First Children's Finance

RURAL CHILD CARE INNOVATION PROGRAM

Kerkhoven Area, Minnesota

Community Solution Action Plan for Child Care

June 2026

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

SOUTHWEST INITIATIVE FOUNDATION

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

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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 through solution development and implementation.

Please visit 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 the Kerkhoven Area 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 Kerkhoven 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 conversations, interviews, and surveys with a multitude of stakeholders.

To understand the potential need of child care in Kerkhoven Area, First Children's Finance conducted a Supply and Demand Gap Analysis and community surveys, which showed a child care shortage of approximately 81 slots. The analysis revealed that it's 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 impacted parents living in the Kerkhoven-Murdock-Sunburg School District. Forty-six percent of survey respondents declined employment or withdrew from the workforce due to child care issues. Thirty-five percent of employer respondents stated child care has impacted their ability to attract employees, while twenty-eight percent stated they do not track data showing the impact for attracting employees. Additionally, Twenty-one percent of employers said the child care shortage has impacted their ability to retain employees, while twenty-one percent state they do not track data showing the impact child care has on the retention of staff. Absence from work (when a provider is closed for the day), inability to work overtime, inability to work different shifts, and tardiness to work hinder 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 Kerkhoven 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 lack of community recognition for child care providers.

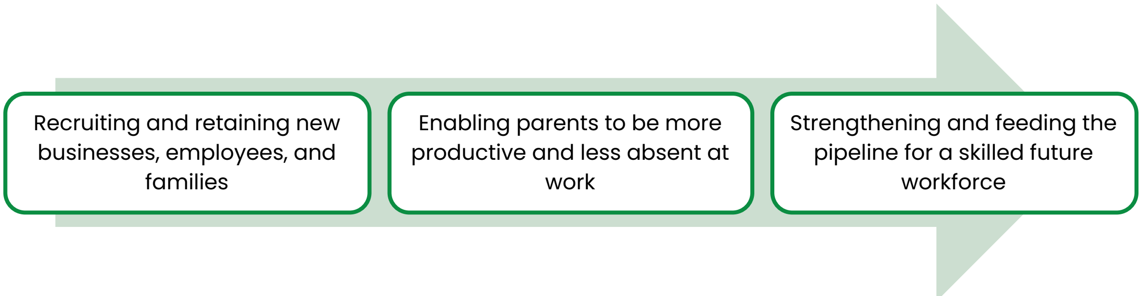
Through the RCCIP process, the Kerkhoven Area has identified four goals to address the child care challenges. These goals include:

1. By December 2026, develop a long-term workforce plan and participate in 2 opportunities that will strengthen the child care pipeline.
2. By December 2026, implement at least 3 strategies to improve child care provider retention.
3. By December 2026, identify at least 5 potential child care facility sites, research new-build options with cost estimates, and explore developer partnerships.
4. By December 2026, research and establish expanded funding opportunities.

In implementing these goals, the Kerkhoven 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 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:



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		
DESCRIPTION	**TIMING OR DATE**	**DETAILS**
Application Opens	September 30, 2024	Send the application, post on website
Webinar	October 10, 2024	Learn about the RCCIP process, expectations, and ask questions
Application Deadline	October 25, 2024	Due by 5 p.m.
Application review and follow-up questions for applicants	October 28-November 8, 2024	FCF will connect by phone or email
Final Awards made	November 11, 2024	FCF will notify via email

PLANNING PHASE		
DESCRIPTION	**TIMING OR DATE**	**DETAILS**
Core Team Lead Orientation	January 6, 2025	Zoom meeting with Core Team Leader to set expectations
Core Team Onboarding (6 Hours)	April 30, 2025	A face-to-face meeting to discuss the RCCIP details and expectations.
Core Team Planning Meeting (4 Hours)	June 5, 2025	During the face-to-face meeting, the community engagement activities will be mapped out and a timeline for the process will be developed
Data Gathering & Community Engagement Activities	July-October 2024	The Core Team engages the community in data collection and informs them about their work
FCF Facilitated Ongoing Core Team Check-ins	August 2024-February 2025	Virtual monthly Core Team meetings
Child Care Provider Appreciation Event	September 11, 2025	A face-to-face dinner is organized to recognize and appreciate the community's providers
Synthesize Data	October 2025	FCF synthesizes data into useful info for Town Hall event
Planning Meeting for Town Hall	October 28, 2025	Virtual Core Team meeting to plan for the Town Hall event
Town Hall Event	November 3, 2025	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

DESCRIPTION	TIMING OR DATE	DETAILS
Organization of Town Hall ideas	December 2025	FCF staff organizes Town Hall ideas into a workable format
Goal Setting and Implementation Meeting (4 Hours)	December 11, 2025	Virtual meeting to prioritize goals, develop SMART goals, map out implementation activities, and plan for the Community Launch
SMART Goal Finalization Meeting	December 23, 2025	One or two virtual meetings action steps, and identify local project leaders
Community Solution Action Plan (CSAP) Development	June 2026	FCF creates a report detailing community data, types of solutions, and community-identified projects
Planning meeting for Community Launch and Action Step updates	March/April 2026	Virtual meeting to share the CSAP, plan the CSAP Community Launch, and share updates on action steps
Community Launch of CSAP	Fall 2026	Press release and/or community activities to share the CSAP
Regular Core Team Meetings	April 2026-April 2027	Updates discussed from project teams to the core team; frequency determined by the core team; facilitated by the Core Team Lead
Biannual Reporting	July/August 2026	Core team lead provides written biannual update to FCF
Regular Project Team Meetings	April 2026-April 2027	Project teams meet to Implement community solutions; facilitated by project team lead
Technical Assistance & on-going Support	April 2026-April 2027	FCF provides technical assistance when needed
Final Report	February 2027	Core Team leader submits final written report to FCF
Celebration with the Core Team	May/June 2027	Core team celebrates its success
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 changes 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 Kerkhoven Area

Kerkhoven, MN, a rural community in Southwest MN. Kerkhoven has a population of 805 and is a close-knit community with a variety of local business and services. Kerkhoven is projected to have a 0.37% growth rate, with a projected 837 residents by 2028. While this growth is positive, it is important to plan for childcare to be able to meet the future need. Kerkhoven is home to the Kerkhoven-Murdock-Sunburg (KMS) high school. KMS school district is located in Swift, Kandiyohi, and Chippewa Counties. Kerkhoven has a median household income of $60,729. The majority of residents are White, but there is a growing Hispanic population. The employment rate in Kerkhoven is 61.9%. The main industry in Kerkhoven is Educational Services. Having adequate child care services is essential for parents to remain in the workforce and employers' abilities to fill workforce demands.

Local Core Team Representation

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

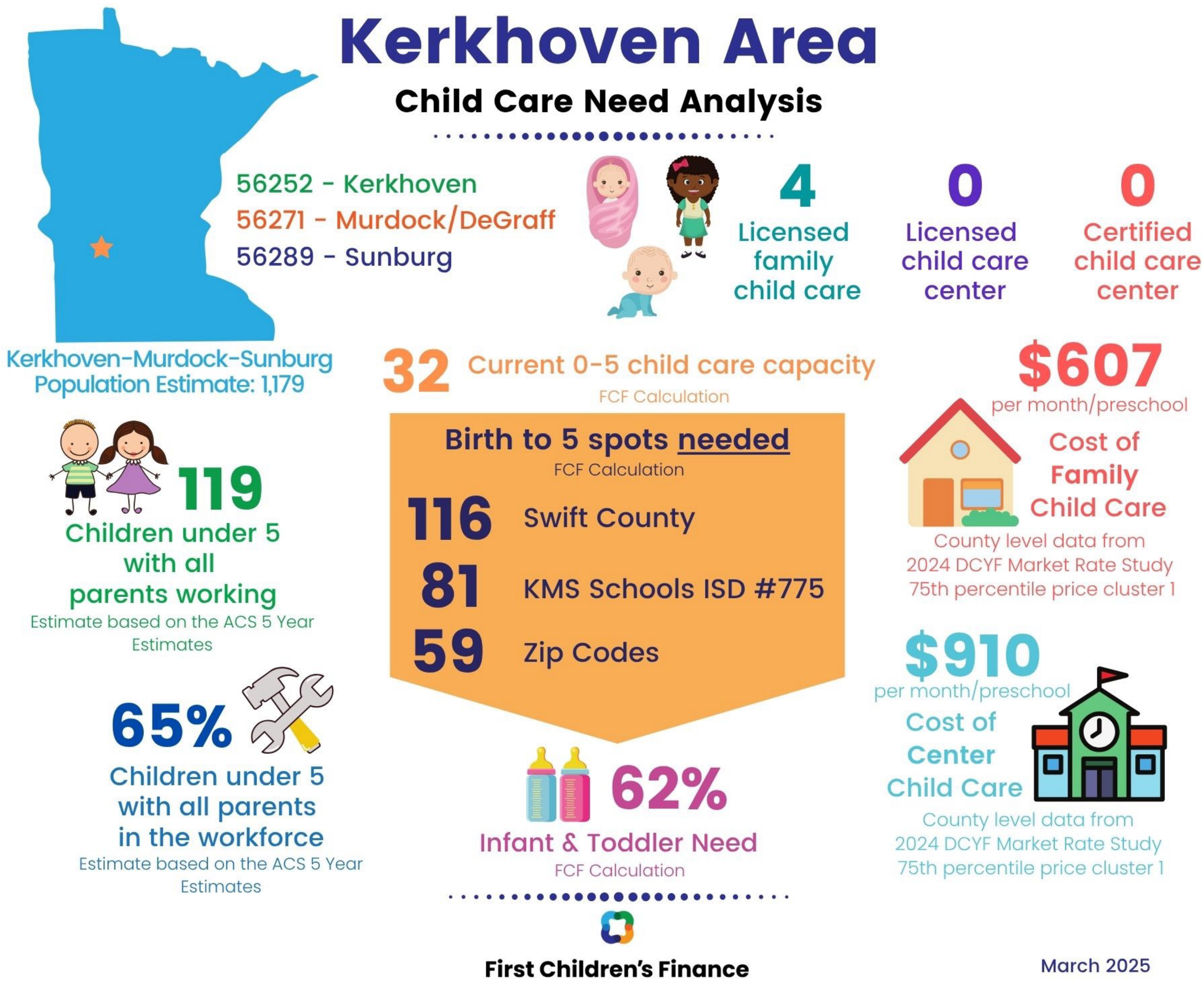
Leanna Larson	Swift County HRA-EDA
Kim Harkema	City Of Kerkhoven
Eric Rudningen	Swift County
Martin Heidlberger	KMS Public Schools
Becky Carlson	KMS Public Schools
Lorri Pederson	Swift County Human Services
Stephanie Kavanagh	Family Child Care Provider
Scott Marquardt	Southwest Initiative Foundation
Carla Olson	KMS Public Schools
Becky Brown	Swift County Human Services
Kim Collin	CNH Benson Industrial
Marissa Chevalier	Agralite Electric Co-Op
Paula Caldwell	Citizens Alliance Bank
Deb Knesil	Bravera

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 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 area. The Supply Demand Gap Analysis for the area of Kerkhoven dated March 17, 2025, shows a shortage of 81 slots for children birth to age five with all available parents in the workforce. Narrowing that down even further, the data shows that roughly 62% of the slots needed are for infants and toddlers. Closures happening after the data was pulled would indicate an additional increase in local need according to the number of birth-five slots that are no longer available.



In surveying family child care providers, we learned that thirty-three percent of the respondents have been in business for 1-5 years and thirty-three percent have been in business for over 20 years. When asked how long they plan on staying in business, thirty-three percent plan on staying in business for less than 3 years, while thirty-three percent state they plan on being in business over 10 years. It is important for the Kerkhoven Area to think both 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 higher than the state average.
- 25% of providers have less than 5 years of service, which is lower than the state average of 27.4%. 50% of providers have more than 20 years of service, which is higher than the state average.
- Providers with more than 20 years of service typically indicate that they may be nearing retirement.
- Providers with less than 5 years of service and those with more than 20 years of service are at risk most for turnover in an industry that already sees tremendous employment turnover rates.

	LOCAL	STATE
Total Family Child Care Providers	4	5,983
Average Length of Service	15.61 years	14.15 years
Less than 5 years / Service	1 / 25%	1,640 / 27.41%
More than 20 years / Service	2 / 50%	1,964 / 32.82%
Non-Owner Occupied	1 / 25%	276 / 4.61%
Non-Residential Dwelling	1 / 25%	66 / 1.10%

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 – Swift County

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
50th Percentile - Infant Weekly-Center	$213	$11,076.00
50th Percentile - Toddler Weekly-Center	$195	$10,140.00
50th Percentile - Preschool Weekly-Center	$190	$9,880.00
50th Percentile - School Age Weekly-Center	$170	$8,840.00

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
50th Percentile - Infant Weekly-Family	$140	$7,200
50th Percentile - Toddler Weekly-Family	$135	$7,020
50th Percentile - Preschool Weekly-Family	$130	$6,760
50th Percentile - School Age Weekly-Family	$125	$6,500

Results of the 2024 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 around 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, 100% of providers accept CCAP reimbursement for families.

CCAP –Swift County (No quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
No Quality Differential - Infant Weekly-Center	$245	$12,740
No Quality Differential - Toddler Weekly-Center	$225	$11,700
No Quality Differential - Preschool Weekly-Center	$210	$10,920
No Quality Differential - School Age Weekly-Center	$190	$9,880

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
No Quality Differential - Infant Weekly-Family	$150	$7,800
No Quality Differential - Toddler Weekly-Family	$150	$7,800
No Quality Differential - Preschool Weekly-Family	$140	$7,280
No Quality Differential - School Age Weekly-Family	$130	$6,760

CCAP Standard Maximum Rates Effective January 6, 2025

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 Swift County.

CCAP – Swift County (20% quality differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
20% Quality Differential - Infant Weekly-Center	$294	$15,288
20% Quality Differential - Toddler Weekly-Center	$270	$14,040
20% Quality Differential - Preschool Weekly-Center	$252	$13,104
20% Quality Differential - School Age Weekly-Center	$228	$11,856

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
20% Quality Differential - Infant Weekly-Family	$180	$9,360
20% Quality Differential - Toddler Weekly-Family	$180	$9,360
20% Quality Differential - Preschool Weekly-Family	$168	$8,736
20% Quality Differential - School Age Weekly-Family	$156	$8,112

CCAP 20 Percent Quality Differential Maximum Rates Effective January 6, 2025

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 ages birth to five the higher the achievement later in life. As depicted in the tables below, Kerkhoven-Murdock-Sunburg has reading proficiency levels that are lower than that of the state average and graduation rates that are higher than the state average.

Third-grade Reading Levels

DISTRICT	2024 PROFICIENCY RATE
Kerkhoven-Murdock-Sunburg ISD #0775	41.4%
Statewide	**45.5%**

Local Graduation Rates

DISTRICT	2023 GRADUATION RATE
Kerkhoven-Murdock-Sunburg ISD #0775	97.5%
Statewide	**83.7%**

Ability to Pay for Child Care

Many families working at 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 – Swift County, MN

TOTAL HOUSEHOLDS ACS 2024 5YR ESTIMATE	%
Less than $10,000	1.5%
$10,000 to $14,999	0.0%
$15,000 to $24,999	7.5%
$25,000 to $34,999	0.0%
$35,000 to $49,999	10.4%
$50,000 to $74,999	20.9%
$75,000 to $99,999	32.8%
$100,000 to $149,999	17.9%
$150,000 to $199,999	6.0%
$200,000 or More	3.0%
TOTAL HOUSEHOLDS:	**67**
MEDIAN HOUSEHOLD INCOME:	**$83,461**

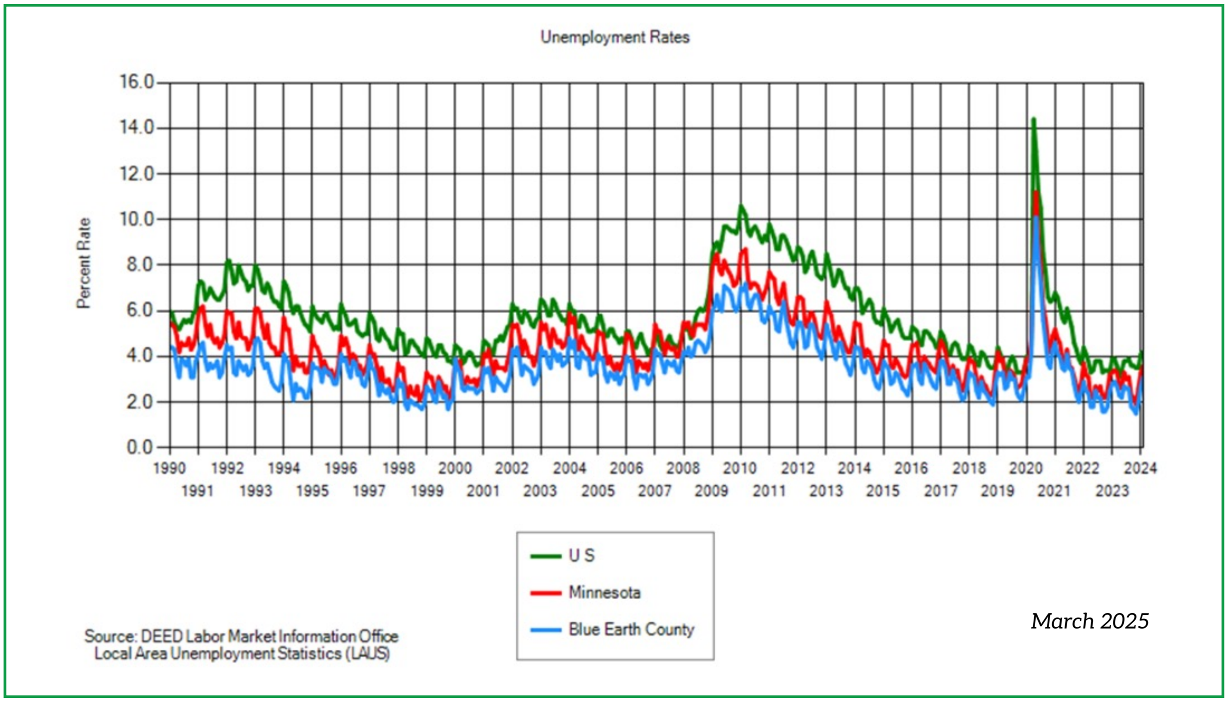
U.S Census American Community Survey 2024

Local Employment Conditions

Employment data was also considered by First Children's Finance in the analysis of the child care situation in Swift County. 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 – Swift County

In March 2025, when this initial analysis of data for the Kerkhoven Area was completed, the unemployment rate in Swift County was 4.4% which is slightly higher than that of the state unemployment rate of 2.7%. 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 – Kerkhoven Area

Employers in the Kerkhoven 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	% OF EMPLOYEES	MEDIUM INCOME
Industry: Manufacturing	21.9%	$73,702
Industry: Wholesale Trade	9.2%	$119,127
Industry: Public Administration	8.0%	$53,038

Community Insights

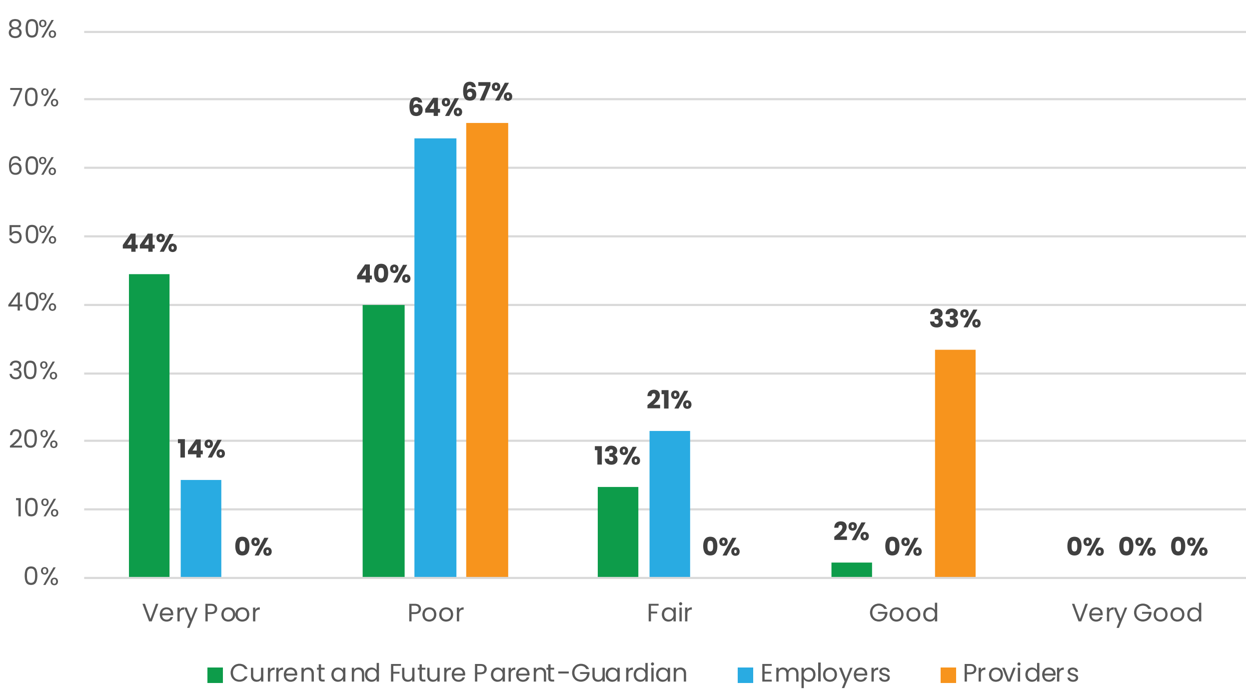
Extensive outreach was conducted by the Core Team to engage the community about child care. This work included discussions with various community leaders, parent, provider, and employer electronic surveys, and presentations about child care. Through these various inputs, the Core Team was able to better understand the causes of local child care shortages.

Community Surveys – Selected Perspectives

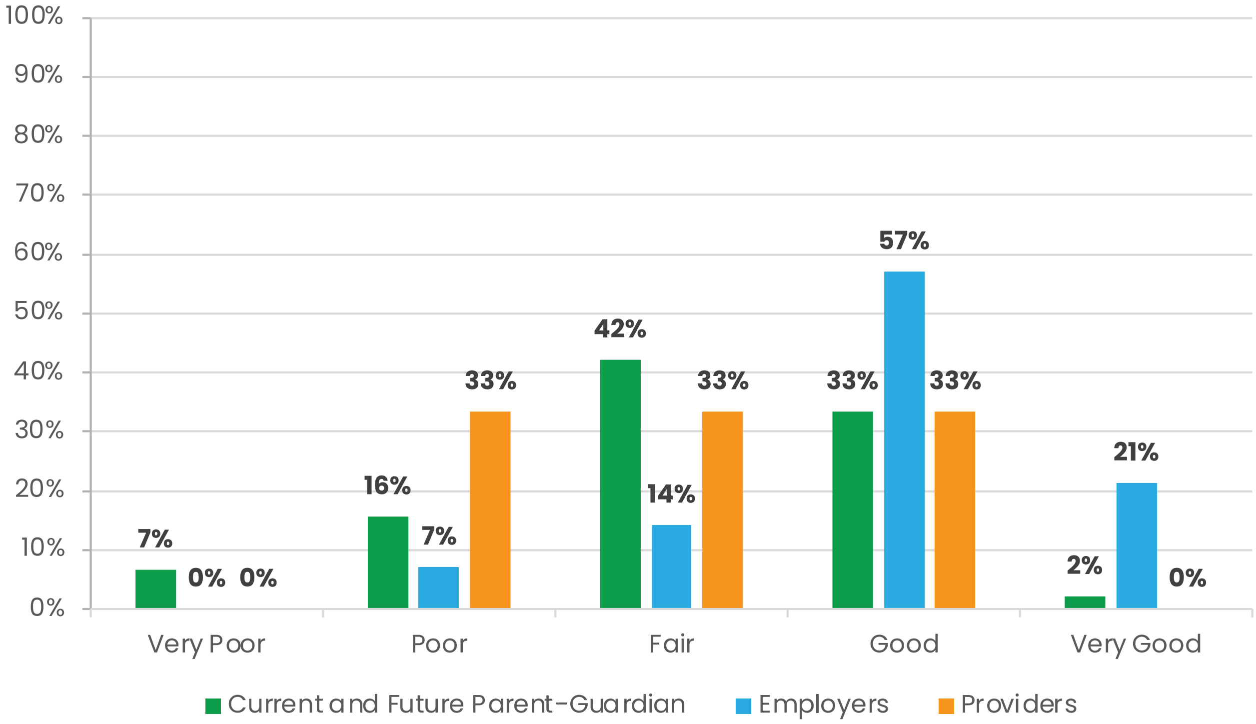
The general community was invited to participate in a comprehensive survey about child care in the local Kerkhoven area community. Respondents included 73 individuals for the parent survey and 14 employers for the employer survey. A separate survey gathered information specific to child care businesses from 3 early care and education providers.

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

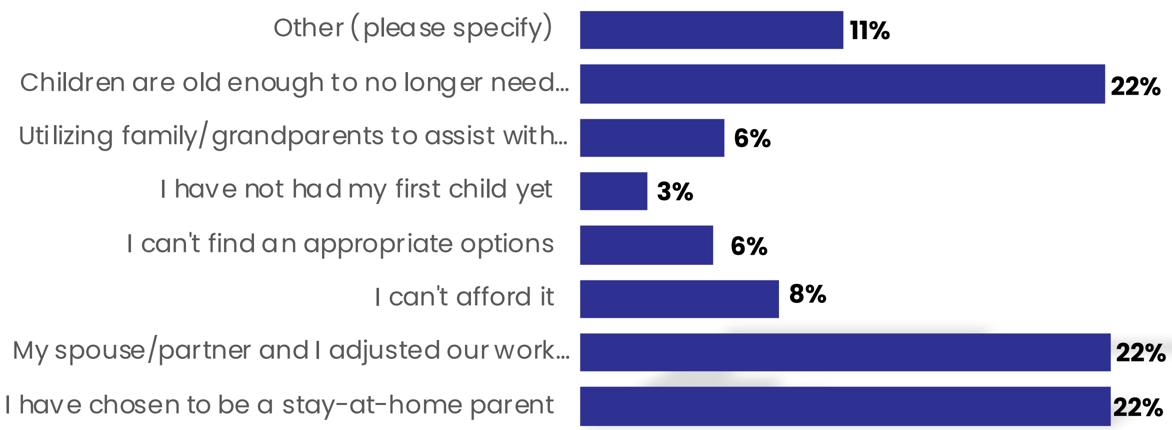


While specific questions about quality were not part of this survey, responses show there is some difference between what parents are perceiving the quality of available child care is in the area as compared to what both employers and local child care providers are perceiving. When parents were asked to rank what is important for them in a child care program, they ranked their preferences as follows (1 being the most important):

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

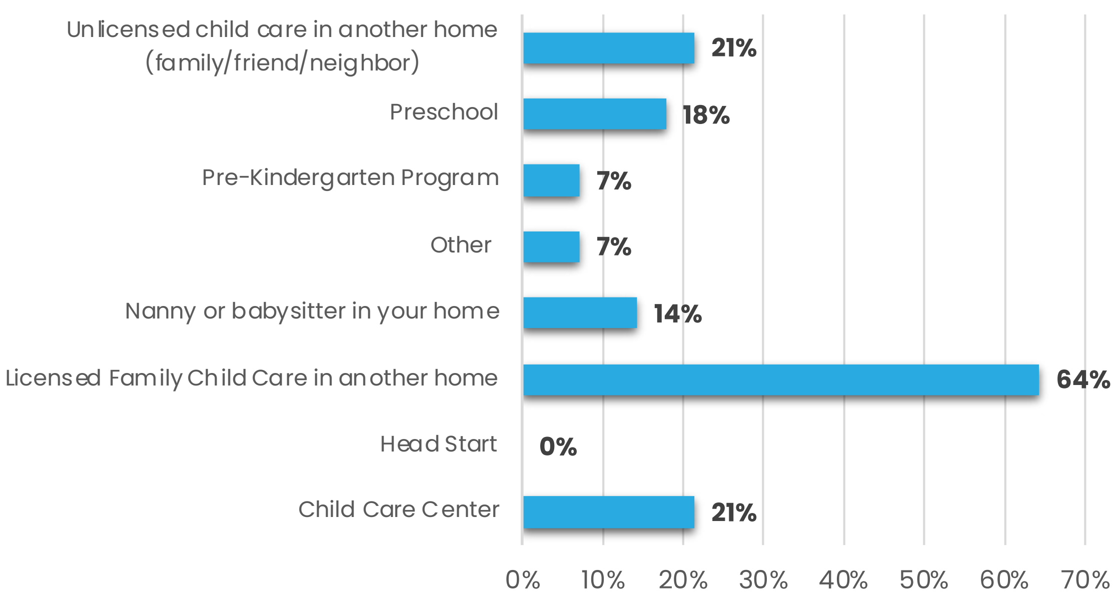
Reasons for Not Enrolling in Preferred Care

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 thirty-five percent of the parents who completed the survey did not answer this question. Twenty-two percent of the respondents say they have adjusted work schedules with their spouse/partner in order to meet child care needs, and Eight percent state they cannot afford care and Twenty-two percent share they have chosen to be a stay-at-home parent. The other category is made up of those respondents who either have no need for child care, have family who care for their children, or who care for their children within their business.



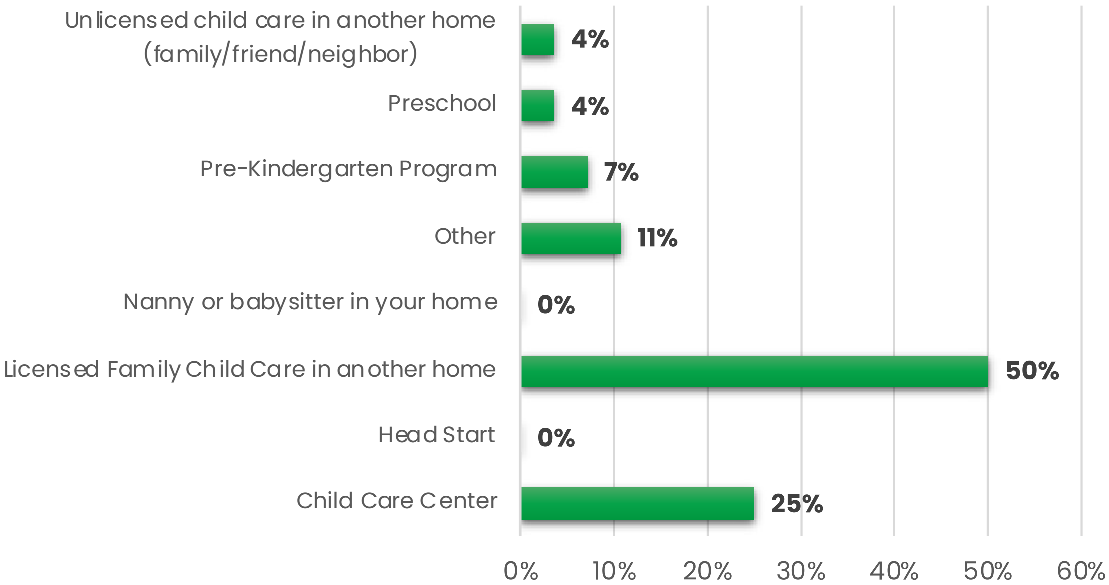
Types of Care Parents Are Currently Using

The chart below shows the types of child care currently being used by families in the Kerkhoven Area. The other category in this graph includes families who either don't currently use child care or have children using a school age after school program.



Types of Care Parents Prefer to Use

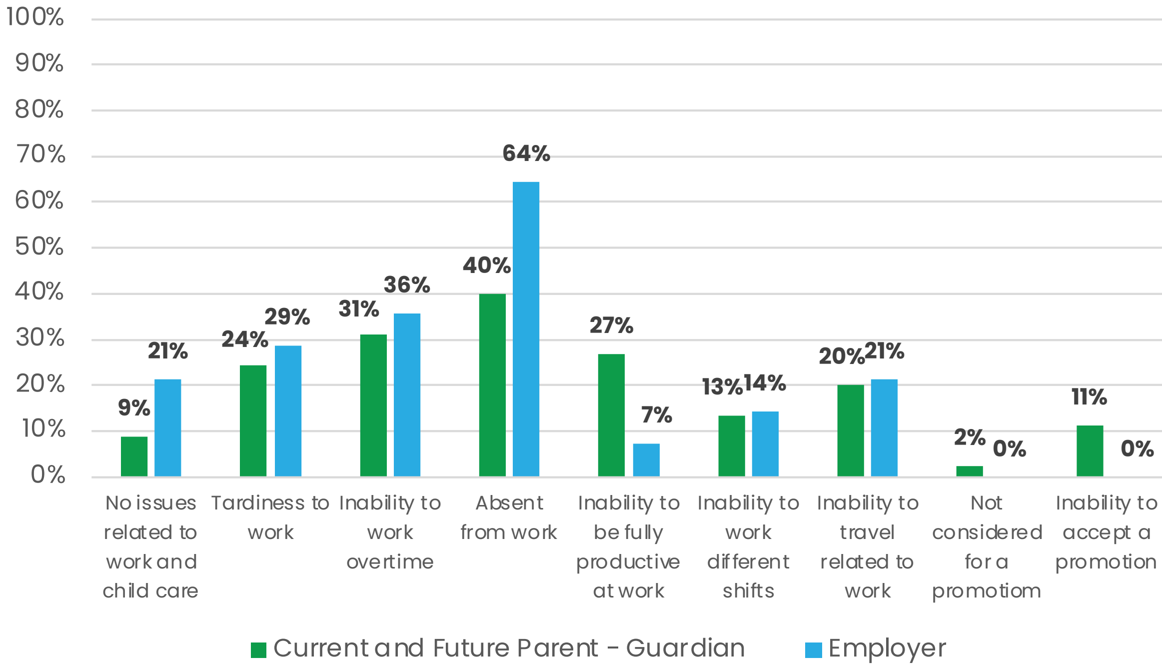
The types of care parents in the Kerkhoven Area prefer are shown on the chart below. When a community can better meet the preferred child care options of families the community will be more successful in attracting new families and individuals to the community to live and work. The other category in this graph includes families who either don't currently use child care or have children using a school age after school program.



Community and Business Impacts of the Child Care Issue

Beyond families and children, the greater community and local businesses can also be impacted by child care challenges and issues. Child care is often framed as an economic development issue by communities facing declining populations or challenges with the workforce. These issues can compound and further extend into the business community by causing loss of workers due to 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.

Work Issues Occurred Due to Child Care Arrangements in the Last 12 Months



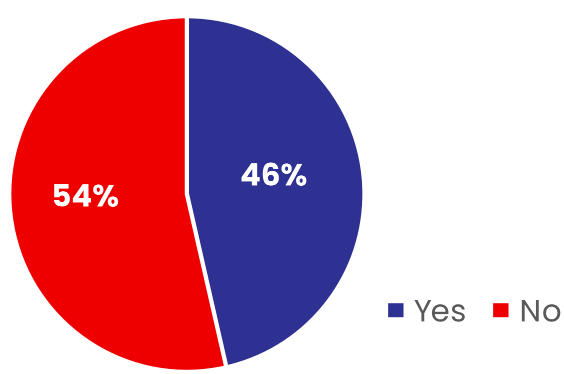
Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include absence from work (when a provider is closed for the day), inability to work overtime, and inability to work overtime. Thirty-six percent of employer respondents stated child care has impacted their ability to attract employees, while twenty-eight percent stated they do not track data showing the impact for attracting employees. Additionally, twenty-two percent of employers said the child care shortage has impacted their ability to retain employees, while twenty-one percent state they do not track data showing the impact child care has on the retention of staff. Tracking employee feedback on challenges related to child care can help employers to determine to the actual level child care is inhibiting their growth and retention opportunities.

Additional child care related challenges for parents included twenty-nine percent reporting tardiness to work, thirty-nine percent with an inability to work different shifts, and eleven percent with the inability to travel related to work. While seven percent of parents also reported not being able to accept a promotion, and four percent reported not being considered for a promotion, 0% of employers stated either of these were happening.

Impact on Family Planning – Kerkhoven Area

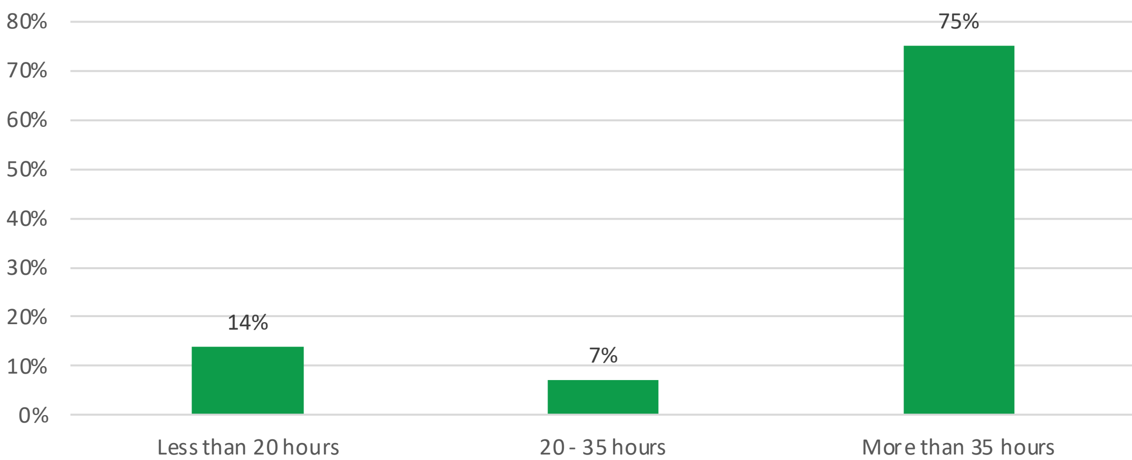
When parents were asked if the availability of their preferred child care option had impacted their decision to have another child and/or if it limited the size of their family, forty-six percent responded it had.

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

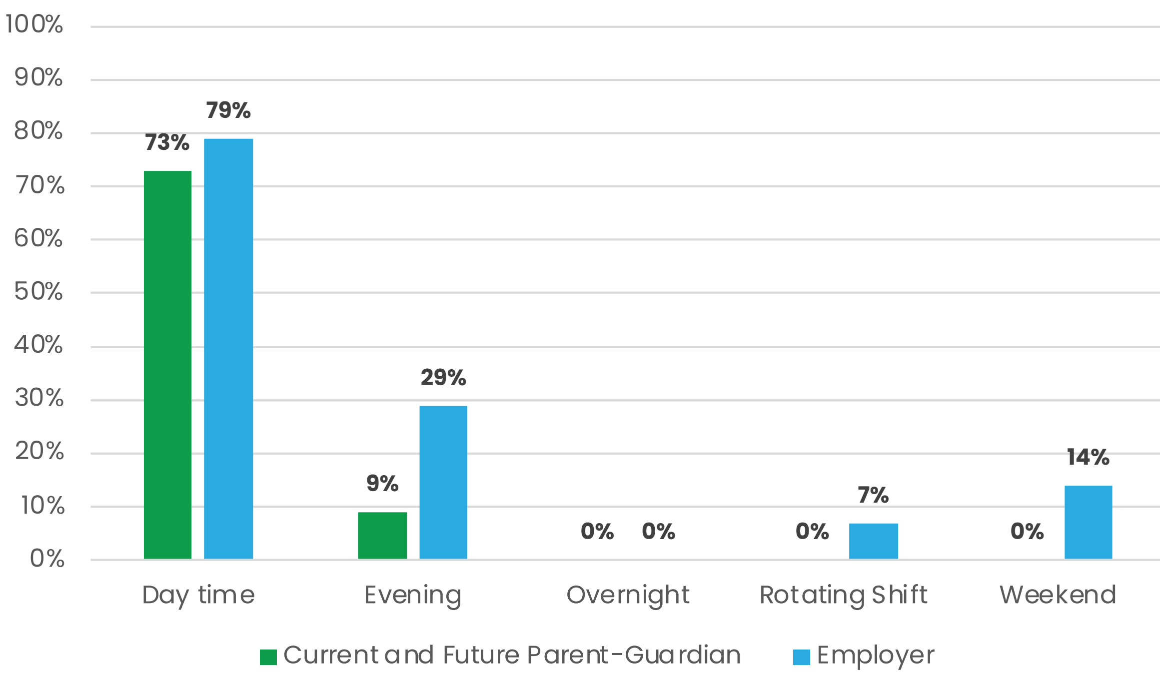


Types of Child Care Needed

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 seventy five percent of parents need more than 35 hours of care and are looking for full-time child care options. Not shown on this chart are the four percent of parents who currently do not use paid child care.

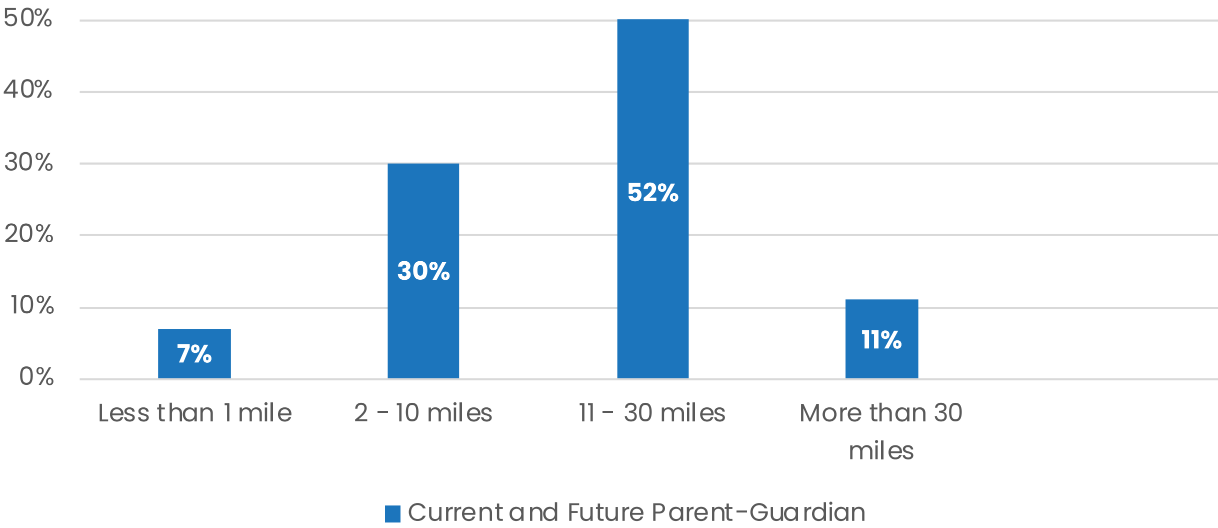


What Hours of Care Do You Need?



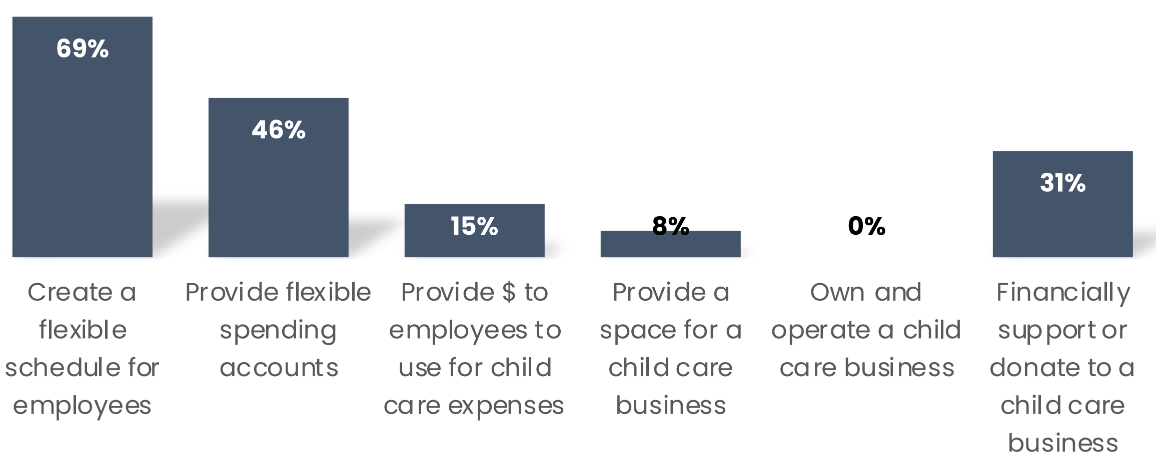
It is also important to determine when parents need care so the community can offer options that meet the need. The chart above shows the hours of care needed from both a parent perspective and an employer perspective.

How Far Do You Travel Out of Your Way (One Direction) for Child Care?



Some Kerkhoven Area parent respondents indicated that they were traveling notable distances to find appropriate child care. Sixty-three percent indicated that they were traveling more than eleven miles for child care.

How Would You as an Employer Be Willing to Assist in Addressing the Child Care Shortage?



Employers can help address the child care shortage in multiple ways. From the employer survey, the top two ways employers in the Kerkhoven Area are willing to help is to provide flex spending accounts and create flexible schedules. Thirty-one percent of employers surveyed are also willing to financially support or donate to a child care business.

Understanding the Underlying Challenges

The Core Team in the Kerkhoven Area spent several months investigating the underlying reasons for the local child care challenges by having discussions, 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.

> ***"Requirements to be a licensed provider are strenuous and becoming more strenuous. It is a stressful career. There is a lack of appropriate facilities."***
>
> – Local Parent

FACTOR: It is Challenging to be a Child Care Provider

> ***"To many regulations that are required by our state. It has gotten way out of hand."***
>
> – Local Provider

- Challenges with longevity in the industry. There are other jobs out there with better pay and support.
- Not enough financial rewards for people working in early childhood and providers are earning low incomes.
- Higher cost of living and increases in fees paid for licensing needs.
- Child care is mentally, physically, emotionally draining.
- Acknowledge providers are professionals, we are more than babysitters.
- There are not enough staff so current staff have difficulty taking time off from work.
- Difficulty finding, retaining, and paying qualified staff.
- Lack of funding available to child care programs and start-ups.

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 and Regulations: Two Sides of One Coin

> *"The regulations scare people away."*
>
> – Local Provider

- Ratios for numbers of children in younger age groups reduce the number of infants a provider can care for, making it extremely difficult to cash flow those slots.
- Dealing with all the new policies from licensing and finding the initial costs to purchase items needed can be a challenge for start-up programs.
- Figuring out all the training and things that need to be done, like Fire Marshall requirements, etc., can be a challenge.
- Requirements, like Rule 3, are a lot to follow and lead teacher requirements are strict for low pay.
- Requirements, paperwork, rules and regulations are necessary, but difficult to cover.
- Highly regulated; reduces the numbers of in-home daycares and increases costs for centers.
- It's hard for places to employ quality staff that want to stay long term, which affects the children.

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

> *"I am on every wait list in the KMS area for our young son but cannot find a spot. We struggle with Friday care for our preschooler as well."*
>
> – Local Provider

- Lack of funding and low profits lead to shortages in child care.
- It seems that while we may have an opening or two, even at our lower rates, many families can't afford care.
- Childcare workers are not paid enough, there is not enough support given to them.
- Proposed modernization regulations and legislation requirements, if passed, will impact on both costs monetarily and in time spent outside of childcare program hours to fulfill.
- Many families can't afford care.
- Infant care is hard to find - parents are trying to line up infant care in early pregnancy or before they become pregnant.
- It is hard for families to live off one income but finding child care so that both parents can work is challenging.
- We must turn families away due to being full.

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 Kerkhoven 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 and Workforce Development

- Recruit high school seniors to be daycare helpers in licensed daycare home – students could earn class credits towards graduation
- School and county offer training to day care providers that is provided to teachers
- 4-H Programs
  - Super sitters
  - Babysitting clinic
- Partner with school for interns to help with breaks
- Employers need to take a larger role
  - Provide daycare or support daycare for employees
- County assistance with health insurance for providers. Self-insured model.

THEME: Community Awareness and Education

- Community Ed babysitting courses to start educating and exposing H.S. students to the workforce
- KMS schools can send emails & texts to district parents to support birth to three programs
- Partner with area businesses to make public aware
  - Newspaper
  - Meetings
- Participate in job fairs/career days
- Educate businesses, communities, public on the seriousness of the issue
- Partnering with the school to have providers speak to high school students about child care careers

THEME: Recognition and Appreciation

- Community sponsored recognition event
- Businesses throughout the community use social media to recognize and acknowledge providers
- Acknowledgment of providers in newspaper at least annually
- Create an annual provider event to demonstrate they are valued
- Child care provider training/appreciation day annually
- Annual appreciation event for providers
- Digital board recognition for providers

THEME: Facilities

- School Age daycare at the school
- Utilize churches as daycare facilities
- Develop empty lots into pods
- Does Sunburg pre-school building have any open classrooms that could be a pod?
- Research local availability of facilities
    - Take a drive
- Employers & KMS schools re-evaluate spaces that could be available for birth to three years programs

THEME: Financial Support and Incentives

- Interest-free HRA loans for start up or emergency funds
- Emergency funds for repairs/building updates
- Start up fund for new providers
- More grants available versus loans

THEME: Partnerships

- Community Ed
- Local business sponsor a provider like a big brother program
- Partner with small business development corp to develop back up plans for current providers if they experience an emergency
- Au pair services

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 are new ideas that the Core Team brought forward for additional consideration before developing goals.

NEW IDEAS BY CORE TEAM:

- CDA
- Telehealth benefit
- Sub pool
- Partner with KMS schools early ed for CDA credential
- Library: Come to FCC houses
- Busing for providers
- Donations from local business for FCC programs
- Contract with bus service for field trips

The following SMART goals were developed after ideas were further narrowed down.

1

SMART GOAL ONE:
By December 2026, develop a long-term workforce plan and participate in 2 opportunities that will strengthen the child care pipeline.

Project Team Leader: Martin Heidlberger
Additional Team Members: Kim Collin, Paula Caldwell, Becky Carlson

2

SMART GOAL TWO:
By December 2026, implement at least 3 strategies to improve child care provider retention.

Project Team Leader: Lorri Pederson
Additional Team Members: Becky Brown, Marissa Chevalier, Stephanie Kavanagh, Deb Kneisl

3

SMART GOAL THREE:
By December 2026, identify at least 5 potential child care facility sites, research new-build options with cost estimates, and explore developer partnerships.

Project Team Leader: Kim Harkema
Additional Team Members: Scott Marquardt, Carla Olson

4

SMART GOAL FOUR:
By December 2026, research and establish expanded funding opportunities for child care initiatives.

Project Team Leader: Leanna Larson
Additional Team Members: Scott Marquardt, Eric Rudningen

First Children's Finance: Partnering to Support Child Care Businesses

ABOUT US

Since 1991, First Children's Finance (FCF) has been a national leader in building sustainable child care businesses. We have helped thousands of child care providers, communities and government systems across the country solve issues that impede access to accessible child care.

First Children's Finance has state offices in Iowa, Michigan, Minnesota, Oregon and Vermont, and its National teams provide consulting, training and analysis services across the United States.

OUR MISSION

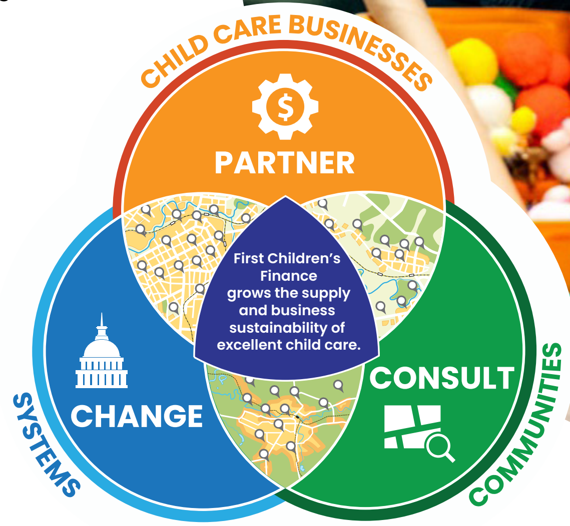
First Children's Finance is the only national organization focused exclusively on growing the supply and business sustainability of high-quality child care.

WHAT WE DO

We help children, families and communities thrive by increasing the availability, affordability and quality of early care and education.

We provide financial and business development assistance to child care businesses serving low-and moderate-income families, and by building partnerships that connect these vital businesses with public and private resources.

We're unique in working at all three levels: Entrepreneurs, Communities and Systems - and finding where they intersect.



FCF ADDRESSES THE NATIONAL ISSUE OF CHILD CARE SUPPLY IN THREE MAIN AREAS:

We **PARTNER** with child care businesses to strengthen their operations and achieve their dreams every step of the way.

We **CONSULT** with communities to achieve a sustainable child care supply that meets local economic and cultural needs.

We work to **CHANGE** public systems through advocacy and expertise, elevating child care in policies, practices, funding, and plans.

Want to know more about FCF?
Visit us at firstchildrensfinance.org.

First Children's Finance