



First Children's Finance

RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN FOR CHILD CARE

FERGUS FALLS, MINNESOTA

MARCH 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

The Rural Child Care Innovation Program (RCCIP) is a community engagement process designed to develop right-sized solutions to address the needs of early care and education in 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 Fergus Falls 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 Fergus Falls, 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 Fergus Falls, First Children's Finance conducted a Supply and Demand Gap Analysis and community surveys, which showed a child care shortage of approximately 504 child care slots in the Fergus Falls 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 Fergus Falls. Nearly 47% of parent survey respondents declined employment or withdrew from the workforce due to child care issues and 67% 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 Fergus Falls 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.

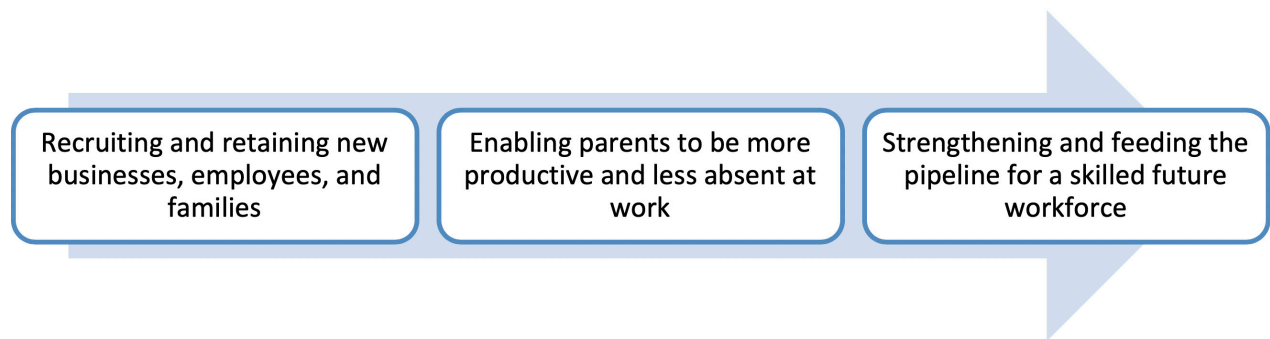
Through the RCCIP, Fergus Falls has identified six goals to address child care challenges. These goals include:

1. Over the next 12 months, develop a cost-efficient plan for a physical cohort of buildings appropriate for pod-based care that can be situated on land with shared green space.
2. Over the next 12 months, develop a consultation package that includes plans, partnerships, and resource connections for entities willing to spearhead upgrades to existing spaces.
3. By utilizing existing media channels, set an outreach timeline and plan for 2024 that shines a spotlight on community needs for childcare, existing resources and partnerships for providers, current local, state, or federal initiatives, and celebrates quality care for growing brains in an effort to elevate the childcare profession.
4. By utilizing existing media channels, set an outreach timeline and plan for 2024 that educates the public on community childcare needs, childcare career options, current initiatives, and the importance of quality care to growing brains.
5. By the end of ISD 544's 2023 school year, gain an understanding of the barriers to offering CDA coursework at Kennedy Secondary School. If offering CDA coursework at KSS is determined to be feasible, define next steps and develop a timeline to overcome those barriers.
6. Over the next 6 months and in partnership with Otter Tail County's curriculum development specialist, develop a complementary 2024 training schedule to offer free and timely training to local providers, hosted in person at local venues.

In implementing these goals, Fergus Falls 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

PLANNING PHASE		
ACTIVITIES	TIMING	DETAILS
Core Team Orientation Retreat (6hrs)	September 7, 2022	Face-to-face meeting to discuss RCCIP details and expectations
Data Gathering & Community Engagement Activities	October - November 2022	Core Team engages community in gathering data and makes community aware of their work
Child Care Appreciation Event	December 1, 2022	In-person event organized to recognize and appreciate providers in the community
Synthesize Data	January 2023	FCF synthesizes data into useful info
Town Hall Event	January 30, 2023	In-person community wide event sharing data and brainstorming possible solutions
IMPLEMENTATION PHASE		
ACTIVITIES	TIMING	DETAILS
Goal Development & Implementation Planning Meeting	February 6, 2023	Determine projects to move forward with, develop SMART Goals & action steps
Core Team Meeting	May 12, 2022	In person meeting to provide updates on goal progress
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 FERGUS FALLS

Fergus Falls is a rural community in West Central Minnesota, about 2.5 hours Northwest of Minneapolis on I-94. Set along the Otter Tail River, the rolling countryside, lakes, and deciduous trees make the area a destination for scenic drives and fall color tours. The city’s population is 14,119 according to the 2020 U.S. Census. The economy of Fergus Falls is primarily driven by health care and social assistance, manufacturing, retail trade, and education, which support a wide variety of jobs ranging from entry-level to high-skilled, in production, finance, transportation, and other employment sectors.



The Fergus Falls Area child care needs assessment, conducted in September 2022 by First Children’s Finance (FCF), shows that the city’s current capacity for child care meets only 47% of the entire child care need (504 child care openings short of full capacity). 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 Fergus Falls, 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 Fergus Falls. The Core Team has and will continue to support development of solutions to sustain a high quality and sustainable child care infrastructure in the Fergus Falls Area.

- Klara Beck- Community Development Manager, City of Fergus Falls
- Melissa Amundson- ECFE/School Readiness Director, Fergus Falls Public Schools
- Lauren Anderson- Parent Aware Quality Coach, Lakes and Prairies Community Action Partnership
- Tammy Anderson- President, Acorns-Oak Consulting
- Amy Baldwin- Community Development Director, Otter Tail County
- Jean Bowman- Communications Manager, City of Fergus Falls
- Alyssa Campion- Executive Assistant to the President, Minnesota State Community and Technical College
- Marsha Erickson- Early Childhood Specialist, West Central Initiative
- Katie Ganoë- Executive Director, Otter Cover Children's Museum
- Bridget Grenier- Director of Human Resources, Vector Windows
- Karoline Gustafson- Wellness Trainer, Lake Region Healthcare
- Steve Guttormson- Marketing & Development Director, PioneerCare
- Amy Haggerty- Early Childhood Mental Health Recruiter, West Central Initiative
- Mike Hartwell- Human Resources Manager, City of Fergus Falls
- Ali Haugerud- Pastor, Hope Evangelical Lutheran Church
- Nancy Jost- Director of Early Childhood, West Central Initiative
- Sue Stafki- Executive Director, Children's Corner Learning Center and Early Childhood Faculty, Minnesota State Community and Technical College
- Patricia Wahl- Administrative Assistant, Greater Fergus Falls



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, Minnesota Child Care Licensing Records, Minnesota Department of Education, Minnesota Department of Employment and Economic Development, 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 Fergus Falls, we looked at the data for the following three geographic areas: Otter Tail County, the Fergus Falls Public School District (#544) boundaries, and the zip code boundaries for Fergus Falls (56537), Dalton (56324), and Elizabeth (56533). This gives us a better picture of the need. The supply demand gap analysis dated September 2022 shows a county shortage of 804 slots, a school district area shortage of 203 slots, and a zip code shortage of 504 slots for children birth to five with all available parents in the workforce. Narrowing that down even further, the data shows that roughly 41% of the slots needed are for infants and toddlers. The core team chose to focus their effort on the Fergus Falls area as they move forward with creating solutions to the child care shortage. Below is a summary of the information provided in the Supply Demand Gap Analysis for Fergus Falls.

Fergus Falls Area Child Care Need Analysis



Population
14,119

CITIES INCLUDED

56324 – Dalton 56533 – Elizabeth
56537 – Fergus Falls



804 Otter Tail County

203 School District #544

504 Zip Codes

Birth to 5 spots needed
FCF Calculation

54
Licensed family child care

1
Licensed child care centers

0
Certified child care center



41%

Infant Need
FCF Calculation

497 Current Child Care Capacity
FCF Calculation

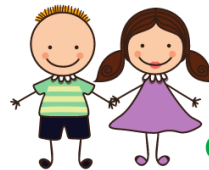


\$564

per month/preschool

Cost of family child care

County level data from 2021 DHS Market Rate Study 50th percentile price cluster 2



1001

Children under 5
with all parents working

Estimate based on the 2015-2019 ACS

\$780

per month/preschool

Cost of center child care

County level data from 2021 DHS Market Rate Study 50th percentile price cluster 2



86%
Children under 5 with all parents in the workforce

Estimate based on the 2015-2019 ACS



First Children's Finance

September, 2022



FAMILY CHILD CARE – BY THE NUMBERS

In surveying family child care providers, we learned 23% plan on staying in business for 3–5 years, while 23% of providers plan on being in business 6–9 more years. No respondents indicated a plan to leave child care in the next three years, and the final 56% said they plan to stay in business for more than 10 years. It is important for Fergus Falls to consider ways to retain the current family child care providers as well as building more slots within the community.

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

- The average length of service is approximately equal to the state average length of service.
- At 35% the number of providers with more than 20 years of service is slightly higher than the state average. This number typically indicates whether a community should prepare for retirements 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.

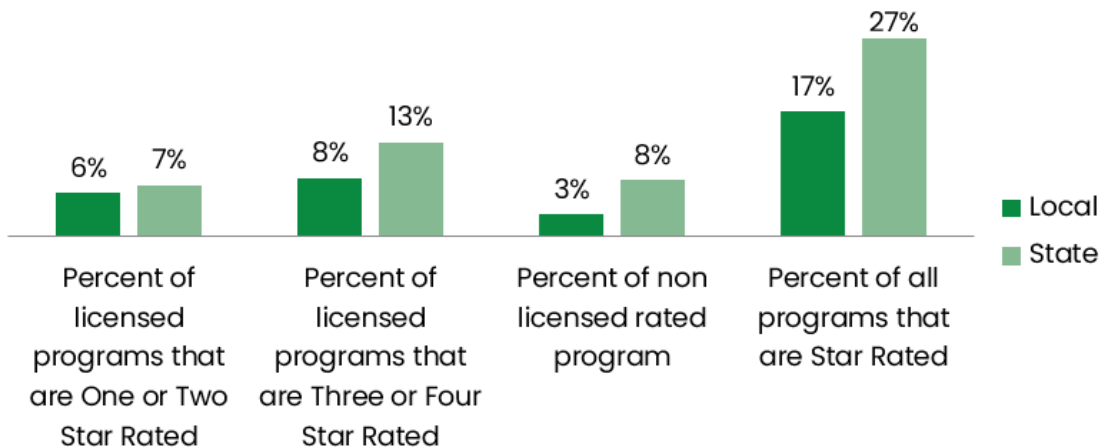
	LOCAL	STATE
TOTAL FAMILY CHILD CARE PROVIDERS	54	6501
AVERAGE LENGTH OF SERVICE	13.7 years	14 years
LESS THAN 5 YEARS / SERVICE	14 / 25.9%	1717 / 26.4%
MORE THAN 20 YEARS / SERVICE	19 / 35.2%	2123 / 32.6%
NON-OWNER OCCUPIED	1 / 1.8%	249 / 3.8%
NON-RESIDENTIAL DWELLING	1 / 1.8%	37 / 0.5%

June 2022



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 Otter Tail County child care programs in Parent Aware is below 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 Fergus Falls 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 –Otter Tail County

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
75TH PERCENTILE - INFANT WEEKLY	\$225.00	\$11,700
75TH PERCENTILE - TODDLER WEEKLY	\$205.00	\$10,660
75TH PERCENTILE - PRESCHOOL WEEKLY	\$193.00	\$10,036
75TH PERCENTILE - SCHOOL AGE WEEKLY	\$175.00	\$9,100

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
75TH PERCENTILE - INFANT WEEKLY	\$150.00	\$7,800
75TH PERCENTILE - TODDLER WEEKLY	\$150.00	\$7,800
75TH PERCENTILE - PRESCHOOL WEEKLY	\$145.00	\$7,540
75TH PERCENTILE - SCHOOL AGE WEEKLY	\$140.00	\$7,280

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 a 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, 50% of family providers and 100% of centers accept CCAP reimbursement for families.

CCAP –Otter Tail County (No quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
NO QUALITY DIFFERENTIAL - INFANT WEEKLY - CENTER	\$200.00	\$10,400
NO QUALITY DIFFERENTIAL - TODDLER WEEKLY - CENTER	\$185.00	\$9,620
NO QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - CENTER	\$174.00	\$9,048
NO QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$150.00	\$7,800

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
NO QUALITY DIFFERENTIAL - INFANT WEEKLY - FAMILY	\$135.00	\$7,020
NO QUALITY DIFFERENTIAL - TODDLER WEEKLY - FAMILY	\$130.00	\$6,760
NO QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - FAMILY	\$125.00	\$6,500
NO QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - FAMILY	\$120.00	\$6,240

Minnesota CCAP Standard Maximum Rates Effective November 15, 2021

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 Otter Tail County providers who are Four-Star Parent Aware rated.

CCAP –Otter Tail County (20% quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
20% QUALITY DIFFERENTIAL - INFANT WEEKLY - CENTER	\$240.00	\$12,480
20% QUALITY DIFFERENTIAL - TODDLER WEEKLY - CENTER	\$222.00	\$11,544
20% QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - CENTER	\$208.00	\$10,858
20% QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$180.00	\$9,360

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
20% QUALITY DIFFERENTIAL - INFANT WEEKLY - FAMILY	\$162.00	\$8,424
20% QUALITY DIFFERENTIAL - TODDLER WEEKLY - FAMILY	\$156.00	\$8,112
20% QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - FAMILY	\$150.00	\$7,800
20% QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - FAMILY	\$144.00	\$7,488

Minnesota CCAP 20% Quality Differential Maximum Rates Effective November 15, 2021

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. Fergus Falls has reading proficiency levels significantly higher than the state average and graduation rates below the state average.

Third Grade Reading Levels

DISTRICT	2021 PROFICIENCY RATE
Fergus Falls #544	57.0%
Statewide	48.5%

Minnesota Department of Education Report Card

Local Graduation Rates

DISTRICT	2021 GRADUATION RATE
Fergus Falls #544	73.5%
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 provides an overview of the local household income that can further impact child care.

Household Income – Otter Tail County

TOTAL HOUSEHOLDS ACS 2020 5YR ESTIMATE	# OF HOUSEHOLDS	%
Less than \$10,000	558	6.6%
\$10,000 to \$14,999	304	3.6%
\$15,000 to \$24,999	1226	14.5%
\$25,000 to \$34,999	930	11%
\$35,000 to \$49,999	1040	12.3%
\$50,000 to \$74,999	1344	15.9%
\$75,000 to \$99,999	1251	14.8%
\$100,000 to \$149,999	1108	13.1%
\$150,000 to \$199,999	363	4.3%
\$200,000 or more	338	4%
TOTAL HOUSEHOLDS	8,459	
MEDIAN HOUSEHOLD INCOME	\$51,554	

U.S. Census American Community Survey 2019

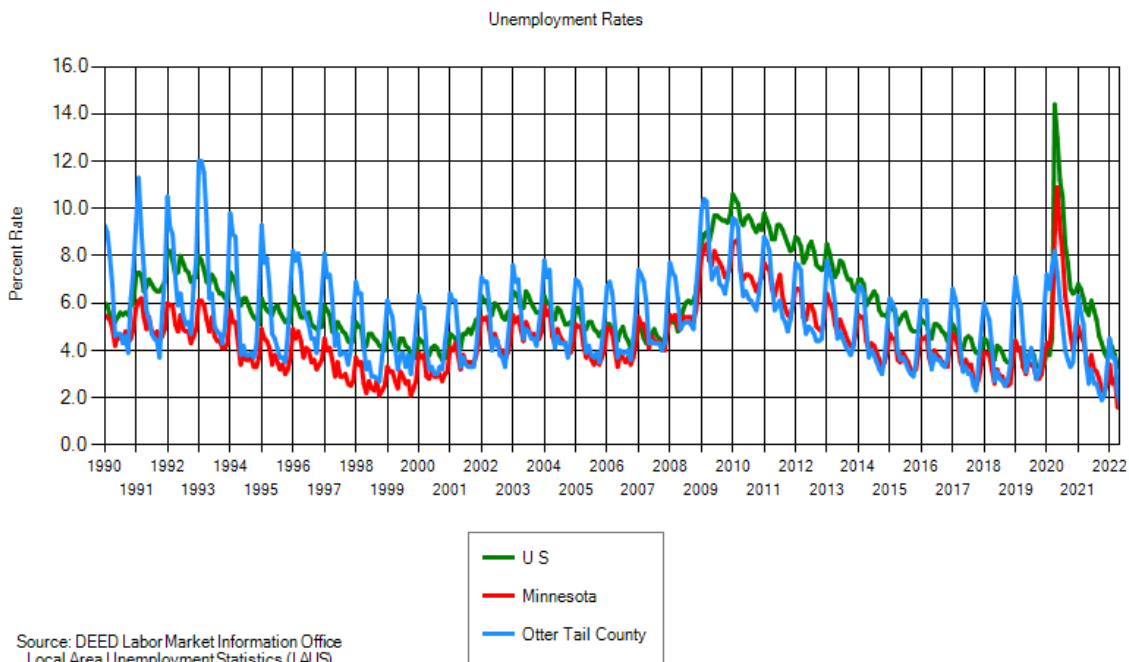


LOCAL EMPLOYMENT CONDITIONS

Employment data was also considered by First Children’s Finance in the analysis of the child care situation in Fergus Falls, 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. Fergus Falls has a larger than state average participation rate for households with all parents in the workforce at 90% while the state average is 76%.

Unemployment Rates – Otter Tail County

In June of 2022 when this initial analysis of data for Fergus Falls was completed, the county unemployment rate was 2.1%, which is relatively low. This can also indicate a larger need for child care in a community.



Top Local Industries – Otter Tail County

Employers in the Fergus Falls 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 4 Industries in Otter Tail County	# Employees	% of Workforce
Health Care & Social Assistance	4,385	19.8%
Manufacturing	3,985	18.0%
Retail Trade	2,531	11.4%
Education	1,850	8.4%

www.ruraldataportal.org

COMMUNITY INSIGHTS

Extensive outreach was conducted by the Core Team to engage the community on the topic of 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



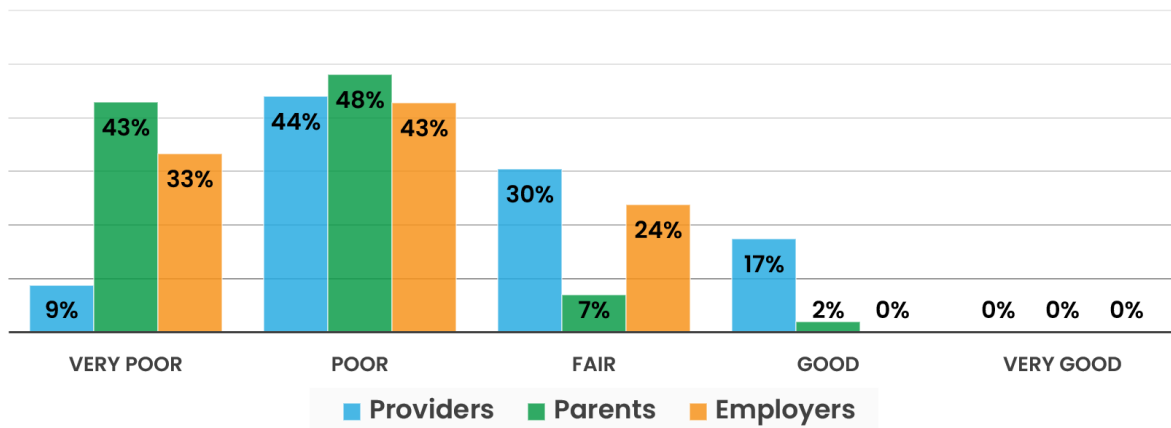
COMMUNITY SURVEYS – SELECTED PERSPECTIVES

The general community was invited to participate in a comprehensive survey about child care in the local Fergus Falls community. Respondents included 205 individuals for the parent survey and 21 employers for the employer survey. A separate survey gathered information specific to child care businesses from 22 family child care providers and 1 child care center.

The following charts represent some highlighted perspectives within the community.

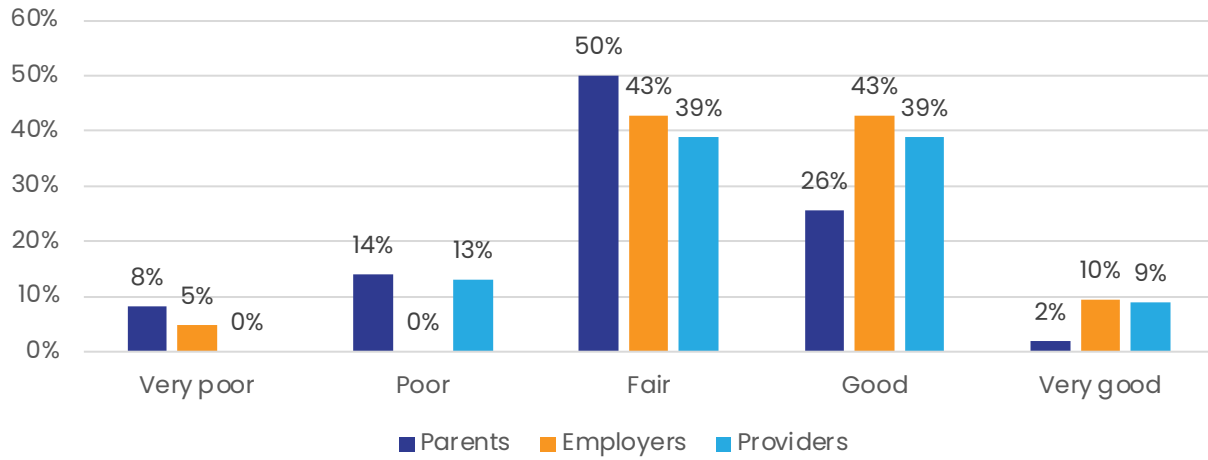
Perceptions: Availability of Child Care in the Local Area

How would you rate the AVAILABILITY of child care options in your community and the surrounding area?



Perceptions: Quality of Available Child Care in the Local Area

How would you rate the QUALITY of child care options in your community and the surrounding 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):

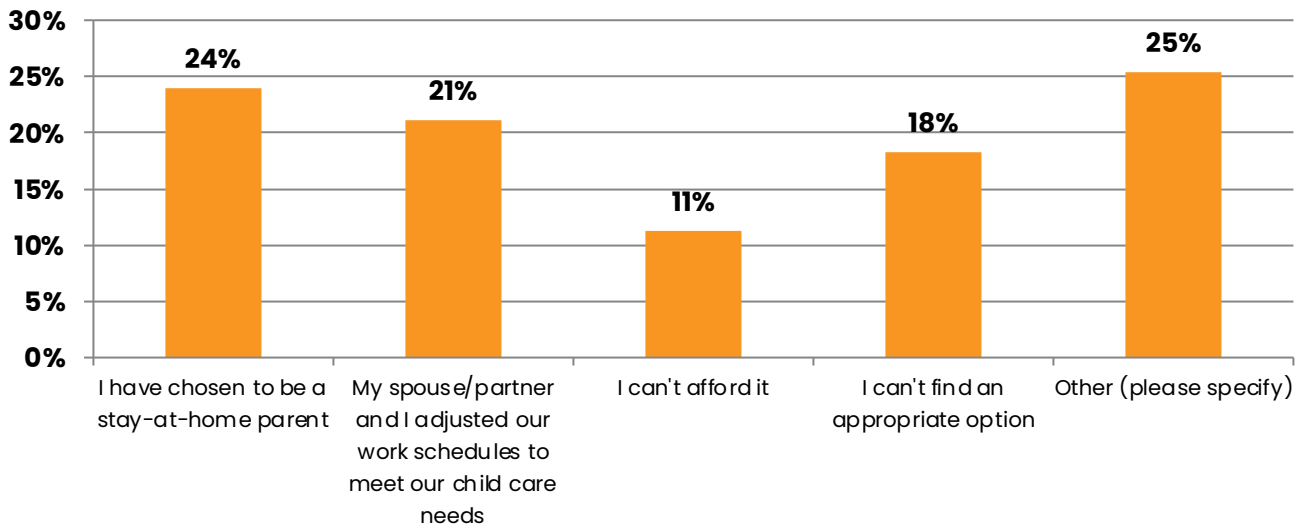
1. Provider demonstrates a safe and healthy environment
2. Provider is licensed by the Department of Human Services
3. Provider uses an educational curriculum
4. Provider is conveniently located
5. Provider has achieved a high level of education or credential
6. Provider is Parent Aware rated and/or 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 15% of the parents did not have children under the age of 5, while 40% 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 group of parents not using paid child care say it is because they have chosen to be stay at home parents or have adjusted their work schedules to meet their child care needs. Another 18% of respondents answered that they couldn't find an appropriate child care option. Free-response comments from parents about why they did not utilize paid child care varied widely, and included statements like we can't afford child care AND we can't find an appropriate options, or family members are helping to care for the children.

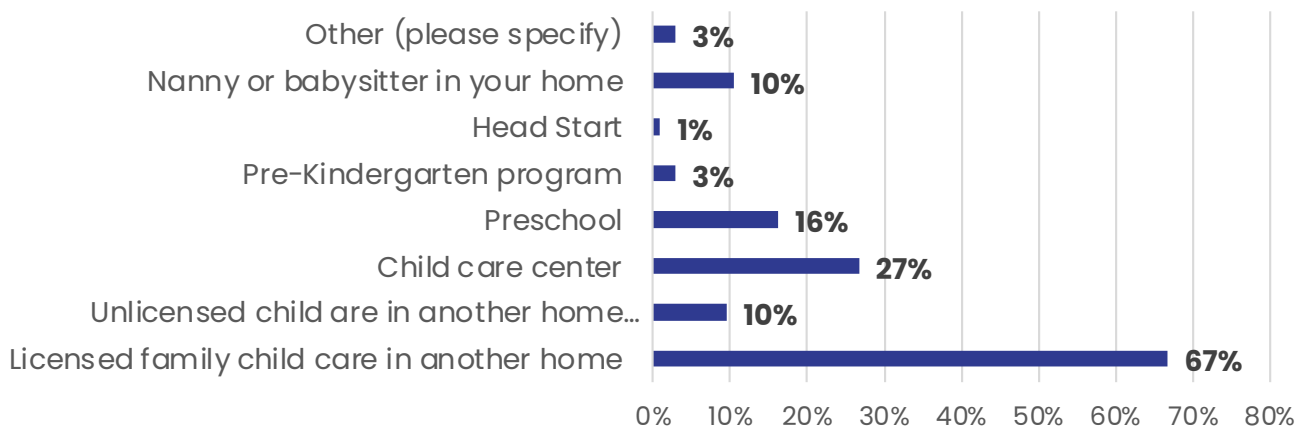
Why Families Aren't Using Paid Child Care



Types of Care Parents are Currently Using

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

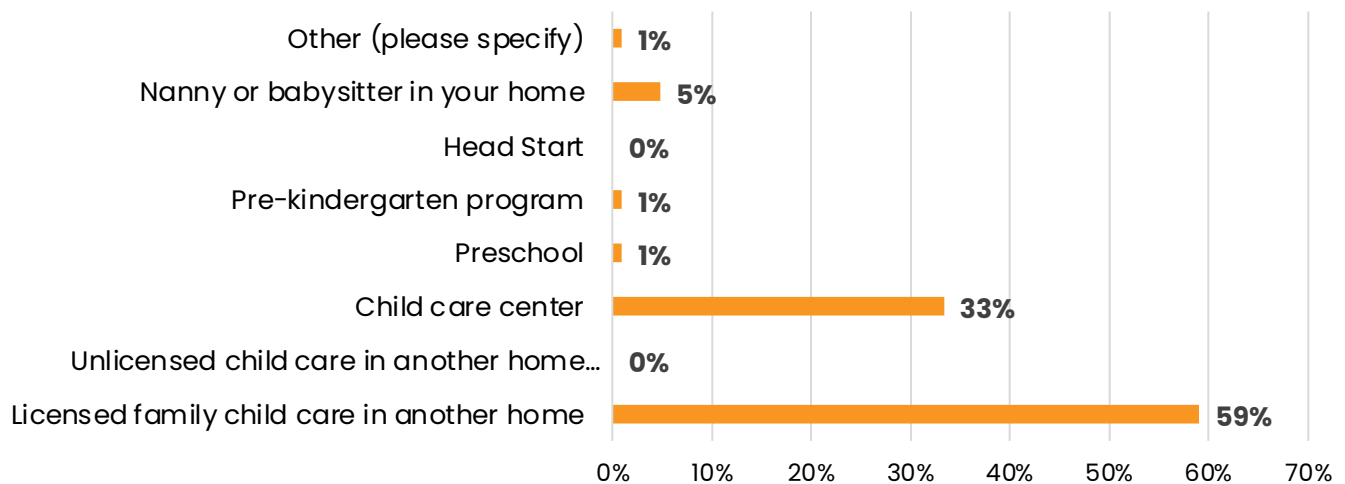
What kind of child care do you use?



Types of Care Parents Prefer to Use

The types of care parents in the Fergus Falls 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.

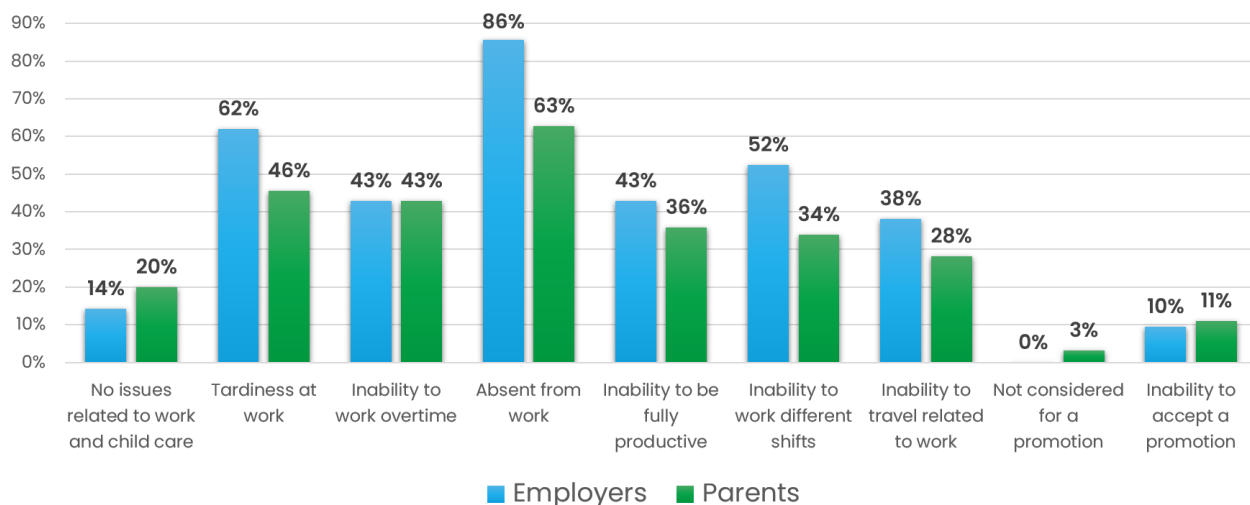
What is your preferred type of child care?



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 from both a parent employee and an employer perspective.

Work issues occurred due to child care arrangements in the last 12 months



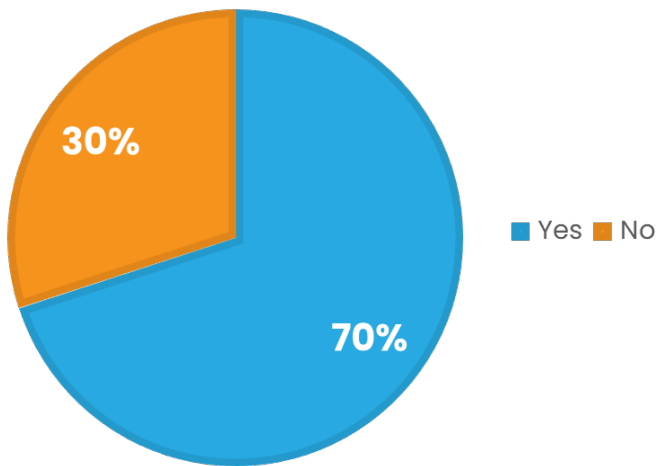
Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include absence from work, tardiness to work, and inability to work overtime or different shifts.

From the employer survey, 67% of employers said the child care shortage has affected their ability to **attract** employees while 57% of employers indicated the lack of child care has impacted their ability to **retain** employees.

Additional child care related challenges for parents included 28% not able to travel for work, 36% unable to be fully productive at work, 3% not considered for a promotion, and 11% not able to accept a promotion. Thirty-eight percent of employers responded that their employees were not able to travel for work, and 10% responded that an employee was unable to accept a promotion due to child care challenges.

Impact on Family Planning – Fergus Falls

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



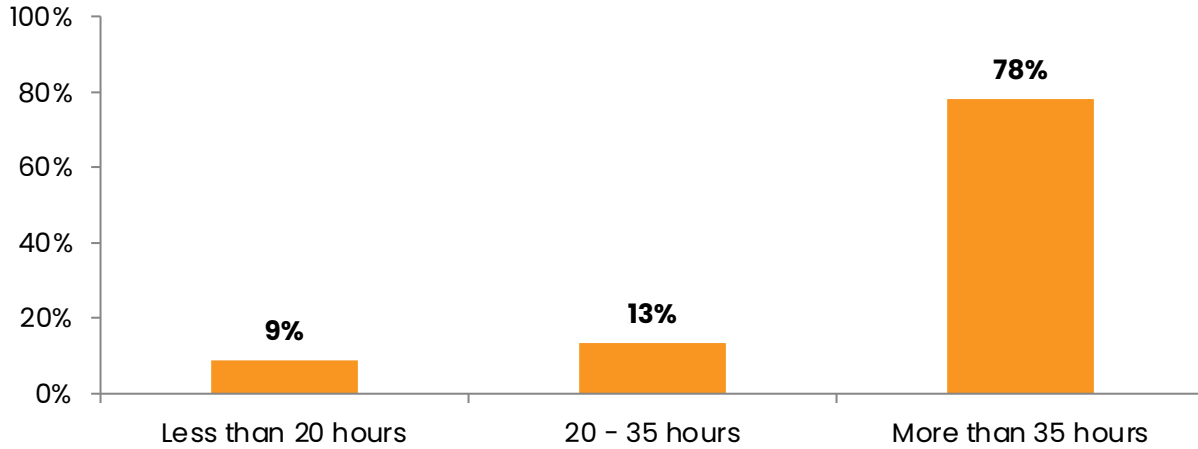
In addition to impacting family planning, child care shortages can also impact the local employment environment. In the survey, 47% of parents said they have declined employment or withdrawn from the workforce due to child care issues at some point in their career.



TYPES OF CHILD CARE NEEDED

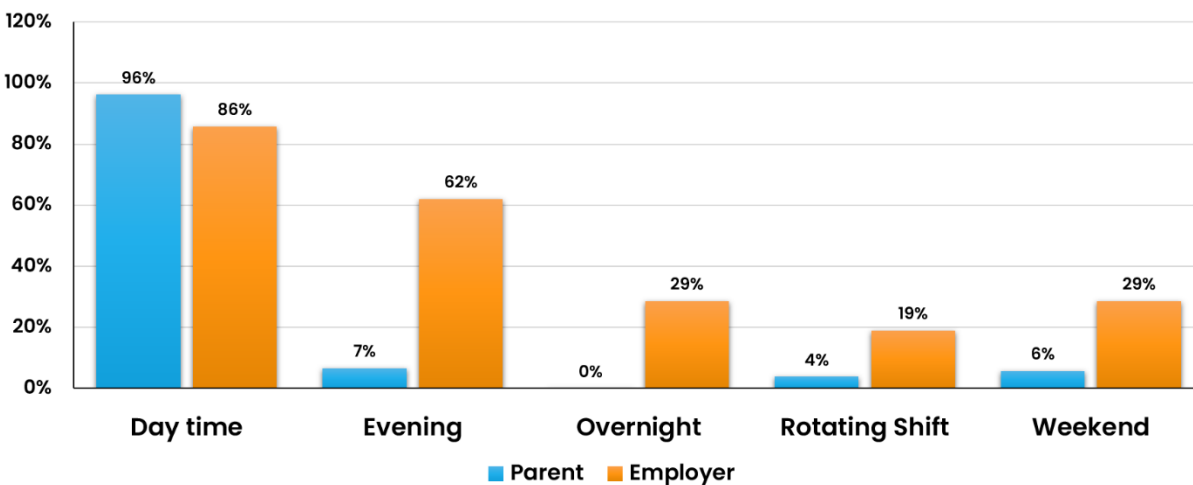
It is important for a community to understand the types of child care parents need to be able to identify the right sized solutions for the community. The survey indicated that 78% of parents need more than 35 hours of care and are looking for full-time child care options.

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

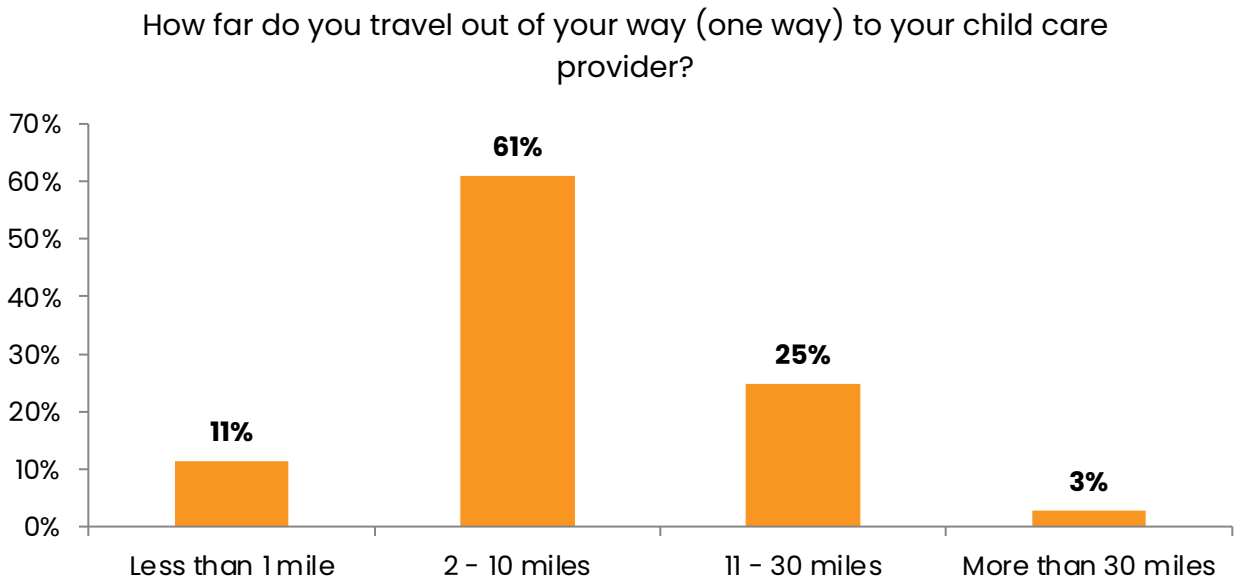


Determining when parents need care is also important so the community can offer options that meet that need. The chart below shows the hours of care needed from both a parent perspective and an employer perspective. As we see in many communities, the survey showed employers believe families need care 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.

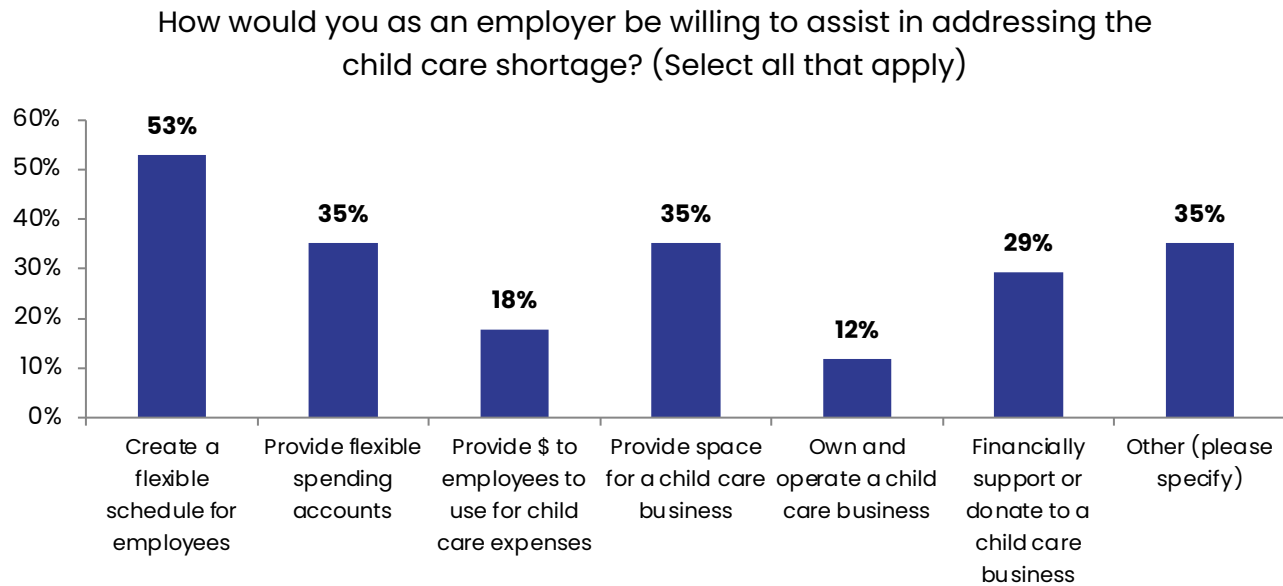
Type of child care arrangements needed



Fergus Falls Area survey respondents indicated that they were traveling great distances to find appropriate child care. Nearly 28% indicated that they were traveling more than 10 miles for child care.



Employers can help address the child care shortage in multiple ways. From the employer survey, the top way employers in the Fergus Falls Area are willing to help is to create flexible schedules. Some respondents also indicated they would be willing to provide flex spending accounts (35%), provide space for a child care business (35%), or financial support or donate to a child care business (29%). Additionally, 18% of employers indicated they would be willing to provide money to employees to use for child care expenses, and 12% responded they would consider owning and operating a child care business. Other responses included lobbying for federal money, partnering with other businesses to support a community daycare pod, and supporting community efforts to solve the problem.



UNDERSTANDING THE UNDERLYING CHALLENGES

The Core Team in Fergus Falls 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 am a stay at home parent partly because quality child care is hard to find.”

–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

“Many of us long term daycares will retire and there are not any new ones opening to replace us.” – 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.

“We have allowed staff to bring children to work because daycares aren’t open.” –Local Employer

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

“I can’t afford it AND I can’t find an appropriate option.” –Local Parent

Fergus Falls 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.

“My spouse stays at home with our child. We couldn’t find affordable care to allow continuation of her work.” –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 employees 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

Everyone deserves high quality, dependable care and caregivers deserve good pay for their important work.” – 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 Fergus Falls 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: TRAINING

- Education about licensing, both for providers and parents
- Sub pool
- Free CPR/First Aid at local area four times a year, weekday
- Make training for providers free
- Free provider training, example County
- Free mandatory trainings

THEME: WORKFORCE DEVELOPMENT

- College – Help push students to work with city, YMCA, etc. programs
- M State to offer child care course
- High school program to early childhood profession
- College collaboration with school district to offer professional development for providers
- High school CDA/early childhood program
- Partner with high school/students to raise awareness of shortage and potential career path
- Support/training for business side of child care
- Develop “Office of the Young Child” like state, but local
- Seniors and retirees come to assist family child care providers
- Child care dispatch, deploy and schedule Part-Time providers
- Utilize newly retired providers as subs

THEME: COMMUNITY EDUCATION/PARTNERSHIPS

- Parent expertise shared with providers
- Partnering child care with ECFE slots and transportation
- Bring together businesses, church, Mahube-Otwa to collaborate
- Create partnerships between schools and higher ed to build workforce capacity through college in the schools with business support. A concept similar to CNA program at ISD 544
- Grouping employers together to commit to supporting a center or a given number of child care slots
- Business discounts for child care providers
- Business and industry support facility
- YMCA partner with employers to expand outside Y building
- Grocery store 5% discount
- Community awareness of need for parents to work and costs to run child care
- Community message, positives of owning your own business
- After school care done through church programs
- Before school, after school, and summer care options for school age children
- Free in-home interaction for children
- Preschool nature play area at Prairie Wetlands Learning Center
- Support Family, Friend & Neighbor providers to expand, support groups, understand CCAP
- Small businesses do co-op care
- Craft or learning helper

THEME: FINANCIAL SUPPORT/INCENTIVES

- ECFE for free
- Employee needs (feedback forum) for flexible hours
- Local school district foundation, scholarships-ed
- College foundation for scholarships, early ed
- Scholarships or loan forgiveness for early care and education degrees
- Community-based scholarships, early ed
- European-style early care and ed, parent choices with government subsidies
- Business support: accounting, training, supported by funding
- LLC/Co-op for child care providers to get benefits
- Benefits, benefit pool, insurance, PTO, increased wages
- City funding
- Tax increment/abatement for child care
- Tax incentives for providers
- City tax incentives, Otter Tail Power free power, water, utilities, reduced cost, reduced space
- Businesses collaborate to start pods
- Tax incentives for businesses that support local child care
- Keep extra grant money
- Community child care endowment
- Business and industry donations
- Employer-sponsored child care, money, pay for space, slots
- Subsidized child care, money
- Spots paid by businesses at start-up
- Businesses help finance child care programs to pay for rent, equipment, toys, etc
- Business incentives for child care support

THEME: RECOGNITION

- Provider association
- Mayoral proclamation
- Annual community-wide child care provider appreciation event/week
- Provider appreciation events and support from businesses
- People's Choice best day care awards in Daily Journal
- Newspaper profile highlighting day care providers
- Local paper regular feature on child care
- Professionalize the child care workforce
- Use terms like "child care" not day care or babysitting
- Increased recognition of the profession and benefits closer to other educators

THEME: FACILITIES

- Co-op with parents at facility
- Free facilities or cheap
- School facility planning
- Education center with onsite child care center
- Churches
- Licensed drop-in care
- YMCA expansion/partnership
- Employer-based child care
- Businesses buy houses to provide child care; employ child care provider
- Larger employers provide onsite care for staff
- Building space at no cost
- Child care in nursing home, interactive
- Employer co-op, may help with shift work

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

Over the next 12 months, develop a cost-efficient plan for a physical cohort of buildings appropriate for pod-based care that can be situated on land with shared green space.

Expected Outcomes and Impact

Expand space available for child care programs and grow/retain slots within the community.

Project Team Lead –Steve Guttormson, Klara Beck

Additional Team Members –Marsha Erickson, Bridget Grenier, Karoline Gustafson, Ali Haugerud, Jane McLandress, Amy Westerberg, Nancy Jost

SMART Goal Two

Over the next 12 months, develop a consultation package that includes plans, partnerships, and resource connections for entities willing to spearhead upgrades to existing spaces.

Expected Outcomes and Impact

Aid in the potential expansion of child care programs within existing buildings/locations in Fergus Falls.

Project Team Lead –Steve Guttormson, Klara Beck

Additional Team Members – Marsha Erickson, Bridget Grenier, Karoline Gustafson, Ali Haugerud, Jane McLandress, Amy Westerberg, Nancy Jost

SMART Goal Three

By utilizing existing media channels, set an outreach timeline and plan for 2024 that shines a spotlight on community needs for childcare, existing resources and partnerships for providers, current local, state, or federal initiatives, and celebrates quality care for growing brains in an effort to elevate the childcare profession.

Expected Outcomes and Impact

Elevate, support, and grow the early childhood workforce.

Project Team Lead – Jean Bowman, Lauren Anderson

Additional Team Members – Klara Beck, Alyssa Campion, Katie Ganoë, Jeanette Hollingsworth, Nancy Jost

SMART Goal Four

By utilizing existing media channels, set an outreach timeline and plan for 2024 that educates the public on community childcare needs, childcare career options, current initiatives, and the importance of quality care to growing brains.

Expected Outcomes and Impact

Community education on the importance and need of quality early care and education.

Project Team Lead – Jean Bowman, Lauren Anderson

Additional Team Members – Klara Beck, Alyssa Campion, Katie Ganoë, Jeanette Hollingsworth, Nancy Jost

SMART Goal Five

By the end of ISD 544's 2023 school year, gain an understanding of the barriers to offering CDA coursework at Kennedy Secondary School. If offering CDA coursework at KSS is determined to be feasible, define next steps and develop a timeline to overcome those barriers.

Expected Outcomes and Impact

Expansion of the local early childhood workforce.

Project Team Lead –Katie Ganoë, Klara Beck

Additional Team Members – Marsha Erickson, Jeanette Hollingsworth, Patricia Wahl, Nancy Jost

SMART Goal Six

Over the next 6 months, and in partnership with Otter Tail County's curriculum development specialist, develop a complementary 2024 training schedule to offer free and timely training to local providers to be hosted in person at local venues.

Expected Outcomes and Impact

Support the growth and retention of the local early childhood workforce.

Project Team Lead –Katie Ganoë, Klara Beck

Additional Team Members – Marsha Erickson, Jeanette Hollingsworth, Patricia Wahl, Nancy Jost



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

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