



First Children's Finance



RURAL CHILD CARE INNOVATION PROGRAM

COMMUNITY SOLUTION ACTION PLAN FOR CHILD CARE

PIPESTONE, MINNESOTA

APRIL 2025

The Rural Child Care Innovation Program is possible due to generous funding from the Minnesota Department of Children, Youth, and Families

mn DEPARTMENT OF CHILDREN,
YOUTH, AND FAMILIES



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 scope and size of their child care challenges, and to empower and support communities to develop solutions to address these challenges.

The Community Solution Action Plan for Pipestone 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 the Pipestone area, with the support of First Children's Finance, conducted a thorough investigation and analysis to uncover the factors creating the child care shortage in the area through focus groups, individual interviews, and surveys with a multitude of stakeholders.

To understand the potential child care need in the Pipestone area, First Children's Finance conducted a Supply and Demand Gap Analysis and community survey, which showed a child care shortage of approximately 194 slots. The analysis revealed that 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 also revealed that the child care shortage has severely impacted parents living in Pipestone. 38% of survey respondents declined employment or withdrew from the workforce due to child care issues, and 41% of employers responded that child care impacted their ability to attract employees. Additionally, 48% of employers said the child care shortage has impacted their ability to 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 the Pipestone area 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 a historic lack of community recognition for child care providers.

Through the RCCIP process, the Pipestone area core team has identified five goals to address the child care challenges. These goals include:

1. In the next 12 months plan and implement three opportunities to show appreciation to child care providers.
2. In the next 12 months establish a local child care task force that will support providers via a dedicated fund.
3. In the next 12 months identify two potential child care locations to pursue for future consideration and feasibility.
4. In the next 12 months, we will have 3 early childhood outreach opportunities that promote and elevate early childhood career options.
5. In the next 6 months establish a local child care association.

In implementing these goals, the Pipestone area 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 12-18 months, First Children's Finance will support the core team in implementing these goals and measuring the outcomes of their efforts.

The Importance of High-Quality Child Care in Communities

In rural communities, ebbs and flows of the local economy greatly influence the sustainability of a community's child care supply, 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:

Recruiting and retaining new businesses, employees, and families

Enabling parents to be more productive and less absent at work

Strengthening and feeding the pipeline for a skilled future workforce

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 Innovation Program

Child care is an economic driver for rural communities across the United States, and 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 and General Timeline

APPLICATION PHASE		
ACTIVITIES	TIMING	DETAILS
Application Opens	January 8, 2024	Send the application, post on website
Webinar	January 22, 2024	Learn about the RCCIP process, expectations, and ask questions
Application Deadline	February 2, 2024	Due by 5:00PM
Application review and follow-up questions for applicants	February 2024	FCF will connect by phone or email
Final Awards made	February 23, 2024	FCF will notify via email
PLANNING PHASE		
ACTIVITIES	TIMING	DETAILS
Core Team Lead Orientation	March 29, 2024	Zoom meeting with Core Team Leader to set expectations
Core Team Onboarding (6 Hours)	May 2, 2024	A face-to-face educational meeting to discuss the RCCIP details and expectations.
Core Team Planning Meeting (4 Hours)	May 28, 2024	During the face-to-face or virtual meeting, the community engagement activities will be mapped out and a timeline for the process will be developed
Data Gathering &	July–November 2024	The Core Team engages the community in data collection and informs them about their work
FCF Facilitated Ongoing Core Team Check-ins	June 5, 2024	Virtual monthly Core Team meetings
Child Care Provider Appreciation Event	August 13, 2024	A face-to-face dinner or virtual event is organized to recognize and appreciate the community's providers
Synthesize Data	October 2024	FCF synthesizes data into useful info for Town Hall event
Planning Meeting for Town Hall	October 2024	Virtual Core Team meeting to plan for the Town Hall event
Town Hall Event	October 29, 2024	A face-to-face community wide event held to learn about data collected and identify and develop projects
Child Care Provider Recruitment	On-going	Recruit providers to participate in business trainings, business leadership cohorts, and one-on-one consultations conducted by FCF

IMPLEMENTATION PHASE

ACTIVITIES	TIMING	DETAILS
Organization of Town Hall ideas	October 30, 2024	FCF staff organizes Town Hall ideas into a workable format
Goal Setting and Implementation Meeting (4 Hours)	December 3, 2024	Face-to-face or a virtual meeting to prioritize goals, develop SMART goals, map out implementation activities, and plan for the Community Launch
SMART Goal Finalization Meeting	January 2025	One or two virtual meetings action steps, and identify local project leaders
Community Solution Action Plan (CSAP) Development	February 2025	FCF creates a report detailing community data, types of solutions, and community-identified projects
Planning meeting for Community Launch and Action Step updates	Spring 2025	Face-to-face or a virtual meeting to share the CSAP, plan the CSAP Community Launch, and share updates on action steps
Community Launch of CSAP	Spring 2025	Press release and/or community activities to share the CSAP
Regular Core Team Meetings	December 2024-January 2026	Updates discussed from project teams to the core team; frequency determined by the core team; facilitated by the Core Team Lead
Biannual Reporting	July 2025	Core team lead provides written biannual update to FCF
Regular Project Team Meetings	February 2025-February 2026	Project teams meet to Implement community solutions; facilitated by project team lead
Technical Assistance & on-going Support	December 2024-February 2026	FCF provides technical assistance when needed
Final Report	January/February 2026	Core Team leader submits final written report to FCF
Celebration with the Core Team	February 2026	Core team celebrates its success, reflects on the process, and develops plan for the future.
Learning Communities	Various Times as determined by FCF.	Opportunities to learn from and network with other RCCIP communities who are either in the implementation phase or who have completed the RCCIP process.



Expected Outcomes and Impact

The Rural Child Care Innovation Program is designed to support fundamental change in the overall conditions for 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 Town Hall 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 Pipestone

Pipestone, Minnesota is a community of 4,215 people in Southwest Minnesota. The city gets its name from the world-famous pipe stone quarries located within Pipestone National Monument where indigenous peoples have quarried stone for over 3,000 years. Pipestone is the county seat of Pipestone County and serves as a small regional hub. The majority of the county's employers as well as services are located in the city of Pipestone. Pipestone is also home to Pipestone Area Schools, a Pre-K through 12 school with an enrollment around 1100. Pipestone Area Schools serves students from Pipestone as well as the surrounding communities of Hatfield, Holland, Ihlen, Jasper, Trosky, and Woodstock.



Photo Credit: Mark Thode

Families in the area report that there is a large need for infant and toddler care. The lack of child care has negatively impacted the workforce as families often go to other communities to meet their child care needs.

Local Core Team Representation

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

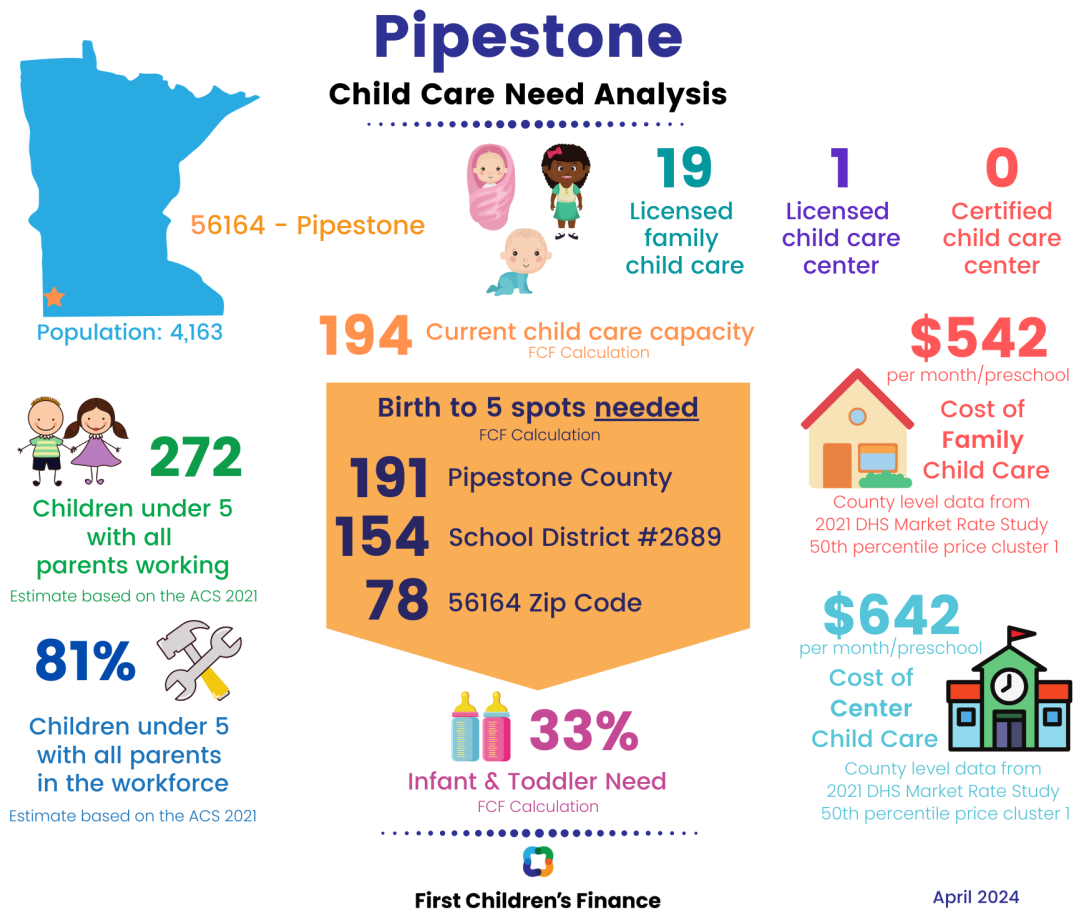
Justin Schroyer	City of Pipestone, Economic Development Authority
Gail Bielen	Southwest Health and Human Services
Christopher Amen	St. Paul Lutheran
Sandra Nordmeyer	Kids-N-Kare
Jody Wacker	Meinders Community Library
Judy VandenBosch	Southwest Health and Human Services
Erica Volkir	Pipestone Area Chamber of Commerce
Tom Steffes	Pipestone Area Chamber of Commerce
Scott Marquardt	Southwest Initiative Foundation
Dr. Klint Willert	Pipestone Area Schools
Laura Thode	Family Child Care Provider
Teresa Whipple	Family Child Care Provider
Brooke Ossefoort	Southwest Minnesota Opportunity Council
Danielle Thompson	City of Pipestone
Judy Raschke	Southwest Health and Human Services
Sandra Polfliet	Southwest Minnesota Opportunity Council
Amy Korthals	Family Child Care Provider
Steve Ewing	Pipestone County
Dan Wildermuth	Pipestone County
Christopher Hollingsworth	Pipestone County
Dan Delaney	City of Pipestone

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 for 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 supply and demand gap analysis which provided a view of potential child care needs. When analyzing the data, we look at a range of slots. This gives us the best picture of the need in the city. The Supply Demand Gap Analysis for the City of Pipestone dated April 2024, shows a shortage of 194 slots for children birth to age five with all available parents in the workforce. Narrowing that down even further, the data shows that roughly 33% of the slots needed are for infants and toddlers.



In surveying family child care providers, we learned 39% plan on staying in business for 3-5 years. 22% of providers stated they are planning on being in business 6-9 more years, while 33% said they are planning on staying for 10 plus years. It is important for Pipestone to think about ways to retain 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 slightly lower than the state average.
- Thirty six percent of providers have less than 5 years of service, which is slightly higher than the state average of 27%. Fifteen percent of providers have more than 20 years of service is lower than the state average.
- Providers with more than 20 years of service typically indicates that they may be nearing retirement.
- 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 turn-over rates.

	LOCAL	STATE
TOTAL FAMILY CHILD CARE PROVIDERS	19	5,983
AVERAGE LENGTH OF SERVICE	10 years	14.15 years
LESS THAN 5 YEARS / SERVICE	7 / 36.8%	1,640 / 27.41%
MORE THAN 20 YEARS / SERVICE	3 / 15.8%	1,964 / 32.82%
NON-OWNER OCCUPIED	2 / 10.5%	276 / 4.61%
NON-RESIDENTIAL DWELLING	1 / 5.3%	66 / 1.10%

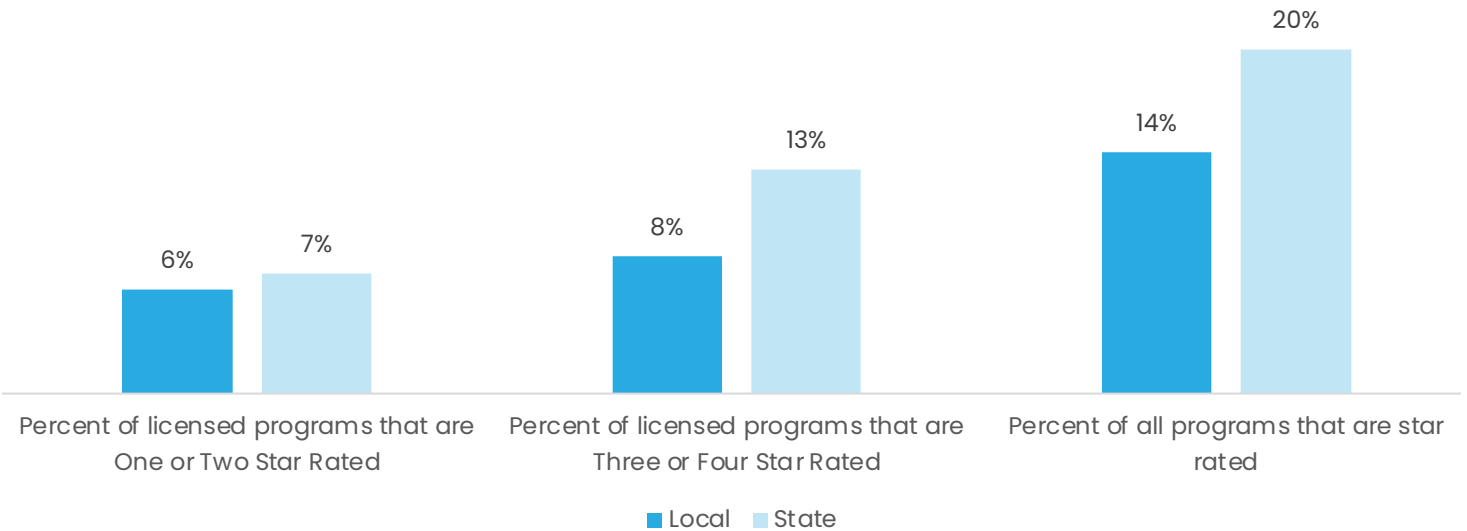
April 2024



Quality Child Care Overview

First Children's Finance examined state-wide 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 obtain higher quality learning environments in their child care programs.



The chart above demonstrates that child care providers in Pipestone County are slightly above the state average when it comes to Parent Aware enrollment. This is a critical component when we evaluate the quality child care program offerings in the area. The non-licensed rated program indicated on this chart is the program through the school district.

Average Cost of Child Care

Child care is a large investment for families with children. A market rate survey of child care providers was conducted as part of the RCCIP to inform child care investments in the area.

The following chart shows the average cost of child care investment on a weekly basis at the 50th percentile for each age group in both a center and family child care setting. This number means 50% of child care programs charge more than this number and 50% of child care programs charge less.

Area Market Rates – Pipestone County

AGE GROUP	CHILD CARE CENTER		FAMILY CHILD CARE	
	WEEKLY RATE	ANNUAL TOTAL	WEEKLY RATE	ANNUAL TOTAL
50TH PERCENTILE-INFANT WEEKLY	\$175.00	\$9,100.00	\$125.00	\$6,500.00
50TH PERCENTILE - TODDLER WEEKLY	\$160.00	\$8,320.00	\$125.00	\$6,500.00
50TH PERCENTILE - PRESCHOOL WEEKLY	\$148.00	\$7,696.00	\$125.00	\$6,500.00
50TH PERCENTILE - SCHOOL AGE WEEKLY	\$118.85	\$6,180.20	\$115.00	\$5,980.00

Results of the 2021 Child Care Market Rate Survey; Minnesota Child Care Provider Business Update

The Child Care Assistance Program (CCAP) is a statewide program that helps families of low-income to afford high quality child care. Families need to financially qualify to access CCAP and the amount of CCAP received by families will vary depending on their income levels. CCAP reimbursement rates are based on the 75th percentile market rates, and there is a maximum reimbursement rate a county can distribute 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 –Pipestone County (No quality differential)

	CHILD CARE CENTER		FAMILY CHILD CARE	
AGE GROUP	WEEKLY RATE	ANNUAL TOTAL	WEEKLY RATE	ANNUAL TOTAL
NO QUALITY DIFFERENTIAL-INFANT WEEKLY	\$180.00	\$9,360.00	\$140.00	\$7,280.00
NO QUALITY DIFFERENTIAL- TODDLER WEEKLY	\$165.00	\$8,580.00	\$135.00	\$7,020.00
NO QUALITY DIFFERENTIAL- PRESCHOOL WEEKLY	\$155.00	\$8,060.00	\$130.00	\$6,760.00
NO QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY	\$130.00	\$6,760.00	\$125.00	\$6,500.00

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 3-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 and assessment tools throughout their entire program. The chart below shows the increased maximum reimbursement rate. If a child care program has a 4-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 4-Star 20% differential maximum CCAP reimbursement rate for Pipestone County.

CCAP –Pipestone County (20% quality differential)

	CHILD CARE CENTER		FAMILY CHILD CARE	
AGE GROUP	WEEKLY RATE	ANNUAL TOTAL	WEEKLY RATE	ANNUAL TOTAL
20% QUALITY DIFFERENTIAL - INFANT WEEKLY	\$216.00	\$11,232.00	\$168.00	\$8,736.00
20% QUALITY DIFFERENTIAL- TODDLER WEEKLY	\$198.00	\$10,296.00	\$162.00	\$8,424.00
20% QUALITY DIFFERENTIAL- PRESCHOOL WEEKLY	\$186.00	\$9,672.00	\$156.00	\$8,112.00
20% QUALITY DIFFERENTIAL - SCHOOL AGE WEEKLY	\$156.00	\$8,112.00	\$150.00	\$7,800.00

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. As depicted in the tables below. Pipestone has reading proficiency levels and graduation rates that are slightly lower than the state average.

Third Grade Reading Levels

DISTRICT	2021 PROFICIENCY RATE
Pipestone School District #2689	41.7%
Statewide	47.8%

Local Graduation Rates

DISTRICT	2023 GRADUATION RATE
Pipestone School District #2689	80.8%
Statewide	83.3%

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 charts provide an overview of local economic factors that can further impact child care:

Household Income – Pipestone County

TOTAL HOUSEHOLDS ACS 2019 5YR ESTIMATE	%
Less than \$10,000	5.2%
\$10,000 to \$14,999	3.2%
\$15,000 to \$24,999	7.2%
\$25,000 to \$34,999	8.0%
\$35,000 to \$49,999	13.4%
\$50,000 to \$74,999	16.8%
\$75,000 to \$99,999	15.3%
\$100,000 to \$149,999	19.0%
\$150,000 to \$199,999	5.8%
\$200,000 or more	6.0%
TOTAL HOUSEHOLDS	1,817
MEDIAN HOUSEHOLD INCOME	\$68,341

U.S Census American Community Survey 2022

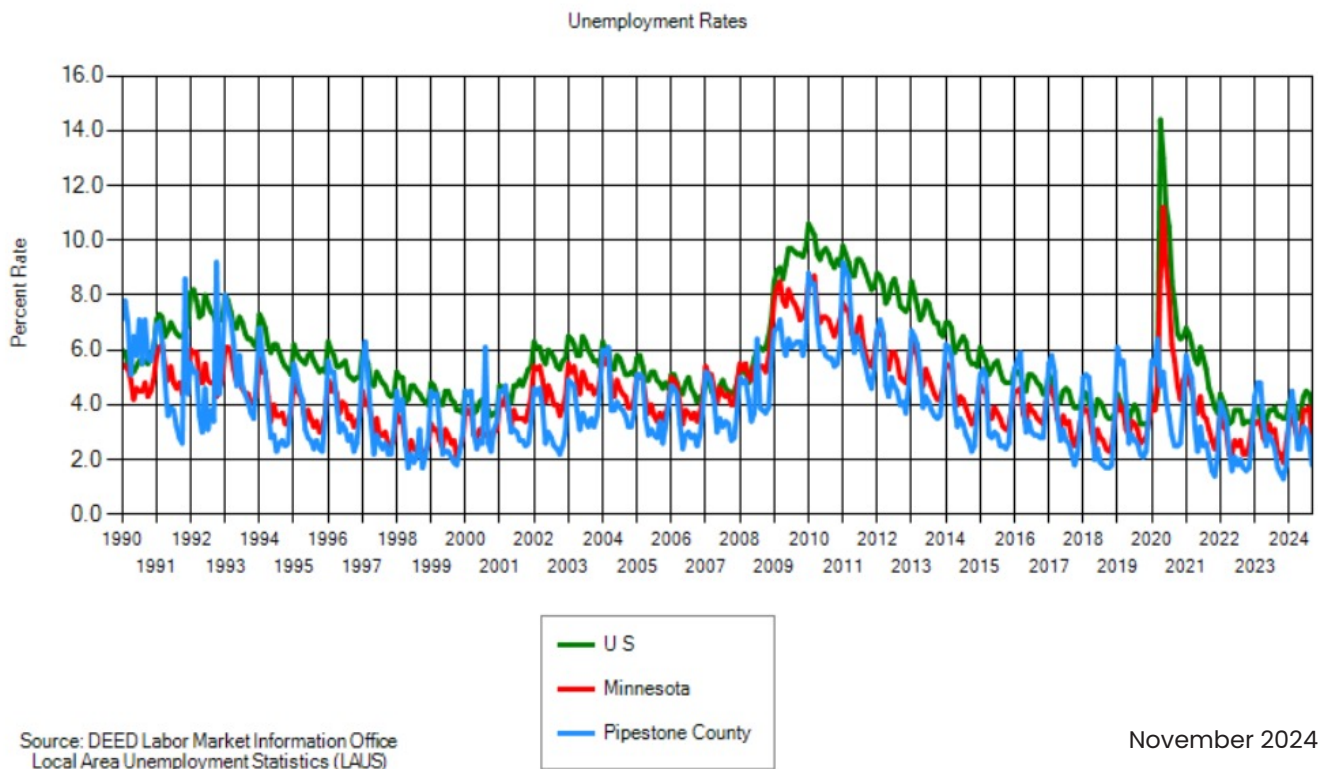


Local Employment Conditions

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

Unemployment Rates – Pipestone County

In April of 2024, when this initial analysis of data for the Pipestone area was completed, the unemployment rate was 2.5% which is a relatively low unemployment rate. This can also indicate a need for more child care in the community. Adding additional child care strengthens the local economy by allowing more families to return to the workforce.



Top Local Industries – Pipestone County

Employers in the Pipestone 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, employers have been able to provide valuable insight and resources into child care discussions.

Top 3 Industries	# Employees	% of Workforce
Industry: Production	7,740	14.3%
Industry: Office and Administrative Support	5,780	11.1%
Industry: Transportation and Material Moving	5,280	10.2%

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, parent, provider, and employer electronic surveys, focus groups, and presentations about child care. Through these various inputs, the Core Team was able to better understand the causes of local child care shortages.

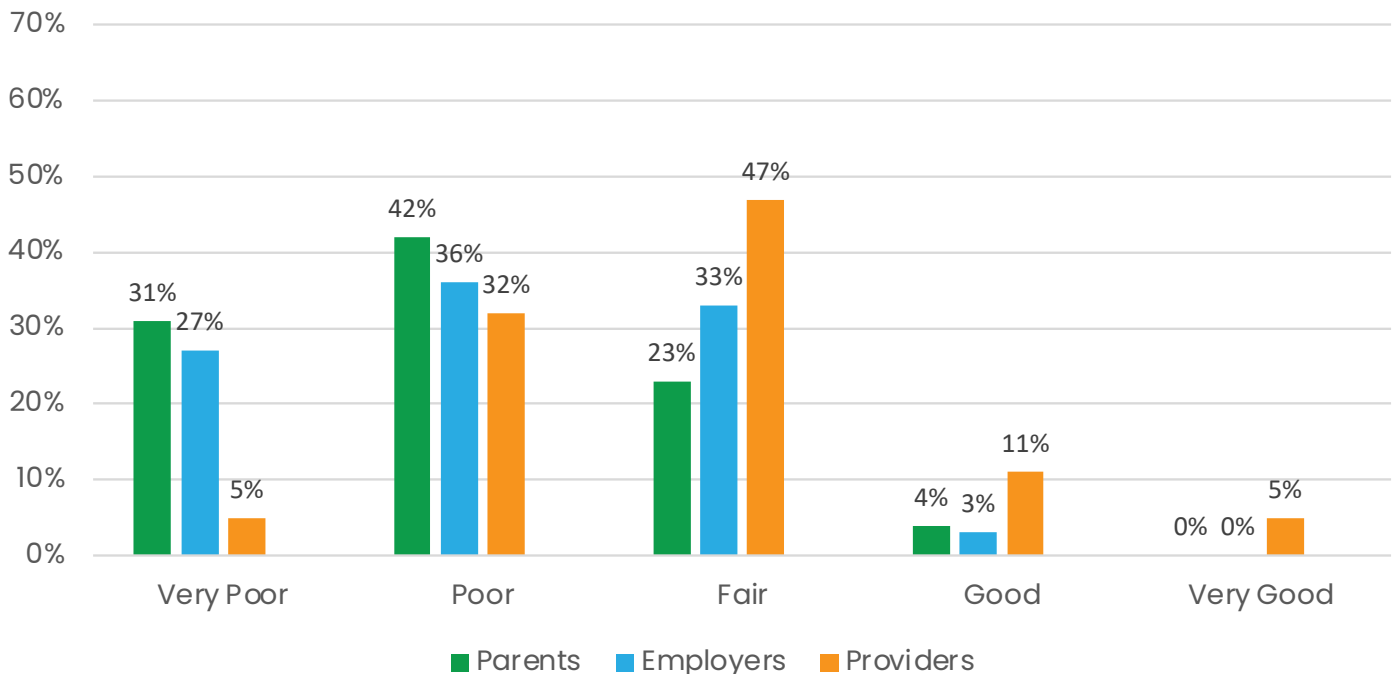


Community Surveys – Selected Perspectives

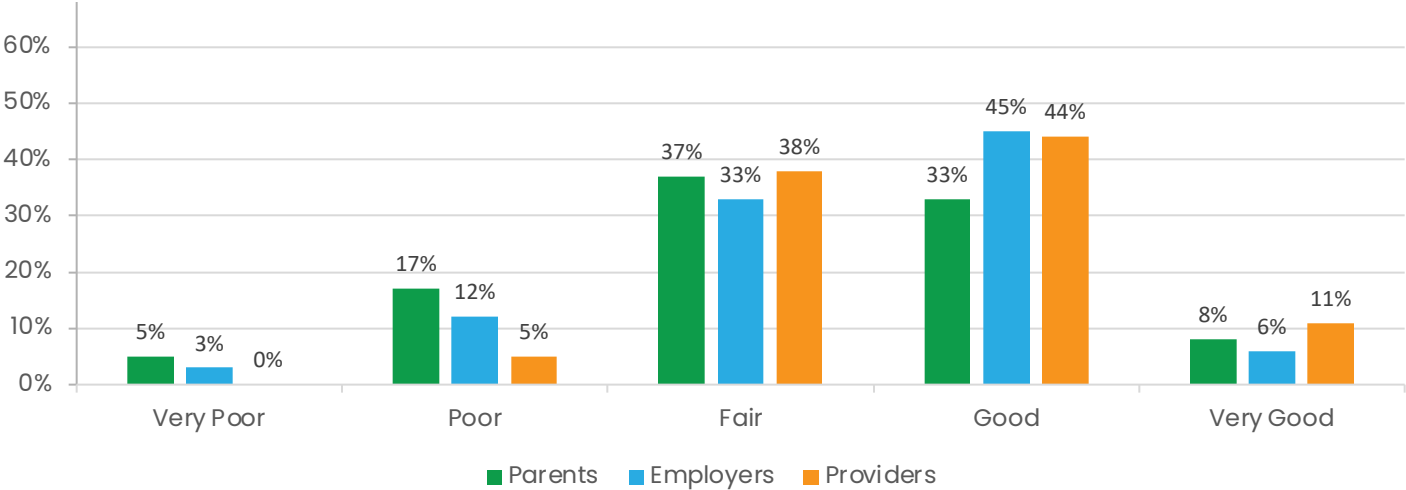
The general community was invited to participate in a comprehensive survey about child care in the local Pipestone area community. Respondents included 162 individuals for the parent/employee survey and 33 employers for the employer survey. A separate survey gathered information specific to child care businesses from 18 family child care providers and 1 child care center.

The following charts represent some highlighted perspectives within the community:

Perceptions: Availability of Child care in the Local Area



Perceptions: Quality of Available Child Care in the Local Area

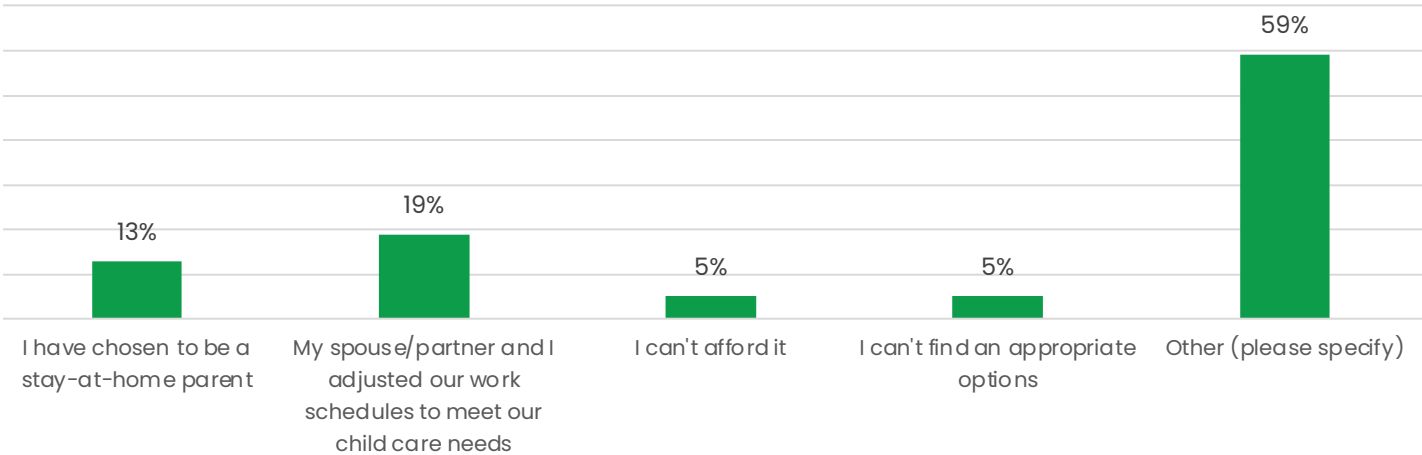


While specific questions about quality were not part of this survey, survey responses show child care providers, and the local community are in general agreement on the availability of high quality child care in the area. When survey participants were asked about what is important for them in a child care program, they ranked their preferences as follows (1 being the most important):

1. A safe and healthy environment
 2. Uses an educational curriculum
 3. Licensed by DCYF
 4. Conveniently located
 5. Provider has a high level of education
 6. Provider is a friend, family member, neighbor, or someone I know personally
 7. Provider is Parent Aware rated

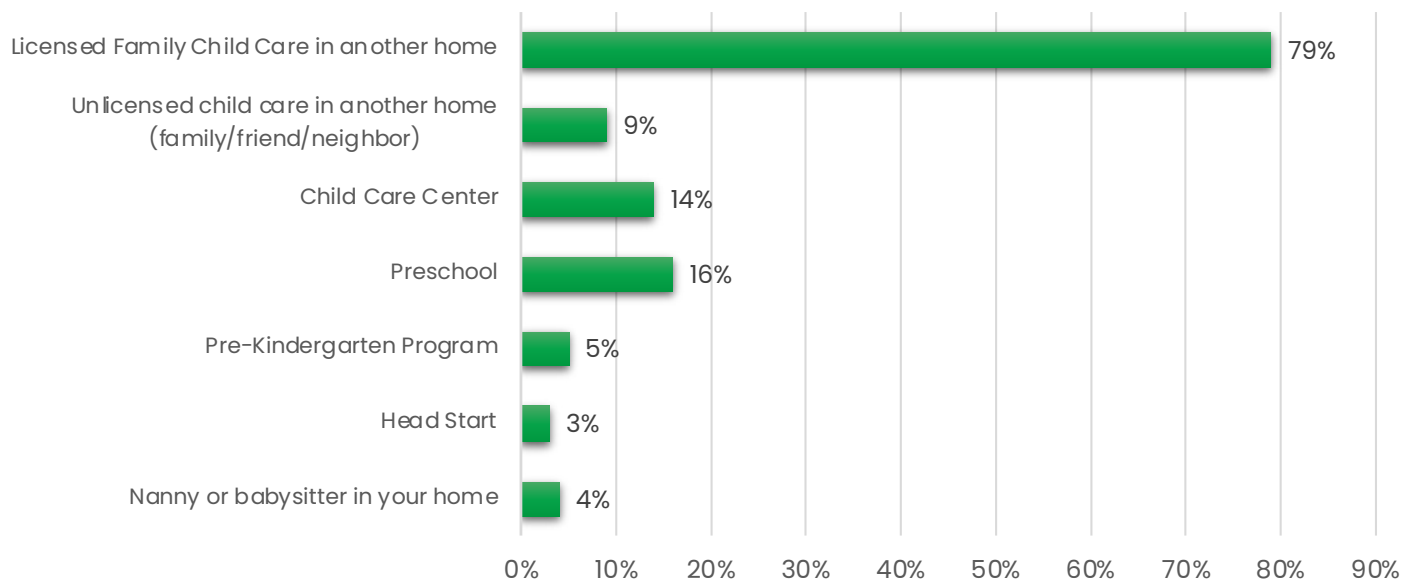
Reasons for Not Enrolling in Preferred Care

Below is a chart depicting the percentage of parents who responded to the survey stating they no longer require child care. It is worth noting that 61% of the parents who completed the survey did not answer this question. We also see notable responses stating that families cannot find an appropriate child care option, or they cannot afford it.



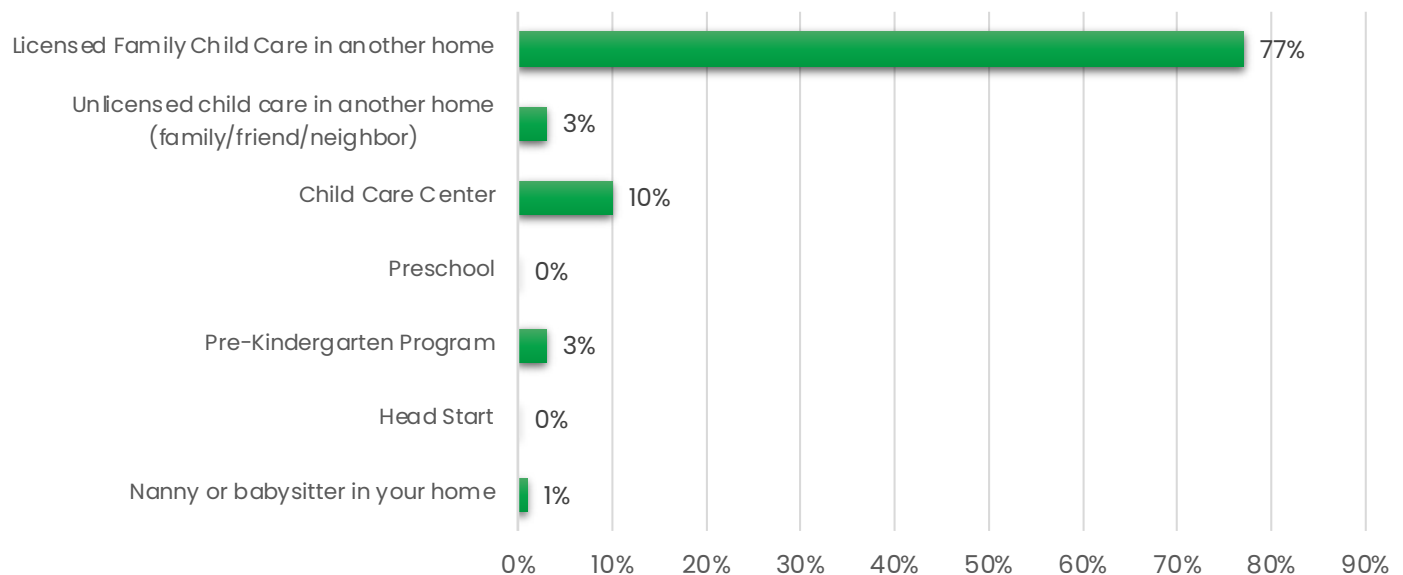
Types of Care Parents are Currently Using

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



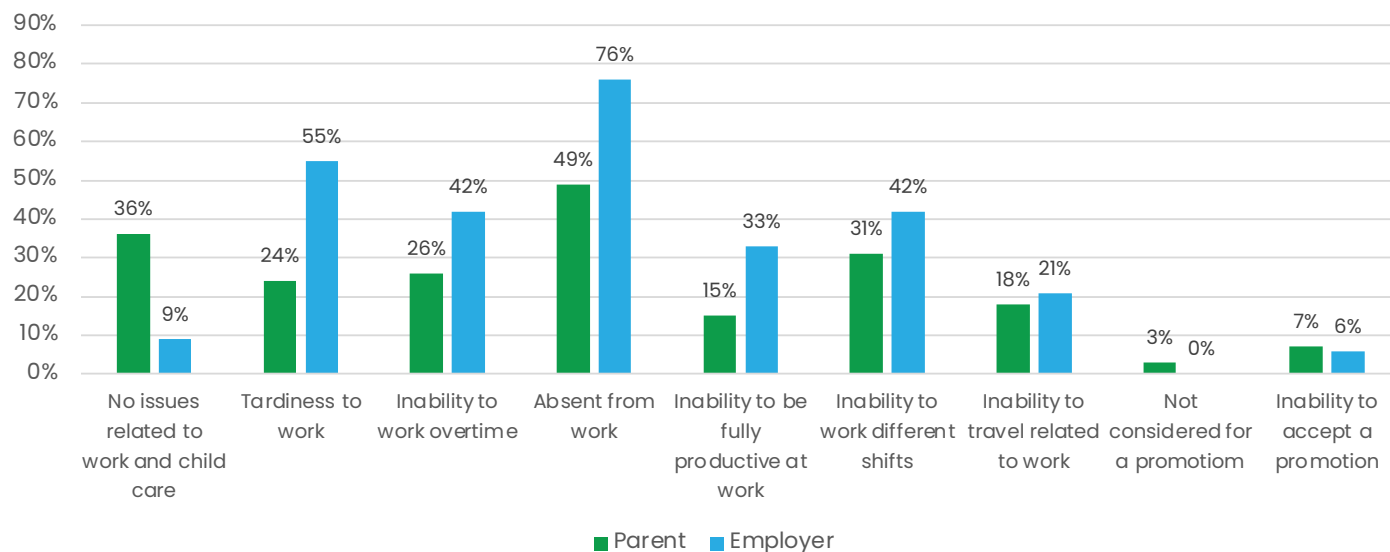
Types of Care Parents Prefer to Use

The types of care parents in the Pipestone 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 work force. These issues can compound and further extend into the business community by causing loss of workers due to unavailable child care or by businesses relocating to environments 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.



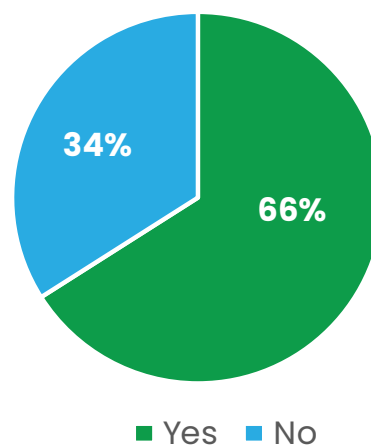
Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include absence from work (when a provider is closed for the day), inability to work a flexible schedule or work different shifts, and tardiness to work. 40% of employers responded that the lack of child care impacted their ability to attract employees and 49% stated that it has an impact on their ability to retain employees.

Additional child care related challenges for parents included 15% with an inability to be fully productive at work, 26% have an inability to work overtime, and 18% are not able to travel for work. 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 – Pipestone

When parents were asked if the availability of their preferred child care option had impacted their decision to have another child and/or if it limited the size of their family, 66% responded it had.

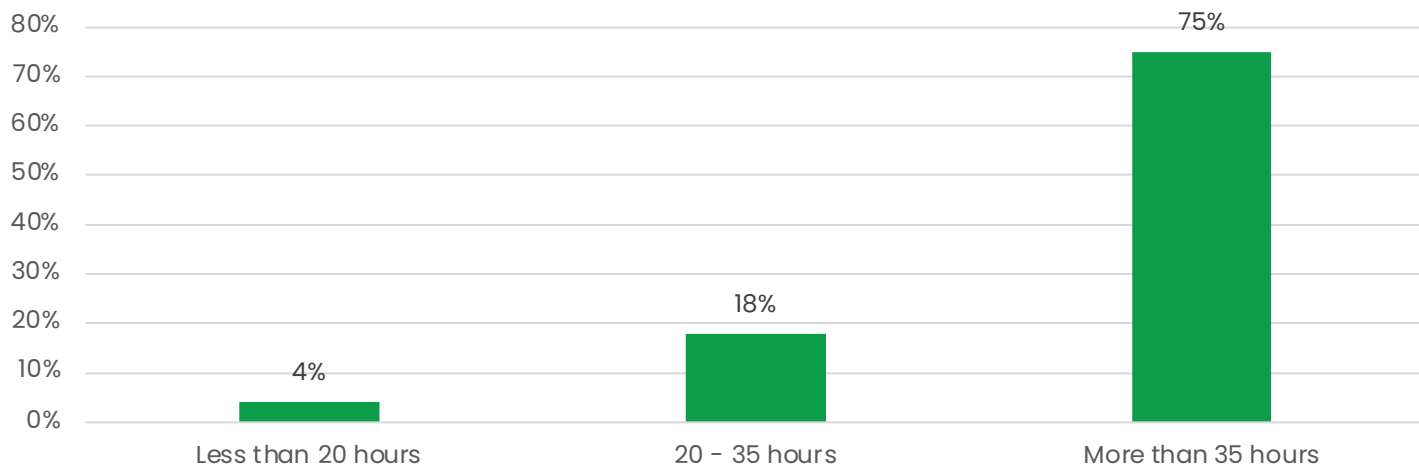
In addition to the impact on family planning, child care shortages can also impact the local employment environment. In the survey, 38% of parents responding had declined employment or withdrawn from the workforce due to child care issues.



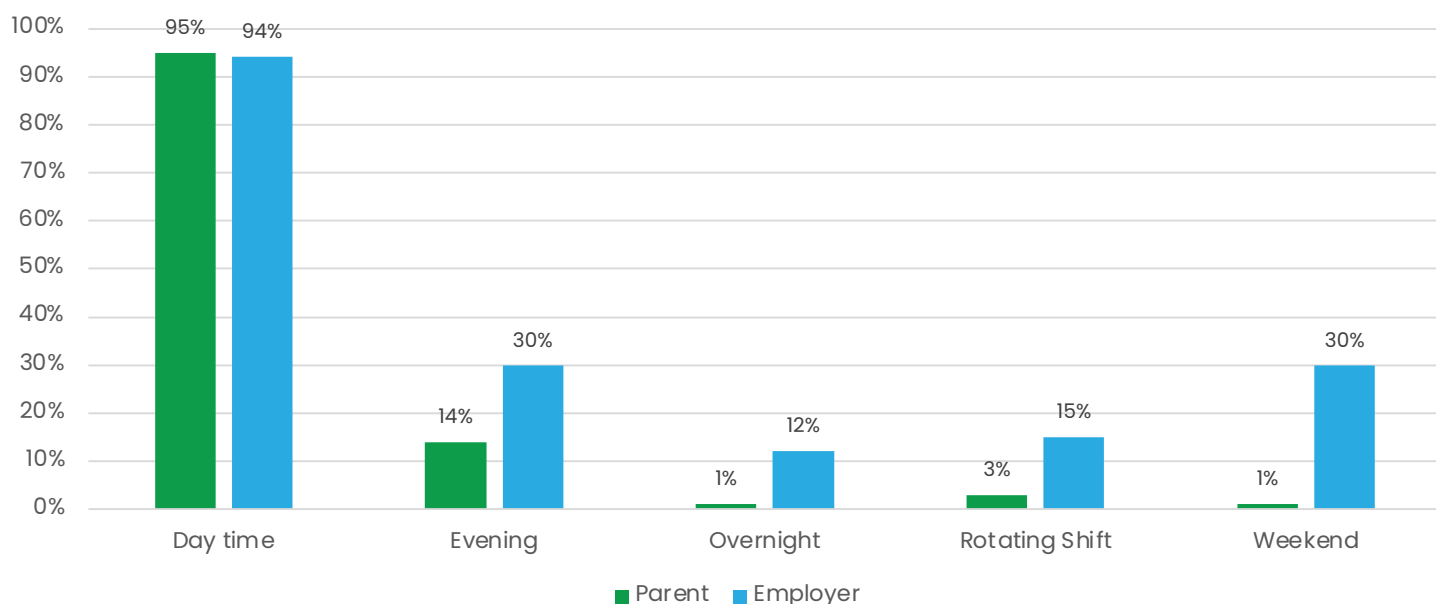
Types of Child Care Needed

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 40% 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?

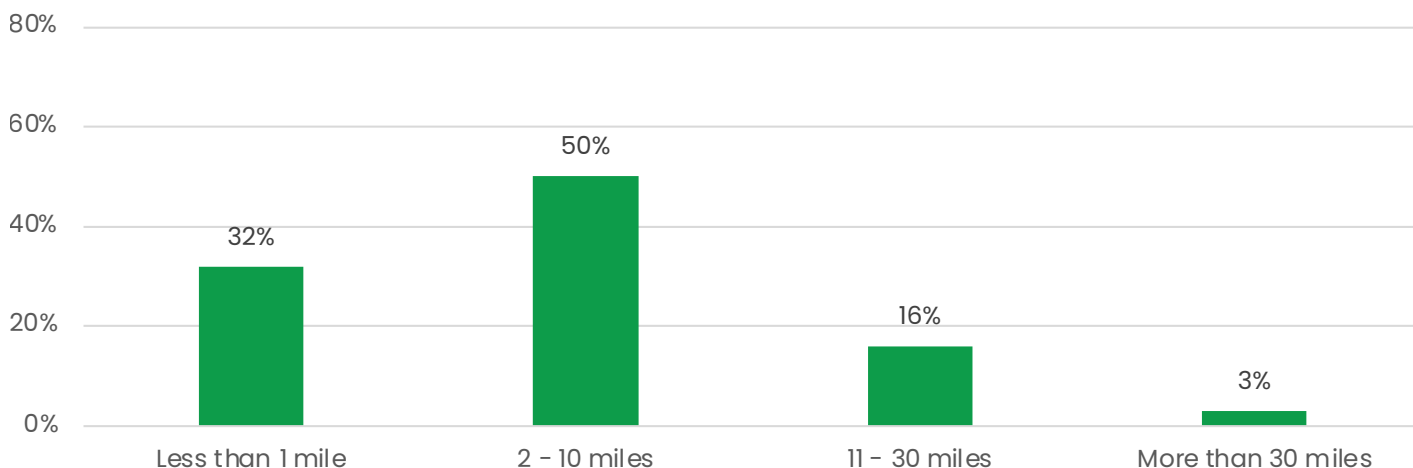


What Hours of Care do you need (select all that apply)?



It is also important to determine when parents need care so the community can offer options that meet the 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 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.

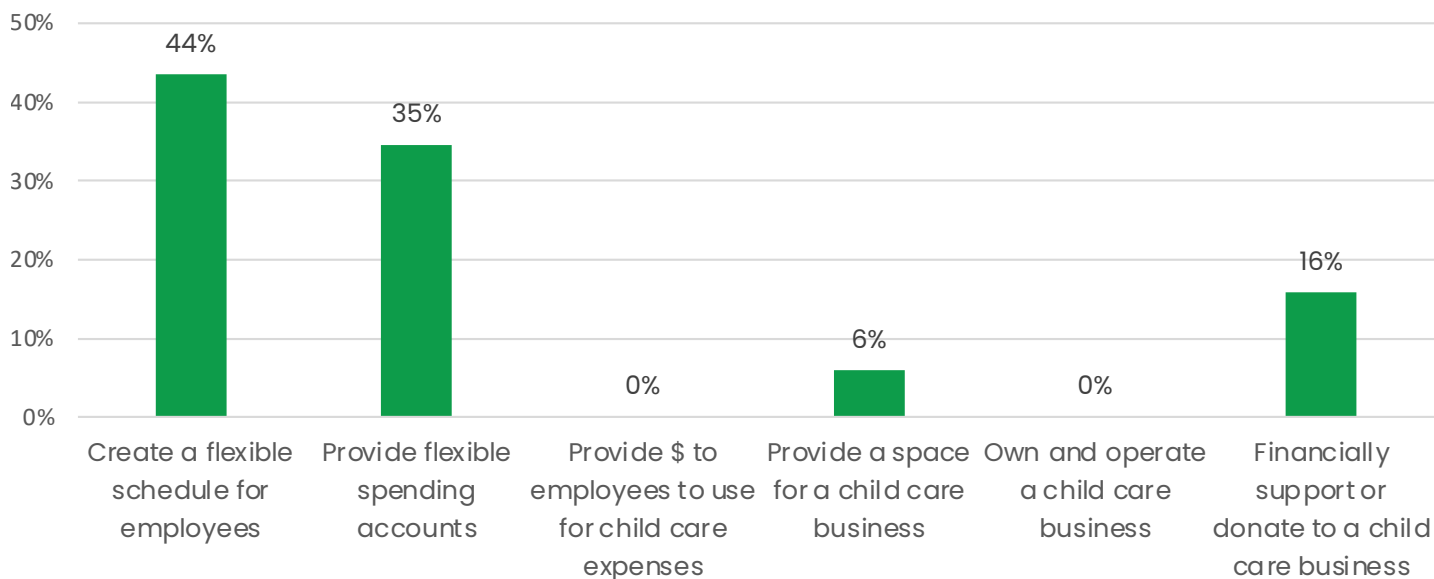
How far do you travel out of your way (one direction) for child care?



Some Pipestone Area survey respondents indicated that they were traveling notable distances to find appropriate child care. 16% 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 Pipestone Area are willing to help is to create flexible schedules or provide flex spending accounts. 21% of employers surveyed are willing to provide financial support or donations to a child care business and 8% are willing to provide a space for a child care business. None of the employers surveyed are willing to own and operate a child care business themselves or provide money to employees to pay for child care.

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



Understanding the Underlying Challenges

The Core Team in Pipestone 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.

“ Child Care is a thankless job in many ways. Socially, it is looked down upon. Social services is intimidating. Lack of education on child care. Undereducated community. Housing shortage – lack of good space.” – Local Employer

FACTOR: It is Challenging to be a Child Care Provider

“ It is expensive to open and honestly stay open in child care. The toll it takes on your home is tremendous as to where you are constantly fixing or replacing things.”
– Local Provider

- Providers are not able to charge more to keep up with bills & running a daycare because families in the area can't afford it due to jobs paying poorly in the community. I feel with how expensive things have recently gotten, Pipestone provider should be making/charging more.
- Possible new legislation changes, rising cost of living and having to raise rates to make up for that. Possible aging out of providers that have done it for many years.
- Burn out providers. Parents not parenting their children. Behavior issues with children.
- Being able to keep the daycare going and earning enough of an income for our family. We have the food program, but food is so expensive now I'm paying more than I'm receiving for it.
- All the changes the state, paperwork and sometimes parents expect.

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.

FACTOR: Quality & Regulations: Two Sides of One Coin

“ All the changes that are being proposed. They will put us out of business. Parents need to realize that we have a life also and need to take days off for ourselves and families. The days are very long.” – Local Provider

- Need for better community-wide understanding of the importance of quality care, and the cost associated with it.
- Child care is a highly regulated industry; however, child safety is of utmost importance.
- Ratios for numbers of children in younger age groups reduce the number of infants and toddlers a provider can care for, making it extremely difficult to cash flow infant and toddler spots.
- There are a growing number of requirements and regulations for all providers.
- Potential new providers are frightened of the regulations and experienced providers are frustrated with all the paperwork and rules.
- In some communities, there is a lack of local affordable training opportunities.

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.

FACTOR: High Cost and Low Availability of Child Care

“ Prices are too high. You’re literally working to pay for child care only. Daycare providers don’t get enough help.” – Local Provider

- Many low-to-middle-income families make too much to receive child care assistance but not enough to pay for child care on top of their everyday expenses.
- Employers are beginning to see the need for flexibility in work schedules, when possible, to accommodate the lack of child care.
- Infant care is very hard to find. Parents are trying to line up infant care in early pregnancy or before they become pregnant.
- Child care has small profit margins and is expensive to start.
- Parents want high quality care, but most cannot pay enough to compensate providers for their true value.

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 Pipestone 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 themes from the brainstorming session.

To ensure the community's ideas remain authentic, little to no content edits were made in the solution ideas listed within this section.

THEME: TRAINING

- Training on business plan/operations
- Reduced rate CPR Training
- Free CPR/First Aid
- No cost CPR training through Pipestone Co. EMS
- Pay the providers to go to trainings
- Local Trainings
- New training partners

THEME: WORKFORCE DEVELOPMENT

- Local mentor
- Job shadow internship
- Could HS Student earn credit by volunteering or working at daycares during regular school or after hours
- Utilize volunteer or paid seniors as assistants (Staffing)
- Local association
- Facebook childcare group
- Free class on what it takes to be a provider
- Recruit minority providers
- Have early childhood representation at high school career expos
- Substitute pool
- PERA benefits

THEME: COMMUNITY AWARENESS & EDUCATION

- Public awareness campaign
- Recruit legally unlicensed providers/help educate public about these rules
- Inform public about friends & family option to enter care
- Newspaper focus segment
- Community education on what programs available in regards to finance
- Create opportunities for lobbyist to meet with child care providers
- Protein supplier for nutrition program, employer sponsored
- Establishment of provider advocacy/partnership
- MN West Partnership
- "We are water MN" but for childcare/collab
- City proclamation w/community – wide events
- Provide taxi services – free/reduced

THEME: FINANCIAL SUPPORT/INCENTIVES

- \$ incentives from employers
- Business supported childcare fund or start up care
- Local grants
- Employers' "scholarship" or fund/partially children of employees
- Insurance coop for all daycares
- A partnership that would do a retirement match
- Property tax reduction for providers (city & county)
- City utility discount
- Local grants & loans to providers
- USDA DEED Programs
- Grocery stores offering % off for shopping local

THEME: RECOGNITION

- Appreciation event annually
- Establish community sponsored appreciation events and/or opportunities to donate to
- Provider event
- Annual provider appreciation banquet
- Appreciation baskets during child care awareness week with gift cards, goodies, helpful things for daycare provider. Have them delivered.

THEME: FACILITIES

- Childcare pods
- Former Bomgaars building
- Bomgaars building
- Old true value
- Wing at good same, if still available
- Armory – when decommissioned
- Major employers having a child care

Implementation Projects

The Town Hall meeting is an opportunity to leverage multiple viewpoints and ideas related to addressing the local child care challenge. After the Town Hall meeting, the Core Team met to discuss all ideas and formulated an action plan to move forward.

The following SMART goals were developed.

SMART GOAL ONE: In the next 12 months plan and implement three opportunities to show appreciation to child care providers.

Core Team Leaders: Brooke Ossefort

Additional Team Members: Teresa Whipple, Amy Korthals, Christopher Amen

Expected Outcomes and Impact:

- Show providers how appreciated they are in the Pipestone Area.

SMART GOAL TWO: In the next 12 months establish a local child care task force that will support providers via a dedicated fund.

Core Team Leaders: Justin Schroyer

Additional Team Members: Scott Marquardt, Danielle Thompson

Expected Outcomes and Impact:

- Establish local task force to provide and support providers with a fund.

SMART GOAL THREE: In the next 12 months identify two potential child care locations to pursue for future consideration and feasibility.

Core Team Leaders: Erica Volkir

Additional Team Members: Jody Wacker, Tom Steffes, Justin Schroyer, Scott Marquardt, Amy Korthals

Expected Outcomes and Impact:

- Identify a viable location to increase the number of available child care spots in the city of Pipestone.

SMART GOAL FOUR: In the next 12 months we will have 1 early childhood outreach opportunities that promote and elevate early childhood career options.

Core Team Leaders: Judy Raschke, Danielle Thompson

Additional Team Members: Sandie Polfliet, Erica Volkir, Jody Wacker, Klint Willert.

Expected Outcomes and Impact:

- Increase awareness of child care as a career option.

SMART GOAL FIVE: In the next 6 months establish a local child care association.

Core Team Leaders: Laura Thode

Additional Team Members: Teresa Whipple, Amy Korthals, Sandi Nordmeyer

Expected Outcomes and Impact:

- Creation of an association and a definition/classification of group or 501c vs. provider group – support providers through providers/resources.



First Children's Finance

Founded in 1991, First Children's Finance is a national nonprofit organization based in Minneapolis, Minnesota with regional offices in Minnesota, Iowa, Michigan, Vermont, and Oregon. Its National teams provide consulting, training, and analysis services across the United States. 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 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

For more information about Rural Child Care Innovation Program visit www.ruralchildcare.org