CHILD CARE WHITE PAPER

Western North Dakota Energy Project

Presented by: The Strom Center at Dickinson State University

Funded by: Vision West ND

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Preface

Gaining access to high quality, affordable child care is a universal challenge for working families throughout the United States. This challenge is multi-dimensional and includes considerations related to access, cost, choice, and quality. Demographic changes in America, including the rise in two working parent households and single parent households, have increased the need for outside child care. But, a 2014 survey on child care costs shows that the cost of child care represents a significant burden for many families.¹ According to the executive director of ChildCare Aware® of America, “Quality, affordable child care provides critical support to our nation’s workforce and is one of the earliest learning settings our children will enter. It’s time to address the disparity between high child care costs and low provider wages, and find a solution to what has become a crisis.”

Child care is a particularly acute challenge in Western North Dakota where energy development has created a rapidly growing economy that is putting pressure on both the private and public sectors to provide the quality and quantity of services to support a high quality of life. The child care challenge impacts all youth but is particularly acute with respect to infants until kindergarten and before and after school child care for elementary and middle school age youth. The Strom Center at Dickinson State University leads the effort for this policy paper. The Strom Center recognized that resources have been developed to support this industry but given the magnitude of the current challenge they will fall short of providing the supports needed to ensure large scale development of child care services in the state. To ensure that our leaders had objective, relative and timely information The Strom Center partnered with Vision West ND to delve into this issue through development of this policy white paper. The Strom Center contracted with the Center for Rural Entrepreneurship as part of their ongoing collaboration on the Western North Dakota Energy Project to undertake a limited exploration of the child care issue in the region.

This White Paper is organized around four key questions:

- What problems are we trying to address?
- Why is child care so important to the region?
- What are possible solution models relevant to the Western North Dakota environment?
- What are key considerations that are foundational to a Western North Dakota solution?

While the scope and scale of this project limit our ability to offer specific recommendations, we do point to possible models that deserve further study as leaders in the region consider what an optimal solution might be. Attachment 1 provides the scope of work that guided the creation of this White

Paper. All observations are based on a review of existing respected literature and key person interviews both inside and outside the state. Attachments 2-5 provide further documentation and information to guide your continued discovery. On behalf of the Center team – Dr. Deborah Markley, Ahmet, Binerer, Dana Williams and Don Macke; The Strom Center at Dickinson State University – Dr. D. C. Coston and Ray Ann Kilen; and Vision West ND – we sincerely hope that this White Paper is valuable in the upcoming child care discussions.
Executive Summary

America’s Child Care Challenge. Child care is an American challenge. Rising workforce participation, single parent households and eroded local extended families is increasing the need for child care options. There is a clear national gap between the ability of most families to cover the cost of out-of-home child care services. Child Enrichment. There is increasing attention to the value of moving beyond affordable and safe child care services to services that provide educational and enrichment opportunities. There is a growing consensus on the value of early childhood educational services. See the Oklahoma model.

Western North Dakota’s Unique Situation. Western North Dakota is undergoing a dramatic development boom associated with energy production. The scale, pacing and duration of this energy boom has dramatically increased the population of this relatively rural region. As the oil boom moves into the production phase of development, there is rising permanent employment, in migration of families and increasing need for child care services. While incomes are elevated, so are other costs creating an affordability gap for many working families. Key Challenges. There are many challenges in confronting child care solutions, but the following three challenges are particularly important:

Facilities. The rate of growth in child care demand requires rather dramatic investments into child care facilities. Our findings strongly suggest that the private sector alone cannot cover the cost of required facilities investments. Public financing and subsidies are required.

Staffing and Programs. There is a massive gap between current child care worker compensation and the prevailing labor market in Western North Dakota. Recruiting and retaining skilled child care workers is a vexing problem that will require innovative solutions and compensation enhancements funded through both employer and public mechanisms.

Financing. There is a clear need for a predictable and robust public and private financing strategy for both facilities and staffing/programs. Current public investments are significant, but appear inadequate to meet the financing gap that currently exists.

Promising Models. We strongly recommend that North Dakota further explore the Colorado child care approach. The Colorado model offers promising mechanisms that fit North Dakota’s reality. An important element within the Colorado model is to engage stakeholders to find local solutions through the creation of “community child care councils.” These councils involve five key stakeholder groups including: parents, care givers, educators, employers and communities. We believe the “council mechanism” could prove valuable in helping communities in western North Dakota with unique challenges and assets evolve optimal child care solutions. Oklahoma. Expanding universal pre-school education to pre-kindergarten youth (beginning with 3 or 4 year olds) through public schools offers a partial solution. Oklahoma is leader in providing universal pre-school education. We recommend that North Dakota explore the Oklahoma model.
What Problem(s) Are We Trying to Address?

The Context for the Child Care Problem

Two generations ago, the child care landscape in the U.S. was defined by the Norman Rockwell image of the American family: two parents where one (generally the husband) worked outside the home and the other (generally the wife) stayed home to provide child care. However, this image no longer describes most families in America and the Bakken Region of Western North Dakota. Today’s family realities are very different:

More two parent working households. North Dakota has one of the highest workforce participation rates in the nation as the energy boom draws more and more people into the workforce. With two parents working, who will care for the children?

More single parent working households. As American culture and family structures change, more single parents are working to support and maintain households. Access to child care for single parents is directly related to their ability to get and hold a job and build a career.

Stagnant or declining middle class incomes. While earning power in the Bakken is higher relative to the nation, so is the cost of living, putting a squeeze on the ability of families to climb into and stay in the middle class. The high cost of child care can exacerbate this problem.

Working households are increasingly expected to work expanded hours extending before and after the once typical 9 to 5 working day. Expanded working hours require extended-day child care services.

Increasing numbers of working households have more limited flexibility in terms of paid leave. With more limited flexibility, a sick child or loss of a care giver can impact incomes and even job security.

While multi-generational extended family historically was a central part of child care, dynamic and growing economies and increased mobility have weakened these ties. Families drawn to the Bakken from outside the region are less likely to have extended family locally, making these new migrants even more dependent upon outside child care services.

These are national realities that impact the need for and desired features of child care. The Bakken Region has all these elements at play, but many are intensified by the scale, pacing and duration of the

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2 Interview with Jennifer Barry, Administrator, North Dakota Department of Human Services Early Childhood Services.
energy boom. The scale of development, relative to the pre-boom capacity within the region, creates a significant gap between available child care services and increasing demand for such services, as it has done for many other services across the region.³

Who Cares (Or Should Care) about the Problem

The child care challenge impacts the entire region and its ability to support economic development and ensure a desired quality of life. But, there are **Five Key Stakeholder Groups** that are particularly affected by the challenge:⁴

*Parents – Care Givers – Educators – Employers – Communities*

**Parents.** A primary responsibility of any parent is to ensure a safe, healthy and constructive environment for their children. Parents in the Bakken are no different and, based on key informant interviews, they are struggling to find child care services.

**Care Givers.** The child care business model is a challenging one nationally.⁵ The Bakken region is particularly challenging because rapid development has increased the cost of living and, as a result, the cost of child care facilities, the wage rates and supply of qualified staff, and the corresponding parental capacity to pay. In addition to these pressures on the cost and revenue side, care givers are making investment decisions in a very dynamic environment associated with the energy boom. Even modest contractions may undermine these investments. Child care providers may well require a premium return on investment to manage this downside risk. Combined, these market forces suggest that private sector child care investment may be constrained until there is a revenue model that covers costs and enables a reasonable risk-adjusted return on investment.

**Educators.** Access to quality child care is of concern to educators for at least two reasons. First, educators have a stake in increasing the quality of early childhood education so that those entering elementary school are ready to learn and succeed. A report by The Annie E. Casey Foundation concludes that “high-quality early care and education play an important role in preparing children for

³ As part of the Western North Dakota Energy Project, the Center produced three White Papers focusing on the Bakken Energy Boom. These White Papers may prove helpful in providing readers outside of the Bakken Region with an appreciation for the socio-economic climate present in this region. These papers are available at [http://www.energizingentrepreneurs.org/library/shale_resources/](http://www.energizingentrepreneurs.org/library/shale_resources/).

⁴ Colorado identifies and uses these five stakeholder groups in their child care approach. Bill Jaeger, Vice President for Early Childhood Initiatives with the Colorado Children’s Campaign, shared a number of resources where these stakeholder groups are engaged and these are included in the electronic library created to support this White Paper.

⁵ ChildCare Aware® of America. *Parents and the High Cost of Child Care.*
success and lead to higher levels of educational attainment, career advancement and earnings.\textsuperscript{6} Second, educators are committed to the health, safety and success of their students. Issues of inadequate pre- and after-school care, weekend care and vacation care are concerns and may impact the ability of students to stay in school and succeed.

**Employers.** The lack of child care is one of many significant workforce issues in the Bakken region brought on by the rapid and significant demand for labor in the energy sector. Through recent interviews and earlier work on the Western North Dakota Energy Project, the struggle of employers (both energy and non-energy) to secure workers, particularly long-term workers and their families, is well documented and substantiated by the low unemployment rates in the region. The child care challenge that leaders across the region have acknowledged makes these workforce challenges even more limiting as employers try to attract employees who they hope will establish roots in the region and stay in their jobs for some time to come.

**Communities.** Communities in the Bakken have been playing catch up as development has exceeded their ability to provide basic and quality of life services ranging from housing to police protection to roads. As the nature of this development changes over time, the demand for services changes as well. During early energy development, a large component of the workforce migrated temporarily into the region to work while maintaining permanent homes and often families in other parts of the country. As the energy boom matures, communities across the region have a compelling interest in growing a rooted energy sector including businesses and employees who have a long-term perspective and plan for their time in the region. Attracting permanent workers and their families is a challenge in the Bakken environment. Communities must consider what mix of services, including child care, will contribute to attracting and keeping these working families.

Critical Elements of the Child Care Problem in Western North Dakota

There are four critical elements to the child care challenge in this region that need to be recognized and understood:

**Child care services and workforce development are intimately connected.** The ability of the Bakken region to grow a permanent, rooted and family-based workforce will require more aggressive and substantial development of child care services. Energy-related development continues to race ahead of the region’s ability to supply a wide range of public and private services. Tackling the child care challenge will require an intentional and collaborative approach across a range of stakeholders.

**The cost of child care services relative to a family’s ability to pay must be addressed.** Research cited earlier documents the wide gap between the cost of adequate child care and the capacity of many parents to pay these costs. In the Bakken region, the upward pressure on the cost of living makes getting a handle on the cost burden to families even more challenging. The *Parents and the High Cost of Child Care* report classifies North Dakota as a state with relatively affordable care. But such statewide data does not consider the unique regional conditions that are driving up labor and other service costs. Given this potentially large affordability gap, regional leaders will need to consider creative ways to subsidize child care services.

**The unique conditions in the region make it challenging to build the needed child care infrastructure.** The region faces two unique issues when it comes to building out the child care infrastructure. First, there is the challenge to simply create enough child care slots for the growing number of existing and potential children, including infants, toddlers and elementary youth requiring out of school child care. Finding affordable space to construct or expand child care facilities is a challenge in a region that is facing significant development pressure. It is difficult to find housing for families let alone buildings for day care centers. Second, even with space for more children, there is the more challenging problem of securing staffing once facilities are available. Most employers in the region, from hospitals to cafes to energy companies, are struggling to secure workers. As a result, the cost of labor is inflated and likely to increase more if the workforce gap is to be filled on a sustained basis. A massive effort will be required to find, train and retain child care workers.

**The region and, most likely, the state will need to decide to what extent addressing the child care challenge is closely tied to achieving early childhood education goals and stronger educational outcomes.** Research described earlier suggests that quality child care that provides educational programming is important to success in school. If North Dakota aspires to move beyond simply providing safe child care environments to promoting early childhood education, year round learning and other enrichment programming, significant incentives, support and subsidies are likely to be
required. One potential model for making this connection is Oklahoma, a recognized leader in universal pre-school education for four year olds. North Dakota might consider providing universal (e.g., publicly funded) early childhood education through the public schools, including programs for three and four year olds and before and after school programs for elementary and middle school youth.⁷

Why is Child Care So Important to the Region?

Based on our interviews, the most compelling rationale given for why child care is such an important issue in the Bakken region relates to **growing the workforce**, both energy and non-energy. In particular, there is interest in increasing the permanent, rooted workforce and accompanying families, a population that will require an effective solution to the child care challenge.

Workforce development is an important rationale for addressing the child care challenge throughout the United States. However, the underlying causes of the child care challenge in Western North Dakota, a region experiencing rapid development and increased wages and household earning power, are very different than in other parts of the country. In many places, the child care crisis arises from the gap between capacity of parents to pay, which is often limited by inadequate income (e.g., low wage jobs, single working parent), and the cost of private child care services. Residents in the Bakken region face a gap as well but it is driven by the boom environment that is characterized by scarcity of everything, from housing to workers to child care. This scarcity drives up costs, off-setting the higher earning power that workers may experience. We have not found comprehensive and compelling research that documents the child care affordability gap regionally or at the community level. But, state and national level research reviewed for this paper along with observations from those we interviewed suggest that there is a real and substantial affordability gap.

In addition to workforce development considerations, other stakeholders, particularly parents and educators, emphasize **quality of care** in discussing the importance of child care to the region. There is a debate both nationally and in North Dakota regarding quality of child care. There are at least two major elements to the quality question. First, quality can relate to the environment in which children are being cared for including everything from the number and placement of sinks to safety amenities, e.g., kinds of doors children can/cannot operate, to the all-important issue of number and skill requirements of staff. This first quality issue is under debate in North Dakota, with some arguing that higher quality standards may contribute to the affordability gap and shortage of spaces. There is a second quality issue related to the provision of educational programming. As described above, early childhood education and other enrichment activities are associated with future educational and career success. However, the addition of these types of programs necessarily adds to the cost and complexity of addressing the child care challenge, at least in the short term. As North

⁷Resources about the Oklahoma model can be found in the electronic library that accompanies this White Paper.
Dakota and particularly Western North Dakota work to find a child care solution in this environment of rapid economic growth, they face both the challenge and opportunity to incorporate educational and enrichment opportunities being developed, tested and implemented nationally. For example, the state of Oklahoma has adopted universal early childhood education as part of its public school mandate. While adding educational and enrichments opportunities will increase costs for facilities, staffing and programs immediately, Oklahoma has determined that the longer-term benefits to both these individuals and society will provide a desired return on their public investment.

“Early investments benefit all of society, not only participating children and families. While the price tag for high-quality child care is not small, it is much smaller than waiting years later to pay for expensive remedial education and social programs.”

- Rob Grunwald, Economist

Federal Reserve Bank of Minneapolis

It is clear that many in North Dakota are motivated to find better solutions to the child care challenge because of its linkage to economic development and workforce considerations. However, other key stakeholders including educators, care givers and parents are driven by a deep concern and desire for ensuring quality child care. A healthy debate about what constitutes “quality”, who should pay for desired quality and what the longer-term benefits will be is likely to be a growing part of North Dakota’s search for child care solutions.
Possible Solution Models

As described throughout this White Paper, the child care challenge is complex. The Bakken region’s dramatic economic development boom, its scale relative to the pre-boom economy, and its rapid pacing and likely duration (i.e., decades) add layers to this complexity. It is helpful to break the challenge into some of its component parts to inform the identification and discussion of possible solutions. In this section, we focus on child care slots, child care workers, and the affordability gap.

Child Care Slots. There is a supply problem related to child care in North Dakota, as there is in most of the country. One estimate we reviewed, drawing on interviews with key informants in the region and review of data from Childcare Aware of North Dakota (prepared by Dr. Richard Rathge, NDSU, 10.02.12), suggests that nearly 10,670 additional child care spaces will be required by 2025 in North Dakota. Meeting this need will require millions of dollars in new capital investment to expand both “family/group” and “center” based child care spaces. However, solving the facilities challenge is possibly the easiest of the three challenges to resolve.

Putting Child Care Spending in Perspective in North Dakota

2013 Gross State Product = $56.3 Billion
2013 Total Government Spending = $8.0 Billion
Government Spending as a Percent of Gross State Product = 14%

FY 2014 Total State K-12 Spending = $911 Million
FY 2014 Household Spending on Child Care = $127 Million
Child Care as a Percent of K-12 Spending = 14%

Current Biennium Enhanced State Child Care Funding = $10 Million
Annual Enhanced State Fund as a Percent of Household Child Care Spending = 7.9%

4 – Derived from interviews. See Attachment 3 for interview list.
The state has already taken important steps by providing resources and tools to increase child care spaces in the current biennium budget. Even with the new investment by the state, additional funding will be required to meet the demand for child care and close the facilities’ funding gap, based on our interviews and research. And, given the uncertainty associated with the region’s boom economy, these capital investments must be managed well with robust planning, monitoring and risk management strategies. There is the risk of over-building and stranding capital during an economic slowdown that might accompany declining energy prices.

**Child Care Workers.** Adding child care spaces is one challenge, but staffing these facilities is an even greater challenge. To create a pipeline of qualified child care workers, the state must attract talent into the profession, train and develop that talent, and then retain it over time.

Attracting talent into the child care profession, particularly given low wages and more limited career opportunities, is a national challenge. According to ChildCare Aware of North Dakota, 96% of all workers in the state had an hourly wage higher than a child care worker. This challenge is even greater in a region experiencing rapidly increasing wage rates and a high and rising cost of living. Our interviews consistently highlighted the high employee turnover rates across the region in all sectors, and the difficulty finding qualified workers. In the child care sector, this problem will first require clarification regarding the level of professional talent desired for child care settings. Creating some consensus regarding desired “quality” standards will be important. What level of education is required? What type of health and safety certifications must be maintained? These questions need to be answered in order to communicate the requirements and the opportunities to those who might aspire to work in

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child care in the region. Incentives to attract talent to child care along with other supports including housing, transportation and other cost of living support will also be critical to creating an adequate pipeline of child care workers.

Growing a child care workforce will also require educational, training and certification programs and resources. Such tools are already in place, but meeting the demand for child care will require a significant increase in resources. In order to grow the workforce, the state needs to grow the infrastructure to educate, train and regulate this workforce. Such investments will require the active participation and support of state and educational leaders.

No workforce pipeline can be effective without efforts to retain the workforce once it is trained. Workforce retention is a significant issue throughout the Bakken region. Retaining child care workers is particularly difficult given current compensation levels. The retention problem will not be solved without increasing overall financial compensation for child care workers. Unfortunately, there is limited region-specific research that documents the scale and nature of the compensation gap. Additional research and marketplace experimentation will be required to better grasp what will be required to solve this problem. The inability to retain child care workers undermines state and private investments into worker training driving up worker costs and challenging the ability of providers to staff facilities.

**Affordability Gap.** As with compensation for child care workers, there is no region-specific cost analysis for child care in the Bakken. Instead, we turn to national research that shows a significant affordability gap between the ability of many working households (from working poor to mid-range middle class households) to pay for quality child care and the cost of that care. The Federal government, North Dakota and other states all have subsidy programs to try to fill this gap and make child care services more affordable. However, those programs often miss households, particularly in places where incomes and the costs of living are higher. Based on our interviews, it would appear this affordability gap challenge is more severe in the Bakken. Despite higher wage rates, overall higher costs of living coupled with child care service shortages are creating significant access and affordability problems for families in Western North Dakota.
Getting to the “right” solutions is often as much about the process as it is about the solution itself. The building blocks of this process include the following sequence of actions:

1. Researching and documenting the child care challenge in the region;
2. Exploring possible solutions, and their costs, being explored in other similar places; and
3. Creating a “right-sized” approach for adapting solutions to the realities of the region.

We recommend further exploration of Colorado’s approach to addressing its child care challenges. Like the Bakken, Colorado has high cost and workforce shortage areas (e.g., resort communities). Their approach offers insights into how child care solutions can be identified and addressed. The Colorado formula involves three parts:

**Engaging Stakeholders.** Colorado has identified five key stakeholder groups that should be actively engaged in clarifying child care problems and solutions including parents, educators, child care providers, employers and communities. Based on past experience, we suggest it is critical that all of these stakeholder groups come together to collectively define the scale and nature of existing child care problems and evolve acceptable solutions. It may be necessary to provide incentives for participation and/or even require participation in order to insure that collective input and outcomes are achieved.
Community Councils. Colorado encourages and supports the creation of “community child care councils” where these five stakeholder groups come together to research, explore and create viable strategies to enhance child care solutions at the community level. Colorado does not define what a community is but rather provides a framework, process and resources to help self-defined communities engage in problem solving around child care issues. Every community has unique needs and resources. Rooting the child care solution at the community level allows for customized solutions to evolve, guided by the overall expectations and framework established by the State. The creation and operation of community councils provides a mechanism for smarter and more affordable solutions to emerge, take root and thrive. This grassroots aspect of the Colorado model fits North Dakota’s culture of local control and innovative problem solving.

Responsive State Tools and Resources. The existence of community-based child care councils creates the opportunity for continuous learning and improvement. These councils can begin to provide deeper and real time information to state and federal players regarding the tools and resources that will be required to help localities meet their child care needs. Because communities are empowered, the potential to maximize local resources and solutions becomes more likely, allowing the state to focus on those gaps that cannot be resolved locally.

Key Considerations

The limited scope of work for this project precludes specific recommendations for action. As we have indicated throughout this report, there is more work to be done to explore the regional context and to dig further into possible models. However, we offer the following framework that can be used to help stakeholders who care about providing quality, affordable child care throughout the Bakken region to explore, develop and ultimately adopt their own solutions to the child care challenge.

Framework for Finding Child Care Solutions

Ultimately, key stakeholder groups must come together to define the Bakken child care challenge and design and implement preferred solutions. It is clear from our research that this process is well underway in Western North Dakota and in state government circles. Major child care related policy actions were undertaken over the most recent biennium. Various stakeholder groups are continuing to define the child care challenges and identify possible solutions. To move closer toward an optimal
solution for the region, we suggest using the following “key considerations” to define the child care challenge and explore possible solutions. Within each of these key considerations are critical questions that once comprehensively explored will clarify solution options and preferences.

Access

One key consideration to clarify for the Bakken region is the question of access – do working families in the region who need access to outside child care have a range of options from which they can choose to meet their needs? The answer to this question, however, is multi-faceted. Regional leaders will need to better understand each of the following dimensions:

- **Cost.** The cost of child care can be a barrier to access given the demonstrated affordability gap for many working households nationally and particularly in Western North Dakota. If working households cannot afford to pay market prices for various child care services in today’s Bakken environment, then an optimal solution will require public participation. Regional leaders need to better understand the nature and scale of this affordability gap in the region. How many working families cannot afford to pay the full costs of child care in the region? What is the size of this gap and how does that compare with the public sector subsidies for access that are currently available? The answers to these questions will help to clarify the debate over the nature and scale of the affordability gap. Insuring child care access in the Bakken will require that this “cost” issue be addressed.
Location. Western North Dakota is a vast geography with a relatively sparse settlement pattern. Working families need access to child care services where they live and/or work. Travel related time and distance considerations must be part of the overall solution to child care access. **How many working families cannot find child care in their home or work communities? How many working families face transportation challenges in getting children to and from child care?** The answers to these questions will help regional leaders understand the geography of need relative to the child care challenge.

Hours. In today’s 24/7 (hours) and 365 (days) economy, there is no such thing as “normal” or even “typical” working hours or days. If employees are expected to be flexible with their hours, the child care system must be similarly accommodating. **Are there adequate child care services to meet the needs of working families that require 24 hour care? Are there before and after school child care options that accommodate working families’ schedules? Can child care providers be as flexible with their schedules as the employers in the region demand?**

Choice. Child care is not a uniform service. Working families expect different levels and types of care depending upon the age of their children. The care standards for an infant are very different from those for an older elementary school student. The Bakken region needs additional workforce, both to meet the continued demands from energy development and to meet the demands in other sectors, and needs to be proactive about attracting and retaining workers and, increasingly as development matures, their families. Workers and their families coming into the region from other locations will demand child care choices similar to those they experienced in their home regions. **Does the region offer a range of options, from home-based to center-based, for children across the age spectrum? Are there gaps in the range of choices available? Are all of these choices relatively affordable for most working families?** Limited or poor child care choices will likely undermine the ability of this region to attract and keep workers and their families who must rely on outside child care to participate in the workforce.

Special Needs. Every region has children with special needs. In order for the working parents of children with disabilities to participate fully in the workforce, they need access to safe and appropriate child care. **What types of child care options are available for working families with special needs children? How accessible in terms of cost and location are these alternatives?**
Capacity Building

As noted earlier in this paper, the Bakken energy boom has outpaced this region’s ability to meet both basic and desired needs. It is clear, based on our assessment, that there must be a focus on child care related capacity building. Again, capacity building has multiple dimensions, including the following considerations:

- **Facilities.** Our interviews and research suggest that the supply of child care spaces is inadequate to meet the demand for child care today and in the future. As a result, additional facilities will be needed, ranging from larger scale centers to residential settings. The higher cost of construction in the Bakken region will drive up the cost of facilities, compounding this challenge. The private sector alone is unlikely to fill this gap, requiring expanded public sector engagement. Although the past Legislative session provided increased funding for child care facilities, our research suggests that there continues to be a funding gap. **What will the demand for child care be over the next 3-5 years? How does the current supply of child care match against the anticipated demand? What will it take to encourage more private investment in the construction and operation of new facilities across the region?**

- **Staffing.** As described earlier in this report, building a child care facility is only part of the problem. The facility needs to be staffed by qualified and dedicated child care professionals. Leaders across the region will need to understand the current workforce and consider what training, certification and compensation models will help build out the workforce needed for the future. **How many child care workers are employed in the region currently? What level of training do these workers have? How does that training compare to national and state models for quality care? What educational institutions are actively involved in training the child care workforce of tomorrow? What compensation are child care workers receiving now? What can be done to improve compensation and attract more individuals into this sector?**

- **Programming.** As children spend more time in some type of child care setting, there is an opportunity and even demand to provide a range of programming to meet needs beyond care. Nutrition, exercise and educational opportunities top the list of the programming most often connected to child care. As described earlier, there is a national movement to provide appropriate educational services in a range of child care and after school settings. Given the affordability gap identified already, it is unlikely that such services will be made available in North Dakota without some public funding, just as the state provides funding for K-12 education. The rationale for funding additional early childhood and after school educational services is the belief that such investments will increase the future productivity and success of North Dakota youth. Such services could also provide a competitive advantage as the Bakken region seeks to recruit talented employees and their families. **What educational services are**
currently associated with privately-funded child care in the region? What public support might be needed to expand these private sector efforts? What political support exists for expanding public education to include pre-K programs? What Federal programs might provide resources and models for the state?

✓ **Standards and Outcomes.** Our research suggests that meeting the child care challenge will require additional public and private sector investments. Setting optimal standards for child care services and regularly testing outcomes is foundational to insuring smart public and private investments into child care. What performance standards are currently in force in the state related to child care? How are these standards enforced? What outcomes are being tracked in the state currently? What outcomes should be tracked to understand the impact of child care on workforce development and educational success?

**Funding**

More investment is not the only answer to the child care challenge in the Bakken region, but it is clearly a significant part of the solution. Answers to many of the questions related to access and capacity building will help regional leaders understand the magnitude of investment needed. Next, leaders must address the question: **Who should provide investment to address the child care challenge?** To build consensus around this funding issue, we recommend a closer look at the Colorado model and its use of community child care councils involving all five key stakeholder groups – parents, child care providers, educators, employers and communities. At the end of the day, all our research points to the fact that additional private and public spending will be required to meet the child care challenge. Having all the key stakeholders at the table from the outset will be useful in arriving at the most optimal solution for the region. In one way, North Dakota and the Bakken region are in a strong position to address this challenge. The energy boom and the State’s taxation of energy production provide a potential source of funding. Given the strong connection between child care and workforce development highlighted throughout this paper, a case can be made to energy companies and other key interests in the state that allocating a portion of this tax to meet child care needs and enhance workforce development is essential to continued economic development.

**Governance**

As emphasized throughout this paper, child care is a complex issue with many stakeholders. We assume, based on our research, that the private sector (i.e., parents and private child care providers) cannot meet the challenge alone. Other stakeholders, such as communities, employers and governments (i.e., federal, state and local) must be part of defining more precisely the child care challenge and possible desired solutions. As suggested above, the Colorado model of community-based child care councils offers an approach that fits the values and culture of North Dakota and may help
build stronger ownership of optimal solutions across all stakeholders. Additionally, should state leaders decide that increasing educational opportunities and expanding the role of public education is an appropriate solution to the child care challenge, we suggest a deeper look at the Oklahoma model and its focus on early childhood education. Ultimately, leaders in both the public and private sectors must answer some critical questions. **What interest does each key stakeholder group bring to the table? In what ways do those interests align?** **From where should the leadership for addressing the child care challenge come? How can the process of debating this issue build stronger ownership for and governance over the solutions to providing quality affordable child care to working families in the Bakken region?**
### Attachment 1 – Scope of Work

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| **1 – Literature Search** | 1.1 Preliminary Literature Search Design  
1.2 Consultation with the Strom Center  
1.3 Final Literature Search Design  
1.4 Conduct Literature Search  
1.5 Bibliography of the Literature Search |
| **2 – Key Person Interviews** | 2.1 Strom Center Identification and Introductions  
2.2 Center Conducts Telephone-based Interviews  
2.3 Summaries of Interviews  
**Actual interviews will be confidential.**  
2.4 Themes Analysis  
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| **3 – Promising Strategies Models** | 3.1 Identification of Promising Strategies  
3.2 Background Research on these Promising Practices  
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3.5 Use of this Research in the White Paper |
| **4 – White Paper** | 4.1 White Paper Outline  
4.2 Consultation with the Strom Center  
4.3 Draft White Paper  
4.4 Consultation with the Strom Center  
4.5 Final White Paper |

1. **Literature Search**

   The Center, in consultation with the Strom Center, will design and implement a literature search of promising strategies to provide child care services associated with boom town economies.

2. **Key Person Interviews**

   The Center will conduct 8 to 10 key person interviews to establish current thinking in Western North Dakota and North Dakota regarding strategies to meet child care needs in the Bakken Boom Region.

3. **Promising Strategies Models**

   The Center will identify 3 to 5 promising child care strategies from sites in the United States. These promising strategies will be summarized in the White Paper and used to provide guidance for additional research by North Dakota.

4. **White Paper**

   The Center will produce a White Paper on Child Care Strategies. This paper will be 10 to 15 pages in length. The intended use of this White Paper is to expand thinking about possible child care strategies and offer guidance on where additional exploration should be undertaken.
Attachment 2 – Section Notes

Preface (page 1)
There are numerous national and state resources focusing on America’s child care challenge and solutions. For additional background, we encourage readers to check out the following groups:

- National Women’s Law Center – www.nwlc.org
- The Annie E Casey Foundation and their “Kids Count” research and resources – www.aecf.org
- The PEW Research Center on the States – www.pewresearch.org
- ChildCare Aware® of America – www.childcareaware.org
- Center for Law and Social Policy – www.clasp.org

For additional information on the Bakken energy boom, check out the Vision West ND website – http://www.visionwestnd.com/. Working with Vision West ND, The Strom Center at Dickinson State University, DLN Consulting of Dickinson, ND, North Dakota State University and through funding from the Bush Foundation of St. Paul, MN, the Center has produced a number of resources documenting and projecting the socio-economic impacts of the Bakken energy boom. Those resources can be found at http://www.energizingentrepreneurs.org/library/shale_resources/.

Critical Elements of the Child Care Problem in Western North Dakota. (page 7) Our observations regarding the dimensions of the region’s child care problem are based on Vision West ND’s Child Care section of its report and our key person interviews. Among those we interviewed, there was general consensus regarding the nature and dimensions of the child care challenge. However, individual interviewees placed greater or lesser emphasis on specific problems discussed in this section.

Why is Child Care So Important to the Region? (page 8) This section is based primarily on our key person interviews, including those from Colorado, and our review of summary national issue and policy papers or literature (see National section in Attachment 4.) The issue of the affordability gap is one that will require additional research, particularly to get a better understanding of this critical issue in the region. There are a number of national resources addressing this issue including:

- ChildCare Aware® of America
- The Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services
- The Annie E. Casey Foundation, The PEW Center for the States and the Mott Foundation all have background research related to the funding gap and subsidy issue.
**Possible Solution Models.** (page 10) We relied upon insights gained through key person interviews and our literature review as the basis for this section. The electronic library prepared for this project provides additional resources on a number of the issues discussed in this section including:

- **The Colorado Model.** Our White Paper Electronic Library contains a number of resource items relevant to the Colorado experience. This model is both culturally and politically appropriate to the situation in North Dakota and merits further research and analysis.

- **Debate Over Quality?** Our literature review, including our exploration of both Oklahoma and Colorado, highlights the increasing dialogue nationally and locally around the costs and benefits of increasing the quality of child care services to include early childhood education and before and after school education and enrichment. The White Paper Electronic Library includes these resources. For more on before and after school programs, check “America After 3PM.” Countries in the European Union tend to treat child care as a right, like K-12 education, and a public good paid for by government through taxes regardless of household capacity to pay privately. Other mature and industrialized nations (e.g., Japan, New Zealand and Korea) support child care in a similar fashion. For more information, check out resource 10 or OECD’s report from 2011, *Doing Better for Families.*

- **Role of Schools.** We have collected a set of resources in our White Paper Electronic Library focusing on Oklahoma’s new state initiative to provide universal and voluntary early childhood education to all 4 year olds (public kindergarten begins at age 5 in Oklahoma.) We encourage our readers to explore Oklahoma’s public school child care model.
Attachment 3 – Methodology

**Literature Search.** Attachment 3 contains a listing of all literature secured and reviews associated with this Project. We have produced an electronic library containing all literature items. Access to this Electronic Library is via the following web link:

Web Link to the Project Electronic Library  
http://goo.gl/jPc01u

We have employed a combination of both footnotes and section notes as part of our documentation within the White Paper.

**Key Person Interviews.** We conducted seven key person interviews in support of this project. Don Macke with the Center conducted all these interviews. The interviews were conducted by telephone ranging in length from 20 minutes to one hour long. The interviews were organized around the following two questions:

1. Please describe the child care challenge in Western North Dakota.
2. Please share possible solutions to the Western North Dakota child care challenge.

As appropriate, probing questions were employed. All these interviews were done confidentially to encourage candor. Interviews were also conducted focusing on the Colorado model. These were exploratory interviews focused on scoping the Colorado approach to child care. A listing of all those interviewed can be found in Attachment 4.

**Review Process.** Our team at the Center has been working in Western North Dakota since before the Bakken Energy Boom when depopulation was the primary development challenge. Our review of potential solutions is rooted in North Dakota, Colorado and to a lesser extent Oklahoma. Our scope of work did not include a comprehensive review of all possible solution sets. Rather we focused on those models that seem most appropriate given the economic, social and political realities and preferences in North Dakota.
Attachment 4 – Literature Bibliography

The following bibliography includes all the items reviewed during our project literature search. All of these items were reviewed for content and employed as appropriate in our White Paper.

National


Colorado


**North Dakota**
28. A number of North Dakota materials were shared by Jennifer Barry & Linda Reinicke. The following is a list of these materials: 2013 Interim Child Care Study; Louisiana Child Care Tax Legislation; Child Care Regulation and Cost; Child Care: Potential Demand, Workforce Demand, and Quality of Services Presentation; Strategies to Expand and Strengthen ND’s Child Care System; North Dakota Kids Count; North Dakota Child Care Resource & Referral; Inclusive Child Care Data Summary; 2013 Legislative Action Impacting Child Care Capacity; Why Quality Child Care?; Bright & Early N.D.

**Oklahoma**
Attachment 5 – Interviews

The following persons were interviewed as part of this project:

**Colorado**

1. Paul Major, CEO and President, Telluride Foundation, Telluride, Colorado. Email exchange to identify possible resource persons familiar with Colorado’s child care strategy.
2. Kathleen Merritt, Executive Director, Bright Futures for Early Childhood and Families, Telluride, Colorado.

*Telluride is a resort community located in Southwestern Colorado. As a resort community, the cost of living in Telluride is relatively high. Many workers associated with the resort live in more rural outlying communities from Telluride.*


*Mr. Jaeger provided extensive literature and supporting materials related to the Colorado child care initiative and situation.*

**North Dakota**

The following persons were recommended to be interviewed by Ray Ann Kilen with the DSU Strom Center:

1. Ray Ann Kilen, Executive Director, Strom Center, Dickinson State University. Ms. Kilen was interviewed several times and there were substantial email exchanges of questions and information.
2. Deb Nelson, Owner, DLN Consulting, Dickinson, North Dakota. Deb provided email backgrounding.
3. Dr. Coston, President, Dickinson State University.
4. State Representative Vicky Steiner. Senator Steiner also serves as the Executive Director of the North Dakota Association of Oil and Gas Producing Counties.
6. Linda Reinicke, Program Director for Western North Dakota, Child Care Aware of North Dakota.
7. Reed Reyman, CEO, St. Joseph’s Hospital and Health Center, Dickinson, North Dakota.
The Strom Center at Dickinson State University was created to assist in the revitalization of community economies by encouraging and supporting entrepreneurs and fostering an entrepreneurial spirit. The Strom Center actively promotes regional partnerships and offers entrepreneurs, emerging businesses and communities a network of professionals who provide support and assistance with business startup, technical assistance, business consulting, marketing resources, community capacity building and applied research and technology.

We provide confidential, professional services to entrepreneurs and community groups. We are a hub for information, training and events.

For more information on the programs and services available at The Strom Center, visit our website at www.StromCenter.com

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The Western North Dakota Energy Project is dedicated to providing timely, relevant and local information to area leaders, local citizens, entrepreneurs and others interested in or impacted by the rapid natural resource development of the Bakken Shale Development.

The Shale Projection Series provides summary regional webinars containing the most recent development projections of employment, housing and population projections for the 19 oil and gas producing counties in Western North Dakota. Research is presented by county (2012) and region (2012 & 2014). Information is available as a downloadable summary, power point or recorded webinar.

The Boom and Bust Webinar Series provides a series of webinar briefings intended to evolve a consensus on how to more effectively deal with short-term and long-term issues resulting from rapid growth. Webinar topics range from Landowner Rights in Oil & Gas Leasing and Emergency Response and Management to webinars highlighting lessons learned from other regions such as the Marcellus Shale Development, Iron Range Resources & Rehabilitation Board of Minnesota and Alberta’s Oil Sands Experience.

The Policy Education White Paper Series presents a series of thought provoking research white papers provide compelling discussion and information on a series of topics including policy education white papers on the Western North Dakota Energy Project and Western North Dakota Regional Legacy Trust. These papers were developed as a collaborative effort between The Strom Center at DSU, Vision West ND and the Center for Rural Entrepreneurship.

To access the resources available through the Western North Dakota Energy Project www.ndwebinars.com
The Center for Rural Entrepreneurship's mission is to help community leaders build a prosperous future by supporting and empowering business, social and civic entrepreneurs. With our roots and hearts in rural America, we help communities of all sizes and interests by bringing empowering research together with effective community engagement to advance community-driven strategies for prosperity.

Our Solution Area Teams empower community leaders to find their own answers to the economic development challenges and opportunities they face:

- **Community Development Philanthropy** provides effective strategies to build local philanthropic capacity and generate development resources.

- **New Generation Partnerships** provides a framework for engaging young people now and attracting them in the future.

- **Entrepreneurial Communities** provides a roadmap for designing and delivering entrepreneurship strategies that work.

For tools and resources, visit the departments in e2 University at [http://www.energizingentrepreneurs.org/library/e2university.html](http://www.energizingentrepreneurs.org/library/e2university.html).

To learn more about the Center, go to [www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org).

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The Vision West ND project, which covers the nineteen oil and gas producing counties in western North Dakota, is setting the stage for economic sustainability. Through strategic planning sessions, community leaders and citizens have identified strategies most likely to succeed in the region. The primary goals of the project are to address immediate, short-term needs to meet growth management challenges and establish a diversified economy in the future through the development of local and regional strategic plans. Additionally, 26 infrastructure assessments have been completed for participating communities. Two planning and zoning workshops and a zoning enforcement workshop has been held. Over 10 project architectural schematics have been developed for local communities. And finally, more than 35 webinars have been held to show lessons learned in this energy impacted areas and in other impacted areas across the country.

To learn more about Vision West ND, go to [www.visionwestnd.com](http://www.visionwestnd.com)