



Child Care Cooperative Toolkit

Montana Cooperative Development Center in partnership with Zero to Five Montana

The entirety of the United States has a desperate need for child care. In 2020, COVID-19 shut down dozens of Montana child care providers and centers. Now, 60% of counties in the state are considered child care deserts: areas in which current supply satisfies less than 30% of total need. In four Montana counties, no licensed child care centers or home-based facilities exist. As child care businesses face complex problems—the cost of licensing, inability to pay competitive wages, and caregiver burnout, to name a few—people are increasingly looking towards creative solutions, the cooperative model being one of them.

Child care cooperatives offer communities the ability to pool resources, expertise, and energy. With several different models drawing on different community resources and strengths, many communities find that the cooperative route works best for them.

This toolkit walks through what to expect during the four phases of cooperative development with several resources for each. It also includes a brief introduction to cooperatives and the seven principles of cooperatives. At the end, an appendix includes additional information as well as case studies from forming child care cooperatives.

Exploratory Phase

The exploratory phase is the initial start of the cooperative process, initiated by a small group interested in solving a community problem or increasing economic opportunity. The purpose of the phase is to identify community partners to form a steering committee and gauge community engagement and interest. For a group interested in creating child care, this phase includes assessing the need for child care in the community, understanding the cooperative model as well as other business models, and determining whether a cooperative is the best fit for the community and the needs identified.

At the end of this phase, the steering committee should determine whether there is a need to start a business and if a cooperative is a viable solution to that need. If so, cooperative development can continue; if not, the project can either dissolve or pursue another business structure.

- **Understanding the current child care landscape**

The first step in expanding child care is understanding the current child care landscape in your community. How many child care slots are needed, and how many already exist? What are people paying for care, and what are the barriers families face to accessing child care? Answering these questions will show you what your community needs and will point you and your team in the right direction.

[Child Care Needs Assessment](#): A child care needs assessment template from Child Care Aware that will help you identify how many slots need to be created in your community, who in your area is already offering child care, and how much each slot should cost by age group (infant, toddler, and preschool).

[Child Care Executive Summary](#): A document listing market rates from the Montana Department of Public Health and Human Services for child care across Montana broken down by care type (group care, family care, and child care centers), business and billing practices (for example, charging registration and enrollment fees), and a list of some of the biggest challenges facing child care providers.

- **Understanding the cooperative business structure**

A cooperative is a business model aimed at solving a community problem or increasing economic opportunity through working collaboratively.

Cooperative flowchart: A flowchart to help you determine if your goals and expectations for your business align with the cooperative model. Found in [Appendix 1.0](#)

[What Are Cooperatives?](#): A comprehensive look at the cooperative model, including how cooperatives manifest, an explanation of the legal structure of cooperatives, and the seven cooperative principles. From CoopLaw.org.

[What is a Co-op?](#): Another look at the cooperative model, including types of cooperatives, sectors in which cooperatives are common, and the benefit of cooperatives. From the National Cooperative Business Association.

Cooperative Child Care Models: An overview of different child care cooperative models including parent, employee, and consortium models. From Montana Cooperative Development Center. Found in [Appendix 1.1](#)

[Bringing Families Together: A Guide to Parent Cooperatives](#): Another source on cooperative models, focusing on the parent cooperative model but also exploring babysitter, employee, home care provider, and consortium cooperative models. Keep in mind—the legal section of this document *may not apply* because cooperative laws are determined by state and this document is based on California law. A long read, but with a handy table of contents to guide you to any information you need. From the University of California’s Center for Cooperatives.

- **Who you need at the table**

Forming a cooperative is a collaborative effort. No one person can form a cooperative alone; you need community partners invested in your vision to come together and pool resources, ideas, and strengths. If you cannot gather community partners who are willing to invest their time and energy into the project, a cooperative is likely not the right model for you.

Additionally, Zero to Five Montana and Montana Cooperative Development Center are excellent resources to involve during this period. Zero to Five Montana brings knowledge of child care as both a business and a community need, and Montana Cooperative Development Center brings expertise in building cooperatives and the economic development world. Navigating the worlds of child care and cooperatives can be a daunting task to face on your own, and we are here to ease you through the process while encouraging your success. At this point, Zero to Five can connect you to their Child Care

Business Advisor and their Business and Community Engagement Manager. Montana Cooperative Development Center will host a Coop 101 presentation for you and your community partners to educate you on the specifics of cooperative businesses in Montana and how the model can be a valuable solution to your community's child care needs.

Roles, Responsibilities, and Requirements of a Steering Committee: A good document to present to possible steering committee members outlining the time, effort, and action required. Found in [Appendix 1.2](#)

- **Engaging the community**

One of the seven cooperative principles is Concern for Community, which states that a cooperative is a business designed to address a community's needs. Beyond determining community need, a successful cooperative engages the community at every stage of development to make sure that the goal of the cooperative accurately reflects what the community needs. For example, a community with several existing child care providers may not need a huge child care center—they might just need help expanding their capacity.

Some ways to engage the community include distributing surveys, holding town hall meetings, and creating targeted social media ads. Having a presence at community events, like fairs and festivals, will help spread the word, too. For people interested in the project but unwilling to dedicate their time and effort to serving on a steering committee, the cooperative might choose to form an advisory committee. Advisory committees can involve people experienced in certain aspects of your business; for example, a child care advisory committee could be comprised of government licensing officials, child care providers, parents, or small business owners. Advisory committees collaborate with the steering committee to provide expertise and feedback.

For a child care cooperative, it is also important to engage the child care community. This includes parents, existing providers, teachers, and Head Start programs. Consider attending PTA meetings and other gatherings. If you plan to involve employers in your cooperative, make sure you are communicating your progress with business leaders in your area. You can contact your local Chamber of Commerce, Small Business Development Center, and Economic Development organizations. These groups can also provide assistance in business planning, demographic and data collection, and funding resources. Often in the process MCDC and Zero to Five call upon these local organizations to collaborate to ensure sustainable success of a child care project.

Engaging the community can also look like conducting a formal feasibility study. The study can provide important information that will help you decide whether your project will succeed, as well as providing details that can help you engage community stakeholders. However, a formal study can be expensive to conduct. Many successful groups have engaged more grassroots efforts, as described above, to determine feasibility.

[Vital Steps: A Cooperative Feasibility Study Guide](#): When it comes time to complete a feasibility study, this is a great resource from the United States Department of Agriculture (USDA) to help you understand its uses and limitations and the steps involved in creating it, as well as assessing the outcomes of the study.

Depending on the kind of cooperative you want to form, you should always keep your membership in mind. If you want to form an employer-owned cooperative, you need to get employers excited about your project and aware of the benefits of joining. If you want to form a shared services cooperative, existing providers must express interest before moving forward.

- **Revisit the cooperative model**

After exploring your child care needs and possible solutions, you may find that the cooperative model may not suit your needs and vision. You may have used the flowchart found in Appendix 1.0 and found that aspects of your project, such as being eligible for grants and donations, are incompatible with the cooperative model. Alternatively, you might be enthusiastic about the model, but when you explored feasibility, you found that the community was not interested.

Beaverhead County Case Study (Appendix 3.0): At this point in the cooperative process, the Early Childhood Coalition of Beaverhead County paused in development to reevaluate whether the model best suited their needs before moving forward. They are currently meeting with their community partners, a local child care center and a university.

RECAP: Steps you need to take during this phase

- Determine child care need in your community
- Explore the cooperative model
- Engage the community to determine feasibility
- Recruit community members to become your steering committee
- Reach out to resources including Zero to Five Montana and Montana Cooperative Development Center
- Attend the Coop 101 presentation hosted by Montana Cooperative Development Center
- Check in: Is the cooperative model best suited for your project?

Planning Phase

The planning phase is the most important, and often longest, phase of cooperative development. In this phase, the cooperative business is planned, requiring data collection, creating a business plan and gathering financial information, and drafting legal documents.

- **Getting started**

Once you have identified need, assessed the community's child care landscape, engaged the community, and explored the cooperative business structure, you can start moving forward with possible solutions.

Community Action Plan: Appendix 2.0: A template to help you outline goals, set timelines, and assign work to team members.

[Building Child Care Supply: A Toolkit for Community Success](#): This toolkit is a great resource for building child care supply in any stage of planning. It includes a more in-depth needs assessment, suggestions for funding sources, guiding questions for marketing and outreach strategies, and examples of developing

and implementing strategies. The toolkit is an interactive PDF with space to answer questions and brainstorm with your team. From Child Care VA.

- **Finance**

When gathering financials for your project, continuing to engage Montana Cooperative Development Center and your local Economic Development Organization is a valuable step to guide you through what information you need, provide you with details on future expenses, and troubleshoot capitalization. At this point, Montana Cooperative Development Center can provide you with access to LivePlan, a business plan software tool, as well as provide you with the financial details specific to the cooperative model. LivePlan, in addition to helping you build your business plan, can generate financial materials to prove the feasibility of your project to potential investors and traditional lending institutions. LivePlan is also used by Zero to Five and the Montana Small Business Development Centers, making collaborations between these different resources easily accessible.

[USDA Joint Resource Guide](#): A great resource for identifying what federal assistance your team may be eligible for and what that assistance will look like for you. The guide walks you through USDA Rural Development and the Health and Human Services Administration for Children and Families (USDA-RD and HHS-ACF).

[Financing and Budgeting for Early Care and Education Facilities](#): This guide will walk you through developing a capital budget, estimating future expenses, and finding sources of funding. Keep in mind that this is not a cooperative-specific resource, and funding sources for cooperatives include membership and preferred stock fees. From Early Childhood National Centers.

[Financial Management Self-Assessment Tool](#): A self-assessment to inform child care business planning, taking factors like marketing, employee benefits, and enrollment into account. From Opportunities Exchange.

[Why Employers Should Invest in Child Care](#): A one-pager to distribute to interested employers in your area to incentivize them to partner with your project. Employers can get involved in your business by donating resources, providing start-up capital, or reserving slots for their employees. If you are interested in pursuing the employer-owned child care cooperative model, this is an essential document. Found in [Appendix 2.1](#)

[Budget Template](#): A simple budget template for building a child care including wages, benefits, supplies, and training. It does not include rent, construction, or licensing costs. From the Nebraska Children and Families Foundation. Found in [Appendix 2.2](#)

- **Generate planning documents**

Once your business plan is finalized, you can begin drafting your planning documents. This includes your bylaws and member subscription agreement. Your bylaws determine how the cooperative is governed—how many board members you will have, how you will conduct elections, the role of advisory committees if you have them, and the requirements and benefits of membership. Your subscription agreements outline the cost of membership, how membership dues can be paid, how many shares of common and preferred stock you will offer, and the voting rights of members. Some subscription agreements also describe the benefits guaranteed to members.

At this point in the planning phase, Montana Cooperative Development Center will assist in drafting bylaws and subscription agreements by providing templates and guided steering committee meetings.

- **Continue to engage the community**

As you prepare your action plan, business plan, and documents, it is important to ensure that the goals of the future cooperative align with the needs and interest of the community. The cooperative must be BY and FOR the community, so continuing to engage through town halls and surveys is a vital step. In addition, you need to make sure you collect enough subscription agreements to finance your business— if you are creating an employer-owned cooperative, is the business community excited about your project, and are they satisfied with the potential benefits of membership? If you are planning a worker-owned cooperative, are you offering wages and job security that potential members find valuable?

- **Revisit the cooperative model**

Lewistown Case Study (Appendix 3.1): At this time, one community revisited their goals as identified by the feasibility study. As they had received funding from the ARPA child care innovation grant, they decided to form a nonprofit to distribute these funds rather than continue forming an investment cooperative, although they intend to keep the cooperative model on the table for future child care investment.

RECAP: Steps you need to take during this phase

- Complete a community action plan outlining goals and timelines
- Develop a business plan
- Write planning documents
- Continue to engage the community
- Check in: Is the cooperative model best suited for your project?

Legal Phase

The legal phase consists of three sections: drafting legal documents, submitting your intent to incorporate, and final incorporation. For the purposes of this toolkit, “Legal Phase” refers to the incorporation of the cooperative. For items such as business licenses and state inspections, Zero to Five businesses advisors are available to assist.

At this point, you will need to draft your legal documents. The first is your statement of interest, which needs to be delivered to the Secretary of State and outline the names and addresses of incorporators, the price and number of membership shares to be sold, and a description of the cooperative. The second document is your articles of incorporation, which outlines the scope and purpose of the business and affords it a distinct legal standing. Your articles also need to be delivered to the Secretary of State. The third document is your statement to the auditor, which is a written description of transactional exemptions for cooperative associations under Montana’s Blue Sky laws. Montana Cooperative Development Center can assist in drafting these documents and make sure they comply with Montana State Law.

Once steering committee members sign and file their intent to incorporate documents with the Secretary of State, they become commissioners who can collect subscription agreements for the cooperative. However, they cannot yet receive payments for subscriptions.

If they collect enough subscriptions to finance their cooperative as outlined in their business plan and intent to incorporate documents, they can move forward with incorporation. If they do not collect enough subscriptions, they must revisit their business plan. A steering committee who has dedicated enough time to creating the business plan and staying in contact with potential members should not have an issue with meeting membership expectations.

Usually, commissioners become the cooperative's interim Board of Directors for the first year of the cooperative's operations.

[Legal Foundations of a Cooperative](#): A deep dive into the purpose of articles of incorporation, bylaws, policies, marketing agreements, and membership agreements, and the information needed for each. From the United States Department of Agriculture.

[Sample Legal Documents for Cooperatives](#): A collection of sample documents for cooperatives including articles of incorporation, bylaws, and a marketing agreement. Every cooperative needs legal documents tailored to the specifics of its business—for example, marketing agreements are specifically for agricultural cooperatives. Note: this resource is older, but still gives a general idea of the information needed to complete each document. From the United States Department of Agriculture.

- **Hold first membership meeting**

Before the cooperative is fully incorporated and can collect money from subscription agreements, they must hold an initial membership meeting and report it to the Secretary of State.

RECAP: Steps you need to take during this phase

- Draft statement of interest, articles of incorporation, and statement to the auditor
- Review documents with Montana Cooperative Development Center's legal advisor
- File documents with the Secretary of State
- Hold first membership meeting
- Collect subscription agreements; if not enough agreements are collected, revisit the business plan

Operational Phase

Once the cooperative is incorporated, the Board of Directors holds its first meeting, collects member subscription fees, and begins to plan for business operations. This includes selecting board officers and committee members, arranging start-up and operational capital, setting board policies, and determining hiring and personnel practices.

- **Complete board training**

In the early stages of the Board of Directors' existence, MCDC can provide board training including strategic planning, policy development, and defining governance versus management.

If the cooperative is building its own child care as opposed to partnering with an existing facility or investing in care, often the Board will oversee the project's initial efforts until the business is

operational. At this point, the Board will hire a manager, who will oversee staffing and daily management of the child care business. The manager will ensure that the business is operating with best practices.

- **Best practices**

Here are some resources to make sure your child care is compliant with best practices to ensure safe and high-quality care for all children. From Caring for Our Children and the National Association for the Education of Young Children

[Ratios for Small Family Child Care Homes—Staffing](#)

[Ratios for Large Family Child Care Homes and Centers](#)

[Infant and Early Childhood Mental Health Consultants](#)

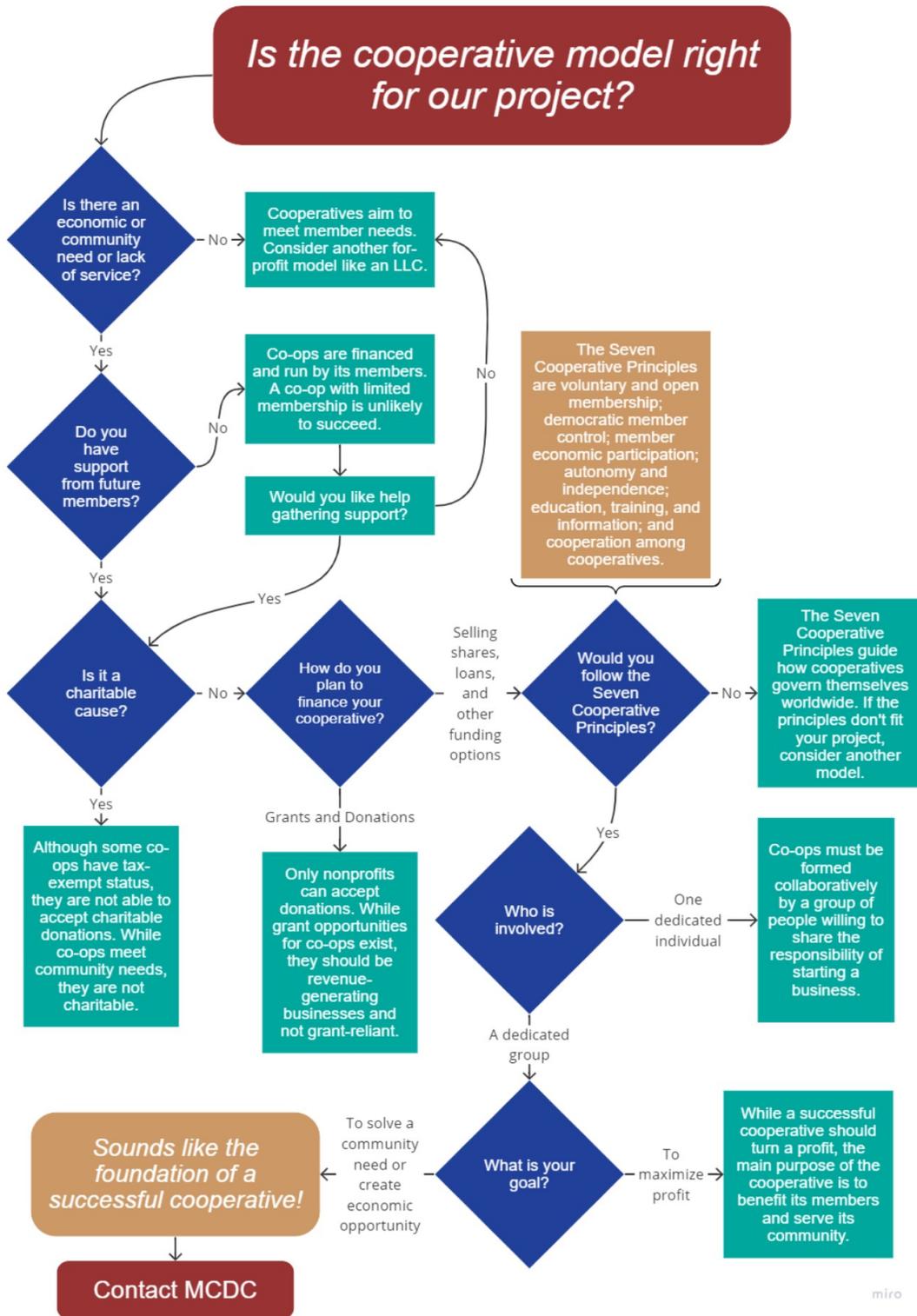
[Facilities, Supplies, Equipment, and Environmental Health](#)

[Staff-to-Child Ratio and Class Size](#)

RECAP: Steps you need to take during this phase

- Engage MCDC's board training services
- Hold first Board of Directors meeting and select board officers
- Collect member subscription fees
- Plan business operations
- Hire management

Appendix 1.0



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Appendix 1.1

Cooperative Child Care Models

Cooperatives are created when a group of individuals identify 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 are not 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 is just a lack of available child care slots, dozens of diverse communities have decided that child care cooperatives can meet their needs.

Parent-Owned Cooperative Model

In the parent-owned 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.

Each parent votes to appoint a board of directors. The board sets long-range policy, oversees the center's professional management, and oversees the program director,¹ and 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.²

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.³

This model benefits families who can't afford to pay for traditional child care, especially during non-traditional hours resulting from 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.

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

¹ <https://www.preschools.coop/cooperative-models>

² http://cccd.coop/sites/default/files/resources/bft_1.pdf

³ <https://geo.coop/story/poker-chips-and-friendships-babysitting-co-op>

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.⁴⁵

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.⁶⁷

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.⁸

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.

⁴ <https://www.preschools.coop/cooperative-models>

⁵ http://cccd.coop/sites/default/files/resources/bft_1.pdf

⁶ http://cccd.coop/sites/default/files/resources/bft_1.pdf

⁷ <https://www.preschools.coop/cooperative-models>

⁸ http://cccd.coop/sites/default/files/resources/bft_1.pdf

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.⁹

Investment Child Care 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. The investment cooperative gives investors the chance to invest community funds in people rather than mutual funds.

Multi-Stakeholder Child Care Cooperative Model

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.¹⁰ 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 had a higher rate of employee retention, loyalty, and satisfaction.

⁹ http://cccd.coop/sites/default/files/resources/bft_1.pdf

¹⁰ <https://uwcc.wisc.edu/resources/multi-stakeholder-cooperatives/#:~:text=Multi%2Dstakeholder%20cooperatives%20are%20co,agencies%2C%20or%20even%20other%20cooperatives>

Appendix 1.2



Roles, Responsibilities, and Requirements of the Steering Committee

The steering committee moves the cooperative through the four phases of incorporation—exploratory, planning, legal, and operational. MCDC (Montana Cooperative Development Center) will outline the phases of cooperative development and help the steering committee through the various steps of each part of the development process. Each cooperative is unique and will require steering committee members to make active decisions throughout the process on what is needed and necessary for their particular business. At the end of each phase, the steering committee must evaluate whether the cooperative model best fits their project.

Depending on how active the steering committee is, incorporation can take between six and 24 months. For a shorter timeline, this could mean meeting weekly or biweekly. MCDC will facilitate between six and 10 steering committee meetings, and some meetings with MCDC require the steering committee to meet separately beforehand. However, MCDC strictly provides technical assistance—we do not become members of the steering committee. We provide as much assistance as we can, but it is ultimately up to the steering committee to make decisions about the business and meet regularly to keep the project moving forward.

Participating in a steering committee is a big commitment. Selecting members who understand what is being asked of them and who are willing to dedicate their time and energy is the best way to ensure a smooth and collaborative process.

Roles

1. Number

While there is no magic number, we typically recommend that a steering committee have between five and seven members—a small number helps the group find time to meet more easily and make decisions in a timely manner. If you feel the need for extra members or experience on the steering committee, consider setting up an advisory committee that will help you with specific topics or help for a specific time during development.

2. No one “leader”

No one member should lead the committee or make most of the decisions. Building a cooperative should be a truly collaborative effort; each member’s voice carries the same weight.

3. Project manager

The steering committee guides the project and keeps it on track—determining the cooperative’s purpose, decision-making, creating and following deadlines, assigning responsibilities to each member of the team, tracking progress, etc.

4. Become incorporators, commissioners, and board members

In the legal phase, the steering committee members select incorporators to sign and file the cooperative’s intent to incorporate document and bylaws with the Secretary of State. For a Chapter 15 cooperative, the minimum number of incorporators is two, and for a Chapter 17 cooperative they need at least five. After filing, the incorporators become commissioners. They can collect subscription agreements and legally sell shares to the cooperative. Commissioners become members of the interim Board of Directors for at least the first year of the cooperative’s operations—this provision is written into the cooperative’s bylaws.

In most instances, the steering committee will become your incorporators, act as your commissioners, and serve as the first board members.

Responsibilities

1. Determine feasibility

The first responsibility of the steering committee is to determine feasibility, whether that be through a formal feasibility study conducted by a third party or through community feedback. MCDC can help prepare survey questions, facilitate community meetings, and provide references to groups that perform feasibility studies. MCDC can also help identify funding sources to finance formal studies. MCDC will provide a document defining feasibility and giving examples of how exactly to determine feasibility.

2. Create a business plan

The steering committee will create a business plan to determine how the business will run. MCDC can provide access to LivePlan, a software program that helps generate a business plan as well as materials to show potential lenders and investors. MCDC will assist in creating a business plan that is specific to cooperatives. There are certain expenses, revenues, and considerations to include that are specific to the cooperative model.

3. Draft bylaws, subscription agreements, and articles of incorporation

The committee will draft bylaws detailing how the cooperative will run and be governed, subscription agreements detailing eligibility and benefits of membership, and articles of incorporation to file with the Secretary of State. MCDC has templates and examples for each of these documents and will help the steering committee work through each to create strong guiding documents for the cooperative. After the documents are drafted, MCDC will bring them to our legal advisor to ensure they meet the standards of the Montana Code Annotated (MCA).

4. Create marketing materials and recruit members

After the steering committee plans out the cooperative, it needs to engage potential members through marketing materials. For example, these can include ads on social media or presentations to the community. For investors interested in purchasing preferred stock, LivePlan can be used to show the soundness of the business plan and projected returns on investment.

When the selected incorporators become commissioners, they can begin to collect subscription agreements to create the cooperative's membership and raise capital for the cooperative's operations. A good rule of thumb is that revenue generated from subscription agreements should finance the cooperative's first year of operations.

Requirements

1. Eligible for membership to the cooperative

All members of the committee should become members after incorporation, so the membership requirements of the cooperative should reflect that. Interested parties who do not meet membership requirements or do not want the responsibility of serving on the steering committee can become part of an advisory committee. They can be community partners, offer technical assistance, or provide other feedback the steering committee can use.

2. Reflect the diversity of the cooperative

To incorporate all points of view, it is important that the steering committee members reflect the diversity of the cooperative. If the cooperative has multiple levels of ownership, there should be at least one member for each level—for example, producers, consumers, and business owners. If the cooperative serves a large region, the steering committee should have representation of the entire area.

3. Experience in business planning

While not exactly a requirement, it is a good idea to include members with experience or expertise in business planning or the cooperative industry.

4. Willing to equally share the burden of the cooperative

All steering committee members must be willing to take an active role throughout the process. Building a cooperative is a collaborative effort and will not succeed if all steering committee members do not commit to equally sharing in the work.

5. Represent future members

Steering committee members must remember they are acting as a representative of future members when building their cooperative. It is important to continue to check in with your community as you build the cooperative and take feedback and considerations seriously during the planning process.

MONTANA
Cooperative
DEVELOPMENT CENTER

Appendix 2.0

Community Action Plan

COMMUNITY ACTION PLAN

Step 1: Plan

| | |
|-----------|-----------------|
| Community | PROJECT MANAGER |
|-----------|-----------------|

| | RESPONSIBLE | PRIORITY | STATUS | START | END | NOTES |
|----------|-------------|----------|-------------|-------|-----|-------|
| Goal #1 | | Medium | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| Goal #2: | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
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| Goal #3: | | | Not Started | | | |
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| | | | Not Started | | | |
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| Goal #4: | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |

COMMUNITY ACTION PLAN

Step 2: Design

| | |
|-----------|-----------------|
| Community | PROJECT MANAGER |
|-----------|-----------------|

| | RESPONSIBLE | PRIORITY | STATUS | START | END | NOTES |
|----------|-------------|----------|-------------|-------|-----|-------|
| Goal #1 | | Medium | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| Goal #2: | | | Not Started | | | |
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| Goal #3: | | | Not Started | | | |
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| | | | Not Started | | | |
| Goal #4: | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |

COMMUNITY ACTION PLAN

Step 3: Implement

| | |
|-----------|--------------|
| Community | The Champion |
| | |

| | RESPONSIBLE | PRIORITY | STATUS | START | END | NOTES |
|----------|-------------|----------|-------------|-------|-----|-------|
| Goal #1 | | Medium | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| Goal #2: | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| Goal #3: | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| Goal #4: | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |
| | | | Not Started | | | |



Appendix 2.1

Why Employers Should Invest in Child Care

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,¹¹ 40% of businesses say they're unable to find and retain a qualified workforce, and 30% of businesses say they're unable to grow.¹² 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.¹³ 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.¹⁴

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.¹⁵ 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 training¹⁶—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 5.¹⁷ 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,¹⁸ and providing care can decrease employee absences

¹¹ <https://www.americanprogress.org/article/child-care-crisis-keeping-women-workforce/>

¹² <https://static1.squarespace.com/static/5c90fe4716b640613581ddff/t/62267e67dbd8f4479de2377d/1646689899406/2022.1.31.2022+Child+Care+and+Workforce+%281%29.pdf>

¹³ <https://montanabudget.org/report/the-coronavirus-and-child-care-montana-must-do-more-for-workers-and-families>

¹⁴ Christopher Bradley, *Where Are the Workers?* Department of Labor and Industry, 2021

¹⁵ <https://www.kindercare.com/employer-sponsored-child-care/benefits-employee-child-care>

¹⁶ [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)

¹⁷ Bradley, *Where Are the Workers?*

¹⁸ <https://static1.squarespace.com/static/5c90fe4716b640613581ddff/t/62267e67dbd8f4479de2377d/1646689899406/2022.1.31.2022+Child+Care+and+Workforce+%281%29.pdf>

by 30%.¹⁹ In addition, providing child care increases employee loyalty and satisfaction, with 10% of employees reporting increased work-life balance.²⁰

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.²¹

¹⁹ <https://www.forbes.com/sites/aakashkumar/2018/03/08/how-unreliable-and-costly-childcare-keeps-people-off-the-job/?sh=51125a5b5e18>

²⁰ <https://www.kindercare.com/employer-sponsored-child-care/benefits-employee-child-care>

²¹ <https://familyforwardmt.org/family-friendly-practices-1>

MONTANA Cooperative DEVELOPMENT CENTER



Appendix 2.2

Budget Template Nebraska Children and Families Foundation

Nebraska Children and Families Foundation CONTRACT BUDGET TEMPLATE

| | | | | | |
|-------------------------------------------|-----------------------------|--------------------------------|------------------------|------------------|-------------|
| Organization: | | | | | |
| Project Title: | | | | | |
| Total Project Budget: | | Budget Period: | | <i>through</i> | |
| | | | <i>Date</i> | <i>through</i> | <i>Date</i> |
| BUDGET ITEM | TOTAL PROGRAM BUDGET | NEBRASKA CHILDREN FUNDS | LEVERAGED FUNDS | SOURCE(S) | |
| Direct Personnel | | | | | |
| Wages: | | | | | |
| TOTAL Wages | \$ - | \$ - | \$ - | | |
| Benefits & Payroll Taxes: | | | | | |
| TOTAL Benefits & Payroll Taxes | \$ - | \$ - | \$ - | | |
| Direct Expenses | | | | | |
| Office Operation Expenses: | | | | | |
| TOTAL Operation Expenses | \$ - | \$ - | \$ - | | |
| Travel: | | | | | |
| TOTAL Travel | \$ - | \$ - | \$ - | | |
| Equipment: | | | | | |
| TOTAL Equipment | \$ - | \$ - | \$ - | | |
| Supplies: | | | | | |
| TOTAL Supplies | \$ - | \$ - | \$ - | | |
| Training & Outreach: | | | | | |
| TOTAL Training & Outreach | \$ - | \$ - | \$ - | | |
| Contract / Consulting: | | | | | |
| TOTAL Contract / Consulting | \$ - | \$ - | \$ - | | |
| Other Expenses: | | | | | |
| TOTAL Other Expenses | \$ - | \$ - | \$ - | | |
| Administrative Expenses | | | | | |
| Administrative Expenses: | | | | | |
| TOTAL Administrative Expenses | \$ - | \$ - | \$ - | | |
| TOTAL BUDGET | \$ - | \$ - | \$ - | | |

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