Exploring a Childcare Cooperative Solution
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

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
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
3) 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

- Founded in August 1984 in Omaha, Nebraska
- Organized as non-profit
- Children 18 months though 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

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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
• 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

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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.
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 makes 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

- 501c3 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 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
QUESTIONS

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Presenters

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

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