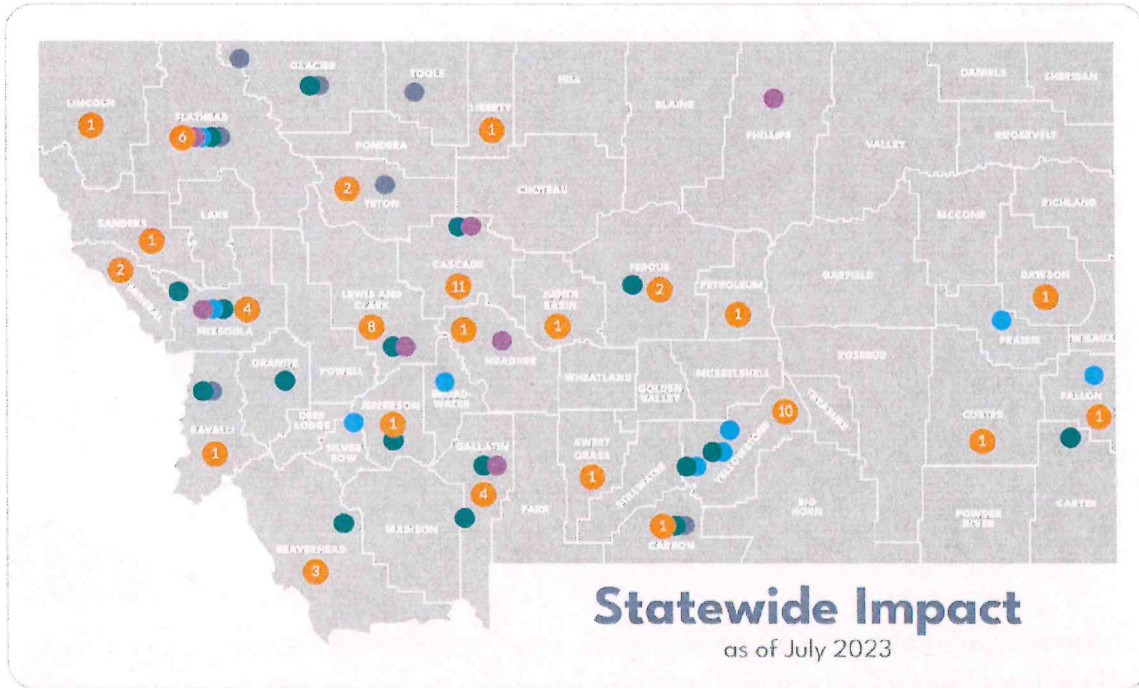




# IMPACT OF ARPA CHILD CARE INVESTMENTS

## NEW MONTANA CHILD CARE BUSINESS CAPACITY INFRASTRUCTURE



- DPHHS Awarded Community Innovation Sites
- Community Capacity Cohort 1
- MCCBC Business Accelerator Mentors
- MCCBC Business Technical Assistance Clients

MONTANA CHILD CARE BUSINESS  
**CONNECT**

Through an American Rescue Plan Act (ARPA) Child Care Supplemental Grant awarded by DPHHS, Zero to Five Montana launched the full-service Montana Child Care Business Connect program (MCCBC) in June 2022. This is a new program to address Montana's shortage of quality and affordable child care.

MCCBC is a statewide initiative providing training, consultation, and individualized technical assistance to child care businesses, employers, community leaders, and entrepreneurs to develop and implement innovative strategies to expand child care.

Additionally, MCCBC has launched an online resource hub, is developing a business cost modeling tool, has convened ARPA grantees for a community child care summit in November 2022, and held a two-day summit in September 2023 offering professional development as well as opportunities to discuss best practices and hear from national experts.

### TECHNICAL ASSISTANCE

Since October 2022, MCCBC and has helped pre-venture entrepreneurs start more than **12 ECE businesses** across the state supporting the creation **39 new jobs** and **219 new licensed care spots**. MCCBC has offered **10 workshops** to **272 participants** and completed **169 business consultation hours** with **40 participants**.

### COMMUNITY CAPACITY BUILDING


**Supporting 14 communities** through focused cohorts in developing child care infrastructure strategies that meet the needs of employers and families in communities across Montana, with the intention of working towards expanding local child care access. MCCBC also supports the **30 child care community innovation sites** through a community of practice.

### BUSINESS ACCELERATOR MENTORSHIP

**Successfully paired 8 experienced small business leaders with 8 new or expanding child care businesses** for a one-year, guided process to a successful business launch. The mentorship functions as a hybrid business incubator and professional development program.

Since the program launched in May 2023: **3 protegés have started new child care business and 2 businesses are expected to open before the end of the year.**

 Comprehensive ECE business supports will improve ECE infrastructure and availability

 Improved ECE business management will contribute to the development of an esteemed child care workforce and industry

 Accessible ECE supports Montana's children, families and economy.



“The current child care shortages are not unique to just one region but affect the entire state. It is not only impacting child care businesses but also affects Montana's workforce. As an economic developer, I am witnessing MCCBC's success firsthand and understand that successful child care businesses are essential for the well-being of our communities.”

**-Lizzy Robertson**  
*Eastern Plains Economic Development Corporation, Terry, MT*

“Our child care team has been able to create a high-quality child care facility with the help of grant funds and MCCBC. We have transformed a generic classroom into an innovative child care setting. With the help of grant funds, we have purchased materials that encourage different kinds of play such as construction, role-playing, gross motor movement, fine motor movement, creating and imagining. This daycare has provided a great service to our staff and allowed us to recruit and retain all staff at Ekalaka Public Schools.”

**-Brittani Brencé**  
*Ekalaka Public Schools Daycare, Ekalaka, MT*

“MCCBC is the missing link. For years, the child care community has sounded the alarm—child care providers need long-term stability strategies. And recently, communities, businesses, and employers have felt the impacts of child care shortages. Enter Montana Child Care Business Connect. MCCBC is uniquely positioned to provide statewide resources and assistance that helps businesses connect to child care solutions, and child care programs become stronger businesses.”

**-Sally Henkel and Grace Decker**  
*Missoula Child Care Advantage and Zero to Five Missoula*

*These programs are funded in part or full under a Contract with the Montana Department of Public Health and Human Services (DPHHS). The statements herein do not necessarily reflect the opinion of the Department.*

# CHILD CARE & THE WORKFORCE

A lack of access to child care has a significant impact on Montana's economy, affecting hardworking parents and employers alike. Investments in child care result in increased economic stability for Montana's families and small businesses.



## IMPACT ON MONTANA'S WORKFORCE & ECONOMY

Parents, businesses, and children are all impacted when access to quality, affordable child care is limited. Plus, quality early care and education helps children today become the leaders and innovators of tomorrow.



**40%**

of Montana businesses say they are unable to find and retain a qualified workforce because of a lack of child care.<sup>1</sup>



**70,000 PARENTS**

are not in the labor force, working part time instead of full time, or working less hours because they lack child care.<sup>2</sup>



**30%**

of Montana businesses say inadequate child care has prevented their company from growing.<sup>1</sup>



**ROUGHLY \$9,000**

a year is the average cost parents are paying for care per child. Some households pay \$15,000 per year.<sup>2</sup>



**62%**

of parents say they missed time from work because of a child care related problem.<sup>3</sup>



**\$907 MILLION**

total economic burden of inadequate child care in Montana from 2019 to 2028.<sup>3</sup>



Sources: 1. Watson, A. "Impacts of Child Care on the Montana Workforce: Results from a Survey of Montana Businesses." November 2020. Montana Department of Labor and Industry. 2. Watson, A. Memo on Child Care and the Montana Workforce. 2022. Montana Department of Labor and Industry. 3. "Lost Possibilities: The Impacts of Inadequate Child Care on Montana's Families, Employers and Economy." September 2020. Bureau of Business and Economic Research, University of Montana — Missoula.

## MONTANA PERSPECTIVES ON CHILD CARE

"It is a common refrain to hear about local service businesses (restaurants, grocery store, etc.) who can't stay staffed during peak child care hours, and families moving out of Fallon County because of the lack of child care. The problem has especially hit our local hospital and schools hard, because recruiting qualified teachers or medical personnel becomes an almost insurmountable task when there is no available, affordable child care."

- Vaughn Z., Eastern Montana Economic Development Authority, Fallon County

"Each child is our future. Being able to provide a safe, nurturing place for them to learn and grow is crucial. When a parent can trust that their child is provided with this care, it makes it possible for them to provide for their own families. Every parent deserves to go to work without worrying if they can access or afford child care. Being able to come together as a community and continue to support our parents and child care providers is pivotal to each child's success!"

- Callie P., Family Engagement Coordinator, Butte 4-C's

"In Mineral County, child care is a complex problem to solve. It's not just that we don't have enough high-quality care, but also that when we do have new child care facilities open, they often are not able to sustain their business. With many of our families working non-traditional hours and not knowing if a facility will stay open long term, we run into a lot of families not utilizing what we do have. In order to improve the child care system, we first need to understand what families really need and identify solutions to improve the current patch-work system we have. We need to build a system that can actually meet the needs of children, families, and our community."

- Jessica S., Mineral County Health Department

"Providing reliable and excellent care for the future workforce helps address our challenge on multiple fronts. In order to do so, we need to collaborate as communities to ensure we have a professional and economically thriving early childhood development and educational industry supported by employers."

- Karen B., St. John's United, Yellowstone County

"Several employers in critical industries have expressed the need for safe, vetted and, most importantly, affordable child care options in the City of Great Falls. Employers have also expressed frustration with having good candidates applying and interviewing, but not being able to accept offers of employment due to the lack of child care in non-standard hours. That is applicable to many in the professional services industry, as well as health care and emergency services. We are currently involved in an initiative to develop a cooperative model child care in downtown Great Falls to serve the business community's interests in this sector of the city, so those employers would be able to offer free child care as a part of their benefits packages."

- Scott W., Director of Workforce Education Coalition and Development, Great Falls Chamber



### COMMITTED TO MONTANA'S FUTURE.

Zero to Five Montana is committed to innovative solutions that work for Montana. Across the state, we partner with organizations from the public and private sector to advance our collective goal to see the best outcomes possible for businesses, communities, and families. We are here to serve as a resource for employers, communities, and policymakers as we all work together to address gaps in the early childhood system.

Our promise is to stabilize, innovate, and build the early childhood system so Montana families and communities can thrive.



## EARLY CARE AND EDUCATION PROVIDERS DESERVE CREDIT



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### WHAT ARE CHILD CARE WORKFORCE TAX CREDITS?

Early care and education professionals work hard, they are in high demand across the state, and yet this crucial workforce has long been one of the lowest paid occupations. Tax credits – which reduce the amount of taxes owed or increase a tax refund – are used across the country with a wide range of goals. Some states offer workforce incentives for early care and education professionals to increase income which can help with the recruitment and retention of an essential workforce.

### HOW DO FINANCIAL INCENTIVES HELP WITH CHILD CARE?

#### Increase the wages of child care workers

- Louisiana's School Readiness Tax Credits include credits for early care and education professionals, including child care directors. Workers are eligible for the credit if they "work at least six months for a licensed child care facility that participates in the quality rating system and are enrolled in the Louisiana Pathways Child Care Center Development System" [1]. The credit is refundable and adjusts annually with inflation.
- Though Louisiana's tax credit package is primarily focused on encouraging professionals to seek higher credentials, the package also lifts the compensation among a workforce with wages far below K-12 teachers, retail workers, and many others [2]. The tax benefit from the credit is equivalent to over 10% of the annual wage of a child care worker in Louisiana" [3].
- Virginia offered a \$2,000 financial incentive for teachers in child care or early education settings who stayed at their employer for six months or more [4]. The \$2,000 incentive was equivalent to a 14% wage increase.

#### Recruitment and Retention of a high-turnover, high-demand industry

- Evidence in Virginia suggests that "financial incentives can significantly reduce turnover among child care teachers" [4]. While retention incentives often occur on a temporary basis, tax credits provide an opportunity to offer financial incentives on a long-term basis.
- One large community in Virginia saw child care worker turnover *cut in half* as a result of the financial retention incentives [4].
- In Virginia, 40% of teachers indicated the program allowed them to "stay in their position longer than they would have without it" [4]. Financial incentives can substantially reduce turnover and improve teachers' well-being [4].
- After Louisiana's tax credits were implemented, the state saw a significant increase in the number of programs and providers becoming licensed or participating in the state's registry (equivalent to Montana's Early Childhood Project Practitioner Registry) [5].

## Young kids benefit from having consistency in a caregiver

- When a child and a dedicated provider can stay together for as long as possible (also known as continuity of care), it enhances positive experiences and builds protective factors so infants and toddlers have more resiliency throughout life [6].
- Children who have time to develop strong bonds with a caregiver have support in learning and development outcomes like attention, memory, and self-control. Kids with these relationships are also more likely to show higher level of connection with their peers, greater language development, and are more effective in their peer relationships [6].
- Consistency in a caregiver is also linked to decreased stress for families, caregivers, and children, increase understanding of child development, improve children's behaviors, and ease the transition into school. When parents have stability, they are able to be more reliable in their workforce [7].

## WHO DO CHILD CARE WORKFORCE TAX CREDITS HELP?

- Child care workers are in the top twenty for job demand and job growth, yet they have some of the lowest wages compared to all occupations [8].
- In Montana, most child care workers make \$11.19 an hour or around \$23,000 a year [9].
- Child care workers experience higher rates of turnover and labor force exits than the average occupation in Montana. At least half of the job openings for child care positions are a result of turnover [8].
- 1 in 4 of Montana's early education providers live in poverty, which is double the rate of other workers, and 8 times the rate of K-12 teachers [10].
- There are 3,978 early care and education professionals who are employed with at least one of 866 licensed programs in the state registry system [11].

## IS THERE SUPPORT FOR EARLY CARE WORKFORCE TAX CREDITS? YES!

- A survey of registered voters in Montana found [12]:
  - 66% favor state tax credits in Montana to supplement wages for the child care workforce.
  - 88% agree that a lack of child care has a significant impact on the state's workforce.



[www.zerotofive.org](http://www.zerotofive.org)

Sources: 1. Louisiana Department of Revenue. (n.d.). School Readiness Tax Credits. 2. Zero to Five Montana. (2021). The Low Wages of Child Care Workers. 3. Campbell, N., Entmacher, J., Blank, H., & Matsui, A. (2015). Extra Credit: How Louisiana is Improving Child Care. National Women's Law Center. 4. Bassok, D., Shapiro, A., Michie, M., Fares, I. (2021). The Importance of Financial Supports for Child Care Teachers During the Pandemic: New Findings from Virginia. 5. Louisiana Policy Institute for Children. (2016). Giving Credit Where It's Due: School Readiness Tax Credits Benefit Louisiana Families and Communities. 6. United States Department of Health and Human Services, Administration for Children and Families, Office of Child Care. (2020). Continuity of Care. 7. McMullen, M. (2018). The Many Benefits of Continuity of Care for Infants, Toddler, Families, and Caregiving Staff. National Association of the Education of Young Children. 8. Montana Department of Labor and Industry. (2022). Montana's Job Projections, 2021-2031. 9. United States Bureau of Labor Statistics. (2022). May 2021 State Occupational Employment and Wage Estimates: Montana. 10. Center for the Study of Child Care Employment. (2020). Montana. 11. Montana Early Childhood Project. (2023). Current Registry Participant Summary, Q1 FY23. 12. Poll Commissioned by Zero to Five Montana through the Montana State University Human Ecology Learning and Problem Solving Lab among 501 registered voters in Montana. (2022).

# MONTANA KIDS DESERVE A BRIGHT FUTURE



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## WHY DOES MONTANA NEED A CHILD CARE TRUST FUND?

Right now, Montanans struggle to access and afford child care. This impacts small businesses and employers across the state in their efforts to recruit and retain qualified workers. To stabilize the child care industry and ensure hardworking parents can get to work and boost the economy, our state must prioritize the child care system. Establishing a child care trust fund makes a commitment to addressing the dire child care crisis in Montana.

- 40% of Montana businesses say they are unable to find and retain a qualified workforce because of a lack of child care. Meanwhile, 30% of Montana businesses say inadequate child care has prevented their company from growing. [1]
- 70,000 parents are not in the labor force, working part time instead of full time, or working less hours because they lack child care. [2]
- 62% of parents say they missed time from work because of a child care related problem. [3]
- Over a ten year span, Montana can expect a total economic burden of \$907 million because of inadequate child care. [3]

## WHAT IS A CHILD CARE TRUST FUND?

A child care trust fund allocates dollars to the child care system or industry. Trust funds provide stable funding for a dedicated purpose, such as child care expansion as an economic driver.

## WHO WOULD A CHILD CARE TRUST FUND HELP?

- Montana lacks the crucial investments needed to stabilize and build up the state's child care industry, which is the foundation for parents to get to work and support a robust state economy.
- Depending on the scope, a child care trust fund could help create child care businesses or expand existing programs, including those that are currently underway through the Child Care Innovation Grants. Further, a trust fund could aid in supplementing wages for providers, directly assisting families with the cost of child care, supporting small businesses who cannot recruit or retain qualified staff because of a lack of child care in their area, and much more.
- A child care trust fund could provide funding for a variety of purposes including:
  - Capital investment and facility creation/expansion (which was not permitted under the American Rescue Plan innovation funds).
  - Early care and education workforce development through increased financial incentives for training and career development.
  - Workforce compensation for early care and education professionals including benefits like health care, wage supplements, as well as retention bonuses.
  - Increase the provider reimbursement rate of the Best Beginnings Child Care Program.
  - Increase funding into the Quality Rating and Improvement System.
  - Tax credits for child care workers or for employers contributing to child care capacity.

## WHAT WOULD HB 967 DO?

- Establish a child care subtrust within the coal severance tax bond fund. At present, other funds under the coal severance tax bond include an endowment for regional water systems, a big sky economic development fund, and a school facilities fund.
- General funds would be transferred to the child care subtrust for the use of the Department of Public Health and Human Services. Permitted uses include funding programs that provide scholarships or grants for child care expenses.
- Provide a monthly transfer of earnings from the child care fund to the Department. The monthly transfer does not include unrealized gains or losses. Earnings not transferred to the Department must stay in the child care fund.

## IS THERE SUPPORT FOR INVESTING IN CHILD CARE? YES!

- A survey of registered voters in Montana found [4]:

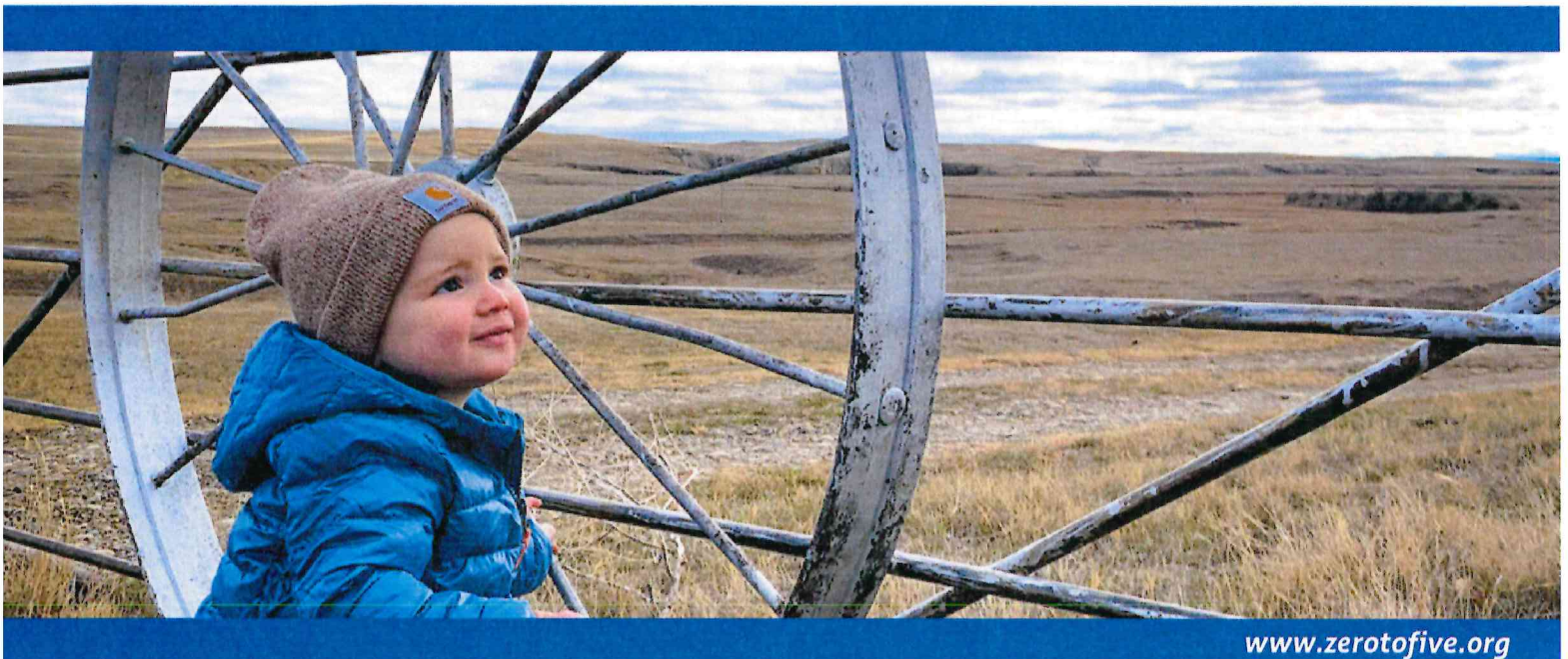
**93%** agree that child care costs are burdensome for families.

**89%** agree that the economy is impacted when working parents don't have access to child care.

**88%** agree that a lack of child care has a significant impact on the state's workforce.

**82%** agree that a lack of child care impacts Montana's small businesses.

**75%** agree that the Montana state government should play a role in reducing the cost of child care for parents.



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