

# COMMUNITY CHAMPIONS: ECONOMIC DEVELOPERS' ROLE IN ALLEVIATING CHILDCARE SHORTAGES

BY GOLDEN SHOVEL AGENCY



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## DEAR COMMUNITY LEADERS AND ECONOMIC DEVELOPERS,

Projections from the Center for American Progress suggest that without significant intervention, the childcare shortage will worsen over the next decade. The demand for quality childcare is expected to increase, exacerbating existing challenges. **Failure to invest in childcare could lead to long-term consequences for workforce participation, particularly among women, hindering economic growth.**

Over the past two years, we have engaged with many of you. The lack of childcare facilities and providers has put a strain on communities throughout the country. Rural, suburban, and urban - no community is immune to the impacts caused by a lack of childcare capacity.

While once considered an area for nonprofits and the education industry to tackle, the lack of childcare capacity has become an economic concern because it's preventing people from entering the workforce or working full-time. **As companies have seen a reduction in the available workforce, they are putting pressure on you, as an economic development and community leader, to solve the problem.**

We know this is a big challenge, and the pressure to solve it is real. **The Golden Shovel Agency team is here to support you and make it easier to increase childcare capacity in your community.** We have interviewed leaders nationwide, gathering best practices so you can learn from what's working. This whitepaper is the culmination of those efforts. In addition, Golden Shovel will be hosting a series of childcare webinars and panel discussions community leaders can attend at no cost.

For those looking to engage stakeholders and develop their own strategy for solving the childcare crisis, Golden Shovel's strategy team can assist with that as well. We thank you for the trust you have put in us and look forward to helping you succeed in your community.

Best Regards,

**Bethany Quinn, Executive Vice President • Golden Shovel Agency**



# UNDERSTANDING THE ISSUE: WHAT THE DATA TELLS US ABOUT THE CURRENT CHILDCARE CRISIS

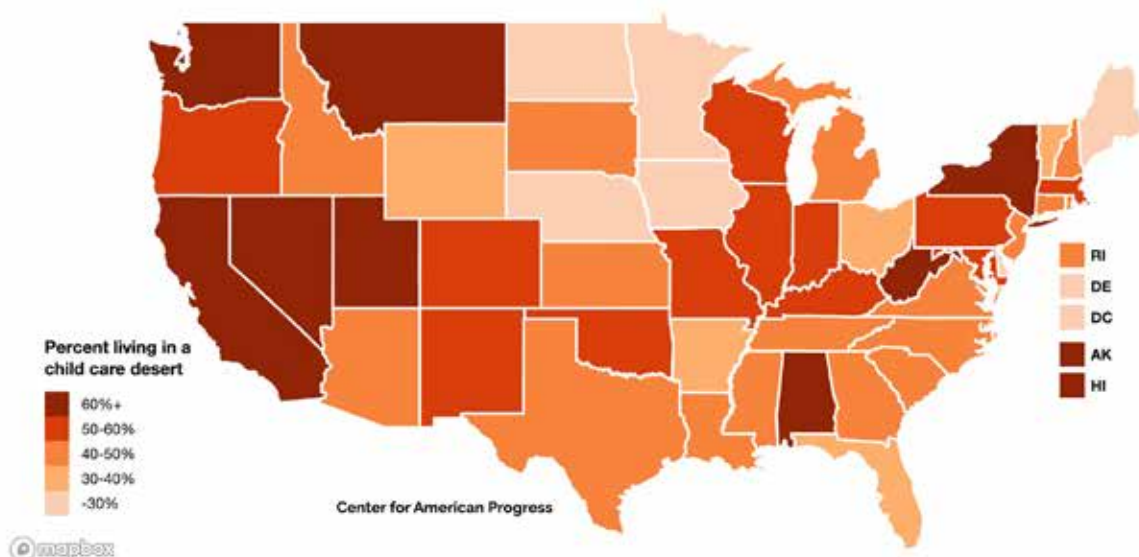
**Childcare shortages in communities across the United States have reached critical levels, leaving families struggling to secure affordable and quality care for their children as they attempt to earn a living and contribute to the local economy.**

But how does one make a living if they have to care for a young child at home? According to the [National Association for the Education of Young Children \(NAEYC\)](#), nearly 50 percent of Americans live in “childcare deserts,” where at least three children need childcare for every available spot—residing in one forces people to stay home and care for their children instead of having a job to support their family.

Beyond childcare deserts, [51 percent of the U.S. population lives in a county with an insufficient number of childcare options](#), according to the Center for American Progress. This shortage is particularly acute in rural areas, where access to childcare facilities is even more limited.

But the number of open childcare spots doesn't tell the entire story. [Care Aware of America](#) highlights that the shortage is not only in terms of the number of providers but also the quality of care. Many areas lack high-quality childcare options, impacting children's overall well-being and development. This hurts not only parents but also the future workforce of the entire country.

Creating quality childcare capacity is critical for ensuring that today's parents can enter the workforce and maintain their employment, but also for the workforce of tomorrow. If we do not solve the childcare crisis collectively today, the negative impact could be felt in the long term.



# UNDERSTANDING THE ISSUE: WHAT THE DATA TELLS US ABOUT THE CURRENT CHILDCARE CRISIS

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## UNDERSTANDING CHILDCARE SHORTAGES: IT'S A NUANCED ISSUE

More attention has been placed on the childcare crisis due to long-term worker shortages that have reached critical levels post-pandemic. The shortage of childcare capacity was felt more acutely as 20% of working parents had to leave work or reduce their work hours because of a lack of childcare. But, the childcare crisis was not created by the pandemic. To tackle daycare shortages effectively, it is essential to understand the underlying causes, which are varied and diverse. Several factors contribute to this issue, including:

**#1 Insufficient Capacity:** Many communities simply do not have enough daycare centers or home-based providers to meet the growing demand. Limited capacity exacerbates the shortages and leaves parents with few options.

**#2 Scheduling Conflicts:** Most daycare hours support parents working the traditional 9-to-5 day shift. People working the swing or night shifts, such as manufacturing and healthcare workers, may find securing childcare during those hours impossible. The same issue exists for parents working weekend hours.

**#3 High Costs:** The cost of daycare can be prohibitively expensive for many families, making it difficult for them to access quality childcare. High costs can deter providers from establishing new facilities or expanding existing ones.

**#4 Location:** Daycare facilities may not be located near a parent's place of employment. Driving in one direction for daycare and another for work may be impractical or impossible if the daycare is open for limited hours.

**#5 Lack of Infrastructure:** Daycare providers require suitable infrastructure, including appropriate facilities and equipment, to operate effectively. A lack of infrastructure can hinder the establishment and growth of daycare centers in a community.

**#6 Workforce Challenges:** Recruiting and retaining qualified childcare professionals is a persistent challenge. Low wages, limited benefits, and demanding work conditions contribute to the shortage of skilled providers.

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## CHILDCARE CHALLENGES ARE COMMUNITY- AND STATE-SPECIFIC

**The childcare shortage has impacted communities of all sizes. However, that does not mean that communities have the same challenges or that the same issue causes their lack of childcare spots. It is critical that communities conduct a study to understand what their specific needs, challenges, and assets are.**





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## KINGMAN, ARIZONA

In [Kingman, Arizona](#), for example, one of the challenges they've identified is the limited availability of daycare facilities that align with the irregular schedules of their workforce. "The Industrial Park, where my office is located, houses businesses that operate 6-7 days a week, covering a 24-hour work cycle. This poses a challenge for blue-collar workers who require daycare services during non-traditional hours. The Industrial Park has approximately 80 businesses that employ over 2,600 employees, and the Kingman Regional Medical Center is our largest employer at approximately 1,900 employees - all of which offer shifts outside of the traditional 9 to 5," said Terri Curtis, Economic Development Project Manager for the City of Kingman. She added, "There are approximately 13 daycare centers in the region, operating within the broad time frame of 5:00 a.m. to 7:00 p.m. This creates a potential mismatch for the diverse schedules of our Industrial Park businesses." Identifying that the hours daycares are operating conflict with the hours parents work is the first step to solving Kingman's childcare shortage. Otherwise, new daycare facilities could offer traditional hours, but the problem would remain consistent.



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## WASHINGTON STATE

In Washington state, John Sternlicht, CEO of the [Economic Development Alliance of Skagit County](#), conducted a deep dive into the community's childcare resources. His team at the EDASC found that only [12.64% of childcare needs were being met](#) and that people were turning down jobs due to the lack of childcare openings, in addition to the cost of childcare. The county called on local businesses to better support working parents, like providing subsidized childcare for eligible employees. To help create capacity, Skagit County allocated \$75,000 to fund employer-based childcare and provided technical assistance for employers looking for creative childcare options. They also provided ten businesses with grants of \$10,000 each to start home-based daycares.





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## KANSAS

Economic developers lacking community-specific data should look to state and regional organizations that have been compiling it. For example, the 2020 Child Care Supply Demand Report from [ChildCare Aware® of Kansas](#) identified that nearly 500 of the state's family childcare programs closed between 2017 and 2019, losing over 5,000 childcare slots. Then, with the introduction of COVID-19, 17% of Kansas childcare providers underwent change, resulting in the loss of additional childcare spots. The Family Conservancy then gathered data specific to the Kansas City MSA. "Even before the COVID-19 pandemic, the childcare industry had been fragile. Once the pandemic hit the Kansas City metro area, we lost over 5,000 childcare spaces. Many of those former spaces have not reopened, putting further strain on the system for families," said Paula Neth, President and CEO of The Family Conservancy.





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## IOWA

Iowa has conducted similar studies, finding a shortfall of over 350,000 childcare slots across the state. Iowa lost 33% of its childcare workforce over the past five years, further exasperating the issue. Iowa is hoping to create more childcare spots through its Child Care Business Incentive Grant Program, in conjunction with Iowa Workforce Development (IWD) and the Iowa Department of Health and Human Services (HHS), which helps employers offer or expand child care options as a benefit to their employees.



# UNDERSTANDING THE ISSUE: WHAT THE DATA TELLS US ABOUT THE CURRENT CHILDCARE CRISIS

## A LACK OF CHILDCARE OPTIONS = ECONOMIC LOSS

The concerns of local employers and their need to recruit more workers are reason enough for economic developers to focus on creating childcare capacity. But, making the case for investment to a broad group of stakeholders isn't always easy. Looking at the overall economic impact can help.

According to a report from StrongNation.org, [the shortage of childcare results in an estimated annual loss of \\$57 billion in revenue, earnings, and productivity for employers, employees, and communities](#). The economic impact extends beyond individual households and into the broader community as people have less disposable income to spend at local restaurants, buying cars and homes, going on vacation, etc.

The economic loss can be calculated at the individual community level as well. For example, Gage Area Growth Enterprise ([NGage](#)) has worked with [First Five Nebraska](#), a champion of early childhood development initiatives, ascertaining that the absence of stable and reliable childcare directly affects Gage County with [losses of more than \\$6.7 million annually](#). The University of Nebraska, Lincoln's Bureau of Business Research's [Final Report – The Bottom Line: Economic Impacts of Inadequate Child Care Access in Nebraska](#), prepared for First Five Nebraska, highlights the negative personal and business-related impacts of the lack of childcare. Following the *Final Report's* design, economist Dr. Melissa Trueblood created a Gage County-specific report stating an annual \$6.7 million loss due to a lack of childcare that was broken down to demonstrate some of the ways economic loss is experienced.



DIRECT ANNUAL IMPACT ON WORKING PARENT INCOMES TOTALS \$3.9 MILLION, WITH THESE PRIMARY CONTRIBUTORS:

**Absenteeism:**

**\$392,000**

**Forgoing a Promotion:**

**\$400,000**

**Reduce Hours to Part-Time:**

**\$1.3 million**

**Turnover/Job Loss:**

**\$1.3 million**



DIRECT ANNUAL IMPACT ON EMPLOYERS TOTALS \$1.9 MILLION, WITH THESE PRIMARY CONTRIBUTORS:

**Absenteeism:**

**\$196,000**

**Employee Turnover:**

**\$492,000**

**Workplace Productivity:**

**\$1.2 million**



**In Addition, Taxable Retail Sales Experience an Annual Loss of \$800,000**



## UNDERSTANDING THE ISSUE: WHAT THE DATA TELLS US ABOUT THE CURRENT CHILDCARE CRISIS

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These numbers don't include the loss of potential revenue experienced by other businesses in Gage County. For example, if a household brings in more money, disposable income increases. People have more money to spend dining at local restaurants, buying movie tickets, shopping, renovating their homes, etc. Much of this spending happens within the local community, making increasing childcare capacity something that impacts all businesses, whether they need to hire more workers.



# UNDERSTANDING THE ISSUE: WHAT THE DATA TELLS US ABOUT THE CURRENT CHILDCARE CRISIS

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## A LACK OF CHILDCARE CAPACITY INHIBITS COMMUNITY GROWTH

Workforce shortages prevent company expansions across the country. The Untapped Potential in Missouri report found that problems with childcare caused 28 percent of respondents to leave or change jobs in the past 12 months, making it one of the primary causes of workforce shortages. [\\$1.35 billion](#) - that's how much is lost to Missouri's economy each year due to a lack of childcare capacity. A longstanding challenge, creating capacity is necessary for economic recovery and growth.

In Nebraska, companies face the same challenges. "We can't grow without more childcare facilities," said Lisa Hurley, Executive Director of [York County Development Corporation](#). "Employers want to hire, but if workers can't find childcare, they may be unable to accept the position. This makes it critical to address our childcare shortage and take active steps to increase capacity. We need to start looking at early childhood care as critical infrastructure." According to the Nebraska Children & Families Foundation, York County has a childcare gap of 357, meaning that 357 children need childcare, but there are no slots for them. This gap has grown by over 100 positions since 2020 and is determined by the number of 0- to 5-year-olds compared to the number of licensed positions during daytime hours. This does not take into account children who may be impacted by second or third shifts so the gap could be higher. It also does not consider children at an unlicensed facility or with family or friends.

"We can't grow without a robust childcare network. It's important to address the immediate needs of childcare providers, such as how to sustain them during a COVID-related closure. In the long term, we must view child care as a critical infrastructure. We invest in roads and site development to prepare for business expansion. We need to invest in childcare so that companies can have workers to fill those buildings," Hurley said.

*...we must view child care as a critical infrastructure. We invest in roads and site development to prepare for business expansion. We need to invest in childcare so that companies can have workers to fill those buildings."*

**LISA HURLEY, EXECUTIVE DIRECTOR, YORK COUNTY DEVELOPMENT CORPORATION**

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In Kansas, Greg Kindle, [Wyandotte Economic Development Council \(WYEDC\)](#) President, echoed these sentiments: "Economic development starts with early childcare development. Evidence demonstrates that increased access to high-quality early childhood and high-quality early care and education programs results in short- and long-term benefits for a community." The economic case for investment is clear.

## **Childcare can:**

- Generate [up to \\$7.30 per dollar invested](#).
- [Improve labor productivity](#) by allowing parents to work longer, miss fewer days, and pursue continuing education.
- Attract homebuyers and increase [property values by \\$13 for every dollar](#) invested in local programs.
- [Save school systems money](#) for K-12 education.
- [Lower rates of incarceration](#) and violent crime.

**Developing childcare capacity should not be viewed as a mere expense but rather as an investment in the long-term prosperity of a community.** According to a new study published in Child Development, children with access to 24 months or more of high-quality childhood education in their first five years were more likely to graduate from college. They had higher salaries at age 26, regardless of their socioeconomic background. When speaking with stakeholders, policymakers, and investors, economic developers should continue to stress that an investment in childcare benefits the community today and well into the future as these children age and enter the workforce.



# UNDERSTANDING THE ISSUE: WHAT THE DATA TELLS US ABOUT THE CURRENT CHILDCARE CRISIS

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## CHILDCARE NEEDS TO BE AFFORDABLE

"Beyond the traditional pillars of roads and bridges, quality childcare plays a pivotal role in ensuring the success and well-being of families and communities," noted Kindle. "However, it is important to acknowledge the challenges of accessing affordable, high-quality childcare services in Wyandotte County and throughout the country."

Unlike the K-12 education system, which receives federal, state, and local funding, childcare businesses are built on parents' fees. "If you have an infant that is zero to 12 months old, it can cost you \$13,920 a year. A toddler will cost you \$9,401," noted Neth. "So if you have an infant and a three-year-old needing childcare, you will pay \$22,961 a year." In other words, for households with multiple children, these expenses can quickly become overwhelming, often rivaling the cost of rent or mortgage payments.

[The U.S. Bureau of Labor Statistics reports that childcare costs have risen by 168 percent since the early 1990s](#), outpacing inflation and placing a significant strain on family budgets. In 2021, the average annual cost of full-time childcare for one child exceeded \$10,000. According to the Economic Policy Institute, in many states, the cost of childcare for a single child can exceed the cost of in-state tuition at a public university. This financial burden disproportionately affects low-income families, forcing some parents to choose between work and childcare.



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## **Additionally:**

[Child Care Aware of America](#) estimated that in 2021, the average annual cost of center-based infant care ranged from \$5,337 in Mississippi to \$24,815 in Massachusetts. These high costs make it challenging for families, particularly those with multiple children, to afford quality childcare. The disparity from state to state may directly impact the future population growth of communities within them. Parents who can't afford to put more than one child in daycare may not have another.

A recent [Child Care Aware of America \(CCAOA\)](#) study found that the average annual cost of center-based child care surpasses the average yearly cost of in-state tuition at a public four-year university. Childcare has become a significant monthly financial burden for families raising young children.

When identifying ways to increase childcare capacity, economic developers and community leaders must keep affordability in mind. If spots exist, but care is too expensive, parents will remain outside of the workforce. This, too, must be evaluated at the community level based on median household incomes and understanding where childcare gaps exist and who is choosing to stay out of the workforce due to a lack of affordable options.



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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**"It's time to recognize childcare's pivotal role in economic development. By recognizing the importance of childcare as essential infrastructure, we can create a community where families thrive, businesses flourish, and every child has the opportunity to reach their full potential," said Greg Kindle, Wyandotte Economic Development Council President. To create a thriving community, policymakers, community leaders, and residents must unite and advocate for comprehensive solutions, including the following:**

- Increasing funding for childcare subsidies
- Expanding access to affordable early education programs
- Promoting partnerships between employers and childcare providers

Additionally, public-private collaborations can play a pivotal role in addressing these challenges. Local businesses, philanthropic organizations, and community leaders can join forces to establish scholarship programs and training initiatives. In some communities, a simple solution like forming co-ops and joining together for better purchasing power makes running a daycare more affordable. For example, in Clayton County, Iowa, daycare providers are getting a better deal on food costs by purchasing food as a group.

Golden Shovel Agency has gathered this and other best practices nationwide. Economic developers, community organizations, and businesses are coming together to create capacity through innovative solutions.

## SUPPORT DAYCARE BUSINESSES & WORKERS

Building new daycare facilities takes significant time and investment. While necessary, it is prudent to start by identifying ways to expand capacity within existing providers. This requires a comprehensive approach to supporting childcare businesses and those working there. An approach starts by recognizing that daycare centers are a business and being valued as such. According to Mindy Rocha, President and Owner of local business CJ Industries, childcare providers are often overlooked. "It's necessary that community members realize that a childcare facility is a small business," she reminded community leaders. "They're not always seen that way." Failing to do so means that business owners may go without the support of organizations like the SBA, SBDC, Chamber, and local economic development organizations. And while not intentional, daycare facilities and home-based daycares, like any small businesses, need support to grow.



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## MAKE IT EASIER BY CREATING TRAINING & SUPPORT TOOLKITS

[Iowa Women's Foundation](#) supports childcare providers and businesses through their toolkits.

In Kansas, the Innovation Center Childcare Shared Services Hub offers free coaching and support services. They will meet with providers and guide them through starting or growing their daycare business. In addition, they offer [free digital resources, including templates of:](#)

- Parent Handbooks
- Policies & Procedures
- Childcare Agreement
- Startup Supply & Checklist
- Provider Brochure

## FUND SUBSTITUTE LICENSES

Childcare facilities have to close classrooms for lack of substitute teachers. If someone gets sick, every parent with a child in that classroom may be unable to work, creating a ripple effect throughout the entire community. The Innovation Center is helping to prevent this problem by making it financially feasible for daycare businesses to certify substitute teachers and prevent these closures.

**The following costs are covered by the scholarship:**

- TB Skin Test (not to exceed \$60)
- Health Assessment (not to exceed \$165)
- KCCTO Training: Foundations for Safe and Healthy Early Care Facilities Module (includes ten modules comprising 18 hours), (not to exceed \$75)
- Pediatric First Aid (not to exceed \$50)
- Pediatric CPR (not to exceed \$50)
- Fingerprints (not to exceed \$25)
- State Licensing & Background Check (not to exceed \$85)

In addition, the potential sub will receive a stipend of \$240 when they receive their substitute license.

# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## LEVERAGE SOFTWARE TOOLS

Daycares are often small businesses, whether home-based or in a center. As a small business, many of them lack sophisticated software and digital tools that are implemented by large childcare centers and franchise operations. The result is more time spent managing schedules, handling billing, and general organization.

Recognizing this, the Botetourt County Board developed its own software - Wonderschool. [Wonderschool](#) supports childcare providers on their journey to become licensed and trained and provides an online platform for home-based childcare services. Botetourt officials recognized that adopting Wonderschool's technology could facilitate a smoother process for launching and managing daycare centers in the area. This investment has allowed childcare facilities in Botetourt County to prioritize quality care without being bogged down by administrative responsibilities.

[According to the Innovation Center](#), Childcare management software can help providers communicate with families and staff, handle scheduling and calendars, manage billing, reporting, enrollment, and much more. The software also helps providers determine where additional support is needed, such as janitorial, maintenance, or administrative services.

Child Care Aware of Kansas also supports providers by making software tools more affordable. They offer registration to either Brightwheel or Playground to KDHE-licensed providers at no cost for 14 months.

## ESTABLISH A LENDING LIBRARY WITH ACTIVITY KITS

One challenge for daycare providers is entertaining and educating children. They need ideas for projects and the materials to complete them. Purchasing those materials can be expensive. Community organizations can support providers by starting a lending library and creating activity kits. Activity kits can be checked out like a book out of the library. Providers can use and return them for use at the next daycare facility.

The Innovation Center Shared Services Hub is already doing this. They are partnering with Child Care Aware of Kansas to bring activity kits directly to childcare providers. A variety of themed kits are available for check-out and delivery. The kits aim to enhance the activities, manipulatives, and early childhood educational toys available to childcare providers.

# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## RENOVATE & EXPAND EXISTING FACILITIES

Some daycare facilities may have room for expansion but lack the capital. Economic development organizations are stepping in to help provide the funding necessary to start, renovate, and expand existing childcare facilities.

One example is the program offered by [Jamestown/Stutsman Development Corporation \(JSDC\)](#). They offer a variety of innovative programming for businesses, individuals, and families, and the Daycare Expansion Assistance Program is no exception. The program funds renovations to childcare facilities, with funding available on a first-come, first-serve basis. New childcare startups and existing remodels that directly increase capacity are eligible for a 1:1 match and cannot exceed \$10,000 in matching funds. Items eligible for funding include fixtures, furniture, equipment, and construction-related build-out costs. The interest-free loan is prorated and forgiven over two years, contingent upon project completion; correspondingly, tenants must have a minimum of two years remaining on their lease.

While the program directly benefits local childcare leaders who may not have the resources to start businesses or expand, the broader community will benefit in many ways. [In an article with The Jamestown Sun](#), Corry Shelvin, CEO at JSDC, states, "We want to see capacity expand for our workforce generally, so we can have more people working instead of staying home and looking after children."

## RETAIN QUALITY CHILDCARE EMPLOYEES

"We'd love to create many new slots in the community, but another important piece of this is keeping the child care providers we have," Anne Lindseth, [Economic Services Division Director, Beltrami County](#), said. "We want them to continue to be in business."

Another critical aspect often overlooked is the difficulty of recruiting and retaining a qualified childcare workforce. The wages earned by these dedicated professionals often fall below what their skills and responsibilities merit. Consequently, the sector faces a high turnover rate, ultimately impacting the children's quality of care.

The median wage for childcare workers in 2022 was \$14.22 an hour or \$29,570 annually, according to the most recent available data from the [Bureau of Labor Statistics](#). With rents [ranging from \\$1,000 to \\$2,000 in Wyandotte County](#), the average childcare salary barely covers many necessary expenses to live a fulfilling life.

Instead, many childcare workers have turned to fast-food and retail employers like [Target, which offer starting pay of \\$15-\\$24 per hour](#) with benefits and less intensive work. With the overreliance on parent fees and few sources of outside funding, childcare centers struggle to entice new workers and retain qualified employees—leading to them being chronically understaffed.



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## RETAIN CHILDCARE WORKERS

Retaining childcare workers can be challenging, especially with traditionally low wages and a lack of benefits like health insurance. Darla Kelchen, with [Clayton County Development Group](#), said, “We have these issues here as well, and one of the things that has been talked about is health insurance in a group rate that statewide daycare employees could be a part of.” A program like this can be useful in making health insurance cost-effective for daycare employees and businesses. She said they are also investigating ways to raise wages and offer flex schedules - something that can help attract retirees and high school students. “High school students working after school open up childcare space for afterschool care of elementary-aged students. This can help families who may have one child in daycare and another in school who needs care for a couple of hours at the end of the day.”



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## INCENTIVIZE LICENSING & CREATE MORE IN-HOME DAYCARE BUSINESSES

"We need to make it easier for at-home daycare providers to become licensed and to address regulation that makes operating childcare centers cost-prohibitive," said Dr. Carolyn Chrisman, former Executive Director of the Missouri Rural Enterprise And Innovation Center.

Removing barriers to starting a childcare business is a step local governments can take immediately, and it doesn't cost anything. Keeping in mind that childcare providers typically go into the business to serve children and the community is important. They are typically not seasoned business professionals or entrepreneurs - they are caregivers. Sometimes, the bureaucracy and difficulty of starting the business will keep them out of it, so making the process easier is critical.

In Gage County, Nebraska, leaders took an innovative approach to making it as easy as possible to start a childcare business. They launched The Babysitting Clinic, a program for young entrepreneurs to start babysitting businesses. Additionally, they've provided monetary incentives for new childcare facilities to become licensed. Gage County's three-year plan to expand childcare access has seen positive results, with four licensed childcare providers already receiving grants to increase their capacity. NGage and Gage County highlights include:

- Collaborating with Gage County C4K, Gage County 4-H, and Beatrice Community Hospital, the Babysitting Clinic was launched to help young entrepreneurs start babysitting businesses.
- Hiring [Dee Enevoldsen](#) to the NGage team as the Early Childhood Community Coordinator to help connect with providers, address childcare availability, and enhance the quality of childcare for residents of Gage County.

As an economic development organization, NGage realized that childcare providers are not traditional business owners and need additional support to get started. Hiring an Early Childhood Community Coordinator is a bold step in providing direct support that will lead to increased childcare capacity for the community.

# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## CREATE OR EXPAND SCHOOL-BASED DAYCARE PROGRAMS

School-based daycare programs, whether serving students all day or after school, can play a key role in increasing childcare capacity. Using existing school facilities removes a common barrier to entry by eliminating the cost of building or renovating a facility. Simultaneously, school-aged children are already on-site, eliminating the cost and manpower needed to transport students from school to daycare.

## EXPAND AFTER-SCHOOL PROGRAMS

April Sorensen, Director of the Faulkton Area Out of School Program, shared how they created and expanded their after-school daycare program. "We started as just a 20-child after-school program but have since evolved into offering care for ages birth to 13. We just opened a second location this past summer to serve ages birth to 5 years, and we recently built a new facility to house our Junior program (all-day preschool program) and afterschool and summer program."

She continued, "Last month, we had over 115 children use our services. We incorporate various activities into our afterschool program to make it more of a recreation service, which helped us to become successful."

While successful now, when they started this journey, it was unclear where they would operate the childcare program. When the Faulkton Area Out-of-School Program (FAOSP) obtained its license in 2014, it could not find a facility to accommodate the children in their care. As the only licensed childcare provider in Faulkton County, finding the right space was critical.

After moving locations several times, the FAOSP realized that their only option was to build a new facility or face the possibility of shutting down. When a vacant lot was donated for their project, FAOSP took the risk of starting construction. They launched a community-wide campaign to raise funds for the building, receiving federal grants and even a \$60,000 interest-free loan from a local family. "The community wanted to support us because they understand how critical childcare is," said Sorensen.

Community leaders and economic developers are likely to find the same in their corner of the world. "The availability of childcare impacts everyone so that you may find support in the most unlikely places," said Bethany Quinn, Executive Vice President of Golden Shovel Agency. "We are seeing community members and businesses participate on a much larger level. The key is making a business case for why creating more childcare capacity is important and how doing so will benefit the entire community."



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## START SCHOOL-BASED DAYCARES

Victoria Archuleta, Senior Economic Developer in Los Lunas, said, "Our local school district is one of only two schools in New Mexico to open a daycare center specifically for the children of district employees. The school district is one of our largest employers."

In Oregon, Grant School District opened a new childcare center at Humboldt Elementary, made possible through the support of the Grant County Child Care Committee. Superintendent Davida Irving said, "We are excited to offer this resource to our community." The center, accommodating up to 38 children aged six weeks to 5 years, with potential expansion to include a school-age program, is now operational.

Operating from 7:00 am to 5:15 pm Monday to Friday, the center offers a range of programs, including Year-Round Pre-School, Kinder-Ready, Before/After-School, and Summer School Age Programs.

The [Blue Mountain Eagle](#) reported on Oregon's childcare crisis, highlighting the urgent need for such facilities. Superintendent Irving emphasized the importance of addressing this issue, noting the efforts of the Grant County School District in providing accessible childcare options. The district's program, initiated several years ago under former Superintendent Kathryn Hedrick, aims to support teachers and staff and serve the broader community.

School districts nationwide may find that starting an on-site childcare program would help with teacher recruitment and retention while providing opportunities to serve the broader community. Some school districts, like Anne Arundel County Public Schools in Maryland, go one step further by offering onsite childcare and tying it to an early childhood education program where high school students can participate. At Severna Park High School, for example, students can graduate with a certificate that can help them get a job in early childhood education after working in the on-site daycare under the supervision of teaching staff.

# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## BUILD COALITIONS WITH NONPROFITS

Terri Curtis, Economic Development Project Manager for the City of Kingman, is bringing a variety of nonprofits and community leaders together to develop a plan to create childcare capacity. "Currently, out of the 14 licensed daycare facilities, only one operates from a home, while the rest are daycare centers. All daycare centers have waiting lists and are at full capacity. Even considering the potential capacity of each center, there remains a significant gap," she said. "To address this issue comprehensively, I am in the process of assembling a collaborative group. This group aims to strategize solutions, including facilitating the licensing of new daycare providers and assisting parents in pursuing scholarships to offset childcare costs. I am inviting representatives from FTF, DES, the Chamber, our Workforce Development teams, and anyone interested in actively contributing to this initiative."

She believes that by pooling resources and expertise, "we can develop a robust strategy that not only addresses the immediate gap in childcare services but also lays the foundation for sustainable and accessible solutions."

Trae Miller, Executive Director of Logan County Economic Development Corporation, has seen this approach work. "We had a group of local stakeholders and leaders come together and form a non-profit entity to support childcare needs. One big partner is the local community college that uses the facility as a training center for their early childhood program. It also provides the physical space where the facility is located. We started this initiative with some private foundation grants and continued to utilize those along with some state funding for the ongoing sustainability and expansion needs of the [Sunshine Center](#)."

He said they are working on creative solutions to keep the daycare running and affordable. "One is an older adult volunteer program where older adults in the community sign up to assist with the children. Often, we have retirees or others who are happy to come and help in an infant or toddler room, even if it's just for a day. That doesn't help with the costs because they aren't allowed to count for regulation purposes, but it does allow them to provide staff support and a morale booster. Since we can't pay high wages due to the overall economics of the facility, we can at least provide staff relief and try to make their work as fulfilling as possible."

# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## PARTNER WITH BOYS & GIRLS CLUBS AND YMCA'S

Nonprofits like YMCA's and the Boys & Girls Club are actively solving the childcare crisis for their communities. Like school-based programs, nonprofits often have the resources to make expansion possible. Existing buildings, for example, may be repurposed as childcare centers.

Kathy Rogers Woods, Director of Economic Development for the City of Alamosa, said, "I'm helping to lead a group that consists of various community members and our local Boys and Girls Club to build an Early Childhood Center. We're in the early stages but have some of the funding pledged. Our work now is to reach out and raise a large amount of money to begin the project. We have donated land next to the Boys and Girls Club, have architectural drafts, and are brainstorming how to bring this to fruition."

## CASE STUDY: CONVERGENT NONPROFIT SOLUTIONS

[Convergent Nonprofit Solutions](#) helps to do just that - raise the money necessary to make childcare expansion projects a reality.

The YMCA of Catawba Valley aimed to serve up to 3,000 additional households within their three-county region. To do so, they needed to expand their current facilities and programming. Specifically, they looked to raise \$8.6 million to increase childcare capacity, enable those with limited mobility to easily use the facility, and inspire downtown and economic development. Expanding and modernizing their facilities was necessary, but they had to convince the community first.

"This is the largest capital campaign we have seen in our county because of the impact it will have on our community," said Gerry Knox, Fund Development Director. John Teeter, Community Leader, said, "I've never been involved in a capital campaign that could raise this much money in Hickory. Knowing it hadn't been done before, YMCA leaders contacted Convergent for help.

Convergent's first step was to complete a feasibility study. The study is critically important for determining what the community will support and the level of investment the YMCA, or any other client, can confidently secure before launching a capital campaign. With a positive feasibility study complete, Convergent and YMCA leadership were confident in taking the next steps.

Those next steps included leveraging the YMCA's Asking Rights™. Asking Rights is the ability to deliver outcomes that are valuable to investors, a combination of outcomes, credibility, and fundraising skills. The YMCA of Catawba Valley has been doing good work in the community for over 50 years, laying a solid foundation of credibility.





# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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A video, website, and marketing materials were created to help tell this story. Lori Alala, Community Leader, discussed the importance of reminding people of their own positive experiences when speaking of why they donated. "There's an endearment people feel here who grew up going to the YMCA."

As for outcomes, the YMCA tackled one of the region's and nation's most pressing needs – childcare. George Moretz's father was involved in the founding of the YMCA. As a Community Leader, he saw the value in the organization's ability to collaborate with nonprofits and educational partners. "They want to expand childcare services in the community, and the YMCA is the perfect place." Gerry Knox, YMCA Fund Development Director, said, "When there is a need, the YMCA raises their hand and says, 'I'm here for the community.'"

This messaging resonated with people throughout their three-county region, with people signing up to invest in the multi-year campaign. "We raised more money than anyone had raised before," said Teeter. "That shows you there is support for the YMCA that not many other groups have." Dianna Clonginger, HR Director, said, "The money we raise goes towards families and children who otherwise couldn't afford YMCA services." With the capital campaign a success, they have already started to serve more children through their expanded childcare program.

Wrapping up the \$8.6-million campaign is not the end of the journey for the YMCA of Catawba Valley. It begins a new chapter for the organization and the community. This makes communication critically important. Convergent recommends that leaders over-communicate and keep investors informed about their work to accomplish their goals. The YMCA of Catawba Valley has done an excellent job of this and posts regular updates on its website.

Their capital campaign and subsequent activities have been so successful that the [North American YMCA Development Organization \(NAYDO\)](#) awarded the [YMCA of Catawba Valley](#) their 2022 Eagle Award for Excellence in Fundraising – one of only two in the country.

"We're thrilled to recognize Darrell, Nat, and the YMCA of Catawba Valley for its role in responding to community issues and transforming the lives of adults and children," Christina Harley, 2022 NAYDO Communications Awards chair, said. "Clearly, everyone is engaged and an advocate for the impact of the Y on local kids and families. The Y's philanthropic efforts are well-planned, organized, and executed. It was clear to our judges that Y members and the community have a deep understanding and passion for the Y's cause, and Y staff and volunteers are motivated to create positive outcomes for years to come."

# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## ENGAGE BUSINESSES

**Employee exit surveys have found child care is listed in the top three reasons for turnover. In a study by the Society for Human Resources Management (SHRM), finding a direct replacement can take up to 60% of an employee's annual salary.**

**Childcare issues also cause working parents to be absent from work for nearly two weeks per year. According to the Early Care & Learning Council, when companies provide childcare benefits, employee absences decrease by up to 30%, and job turnover declines by as much as 60%.**

With improved childcare options, companies can benefit from improved productivity through increasing work hours, missing fewer days, and pursuing further education—all of which help improve a business's bottom line. With a clear business case for investing in childcare, local businesses are becoming one of the main funders and champions of these initiatives.

## BR&E VISITS CAN SPARK IDEAS

The City of Crawfordsville, Indiana's journey to address gaps in access and capacity began with its annual Business Retention & Expansion program visits. "We learned very early (six years ago) that childcare directly affected production, and employers wanted to engage in a solution. Our collaborative efforts led to a five-year strategic plan, the formation of an Early Childhood Coalition, the hiring of one of the only Early Learning Directors in Indiana, and a 125-seat childcare facility for infants through age five, which is due to open late 2024," said Cheryl Morphew, President of CRMorphew Consulting, LLC.

## COLLABORATE ON SOLUTIONS

Through Wyandotte Economic Development Council (WYEDC), Mindy Rocha, President and Owner of CJ Industries, became involved with local childcare issues. Inadequate childcare is an often underappreciated hurdle to employment, which is one of WYEDC's focuses. "I'm working with an initiative called Raising WYCO through The Family Conservancy. We're working with childcare providers to see where we're lacking and what we need. We are investigating how we can help support them because we don't have enough affordable quality childcare providers. Community members must realize that a childcare facility is a small business. They're not always seen that way."

## BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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The WYEDC hosted an engaging and insightful symposium, joining forces with local business partners, including Urban Outfitters, to focus on an essential aspect of community well-being: childcare services. The event revolved around a dynamic Q&A session that shed light on the vast array of childcare resources and their accessibility within the community. With the growing need for reliable and high-quality childcare options, this symposium provided a platform for open discussions between the business community and childcare providers. Creating opportunities for dialogue between businesses and community partners is often the first step toward addressing any challenge - including childcare.

A similar community engagement process took place in Bemidji. In 2019, they conducted a data-gathering effort that found a shortage of 747 childcare slots in the Bemidji area. Community organizers surveyed 238 parents, 44 providers, and 20 employees. The survey results showed that 28% of respondents withdrew from the workforce or declined employment due to childcare shortages. Additionally, 49% of survey respondents reported that childcare concerns affected their family planning.

Billie Jo Greene, Team Leader of [Rural Minnesota CEP, Inc.](#), said, "I have been in a childcare group in Bemidji that has ongoing care with awareness of childcare needs. There were a lot of employers in the area involved in this group, including but not limited to Beltrami County (where Anne works), Rural Minnesota CEP, Greater Bemidji, Culver's, and more."

Kay Mack, Beltrami County Administrator, told [Lakeland PBS News](#), "We are a large employer with many young parents, and so it's significant to us that those parents have solid, dependable daycare." Erin Echternach, Greater Bemidji Assistant Director, added, "This program is bringing together businesses large and small, the county, nonprofit organizations, and health and human services to figure out how we will expand our childcare base. From an economic development perspective, we need that." Greater Bemidji went on to receive grant funding from Minnesota DEED to expand childcare access in their community.



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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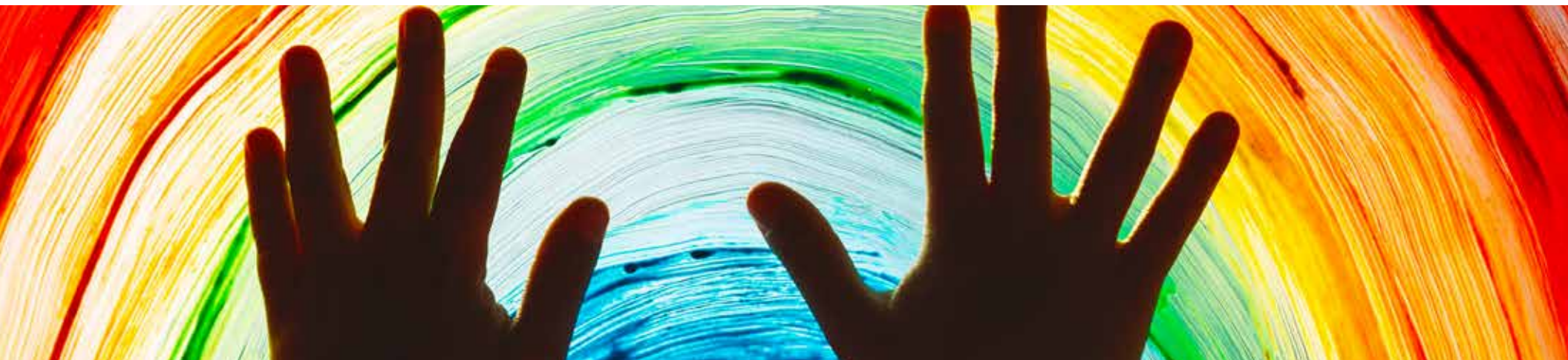
## BUSINESSES ARE OFFERING CHILDCARE INCENTIVES

Numerous companies and economic leaders have recognized the critical role of childcare in workforce development. For instance, in 2022, [JCPenney extended childcare benefits to all 50,000 employees](#), spanning store and supply chain associates. They are leveraging WeeCare's national network of in-home daycares and nannies to offer families quality, reliable, and affordable childcare solutions. This initiative aims to deliver cost savings, increased proximity to childcare facilities, and enhanced access to flexible care options for JCPenney employees.

Additionally, [Best Buy provides various benefits to support working parents](#), including ten backup childcare days per year at only \$10 per visit for eligible employees. They also offer discounts on full-time childcare, before- and after-school programs, tutoring, and partnering with Wellthy for caregiving advocacy and support.

Similarly, [Home Depot offers backup care for occasions when regular childcare is unavailable](#), alongside resources for employees to locate babysitters, pet sitters, and housekeepers. Home Depot extends discounts on tutoring services, assistance with college preparation, and more, reinforcing its commitment to supporting employees with diverse family needs.

Businesses don't need to be national chains to offer childcare benefits. [Alpha](#), a plastics manufacturing company in Salt Lake City, is helping employees find childcare services through an app. [Chobani](#), a yogurt manufacturing company, offers employees ten days of prepaid childcare through the WeeCare network. Intel is also offering backup childcare services to employees. Through companies like WeeCare, even small, local businesses can offer childcare benefits.



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## BUSINESSES ARE PROVIDING ON-SITE DAYCARE

"I have the privilege of speaking with major employers nationwide, and I often hear, 'We don't want to be in the childcare business.' It's outside their wheelhouse as a manufacturer, service provider, or research facility," said Quinn. "Unfortunately, they may not have the choice, and companies who offer onsite childcare will have a sustained competitive advantage when it comes to hiring top talent."

Examples of companies opening childcare facilities include [VGM Group in Waterloo](#). This Iowa company opened its childcare center for employees after hearing from staff members with children that full-time care was hard to come by in the area. They used a \$1.3 million state grant to repurpose empty rooms after the COVID-19 pandemic and partnered with a local child development center to staff the daycare. "Partnering with a nonprofit or established childcare company to run daycare operations is one way that businesses can offer childcare services without having to learn the business of childcare," said Quinn. The VGM center can serve 99 children.

[Clif Base Camp](#), the childcare center for Clif Bar's Emeryville, California employees, is run by [KinderCare](#), so the model of using business-owned space but partnering with an established provider to run the childcare center is a proven model. The Clif Bar facility is open to employees who work for LeapFrog and other businesses housed in the EmeryTech business center as well, multiplying the benefits the facility brings to the community.

In Columbus, Georgia, Aflac offers [on-site child care at its headquarters](#). As a company that prides itself on bringing insurance benefits to the world, it takes its employee benefits program seriously. "Columbus, Georgia, is an incredible community with major employers that have consistently invested in the community. From Synovus to TSYS, and Aflac companies are investing in the future of the community, which includes investments in early childhood education and care," said Quinn.

Lee Container, a plastic container manufacturer that employs about 200 people in Centerville, is offering childcare to their employees and started doing so before the pandemic and current workforce shortage. "One of the top three reasons for employees missing work used to be childcare issues," said Jay Dillard, administrative coordinator for Lee Container. While chatting with Lee Container President Robert Varnedoe at a governor's deer hunt a few years ago, Gov. Reynolds gave early encouragement for his idea to open a daycare in Centerville. At the ribbon cutting, she praised Lee Container's efforts and the impact such actions can have on overall economic growth. Reynolds said, "It's the pure definition of an exemplary corporate citizen. With great vision and generosity, Lee Container recognized the need to provide child care not only to your employees but to the entire community."

## BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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A Lee Container affiliate company bought the former Garfield Elementary School and has been renovating it to comply with daycare licensing standards. Michelle Brook of Curious Kids, an existing Centerville daycare, was contracted to operate the facility. Lee Container employees can access subsidized child care at the new facility as a part of their benefits package. The idea is that such a valuable benefit will also aid the company's recruitment efforts and help retain long-term workers.

"Our company president wants to create a Lee Container family atmosphere where employees feel as though we're trying to address concerns that directly affect their lives," explains Dillard. "This is an investment in the recruitment and retention of our employees. The daycare is a labor of love for the Lee Container family and the community."

### BUSINESSES CAN SUPPORT ONE ANOTHER

While Devil's Lake, ND, has a small population of 7,000 residents, it has nearly 30 childcare facilities. To support businesses with childcare needs, the city partnered with Eventide Heartland, a local business that has an on-site childcare center. Eventide Heartland allows other small businesses to use their childcare facility during working hours. In communities that lack space for childcare facilities, having multiple businesses come together to offer their employees childcare in one location, based on who has excess physical space, is a strategic idea.

The city recognizes that childcare not only supports working parents but often attracts new business development in the area. Organizations looking for relocation opportunities are more likely to settle where childcare resources are already available – otherwise, they could lose a significant part of their workforce. Fortunately, local businesses agree and are stepping up to help.



# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

## IMPLEMENT COMPREHENSIVE SOLUTIONS

Since the childcare shortage has been caused by diverse issues ranging from a lack of workers to a lack of space, the challenges of becoming licensed, and so on, addressing the issue requires a comprehensive approach and multiple programs. Sherry Searles, Child Care & Early Learning Coalition Director of LaunchPad, has been instrumental in increasing childcare capacity in Warsaw, Indiana, through this approach. The organization is the early learning coalition for Kosciusko County. They just completed five years of work, and they:



**Increased the Number  
of Childcare Seats  
by Over 500**



**Increased the Number  
of High-Quality Seats  
by Over 50%**



**Implemented a  
Shared Services Model**



**Launched a Tuition  
Scholarship Called Leap**



**Hosted a Community Award  
and Recognition Dinner  
for Early Educators**



**Successfully Advocated  
for New Regulations  
for School-Based Programs  
and Local Zoning**

"We had a goal of adding 500 childcare seats in four years and have achieved that goal. We still have a deficit in our capacity, some of our learning programs are not affordable, and we have a workforce shortage," said Searles. "To move our county forward, we need the support of local employers and state legislators. We are advocating for tax incentives for employer-provided childcare and a cost-sharing model that will help parents with affordability."

Jo Rewolinski, Director of Pleasant View Early Learning, said, "We opened our doors in August of 2022. LaunchPad has helped in mentoring me to get to this point, helping us to secure grants to open our doors."

Breanna Levy, Manager of IMD Early Learning, said, "Our program partners with IMD in Warsaw to provide childcare for their employees. LaunchPad has been huge in our startup." LaunchPad helped them to secure ARPA funds.

# BEST PRACTICES FOR INCREASING CHILDCARE CAPACITY

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## ADVOCATE AT THE STATE & FEDERAL LEVEL

Advocacy is key to expanding access to affordable childcare regardless of the state you live and work in. Federal and state grants are often the catalyst for daycare facilities opening and expanding, and in some cases, are critical to their long-term sustainability.

Erin Emerson, CEO of Perry County Development Corporation in Tell City, Indiana, has been leading the fight for legislative change in Indiana for the last four years—specifically in the areas of access, affordability, and childcare workers' salaries. In addition, she led the effort to open the only Paths to Quality facility in her rural community.

The regional task force has identified legislative and policy changes that could help. These include changing the ages of infants from birth to 2, and from birth to 18 months. Since childcare providers must have one adult for every four infants, this slight change would make it easier for more children to receive care.

In Missouri, Dr. Carolyn Chrisman found that “Common sense legislation is necessary for solving childcare shortages.” She cites burdensome regulations on in-home daycare providers as an example. “Daycare providers are required to have a sprinkler system over their water heater. Homes usually don’t have this, and I have been told it is expensive to install.” She hopes to see regulatory changes that bring the requirements for in-home daycares with what is generally considered safe in private homes.

In New Mexico, Kathy Price and the Southwest Regional Education Cooperative have worked on critical legislative policy changes. “The work that the SWREC has done in the state of NM has been groundbreaking. Because of their diligence and advocacy, they have been involved on the ground level with the development of the ECECD, influenced statewide policy on who qualifies for free/reduced cost childcare, and more,” said Naoma Staley, Chief Executive Officer of the Red River Chamber of Commerce.

# HOW TO FUND CHILDCARE EXPANSION

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**Funding the creation, expansion, and operation of childcare facilities is often one of the biggest barriers to expanding capacity. Fortunately, a combination of federal, state, and local strategies can help. Here are examples of what's working in communities across the country.**

- Collaborating with Nebraska Children, Nebraska DHHS, and the Gage County C4K, NGage created the Childcare Capacity Expansion Grant. [Four awardees](#) received grants to improve their childcare facilities to increase capacity.
- In Kingman, they've engaged with First Things First (FTF), a State program for early childhood development, and have offered scholarships to some lower-income families for childcare.
- In Jasper County, Indiana, Adam Alson, CEO of Appleseed Childhood Education, and his team led the effort to open the only Paths to Quality facility in his rural community. Adam successfully educated his elected officials about the importance of childcare to talent and business recruitment. He secured general fund tax and Tax Increment Fund (TIF) tax dollars to support the opening of Appleseed and its ongoing operating costs.
- Thayer County Economic Development Alliance helped a for-profit childcare center transition into a non-profit so they could secure grant funding





# HOW TO FUND CHILDCARE EXPANSION

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- Thayer County Economic Development Alliance also helped a family struggling to find childcare for their five children launch a for-profit childcare center utilizing half of a closed-down care home. The facility was purchased by a private investor who turned two wings into apartments and is leasing the other half to Thayer Kids Academy. This space is licensed for up to 100 children.



- An investor purchased a large building, and the non-profit won a grant to help renovate it. They are raising funds to match a challenge grant from two local businesses committed to donating \$50,000, creating additional capacity in Thayer County.



- Shooting Stars Children's Center opened its doors to families in Evanston, Wyoming, with the help of a local bank loan and guarantee from the SBA. Jocelyn Anderson and Holly Swensen, working moms themselves, used the loan to purchase a building and move their home daycare to a much larger facility that could serve more children. Identifying home-based daycares that want to grow into larger facilities is a strategy that economic developers can use regardless of location.

# HOW TO FUND CHILDCARE EXPANSION

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## FUNDING FOR BUSINESSES TO ESTABLISH ON-SITE DAYCARE FACILITIES

States like Texas have offered financial incentives and tax breaks to businesses establishing their own daycare facility. The Internal Revenue Service highlights the federal [Employer-Provided Childcare Tax Credit](#), which offers additional assistance. The credit offers employers up to \$150,000 annually to offset 25% of qualified childcare facility expenditures and 10% of qualified childcare resource and referral expenditures. The tax credit can be applied toward construction and operating expenses.

The State of Kansas has its own program. They have expanded the use of the [Kansas Employer Child Care Tax Credit](#) for all business types to utilize. Kansas businesses can apply to deduct from their state income taxes a portion of the child care expenses they incurred—such as providing child care for employees or helping employees pay for other child care. There is a cap of \$30,000 annually, or 30% of the total amount the business spends to cover childcare costs, locate a childcare provider, or operate a childcare facility.

## EXPANDING CHILDCARE CAPACITY THROUGH INNOVATE DAYCARE INITIATIVES

Pierce County, Nebraska, has a growing population; much of this growth is with young families. As parents go to work, more childcare solutions have been needed. "Susan Norris and Pierce County Economic Development is an example of innovative leadership and out-of-the-box solutions," said Quinn. PCED has worked with their community on projects that include:

- New daycare center in Plainview for 70 children, ages six weeks to 12 years of age. The community raised \$500,000 to make the project possible.
- After-school program for 51 kids between the hours of 3:30 and 6:30, with the school providing food and transportation - all housed at a local church.
- Conversion of a school space into a daycare facility on site, ideal for parents with infants and school-age children.
- A nonprofit formed by Midwest Bank to turn a former space into a childcare center for afterschool and summer care.

# HOW TO FUND CHILDCARE EXPANSION

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## ELECTRIC COOPERATIVES ARE FUNDING CHILDCARE EXPANSION THROUGH GRANTS

"Minnesota Power did a unique incentive program through a nonprofit called the 1200 Fund to provide loans and grants to assist licensed childcare providers in Duluth, Minnesota. The loan amount of \$10,000 to \$50,000 was intended to create new childcare availability and was successful in doing so," said Arik Forsman, Economic Developer, Minnesota Power.

An innovative new partnership in Vermillion, South Dakota, highlights the connection between childcare and workforce development. Thanks to a \$245K loan from [Clay-Union Electric](#) through the [Rural Electric Economic Development \(REED\)](#), Inc. Fund, the [Pulse of Life Kids Center](#) was created as a shared space with [Pulse of Life Church](#) in a converted medical building.

"As a parent, it is hard to be a valued, successful employee if you spend time worrying about your child while you are away from them," says Chris Larson, General Manager, Clay-Union. "It was important to Clay-Union to help members of our cooperative find a way to start a daycare business that is desperately needed in our community. This will help bring more people here and will help give those individuals an assurance that their children are safe and will get a head start on learning the skills they need to be successful in school."

Pastors Glenn and Angela Pulse bought the 7,500-square-foot medical clinic on 1.3 acres built in 1998. They converted it to a church and daycare that operates seven days a week with different ministry activities. The daycare is part of the Pulse of Life church through the Foursquare Church denomination, which officially opened on August 22, 2023. Pulse of Life Kids Care exists to offer exceptional care within a holistic early childhood education environment that provides guided spiritual formation, artistic expression, physical development, social exploration, and teaching from a biblical worldview. Its connection to the community made the three-way partnership a no-brainer.

"By forming a relationship with a local development group, they were able to help promote the REED Fund to the Pulse of Life owners," says Larson. "It was an opportunity for Clay-Union to help a member fulfill a dream and improve the quality of life for community members. The need for daycare is high in our community, so this project is important for our future."

# HOW TO FUND CHILDCARE EXPANSION

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## UNLOCKING THE FUTURE: CHILDCARE FUNDING AND SUBSIDIES IN THE WAKE OF COVID-19

According to the U.S. Government Accountability Office, Congress provided [more than \\$52.5 billion](#) in supplemental funding to help keep childcare providers in business and ensure access to care for low-income families. According to the Department of Health and Human Services, as of April 2023, [states spent an estimated \\$34.5 billion of the \\$52.5 billion](#) in supplemental COVID-19 relief funds.

In addition, the \$150 billion [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), passed in March 2020, allocated funds to childcare providers, enabling them to cover expenses such as payroll, rent, and cleaning supplies, thus averting closures and layoffs.

The Child Care Assistance Program (CCAP) was also leveraged to support childcare expansion and to cover the increase in operating costs post-COVID-19. [In Illinois, for example, \\$270 million in relief funding went to childcare providers.](#)

Subsidies and grants from federal and state governments were distributed to stabilize the sector, ensuring parents could return to work without worrying about the availability and affordability of childcare, which helped temporarily but aren't long-term solutions.

## FEDERAL SUBSIDIES AND THEIR CURRENT STATUS

The expiration of temporary pandemic-related funding and the strain on existing childcare subsidy programs have left a void that urgently needs addressing. While the initial response to the childcare crisis during the pandemic was swift and robust, the sustainability of federal subsidies has become a concern.

For example, the American Rescue Plan was signed into law in March of 2021 as emergency relief amidst a severe public health and economic crisis during the COVID-19 pandemic. This plan allocated [\\$39 billion of emergency federal funding to support the nation's child care](#), including \$24 billion for the Child Care Stabilization Program. This provided states, territories, and tribes with grants to help subsidize the increasing operation costs for childcare programs. The federal funding for the Child Care Stabilization Program expired on September 30, 2023.



# HOW TO FUND CHILDCARE EXPANSION

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## LOOKING AHEAD: CHILDCARE ADVOCACY AND POLICY REFORMS

As the childcare sector stands at a critical juncture, it calls for sustained advocacy and policy reforms to secure its future. Stakeholders, including parents, childcare providers, and policymakers, must collaboratively work towards a comprehensive solution.

Advocacy efforts should focus on reinforcing federal childcare subsidies, recognizing them as a strategic investment in the nation's workforce and economic well-being. Moreover, there is a pressing need for long-term policy reforms that address the systemic challenges within the childcare sector, including workforce compensation, facility sustainability, and equitable access.

Childcare funding and subsidies remain integral to a thriving society, supporting the workforce and the next generation. The lessons learned during the COVID-19 pandemic underscore childcare's critical role in economic recovery and societal well-being. The path forward requires a concerted effort to secure sustained federal support, innovative state-level initiatives, and a commitment to long-term policy reforms. Only through such a comprehensive approach can we unlock the full potential of our childcare system and ensure a brighter future for families and communities alike.

In the meantime, local communities are doing what they can to provide funding. In Falls City, Nebraska, "We just approved administering a Community Childcare Fund and are drafting parameters for Falls City providers to apply. We will likely offer funding for providers that wish to bring in more infants since that age has the most regulations to make their margins. Our hospital is the first to financially support, and we plan to use that nest egg to recruit support from other employers in our industrial park," said Lucas Froeschl, Director of Falls City EDGE. Implementing programs like this at the local level will be necessary to fill the gap in federal and state funding or, in some cases, to get the ball rolling.

Local governments aren't the only ones willing to provide childcare funding. [Convergent Nonprofit Solutions](#) found that business leaders are often willing to invest in these initiatives, as they did for the YMCA childcare expansion project.

# TAKE THE NEXT STEP

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**Golden Shovel Agency provides strategic planning services and works with communities to identify their childcare needs and ways to fund childcare initiatives.**

## TAKE THE FIRST STEP: STRATEGIES FOR ADDRESSING DAYCARE SHORTAGES

**#1 Conduct a Needs Assessment:** Start by conducting a comprehensive needs assessment to understand the extent of the daycare shortage in your community. Collect data on the number of children in need of care, existing daycare capacity, and the demographics of the working population. This information will provide a solid foundation for developing targeted solutions.

**#2 Foster Partnerships:** Collaboration between economic development organizations, local government agencies, and community stakeholders is crucial for tackling daycare shortages. Create partnerships with existing daycare providers, businesses, and educational institutions to leverage resources and expertise.

**#3 Incentivize New Providers:** Encourage the establishment of new daycare facilities by offering incentives such as grants, low-interest loans, or tax breaks. Work with local financial institutions to develop specialized loan programs for aspiring childcare entrepreneurs.

**#4 Support Existing Providers:** Recognize the importance of existing daycare providers and support their efforts to expand their capacity. Offer technical assistance, access to capital, and training programs to help providers improve the quality of their services.

**#5 Build Infrastructure:** Invest in the necessary infrastructure to support daycare facilities. Collaborate with local governments to identify suitable locations and zoning regulations for daycare centers. Additionally, consider providing grants or subsidies for facility improvements and equipment purchases.

**#6 Advocate for Policy Changes:** Work with policymakers at the local, state, and federal levels to advocate for policy changes that address daycare shortages. Lobby for increased funding for early childhood education programs, improved wages for childcare professionals, and regulations that promote the growth of quality daycare centers.

**#7 Engage Employers:** Collaborate with local businesses to develop employer-assisted childcare programs. These programs can include on-site daycare facilities, subsidies for employee childcare expenses, or flexible work arrangements that accommodate parents' schedules.

# CREDITS

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## TAKE THE NEXT STEP

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