

Summary

In Montana's Fergus County, the port authority connected local business leaders with the director of [Small Wonder](#), a nonprofit child care center in the City of Lewistown. Their conversations spurred a plan to support Small Wonder's expansion. Fergus County business leaders continue to investigate and develop other strategies to expand the region's child care capacity and their parent-employees' ability to afford high-quality child care.

"In Lewistown, existing employers and new businesses moving to the community compete for a too-small group of qualified workers. With more than 60 children on the waiting list of the largest child care provider in town, our business leaders are beginning to see the strong connection between the lack of quality child care and the ability to attract and keep good workers," said David Byerly, Lewistown City Commissioner

Key Takeaways

- Representatives of Lewistown's current and prospective businesses consider the impact of child care on workforce availability a top concern.
- Cross-sector meetings with child care operators, city officials, and business leaders can create solutions to a community's lack of child care availability. Child care operators can inform these discussions with real-time market data on demand for their services.
- Child care operators often have minimal training or experience with the business side of child care. Business associations and business leaders can assist child care directors by mentoring them on business practices and serving on nonprofit child care program boards. Child care operators with solid business skills can plan for and take advantage of expansion opportunities to serve a larger share of a community's children.
- Businesses can investigate ways to support their parent-employees with young children through providing parental leave, flexible work schedules, and assistance in accessing child care.

How the cross-sector child care conversation started in Lewistown

Dave Byerly is a retired businessman, vice chair of [Fergus County Port Authority](#) (FCPA) in Montana, and a city commissioner in Lewistown, the county seat. FCPA is governed by a volunteer board that works with economic development organizations, community leaders, and employers to facilitate job creation and a stronger economic base in Fergus County.

Byerly said that the local business community came to focus on child care when the FCPA started a conversation about how to address perceived workforce shortages in the county.

“We were about 15 minutes into a conversation about workforce when we realized child care was a huge economic development issue,” he said. “We talked about the lack of it, and how that affects our employers across the spectrum in Lewistown.”

About 11,000 people live in Fergus County, spread across an area more than twice as large as Delaware. Just over half of them live in Lewistown a few hours’ drive away from Helena, Bozeman, or Billings. Lewistown shares those cities’ natural beauty and low unemployment—and, like its larger, more urban neighbors, is home to a struggling child care market. Fergus County has just one licensed child care space available for every four children under age five.¹

Byerly said that the child care shortage doesn’t just impact current business owners—it’s one of the first things potential new business operators think about. For example, Town & Country plans to open a new grocery store in town with 50 employees. In initial conversations with company and town leaders, child care availability came up as a high-priority issue.

Byerly and FCPA invited Charrisse Jennings, then-director of Small Wonder, a licensed, nonprofit child care center operator, to several FCPA meetings with local business leaders.² Many in attendance were connected directly or through their employees to Small Wonder; parents of the 207 kids that use the 133 spaces at Small Wonder work at 125 of the area’s businesses.

Many employers’ parent-employees also found themselves on the center’s waiting list. In a county with roughly 620 kids under the age of five, Small Wonder’s waiting list frequently tops 60 children.

One of the business leader participants, Ashley Morris, director of human resources at Spika Design and Manufacturing, noted that the meetings helped overcome communication barriers to find potential solutions. Lewistown’s low child care supply hindered Spika’s hiring efforts for its 55-employee facility. Morris named one out-of-town prospect who recently turned down a job due to a lack of child care in the community.

Need for child care expansion

During Jennings’ first month as Small Wonder’s director in 2015, Lewistown’s child care shortage was in danger of getting even worse. Jungle Gym, another of the town’s licensed centers, suddenly announced plans to close. That center served about 60 families and employed 18 staff members.

“We knew the impact would have not just landed on the families at Jungle Gym, but on our entire town,” said Jennings. “Maybe those parents would leave town. Maybe they’d have to scramble to find care, regardless of how safe it was for their kids.”

Jennings and her board decided to take a “leap of faith,” taking over Jungle Gym’s operations and maintaining its service to families.

“At the time, I’m not sure people realized how big Jungle Gym’s closure could’ve been,” recalled Jennings. But people are more aware of the crisis now, she said. When a

20-slot center shuttered more recently, the closure made Lewistown's business community more acutely aware of how few options are available to Lewistown parents—and how the child care shortage may impact employers' struggles to fill open positions.

"The day that center closed, I had 28 calls from parents looking for a spot for their child," Jennings said. "I was only able to fit in three of them." A typical wait time for a child on Small Wonder's waiting list is about six months. According to Jennings, by the time she finds a spot for a family, they've often left town because they never found a manageable child care solution.

This information was an eye-opener for Dave Byerly and FCPA. Since learning it, they have heard of numerous other incidents where child care availability affected a parent's decision to live and work in Lewistown. In one case, an attorney who had accepted a position ended up leaving when she could not find a space for her child at a licensed child care provider.

Expansions and plans

Small Wonder is planning to expand its capacity from 133 to 176 spots after it renovates a vacant Catholic school building in Lewistown. Ashley Morris said that "the conversations hosted by FCPA were helpful in opening the school for the child care expansion."

The \$50,000 cost of the expansion will be partially financed through fundraising, and the Catholic diocese is renting the school to the program for less than it would cost to rent out space in an office building or other locations in Lewistown. Despite adding 43 child care spaces, the expansion is unlikely to fully resolve the center's waiting list.

Home-based family child care providers are another source of child care supply. Across Montana, group home child care (which refers to home-based providers licensed for up to 12 children) and family child care (which refers to home-based providers licensed for up to 6 children) combined represent almost 20 percent of licensed child care spaces. Recently, Fox Den Childcare in Lewistown expanded to a second location, which created up to 12 more child care spaces.

Business support for parent-employees

Connections made through the FCPA meetings about child care have led to discussions about how local employers could support their parent-employees with child care access and affordability. Employers recognize that child care issues can impact labor availability, retention, and productivity. While plans have not been finalized, employers are in discussion with Small Wonder about how they can make child care more available, such as helping pay for spaces at the center that their employees could use. Both Byerly and Jennings are optimistic that more partnerships will form once the center expands.

Morris noted that Spika offers six weeks of paid parental leave as a way to support families with young children. So far, the company hasn't developed a child care benefit,

but is investigating ways it could help parent-employees with their child care needs. A couple other businesses represented at the FCPA meetings started providing stipends for parent-employees to help defray child care costs.

Both families and programs face cost challenges

Like elsewhere in Montana and the U.S., families face challenges paying for child care while programs have challenges covering expenses.

Parents with young children are often in the early stages of their careers and earn less than they will years later. Small Wonder's monthly tuition ranges from \$600 to \$755 per month for children older than age three and infants, respectively. Full-time care for an infant is about 17 percent of Fergus County's estimated \$54,000 median household income.³

Montana's Best Beginnings Scholarships provide resources for families whose incomes are below 150 percent of the poverty level—a level that is currently set at \$38,625 for a family of four. However, for families whose income's fall just above that level, \$660 per month is about 26 percent of family income.

"It's not that families are unwilling to pay," said Jennings. "In fact, they want to pay; they just can't afford to pay 30 percent of their income." In Fergus County, about 25 percent of young children live in poverty and an estimated 38 percent live with a single parent.⁴

Even though prices are already out of reach for many working parents, Jennings said that the relatively high costs do not translate into large profit margins for providers like hers. Until recently, she was only able to pay staff at the center minimum wage. However, due to increasing competition for workers in Lewistown, Small Wonder has shifted entry-level wages from \$8.50 an hour to \$10 with increases to \$14 once staff have experience and training. Small Wonder also provides a number of training opportunities for staff that support program quality.

Moving forward

Dave Byerly is hopeful that the Small Wonder expansion is just the beginning of a long-term strategy for addressing the needs of Lewistown's employers, parents, and youngest residents. "The shortage is hitting everything—it's hitting families, it's hitting workforce, it's hitting businesses, it's why our kids are coming to school unprepared to learn," he said.

"Two years ago, there was zero community conversation on this that I'm aware of," continued Byerly. "It's not a mature conversation yet, but we've come a long way in a year." He said the information he received at a meeting of business leaders facilitated by Funders for Montana's Children and the Federal Reserve Bank of Minneapolis gave him new ideas that he brought back to Lewistown.

Byerly noted that FCPA is starting to work with other partners to address quality child care for underserved families in the area, such as families with low- to moderate-income or those involved with the child welfare system. Research shows that community

benefits and public returns are particularly high when connecting underserved and vulnerable children and their families to quality early childhood programs.

For her part, Jennings said she wouldn't mind seeing a little competition—and investment in the supports that can make that possible. She recalls one child care center that closed, not because the owner wasn't passionate about the work, but because she lacked the business skills to operate successfully. Potential roles for business leaders include mentoring local child care directors on business practices or serving on nonprofit child care program boards.

Lewistown's current crop of unlicensed providers may be a potential resource for the city, Jennings said. She added, "If the community or the state could come around to them and say, 'We need what you're doing. Can we help you become licensed so families will know you are an option?' I wouldn't complain, because Small Wonder is bursting at the seams."

Ingredients for success

The cross-sector child care conversation in Lewistown is still in early stages, but the following aspects have helped the process get to the point where it is now.

- The local port authority served as a trusted convener of business leaders, the community's largest child care provider, and other community stakeholders to develop ideas to expand access to child care.
- The community's largest child care provider has demonstrated solid business skills and is open to helping increase child care supply within and outside its program.
- Local business leaders are open to investigating strategies that can support their parent employees with young children, including helping them access affordable child care.

¹Amy Watson. *Childcare in Montana: Supporting Montana Families and Caring for the State's Most Precious Resource*. Montana Department of Labor and Industry, September 2018.

²Kylie Downs is now the director of Small Wonder and Charrisse Jennings works for Family Connections, a non-profit organization that works throughout Montana to help families find child care and offers training and other services to child care providers.

³U.S. Census Bureau, 2013–2017 American Community Survey 5-Year Estimates.

⁴ibid.