Workforce: Building Child Care Capacity - A Community Partnership Approach

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Presentation Outline

- 10:20 – 10:40 Hearth & Home Technologies
- 10:40 – 11:00 EDA – Lake City
- 11:00 – 11:10 Questions and Open Dialogue
Hearth & Home Technologies (HHT) is an operating division of HNI Corporation. HNI is dedicated to delivering long-term value to its shareholders, exceeding customer expectations and being a responsible corporate citizen. Individual and collective integrity are essential in pursuit of these business goals. Today, HNI remains strong, stable and publicly traded (NYSE: HNI). Forbes magazine named HNI one of the 400 Best Big Companies in America, and Fortune magazine voted it one of America’s Most Admired Companies. The Corporation’s dedication to innovation, lean enterprise and rapid continuous improvement resonate throughout Hearth & Home Technologies. To learn more, visit us at hnicorp.com.
Business Growth – Lake City

- Strong growth in unit volume
- Strong growth in workers (members)
- Historically low unemployment rates in SE MN
- Emphasis has increased on human capital
Human Capital Strategy

To Become the Regional Employer of Choice in SE MN and SW WI

Goal:

#1

Grow the Pool:

Candidate Pool

Selection Tool
Gate Process
Tests
Starts

Goals:

- More Hires/weekday
- Lower Turnovers/weekday
- Gaining more Members/week

Work is simple, easy, error-proof, and safe.

Physically demanding and repetitive work is automated. Waste is eliminated.

Environment is comfortable, clean, and quiet.

More Effective Training & On-boarding, emphasizing Quality of training.

Work schedules are stable with fewer added and pulled production days.

Having Enough Members

To Meet Customer Demand
Turnover Data

Turnover Pareto by Reason

- Abandon: 24%
- Personal: 23%
- Policy: 18%
- Job Demand: 16%
- Location: 8%
- Other: 6%
- Pay: 6%
Member Engagement Survey

- We partnered with the Corporate Executive Board to develop and administer a member engagement survey.
- We can then focus in on areas for improvement as benchmarked against top performing companies.
Best Companies To Work For and World’s Most Admired
# Member Engagement Survey Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Plant Manager (n = 309)</th>
<th>Comparisons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Favorable</td>
<td>Neutral</td>
</tr>
<tr>
<td>Alignment</td>
<td></td>
<td>75%</td>
<td>18%</td>
</tr>
<tr>
<td>Collaboration</td>
<td></td>
<td>75%</td>
<td>17%</td>
</tr>
<tr>
<td>Improvement Emphasis</td>
<td></td>
<td>73%</td>
<td>18%</td>
</tr>
<tr>
<td>Work / Life Balance</td>
<td>8. I am able to maintain a healthy balance between my work and personal life.</td>
<td>62%</td>
<td>18%</td>
</tr>
<tr>
<td>Work / Life Balance</td>
<td>9. My company provides flexible solutions for managing work and personal life.</td>
<td>55%</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>10. The amount of stress I experience on my job is acceptable.</td>
<td>47%</td>
<td>22%</td>
</tr>
</tbody>
</table>
Survey Results & Changes

• Strong performance with alignment, collaboration, and emphasis on improvement.
• Opportunity to improve work/life balance.
• Focus groups:
  • More notice for overtime – so we can plan our personal lives
  • Increase work schedule stability – more weeks 40 to 45 hours
  ➢ The generations of today are less willing to trade off personal life for their work life.
Partnering with EDA

- EDA and Grow MN! Meeting
- Started the groundwork for exploring a potential shortage in child care
- Lake City EDA - child care survey for employers
EDA Child Care Survey Data

- HHT had 21 members complete the Child Care Survey
- Top 3 results:
  1) Child care is hard to find, especially for infants.
  2) Cost is important, some will pay more for care.
  3) We can increase our workforce by helping solve the child care shortage.
Do you know someone else who wants to work but can't because of child care? If so, is it because they...

- Cant find child care: 9
- Can't afford childcare: 6
- Not sure: 3
Solutions

• Improved flexibility:
  – Increased positions on our current 2nd shift
  – Started production on 3rd shift
  – Some shifts work Sun – Thu, others work Mon – Fri.

• Also partnering with our local EDA Director to work on solutions to the child care shortage
  – HHT supports increased child care coverage in our community, but actual contribution will depend on the chosen solution
Family child care centers can care for up to 14 children depending on the license type and are licensed by the county

- The maximum number of infants (under 12 mos) that a family provider can care for is 2 unless there are two providers present then the limit is 3

Child care centers can care for up to 99 children, depending on the license type and are licensed by the State

Lake City has 15 family child care providers and no child care centers
Lake City Context

About Lake City
- On Lake Pepin, 1.25 hours from MSP; 35 minutes from Rochester
- 5,000 residents, no growth in past 10 years
- Straddle Goodhue and Wabasha Counties

Lake City financially healthy
- Owns and operates Marina and Utility

Employment
- 25% of jobs are in manufacturing
- Many jobs visitor oriented
- 1,900 commuters to Lake City for work
- 950 live and work in Lake City
- 1,200 residents work elsewhere
- Estimated 80 job openings

EDA Director started job June 2016
Anecdote or Analysis?

The Child Care Gap in Lake City
Winter 2016/2017

The Child Care Gap in Lake City Employee Survey Responses
Updated April 2017
The numbers: child care by county

MN CENTER FOR RURAL POLICY AND DEVELOPMENT

- State-wide data on child care providers and spaces by county
- Trends since 2006
- www.ruralmn.org

Decline in child care providers Wabasha and Goodhue Counties

Source: MN Center for Rural Policy and Development
The numbers: employment

DEED REGIONAL LABOR MARKET ANALYSIS

- DEED Labor Market Information Office Economic Development Region 10; 2015 Regional Profile
- www.mndeed.com

Why does it matter? We need workers.

- Unemployment in Southeast Minnesota is very low.
  - In November of 2016 Goodhue County unemployment was 3% and Wabasha County unemployment was 2.7%
  - For every 1.0 job openings, there are only 1.1 job seekers.
  - Many Lake City employers report challenges finding workers to fill openings.

Source: DEED Regional Labor Market Analysis; DEED Labor Market Information Office Economic Development Region 10, 2015 Regional Profile; Interviews Lake City EDA
The numbers: commuting

U.S. CENSUS ON THE MAP

- Telling the area story, not just Lake City
- [https://onthemap.ces.census.gov](https://onthemap.ces.census.gov)
- Using your zip code or City name commuting patterns are available
- 2014 most recent data
The numbers: potential employees

DEED QUARTERLY CENSUS OF EMPLOYMENT AND WAGES

- To estimate number of job openings go to https://mn.gov/deed/data/data-tools/qcew/
- For individuals not in the workforce with children under 18 use American Fact Finder Table S2302
The numbers: two parents in the workforce

U.S. CENSUS AMERICAN FACT FINDER

- Google US Census American Fact Finder
- Use Fact Finder Advanced Search
- Employment Characteristics, Table S2302

Most two parent families participate in the workforce

Data for families with children under 18

Source: Table S2302 US Census, 2011-2015 American Communities Survey;
Note: Goodhue and Wabasha County average 77%
The numbers: our gap

CHILD CARE PROVIDER TELEPHONE SURVEY

- Estimate numbers of children under 5 with data on births: [www.health.state.mn.us/divs/chs/countytables](http://www.health.state.mn.us/divs/chs/countytables)
- Multiply that figure by your percent two-working families to estimate demand (previous slide)
- Compare your demand to capacity either with data from MN Center for Rural Policy and Development or your own figures
  - Lake City figures from child care provider survey – next slides
The numbers: our child care providers

MINNESOTA DEPARTMENT OF HEALTH

- http://licensinglookup.dhs.state.mn.us/
- Contacted 13 of the 15 in home child care providers by letter; called the following week
The numbers: our child care capacity

TELEPHONE SURVEY LAKE CITY CHILD CARE PROVIDERS

- Sent letter to each licensed provider with list of questions and telling them I would be calling
- Spoke to 13 of our 15 licensed family child care providers
  - Note: providers may be licensed for more children than they accept

Questions for local child care providers

- How many children do you care for today? How many infants do you take?
- How many families that you serve live in Lake City? How many live somewhere else?
- How many families that you serve work in Lake City?
- Do you have a waiting list? If so, how many children and for what ages?
- Do you plan to stay in business over the next five years?
- Do you think there is a local need for additional child care spaces? If so, what ages?
- Do you have an interest in opening a child care center?
- What are your rates?
- What are your hours?
Telling the story: providers survey

Lake City Providers Say...

- NEED FOR ADDITIONAL INFANT CARE?
  - Yes: 69
  - Not sure: 11
  - No: 12

- NEED FOR ADDITIONAL CHILD CARE UNDER 5?
  - Yes: 69
  - Not sure: 39
  - No: 5

Lake City is feeling the pinch: ‘It’s ridiculous!’

- “I just told two mothers that they could go ahead and get pregnant – I would hold a space for their babies. It’s ridiculous!”
- “I posted two openings on Facebook and had seven calls in 4 hours.”
- “I get calls all the time from parents looking for care.”
- “I’m holding four spaces for babies who aren’t born yet.”
- “I’ve gotten calls from parents who have been looking for care for a year.”
- “I don’t keep a waiting list because I don’t want to manage it, but I get 2–3 calls a week looking for care. Especially for infants.”
- “This week (12/20/17), I had calls to find care for babies in starting in August and December of 2017.”

Morning Hours Lake City Child Care

Source: Dec 2016 Lake City EDA Telephone Survey 13/15 registered in home child care providers, St. John’s Learning Center

Source: Dec 2016 Lake City EDA Telephone Survey 13/15 registered in home child care providers
One page survey for employees.
Did not allow edits by employers so data could be tallied.
Employers could add additional questions.
Creating understanding of the need in the community

**NETWORKING**
- First Children’s Finance
- Families First
- Lake City Early Childhood and Family Education group
- Wabasha County administrator
- Wabasha county child care licensor
- Goodhue County Administrator, Director of Health & Human Services
- Goodhue County child care licensor
- Child care center operators in Harmony and Red Wing
- Lake City Child Care Association

**SPEAKING OPPORTUNITIES**
- EDA Board
- Quarterly Large Employer’s luncheon
- City Council
- Goodhue County Commissioners
- Kiwanis
- Rotary
- EDAM Presentation
- UMN Extension
- Article submitted to local paper
- Chamber of Commerce annual meeting
- Lake City Historical Society
Taking action

ENCOURAGE CAPACITY BUILDING

- Child Care Center
  - Partnering with First Children’s Finance create financial pro forma and RFP – what levers can we pull to make this financially feasible?

- Family Care Licenses
  - Informational sessions for potential new business owners

GOVERNMENT LEVERS

- State Legislature passed a bill that includes $500,000 in grants (through DEED) to fund child care start-ups, expansions, training, facility modifications or improvements
- Wabasha County has waived the application fee
- Zoning – County licensing permits family child care centers in commercial buildings; but Lake City zoning does not currently allow
- City incentives possible: land or utility support
A work in progress....

- Employers
- Child Care Business Owner(s)
- Local Government
Questions?