

*Exploring a
Childcare
Cooperative Solution*



NEBRASKA COOPERATIVE
DEVELOPMENT CENTER

IN OUR GRIT, OUR GLORY™

Why NCDC is Exploring?



- **Increased interest in communities and organizations to understand how the cooperative can address the childcare opportunities and challenges.**
- **Interest in learning and working together.**

*Lack of child care costs Nebraskans
\$745 million per year.*

- 2020 First Five Nebraska report



**NEBRASKA COOPERATIVE
DEVELOPMENT CENTER**

*Dedicated to assisting people prosper in rural
Nebraska through all stages of cooperative business
development*

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Agenda



- **Childcare Cooperatives**
- **Norfolk Area Childcare Collaborative**
- **Questions?**



Childcare Cooperatives

E. Kim Coontz

California Center for Cooperative Development

Childcare Crisis

1) Shortage of Care

- Licensed spaces to serve <25% of infants & toddlers

2) Affordability

- Childcare among households' highest expenses: average 17.8%
- Cost varies by region & child's age:
Infants, median = \$8,300 – \$17,170
Toddlers, median = \$7,529 – \$3,500
Preschool, median = 6,949 – 12,307

3) Inadequate Support for Low Income Parents

- ~ 13% of eligible households receive subsidies





Childcare Crisis: Workers

Profile: 94% Women 52% Mothers
40% People of Color

Pay & Benefits: Among lowest paid positions
(also racial wage gap)

Teachers: \$18/hr Childcare Asst: \$14/hr

Childcare workforce: 15% live below the poverty line
37% live 200% below federal poverty line
15% Receive health insurance coverage

Fragile Workforce Challenges the Quality of Care for Children

- 26 to 40% annual childcare teacher turnover rate

Economics of Childcare

- 1) Regulations that keep children safe also increase expenses
 - Most significant: child-to-adult ratio requirements
- 2) Economic balancing act:
 - Limit to what parents can pay
 - Costs are typically controlled by under-paying child caretakers
- 3) Balancing act under current conditions requires finding ways to minimize costs



Creative, Proven Options: Childcare Cooperatives

Membership Types:

- 1) Parents
- 2) Workers
- 3) Employers
- 4) Multi-stakeholder – A combination of any or all of the above.



Childcare Co-op Structure

- Child Care Center incorporates as a charitable non-profit & operates as a co-op
- Membership Means Democratic Governance
- The Board of Directors establish Policies
- Board hires & oversees Co-op Child Care (Executive) “Director”
- The director implements policies, Manages operations; hires & Supervises teachers & aides



Childcare Coops: Non-Profit Status

- 1) IRS identifies Childcare as education
- 2) Most childcare cooperatives can qualify for 501(c)3 Exempt Status if they use state non-profit corporate statute
- 3) Cannot have majority with a financial interest
- 4) Advantages of charitable non-profit
 - Tax exempt
 - Eligible for grants
 - Tax deductible donations
- 5) Members still govern democratically
- 6) Members receive service at cost



Why a Child Care Co-op?

- Build a program that best fits the needs of members (*employers, parents, childcare worker*)
- Reduce Cost while maintaining Quality care

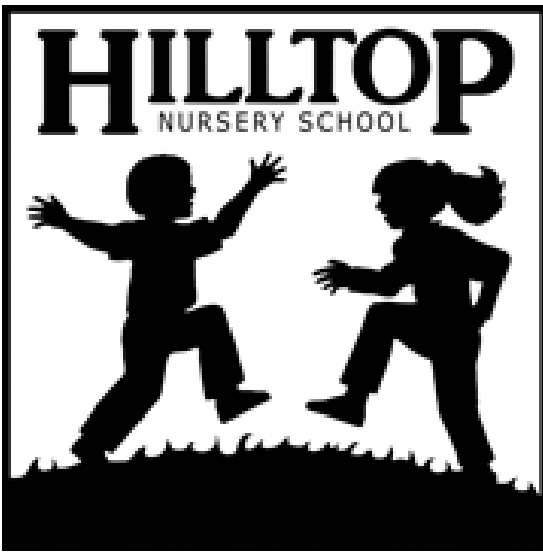


- Caregiver Attributes (education, exp, credentials);
- Ratio of children per caregiver
- Developmentally Appropriate
- Stable, reliable care
- Good for Kids

Childcare Cooperatives: Parent Model

- 1) This is the most common form of Childcare Cooperative
- 2) Dates back to early 1920s: Parent Preschools
 - Emerged with recognition of importance of early childhood experiences
- 1) Members are parents who democratically govern the center.
 - Hire Childcare Director to lead center & oversee staff
- 4) Parents often volunteer time
- 5) Community of parents & teachers – focus is on children
- 6) Low Teacher Turnover (“partnership”)





Parent Model

Founded: 1951 Los Angeles, CA

Now: 44 Children, aged 2.5–5yrs 7am–6pm

- 1) Ethnic and Socioeconomic Diversity (sliding fee scale)
- 2) Part-time and Full time options
- 3) Parent Participation:
 - Family evening meeting once each month
 - Volunteer 12 hrs/yr
 - 1 Fundraising Activity





Strengthening Families

With family members involved, the transition from home life to school life is easier, a child's self-esteem is boosted and both parents and child develop a dynamic learning relationship that carries over into the future.



Parent Cooperative Model: Montessori Co-Op



Montessori
CO-OP SCHOOL
All together **different.**

- Founded in August 1984 in Omaha, Nebraska
- Organized as non-profit
- Children 18 months through 6th grade
- Parents on Board of Directors and committees.
- Work together to keep tuition low and enthusiasm high.
- Parents donate time and talent to the school (i.e., marketing and fundraising).

Findings:

- Parent Involvement linked to positive outcomes for children
- Parents learn to be better parents from caregiver modeling
- Positive relationships between caregivers and parents
- Families form lasting bonds with other families
- Very low Caregiver turnover rate

California Center for Cooperative

Development www.cccd.coop



Employers are Childcare Stakeholders

1) Childcare challenges contribute to worker shortages

2) Benefits of Employer supported childcare:

- *Recruitment*
- *Retention*
- *Reduce Absenteeism*
- *Boost company loyalty*
- *Increase Job Satisfaction*
- *Increase productivity*



GEO-KIDS: Parent/Employee Model:

Menlo Park, CA: 1987



- Parent Employees at US Geological Survey initiated the program
- Provides on-site care for employees & community members
- Ages 6 months through 5: 8am to 6pm
- Parents: Reliable, quality care; convenience; community; peace of mind
- Employer: Enhanced recruitment, retention, reduced absenteeism



- Board: Parents & Employer Rep
- Employer provides space @ minimal rent, provides utilities, copying...
- Parents pay for care; participation required

Parent: The real advantage is that my office is just 2 minutes walk from the Center. Because it's a cooperative we have a good knowledge of all the teachers and the other parents, we know their children and they know us, and we are real resource to each other.



Employer Consortium Childcare Co-op

- Members: employer(s), can overlap with parent model
- Strategy for employers otherwise unable to offer the benefit
- Employers to share risks and benefits
- Rarely free for employees but combined efforts of

employers can reduce costs:

- Rent free site
- Utilities
- Bookkeeping/accounting
- Meal services
- Equipment sharing
- Benefits to Childcare workers



Employers in Hazen North Dakota: Pop 2,273

- No licensed childcare center
- Unreliable care impacted employees and employers
- Issues: Recruitment, Retention, Absenteeism
- Eight Employers: Basin Rural Electric/Dakota Gasification Company



- Sakakawea Medical Center
- Union State Bank
- North American Coal Corp
- Knife River Care Center
- Coal Country Community Health
- Coyote Station
- Hazen Public Schools



ENERGY CAPITAL COOPERATIVE CHILD CARE

- Purchased local church: Opened May, 2017
- Licensed for 88, Ages Infant through school age
- Hours: 7am- 5pm

EMPLOYERS:

- Subsidize director salary & benefits
- Commit to pay for spaces for their employees
- Serve, along with parents, on the board



Worker Cooperative

- Workers are the members
- Members democratically make policy decisions that benefit workers
- Workers share any profits through patronage dividends.



Ineligible for tax exempt status



Worker Cooperative in Philadelphia

Founded: 1988 Now 2 locations, 85 children

- Worker Co-op is fully owned & controlled by workers
- A non-profit works in concert with the co-op.
- The non-profit supports the mission to serve diverse families and raises foundation funding to subsidize childcare fees for low-income families.



Childcare Cooperative: Including Workers

- Childcare is an industry where collaboration of stakeholders WORKS
- Focus of all is on quality care for children & mutual respect
- Collaboration increases stakeholder investment & addresses crucial issue of childcare staff turnover
- Non-profit status helps support improved wages



Including Employers, Parents & Teachers



- ✓ Increases stakeholder engagement
- ✓ Embraces partnership
- ✓ Draws on legacy of parent co-ops
- ✓ Organized as charitable non-profit (51%+ Parents/Employers)
- ✓ Focus: Synergy: nurturing children and addressing pressing need for childcare

Co-op Governed by Parents & Teachers



- 1) Founded in 1969
- 2) Licensed for 210 Children
- 3) Cares for ages 8 weeks to 5 yrs
- 4) Organized as charitable non-profit
 - 51% or more are "disinterested parties"
- 5) Board includes parents and teachers
- 6) Parents contribute 4 hours per quarter
- 7) Success prompted university to contribute \$15 million to new, larger facility



Childcare Operational Facts

- 1) All Quality Childcare centers have high operational costs
- 2) For optimal effectiveness, childcare centers operate AT cost
- 3) Unused/Vacant childcare “slots” are costly
- 4) Including diversity in membership can maximize effectiveness:
 - Employers: Operational efficiencies
 - Parents: Commitment & fundraising
 - Teaches: Stability & effectiveness



Resources: Childcare

<http://www.cccd.coop/co-op-info/co-op-types/childcare-co-ops>

California Center for Cooperative Development
www.cccd.coop



California Cooperatives:

Today's Landscape of Worker, Housing and Childcare Cooperatives



Norfolk Area Childcare Cooperative

Our goal is to create an operating model with business partnerships to provide a sustainable solution to the childcare options that can be replicated throughout Madison County and the state of Nebraska.



**Norfolk Area
Childcare
Collaborative**

Questions?



Norfolk Area Childcare Collaborative Origin Story

Tammy Day
Norfolk Area Childcare Collaborative, Chair, Executive
Committee
November 2, 2023



Norfolk Believes in the Importance of Early Childhood Education

- Growing Together: Economic Development Initiative
- Task Force developed in 2021
- Closing of a large provider in Jan 2022, accelerated the discussion
- Community Partners



Capacity Gap

- Norfolk, NE: approx. 25,000 residents
- Hub Community
- Over 600 children in Madison County, birth to kindergarten, don't have access to high quality early childhood care and learning.

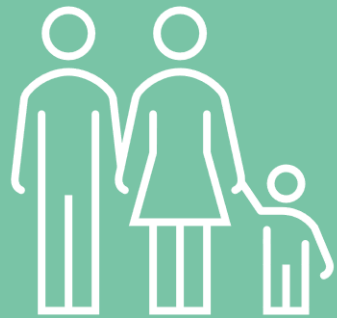


Why is there a childcare capacity gap?

- Current providers are unable to charge high enough rates to cover costs.
- Childcare workers are leaving the workforce due to low wages and lack of benefits.

What we want to accomplish

- Help close the community capacity gap.
- Provide **high quality** care option.
- Address childcare staffing issues by increasing wages and benefits.
- Fund the gap between costs to provide quality childcare and what the market is paying.
- Provide a business-driven solution.
- Create a model that can be replicated throughout Norfolk and Nebraska.



Employer-Led Opportunity

...making the case



Making the Case for Employer-Led Initiative

- It brings people back into the workforce, making it easier for us to hire the best people.
- It gives us a more stable labor supply, reduced absenteeism and turnover, and higher productivity.
- It make us more attractive to current and future employees.
- It helps our community solve a difficult problem.
- It increases the attractiveness of our community for new businesses.



The Nebraska Data

- Nebraskans are leaving the workforce over an inability to access childcare.
 - 31% of Nebraska parents with children ages 0-5 left the workforce over inability to find childcare.
 - Using census data estimates:
 - Madison County = 550 potential employees
 - Add in Pierce and Stanton Counties = 750 potential employees
 - 40 % of parents noted that lack of quality childcare caused them to miss work, be tardy, or be distracted at work in the last twelve months.

A Possible Model: The Co-op

- 501 c3 made up of local businesses to oversee multiple child centers.
 - Operates under a cooperative model for decision making
 - Co-op run by single administrator with host site directors.
 - Employers commit to fund operating gap in exchange for guaranteed slots for their employees.
 - Estimated break even = \$240 per child per week
 - Business members
 - Select how many slots they want
 - How much they subsidize those costs for their employees



Return on Investment

- Unique, attractive recruitment and retention benefit.
- Contribute to solving a community issue.
- Provide childcare benefit to employees without out the risks of self-operation.
- Increase the labor pool.
- Access to childcare stabilizes the labor market, reduces absenteeism and turnover, and increases productivity.

Where are we now?

- Created a Steering Committee
 - Employer Reps: The Decision Makers (8)
 - Community quality childcare providers (3)
- Engaged consultants
 - Charlotte Narjes, Nebraska Cooperative Development Center Director, University Nebraska Extension Office
 - Kim Coontz, California Center for Cooperative Development
- Formed Subcommittees
- Hired a Project Coordinator

**More
Information**

QUESTIONS

- Tammy Day tammy@daycos.edu
- Beth Shashikant, Project Coordinator
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Presenters

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