



CHILDCARE COOPERATIVES in Montana

A brief introduction to childcare cooperatives, how they work, when to use them, and why.

mdc-coop

Developed through partnership between Montana Cooperative Development Center and Zero to Five Montana

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Montana Cooperative Development Center (MCDC) has designed the following pages as part of a childcare toolkit in partnership with Zero to Five Montana. For more information on both organizations and services provided, visit mcdc.coop and zerotofive.org

MCDC is the statewide resource for cooperatives working to build together what would be impossible to build alone. The mission is to promote and develop cooperatives to meet rural Montana's economic and community needs through the use and promotion of cooperatives.

Zero to Five helps caring Montanans make a lasting difference through local and statewide work, giving children a great start in life and a promising future. The organization establishes and coordinates local collaboratives to help people make positive changes for children where those changes are most needed in each community.

The following pages of this booklet are designed to be used individually or as part of an overall training program on the different types of cooperatives that can address childcare needs in Montana. The goal of this booklet is to inform of the possibilities of cooperatives. MCDC is available to guide any group or community interested in exploring a cooperative business model. If interested in our services, please call 406-727-1517 to schedule an appointment with one of our specialists.

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Montana Child Care Cooperatives: Employer Owned



Montana Cooperative Development Center in partnership with
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Cooperatives are created when a group of individuals identifies a community need. They empower community members to become owners of the cooperative, making important decisions about their cooperative's mission, structure, and direction. Cooperatives aren't founded to turn a profit; instead, they aim to solve an economic need within their communities.

Child care cooperatives thrive all over the country because lack of child care is an almost universal need. Whether high costs make child care inaccessible or there's just a lack of available child care slots, dozens of diverse communities have decided that child care cooperatives can meet their needs.

There are several different child care cooperative models. All can be tailored to fit community needs.

Child Care Employer-owned Cooperative Model

As more parents join the workforce (especially women), employers have realized that offering child care at a reduced rate helps them attract and retain employees. It also reduces absenteeism, boosts employee loyalty, and creates a more satisfied and productive workforce. These benefits all generate more profit for the employer as they reduce employee turnover. Costs associated with training new employees can significantly affect a business' bottom line.

Employer cooperatives can involve paying rent for a facility, provide start-up capital, and donate space. They can hire management, reserve child care slots for employees, offer onsite or reduced childcare, and contract with existing providers. Employers can choose to run the child care, but more often choose to leave operation and ownership to employees who use the child care.ⁱⁱⁱ

Child Care Consortium Cooperative Model

In the child care consortium model, businesses act together within industrial parks, commercial developments, apartment complexes, and municipalities to provide child care. The cooperative is often owned by combined employee groups who use the childcare, and governed by a board of directors from membership and participating employers.

This model benefits businesses because they can share the costs associated with providing child care, whether they build a new center or contract with existing providers. It also benefits businesses who want to provide child care but have a low parent population.^{iiiiv}

ⁱ <https://www.preschools.coop/cooperative-models>

ⁱⁱ http://cccd.coop/sites/default/files/resources/bft_1.pdf

ⁱⁱⁱ http://cccd.coop/sites/default/files/resources/bft_1.pdf

^{iv} <https://www.preschools.coop/cooperative-models>





Montana Child Care Cooperatives: Investment



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Child Care Investment Cooperative Model

In the investment cooperative model, several businesses or organizations aim to provide or improve child care through capital investment. They can help with start-up costs, new builds, and renovations. They can also invest in current providers. Investment cooperatives don't run the child care itself; they just provide the monetary resources necessary to support it. Investment cooperatives can invest in child care cooperatives or other child care structures.

The investment cooperative raises money by selling preferred stock in addition to its common (membership) stock. Preferred stock does not denote higher voting power or a bigger say in the cooperative's operations, it just means that when dividends are paid out to members, preferred stock gets priority. Adhering to the cooperative principles of democratic leadership, each member still has one vote even if they don't hold *any* preferred stock.

Although people typically invest to make money, investment cooperatives do not exist to generate profit. As with any cooperative, investment cooperatives are formed to solve a community need. The investment cooperative model gives investors the chance to invest community funds in people rather than mutual funds.





Montana Child Care Cooperatives: Multi-Stakeholder Model



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Child Care Multi-Stakeholder Cooperative Model

Cooperatives are an extremely flexible business structure, and any of the child care cooperative models can be combined to create a multi-stakeholder cooperative.

Multi-stakeholder child care cooperatives can be comprised of members from different groups, rather than the typical cooperative structure of membership from just one group. For example, a cooperative can have only employers as member owners, or only child care workers. This allows employers, parents, and providers to collectively work on child care solutions for their communities. For example, the consortium model, in which a group of employers work together to establish a child care cooperative, can include parents and child care employees in their membership and on their board of directors.

Additionally, stakeholders can also be different cooperatives.¹ For example, a home care provider/shared services cooperative, in which a group of home care centers share resources, can form a multi-stakeholder cooperative with an employer-owned cooperative, in which an employer offers childcare to its employees for a reduced rate. This would create a multi-stakeholder cooperative in which home care providers save money on materials, advertising, and administrative paperwork and in which employers have a higher rate of employee retention, loyalty, and satisfaction.

¹ <https://uwcc.wisc.edu/resources/multi-stakeholder-cooperatives/#:~:text=Multi%2Dstakeholder%20cooperatives%20are%20co,agencies%2C%20or%20even%20other%20cooperatives>





Montana Child Care Cooperatives: Parent Owned



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Child Care Parent-Owned Cooperative Model

In the parent-owned child care cooperative model, parents are member-owners concerned with providing high-quality care for their children and giving input. Each parent contributes a member fee to fund the cooperative and time to the child care cooperative.

Member-parents vote to appoint a board of directors. The board sets long-range policy, oversees the center's professional management, and oversees the program director.ⁱ The program director oversees day-to-day operations and hires and supervises staff.

The parent-owned model is the most common form of child care cooperative. They are often seen as enrichment programs for cooperative families, and parent education is integral to the model.ⁱⁱ

Child Care Babysitter Cooperative Model

The child care babysitter cooperative model is also owned by parent members. In this model, parents exchange babysitting services with each other. No money is exchanged; the services are usually based on a points system accounting for times using services and times providing services by the hour. In Bozeman, a child care babysitter cooperative uses poker chips to keep track of services provided and used.ⁱⁱⁱ

This model benefits families who can't afford to pay for traditional child care, especially during non-traditional hours resulting from parents going on work trips or working late shifts. Family member-owners also often form strong bonds with each other, making the cooperative a community.

A downside to this model is that, unlike traditional child care, it can be hard to establish standards for quality of care. However, families can ameliorate this by writing standards into their bylaws. Families who fail to meet these standards may have to leave the cooperative.

ⁱ <https://www.preschools.coop/cooperative-models>

ⁱⁱ http://cccd.coop/sites/default/files/resources/bft_1.pdf

ⁱⁱⁱ <https://geo.coop/story/poker-chips-and-friendships-babysitting-co-op>





Montana Child Care Cooperatives: Worker Owned



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Child Care Worker Cooperative Model

Child care worker cooperatives engage employees as member-owners. This can include directors, teachers, and child care assistants. Workers run and make decisions for the business, being able to operate in a more hands-on way than, for example, an employer-owned cooperative.

There are several benefits that come along with the worker cooperative model. As member-owners, workers ensure fair wages and working conditions for themselves. Infamously underpaid and with high turnover, workers can create higher wage structures and ensure steady employment for themselves.

Worker cooperatives can contract with employers in employer group or consortium model cooperatives.ⁱ

Child Care Home Provider Cooperative Model/Shared Services Model

In the home provider/shared services model, each provider remains a separate business. They can combine marketing, collectively bargain, increase their buying power by purchasing in bulk, create a backup care network, create a toy lending library, and share administrative materials like meal plans and business paperwork.

This model creates a community of providers in an otherwise very isolating business structure. It also facilitates the exchange of ideas. Additionally, the cooperative can set expectations of quality to address common problem of uncertain quality of home-based care.ⁱⁱ

ⁱ http://cccd.coop/sites/default/files/resources/bft_1.pdf

ⁱⁱ http://cccd.coop/sites/default/files/resources/bft_1.pdf





Why Employers Should Invest in Child Care



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While offering child care is rarely profitable in and of itself, the costs of *not* providing child care are extremely high. Due to lack of childcare, American businesses lose \$12.7 billion annually,ⁱ 40% of businesses say they're unable to find and retain a qualified workforce, and 30% of businesses say they're unable to grow.ⁱⁱ When an employer offers child care, these limitations and costs are resolved. In addition, offering child care improves workplace culture, employee loyalty, and overall productivity. The cooperative model allows more flexibility for the employer than traditional child care, as well as greater parent involvement.

Grow your candidate pool

Child care shortages in Montana deeply affect the workforce, leading to a lack of qualified employees. In April 2020, 320 of 859 child care family, group, and center-based providers closed, removing 10,000 child care slots.ⁱⁱⁱ 60% of Montana counties are considered child care deserts—that is, less than a third of child care demand is being met. As of May 2021, 35,000 Montanans were excluded from the labor force because they had to care for family members.^{iv}

Offering child care as part of employment reinvigorates this constrained workforce. 67% of American workers are looking for employers to offset the cost of child care and 55% would take a pay cut for a job that offers child care.^v By offering child care, employers can draw qualified candidates into the workforce.

Increase employee retention

Another benefit of providing child care to employees is that employees are less likely to *leave* their jobs due to needing to care for their children themselves. In terms of cost, in 2020 employers spent \$1,100 and 55 hours on average per employee on training^{vi}—having to constantly train new hires as parents leave the workforce takes a huge toll on businesses. One study found that the rising cost of child care resulted in an estimated 13% decline in the employment of mothers with children under the age of 5.^{vii} Providing child care prevents this decline and retains qualified and valued employees.

Improve work culture

Providing child care makes your employees more effective and productive: 62% of parents say they missed time from work due to lack of child care,^{viii} and providing care can decrease employee absences by 30%.^{ix} In addition, providing child care increases employee loyalty and satisfaction, with 10% of employees reporting increased work-life balance.^x

How can you get involved?

Employer-sponsored care can involve paying rent for a facility, providing start-up capital, or donating space. Employers can reserve child care slots for employees, offer onsite or cost-reduced childcare, or contract with existing providers. If employers don't want to provide child care but want to implement more child care-friendly policies, they can offer flexible hours, working from home/telework options, voluntary reduced time options, and ensure predictable scheduling.^{xi}

ⁱ <https://www.americanprogress.org/article/child-care-crisis-keeping-women-workforce/>

ⁱⁱ <https://static1.squarespace.com/static/5c90fe4716b640613581ddff/t/62267e67dbd8f4479de2377d/1646689899406/2022.1.31.2022+Child+Care+and+Workforce+%281%29.pdf>

ⁱⁱⁱ <https://montanabudget.org/report/the-coronavirus-and-child-care-montana-must-do-more-for-workers-and-families>

^{iv} Christopher Bradley, *Where Are the Workers?* Department of Labor and Industry, 2021

^v <https://www.kindercare.com/employer-sponsored-child-care/benefits-employee-child-care>

^{vi} [https://whatfix.com/blog/cost-of-training-employees/#:~:text=On%20average%2C%20companies%20spent%20%241%2C111,small%20business%20\(%241%2C678\)%20companies](https://whatfix.com/blog/cost-of-training-employees/#:~:text=On%20average%2C%20companies%20spent%20%241%2C111,small%20business%20(%241%2C678)%20companies)

^{vii} Bradley, *Where Are the Workers?*

^{viii} <https://static1.squarespace.com/static/5c90fe4716b640613581ddff/t/62267e67dbd8f4479de2377d/1646689899406/2022.1.31.2022+Child+Care+and+Workforce+%281%29.pdf>

^{ix} <https://www.forbes.com/sites/aakashkumar/2018/03/08/how-unreliable-and-costly-childcare-keeps-people-off-the-job/?sh=51125a5b5e18>

^x <https://www.kindercare.com/employer-sponsored-child-care/benefits-employee-child-care>

^{xi} <https://familyforwardmt.org/family-friendly-practices-1>

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