

Childcare Cooperatives

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Childcare Crisis

1) Shortage of Care

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

2) Affordability

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

3) Inadequate Support for Low Income Parents

- ~ 13% of eligible households receive subsidies



Economics of Childcare

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



Creative, Proven Options: Childcare Cooperatives

Membership Types:

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



Childcare Co-op Structure

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



Childcare Coops: Non-Profit Status

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



Why a Child Care Co-op?

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



- Caregiver Attributes (ed'n, exp, creden'ls);
 - Ratio of children per caregiver
 - Developmentally Appropriate
 - Stable, reliable care
 - Good for Kids
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Childcare Cooperatives: Parent Model

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



6) Low Teacher Turnover (“no attrition”)



Parent Model

Founded: 1951 Los Angeles, CA

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

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





Strengthening Families

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



Findings:

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

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Employers are Childcare Stakeholders

1) Childcare challenges contribute to worker shortages

2) Benefits of Employer supported childcare:

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



Employer Childcare Co-op

- Members are employers (can overlaps with parent model)
- Strategy for employers otherwise unable to offer the benefit
- Allows employers to share risks and benefits
- Rarely free for employees but combined efforts of

employers can reduce costs:

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



Employers in Hazen North Dakota: Pop 2,273

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



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



ENERGY CAPITAL COOPERATIVE CHILD CARE

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

EMPLOYERS:

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



GEO-KIDS: Parent/Employee Model: Menlo Park, CA: 1983

- US Geological Survey
- Employer provides space @ minimal rent, utilities, copying...
- Parents pay for care
- Board: Parents & Employer Rep

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



Worker Cooperative

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



Ineligible for tax exempt status



Worker Cooperative in Philadelphia

Founded: 1988 Now 2 locations, 85 children

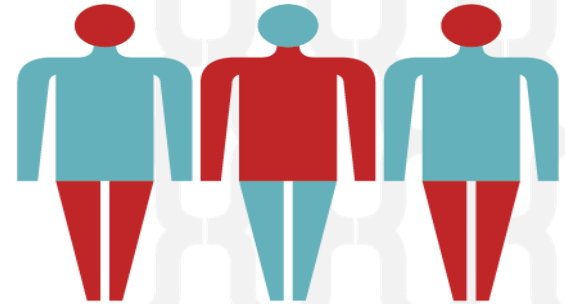
- Worker Co-op is fully owned & controlled by workers

- A non-profit works in concert with the co-op.
- The non-profit supports the mission to serve diverse families and raises foundation funding to subsidize childcare fees for low-income families.



Childcare Cooperative: Including Workers

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



Including Employers, Parents & Teachers



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

Co-op Governed by Parents & Teachers

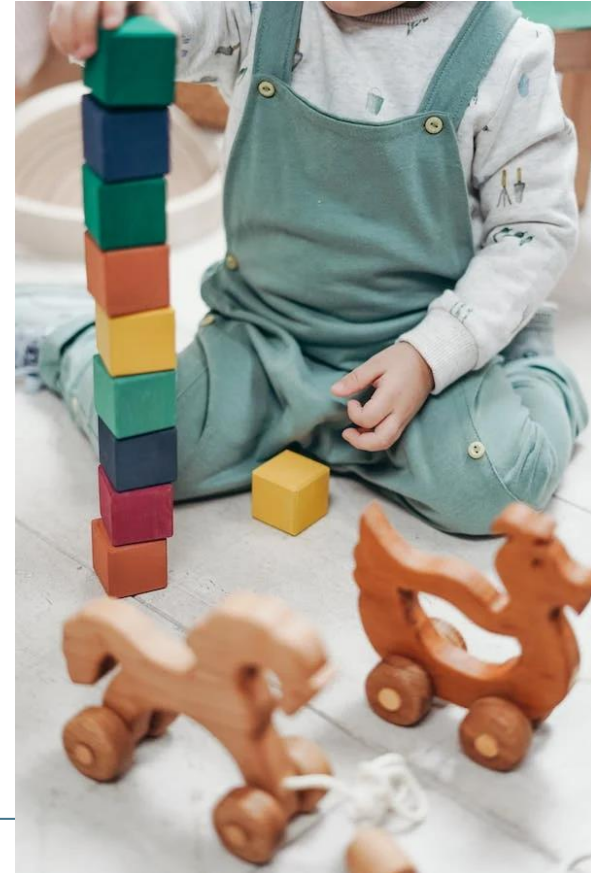


- 1) Founded in 1969
- 2) Licensed for 210 Children
- 3) Cares for ages 8 weeks to 5 yrs
- 4) Organized as charitable non-profit
 - 51% or more are "disinterested parties"
- 5) Board includes parents and teachers
- 6) Parents contribute 4 hours per quarter
- 7) Success prompted university to contribute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



Organizing Overview: Starting a Co-op Childcare Center

- 1) Leadership: Steering Committee of Committed Decision Makers
 - 2) Identify needs & vision
 - 3) Know all relevant regulations
 - 4) Feasibility Study
 - 5) Initiate funding & membership commitments
 - 6) Prepare & Review Business Plan
 - 7) Develop legal documents: Incorporate
 - 8) Charter meeting; elect board; finalize legal docs
 - 9) Prepare for business start-up; finalize funding...
 - 10) Start operations, implement the business plan
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Regulations: Focus on Children

Balancing Act: Costs vs. Safety

Licensing Requirement Include:

- **Building & Site:** Square footage, fencing, toilets...
- **Staffing:** Structure & Education Requirements: Director, Teacher, Assistant Teacher, Aides
- **Age-Defined Requirements:** Infants, Toddlers, Preschoolers, School Age
- **Group Size**
- **Ratios – Child : Staff**

Childcare Operational Facts



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

Childcare Cooperatives: Addressing the Childcare Crisis

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

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California Cooperatives:
Today's Landscape of Worker, Housing and Childcare Cooperatives



{ Project Equity }  California Center for Cooperative Development  Sustainable Economies Law Center  The James Irvine Foundation