



First Children's Finance

RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN FOR CHILD CARE

NEW ULM, MINNESOTA

JUNE 2022

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.

Minnesota State Director
Suzanne Pearl

Program Leads
Teri Steckelberg & Amber English

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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 New Ulm 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 New Ulm, 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 New Ulm, First Children's Finance conducted a Supply and Demand Gap Analysis and community surveys, which showed a child care shortage of approximately 184 child care slots in the New Ulm 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 New Ulm. Nearly 27% of parent survey respondents declined employment or withdrew from the workforce due to child care issues and 43% 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 New Ulm 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.

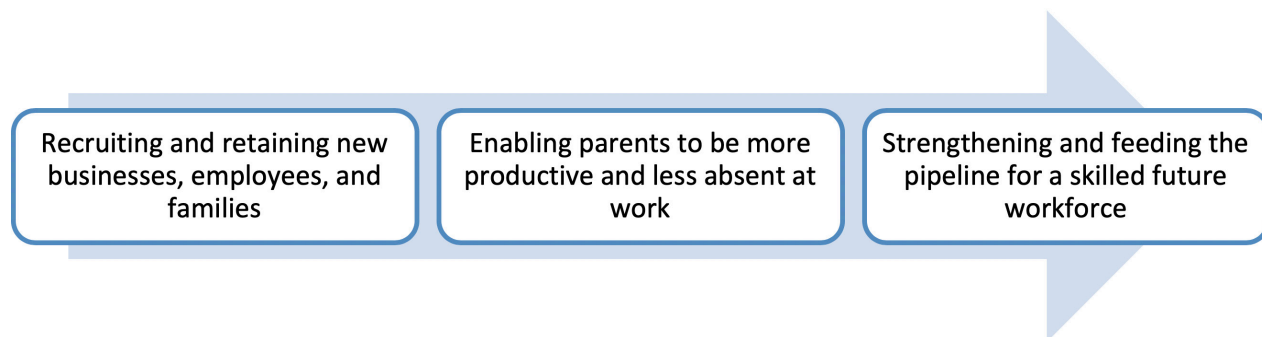
Through the RCCIP, New Ulm has identified six goals to address child care challenges. These goals include:

1. Explore expansion of existing child care centers in New Ulm by the end of August 2022 and begin the expansion process with interested centers by the end of 2022.
2. Explore vacant buildings in New Ulm that would work for the POD model by the end of 2022.
3. Develop a program to offer grants to providers or pay for required trainings.
4. Within six months, learn if Martin Luther College can be a resource for the community either in expanding the workforce or adding additional child care spots.
5. Explore adding a toddler program at Washington Learning Center.
6. Within one year, explore community partnerships to offer onsite child care at local businesses, churches, or other facilities.

In implementing these goals, New Ulm 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 Lead Orientation	October 15, 2021	Face-to-face meeting to discuss RCCIP details and expectations
Core Team Orientation Retreat	October 28 & November 8, 2021	Web based meeting to begin mapping out community engagement activities
Data Gathering & Community Engagement Activities	November 2021	Core Team engages community in gathering data and makes community aware of their work
Child Care Appreciation Event	December 2, 2021	n-person event organized to recognize and appreciate providers in the community
Synthesize Data	January 2022	FCF synthesizes data into useful info
Core Team Meeting	January 13, 2022	Develop survey to collect potential solution ideas from the community
Core Team Meeting	February 10, 2022	Discuss survey progress & plan for brainstorming session
Community Brainstorming session	March 1, 2022	Community sharing of possible solutions
IMPLEMENTATION PHASE		
ACTIVITIES	TIMING	DETAILS
Implementation Planning Meeting #1	March 15, 2022	Review potential solutions from surveys & Core Team brainstorms solutions
Implementation Planning Meeting #2	April 14, 2022	Determine projects to move forward with, begin to set SMART Goals & develop action steps
Planning Meeting for Town Hall (1hr)	April 26, 2022	Finish SMART goals and begin planning for Town Hall
Core Team Meeting	May 12, 2022	In person meeting to provide updates on goal progress
Final Prep for Town Hall	June 9, 2022	Virtual meeting to finalize presentation and agenda for town hall meeting
Town Hall Event	June 14, 2022	In-person community wide event to showcase projects
Quarterly updates	June 2022– June 2023	Core team lead provides written quarterly updates to FCF
Regular Project Team Meetings	May 2022 – June 2023	Project teams meet to Implement community solutions; facilitated by project team lead
Technical Assistance Support	June 2022 – June 2023	FCF provides technical assistance when needed
Final Report	June 2023	Core Team leader submits final written report to FCF
Celebration	June 2023	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 NEW ULM

New Ulm is a rural community located in South Central Minnesota, along the Minnesota River roughly 90 minutes southwest of Minneapolis. The county's population is approximately 13,522 (2010 U.S. Census). New Ulm's economy is primarily driven by manufacturing, health care & social assistance and retail trade, which support a wide variety of jobs ranging from entry-level to high-skilled, in production, finance, transportation, and other employment sectors.

The New Ulm Area child care needs assessment, conducted in October 2021, by First Children's Finance (FCF), shows that the city's current capacity for child care meets only 82% of the entire child care need (184 child care openings short of full capacity). Terry Sveine, Mayor of New Ulm, has confirmed that child care is a critical issue in the community. Sveine's concern is echoed by New Ulm Economic Development Authority Housing Coordinator, Heather Bregel, who has similarly identified child care as a top priority for her 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 New Ulm, 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 New Ulm. The Core Team has and will continue to support development of solutions to sustain a high quality and sustainable child care infrastructure in the New Ulm Area.

- Heather Bregel, Housing Coordinator – New Ulm EDA
- Chris Dalton, City Manager – City of New Ulm
- Daniel Braam, Board Chair – New Ulm EDA
- Andrea Boettger, Council President – New Ulm City Council
- Megan Zabel, Parent and Former In-Home Child Care Provider
- Terry Sveine, Mayor – City of New Ulm
- Laura Filzen, Licensing Social Worker – Brown County
- Shannon Hillesheim, President – New Ulm Economic Development Corporation
- Jeff Bertrang, Superintendent – New Ulm Public Schools
- Candace Schouvieller, Administrator – Oak Hills Living Center
- Toby Freier, President – New Ulm Medical Center
- Erin Miller, Family Advocate – Ivy House
- Heidi Suess, Human Resources – 3M
- Jessica Janni, Retail Operations Manager – Bank Midwest (and EDA Commissioner)
- Les Schultz, Retired (New Ulm City Councilor and EDA Commissioner)
- Mark Petersen, President – United Prairie Bank (and EDA Commissioner)
- Michelle Markgraf, Executive Director – Ivy House
- Nicole Black, EDA Commissioner
- Pauline Holz, Child Care Licenser – Brown County
- Sarah Warmka, President – New Ulm Area Chamber of Commerce

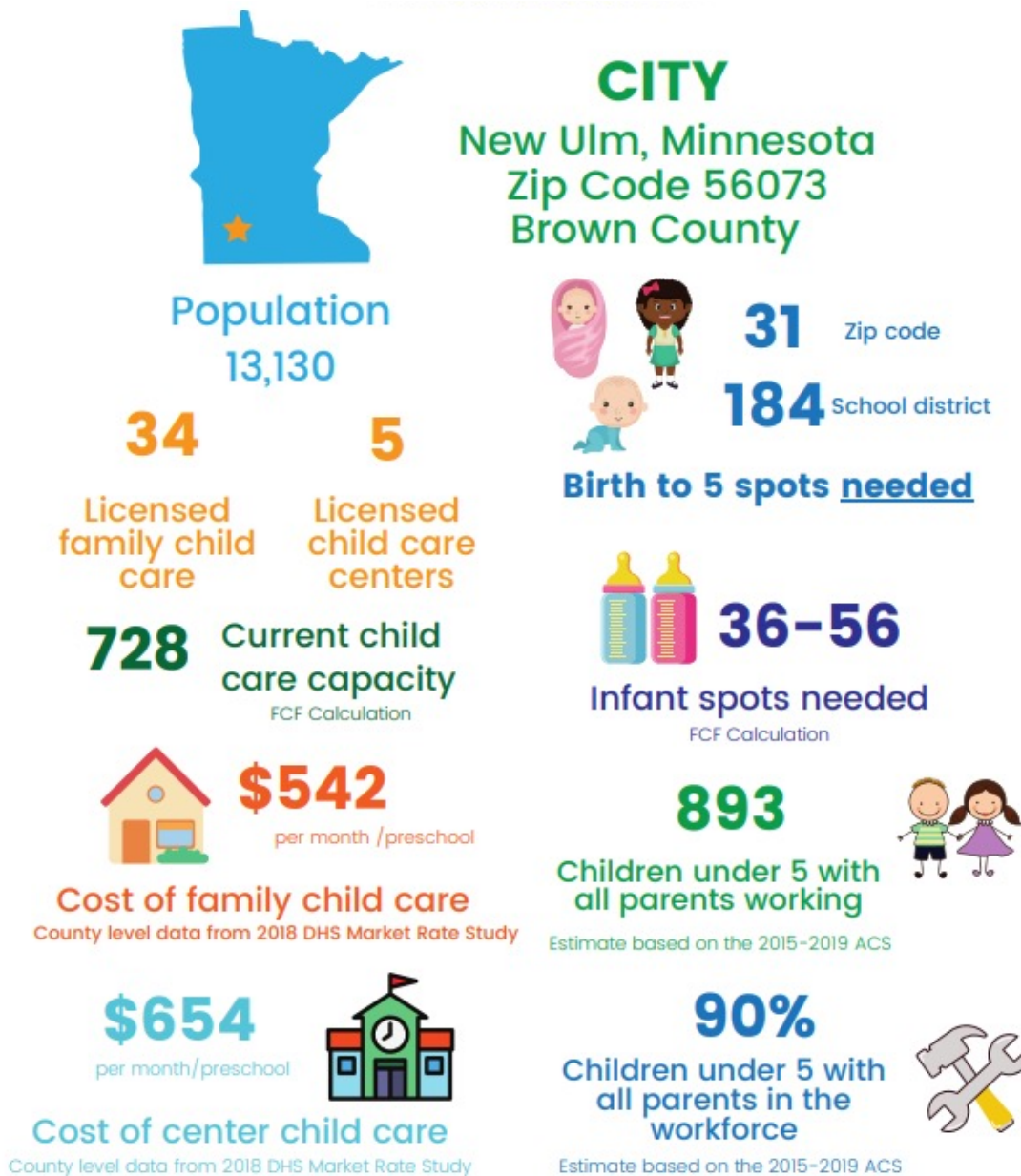
CHILD CARE DATA AND EARLY EDUCATION TRENDS

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 New Ulm we looked at the data for two geographic areas; the New Ulm zip code of 56073 and the New Ulm Area School District boundaries which gives us a better picture of the need. The supply demand gap analysis dated October 8, 2021, shows a zip code shortage of 31 slots and the School District area shortage of approximately 184 slots for children birth to five with all available parents in the workforce. Narrowing that down even further, the data shows that roughly 30% of the slots needed are for infants and toddlers. The core team chose to focus their effort on the New Ulm Area School District boundaries 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 New Ulm.



In surveying family child care providers, we learned 26% of providers plan on staying in business less than 3 years, while 39% plan on staying in business for 3-5 years. Furthermore, the survey indicated 13% of providers plan on being in business 6-9 more years, while the final 22% said they plan to stay in business for more than 10 years. It is important for New Ulm to consider ways to retain the current family child care providers as well as building more slots within the community



FAMILY CHILD CARE – BY THE NUMBERS

First Children's Finance evaluated the current supply of family child care to identify trends that needed further examination.

- The average length of service is equal to the state average length of service.
- At 44% the number of providers with more than 20 years of service is significantly higher than the state average. This means New Ulm 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.

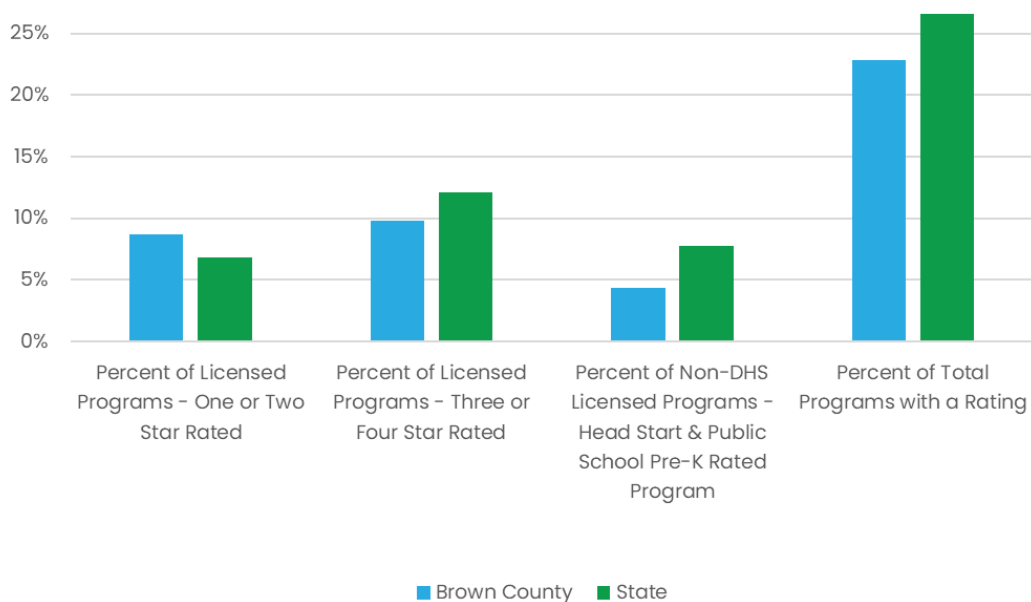
	LOCAL	STATE
TOTAL FAMILY CHILD CARE PROVIDERS	27	7410
AVERAGE LENGTH OF SERVICE	13.4 years	13.4 years
LESS THAN 5 YEARS / SERVICE	6 / 24.0%	2087 / 28.1%
MORE THAN 20 YEARS / SERVICE	11 / 44.0%	2274 / 30.6%
NON-OWNER OCCUPIED	0 / 0.0%	231 / 3.1%
NON-RESIDENTIAL DWELLING	0 / 0.0%	43 / 0.6%

October 2021



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 to the left shows the participation of Brown County child care programs in Parent Aware is generally 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 New Ulm RCCIP process. This study is one tool First Children's Finance uses to inform 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 –Brown 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	\$ 130.50	\$ 6,786

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 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, 59% of family providers and 100% of centers accept CCAP reimbursement for families.

CCAP –Brown 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	\$ 136.71	\$ 7,109
NO QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$ 129.19	\$ 6,718

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

Because high-quality child care programs cost more to operate there is a CCAP differential for programs that are 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 Brown county providers who are four-star Parent Aware rated programs.

CCAP –Brown 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	\$ 164.05	\$8,531
20% QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$ 155.03	\$ 8,062

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

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. New Ulm has reading proficiency levels nearly on par with the state average and graduation rates significantly higher than the state average.

Third Grade Reading Levels

DISTRICT	2020 PROFICIENCY RATE
New Ulm #88	46.9%
Statewide	48.5%

Minnesota Department of Education Report Card

Local Graduation Rates

DISTRICT	2020 GRADUATION RATE
New Ulm #88	93.3%
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 – Brown County

TOTAL HOUSEHOLDS ACS 2018 5YR ESTIMATE	# OF HOUSEHOLDS	%
Less than \$10,000	168	2.4%
\$10,000 to \$14,999	245	3.5%
\$15,000 to \$24,999	645	9.2%
\$25,000 to \$34,999	736	10.5%
\$35,000 to \$49,999	904	12.9%
\$50,000 to \$74,999	1289	18.4%
\$75,000 to \$99,999	1275	18.2%
\$100,000 to \$149,999	1261	18.0%
\$150,000 to \$199,999	266	3.8%
\$200,000 or more	224	3.2%
TOTAL HOUSEHOLDS	7,008	
MEDIAN HOUSEHOLD INCOME	\$65,906	

U.S. Census American Community Survey 2019

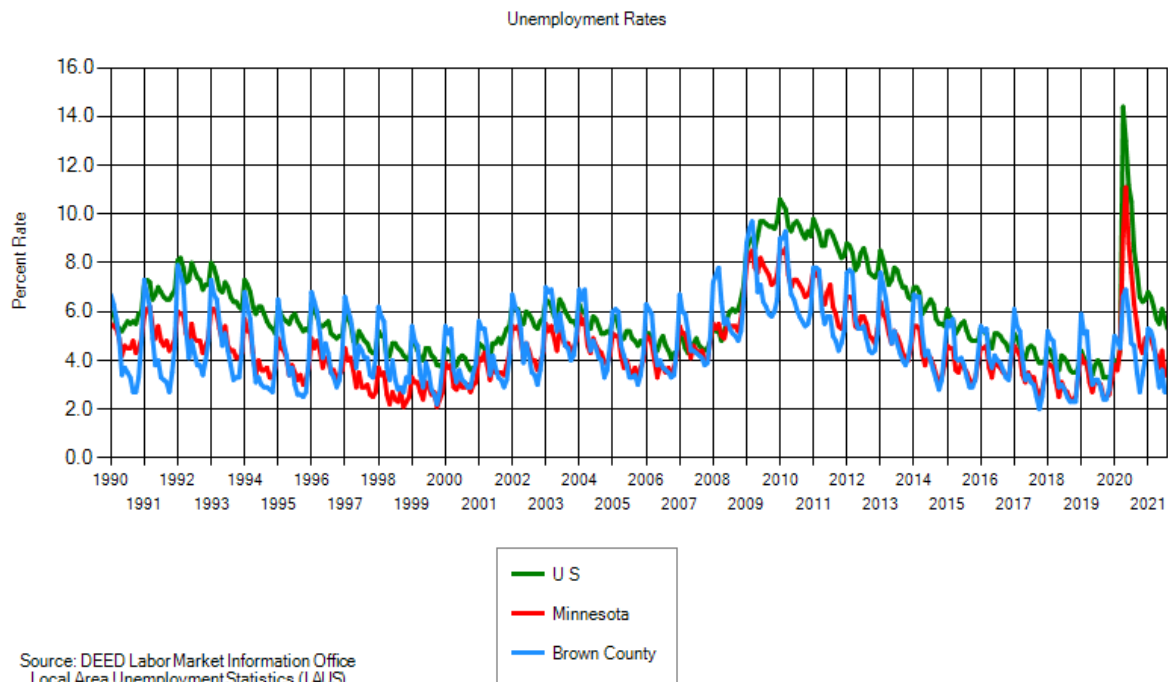


LOCAL EMPLOYMENT CONDITIONS

Employment data was also considered by First Children's Finance in the analysis of the child care situation in New Ulm as it can be an indicator that additional child care is needed to support the employment needs of the community since there are more two-parent families employed. New Ulm 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 – Brown County

In August of 2021 when this initial analysis of data for New Ulm was completed, the unemployment rate was 2.7% which is a relatively low unemployment rate. This can also indicate a larger need for child care in a community.



August 2021

Top Local Industries – Brown County

Employers in the New Ulm 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 in Brown County	# Employees	% Of Workforce
Manufacturing	2,520	19.3%
Health Care & Social Assistance	2,155	16.5%
Retail Trade	1,467	11.2%

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.

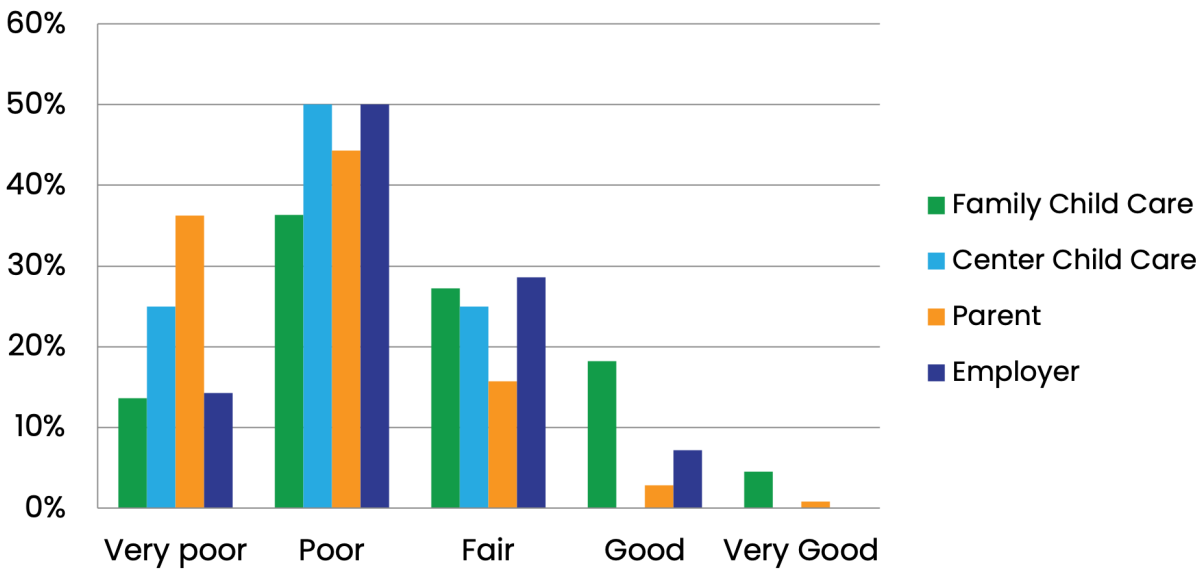


COMMUNITY SURVEYS – SELECTED PERSPECTIVES

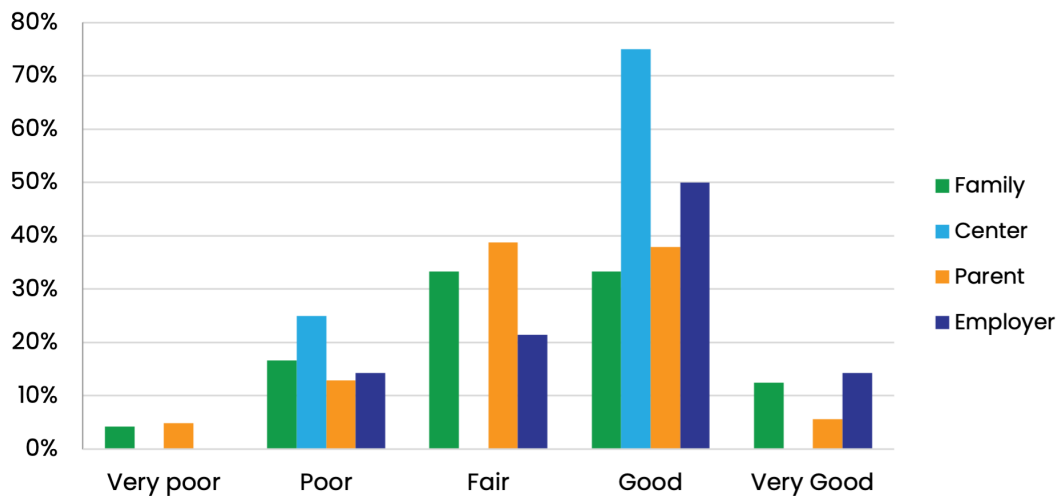
The general community was invited to participate in a comprehensive survey about child care in the local New Ulm community. Respondents included 333 individuals for the parent survey and 14 employers for the employer survey. A separate survey gathered information specific to child care businesses from 25 family child care providers and 5 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

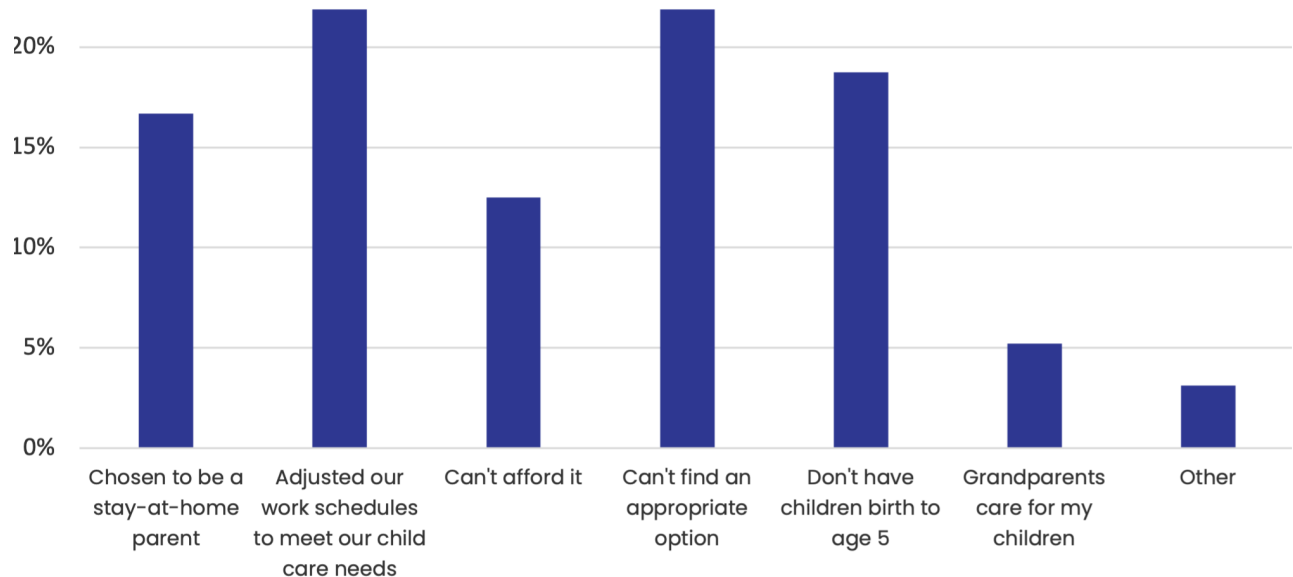


While specific questions about quality were not part of this survey, it was noted that there is a positive perception between child care providers and the local community on the quality of child care programs in the area. When survey participants were asked about what is important for them in a child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

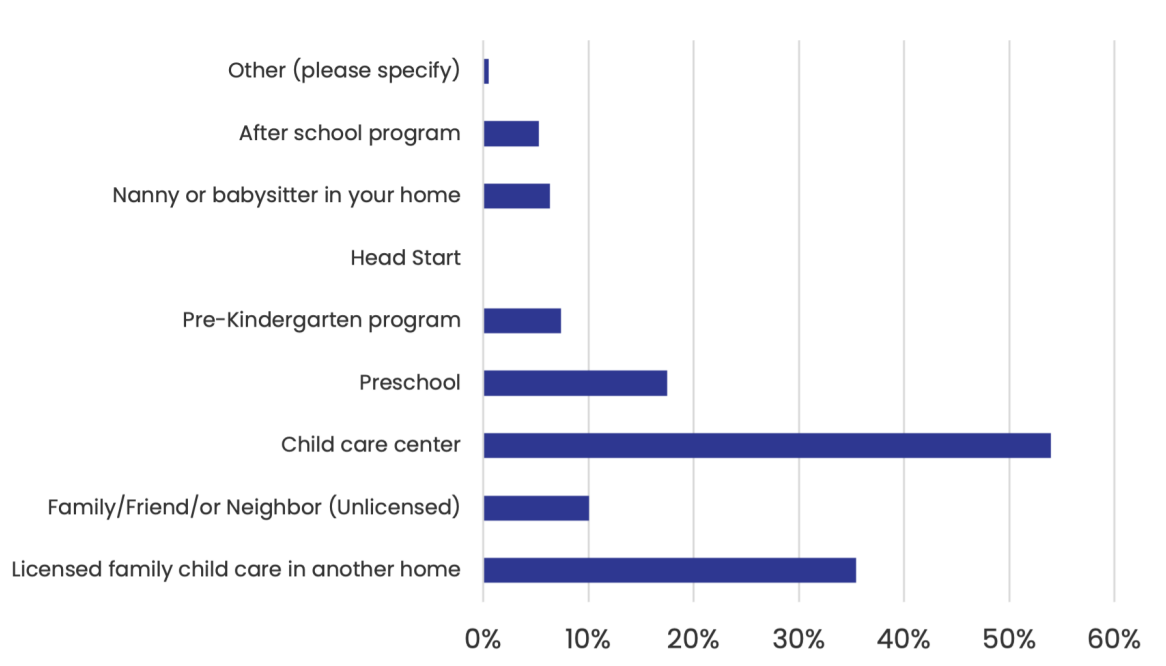
1. Provider demonstrates a safe and healthy environment
2. Provider is licensed by the Department of Human Services
3. Provider is conveniently located
4. Provider uses an educational curriculum
5. Provider has achieved a high level of education or credential
6. Provider is Parent Aware rated and/or 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 19% of the parents did not have children under the age of 5 while 34% 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 majority 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. Comments from parents included things like we can't afford child care AND we can't find an appropriate options or grandparents are helping to care for the children.

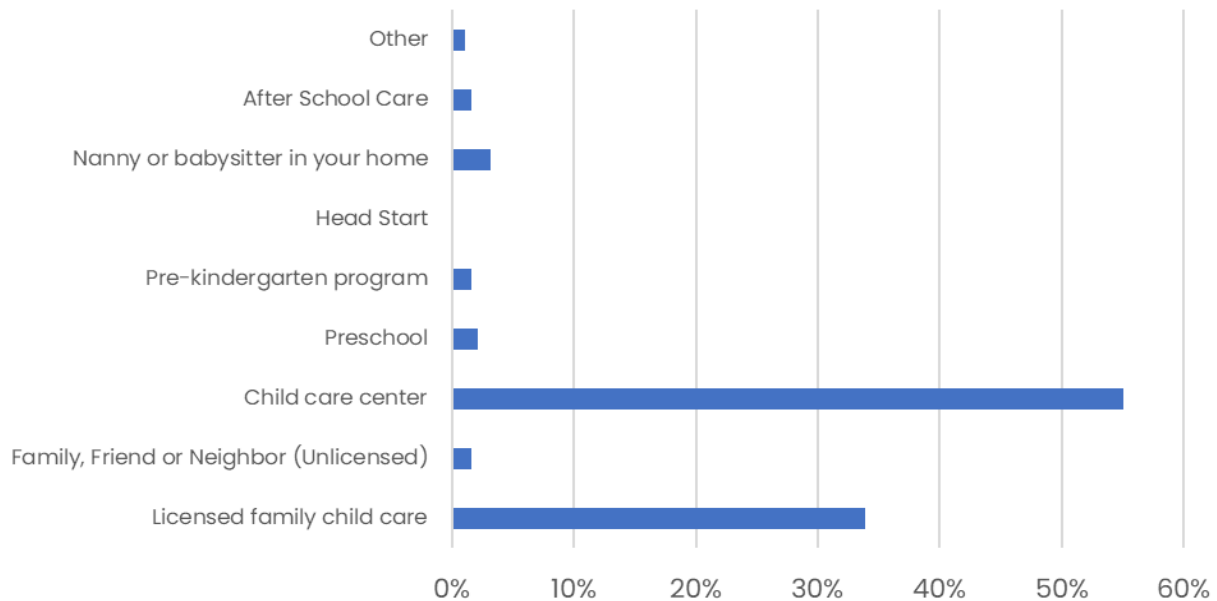


Types of Care Parents are Using



Types of Care Parents Prefer to Use

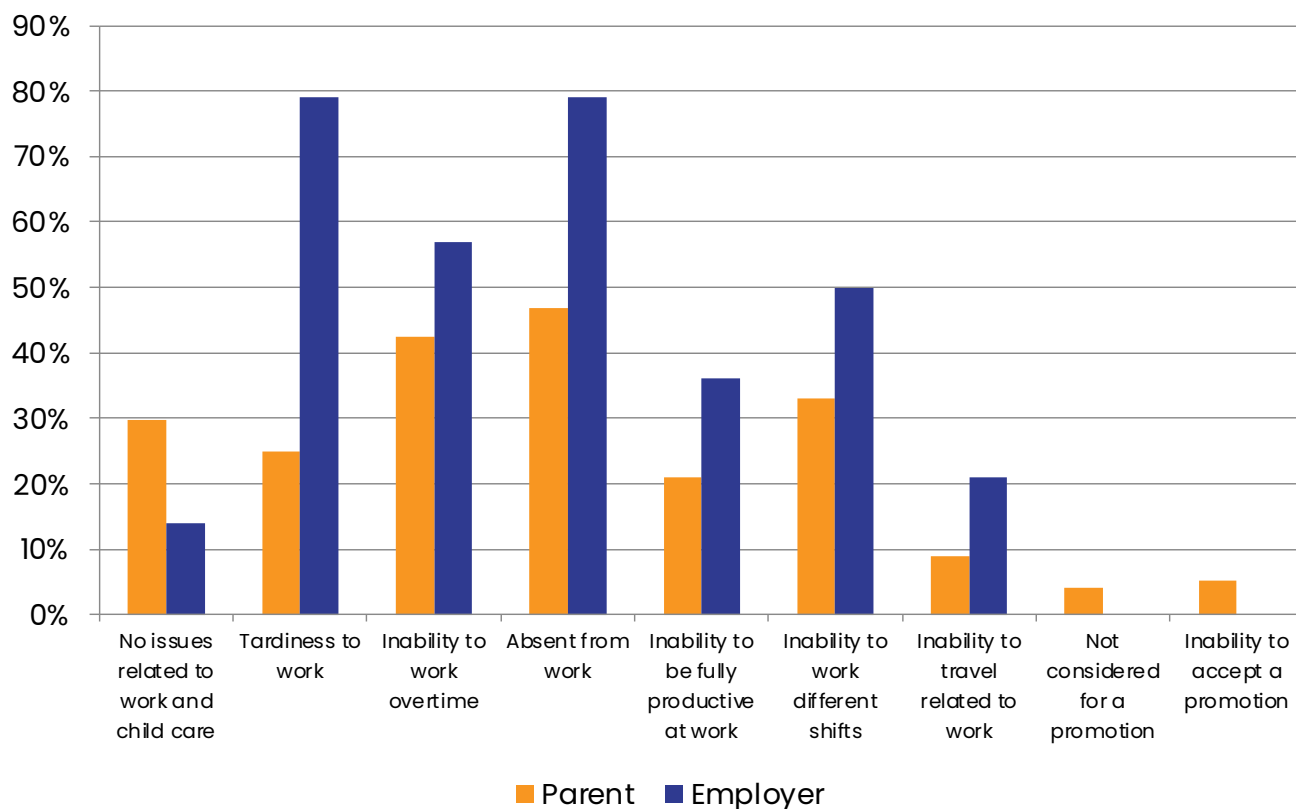
The types of care parents in the New Ulm Area prefer are shown on the chart below. When a community can better meet the preferred child care options of families the community will be more successful in attracting new families and individuals to the community to live and work.



Community and Business Impacts of the Child Care Issue

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, inability to work a flexible schedule or work different shifts, and tardiness to work.

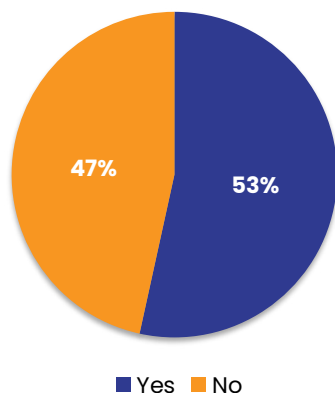
From the employer survey, 43% of employers said the child care shortage has affected their ability to **attract** employees while 57% of employers indicated the lack of child care has impacted their ability **retain** employees.

Additional child care related challenges for parents included 9% not able to travel for work, 4% not considered for a promotion, and 5% were not able to accept a promotion. While employers responded that 21% of their employees were not able to travel for work, 0% mentioned that parents were not considered for a promotion or did not accept a promotion due to child care challenges.

Impact on Family Planning – New Ulm

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.

Has the availability of your preferred child care option impacted your decision to have another child or limit the size of your family?

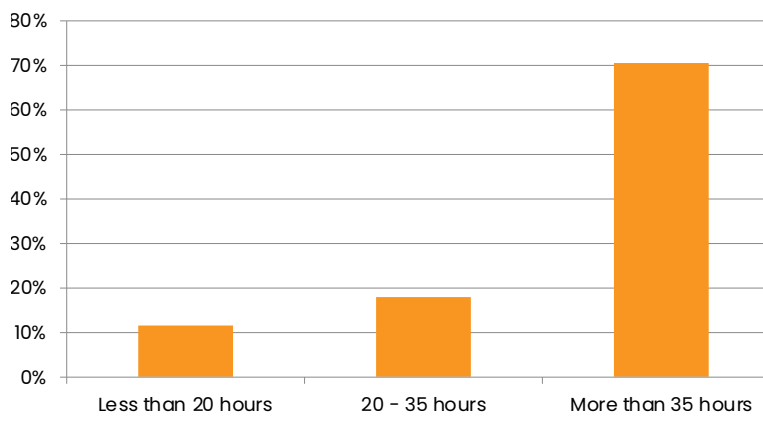


In addition to impacting family planning, child care shortages can also impact the local employment environment. In the survey, 53% of parents have declined employment or withdrawn from the workforce due to child care issues at some point in their career.

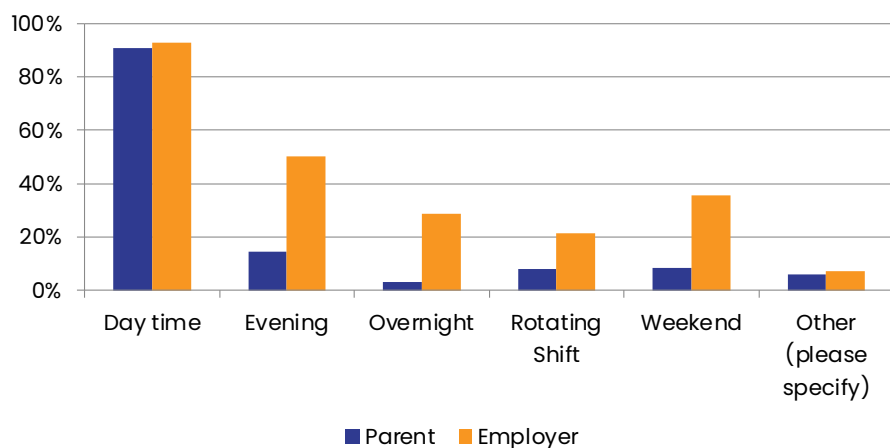
TYPES OF CHILD CARE NEEDED

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?



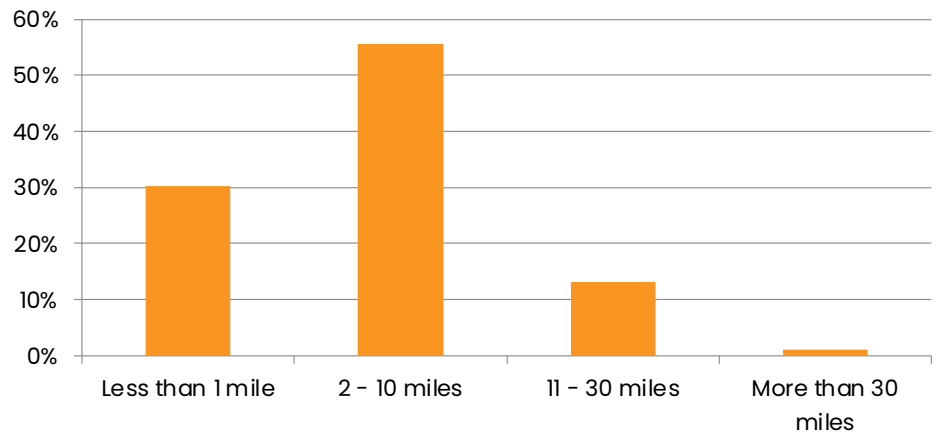
What hours of care do you need?



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.

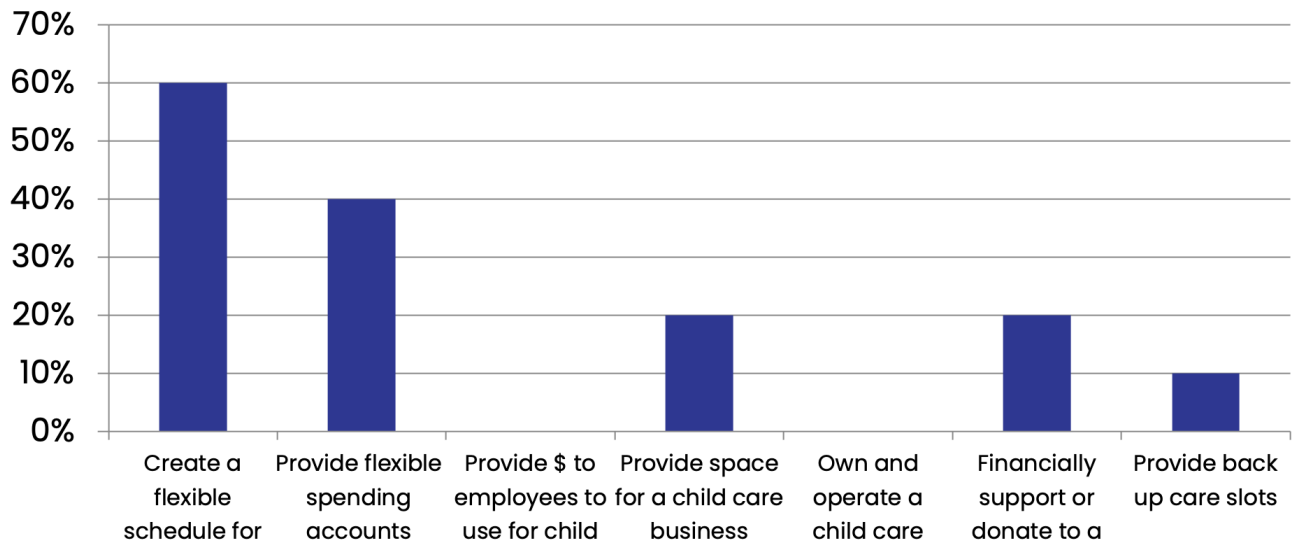
How far do you travel out of your way (one direction) to your child care provider?

New Ulm Area survey respondents indicated that they were traveling great distances to find appropriate child care. Nearly 14% indicated that they were traveling more than 11 miles 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 New Ulm Area are willing to help is to create flexible schedules or provide flex spending accounts. Twenty percent of employers surveyed are willing to provide space for a child care business or financially support or donate to a child care business; however, nothing of they are willing to own and operate a child care business themselves or 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 New Ulm 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

New Ulm 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.

“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 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

“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 New Ulm Area 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 theme from the brainstorming session.

THEME: TRAINING

- Offer required training for providers at no cost or offer annual grants to cover training costs
- Partner with local agencies to provide CPR/First Aid

THEME: WORKFORCE DEVELOPMENT

- Partner with the high school to offer child care courses
- Offer scholarships for local Early Childhood Education Degree Programs
- Training provided through Community Education

THEME: COMMUNITY EDUCATION/PARTNERSHIPS

- Large employers provide employees with a stipend to help pay for child care
- New Ulm Rec Center offering childcare like YMCA in Mankato
- Pair child care programs with the school system to help with child care coverage
- Utilize high school students/retirees as volunteers in child care centers
- Partner with local churches to provide space for child care businesses
- Investment in child care facilities from large employers
- Onsite child care at businesses
- Create sub program
- Explore possibility of offering additional child care through school district

THEME: FINANCIAL SUPPORT/INCENTIVES

- Increase wages and benefits for child care providers
- Supplemental pay from the government for child care providers
- Offer grants and incentives to start child care business
- Waive licensing and initial training fees to incentivize startups
- Make higher pay, health insurance and benefits a priority

THEME: RECOGNITION

- Make child care providers a priority and recognize the importance of their job
- Host annual Provider Appreciation Event
- Child Care Provider of the Year
- Mayor pays for a day off for the provider of the year

THEME: FACILITIES

- Attach child care to senior living
- Use Vogel for child care
- Build a center in old Target building
- Help 3M and Kraft add onsite child care
- City provides space for child care
- Renovate a vacant building downtown to create a child care program
- Can a current center expand?
- Create child care center in local church
- First Children's Finance provides prospective centers/family child care programs with no-cost financial model (feasibility study)
- Create family child care program/Pod in a commercial space – duplex, church, school district, Oak Hills



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

Explore expansion of existing child care centers in New Ulm by the end of August 2022 and begin the expansion process with interested centers by the end of 2022.

Expected Outcomes and Impact

New child care slots will be created within the community.

Project Team Lead –Les Schultz

Additional Team Members –Sarah Warmka, Michelle Markgraf, Dan Braam and Toby Freier

SMART Goal Two

Explore vacant buildings in New Ulm that would work for the POD model by the end of 2022.

Expected Outcomes and Impact

Add additional child slots by providing a POD Model option for family child care. Recruit and retain child care providers by adding an additional location option.

Project Team Lead –Heather Bregel

Additional Team Members –Terry Sveine, Laura Filzen, Pauline Holz, Heidi Suess and Candas Schouvieller

SMART Goal Three

Within one year, offer a grant or pay for required trainings for providers.

Expected Outcomes and Impact

Within one year, there will be some way either through a grant or other option for providers to greatly reduce or eliminate their training expense. Other outcomes include finding a way to pay for the training costs for a substitute program and scheduling a “Super Saturday” training event.

Project Team Lead –Heather Bregel

Additional Team Members –Sarah Warmka, Les Schultz and Megan Zabel

SMART Goal Four

Within six months, learn if Martin Luther College can be a resource for the community either in expanding the workforce or adding additional child care spots.

Expected Outcomes and Impact

Learn more about MLC’s EC program, specifically, learn how their model could help with developing the workforce so we can staff new child care programs or increase the number of family child care providers.

Project Team Lead –Michelle Markgraf

Additional Team Members –Terry Sveine, Dan Braam, Heidi Suess, Laura Filzen, Pauline Holz and Candas Schouvieller

SMART Goal Five

Explore adding toddler program at Washington Learning Center.

Expected Outcomes and Impact

Add a DHS licensed toddler classroom at Washington Learning Center to increase child care slots in the community and offer more options for families who currently attend a program at Washington Learning Center or would like to.

Project Team Lead –Jeff Bertrang

Additional Team Members – Heather Bregel, Sarah Warmka, Les Schultz and Nicole Black

SMART Goal Six

Within one year, explore community partnerships to offer onsite child care at local businesses, churches, or other local buildings.

Expected Outcomes and Impact

Within one year develop a list of options for onsite child care at local businesses, churches or other local buildings.

Core Team Lead –Heidi Suess

Additional Team Members –Terry Sveine, Laura Filzen, Pauline Holz, Dan Braam, Michelle Markgraf and Candas Schouvieller



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