



CHILD CARE & THE WORKFORCE STUDY SUMMARY

FINAL REPORT TO THE 69TH
MONTANA LEGISLATURE

Economic Affairs Interim Committee
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2023-2024





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This report is a summary of the work of the Economic Affairs Interim

Committee, specific to the Economic Affairs Interim Committee’s 2023-2024 work plan. Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the Economic Affairs Interim Committee in reaching its conclusions. To review additional information, including audio minutes, and exhibits, visit the Economic Affairs Interim Committee website: www.leg.mt.gov/eaic.

A full report, including links to the documents referenced in this print report, is available at the Economic Affairs Interim Committee website: <https://leg.mt.gov/committees/interim/eaic/>.



CHILD CARE & THE WORKFORCE STUDY SUMMARY

OVERVIEW

Many workers around Montana are struggling to find child care for a variety of reasons. Several other areas across the country are facing similar challenges. According to a report from the National Conference of State Legislatures (NCSL), “Despite lengthy waitlists, many early learning classrooms sit empty due to a shortage of child care professionals. Rural communities, low-income families, families with infants and toddlers, and parents who work outside the typical 9-to-5 schedule face the biggest challenges in accessing child care.”¹

The Economic Affairs Interim Committee (EAIC) chose the topic of child care and the workforce as a study topic during the 2023-2024 interim. Over the course of the interim, the EAIC invited panelists from state agencies, national organizations, and stakeholders within the child care industry to take a deep dive on four challenges surrounding child care and the workforce.

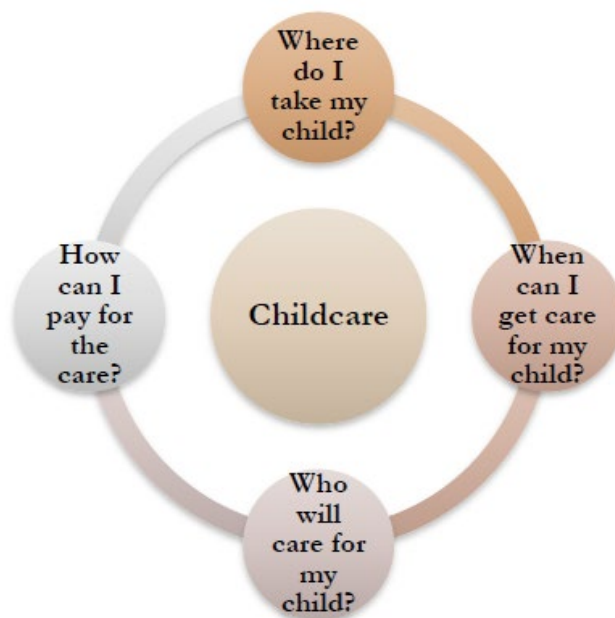
THE CHILD CARE CONUNDRUM

Child care and the workforce is a multifaceted issue with challenges from every angle. At the November 2023 meeting, the EAIC received a [staff briefing](#) that outlined the four questions parents may face when looking for child care, and then heard presentations detailing each issue. At the conclusion of the November meeting, the committee chose to continue to examine all four issues instead of narrowing the focus to just one or two areas.

WHERE DO I TAKE MY CHILD?

According to a recent report by the Montana Department of Labor and Industry, child care shortages exist in every county in the state. “Child care deserts” – defined as an area where supply meets less than a third of estimated demand – exist in 33 of the 56 counties in the state.²

The Department of Labor & Industry (DLI) gave a [presentation](#) at the November 2023 meeting to discuss labor force participation rates, the underutilization of the parental workforce, and the resulting issue of child care



¹ [Housing Child Care Workers and Adoption Emerge as Priorities](#); NCSL, December 2022

² [Childcare Supply and Demand in Montana](#); Amy Watson, Department of Labor & Industry, February 2023

deserts in the state.³ Zero to Five Montana also gave a [presentation](#) discussing the lack of availability of child care in the state. The Department of Public Health & Human Services (DPHHS) provided an [overview](#) of child care capacity, showing the number of slots for each license type, stating the capacity of licensed child care providers is not enough to meet demand, despite growing to exceed pre-pandemic slots.

Child Care Capacity-November 2023

Relative Care		Family, Friend & Neighbor		Family Home	
Capacity Serving	Under 2 Capacity	Capacity Serving	Under 2 Capacity	Licensed Capacity	Under 2 Capacity
225	225	168	168	1413	487

Group Home		Center		Total	
Licensed Capacity	Under 2 Capacity	Licensed Capacity	Under 2 Capacity	Licensed Capacity	Under 2 Capacity
5268	1956	15103	2613	22,177	5064

Licensing Data:

<https://dphhs.mt.gov/childcareprovidersdashboard>



AVAILABILITY STRATEGIES

During the January 2024 meeting, the EAIC discussed availability strategies even further, with a roundtable discussion on barriers for providers, such as capital, licensing, insurance, and wages and benefits. The committee heard from the [Department of Commerce, Zero to Five Montana](#), The Larch Child Care Center, Raise Montana, Child Care Connections, the [State Auditor’s Office](#), the Montana Chamber of Commerce, and Wonderschool on availability strategies such as [mentorship programs](#), [rural child care issues](#), and [insurance](#).

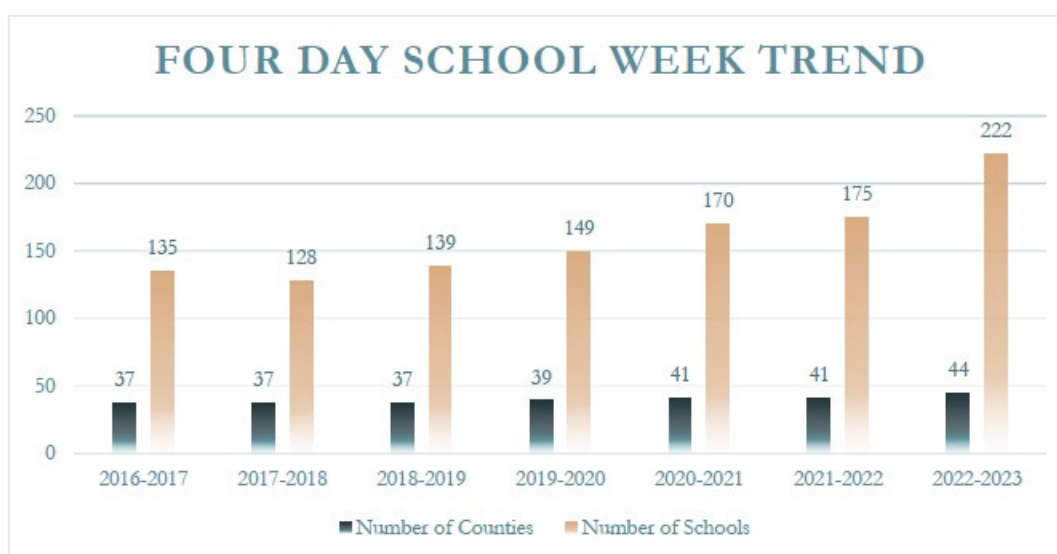
The committee requested follow-up research on the topic of insurance from the State Auditor’s Office and received memos at the March 2024 meeting on [captive insurance](#) and [reinsurance](#), as well as a [policy option brief](#) from staff on potential committee legislation regarding insurance. The committee additionally requested information on regulation, including HOA covenants & zoning, regulations for licensing a child care facility, ratios, and building codes. During the March meeting, the committee received a [policy option brief](#) covering these topics as well as a presentation by Legislative Services on [HOA governance in Montana](#), a presentation by DLI on building codes, and a separate [policy brief](#) regarding the [Montana Child Care Act](#) and its corresponding [administrative rules](#).

³ Id

WHEN CAN I GET CARE FOR MY CHILD?

Lack of nontraditional hours or after school care: Most licensed child care centers cater to the traditional 9-to-5 worker, leaving out those who may need child care in the evenings and/or on weekends. There is also a need for before and after school care for children once they reach elementary school and even into middle school for some families. A growing trend in some rural school districts, to save costs on transportation and utilities, has been to move to four-day school weeks, leaving those districts' children alone on Fridays when parents are at work.⁴

The Montana Budget and Policy Center (MBPC) gave a [presentation](#) at the November 2023 meeting on challenges families face for school-age child care, stating that for every child in an after school program in Montana, four more children are waiting to get in. The MBPC also stated that school age programs typically do not take the Best Beginnings Scholarship Program, leaving funding options limited, and [presented](#) additional opportunities and challenges for four-day school weeks. Additional resources on after school programs and four-day school weeks were provided by [Montana Afterschool Alliance](#), [NCSL](#), and the [Office of Public Instruction](#).



ACCESSIBILITY STRATEGIES

During the January 2024 meeting, the EAIC discussed accessibility strategies even further, with a roundtable discussion on public/private partnerships, grant programs, licensing options for alternative care programs, cooperatives, and other success stories and ideas. The committee heard from the [Montana Cooperative Development Center](#), the Department of Commerce Small Business Development Center, Zero to Five Montana, Child Care Connections, Montana Chamber of Commerce, Wonderschool, Florence Crittenton, SMART, [Baker Child Care Project](#), Missoula Child Care Advantage, and St. Johns United.

The committee requested follow up research on the topic of public/private partnerships and tax credit strategies, and at the March 2024 meeting heard presentations by [NCSL](#), the [Children's Funding Project](#), and [KIDS COUNT](#) on

⁴ [Four Day School Week Listings](#); Office of Public Instruction, accessed 10/18/2023.

other [state approaches](#) to child care tax benefits and programs. The committee also received a [50-state comparison](#) on the various tax programs available, a [list of states](#) with employer childcare tax credits, and a staff [policy options brief](#) on legislation options for accessibility strategies.

At the May 2024 meeting, the committee focused solely on the topic of insurance. Zero to Five Montana conducted a [follow-up survey](#) for the committee to garner interest in a potential captive insurance program for the child care industry and Raise Montana presented its findings to the committee. Staff prepared a [child care insurance analysis](#), the State Auditor's Office presented its prior analysis to the committee on the challenges the industry may face with a captive insurance model, and the committee heard from representatives from the insurance industry on underwriting requirements for child care policies. The committee voted at the May 2024 meeting to continue to work with the State Auditor's Office to examine the potential of a reinsurance program for the child care industry.

At the June 2024 meeting, the committee reviewed [a memo](#) prepared by staff regarding considerations and decision points needed to continue pursuing legislation for a reinsurance program. The committee opted not to pursue reinsurance program legislation.

WHO WILL CARE FOR MY CHILD?

Lack of workers in the field: Early childhood educators (ECE) are essential to meet the demand for child care, but historically have been among the lowest paid occupations and, combined with limited access to benefits and stressful working conditions, have consistently high turnover rates.⁵ The November 2023 DLI [presentation](#) cited an average childcare worker earns \$12.76 per hour, which translates to about \$26,480 a year when working full-time. The DPHHS' presentation at the November meeting expanded on ECE's and provided the committee with [additional statistics](#) on the number of staff by level of certification on the statewide ECE registry and the likelihood of graduates remaining in Montana a year after graduation.

ACHIEVEMENT STRATEGIES

During the January 2024 meeting, the EAIC discussed achievement strategies even further, with a roundtable discussion on opportunities for career ladders, [apprenticeships](#), CTE opportunities, higher education promotion, benefits for employees, [tax credits](#), and assistance with childcare for [childcare workers](#). The committee heard from the [Department of Labor & Industry](#), Montana State University, the Montana Early Childhood Project, Discovery Kidzone Learning Centers, Florence Crittenton, the Montana Cooperative Development Center, Raise Montana, and [Zero to Five Montana](#).

HOW CAN I PAY FOR THE CARE?

Lack of affordability: According to the November 2023 DLI [presentation](#), in 2023, Montana households averaged \$18,940 in child care expenses for children under age 5, which translates to 28% of the state's median household income. The cost of full-time daycare for a toddler in a center is around \$11,700 per year, which is more than the cost of in-state tuition for a four-year public college.

⁵ [Montana Informational Wage Rates by Occupation](#); Department of Labor & Industry, May 2023

The DPHHS provided a [summary](#) of the Best Beginnings Scholarship Program at the November 2023 meeting and discussed the benefits to both families and child care providers. The agency also discussed a market rate survey that was being conducted that would be finalized in December and would set new provider reimbursement rates for the next three years. They also [discussed](#) efforts to reduce the cost of care, including several programs using ARPA funding.

AFFORDABILITY STRATEGIES

During the January 2024 meeting, the EAIC discussed affordability strategies even further, with a roundtable discussion on market rates, benefits cliffs, the Best Beginnings Scholarship Program, [tax credits](#), and additional licensing opportunities. The committee heard from the [Department of Public Health & Human Services](#), [Florence Crittenton](#), and Child Care Connections.

The committee requested additional information on the Best Beginnings Scholarship Program, and at the March 2024 meeting, received a staff [policy options brief](#) discussing the income eligibility requirements of the program, other states' approaches to versions of the program, and outlining committee considerations for legislation.

APPENDIX A: ECONOMIC AFFAIRS INTERIM COMMITTEE MEMBERS

Before the close of each legislative session, House and Senate leadership appoint lawmakers to interim committees. The members of the Economic Affairs Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

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