First Children's Finance

RURAL CHILD CARE INNOVATION PROGRAM

Paynesville, Minnesota

Community Solution Action Plan for Child Care

February 2026

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

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

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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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Contents

"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 as they develop solutions to address these challenges.

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

To understand the potential child are need in the Paynesville area, First Children's Finance conducted a Supply and Demand Gap Analysis and community surveys, which showed a child care shortage of approximately **197 slots**. The analysis revealed that it's 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 influences child care providers' ability to sustain their child care operations.

The analysis also revealed that the child care shortage has impacted parents living in the Paynesville area. Thirty-two percent of survey respondents declined employment or withdrew from the workforce due to child care issues. Forty-seven percent of employer respondents stated child care has impacted their ability to attract employees. Additionally, 39% 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 overtime, inability to work different shifts, and tardiness to work hinder parents' ability to advance in their careers and employers' ability to meet their business needs.

Some of the major factors contributing to the child care shortage in the Paynesville area include an increase in young families needing to utilize child care programming to work, 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. Child care providers also report concern over being able to maintain enrollment at profitable levels for preschool and school age children due to other regional wrap-around programming offerings. Child care providers make their profits serving preschool and school-age children, and fully enrolling those ages is crucial to their long-term success and financial sustainability.

Through the RCCIP process, Paynesville has identified four goals to address its child care challenges:

1. Determine funding sources to match, contribute, and support financial implementation for short-term and long-term solutions.
2. Identify feasibility with CentraCare and the school to determine a center-based service model. Short-term solution is to have local businesses lease space.
3. Within the next 12 months, the core team will build a support network for providers, parents, businesses, and community members that will focus on 3 areas: training/professional development, parent resources, and provider appreciation.
4. Over the next 12 months, the core team will explore funding opportunities to build child care capacity.

In implementing these goals, Paynesville 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:

- 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		
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 14, 2025	Zoom meeting with Core Team Leader to set expectations
Core Team Onboarding (6 Hours)	April 22, 2025	A face-to-face meeting to discuss the RCCIP details and expectations.
Core Team Planning Meeting (4 Hours)	May 15, 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	June-October 2025	The Core Team engages the community in data collection and informs them about their work
FCF Facilitated Ongoing Core Team Check-ins	June 2025-January 2026	Virtual monthly Core Team meetings
Child Care Provider Appreciation Event	September 22, 2025	A face-to-face dinner is organized to recognize and appreciate the community's providers
Synthesize Data	October-November 2025	FCF synthesizes data into useful info for Town Hall event
Planning Meeting for Town Hall	October 30, 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	November/ December 2025	FCF staff organizes Town Hall ideas into a workable format
Goal Setting and Implementation Meeting (4 Hours)	December 18, 2025	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 15, 2026	One or two virtual meetings action steps, and identify local project leaders
Community Solution Action Plan (CSAP) Development	February/ March 2026	FCF creates a report detailing community data, types of solutions, and community-identified projects
Planning meeting for Community Launch and Action Step updates	April/May 2026	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	Summer 2026	Press release and/or community activities to share the CSAP
Regular Core Team Meetings	February 2026-March 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 2026	Core team lead provides written biannual update to FCF
Regular Project Team Meetings	February 2026-March 2027	Project teams meet to Implement community solutions; facilitated by project team lead
Technical Assistance & on-going Support	February 2026-March 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	March 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 where it is delivered. This is accomplished through various methods:

- 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 Paynesville

Paynesville is in the heart of Central Minnesota. A rural, vibrant, and growing community known for its strong schools, a robust business base, and excellent medical services. With its natural surroundings and recreational offerings, Paynesville is an ideal destination for a visit, vacation, and most importantly, to work and raise a family. According to the 2022 census, Paynesville had 2,430 residents.

Increasing populations have resulted in greater demand for child care. The difficulty of finding available and affordable child care has become an economic development issue throughout the area, affecting employment recruitment, business sustainability, economic growth, and school enrollment. If families cannot find viable child care in Paynesville, they may choose to live, work, and shop outside of the Paynesville area. A robust local economy typically enhances access to quality child care by making it more affordable for families. In turn, readily available, high-quality child care can greatly strengthen a local economy by encouraging more parents to enter the workforce, leading to increased productivity and business development. Essentially, a well-functioning child care system is vital for a flourishing local economy, as it enables parents to work consistently, thereby boosting overall economic activity.

Local Core Team Representation

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

Kristine O'Brien	Community Education and PACC Director, Paynesville Area School District
Chris Stanley	Commercial Banking Officer, Magnifi Financial
Mary Mackedanz	Community Member, and Early Childhood Advocate, Paynesville, MN
Janell Bullard	Superintendent, Paynesville Area School District
Steve Peterson	Director, Paynesville Community Foundation
Joe Voss	President, Paynesville Lions Club
Bruce Stang	Owner, Stang Precision, Inc
Noelle Pierson	Scheduling Specialist, CentraCare
Susan Kallok	Community Member, Paynesville, MN
Megan Brick	Council Member, City of Paynesville
Katelyn Fuchs	Community Member, Paynesville, MN
Dawn Knoll*	Office Manager, Roeske Insurance Agency
Jerald Quarfot*	School Board, Paynesville Area School District
Jolene Whaley*	Child Care Startup and Retention Navigator, Milestones

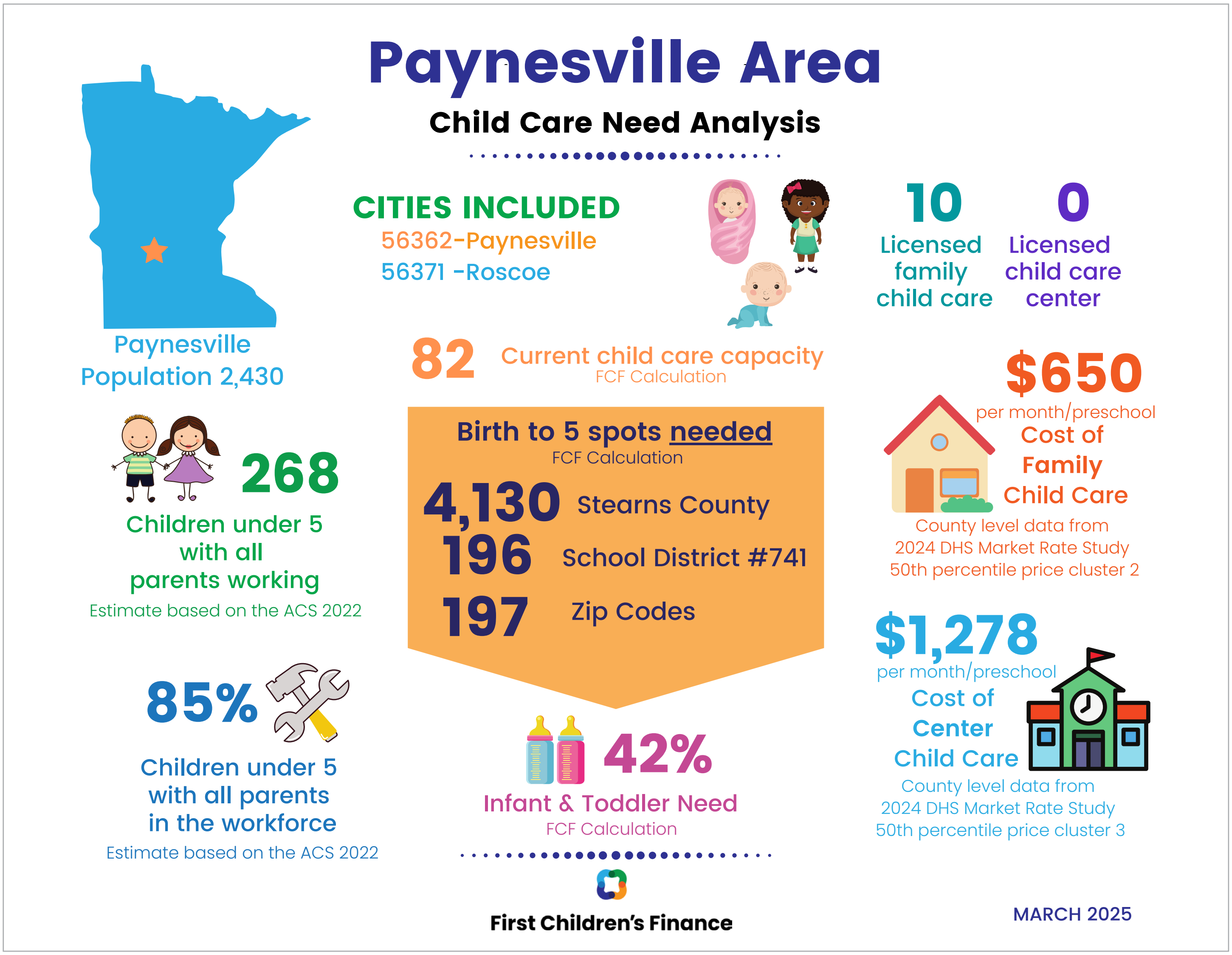
** Core team member additions after goals were established.*

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, FCF looks at a range of slots. This provides the best picture of the area's need. The Supply Demand Gap Analysis for the Paynesville zip code area dated March 2025 shows a shortage of 197 slots for children birth to age five with all available parents in the workforce. Narrowing that down further, data shows roughly 42% 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, FCF learned that 13% of the respondents have been in business for 6-10 years, 25% for 11-20 years and 63% for over 20 years. When asked how long they plan on staying in business, 13% plan to stay in the business for 3-5 years, 25% plan on 3-5 years, while 63% state they plan on over 10 years. It is important for Paynesville to think both about ways to retain family child care providers and 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 percent of providers have less than 5 years of service, which is higher than the state average of 27.4%. Thirty percent of providers have more than 20 years of service, which 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 at risk most for turnover in an industry that already sees tremendous employment turnover rates.

	LOCAL	STATE
Total Family Child Care Providers	10	5,694
Average Length of Service	12.32 years	14.42 years
Less than 5 years / Service	3 / 30%	1,544 / 27.1%
More than 20 years / Service	3 / 30%	1,891 / 33.2%
Non-Owner Occupied	0 / 0%	221 / 3.9%
Non-Residential Dwelling	1 / 10.0%	135 / 2.4%

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 – Stearns County

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
50th Percentile - Infant Weekly-Center	$363	$18,876
50th Percentile - Toddler Weekly-Center	$318	$16,536
50th Percentile - Preschool Weekly-Center	$294	$15,288
50th Percentile - School Age Weekly-Center	$214	$11,128

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
50th Percentile - Infant Weekly-Family	$155	$8,060
50th Percentile - Toddler Weekly-Family	$150	$7,800
50th Percentile - Preschool Weekly-Family	$150	$7,800
50th Percentile - School Age Weekly-Family	$140	$7,280

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, 63% of family provider respondents stated they accept CCAP reimbursement for families.

CCAP – Stearns County (No Quality Differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
No Quality Differential - Infant Weekly-Center	$427	$22,204
No Quality Differential - Toddler Weekly-Center	$385	$20,020
No Quality Differential - Preschool Weekly-Center	$332	$17,264
No Quality Differential - School Age Weekly-Center	$310	$16,120

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
No Quality Differential - Infant Weekly-Family	$175	$9,100
No Quality Differential - Toddler Weekly-Family	$170	$8,840
No Quality Differential - Preschool Weekly-Family	$160	$8,320
No Quality Differential - School Age Weekly-Family	$150	$7,800

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. 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 the Stearns County.

CCAP – Stearns County (20% Quality Differential)

AGE GROUP - CHILD CARE CENTER	WEEKLY RATE	ANNUAL TOTAL
20% Quality Differential - Infant Weekly-Center	$512.40	$26,645
20% Quality Differential - Toddler Weekly-Center	$462	$24,024
20% Quality Differential - Preschool Weekly-Center	$398.40	$20,717
20% Quality Differential - School Age Weekly-Center	$372	$19,344

AGE GROUP - FAMILY CHILD CARE	WEEKLY RATE	ANNUAL TOTAL
20% Quality Differential - Infant Weekly-Family	$210	$10,920
20% Quality Differential - Toddler Weekly-Family	$204	$10,608
20% Quality Differential - Preschool Weekly-Family	$192	$9,984
20% Quality Differential - School Age Weekly-Family	$180	$9,360

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 just slightly over 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, The Paynesville Area school district has thirdigrade reading proficiency levels and graduation rates that are higher than the state average.

Third-grade Reading Levels

DISTRICT	2024 PROFICIENCY RATE
Paynesville Area #741	58.1%
Statewide	**46.5%**

Local Graduation Rates

DISTRICT	2024 GRADUATION RATE
Paynesville Area #741	93.5%
Statewide	**83.3%**

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 – Paynesville, MN

TOTAL HOUSEHOLDS ACS 2023 5YR ESTIMATE	%
Less than $10,000	2.4%
$10,000 to $14,999	3.6%
$15,000 to $24,999	7.2%
$25,000 to $34,999	9.5%
$35,000 to $49,999	12.0%
$50,000 to $74,999	16.2%
$75,000 to $99,999	23.0%
$100,000 to $149,999	17.9%
$150,000 to $199,999	7.3%
$200,000 or More	0.9%
TOTAL HOUSEHOLDS:	**1,110**
MEDIAN HOUSEHOLD INCOME:	**$72,105**

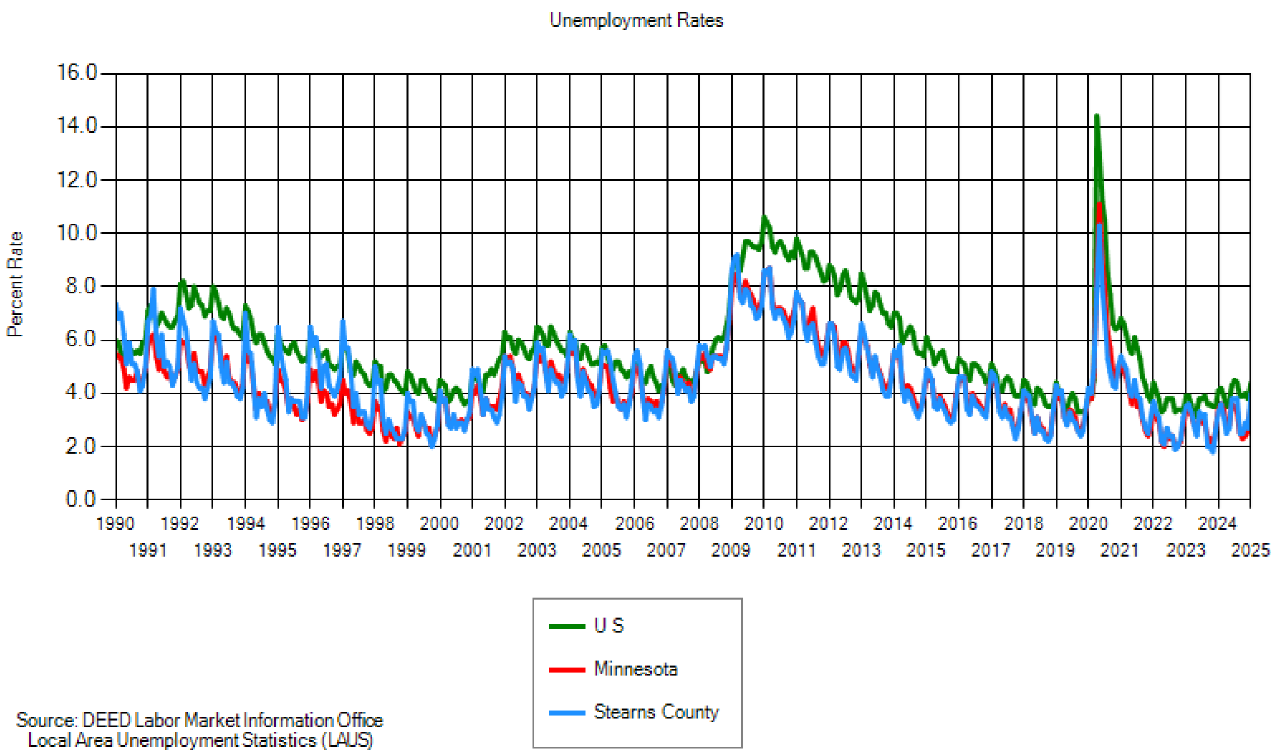
U.S. Census American Community Survey 2023

Local Employment Conditions

First Children's Finance considered employment data when analyzing the child care situation in Stearns 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 – Stearns County

In March 2025, when this initial analysis of data for the Paynesville area was completed, the unemployment rate in Stearns County was 4.0%, which is slightly higher than the state unemployment rate of 3.6%. 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.



March 2025

Top Local Industries – Stearns County

Employers in Paynesville 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	% OF WORKFORCE
Industry: Health Care and Social Assistance	17,755	20.6%
Industry: Manufacturing	11,464	13.3%
Industry: Retail Trade	11,082	12.9%

Community Insights

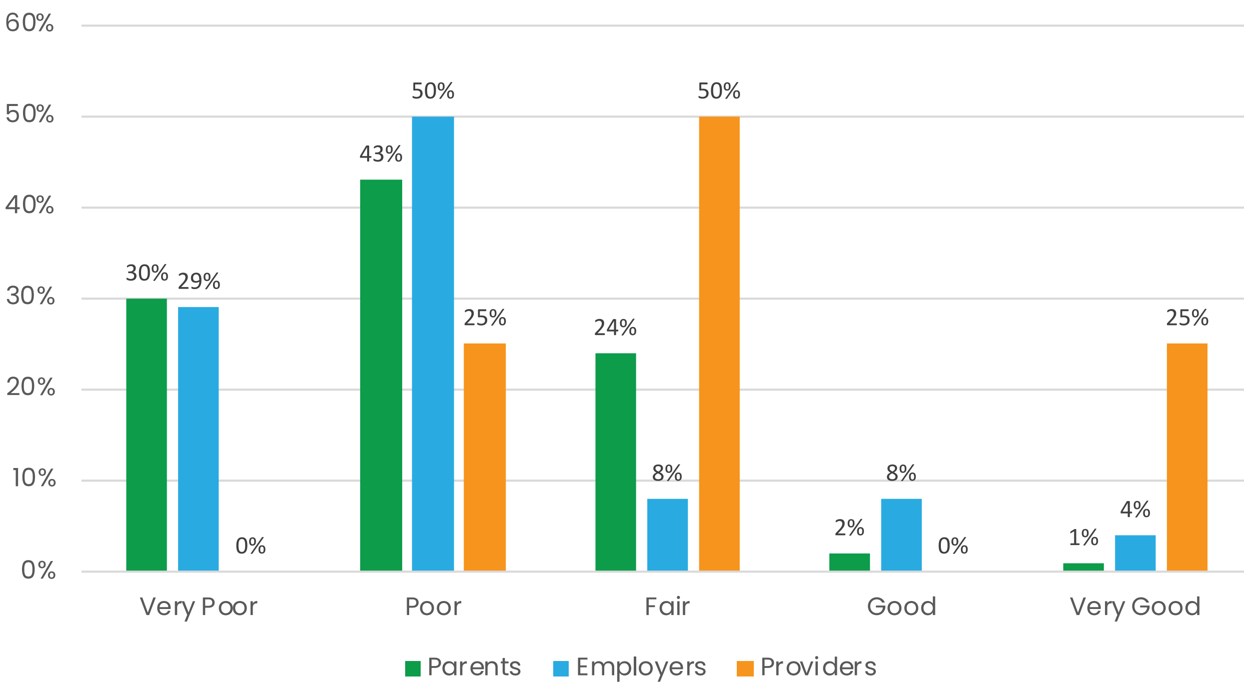
Extensive outreach was conducted by the Core Team to engage the community about child care. This work included discussions with various community leaders, parent, provider, and employer electronic surveys, and presentations about child care. Through these various inputs, the Core Team was able to better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

Community Surveys – Selected Perspectives

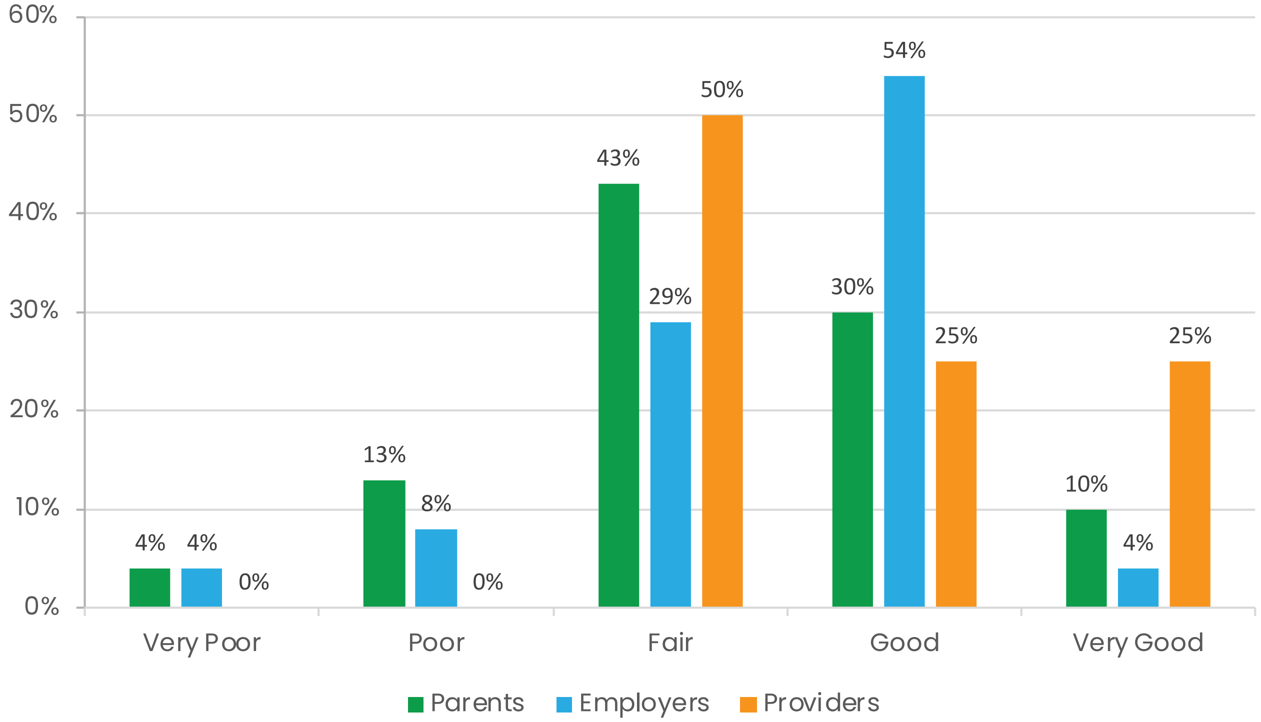
The general community was invited to participate in a comprehensive survey about child care in the Paynesville community. Respondents included 142 individuals for the parent/employee survey and 24 employers for the employer survey. Fifty percent of parent/employee respondents reported expecting to have or having children under age 5. A separate survey gathered information specific to child care businesses from eight 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

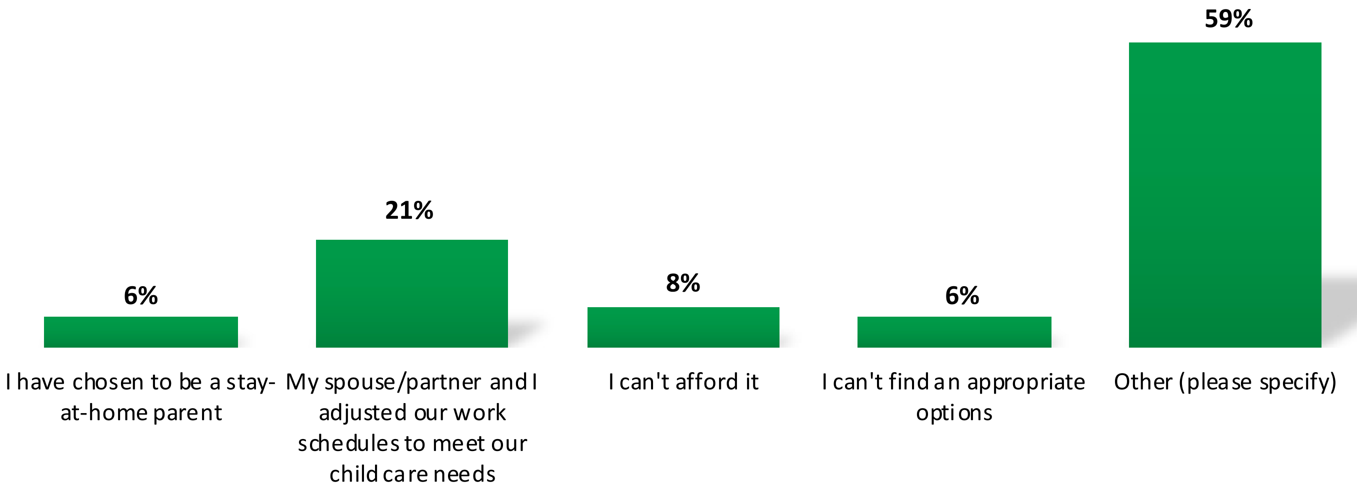


While specific questions about quality were not part of this survey, responses show there slight differences between how parents and employers perceive the quality of available child care in the area compared to what local child care providers perceive. When parents were asked to rank what is important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

1. A safe and healthy environment
2. Provider has a good reputation
3. Conveniently located
4. Provider uses an educational curriculum
5. Licensed by DCYF
6. Provider has a high level of education
7. Provider is someone I know
8. Provider is Parent Aware rated

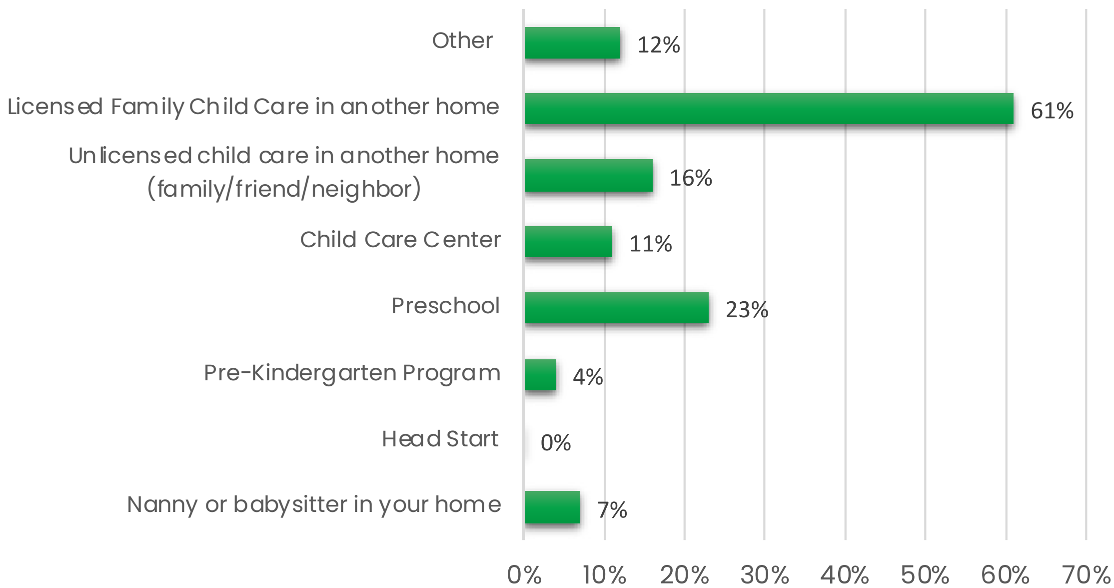
Reasons for Not Enrolling in Preferred Care

Below is a chart depicting the results of why 48% of the parents who responded to the survey state they do not use paid child care. Twenty-one percent of the respondents say they have adjusted work schedules with their spouse/partner in order to meet child care needs, 8% state they cannot afford care and 6% share they have chosen to be a stay-at-home parent or can't find an appropriate option. The other category is made up of those respondents who state they have older children who no longer require child care, some who utilize after-school programming services at the school, some who have family members that care for their children, and others who care for their children within their in-home businesses.



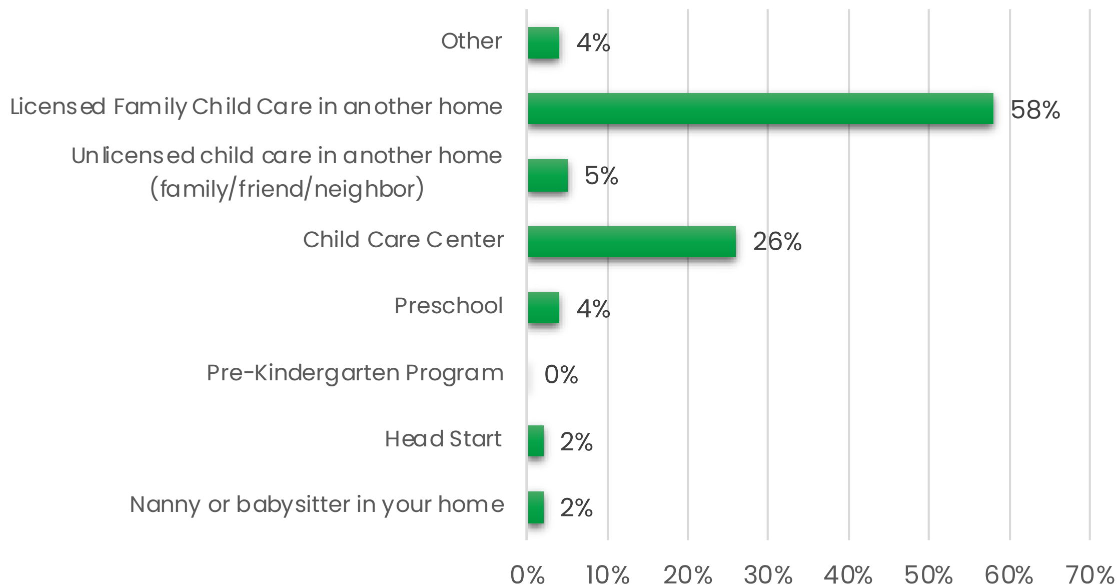
Types of Care Parents Are Currently Using

The chart below shows the types of child care currently being used by families in the Paynesville area. The other category in this graph includes families who state that they are utilizing the PAWS school district and wrap-around program.



Types of Care Parents Prefer to Use

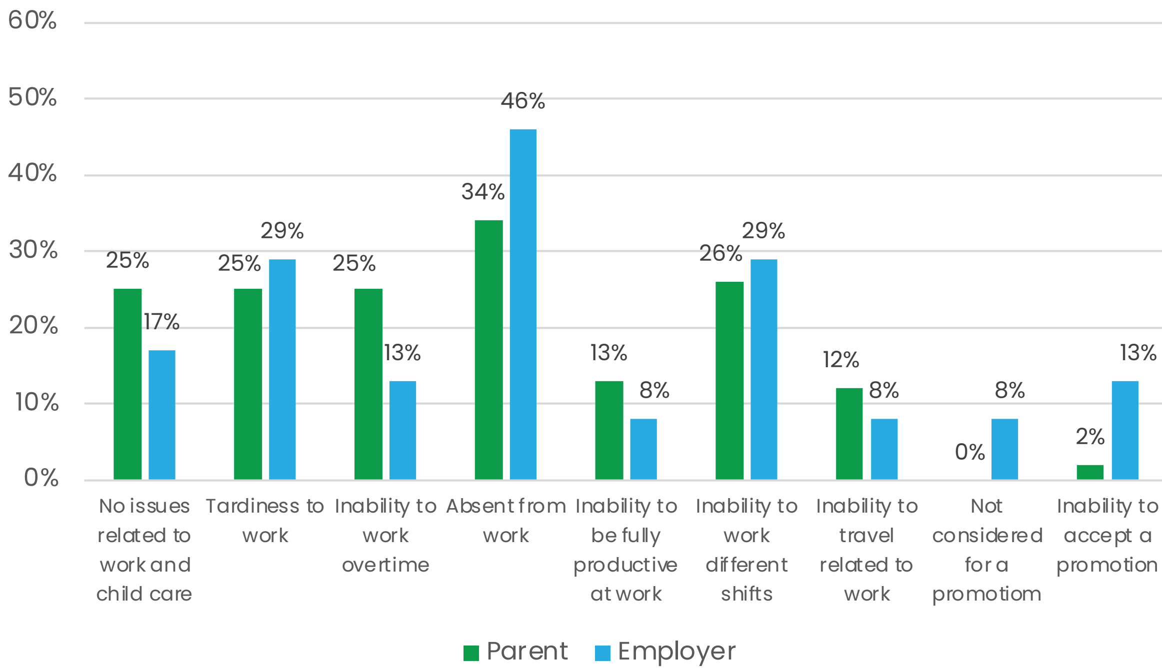
The types of care parents in the Paynesville Area prefer are shown on the chart below. When a community can better meet the preferred child care options of families the community will be more successful in attracting new families and individuals to the community to live and work. The other category in this graph includes families who would love the option to have child care options provided at 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 workforce challenges. 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



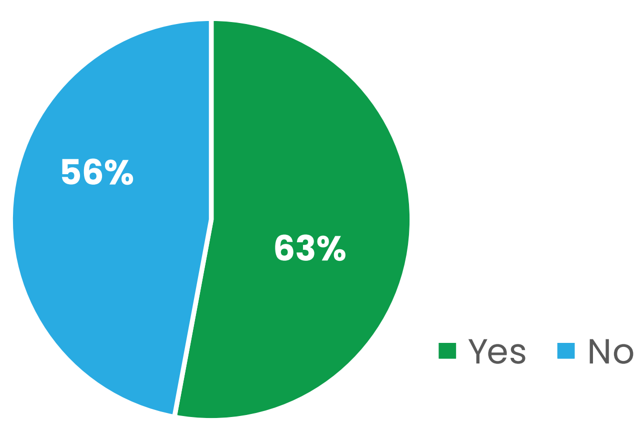
Normal work environments can be adversely impacted when child care is a challenge for employers and workers. As illustrated, the biggest impact of child care limitations include absence from work (when a provider is closed for the day), inability to work different shifts, tardiness to work, and inability to work overtime. Forty-seven percent of employer respondents stated child care has impacted their ability to attract employees. Additionally, 39% of employers said the child care shortage has impacted their ability to retain employees.

Additional child care related challenges for parents included an inability to travel related to work and an inability to be fully productive at work. While a very small percentage of parent respondents stated the inability to accept a promotion or not being considered for a promotion due to child care arrangements, a small number employers did report those cases to be true.

Impact on Family Planning – Paynesville Area

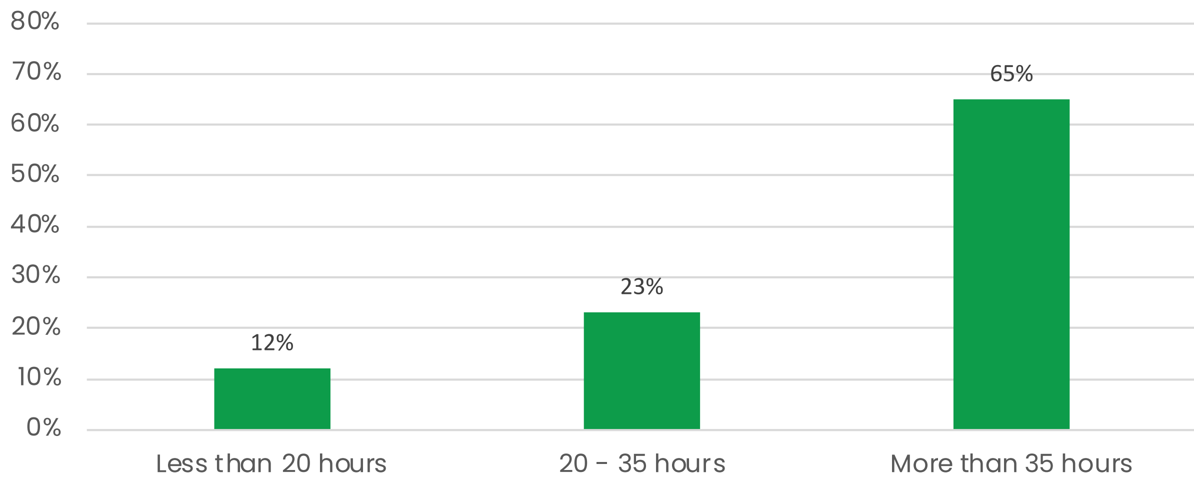
When parents were asked if the availability of their preferred child care option impacted their decision to have another child and/or if it limited the size of their family, 63% responded yes.

In addition to the impact on family planning, child care shortages can also impact the local employment environment. In the survey, 32% of parents responding had declined employment or withdrawn from the workforce due to child care issues.

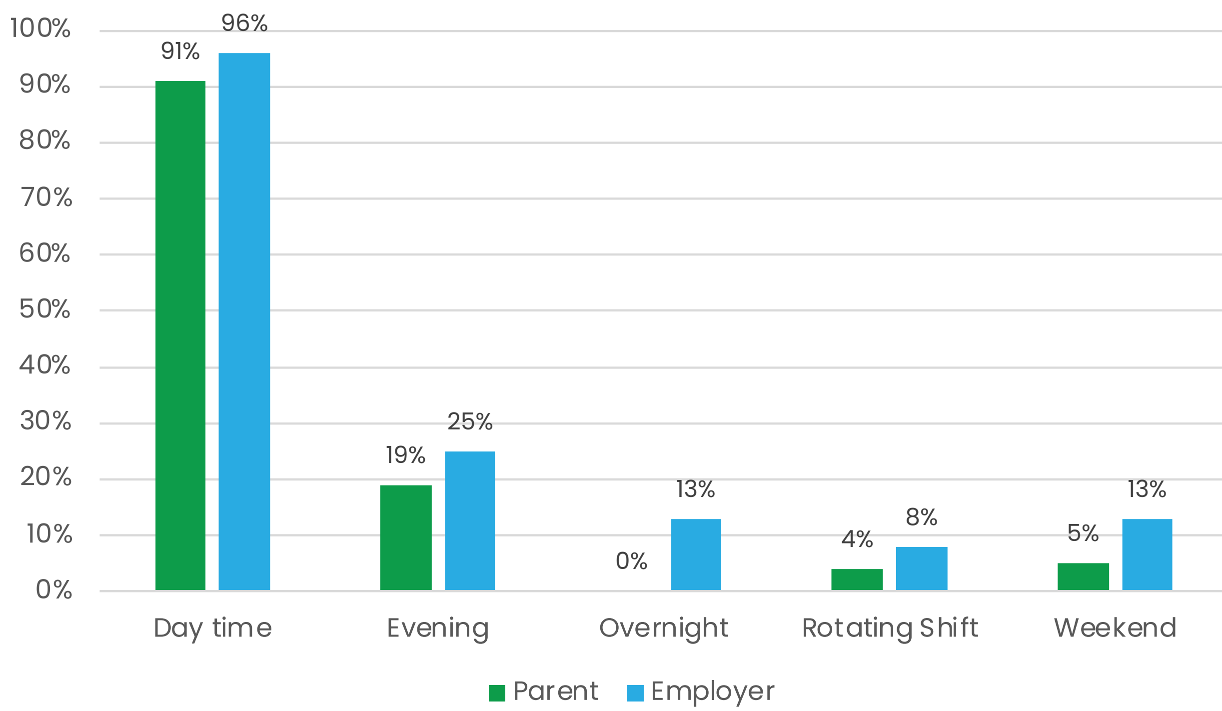


Types of Child Care Needed

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 65% of parent respondents needing child care require more than 35 hours of care and are looking for full-time child care options.

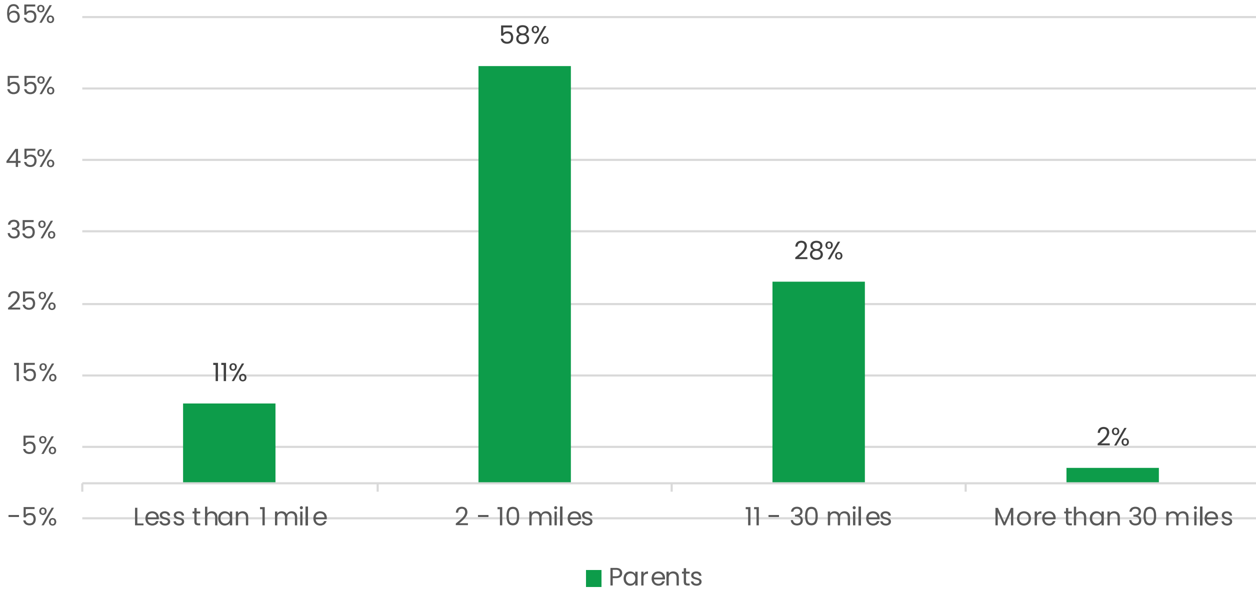


What Hours of Care Do You Need?



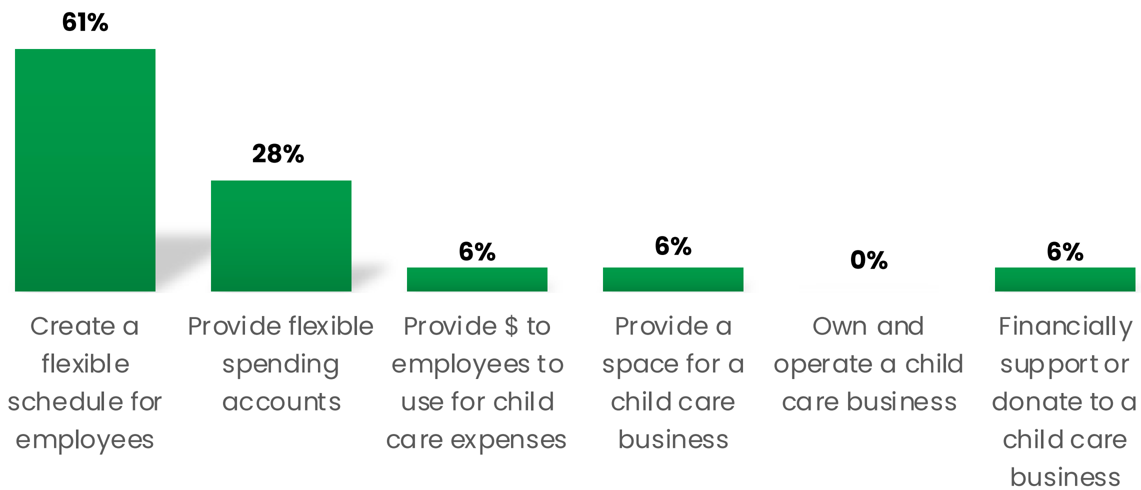
It is also important to determine when parents need care so the community can offer options that meet the need. The chart above shows the hours of care needed from both parent and employer perspectives. A majority of parents and employers agree that daycare care is most needed in the Paynesville area with a much smaller percentage indicating evening care. As we typically see within many communities, the surveys collected here also show employers placing a slightly higher value on the need for care options during evenings, overnights, rotating shifts, and weekends. It's important to be aware of what families want when creating options for child care. It is important to not build or create options that won't be utilized by families, or those options will not be sustainable for child care business owners.

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



Some Paynesville parent respondents indicated that they were traveling notable distances to find appropriate child care. Thirty percent indicated they were traveling more than 11 miles one direction 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 Paynesville are willing to help are creating flexible schedules and providing flex spending accounts for their employees. Six percent of employers surveyed are also willing to financially support or donate to a child care business, provide space for a child care business, or provide number to employees to use for child care expenses. None of the employers surveyed were willing to own and operate a child care business themselves.

Understanding the Underlying Challenges

The Core Team in Paynesville 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. This information was captured throughout our surveys as qualitative data.

> ***"We just need more options and local. Some of our employees have kids in different cities, and in different child care programs just to have child care."***
>
> – Local Employer

<u>FACTOR:</u> It is Challenging to be a Child Care Provider

> ***"More and more kids are being sent to preschool at such a young age and attending other wraparound care options. That will essentially close a daycare because we cannot stay open with age 2 and under."***
>
> – Local Provider

- It is a challenging job with not enough support.
- Low wages, long hours, and limited to no benefits (such as health insurance, retirement, or PTO).
- Filling preschool slots can be a challenge.
- Parents not arriving on time for pick up.
- Having to care for sick children.
- Lack of appreciation and feeling guilty for taking time off.
- Everything is getting more expensive, but no one is getting paid more.
- There is a lot of liability and risk associated with child care.
- It takes a big mental and physical toll on you and your home.

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 sustainability issues. 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 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

> *"Infant spots are very hard to find as providers are only able to take 1-2. With a growing community and young couples wanting to start families, it limits the availability for infant spots."*
>
> – Local Parent

- 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.
- There is a growing number of requirements and regulations for all providers, making it overwhelming to start up and stay in the business.
- Regulations make it difficult for providers to want to continue.
- It is challenging to learn all the rules and regulations in child care.
- Parents have difficulty affording child care even though the average amount in the area does not provide a decent wage for the provider.
- Child care is a hard-working profession that takes a huge investment of time and mandatory regulations.

Residents indicated the desire to have more availability and options to select from recognizing the limited slots available for infant and toddlers. Additionally, child care providers indicate a need for ensuring they can enroll children over the age of 2 within their programs in order to remain financially sustainability. 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 and options increase, the community should expect increased family and community investments in child care.

FACTOR: High Cost and Low Availability of Child Care

> *"If you want an infant spot, you have to get on a providers list 2 years in advance."*
>
> – Local Parent

- Costs are going up, and programs have a hard time charging enough to be financially stable.
- Infant care is hard to find – parents are trying to line up infant care in early pregnancy or before they become pregnant.
- The cost of getting homes up to regulation standards is expensive.
- There are fewer providers, and some are limiting their hours and days of operation, making it hard for working families.
- People are having to drive their children out of town for child care.
- Parents having to leave their jobs due to not being able to find child care.
- There is high demand, and providers are leaving the profession. The hours are long, and it is difficult work.
- Families want options, with ability to choose the type of program that works best for them.

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 Paynesville RCCIP Core Team conducted brainstorming with the community to create 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

- Offer CEUs through Community Ed.
- Network for structured training.
- Quality workforce-provide training days, hospital, past experienced.
- Community Ed and County pair together for continuing ed.
- Pay for someone to get credentials. Fundraiser?
- Possibly use community education program that's already in place for classes.
- Apprenticeships and internships for 16–18-year-old students.
- How to get more 3-4-5-year-olds back in the child care.
- Certified child care assistants.
- More providers for infants and toddlers.
- Community Ed/school add CDA training.

THEME: Facilities

- Add space in new library for child care facility.
- City business or church offer space for provider to lease.
- School partnership – underutilized classrooms? Gyms? [Do] churches have any space?
- City support of providing of a building to house several day care providers (EDA).
- Could provide land in Paynesville Township 1 mile out of city limits for a new "pod" facility.
- Creative venues such as firehall if they move, school if they rearrange class spaces, downtown development.
- Library building or liquor store building.
- Infant/toddler center.
- New development build such as by airport, north of downtown, by fleet.
- Churches pool together and offer space and other resources.
- 3 or 4 businesses agree and build an Ed building.
- Public constructs new center by ambulance garage, airport, or soccer fields.
- Daycare pods in town.
- City of Paynesville commitment? Local churches have empty spaces during the week?
- Utilize church spaces during the non-church times for child care spaces.
- Room (expansion) in my facility.
- Infant – preschool center in school to increase capacity.

THEME: Child Care Provider Recognition and Appreciation

- Recognition so young people see child care as a respected profession.
- Many community events take place. Can we recognize providers at events?
- Non-profits collaborate to recognize Provider Awareness Week.
- Work with the ministerial association.
- Chamber adds provider of the year to their annual meeting.
- Quarterly appreciation events for providers.

THEME: Financial Support/Incentives

- Tax exemptions (state/local).
- Community fundraiser for expansion.
- City provides money to providers. Example: $100 per month per provider.
- Local/community scholarships.
- Make more people aware of the small business loans available from EDAP – little/no interest loans.
- Community grants (for years of commitment no pay back).
- Available grants.
- Grant writing help for providers and letting them know about grants that might be available.
- Paynesville Area Community Foundation raises money to support local efforts.
- More grants for people starting up before getting licensed.
- City offers business incentives to new providers.
- Special taxation percentage for Early Childhood Education.

THEME: Community Awareness and Education

- A second town hall type meeting further down the road.
- Is there a workshop that could be provided to the daycare providers to apply/find out about grants.
- Develop programs to partner with the clinic, hospital, churches, businesses, to build an inclusive approach for daycare.
- Create inclusive directory for providers, parents and families.
- Create a directory of providers in area (create a mentorship).
- Promote/find a way to get families to apply for CCAP – help make this an easier process for providers.
- Take all off of this information and present it to retirees and those living in retirement facilities. Especially grandmas and grandpas.

THEME: Partnerships

- Pair CPR with Community Ed and hospital – current classes get canceled due to not enough attendees.
- CentraCare – CURA-Intergenerational care.
- Work with recovery center on creating child care training/education.
- Partner with the school district to add infant and toddler care to the PAWS program.
- Link/share business & daycare.
- Advertise for interested investors – invest in Paynesville.
- Employers with night shift could potentially subsidize overnight and weekend care. Public could also help.

THEME: Other

- All local provider raises prices by 30% in the area.
- Communicating regulations for in-home providers.
- Revise regulations.
- Ensure small providers qualify for CCAP – incentive for them to accept it.
- Overhaul food program – all providers get same reimbursement.
- Unreasonable code changes.

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 after ideas were further narrowed down.

1

SMART GOAL ONE:
Determine funding sources to match, contribute, and support financial implementation for short-term and long-term solutions.

Project Team Leader: Janell Bullard
Additional Team Members: Steve Peterson, Bruce Stang, and Chris Stanley

Expected Outcomes and Impact:
Funding stability to propose project [center-based service model].

2

SMART GOAL TWO:

Identify feasibility with CentraCare and the school to determine center-based service model. Short-term solution is to have local businesses lease space.

Project Team Leader: Janell Bullard
Additional Team Members: Steve Peterson, Bruce Stang, and Chris Stanley

Expected Outcomes and Impact:
Short-term and long-term family and center options.

3

SMART GOAL THREE:

Within the next 12 months, the core team will build a support network for providers, parents, businesses, and community members that will focus on 3 areas: training/professional development, parent resources, and provider appreciation.

Project Team Leader: Mary Mackedanz
Additional Team Members: Noelle Pierson, Megan Brick, Susan Kallok, Joe Voss, Kris O'Brien, Jerald Quarfot, Dawn Knoll, and Jolene Whaley

Expected Outcomes and Impact:
Training/professional development: plan for CDA and training hours. Parent recourses: centralized hub for parents to find Early Childhood and childcare needs. Provider appreciation: establish the provider of the year award with Chamber and provider spotlight opportunity.

4

SMART GOAL FOUR:

Over the next 12 months, the core team will explore funding opportunities to build child care capacity.

Project Team Leader: Kris O'Brien
Additional Team Members: Noelle Pierson, Megan Brick, Susan Kallok, Mary Mackedanz, Joe Voss, Jerald Quarfot, Dawn Knoll, and Jolene Whaley

Expected Outcomes and Impact:
Possible EDAP loans, city incentives, tax incentives, create a fund through local partners for providers to have access to improvement grants, scholarships and professional development.

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

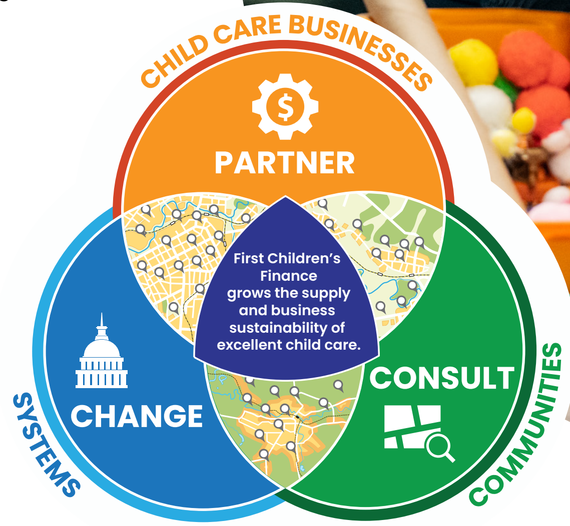
ABOUT US

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