



First Children's Finance

RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN FOR CHILD CARE

HUTCHINSON, MINNESOTA

FEBRUARY 2023

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





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

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

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

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

Kris Bevell

Editor
Prairie Business Magazine

EXECUTIVE SUMMARY

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 Hutchinson 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 Hutchinson, 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 Hutchinson, First Children's Finance conducted a Supply and Demand Gap Analysis and community surveys, which showed a child care shortage of approximately 414 child care slots in the City of Hutchinson. 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 Hutchinson. More than 35% of parent survey respondents declined employment or withdrew from the workforce due to child care issues and 46% 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 Hutchinson 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.

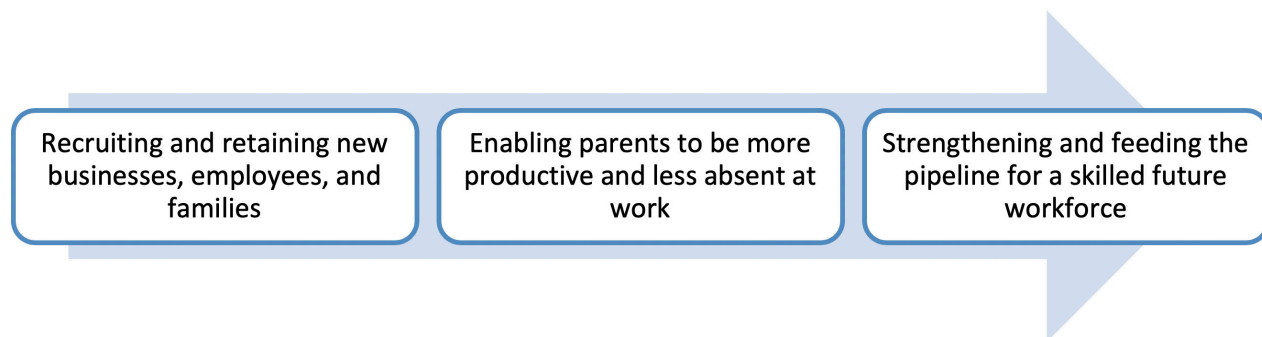
Through the RCCIP, Hutchinson has identified six goals to address child care challenges. These goals include:

1. Over the next 18 months, the Core Team will explore opportunities for creation and/or expansion of child care programs and/or slots.
2. Within the next 18 months, the Core Team will develop and implement an annual child care provider event that focuses on recognition and training for early childhood professionals.
3. By Summer 2023, the Core Team will assist in creating a local, community-led child care organization that will provide ongoing support and help subsidize child care initiatives and programs in Hutchinson.
4. By the 2024-2025 school year, the core team will work with educational partners to create an early childhood pathway for high school students that includes career exposure utilizing partnerships with HHS and Ridgewater, that will lead to a CDA credential or advancement to post-secondary in early childhood education.
5. Over the next 18 months, the Core Team will explore ideas and opportunities to support providers and substitutes in the early care and education field.
6. Within the next 18 months, the Core Team will identify and implement at least two events or opportunities to engage local businesses and create a networking opportunity that focuses on education and ways to support current providers.

In implementing these goals, Hutchinson 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 RCCIP 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	April 4, 2022	RCCIP application is posted to FCF website
Webinar	April 14, 2022	Learn about RCCIP, expectations, and ask questions
Application Deadline	May 13, 2022	Due by 5:00pm
Follow Up Questions For Applicants	May 23-27, 2022	FCF will connect by phone or email
Final Awards Made	June 10, 2022	FCF will notify via email

PLANNING PHASE		
ACTIVITIES	TIMING	DETAILS
Core Team Onboarding	August 3, 2022	Face-to-face meeting to discuss RCCIP details and expectations
Core Team Planning Meetings	August 10, September 6, & October 15, 2022	Develop survey to collect potential solution ideas from the community and begin mapping out community engagement activities
Data Gathering & Community Engagement Activities	September-October 2022	Core Team engages community in gathering data and makes community aware of their work
Child Care Appreciation Event	October 27, 2022	In-person event organized to recognize and appreciate providers in the community
Synthesize Data	November 2022	FCF synthesizes data into useful information
Core Team Meeting	November 15, 2022	Discuss survey progress & plan for Town Hall Event
Town Hall Event	November 29, 2022	Community brainstorming session of possible solutions

IMPLEMENTATION PHASE		
ACTIVITIES	TIMING	DETAILS
Implementation Planning Meeting	December 6, 2022	Determine projects to move forward with, set SMART Goals & map out implementation activities
SMART Goal Refinement Meeting	January 17, 2023	Virtual meeting to continue refining SMART Goals
Core Team Meeting	February 21, 2023	Virtual meeting to provide updates on goal progress
SMART Goal Finalization Meeting	March 21, 2023	In person meeting to finalize SMART Goals
Community Launch of CSAP	June-July 2023	In-person community wide event to showcase projects
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	Final Report	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 HUTCHINSON

Hutchinson is a rural community located in central Minnesota, along the South Fork of the Crow River. It is the largest city in McLeod County with a population of 15,037. Throughout Hutchinson, the scenic Luce Line State Trail meanders along the Crow River throughout the city, and the city's pre-planned, platted park system is the second oldest in the nation. Hutchinson'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 Hutchinson Area child care needs assessment, conducted in August 2022 by First Children's Finance (FCF), shows that the city's current capacity for child care meets only 53% of the entire child care need (414 child care openings short of full capacity). Mary Hodson, President of the Hutchinson Area Chamber of Commerce, illustrates how the child care shortage will impact the whole community, saying, "Without child care options, many families are opting out of the workforce and making one income work. Therefore, the inherent shortage of workers continues to build. Shortage of workers means longer wait times, more burn out, shorter retail hours, less availability of stock and services, higher prices to combat higher pay/wages."

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 Hutchinson, 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 Hutchinson. The Core Team has and will continue to support development of solutions to sustain a high quality and sustainable child care infrastructure in the Hutchinson Area.

- Amy Berry – McLeod County
- Ari Zaske – Citizens Bank & Trust Co.
- Ashley McLain – Hutchinson Public Schools
- Cindy Salfer – Ridgewater College
- Hailey Larson – Nekton Sports Performance
- Jenna Gauger – BG Jewelers/Forever Smiles
- Jim Hein – Vineyard Church
- JoEllen Kimball – Resident
- Jordan Malone – Jay Malone Motors
- Katie Bruns – Midwest Industrial Tool Grinding, Inc.
- Leah Kamrath – Resident and Parent
- Liz Danielson – McLeod County
- Mary Hodson – Hutchinson Area Chamber of Commerce
- Mary Myers-Reinarts – Hutchinson Public Schools
- Michelle Nies – Kids-Depot Child Care Center
- Miles Seppelt – City of Hutchinson
- Nate Reuss – Mid-MN Development Corp
- Rachael Gemuenden – Hutchinson Health
- Robin Kruse – Teacher
- Scott Marquardt – Southwest Initiative Foundation
- Sue Thomes – United Community Action Partnership
- Susan Kasal – Resident
- Theresa Dworak – McLeod Co. HHS-CPS
- Tony Montoforte – 3M



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 Hutchinson, we looked at the data for two geographic areas, the Hutchinson zip code of 55350 and the Hutchinson Public School District boundaries, which give us a better picture of the need. The supply demand gap analysis dated August 2022, shows a zip code shortage of 414 slots and the School District area shortage of approximately 445 slots for children birth to five with all available parents in the workforce. Narrowing that down even further, the data shows that roughly 28% of the slots needed are for infants and toddlers. The core team chose to focus their effort on the city of Hutchinson boundaries as they move forward with creating solutions to the child care shortage. Below is a summary of the information provided in the supply and demand gap Analysis for Hutchinson.

Hutchinson

Child Care Need Analysis

CITY

Hutchinson, Minnesota
Zip Code 55350 - McLeod County



Population
13,935



847 McLeod County

445 School District #423

414 55350 Zip Code

Birth to 5 spots needed
FCF Calculation

31

Licensed
family
child care

4

Licensed
child care
centers

0

Certified
child care
center

28%



Infant/Toddler Need
FCF Calculation

466 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



880

**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



82%

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



First Children's Finance

August, 2022



FAMILY CHILD CARE – BY THE NUMBERS

In surveying family child care providers, we learned 13% of providers plan on staying in business less than 3 years, while 37% 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 37% said they plan to stay in business for more than 10 years. It is important for Hutchinson 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 slightly lower than the state average length of service.
- The number of providers with more than 20 years of service is lower than the state average, but the number of providers with less than 5 years of service is higher than the state average.
- 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. These two groups combined account for more than half of all child care providers in Montevideo.

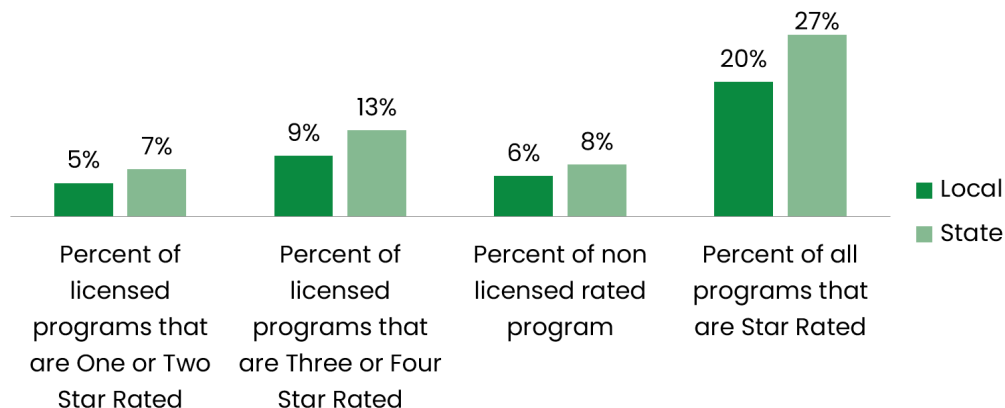
	LOCAL	STATE
TOTAL FAMILY CHILD CARE PROVIDERS	31	7071
AVERAGE LENGTH OF SERVICE	12.7 years	13.8 years
LESS THAN 5 YEARS / SERVICE	10 / 32.3%	1904 / 26.9%
MORE THAN 20 YEARS / SERVICE	8 / 25.8%	2276 / 32.2%
NON-OWNER OCCUPIED	1 / 3.2%	236 / 3.3%
NON-RESIDENTIAL DWELLING	0 / 0.0%	43 / 0.6%

June 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 above shows the participation of McLeod 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 Hutchinson 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 –McLeod 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 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, 78% of family providers and 100% of centers accept CCAP reimbursement for families.

CCAP –McLeod County (No quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
NO QUALITY DIFFERENTIAL - INFANT WEEKLY - CENTER	\$222.00	\$11,544
NO QUALITY DIFFERENTIAL - TODDLER WEEKLY - CENTER	\$207.00	\$10,764
NO QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - CENTER	\$188.00	\$9,776
NO QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$155.00	\$8,060

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 McLeod County providers who are Four-Star Parent Aware rated.

CCAP – McLeod County (20% quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
20% QUALITY DIFFERENTIAL - INFANT WEEKLY - CENTER	\$266.40	\$13,853
20% QUALITY DIFFERENTIAL - TODDLER WEEKLY - CENTER	\$248.40	\$12,917
20% QUALITY DIFFERENTIAL - PRESCHOOL WEEKLY - CENTER	\$225.60	\$11,731
20% QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY - CENTER	\$186.00	\$9,672

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. Hutchinson has reading proficiency levels significantly above the state average and graduation rates about the same as the state average.

Third Grade Reading Levels

DISTRICT	2021 PROFICIENCY RATE
Hutchinson #423	58.2%
Statewide	48.5%

Minnesota Department of Education Report Card

Local Graduation Rates

DISTRICT	2021 GRADUATION RATE
Hutchinson #423	84.8%
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 – McLeod County

TOTAL HOUSEHOLDS ACS 2019 5YR ESTIMATE	# OF HOUSEHOLDS	%
Less than \$10,000	332	4.2%
\$10,000 to \$14,999	347	4.4%
\$15,000 to \$24,999	553	7.0%
\$25,000 to \$34,999	679	8.6%
\$35,000 to \$49,999	900	11.4%
\$50,000 to \$74,999	2,077	26.3%
\$75,000 to \$99,999	1,106	14.0%
\$100,000 to \$149,999	1,066	13.5%
\$150,000 to \$199,999	482	6.1%
\$200,000 or more	363	4.6%
TOTAL HOUSEHOLDS	7,897	
MEDIAN HOUSEHOLD INCOME	\$61,758	

U.S. Census American Community Survey 2019

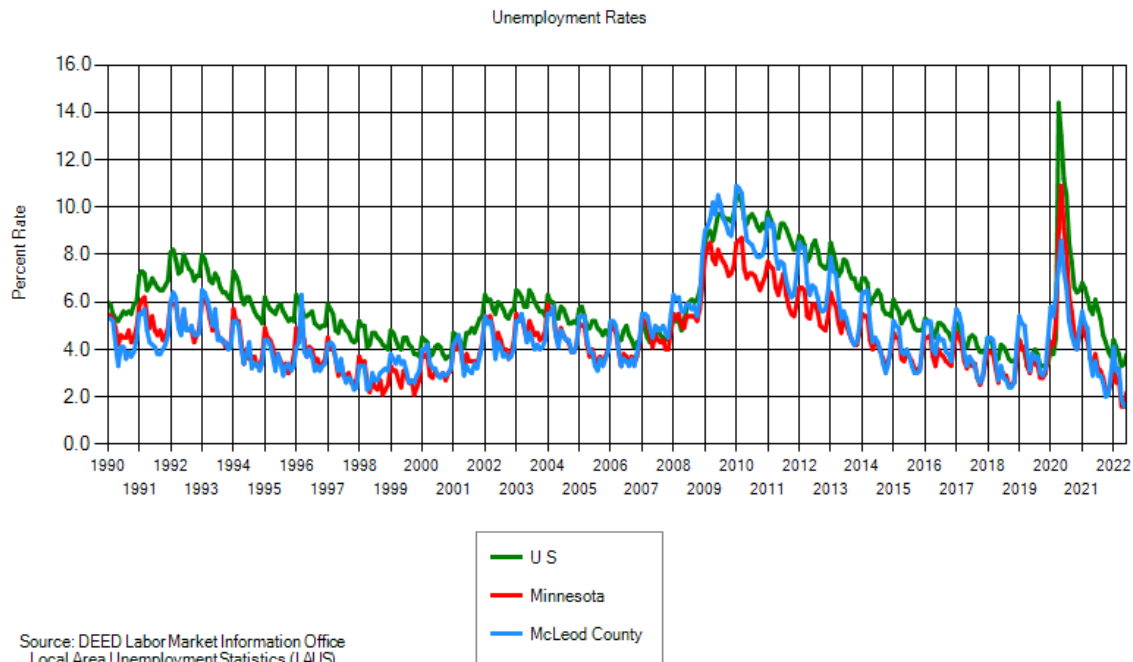


LOCAL EMPLOYMENT CONDITIONS

Employment data was also considered by First Children's Finance in the analysis of the child care situation in Hutchinson 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. Hutchinson has a larger than state average participation rate for households with all parents in the workforce at 82% while the state average is 76%.

Unemployment Rates – McLeod County

In June of 2022 when this initial analysis of data for Hutchinson was completed, the unemployment rate was 2.3% which is a relatively low unemployment rate. This can also indicate a larger need for child care in a community.



Top Local Industries – McLeod County

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

Top 3 Industries	# Employees	% of Workforce
Industry: Manufacturing	4,530	29.4%
Industry: Health Care & Social Assistance	2,617	17.0%
Industry: Retail Trade	2,031	13.2%

www.ruraldataportal.org

COMMUNITY INSIGHTS

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

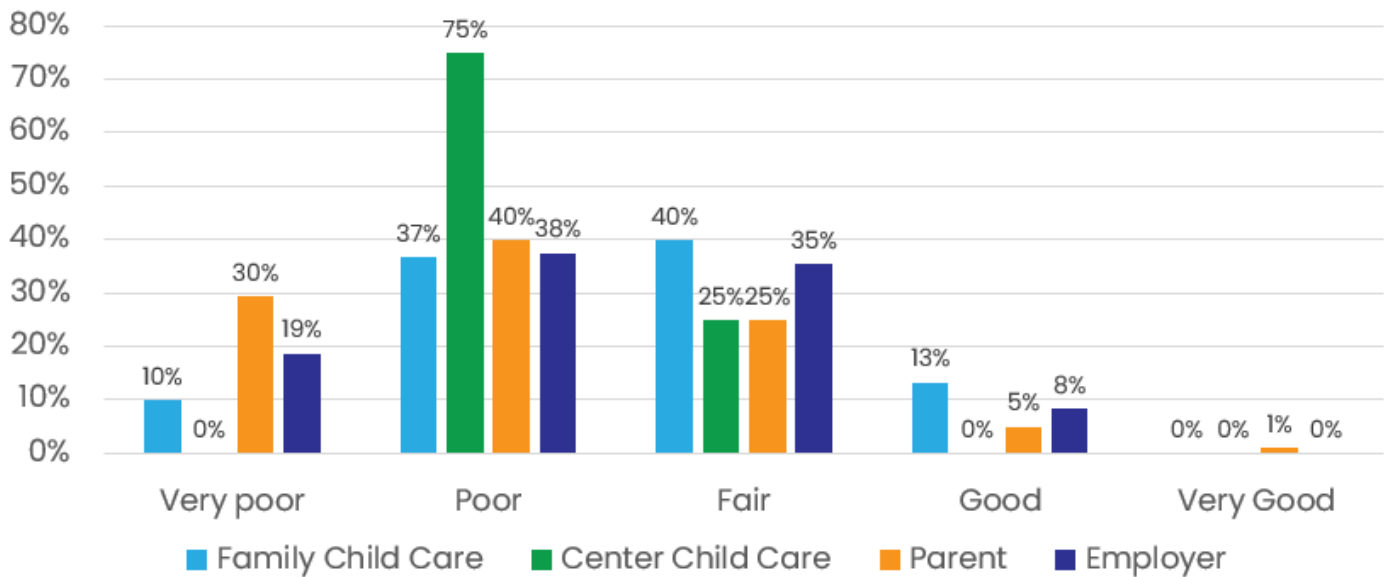


COMMUNITY SURVEYS – SELECTED PERSPECTIVES

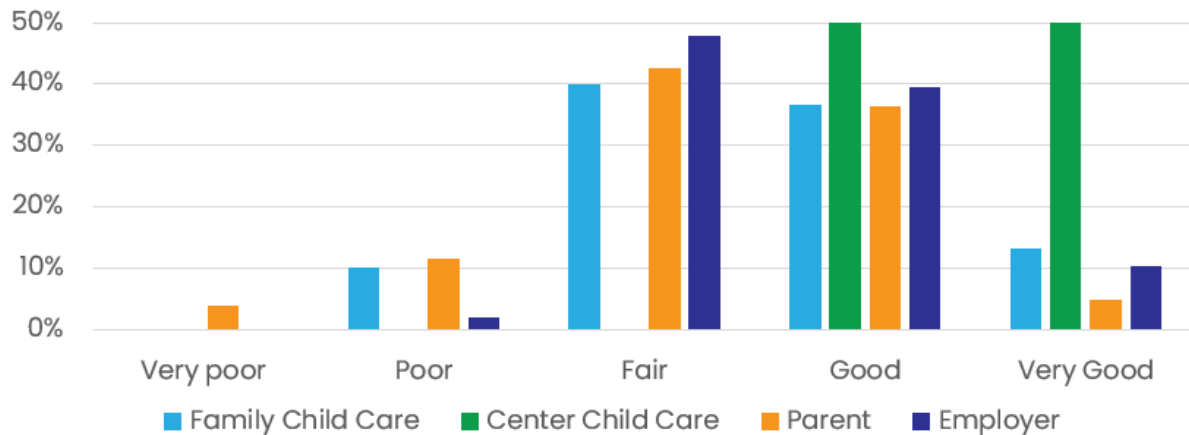
The general community was invited to participate in a comprehensive survey about child care in the local Hutchinson community. Respondents included 701 individuals for the parent survey and 48 employers for the employer survey. A separate survey gathered information specific to child care businesses from 30 family child care providers and 4 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

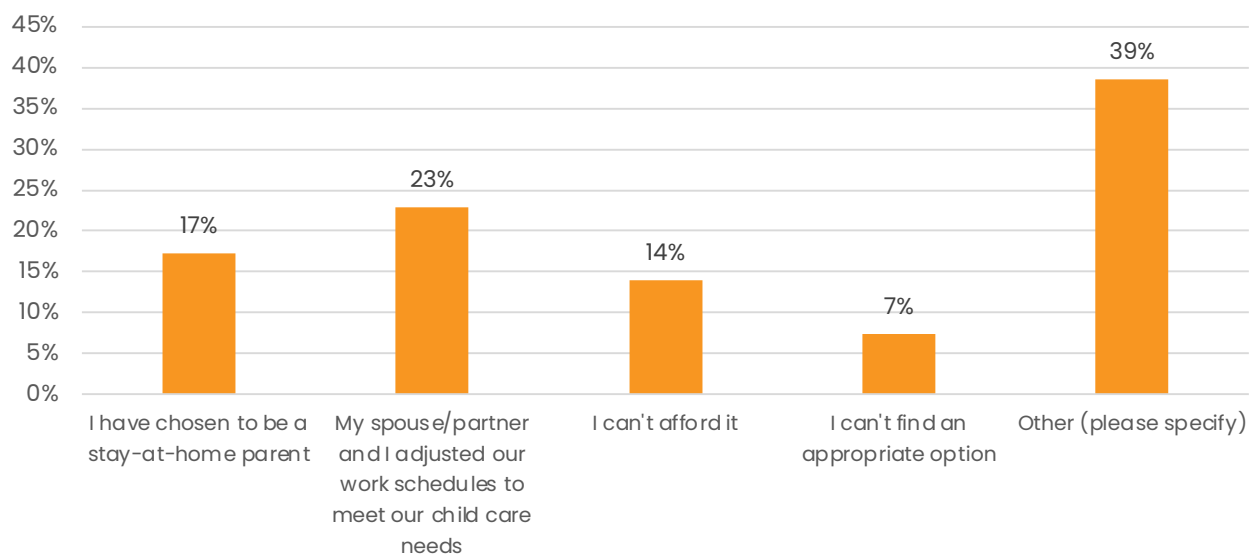


When asked about the quality of available child care in the area, the largest group of parents, family child care providers, and employers all indicated they perceived the quality to be fair, but very few respondents answered perceived the quality of available child care to be poor or very poor. Survey participants also ranked what is important for them in a child care program, and their preferences were 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

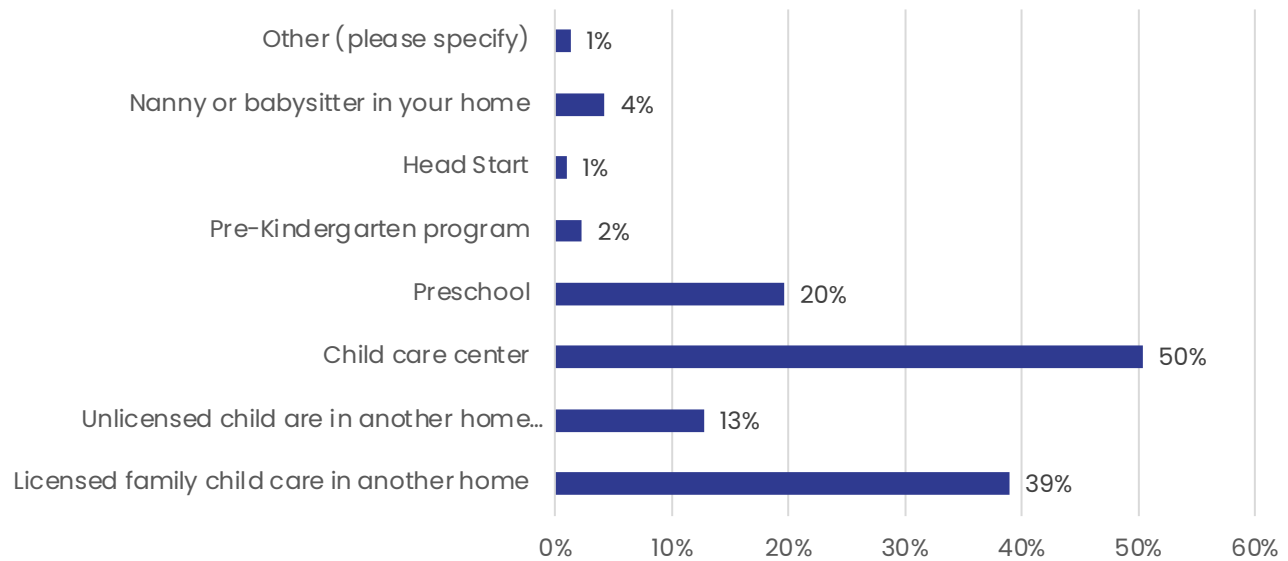
Reasons for Not Enrolling in Paid Child Care

A breakdown of the parent survey showed 41% of the parents did not have children under the age of 5, while 50% 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 adjusted their work schedules to meet their child care needs. Some comments from parents answering "other" included that their children had aged out of needing care or family members cared for their children at no cost.



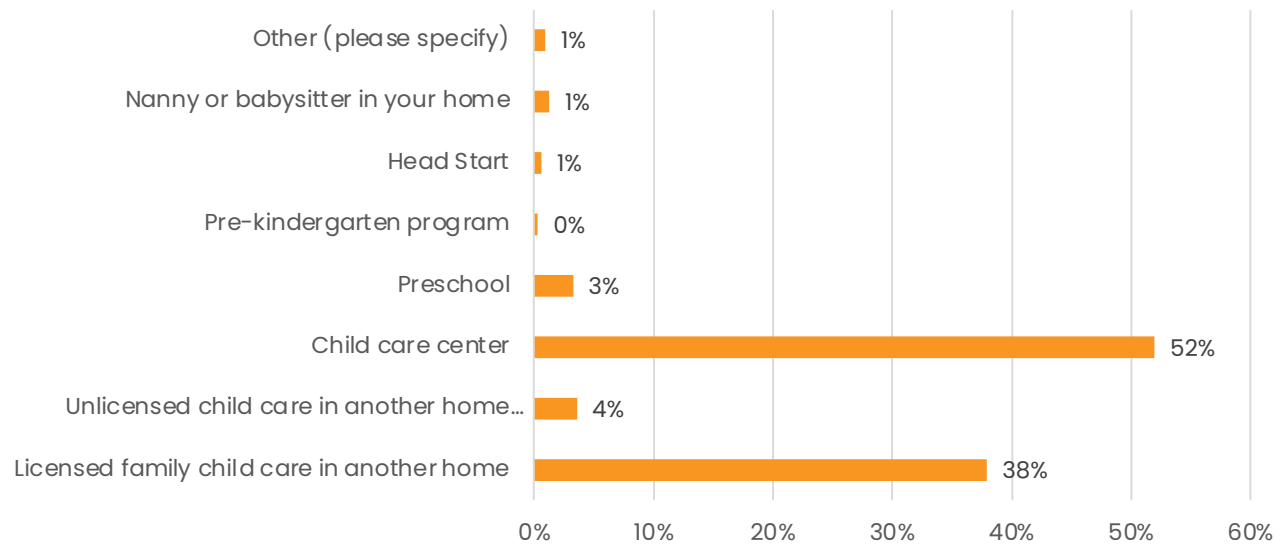
Types of Care Parents are Currently Using

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



Types of Care Parents Prefer to Use

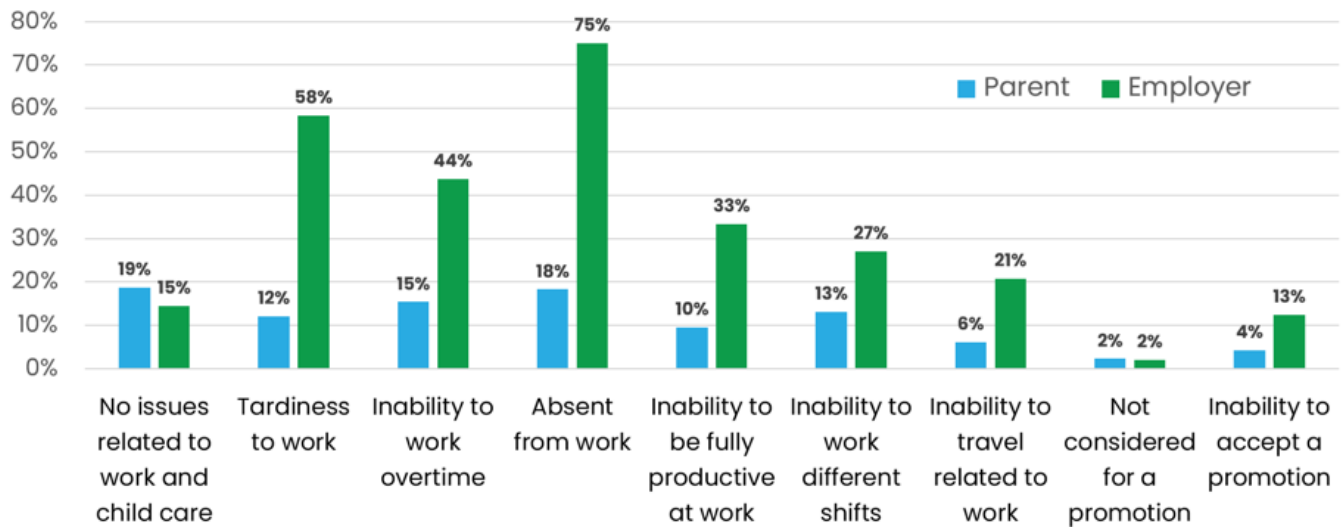
The types of care parents in the Hutchinson Area prefer are shown on the chart below. When a community can better meet the preferred child care options of families the community will be more successful in attracting new families and individuals to the community to live and work.



Community and Business Impacts of the Child Care

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

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



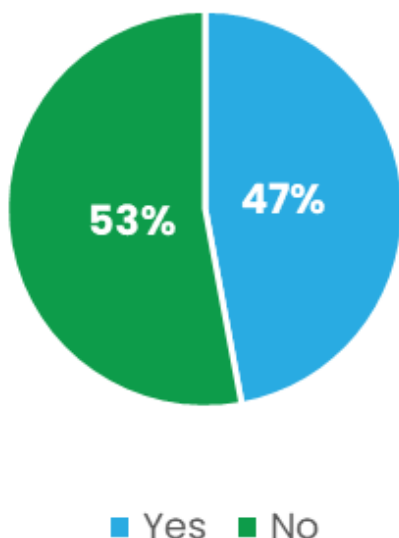
Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the largest impact of child care limitations for both employers and parents was absence from work. A large number of employers also indicated that child care issues affected their employees' tardiness to work and inability to work overtime.

From the employer survey, 40% of employers said the child care shortage has affected their ability to **attract** employees while 47% of employers indicated the lack of child care has impacted their ability **retain** employees.

Additional child care related challenges for parents included 13% not able to work different shifts and 10% not able to be fully productive.

Impact on Family Planning – Hutchinson

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



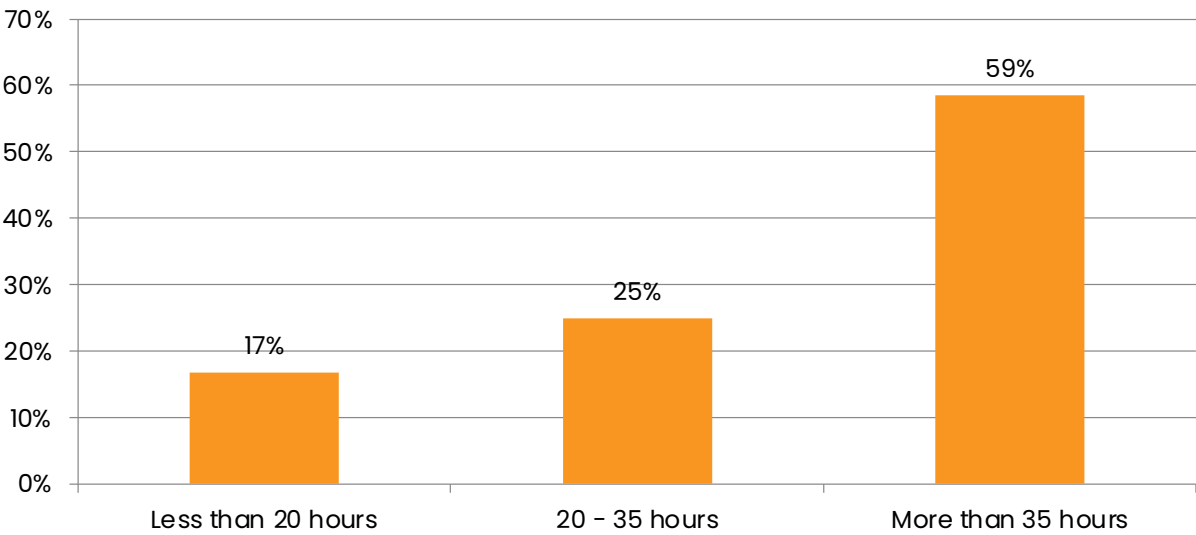
In addition to impacting family planning, child care shortages can also impact the local employment environment. In the survey, 35% of parents have declined employment or withdrawn from the workforce due to child care issues at some point in their career.



TYPES OF CHILD CARE NEEDED

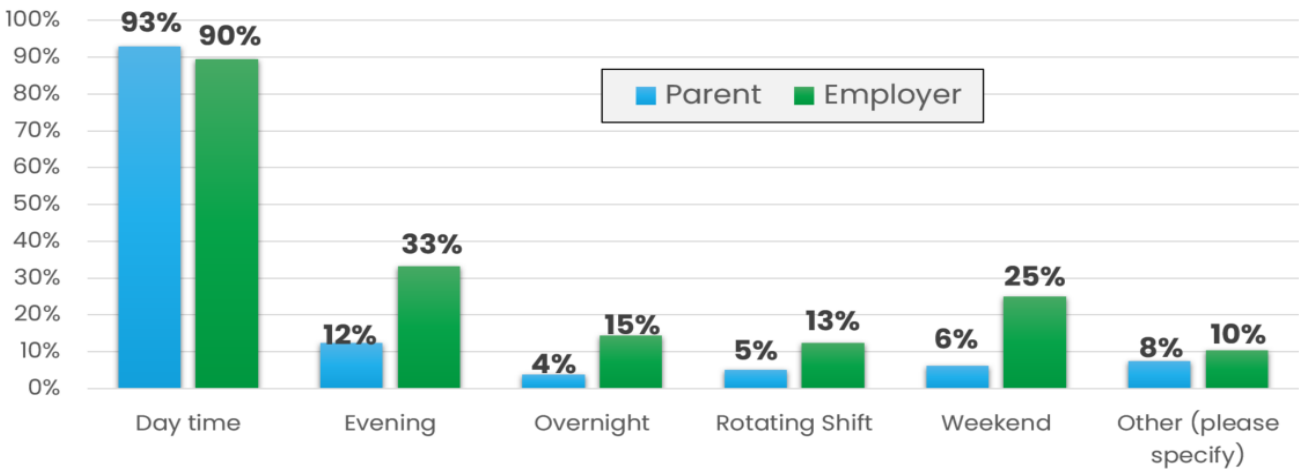
It is important for a community to understand the types of child care parents need to be able to identify the right sized solutions for the community. The survey indicated that 59% of parents need more than 35 hours of care and are looking for full-time child care options.

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



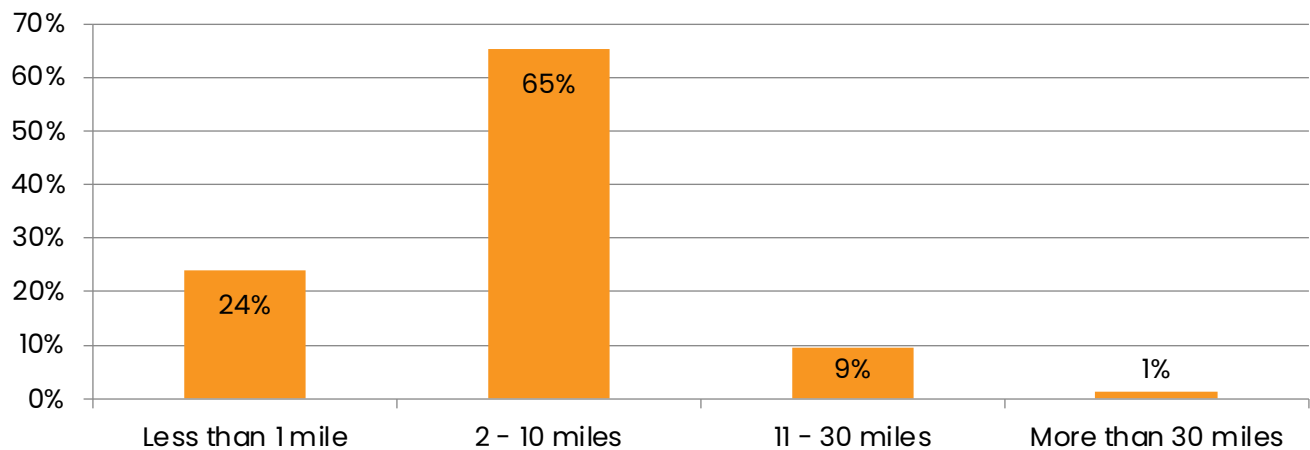
It is also important to determine when parents need care so the community can offer options that meet that need. The chart below shows the hours of care needed from both a parent perspective and an employer perspective. Some respondents in both the parent and employer survey expressed a need to care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

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



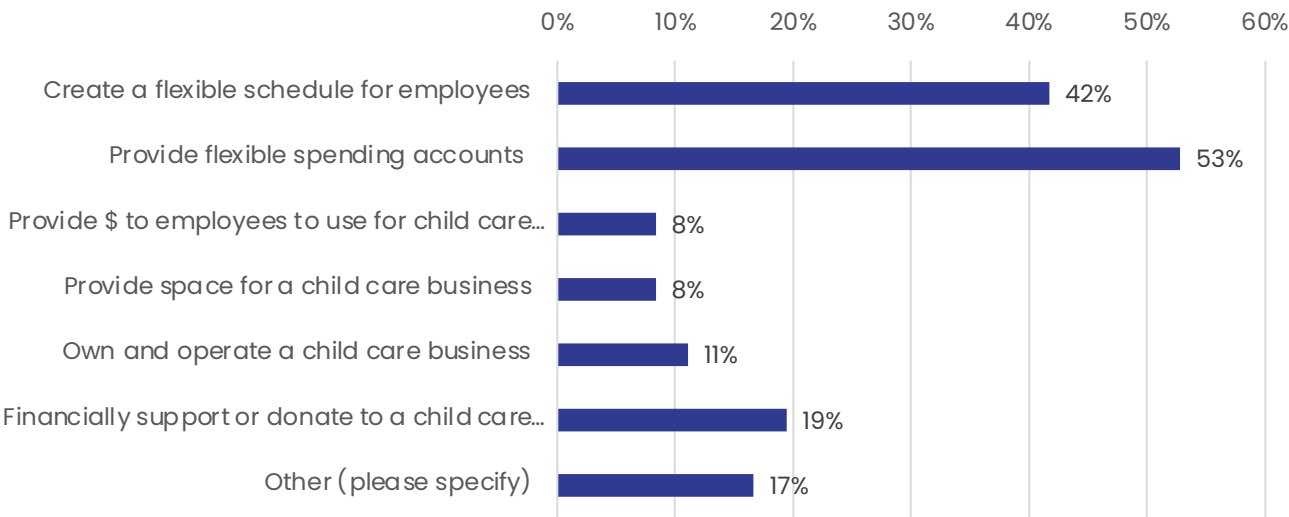
Some Hutchinson Area survey respondents indicated that they were traveling moderate distances to find appropriate child care. More than 10% indicated that they were traveling more than 11 miles for child care.

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



Employers can help address the child care shortage in multiple ways. From the employer survey, the top two ways employers in the Hutchinson Area are willing to help is to create flexible schedules or provide flex spending accounts. Twenty-eight percent of employers surveyed are willing to provide space for a child care business or financially support or donate to a child care business, 8% said they would be willing to provide money to their employees to use for child care expenses, and 11% said they would be willing to own and operate a child care business themselves.

How would you as an employer be willing to assist in addressing the child care shortage? (Select all that apply)





UNDERSTANDING THE UNDERLYING CHALLENGES

The Core Team in Hutchinson 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 pay over half of my pay to daycare for 3 days of care because it is our ONLY option. We currently pay more for one child than we did for 2 kids a few years ago."

–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

"It's a hard job, taking care and loving other people's kids. Plus, it's low-paying and often no benefits are available." – Local Parent

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.

"Child care is directly tied to the workforce: for families having a safe, affordable, and fun place for their children to go while they work AND for a local industry that needs help recruiting, training, and retaining workers. There is also a component that impacts other local industries and employers when there are not safe, affordable, and accessible child care options for our workers. The amount of effort put into training and retaining manufacturers ... we need to see those efforts translated into training and retaining service workers that help make Hutchinson a well-rounded community to live, work, and play." –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.

“Child care is getting so expensive, we are choosing not to have any more children because we pay more than our mortgage already just for two children.” –Local Parent

Hutchinson 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.

“We’re all just doing the best we can. People don’t realize how demanding it is to be an in-home provider. Watching kids everyday is just the tip of the iceberg and is the easy part.” –Local Provider

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

“There will be a breaking point where families cannot afford to live and work in Hutchinson AND pay for child care.” –Local Employer

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 Hutchinson 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: FACILITIES

- Large Employer Daycare Facility

THEME: COMMUNITY PARTNERSHIPS

- Engage Ridgewater & Public Schools to provide care
- Businesses reserving spots at childcare programs
- Partner with a big business to start a center within their business to best serve their employees
- Provide services to child care programs at reduced rates/discount (carpet cleaning, plumbing, lawn/snow removal, bus/van services, pool passes, etc.)

THEME: PROVIDER RECOGNITION & COMMUNITY AWARENESS/EDUCATION

- Local video series educating community and parents of children attending child care on what it's like to be in a child care/operate a child care business
- Recognize child care providers on a continuous/regular basis

THEME: FINANCIAL SUPPORT/INCENTIVES

- Programs should not be based on household income, based solely on providers income
- Community fundraiser for provider needs
- Floater; someone to cover for short periods of time

THEME: CHILD CARE WORKFORCE DEVELOPMENT

- Create a pool of quality substitute child care providers
- Mentor Program – organize a system to share ideas and solutions
- Workforce Development – introduce teenagers to become professional providers

THEME: TRAINING

- Attend professional development provided by school district #423
- Quarterly child care provider “Lunch N Learn” to meet with each other

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 18 months, the Core Team will explore opportunities for creation and/or expansion of child care programs and/or slots..

Expected Outcomes and Impact

Create a forgivable loan program for startup child care equipment and supplies. Find a minimum of two child care expansion projects or new businesses.

Project Team Lead –Mary and Michelle

Additional Team Members –Tony, Scott, Katie, Tanna, Randy

SMART Goal Two

Within the next 18 months, the Core Team will develop and implement an annual child care provider event that focuses on recognition and training for early childhood professionals.

Expected Outcomes and Impact

Continued provider engagement, awareness and appreciation will hopefully increase community support for existing providers and get people interested in becoming providers.

Project Team Lead –Mary MR & Amy

Additional Team Members – Ashley, Ari, Tanna, Leah

SMART Goal Three

By Summer 2023, the Core Team will assist in creating a local, community-led child care organization that will provide ongoing support and help subsidize child care initiatives and programs in Hutchinson.

Expected Outcomes and Impact

Create a local organization that is made up of several community entities/members that can help support and subsidize child care efforts within Hutchinson. This support would be open to new and existing providers and cover things such as program costs, new equipment, start-up costs, training costs, etc.

Project Team Lead – Mary & Rachael

Additional Team Members – Liz, Leah, Jordan

SMART Goal Four

By the 2024–2025 school year, the core team will work with educational partners to create an early childhood pathway for high school students that includes career exposure utilizing partnerships with HHS and Ridgewater, that will lead to a CDA credential or advancement to post-secondary in early childhood education.

Expected Outcomes and Impact

Grow the capacity of quality Early Childhood Educators in Hutchinson and the surrounding areas.

Project Team Lead – Liz & Cindy

Additional Team Members – JoEllen, Nate, Scott

Additional Support – Andrea Moore, Mike Scott

SMART Goal Five

Over the next 18 months, the Core Team will explore ideas and opportunities to support providers and substitutes in the early care and education field.

Expected Outcomes and Impact

Creation of substitute supports for child care providers.

Project Team Lead – Theresa & Amy

Additional Team Members – JoEllen, Susan

SMART Goal Six

Within the next 18 months, the Core Team will identify and implement at least two events or opportunities to engage local businesses and create a networking opportunity that focuses on education and ways to support current providers.

Expected Outcomes and Impact

Create an event that allows businesses to network and learn about the local state of child care, and an opportunity for fundraising, donating, and local business support for providers.

Project Team Lead – Mary

Additional Team Members – Rachael, Miles, Jenna, Katie, Tony, Jim



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