

A photograph of a woman with long dark hair, smiling warmly at two young children. The children are sitting at a table, and the woman is leaning in towards them. The background shows shelves with books and other items, suggesting a classroom or playroom. The entire image has a green tint.

**Director Experiences Operating a Rural
Child Care Center in Indiana**

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Our Team



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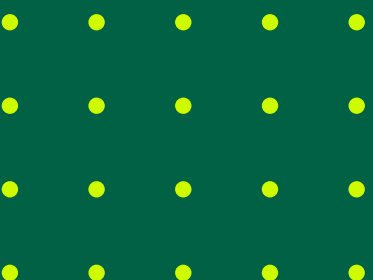


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Agenda

- 1 Background
- 2 Methods
- 3 Results
- 4 Conclusions
- 5 Discussion



Background





Child Care and Indiana's Economy

62%

Children who need child care that are served through existing capacity

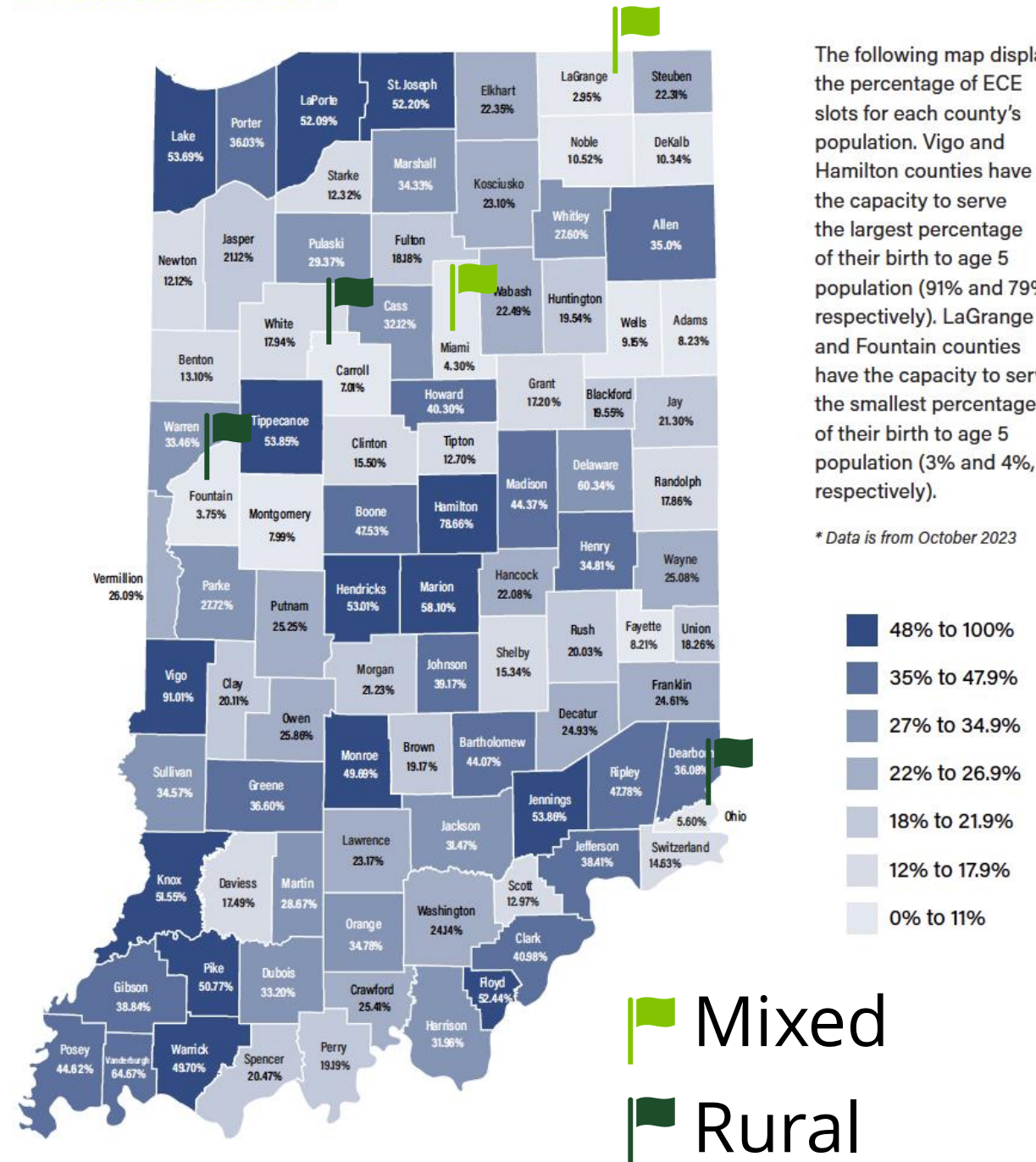
\$4.2B

Lost economic activity in Indiana due to insufficient child care

83%

Due to staff turnover and parent work absenteeism because of child care issues

Percentage of Available Slots for the County Population of Children Birth to 5¹⁹



Child Care Capacity in Indiana

Rural counties have lower overall access to care. These areas are more frequently serviced by smaller, in-home providers and may have a more difficult time sustaining larger center-based programs.

Child Care Subsidies

Federal money provided to states and territories to help pay for the cost of child care so that families with low incomes may work, attend job training, or continue their education.



Improve economic self-sufficiency



Promote stable employment

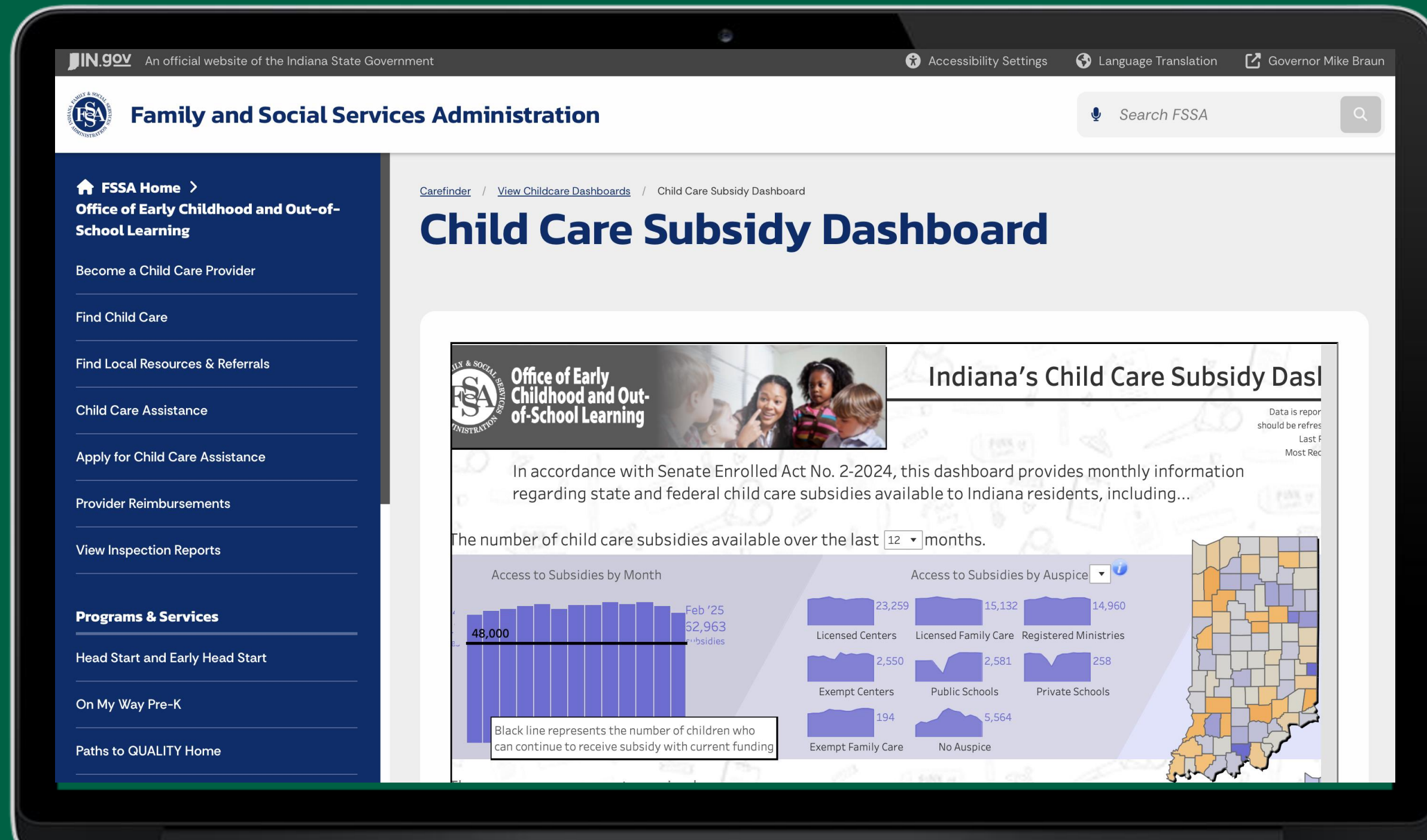


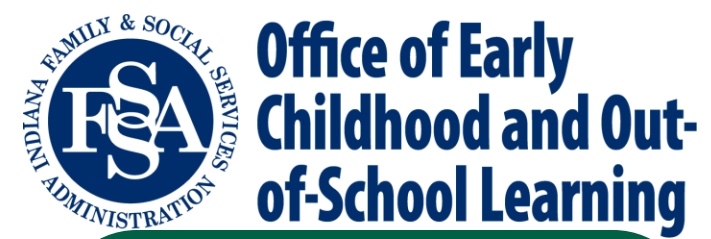
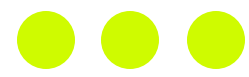
Contribute to economic development



Reduce barriers to high-quality care

Child Care Subsidies in Indiana





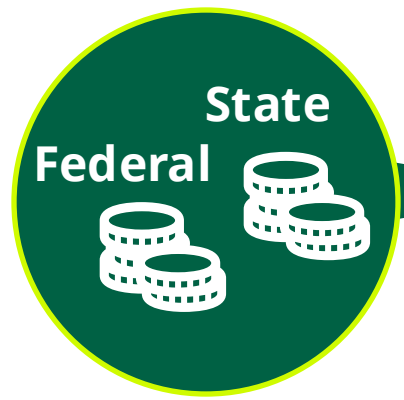
Subsidy Process



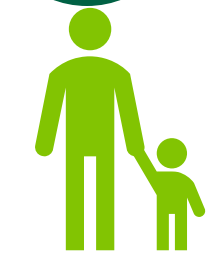
Federal policymakers allocate money based on a formula and determine rules for state child care subsidy programs.



State policymakers design and administer a child care subsidy program and determine criteria such as eligibility and reimbursement rates.



Eligible families apply for a subsidy and may be provided a voucher to use at participating child care programs.



Families with vouchers select a child care provider of their choice who participates in the subsidy system.



The state reimburses child care providers a set amount for providing care that is typically determined by the market rate within each county.



The cost of providing care often exceeds the market rate so providers may 1) lose money, 2) charge families overage fees, or 3) come up with other funds to cover the difference



Rural Child Care Subsidy Issues



Lower Incomes

Incomes of families in rural counties are typically lower than in urban areas, which may reduce their ability to pay for high-quality programming.



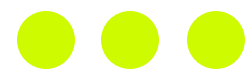
Lower Subsidy Rates

Subsidy reimbursement rates typically do not cover the full operating costs in rural counties because market rates reflect what families can afford to pay.

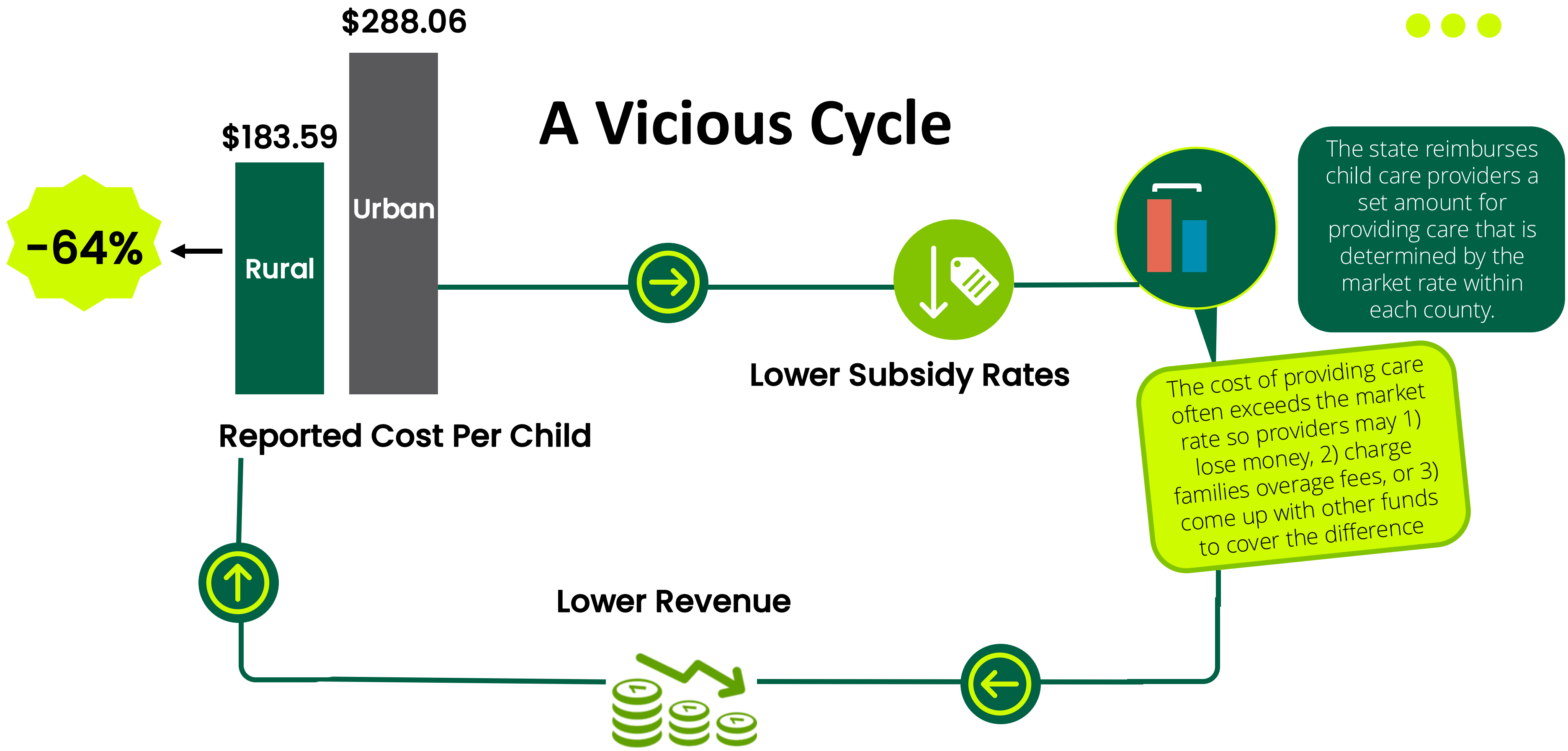


Lower Revenue

Rural child care programs are less likely to have stable revenue streams coming in from fees paid by families, grants from local philanthropy, and private charitable donations.

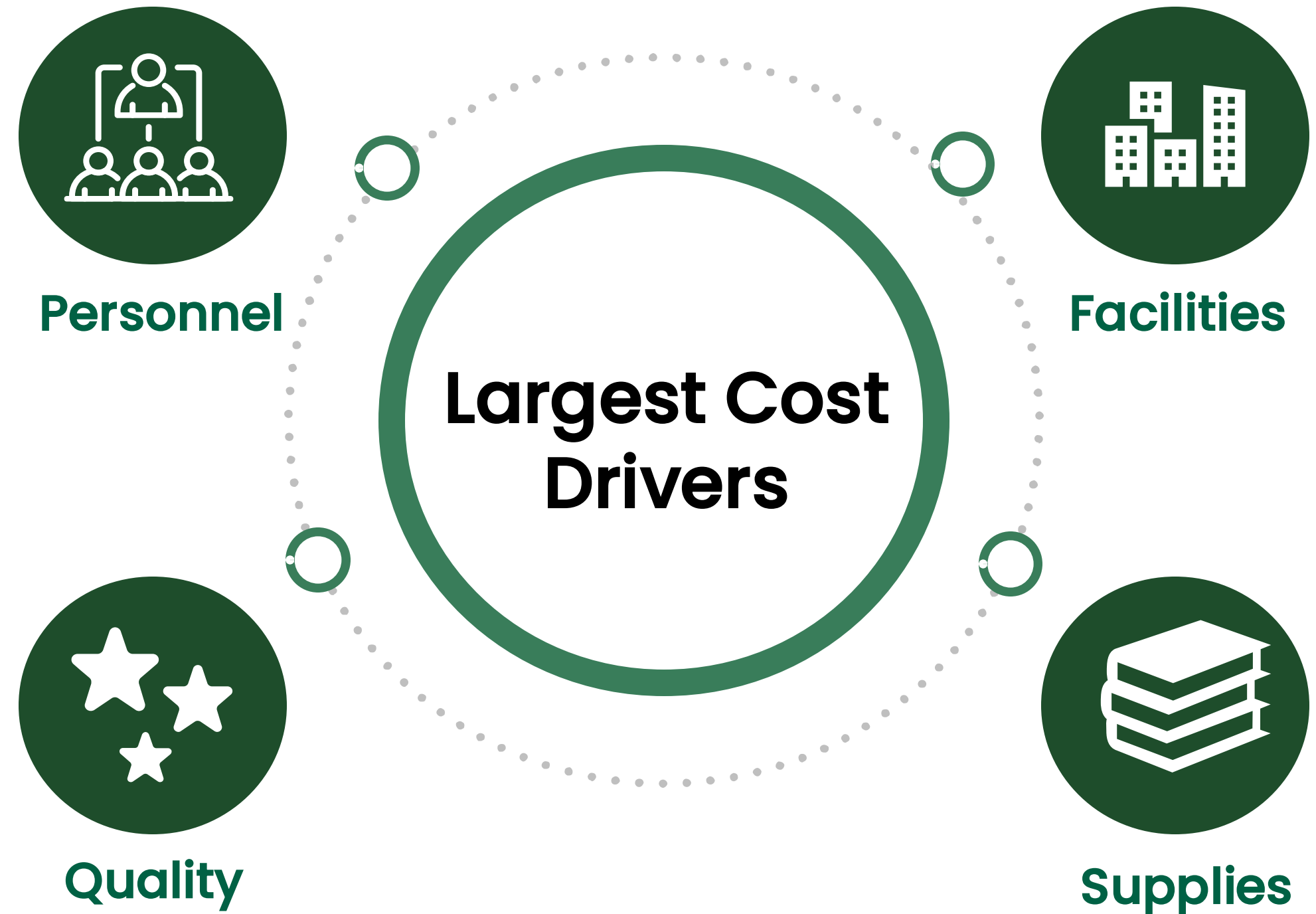


A Vicious Cycle



Hypothesis

Rural child care directors implement cost saving measures within the largest categories of cost drivers which contribute to lower reported operating costs.





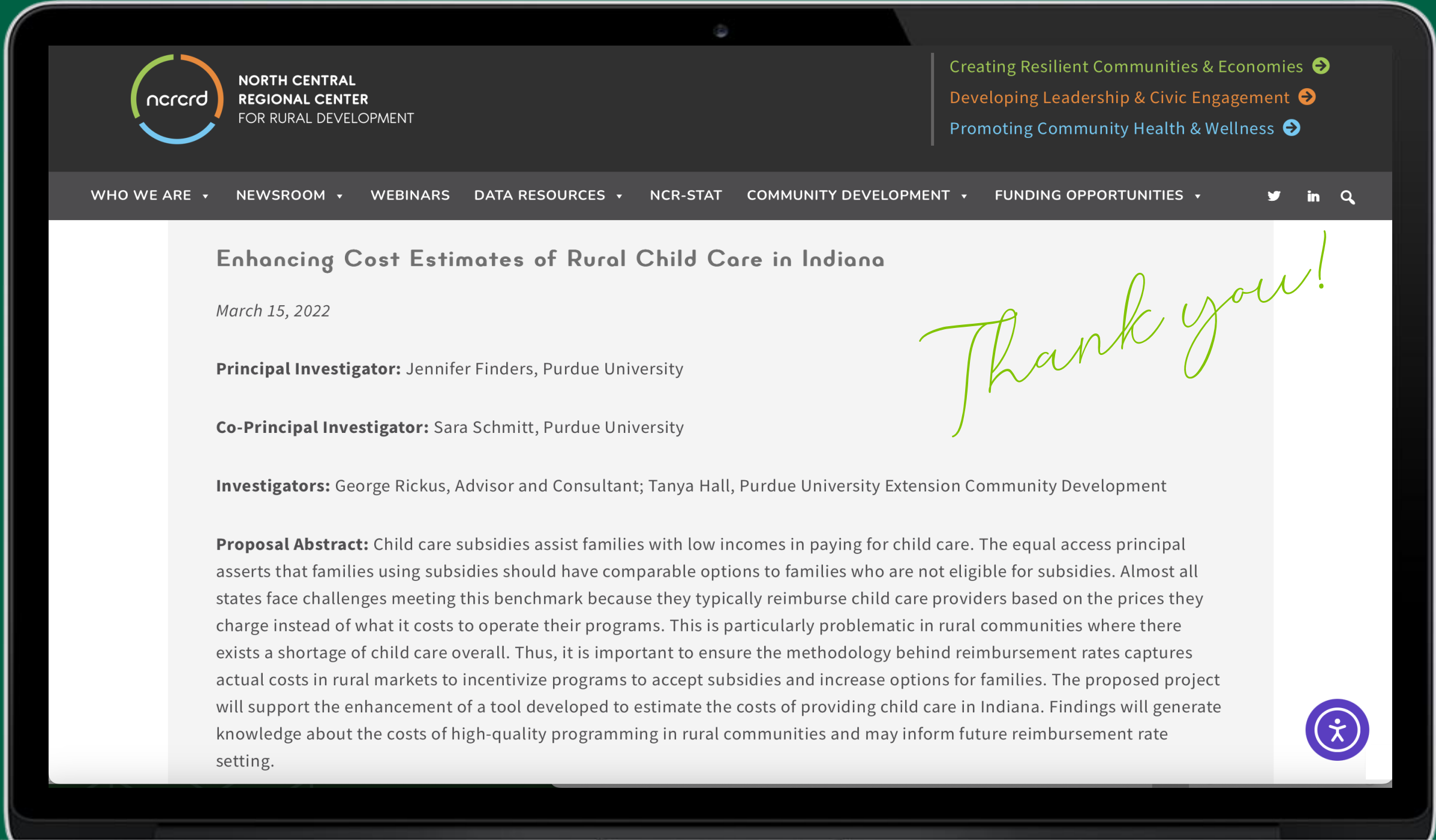
Aim

Problem: The methods for calculating subsidy reimbursement rates may be underestimating the true cost operating costs of rural child care centers in Indiana.

Solution: Develop a survey tool informed by rural child care director experiences that will produce more accurate cost estimates to be used in future initiatives.

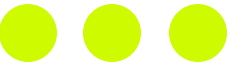


Funding



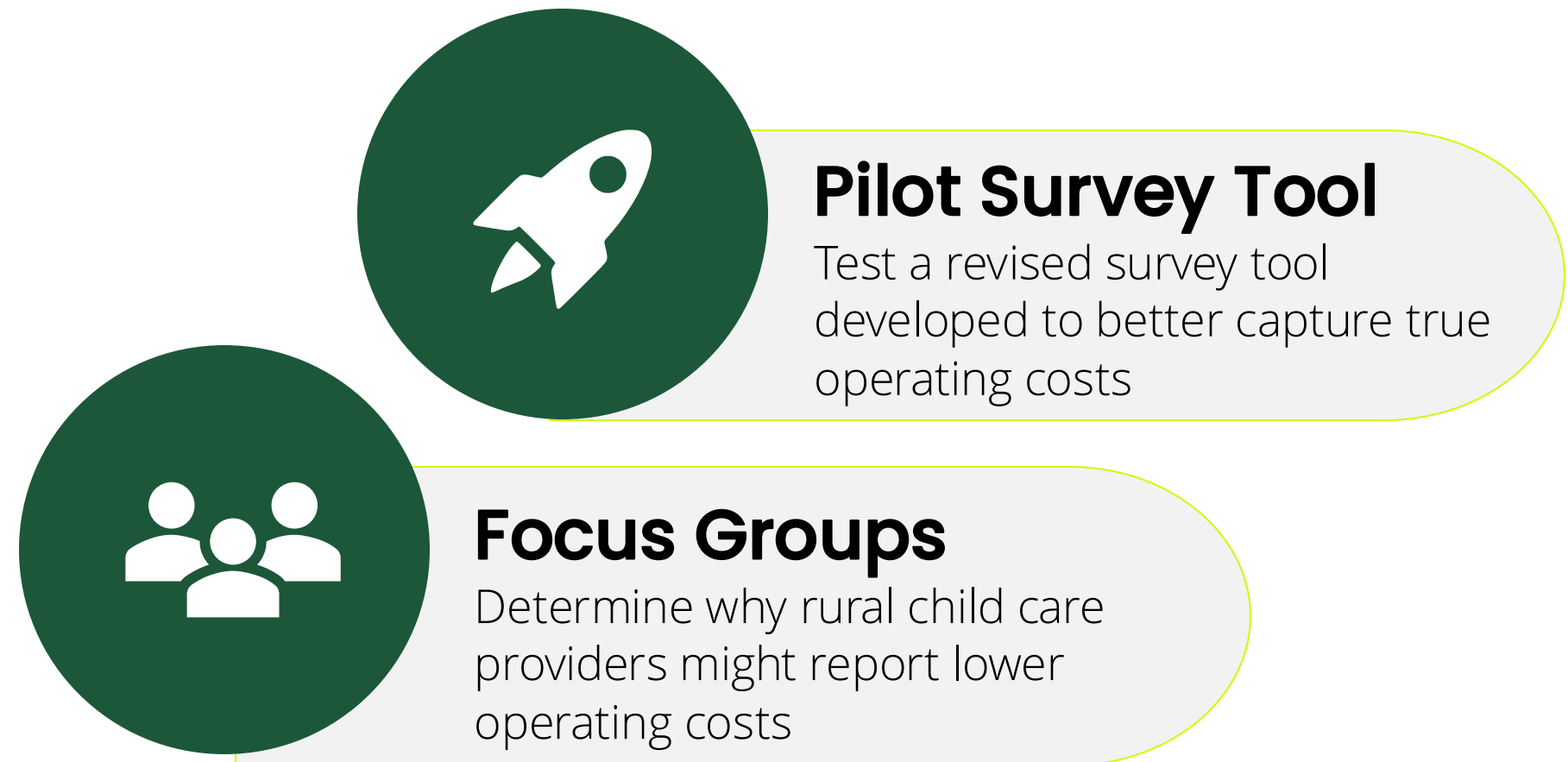
Methods





Study Design

Mixed methods approach to 1) identify the drivers of child care costs in rural counties and where assumptions may need to be refined, and to 2) inform enhancements to a cost survey tool that will be piloted with a small sample of rural providers.



County Classification

	Definition
Urban	Population: Over 100,000 Density (people per square mile): Over 200 Population of largest city: Over 30,000
Mixed	Population: 40,000 – 100,000 Density (people per square mile): 100 - 200 Population of largest city: 10,000 – 30,000
Rural	Population: Less than 40,000 Density (people per square mile): Less than 100 Population of largest city: Less than 10,000

- Urban
- Mixed
- Rural



(Ayres et al., 2013)

Data Collection



YOU ARE INVITED...

YOU ARE INVITED TO PARTICIPATE IN PURDUE UNIVERSITY'S CHILD CARE COST STUDY (IRB-2022-1029)!

This is an exciting opportunity to be involved in research that will **help us to better understand the operating costs of childcare centers in rural Indiana**. We want to hear from child care directors and administrators like you because your knowledge is extremely valuable for this research!

To participate in this research, we will ask you to **participate in a 60-90 minute focus group** with other child care center directors or administrators. We will also offer you the opportunity to complete a revised cost survey tool. **You will receive \$50** for participating in the focus group, with the option of an additional \$50 if you decide to complete the updated cost survey tool.

Please **scan the QR code** or put <https://bit.ly/3T6J3TX> into your **internet browser** to complete the consent form and an initial survey that will allow us to schedule the focus group.

Questions? Email Jenn Finders: jfinders@purdue.edu




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West Lafayette, IN 47907-2055



102 directors

Across 75 counties were contacted to participate via postcard, phone call, email, or drop-in visit



21 directors

Completed the consent form and intake survey confirming their eligibility



18 directors

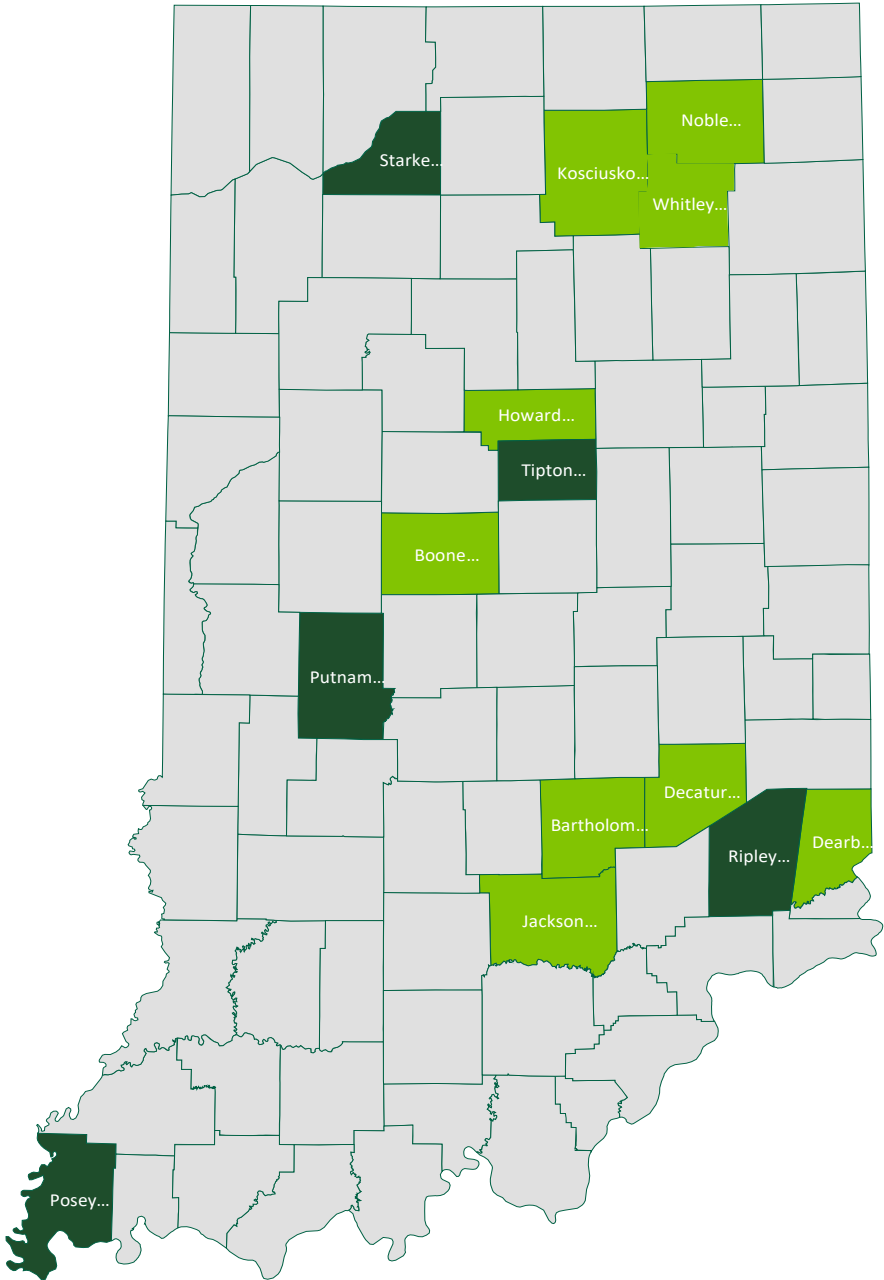
Participated in 9 focus groups in November and December of 2022 via Zoom



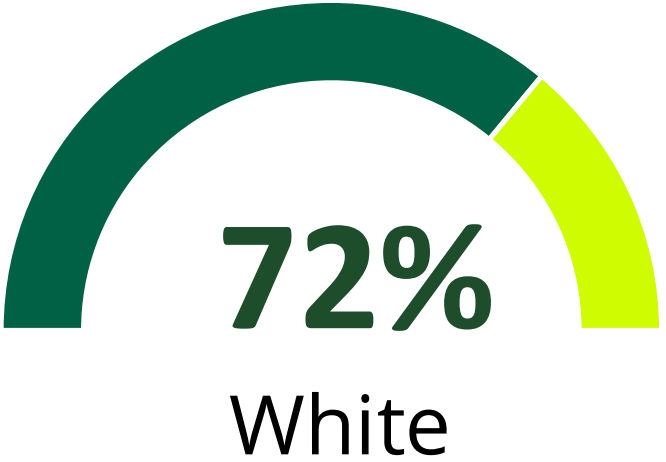
12 directors

Completed a follow-up survey on their operating costs using the revised tool in October, 2023

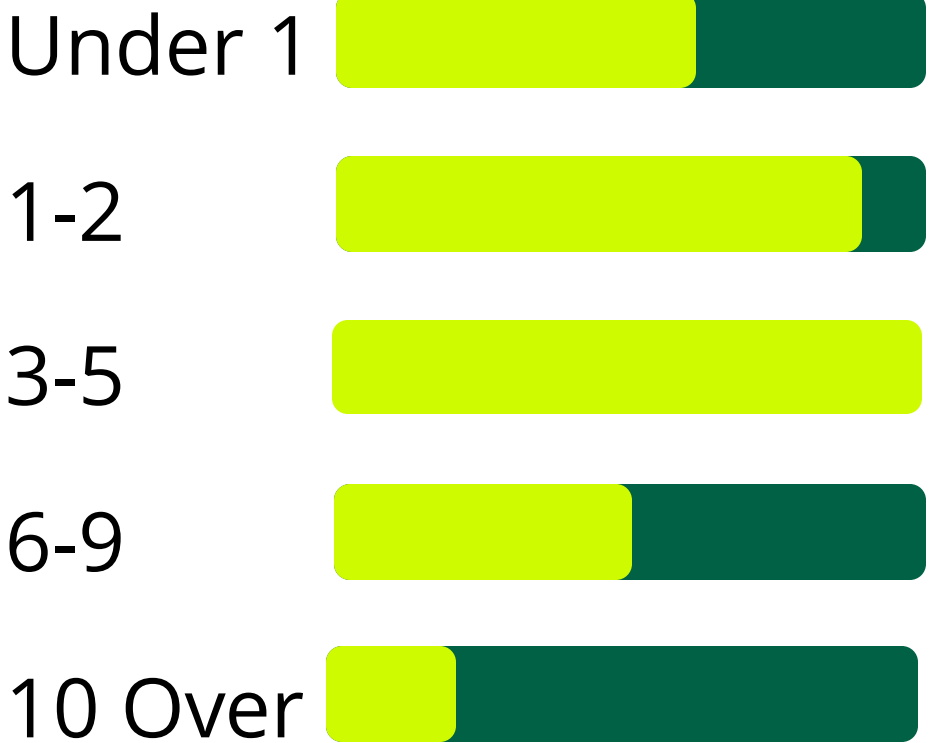
Participants



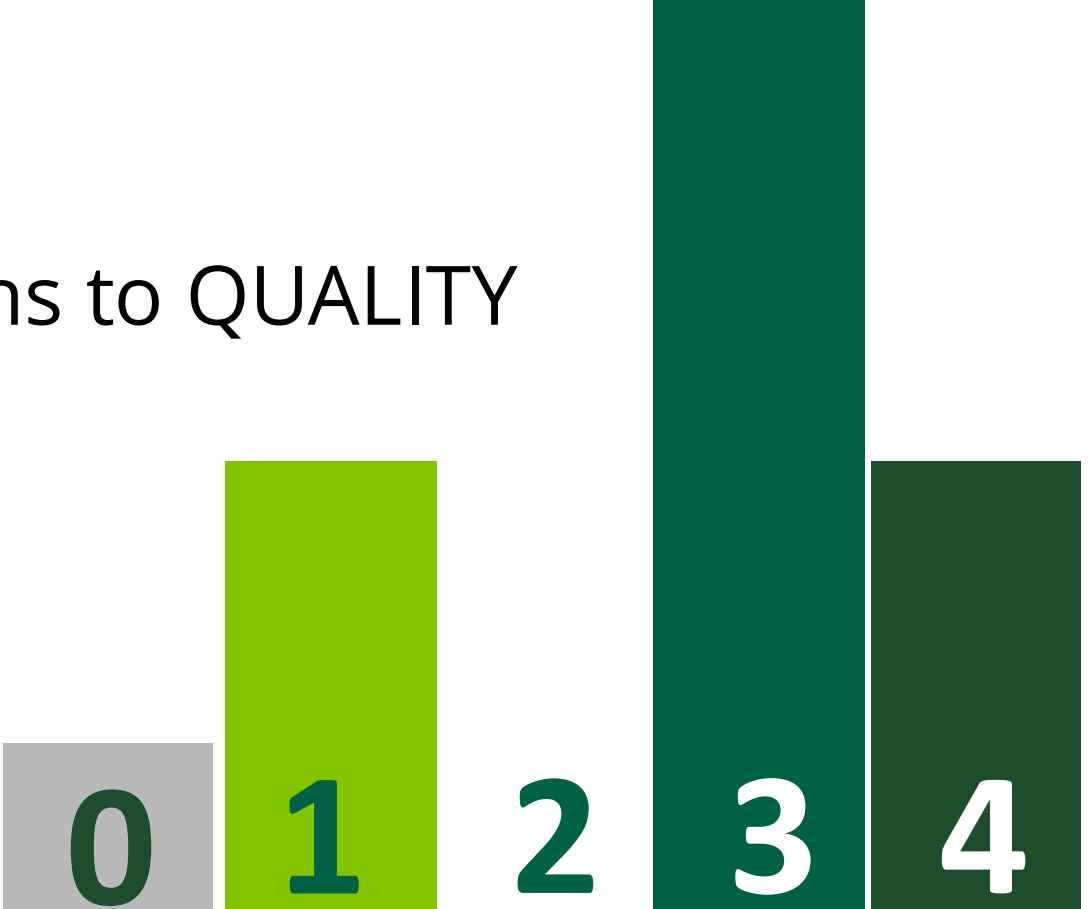
Mixed (n = 12)
Rural (n = 6)



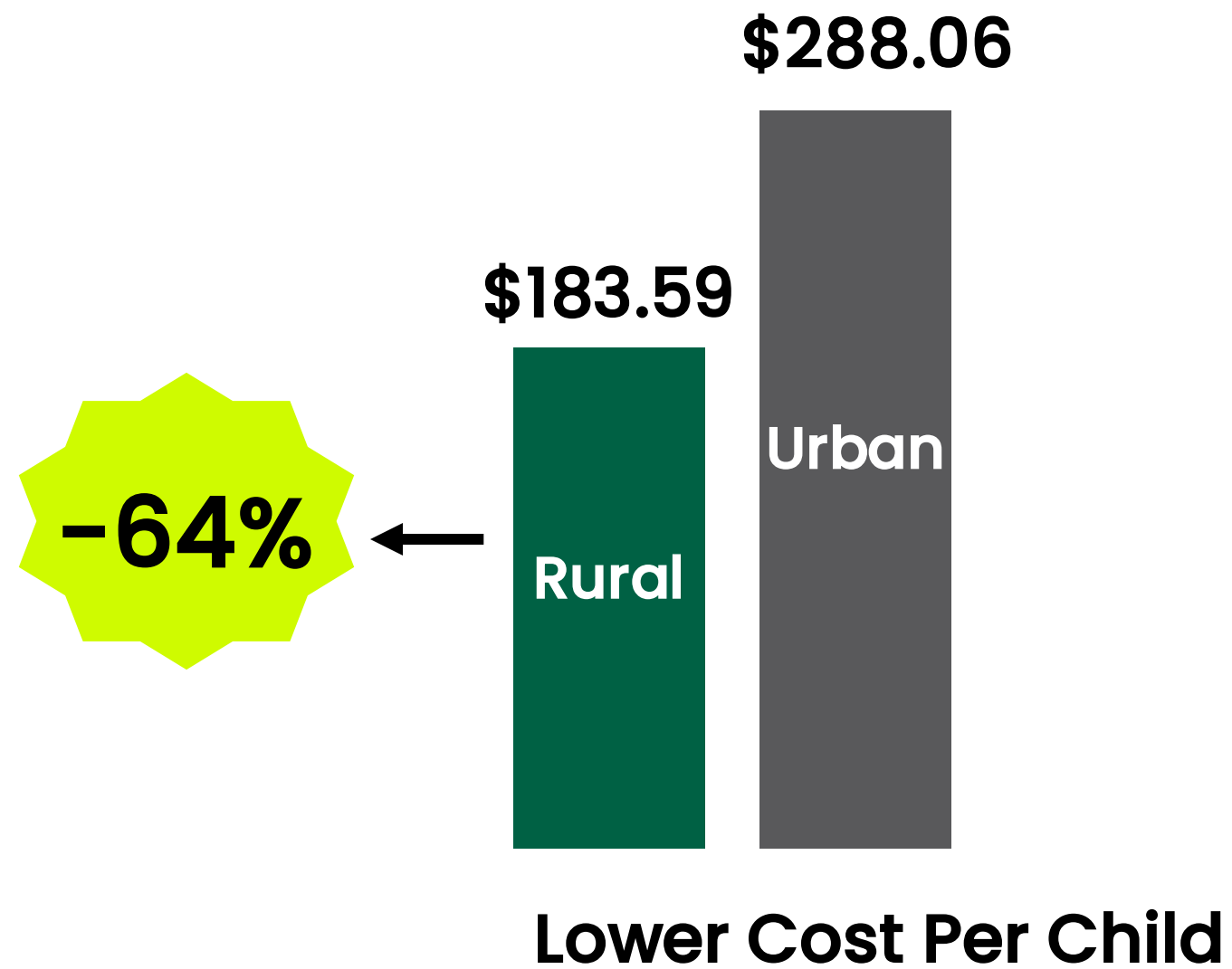
Ages Served



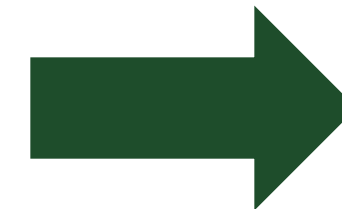
Paths to QUALITY



Focus Group Questions



Urban centers report spending \$104 more per child, per week on operating costs relative to rural centers

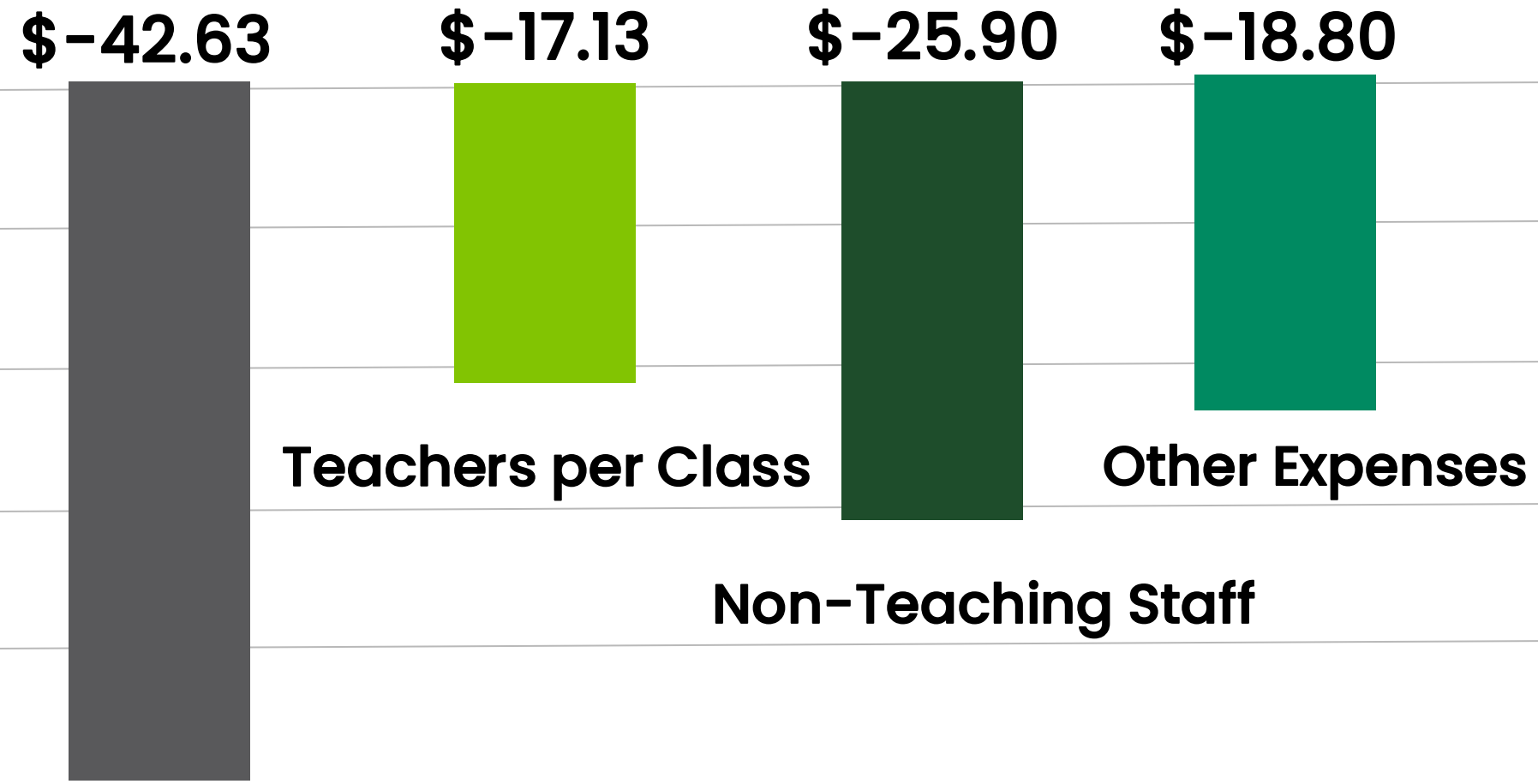


In a center with only 20 children, that would mean rural centers report their costs being \$109,000 less per year than an urban center



Do you agree with this assessment? Why or why not?

Focus Group Questions



Hourly Wages

It costs rural centers \$42.63 less than urban centers per child to pay staff on a weekly basis.

“What are your wages? How do you set your wages? Do you take steps to control your wages? Do you want to pay staff more? How much more? How might the ability to pay staff more impact your business operations, children, and families?”

Coding Approach



1

Deductive

Coding to confirm our hypothesis regarding cost saving measures rural child care directors implement that may lead to lower estimates of operating costs.

2

Inductive

Coding to explore patterns and themes that emerge from the data without prior assumptions or hypotheses about what will be found.



Phase 1: Read and Familiarize

Coding team reads passage and shares initial impressions and keywords.

PI and expert coder review keywords and determine coding method.

Process coding: captures thoughts, actions, and behaviors described by participants

Phase 2: First Round Coding

PI and expert coder randomly select a single transcript to preliminarily code.

PI and expert coder combine codes, search for similarities, and narrow to 50 codes.

Phase 5: Synthesis and Interpretation

PI establishes themes across codes and assigns meaning.

Phase 4: Refine Codes

Expert coder refines and narrows codes to list of 38 codes and ensures consistency.

Phase 3: Second Round Coding

Expert coder reviews and revises code application as needed.

Members of coding team independently code 2-3 transcripts each.

Expert coder trains coding team and conducts reliability until 75% agreement reached.

Results



Themes



Enduring Challenges



Persistent challenges directors experience that impede their ability to operate their center in an ideal or desired manner.

Impacting Work and Life



The consequences of these challenges for directors' daily work hassles and personal life.

Overcoming Obstacles



The strategies directors adopt to navigate the challenging circumstances and overcome obstacles.

Enduring Challenges

code	#	%	description
lacking funds	17	94.4%	not having sufficient money to cover necessary or desired expenses
naming financial stressor	17	94.4%	identifying financial burden
identifying rural challenges	17	94.4%	naming challenges associated with living in a rural location
burdening families	17	94.4%	recognizing situations or decisions that inconvenience or strain families
not profiting	16	88.9%	losing money, breaking even, or barely making it by
competing for staff	15	83.3%	facing labor market pressure for staff
revolving door	15	83.3%	experiencing consistent turnover of staff, teachers, and families
doing everything	14	77.8%	expressing task overload
supporting child development	14	77.8%	highlighting the demands on staff to meet child needs
lacking experience or quality	12	66.7%	expressing employees lack competencies
having a waitlist	12	66.7%	having enrollment demands that exceed center capacity
competing with local schools	7	38.9%	facing local competition because of k-12 schools

Lacking Funds

not having sufficient money to cover necessary or desired expenses

It always comes down to money. That's the only thing that holds us back. Because if we had the extra money to spend, I would definitely employ more staff.

I would love to pay my staff higher hourly wage. Honestly, my staff, if I had all the money in the world for my staff, honest to God, my staff is worth \$35 to \$40 an hour.
Easy.



Naming Financial Stressor

identifying financial burden



There are so many unknowns in child care. And when you lose, like if you lose a family, and they don't give you a two-week notice, you know that's revenue gone right away.

When you have those parents that still struggle getting payments paid every week or they stop paying for a couple of weeks and then they're behind and then you have to do a payment plan. Parents don't realize that we're still actually paying our staff, even though they're not paying us on time.

Identifying Rural Challenges

namings challenges associated with living in a rural location

When we're talking about meals that comes down to where can you get your food and how much are you paying for it. If you're inner city, you have the access to like Sam's Club or Gordon's, things like that. You can buy in bulk. And that's typically a lower cost.

I couldn't find a building and couldn't find a lot even to build. A doctor's office closed, so I turned a doctor's office into a childcare center. So that affects your square footage and your ratios and class size as well. And in the small communities you deal with what you can find and what you have to make do.



Burdening Families

recognizing situations or decisions that inconvenience or strain families

I'll be honest, I don't see us being able to go any higher due to the fact that we have so many low income families in the center and in our community. So we kind of are in a standstill.

I feel like if we have to go up anymore, we're going to end up losing more families and people just won't be able to afford us.

We changed our admissions policy to include to close two weeks a year and the parents pay. So the staff also now get two weeks paid vacation. Where we couldn't we never offered that before. I mean, it's on the backs of the parents.



Not Profiting

losing money, breaking even, or barely making it by

We're currently about two months out on our operation costs. So we have enough money to keep operating for about two months. And so we're looking really hard at our budget and we've determined that we're at about a \$10,000 a month shortfall.

I would say I'm probably breaking even about now. There's there is nothing extra. And that's mostly due to lack of being able to fill up the classrooms. So I'm not I'm not running into any negative right now. But if it continues to too much longer this way, it's not going to be very long before that does start happening.



Competing for Staff

facing labor market pressure for staff

You know, some of our local fast food restaurants are paying more. I would like to know, you know, what? Different areas are getting paid and find a median that would be helpful to know all those facts and figures.

Looking at kind of what people are expecting a lot of our schools are able to do co-op and the high schools. And so the kids leave at 11 or 12 and they're able to go get pretty much full time jobs. But when they're going to the factories and things, they're getting close to \$20 an hour in high school.



Revolving Door

experiencing consistent turnover of staff, teachers, and families

We have so many call-offs now and like the constant turnover. Our centers have a 75% teacher assistant turnover rate. So, I mean, it's just it's just insane. The directors are pulled into the classroom...like we're just not doing the continuity of care that needs to be happening right now.

Every time I get ahead, somebody leaves or moves away or finds a better paying job. I have an infant classroom that I could open and another 2-year-old classroom that I could open if I ever had the staff. So for me, it's just finding the staff to be able to fill those spots in order to be able to to move forward.



Doing Everything

expressing task overload

You do it all as rural center. The director has to be multifaceted. I mean, it's not a job that you sit in the office with computer. You are running around everywhere, doing everything.

But I'm spending two hours every morning in the classroom and then I'm putting out all the fires throughout the day and covering breaks and it's like it's never. So this is how my husband describes it, he says, you're always on the defense, never on the offense.



Supporting Child Development

highlighting the demands on staff to meet child needs

We noticed that the 3-year-olds, a lot of them, were not where they need to be with their milestones. They weren't potty training or they didn't know how to be in a group. Some of them even non-verbal. So it was just too much for those young 3's to be in a mixed age group class with our preschool.

I've been desperately wanting to hire a registered behavioral therapist that could float between the buildings and all of the classrooms to lend some extra support because we have so many kids that just have so many challenges right now. And it's overwhelming for the teachers and it's overwhelming for the other kids in the classroom.



Lacking Experience or Quality

We are starting ours out at about \$11 an hour, depending on experience. We have found that if you're going to hire people, they usually don't have experience. We also have all of our staff start working on their CDA within the first year, and then once they get their CDA, they also get another raise and that's usually about a dollar.

expressing employees lack competencies

If you are hiring people that don't have education or haven't worked with children and the majority of the children behaviors are skyrocketed, you would have to put more people in there to support the teachers to help each other out, compared to teachers that are educated, have worked in the field a long time, know how to handle the kids...



Having a Waitlist

having enrollment demands that exceed center capacity

Our manager said that she noticed, like when people called in to register, some of them were wanting to get in right then and so she felt like we lost them when we didn't have the space last January, February.

But we also we have such a waiting list that like we will probably never get many of the people on our waiting list just because we don't have the capacity, we don't lose kids that often. And like I said, when we get them, we keep them because there's not a lot of other options.



Competing with Local Schools

And now **On My Way Pre-K** program has proven to be the downfall of private programs, it seems, because it was kind of the gateway for public schools to go, oh, like we can get in on this. There's money.

facing local competition because of k-12 schools

I think the only way in which the schools are affecting us would be not staff, but children. Because **now that schools are having their four year old pre-K classes, we are not seen as educators.** We're just the babysitter. So we don't teach the children.



Impacting Work and Life

code	#	%	description
expressing emotions	18	100.0%	communicating their feelings
naming other stressors	18	100.0%	identifying non-financial burdens
perceiving programs as inefficient	15	83.3%	viewing programs as lacking benefits
making hard decisions	13	72.2%	making a personally difficult choice
worrying about the future	11	61.1%	expressing concern about what's to come
recognizing physical/mental toll	10	55.6%	acknowledging chronic stress within the staff
struggling to persist	10	55.6%	expressing the need for help to endure
making personal sacrifices	8	44.4%	making decisions that come at a cost to themselves
perceiving policies as inequitable	5	27.8%	viewing policies as unfair or preferential to others

Expressing Emotions

communicating feelings



And there's nothing worse and more depressing than having 10 classrooms and it be so quiet, you know, everything's ready. Baby beds are ready and bottles are here. Everything's here and ready to go. And it's so quiet. Nothing makes me more sad than that. That's depressing.

It's just really sad. I feel really underappreciated and I feel my teachers feel that, too. They don't feel it for me. They know that I appreciate them. But I do think they do feel like where did this whole you guys are essential go? Because it went out the door.

Naming Other Stressors

Identifying non-financial burdens

I really had to look at it and go, where are our biggest stressors? And I started to realize the pre-school program is our biggest stressor right now, the most requirements. With our assessments, they suck out the most supplies, they eat more food, and now we're almost at a 4-to-1 5-to-1 ratio with these special needs.

I think that's a big part of what burns out the directors is the amount of time that you spend figuring out who's going to be where taking the call-ins. And that's the only way I was kind of willing to come back in and be more day to day was to have somebody who was going to handle that part.



Perceiving Programs as Inefficient

It's the private clients that I constantly have to scholarship. So I think what it would take is raising the CCDF income limit so that married families with children would actually qualify.

Because the way it's set right now, you pretty much have to be a single mom. Or if you are married, you'd have to have like five kids.

viewing programs as lacking benefits

From my experience, and I have done a CACFP in three programs, I have never seen it cover 100%. I also think on a state level there is a huge misunderstanding in how they train people to use funding and they need more awareness of basically telling people how to shop.



Making Hard Decisions

I started my program because of preschool; I wanted Montessori education in rural areas. And so I was so emotional this past weekend, like when I officially made the decision that I have to cut my preschool classroom. Because it's literally why I started my program and now I can't sustain it anymore.

making a personally difficult choice

And as sad, as I hate, I guess I'm ashamed, it got to the point where we had to say I'm sorry that we've got some issues here that we just don't feel like we are capable of helping you out. And bottom line, we had to ask that the child not not continue with us.



Worrying about the Future

expressing concern about what's to
come

I can't have these children with people that aren't high-quality providers that don't have the desire. I'm watching things fall apart before my eyes. It's really, really scary and sad. And I look at it, I go, Oh my God, **five years from now...what is our child care system in Indiana going to look like?**

We're the last industry struggling, it seems like, you know, and I don't know I don't know how much longer the teachers are going to hold on. **And I have big fears like the liability that I take on every day opening those doors.**



Recognizing Physical and/or Mental Toll

acknowledging chronic stress within the staff

And I just think it would help the teachers feel so much more supported. And then maybe we wouldn't see so much burnout and turnover. You know, that's just so huge with these kids, with all these challenging behaviors. The teachers just reached their limit so much faster than they used to.

Another thing that I'm seeing with my staff is all the medical procedures they put off for two years or three years because of COVID. The staff are needing surgeries and procedures that are taking them out of the classroom for a week to three weeks at a time. And it could also be the stress level that we're all under, like the mental health.



Struggling to Persist

expressing the need for help to endure

And we're trying so hard to take care of these children and be the ones and be strong. But like, I think we're at the point where we need help. Like serious, serious sub help, you know?

What I need... I'm doing all the office stuff to make it work. And until I can get to that point that I can hire someone or whatever, or until the state figures out that, you know, we do need help, especially in the rural communities, to make it.



Making Personal Sacrifices

making decisions that come at a cost to themselves

I am definitely a workaholic. I know I am. My husband does love me for it, but it also hinders. I have four children myself and sometimes I do miss out on games, taking them to practice, getting them back to forth the things dance, gymnastics. So there is my own personal family life that gets on back burner.

The only thing I paid myself was my car payment and absorb some of the expenses for my daily living that I could through the business, my cell phone, things like that. But for five years I did not have a profit at all to pay myself as director or even as owner.



Perceiving Policies as Inequitable

It bothers me that school districts get money for pre-k classrooms. I have pre-k classrooms in my building and the state doesn't provide me with any funding. I think that that's something that needs to be addressed and changed. I feel like I'm providing the same service that the school district is providing and I'm not getting anything for it.

viewing policies as unfair or preferential to others

When these bigger centers got \$50,000 dollars, \$100,000 dollars more in stabilization grant funds than we did, that enabled them to continue to pay a higher rate for their staff while we were just still stagnant. But by doing this regional formula, it I think it actually kind of hurt the rural centers.



Overcoming Obstacles

code	#	%	description
relying on external funding	18	100.0%	depending on money from outside sources to maintain operations
determining feasible rates	17	94.4%	communicating factors that inform tuition charged to families for care
Implementing pay incentives	17	94.4%	communicating factors that inform employee compensation
navigating understaffing	17	94.4%	sharing strategies for filling in the staffing gaps
pinching pennies	15	83.3%	sharing approaches to savvy spending or saving money
countering staff attrition	15	83.3%	describing measures to retain staff
persevering	14	77.8%	persisting in the face of difficulties
playing multiple roles	13	72.2%	identifying roles participants fill in addition to director
modifying operating model	8	44.4%	making changes to the structure or function of the business

Relying on External Funding

depending on money from outside sources to maintain operations

We access all the same programs. The On My Way Pre-K and the the Build, Learn, Grow, the CCDF, any grants. We've we've done all of that and it's kept us alive. Let's just say in our situation, I don't know that I would have been here if it not for all these things. So I'm very grateful.

I'm really working hard at developing this partnership with this other company. And luckily, the president is all about community. And he's all about making sure that kids are taken care of. So he really wants to ensure that that we continue to stay open. So right now, he's my lifeline.



Determining Feasible Rates

communicating factors that inform tuition charged to families for care

Ours is primarily off the market rate we get reimbursed. We didn't do a survey in our county or area, but because I'm on our coalition, I know what everybody else is charging. So we're also kind of in the middle. We're not the highest, we're not the lowest, but we're also the only center in my area that are able to offer licensing, Paths to QUALITY, all that stuff.

I look at what our expenses are and what I think I can charge the families in my area. Again, we're rural. I look at our median incomes in the county and I look at those kinds of things and try to come up with a rate that will work for me and for the the families.



Implementing Pay Incentives

communicating factors that inform
employee compensation



We decided at the national average per hour was \$12.82. So we just took a flat number, started anybody coming in off the street with no credentials at \$13. And then each degree that you have, whether it's a CDA, associate's, bachelor's, whatever you have, it goes up a certain percent or a certain dollar amount.

They also have \$75 a month for just showing up to work as a bonus, putting their time and they're punching the time clock correctly, doing the things, showing up on time. We'll give you \$75 a month extra.

Navigating Understaffing

sharing strategies for filling in the staffing gaps

We're just lots of overtime for our regular staff to cover. I think last payroll, only one person did not have any overtime hours. So that's how we're kind of and moving. It's like a constant moving of staff and children every day just to make sure we get everything done that needs to be done and covered.

Our cook, he has a 4-year teaching degree, he happens to be my other half. But we wouldn't just take a person off the street, they'd have to be qualified enough, they could step into a classroom. Our cleaning/janitor person, she also, floats in and out of the classroom. So they're not teaching staff, but they can be a teacher.



Pinching Pennies

sharing approaches to savvy spending or saving money

That's a way to save money, is clean up your own spills if it happens in your room, as opposed to calling for the janitor to come in and do that for you. And so, I mean, that would be I think that we have saved over the years. Thousands because there isn't such a specialized area for all these different people.

In the rural areas, you can get more donations to like craft supplies, people donating toys and things like that. And we're typically not going out and buying brand new classrooms with Lakeshore learning furniture. I mean, I don't know about you, but I'm buying out like other daycares that are closing down.



Countering Staff Attrition

describing measures to retain staff



There are some that I've been able to retain, but I think that's just trying to build that relationship with them. I think a lot of it is also, and I hope that's part of it, because I do try to treat my staff well and try to acknowledge everything they do.

One of the things that they've done for the employees here is just offer more paid time off. So they they've offered them more vacation time to kind of help soften the blow.

Persevering

persisting in the face of difficulties



I'm clinging to dear life here, but we're we're hanging on by a thread. But, you know, we're making it.

So any time you guys want to just shoot me an email and say, Hey, how's it going? I'll say, I'm losing my hair, but it's all great.

Playing Multiple Roles

I've done it all. As director, you are the cook. You're the bus driver. You're the accountant. You're the receptionist. You do it all as rural center. Like. I mean, we also were like shoveling snow and putting salt down.

identifying roles participants fill in addition to director

The owner, administrator, director, and preschool teacher, that's one person. The janitor the the food preparer...the food menu organizer. But we have people on this staff that wear many hats. And so we don't have this and this and this and this.



Modifying Operating Model

making changes to the structure or function of the business

The director before me 100% vended, which was very ineffective cost wise. Our particular vendor we just dropped in October because they wanted to raise our rates an insane amount. So we went cold turkey and we went back to doing all of the meals ourself in the hopes that the cost will greatly reduce.

Now we've even implemented doing like a late fee if they don't have all of their of their swipes in by Friday at end of day, then on Monday they have a late fee because we do have a lot of costs associated with getting those funds.



Conclusions





Primary Takeaways



Staffing Instability

Directors experience challenges recruiting and retaining qualified and reliable employees, in part because of local competition, which results in lower overall capacity.



Revenue Issues

Directors do not consider raising tuition rates to families a viable option for increasing revenue and perceive government programs and policies as insufficient.



Demonstrating Resilience

Directors remain committed to implementing solutions that enable them to continue offering high-quality care to local families, many times at a personal cost to themselves.

Hypothesis

Rural child care directors implement cost saving measures within the largest categories of cost drivers which contribute to lower reported operating costs.



Recommendations



Discontinue the use of market rate surveys for determining subsidy reimbursements to rural providers.



Pay rural providers based on their maximum or desired operating capacity instead of their current reported costs.



Take into account local economies that may drive competition, impact recruitment and retention, or suppress costs.



Consider factors based on community socioeconomic dynamics and child and family needs.

Thank you

child care workforce!

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Discussion

