6. Provider is Parent Aware rated and/or nationally accredited
7. Provider is a friend, family member, neighbor, or someone I have a personal relationship with

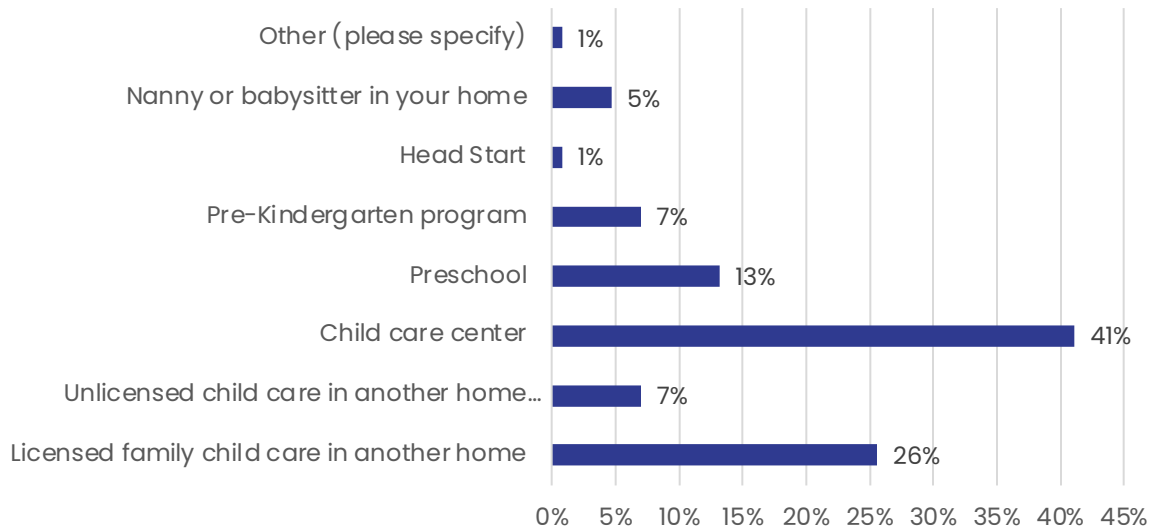
Reasons for Not Enrolling in Paid Child Care

A breakdown of the parent survey showed 44% of the parents did not have children under the age of 5 while 46% of the parent survey respondents said they do not pay for child care. The breakdown on why they are not using child care is in the chart below. The largest groups of parents not using paid child care say it is because they have adjusted their work schedules to meet their child care needs or they can't find an appropriate option. Some comments from parents answering "other" included that no paid care was available, their children had aged out of needing care, or family members cared for their children at no cost.



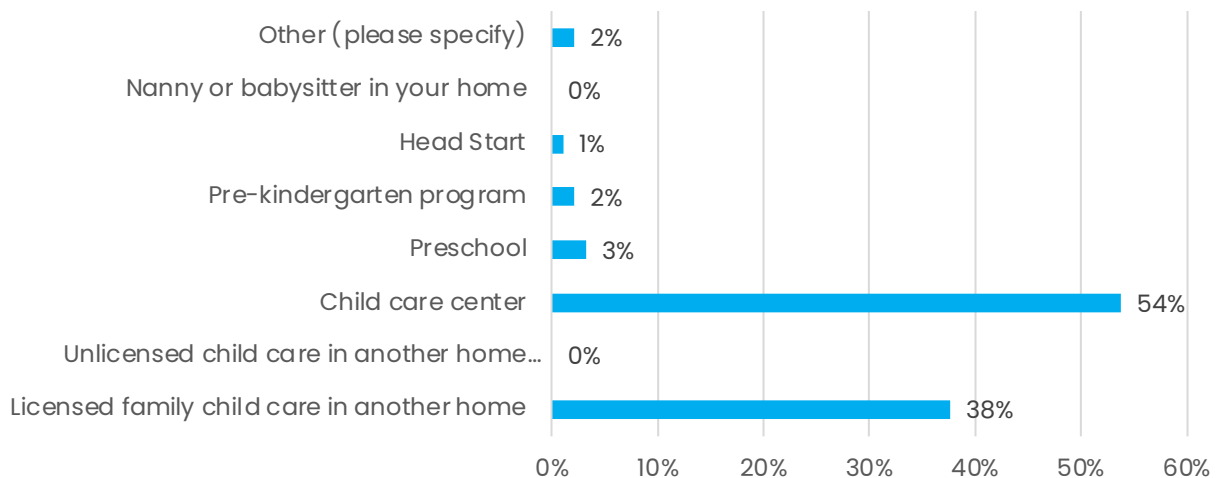
Types of Care Parents are Currently Using

The chart below shows the types of child care currently being used by families in the Montevideo Area.



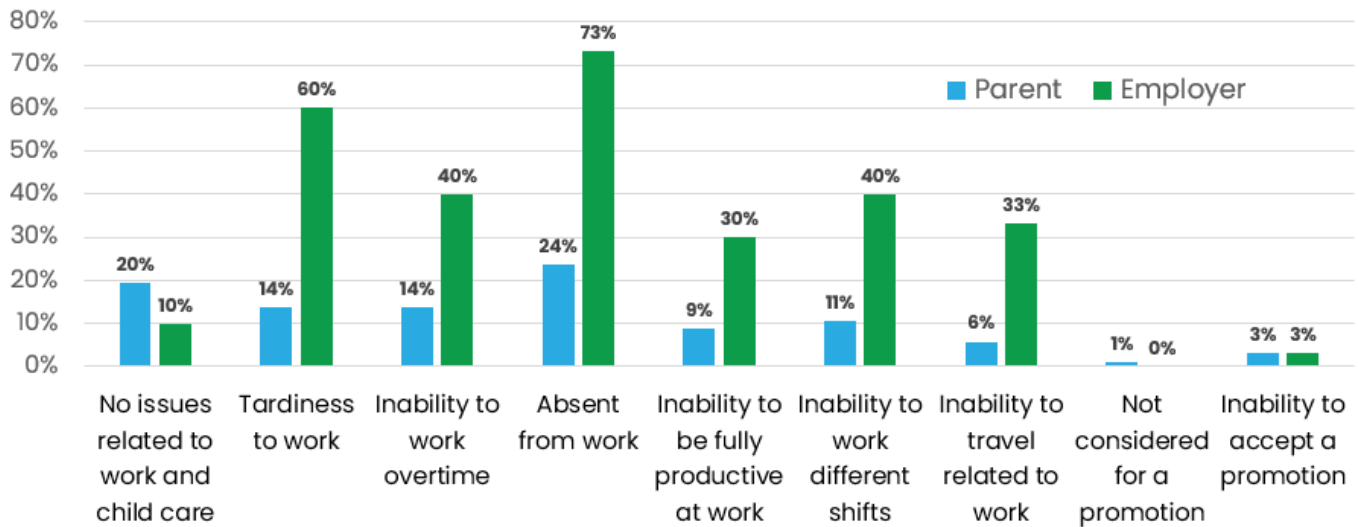
Types of Care Parents Prefer to Use

The types of care parents in the Montevideo Area prefer are shown on the chart below. When a community can better meet the preferred child care options of families the community will be more successful in attracting new families and individuals to the community to live and work.



Community and Business Impacts of the Child Care

Beyond families and children, the greater community and local businesses can also be impacted by child care challenges and issues. Child care is often framed as an economic development issue by communities facing declining populations or challenges with the workforce. These issues can compound and further extend into the business community by causing loss of workers due to the lack of child care or by businesses relocating to communities with better availability of care. The chart below illustrates the occurrence of various work-related issues in the last 12 months from both a parent employee and an employer perspective.



Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include absence from work, inability to work overtime or different shifts, and tardiness to work.

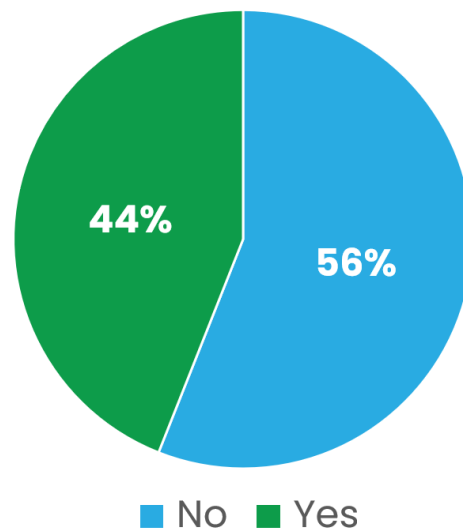
From the employer survey, 53% of employers said the child care shortage has affected their ability to **attract** employees while 48% of employers indicated the lack of child care has impacted their ability **retain** employees.

Additional child care related challenges for parents included 9% not able to be fully productive at work, 6% not able to travel for work, and 4% either not considered for or not able to accept a promotion. Employers responded that they saw similar issues, with 30% indicating employees were not able to be fully productive, 33% indicating employees were not able to travel for work, and 3% indicating that parents did not accept a promotion, all due to child care challenges.

Impact on Family Planning – Montevideo

Parents participating in the survey were asked of the availability of child care has had an impact on their family planning. The chart below shows the results.

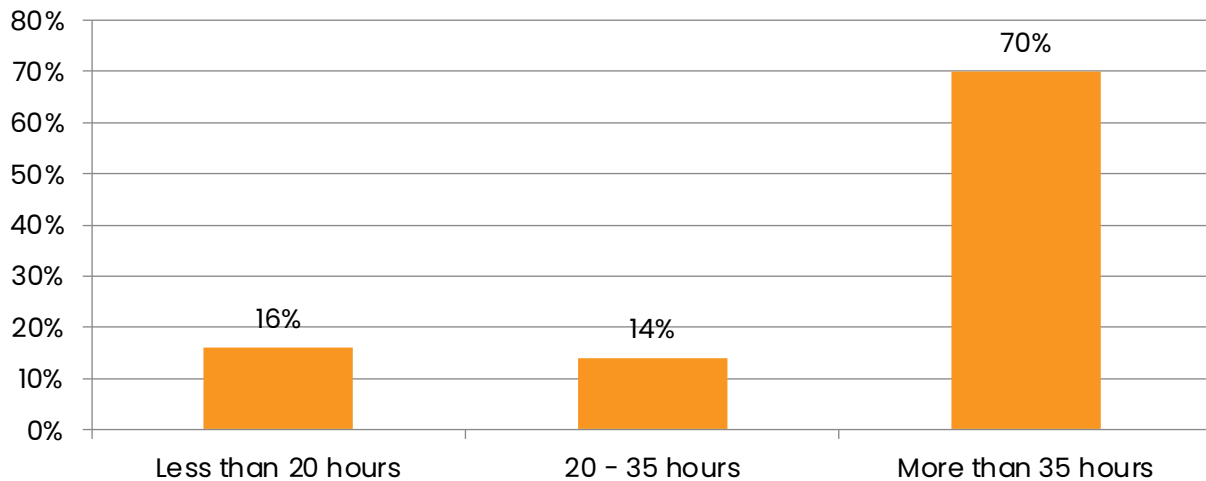
In addition to impacting family planning, child care shortages can also impact the local employment environment. In the survey, 38% of parents have declined employment or withdrawn from the workforce due to child care issues at some point in their career.



TYPES OF CHILD CARE NEEDED

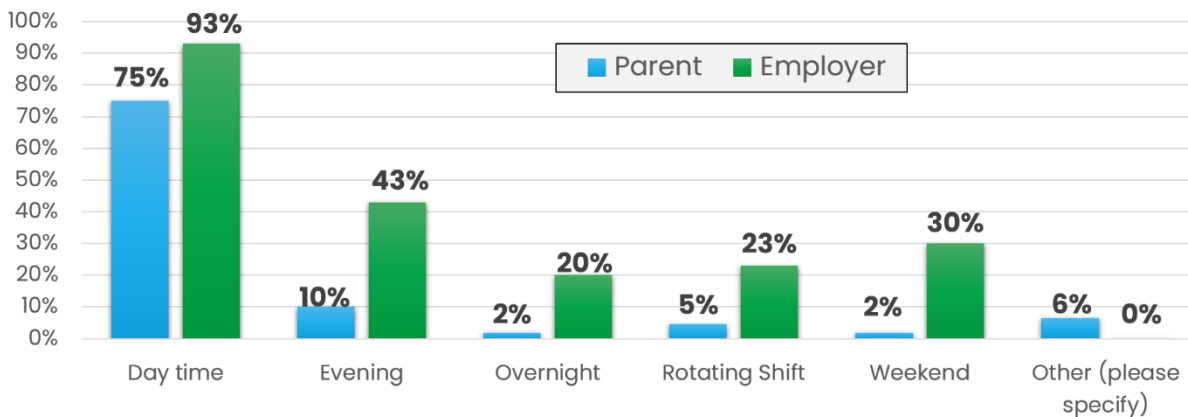
It is important for a community to understand the types of child care parents need to be able to identify the right sized solutions for the community. The survey indicated that 70% of parents need more than 35 hours of care and are looking for full-time child care options.

How many hours of child care do you need per week?



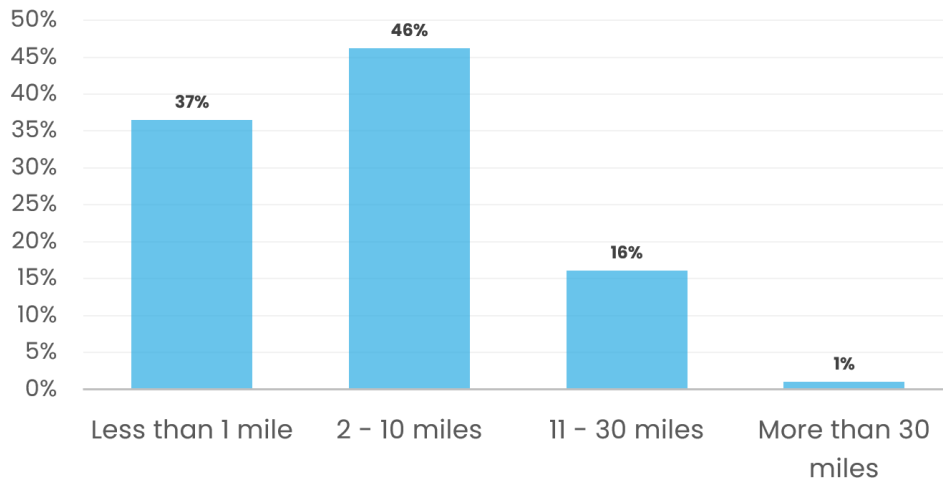
It is also important to determine when parents need care so the community can offer options that meet that need. The chart below shows the hours of care needed from both a parent perspective and an employer perspective. As we see in many communities, the survey showed employers believe families need care options on evenings, overnights, rotating shifts, and weekends at a much higher rate than families actually want. It's important to be aware of these things as a community creates options for child care. We need to be careful not to build or create options that won't be utilized by families.

What type of child care do you / your employees need?



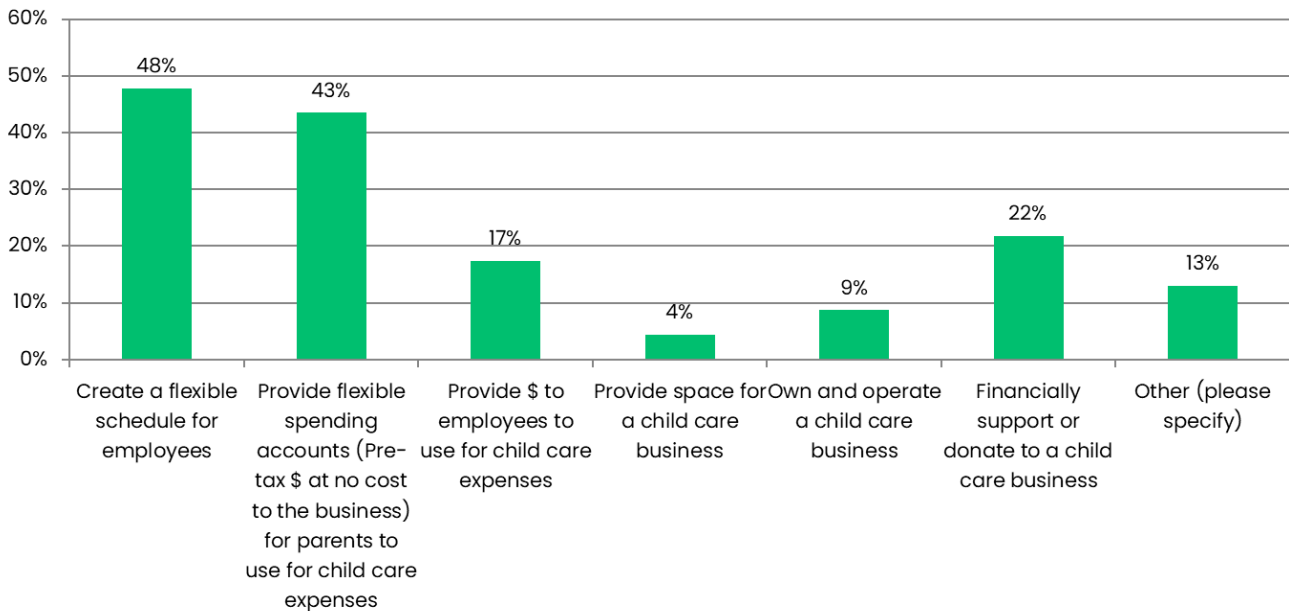
Montevideo Area survey respondents indicated that they were traveling great distances to find appropriate child care. More than 17% indicated that they were traveling more than 11 miles for child care.

How far do you travel out of your way (one direction) for child care?



Employers can help address the child care shortage in multiple ways. From the employer survey, the top two ways employers in the Montevideo Area are willing to help is to create flexible schedules or provide flexible spending accounts. Twenty-six percent of employers surveyed are willing to provide space for a child care business or financially support or donate to a child care business; 9% are willing to own and operate a child care business themselves, and 17% would provide money to their employees to use for child care expenses.

How would you as an employer be willing to assist in addressing the child care shortage?





UNDERSTANDING THE UNDERLYING CHALLENGES

The Core Team in Montevideo spent several months investigating the underlying reasons for the local child care challenges by conducting one-on-one interviews, engaging with members of the community and surveying community members. Digging deeper into the child care challenge led to discovery about the situations many families, providers and employers are experiencing around child care and the factors contributing to those challenges.

“I called over 14 different daycare places and not one of them has an opening for my 9-month old daughter.”

–Local Parent

FACTOR: IT IS CHALLENGING TO BE A CHILD CARE PROVIDER

- Providers do not feel treated as business owners and parents do not understand the value of the services they offer.
- Centers cannot find and keep good quality workers and cannot afford to pay them more.
- Providers receive low wages, long hours, and NO benefits (such as health insurance, retirement, or PTO).
- Lack of space to expand or operate outside of the home
- Complicated business model – constantly changing
- A child care business is expensive to start and the first year may not/may never have a positive cash flow

“The cost to run a childcare business continues to increase while families don’t want to pay higher rates for childcare.” – Local Provider

The challenges of being a family child care provider or running a child care center are well-documented. Licensing and regulations have changed over the years along with increasing expectations around outcomes for children entering the primary school system. Many family child care providers operate their businesses with minimal community support which can lead to issues with sustainability. Child care providers have a tough job – one that comes with very few benefits or recognition. Local providers and other community organizations have an opportunity to recognize the ongoing contributions and continuous innovation of family child care providers in the child care industry. This could be achieved through recognition programs and other material support such as training.

“It’s a hard job. Children are exhausting and it takes a special person to provide great care to children.” –Local Parent

FACTOR: QUALITY & REGULATIONS: TWO SIDES OF ONE COIN

- Need for low-cost, local training to increase quality care, or other supports to enhance programs
- Overall parents agree there is high quality child care, but sometimes parents take what they can get – even if they do not like or trust the program
- Frustration with paperwork and rules
- Highly regulated industry – growing number of requirements and regulations for centers and home providers
- Ratios for numbers of children in younger age groups reduce the number of infants and toddlers a provider can care for making it difficult to cash flow infants and toddler care.
- Potential new providers are frightened by and experienced providers are frustrated by the regulations.

“It took over 6 months to find an available place that could take an infant (6 weeks). Once we found a place to take our child, we had no choice but to choose it to ensure we had childcare so we could both be working.”

–Local Parent

Montevideo Area residents indicated the desire to have more licensed child care choices and quality offerings available to select from. While some of this desire is for new child care offerings, many also want enhanced offerings within existing child care. Leveraging interaction and engagement with existing child care programs and families can provide additional insights to support and understand child care programs within the area. As child care quality increases, the community should expect increased family and community investments in child care.

“Child care providers don’t get paid enough for the vital role they serve and the expense of child care is already really expensive for parents.”

–Local Parent

FACTOR: HIGH COST AND LOW AVAILABILITY OF CHILD CARE

- Families have a hard time finding and affording child care
- Employers see the need to provide flexibility to schedules when possible, to accommodate lack of child care
- Infant care is very hard to find (2 yr. waitlist) – Parents are trying to line up infant care in early pregnancy or before they become pregnant
- Child care has small profit margins, expensive to start, and may not/hard to cash flow – lack of resources
- Parents want high quality care, but they cannot pay enough to compensate providers
- Employers struggle to cover when employee have challenges with child care
- Hard to find care that meets family’s needs
- Programs have a hard time charging enough to maintain staff or be financially stable

“When we had our first child we contacted every licensed provider in Montevideo and every licensed provider in Morris. No one had an opening so we had to travel 25 miles out of the way to an available daycare.”

– Local Parent

There is no clear answer to the ongoing challenge of cost of care versus family investment to get quality child care. Additional support in helping families with low-to-moderate incomes become acquainted with existing support systems such as CCAP and Early Learning Scholarships can help bridge the gap.



COMMUNITY-DEVELOPED SOLUTIONS

The Montevideo RCCIP Core Team conducted brainstorming with the community to come up with a variety of possible solutions to address the child care shortage. Below are the main themes from the brainstorming session.

THEME: FACILITIES

- Utilize church spaces
- Affordability of renovating a building
- More space for existing providers to expand
- More employers offer child care on-site

THEME: INFANT & TODDLER CARE

- Incentive for Infant/Toddler specialized license
- Updated license regulations for Infant/Toddler care
- Lower Infant/Toddler ratios for center
- Bilingual Child Care Option

THEME: COMMUNITY PARTNERSHIPS

- Business partnerships to give needed items to providers
- Community-Lead Child Care Facilities
- Government, Business & Multi-cultural Cooperation in Child Care
- Child Care Coordinator Position for the City of Montevideo

COMMUNITY EDUCATION & PROVIDER RECOGNITION & APPRECIATION

- YSL (Youth Service Leadership) in child care
- Get the word/information out through social media and Community Rec booklet OR corner in the newspaper to spotlight something about child care. "Child Care Corner" every other week.

THEME: FINANCIAL SUPPORT & INCENTIVES

- Gambling proceeds going to child care
- Employer paid slots/ Employer support
- County funding/ City subsidizing
- Subsidize child care worker wages

THEME: WORKFORCE DEVELOPMENT

- Child Care Educator/ Provider Pathway
- Mentoring (starting at referral)
- Provider Network
- Qualified sub list

THEME: TRAINING

- Offer bilingual child care provider training

IMPLEMENTATION PROJECTS

After the brainstorming session, the Core Team met to develop SMART Goals to address the child care needs of the community. Those SMART Goals, Project Team Leaders, Team Members and expected outcomes are listed below.

SMART Goal One

Within 1 year, establish a network that shares bilingual resources to providers and connects parents to bilingual child care providers in order to work through language barriers and connect the community with more child care options.

Expected Outcomes and Impact

Discover the bilingual resources that are needed in the community and provide existing resources or create new ones

Project Team Lead –Marge Knudson, Jack Gottfried, Crista Barrios

Additional Team Members –Katie Pieh, Lynn Marotzke

SMART Goal Two

Within the next year, the Core Team will coordinate the development of 2 new child care facilities through partnerships between local community/economic development boards, government agencies, and businesses in order to create new slots and provide child care providers with more employment opportunities.

Expected Outcomes and Impact

Expect to have new places for child care providers to operate and for children to receive quality care that is supported by local officials and employers.

Project Team Lead – Jack Gottfried

Additional Team Members – Marge Knudson, Tammy Dandurand, Lynn Marotzke/Crista Barrios

SMART Goal Three

Within a year, the Core Team will assist in creating a community-led child care organization that will subsidize child care initiatives and programs in Montevideo.

Expected Outcomes and Impact

Organization that is made up of several community entities that are able to help subsidize child care efforts within Montevideo. This support would be open to new and existing providers and cover things such as program costs, new equipment, start-up costs, etc.

Project Team Lead – Jack Gottfried

Additional Team Members – Dave Lieser, Scott Marquardt, Erich Winter, Lynn Marotzke/Crista Barrios, Kati Birhanzl, Sarah Hollinger

SMART Goal Four

By January 2024 we will create an early childhood pathway for high school students that includes career exposure utilizing partnerships and YSL/Work Experience classes, as well as two foundational Child Development classes, leading to a CDA credential or advancement to post-secondary in early childhood education.

Expected Outcomes and Impact

Grow the capacity of quality Early Childhood Educators in our area

Project Team Lead – Kati Birhanzl, Marge Knudson

Additional Team Members – Tammy Dandurand, Katie Pieh, Dee Lund

SMART Goal Five

Within the next year, the Core Team will identify and implement at least three ways to continue engaging and supporting current providers.

Expected Outcomes and Impact

Continued provider engagement, awareness and appreciation will hopefully increase community support for existing providers and get people interested in becoming providers. There is also hope that with more community involvement and awareness there could be increased opportunities in funding from local employers, organizations and citizens.

Team Members – Katie Pieh, Julie Nolte, Rachel Schlieff, Tesa Siverhus-Maus, Sarah Hollinger, Desi Oberg



First Children's Finance

Founded in 1991, First Children's Finance is a national nonprofit organization based in Minneapolis, Minnesota with regional offices in Iowa and Michigan. First Children's Finance works to stabilize, improve, and expand high-quality child care businesses serving low and moderate-income families. First Children's Finance provides financing, child care business training and consulting, and builds partnerships that connect child care businesses with the resources and expertise of the public and private sectors.

First Children's Finance understands the issues and challenges child care businesses face in today's world. We have industry specific expertise and a shared commitment to the success of child care.

In addition, First Children's Finance aligns its work with child care leaders, businesses and regional initiatives that are committed to quality. We define quality as the creation of environments that support healthy brain development for young children to enhance early learning. FCF brings a unique perspective, approach, and experience to providing business planning and financial assistance to our child care and economic development partners.

For more information about First Children's Finance visit www.firstchildrensfinance.org