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Child Care as Workforce Infrastructure

A Policy Brief for Employers, Leaders, and Economic Developers in the Taconite Assistance Area

Acknowledgements

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Partners

This brief reflects the insight, expertise, and dedication of a broad coalition of community partners. We extend our sincere thanks to:

- Range Association of Municipalities & Schools
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- Itasca County YMCA
- Grand Rapids EDA
- Virginia EDA
- St. Louis County Economic & Community Development
- The Entrepreneur Fund
- Hello Range!

> *Together, these partners demonstrate what is possible when public agencies, local governments, providers, employers, financial institutions, and community organizations treat child care as workforce infrastructure — the shared foundation that sustains a working economy across the Iron Range and Taconite Assistance Area.*

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Policy Brief for A Brief for Employers, Leaders, and Economic Developers in the Taconite Assistance Area

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In Tamarack, Minnesota (population 57), Talon Metals employs roughly 100 workers. The local child care center sits inside a 1914 schoolhouse, operated by Nicole and James Elvidge, local residents who stepped forward to run it. Talon Metals, Aitkin County, the Northland Foundation, Lake Country Power, and the Arrowhead Regional Development Commission are all part of the coalition that made the center possible. Talon subsidizes child care tuition for its employees at the center.

The Tamarack Learning Center, housed in a 1914 schoolhouse in Tamarack, Minnesota. Photo courtesy of Lake Country Power.

Tamarack sits in a part of Aitkin County outside the Taconite Assistance Area (TAA). But the pattern it illustrates is the rural Minnesota pattern: when child care works in 2026, it usually works because employers, counties, foundations, and providers stitched something together from parts that would not, on their own, have held.

Tamarack is what success looks like. The problem is that it is rare, and the TAA no longer has the workforce slack to wait for coincidence.

Across the TAA, anchored by St. Louis, Itasca, and Lake counties, dual-caregiver workforce participation trails the statewide average by nearly ten percentage points.[1] The unemployment rate is already low. The population is older than nearly anywhere in Minnesota. Net population growth is minimal. The only realistic way to grow the regional labor force is to re-engage working-age adults who already live here, and the single largest barrier to that re-engagement is the cost, availability, and reliability of child care.

> *This is not simply a story about families. It is a story about the regional economy.*

The sectors with the most projected workforce demand over the next decade, including health care, retail, office support, food service, and hospitality, are the same sectors most disrupted by child care instability. When child care fails, those employers lose candidates, lose hours, lose people. And because every other sector in the region, including mining and its suppliers, depends on a functioning health system, places to shop, places to eat, and places to stay, the effects do not stay contained.

> *Child care is workforce infrastructure. It belongs in the same conversation as broadband, housing, and roads.*

This brief makes that case in four moves: the size of the problem, why the market alone will not solve it, a three-part regional strategy designed for rural conditions, and a clear sequence for what to do next. The strategy is built around three connected levers, an Employer Slot Compact, an Accelerator drawing on public and economic development resources, and a Philanthropy Pipeline that grows new supply, held together by a coordinating entity. Each lever closes a different gap. None of them work alone.

For employers, chambers, and economic developers, the message is simple. Child care is not peripheral to regional growth. It is one of the conditions that makes growth possible.

[1] Figures reflect the TAA footprint (Lake and Cook counties in full, and the eligible portions of St. Louis, Itasca, Koochiching, Crow Wing, Carlton, and Aitkin counties) rather than whole-county data.

The size of the problem

The workforce gap is real and measurable. According to Minnesota DEED labor force data, dual-caregiver workforce participation rates hover around 65 percent in St. Louis, Itasca, and Lake counties, roughly ten points below the statewide average of 75 percent. Aitkin/Crow Wing and Cook counties already exceed that average, which makes protecting their existing child care supply just as urgent as expanding it elsewhere.

The TAA faces three workforce pressures simultaneously. Unemployment is already low, so growing the labor force without migration means re-engaging people who have stepped out of it. The region is older than nearly anywhere else in Minnesota. And net population growth is minimal. In practical terms: the region is trying to expand its workforce while drawing from a smaller and older base. These figures are drawn from DEED regional profiles and U.S. Census data.

That is why child care matters economically. Beyond supporting families who are already working, it determines whether the region can fully activate the workforce it already has.

What the workforce gap is worth. Two-caregiver working families across the TAA currently generate approximately $468 million in annual economic activity, including the local multiplier effect of wages spent within the region.[2] This is not a future projection. It is economic activity that exists today and that disappears if the child care system keeps shrinking.

For counties already above the statewide workforce participation rate, the primary goal is protecting that existing activity. For counties below it, closing the participation gap would add an estimated $53 million in new annual economic activity from working-age adults who already live here but cannot currently enter the labor force.[2]

> *The combined economic value at stake exceeds $521 million per year. The regional investment this brief proposes costs a fraction of that, less than three cents per dollar of economic activity protected and created.*

[2] Both the $468 million existing-activity estimate and the $53 million potential-new-activity estimate were developed by Rural Pathways using U.S. Census American Community Survey data on all dual-caregiver households with children ages 0–6 in the TAA footprint, ACS median household earnings for the region (estimated $44,680), and a 1.5x local economic multiplier, a standard regional-economics figure at the conservative end of the range published by IMPLAN and Upjohn Institute research. The $53 million figure applies the participation gap to the three counties currently below the statewide average. Full methodology in Sources and Methodology.

The two maps below show what the gap looks like today, and what closing it would mean. The first shows how many children across the region currently have no stable care arrangement. The second shows what happens when the lagging counties reach the statewide workforce participation rate: the picture does not simplify. Closing the gap creates new child care demand nearly everywhere in the TAA, including in counties that are already above the statewide average. Every worker who re-enters the labor force is a worker who needs care. Growing the workforce grows the demand for supply.

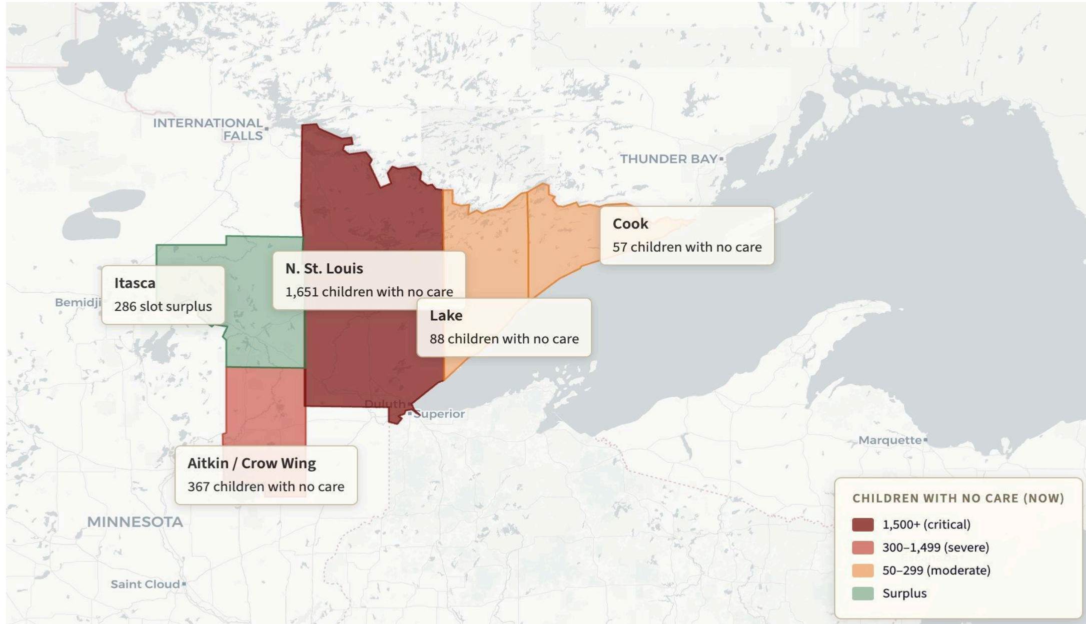


Figure 1. Children with no stable care arrangement at current participation rates. Source: Rural Pathways Care Solutions · ironrangechildcare.netlify.app

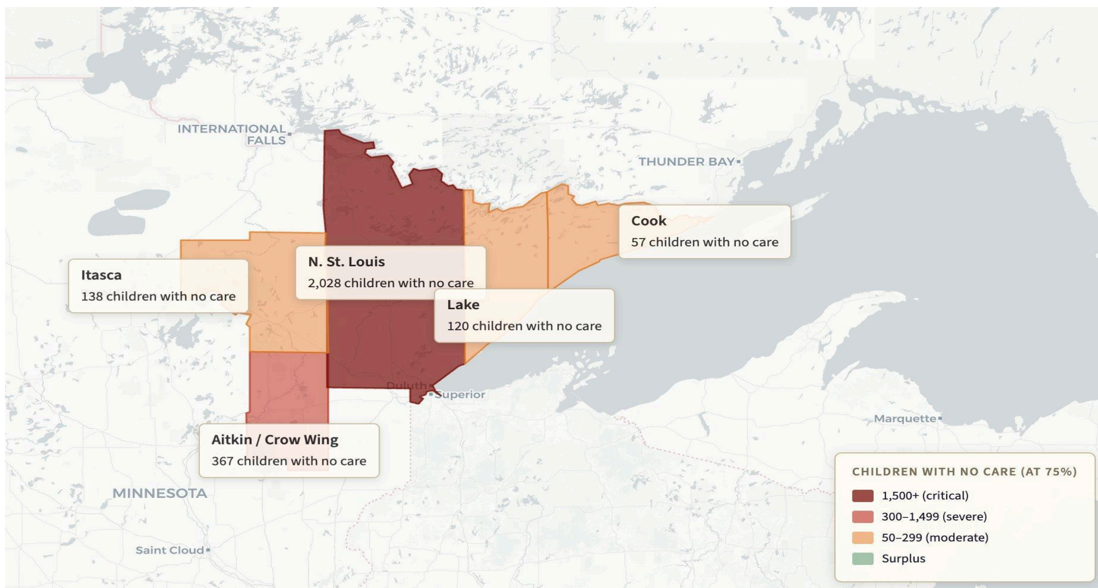


Figure 2. Projected child care gap if lagging counties reach the statewide workforce participation rate. Source: Rural Pathways Care Solutions · ironrangechildcare.netlify.app

Explore the interactive dashboard
ironrangechildcare.netlify.app

The jobs most affected have the most openings

Minnesota DEED projects that Northeast Minnesota will need to fill thousands of positions each year through 2032 through new job creation, retirements, and career change combined. The sectors with the highest projected demand are also those where child care instability causes the most disruption: healthcare, retail, office support, food service, and hospitality.

These sectors are foundational to the regional economy. That means child care is directly tied to labor force participation in the industries the region most needs to sustain.

What the gap costs employers

The child care gap shows up on employer ledgers in four ways:

Recruitment and retention. Candidates decline job offers because they cannot find infant care, cannot locate a provider within commuting distance, or cannot make the logistics work.

Lost productivity. Employees reduce hours, delay returning from leave, turn down advancement, or leave early because their care arrangement is unstable.

Operational strain. In sectors that depend on shift coverage, long hours, or specialized staffing, child care disruptions ripple into scheduling problems, coverage gaps, and increased management burden.

Attrition. Some employees decide working no longer makes financial sense once child care costs are factored in. Others leave because the day-to-day logistics become impossible to sustain.

These are not theoretical patterns. They show up in employer and community conversations across the TAA, and they match the national data. A 2026 report from Moms First and McKinsey & Company, the *Foundational Workers Report*, estimates that child care disruptions cost U.S. employers up to $70 billion a year in lost productivity, turnover, and absenteeism, with an estimated $35–45 billion of that concentrated among foundational workers in healthcare, education, manufacturing, retail, and hospitality, the sectors that anchor the TAA economy. Earlier research from ReadyNation and the Council for a Strong America reached parallel conclusions, estimating $23 billion in annual employer losses tied to the broader infant-toddler child care crisis. Employees increasingly evaluate jobs through the lens of whether work can realistically coexist with family care responsibilities.

> *This is the central economic claim of the brief: child care functions as economic infrastructure, directly tied to labor force participation, business growth, and regional productivity.*

Why the market is failing

If the demand for child care is so clear, why hasn't supply caught up? Because the market, as currently structured, cannot reward the people doing the work.

Licensed child care providers across the TAA operate at a structural loss. The 2023 *Minnesota Child Care Cost Modeling Report*, prepared by First Children's Finance for the Minnesota Department of Human Services, documents a stark geographic split: rural centers typically operate at a loss, while metro centers can reach profitability. The mechanism is straightforward. Metro markets support higher tuition rates because families there can absorb them, and metro centers serve enough children to spread their fixed costs through economies of scale. Rural markets cannot support

metro-level tuition, and rural centers cannot fill enough slots to achieve the same economies of scale. And scaling a rural center down does not rescue it either: the fixed overhead a licensed center carries (director, facility costs, licensing, insurance, minimum staffing ratios) does not fall proportionally with enrollment. Tuition and public reimbursement do not reliably cover the true cost of care anywhere in greater Minnesota. Providers survive by absorbing losses, paying low wages, deferring maintenance, relying on philanthropy, or operating without reserves until they cannot continue.

That is why communities can have strong demand for care and still lose providers. Families clearly need child care. The underlying business model simply does not work in rural markets without shared support.

Why rural solutions must look different

In many TAA communities, the path forward is unlikely to be large center-based expansion alone. Lower population density, longer travel distances, thinner labor pools, and staffing shortages make large centers difficult to operate sustainably in rural settings. As the Center for Rural Policy and Development has documented, rural centers need a steady, substantial enrollment base even to cover basic costs on tuition alone, a threshold most TAA communities cannot meet. And even centers that can meet it still do not cover the true cost of quality care, as the *Cost Modeling Report* documents. The two findings point the same direction from different angles: rural centers face a floor below which they cannot cash flow, and a ceiling that tuition revenue cannot reach regardless of scale. Conversations with providers across the region also rightly emphasize that even where demand is strong, a center that cannot fully staff its classrooms cannot fully use its licensed capacity.

Family child care homes and informal caregivers operate on a different, and often more viable, rural model. They require less capital, carry lower overhead, and can serve the dispersed populations that define much of the region.

Rebuilding child care in the TAA means growing the provider configurations that can actually work in a rural market, rather than recreating an urban model.

A slot is only useful if a family can use it

Supply alone does not solve the problem. A slot has to match a family's needs, and it has to be affordable. A preschool opening does not solve an infant care shortage. A licensed slot a working family cannot afford is not meaningfully available. Rural Pathways' community conversations across the TAA found that in some communities, apparent supply masks major access problems once affordability, age of child, hours of care, and location are taken into account.

For employers and economic developers, the implication is direct: workforce participation is shaped by what families can actually use in practice, regardless of what exists on paper.

Why employer participation matters now

Child care financing works best when responsibility is shared among families, government, and employers. In the TAA, the employer role has largely been missing. Providers have absorbed the gap through low wages, unpaid labor, deferred maintenance, and chronic instability. That model is neither fair nor sustainable.

Recent national testimony has reinforced the point. At the U.S. House Committee on Education and the Workforce hearing *Who's Watching the Kids? How Employers, Innovators, and Parents Are Solving America's Child Care*, witnesses described how employer participation can stabilize providers, expand capacity, and create new supply. Importantly, the examples included both small rural employers and large companies, meaning employer-supported child care is not limited to one business type or community size.

Employers do not need to fund the entire system. But the system will not stabilize without them.

Minnesota employers leading the way

In rural communities, employer investment in child care can take different forms, and often begins with supporting existing providers rather than building new centers.

In Thief River Falls, DigiKey has supported child care access by partnering with existing local providers, including subsidizing evening-shift care with Thief River Falls home providers at specified employee rates. That approach reflects a core rural reality: family child care has long been a foundational part of the system, and rebuilding that supply is often the most practical place to start.

Tamarack, described at the opening of this brief, illustrates a different pathway: an employer joining a coalition to help local residents open a new center where none existed, and then subsidizing tuition for its employees at that center. Talon Metals was the catalyzing employer, but the center itself is operated by the Elvidges, who stepped forward into the provider role with Aitkin County, the Northland Foundation, Lake Country Power, and the Arrowhead Regional Development Commission making the launch viable.

The scale of the Tamarack Learning Center is worth pausing on. It is licensed for 49 children, well below the enrollment threshold the Center for Rural Policy and Development identifies as the typical break-even point for a rural center, but also sized to what the community can actually fill. A metro-sized facility would not have survived the local market. A smaller, community-scaled one can, but only with ongoing subsidy.

That gap is the point. Even right-sized rural centers do not cover their costs from tuition and public reimbursement alone. Someone fills the difference. The question for every rural child care business in the region is who.

Three parties can close that gap: providers absorbing it through low wages and deferred investment, philanthropy covering it through grants, or employers participating as an ongoing partner. The first option is the status quo that produced the instability this brief is trying to correct. The second is necessary for launching new supply but is not designed to be permanent operating support. That leaves employers as the only party whose ongoing participation produces a direct return (retention, recruitment, shifts covered) on their own books.

That is why the Tamarack tuition subsidy and the DigiKey evening-shift partnership both count as workforce investment. Both are ongoing commitments that produce returns on the employer's books. That is what separates workforce investment from a one-time gift, and it is what the Slot Compact is designed to scale.

A regional investment strategy

The TAA does not need one more disconnected project. It needs a funding structure that stabilizes existing providers, supports the workforce that staffs them, and grows supply in ways that fit rural conditions.

That strategy has three parts, held together by a coordinating entity that makes the whole workable. The three parts are designed to work together, not as alternatives. Each closes a different gap in the child care economy, and no single lever closes all of them. The diagram below shows how the three fit together; the sections that follow walk through each in turn.

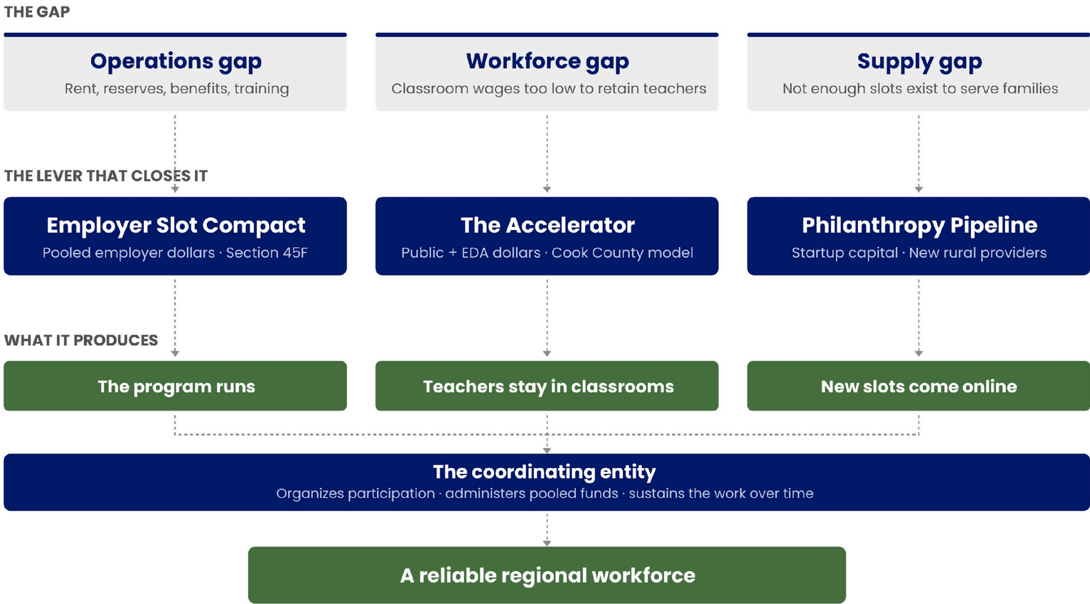


Figure 3. No single lever closes all three gaps. The strategy works because they work together, coordinated through a single regional entity.

The first lever is the one closest to employer action and the place where most regional partners can begin contributing immediately.

1. The Employer Slot Compact

The Employer Slot Compact is the most direct employer-facing strategy in this brief and the lever your business can act on now.

Under this model, employers contribute to a pooled regional fund and receive priority access to child care slots for their employees at participating providers. Those dollars stabilize provider operations by covering costs that tuition and short-term grants do not reliably support: reserves, maintenance, benefits, training, and core operations. This is workforce investment.

For your business, the value is practical: improved recruitment, better retention, reduced absenteeism, and more stable employee participation in the workforce. In a region where U.S. Census OnTheMap data (2022) show employees often commuting across county lines to work, the Compact lets you offer priority access not at a single provider but through a regional pool, covering the realities of where your employees actually live, work, and find care.

The recent expansion of Section 45F, enacted through the One Big Beautiful Bill Act, signed into law on July 4, 2025, makes this model more realistic than it was under prior law, creating a usable federal tax mechanism for employer investment, including the intermediary-based structures best suited to rural markets.

The Employer-Provided Child Care Credit (Section 45F)

Section 45F is designed to close the child care gap for working parents by offering businesses a tax credit to offset the costs of providing child care to their employees. Eligible expenses include acquiring, constructing, or renovating a child care facility, helping families locate care, and supporting provider operating costs such as training, scholarships, and competitive wages for child care professionals.

> The 2025 One Big Beautiful Bill Act delivered the first major reform of Section 45F since its enactment in 2001. For tax years beginning after December 31, 2025, the updated law raises the credit rate to 40 percent for large businesses and 50 percent for eligible small businesses (up from a flat 25 percent), and increases the maximum annual credit to $500,000 for large businesses and $600,000 for small businesses (up from $150,000), with the caps indexed to inflation going forward. It also streamlines the process for multiple employers to jointly contract with a qualified child care provider, a change particularly meaningful for small and rural employers who lack the scale to support a center on their own.

What the Slot Compact does, and what it doesn't. The Compact closes the operating gap providers face every month, the difference between what tuition brings in and what it costs to keep the doors open, the lights on, and the program running. It is the operations lever. What the Compact alone cannot do is fix the structural shortfall in what the broader child care economy pays its workforce. Even fully funded operations will not retain teachers if those teachers can earn more in any other sector. That is where the second lever comes in.

2. The Accelerator

Operations are funded. Wages are not. The Accelerator picks up where the Slot Compact stops.

The Accelerator is the public and economic development lever and the reason the Slot Compact works over the long term.

Where the Slot Compact stabilizes provider operations, the Accelerator addresses a separate problem: the structural underpayment of the child care workforce itself. It redirects existing public and economic development resources into wage enhancement for licensed child care providers. The logic is straightforward: if the child care sector cannot recruit and retain workers of its own, no amount of operational funding will keep slots open. Stable wages keep teachers in classrooms. Teachers in classrooms keep slots available for your employees to use.

The model in practice: Cook County, Minnesota

Cook County uses dedicated public revenue to subsidize wages for licensed child care providers (centers, family child care homes, and non-licensed legal FFNs), treating provider compensation as workforce infrastructure rather than human services overhead. The county designed the program with providers rather than for them: listening sessions shaped the procedures, and each program retains flexibility in how the funds are applied, provided they can show the dollars go to staff compensation.

According to Nancie Deming, Cook County's Licensing Case Manager and Childcare Coordinator, the results are concrete. Centers have more applicants for open positions. Staff turnover has dropped to essentially zero this year. Morale is higher. As one family provider told Deming, the program made her feel "seen and valued by her community" for the first time. The families she served had always valued her work; what changed was that the business community and elected officials had now taken action to support it.

The county's slot deficit is also narrower than in most TAA counties, which is not accidental: when providers are financially stable and staff stay in classrooms, supply holds.

For chambers, EDAs, and county leadership in counties that don't yet have a comparable program, Cook is both proof of concept and a model worth building toward.

A note on scope. Accelerator wage subsidies are designed to support the staff who work directly with children: lead teachers, assistants, and other classroom-based caregivers. They do not extend to cooks, directors, administrators, or other support staff. Cooks, directors, and administrative staff are essential to running a child care program, and providers cannot operate without them. Excluding their wages from the Accelerator reflects a division of funding sources rather than a judgment about the value of their work. Their compensation is part of what the Employer Slot Compact is designed to support through general operating dollars. The two levers

divide the labor: the Compact funds the program; the Accelerator funds the people in the classroom.

Why employers should care about a public-sector lever. It is tempting to view the Accelerator as a county or state matter that sits outside the employer agenda. That reading is incorrect. Your business needs both levers active in the region. The Slot Compact funds the operations of the providers serving your employees. The Accelerator funds the wages of the workforce inside those providers. Without the Accelerator, the providers you help stabilize through the Compact still cannot retain teachers, classrooms close anyway, and the slots you paid to secure disappear. Employer voice, through chambers, EDAs, and direct engagement with county leadership, is what moves the Accelerator from concept to commitment.

For economic developers, the Accelerator reframes child care as workforce and regional investment strategy, placing it alongside other infrastructure concerns rather than treating it as a separate human services matter. It puts the child care workforce on the same footing as broadband, housing, and workforce training, the basic infrastructure rural economies depend on. And it positions counties to act on a model that has already been tested in their own region, rather than importing one from elsewhere.

Together, the Slot Compact and the Accelerator stabilize the providers and the workforce the region already has. They are necessary. They are also not sufficient, because in a region already short thousands of slots, no amount of stabilization adds capacity that doesn't yet exist. That is the work of the third lever.

3. The Philanthropy Pipeline

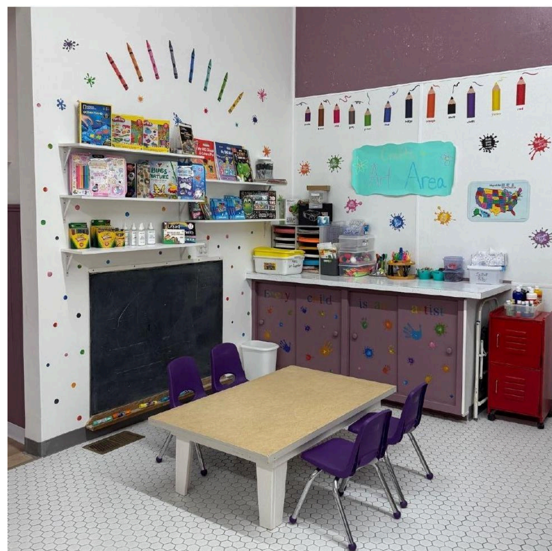
The Philanthropy Pipeline is the supply-building lever, and the reason there will be slots for the other two levers to support.

The Slot Compact and the Accelerator both work on the existing provider base. Neither one creates new capacity. In a region already short thousands of slots, stabilizing what exists is necessary but not sufficient. The Pipeline fills that gap by

providing startup capital tailored to rural communities, helping informal caregivers move toward legal status, launching new home-based providers, and supporting new centers like Tamarack's.

This includes one pathway for caregivers already providing informal care and another for those ready to move into licensed family child care. As First Children's Finance and the Center for Rural Policy and Development have both documented, these smaller-scale approaches are often far more viable than large center-based models in rural communities, requiring less capital, carrying lower overhead, and serving dispersed populations more efficiently.

For employers, this is where new slots come from. The investments that flow through the Pipeline today become the providers your employees rely on tomorrow. The Tamarack Learning Center, described earlier, is one version of what this pathway looks like when it works, the Elvidges stepping into the provider role with a coalition standing behind them. The Pipeline is designed to make that kind of local provider development reliable across the region rather than dependent on circumstance. The model is designed to graduate providers off philanthropic support as they reach operational stability, at which point the Slot Compact and the Accelerator carry them forward.



A classroom at the Tamarack Learning Center, licensed for 49 children ages 6 weeks to 12 years. Photo courtesy of Lake Country Power.

The coordinating entity

Three levers. Three different funders. Three different timelines. The strategy does not work as three separate efforts.

These three strategies need a place-based structure to hold them together.

The coordinating entity is the mechanism that makes the strategy workable. It would organize employer participation, administer pooled funds, coordinate provider relationships, provide place-based technical assistance, and sustain the work over time.

Without that structure, employer interest, chamber leadership, and public-sector support have no shared vehicle through which to act. With it, three independent levers become a single regional system, one that grows new slots through the Pipeline, funds the operations that keep them open through the Compact, and funds the workforce that staffs them through the Accelerator. Together, they deliver the reliable child care your workforce depends on.

What happens next

The strategy is the easier part. Implementation is the harder one, and it follows a practical sequence:

- Establish the coordinating entity.
- Launch the Employer Slot Compact.
- Activate the Accelerator.
- Fund the Philanthropy Pipeline.

This is a regional investment framework designed to strengthen workforce participation, stabilize provider capacity, and build long-term economic resilience over many years.

Each audience reading this brief has a role to play. But step one comes first.

Step one: a lead convener is needed. The coordinating entity is the mechanism that makes the other three steps possible, but it will not stand itself up. It needs a lead convener with the standing, capacity, and regional credibility to bring the right partners together and formalize the structure. That could be a county or group of counties, an economic development authority, the IRRRB, an existing nonprofit, or a new entity created for this purpose. This brief is, in part, an invitation for one of those actors to step forward. The sooner step one has a champion, the sooner the rest of the framework can move.

Employers. Your role begins at step two. If you are interested in joining the Employer Slot Compact, connect with a member of the Iron Range Child Care Task Force to learn more about pooled fund mechanics, Section 45F implications, and the timeline for the first round of participating providers. Even nonbinding expressions of interest matter. Early signals help shape the model before it is set.

Chambers of commerce. Many employers will hear about the Compact through you first. Chambers can move step two forward by hosting a member briefing, circulating a one-page overview, convening interested employers, and publicly framing the Compact as a workforce competitiveness strategy. The stronger that signal, the stronger the Compact.

Economic developers and county leadership. Step three depends on decisions your seat is positioned to influence. The Accelerator requires a public-sector funding commitment. The most direct path may include identifying a local revenue source modeled on Cook County, incorporating child care wage enhancement into workforce strategy, or requesting a briefing on Accelerator design and local fit. Communities that move early will set the regional precedent.

Funders and philanthropy. Step four is the lever you are best positioned to pull. The Philanthropy Pipeline is designed to provide startup capital for a wraparound, cohort-based program that supports new home-based providers and helps existing friends, family, and neighbor caregivers become legal nonlicensed providers eligible for subsidies. The goal is to help providers reach stability, after which the Slot Compact and the Accelerator can carry them forward.

No single audience can move this strategy alone. The sequence works only if each step has its champions. This brief identifies the structure. The work ahead belongs to the people and institutions willing to build it.

> *Tamarack's child care center didn't exist five years ago. Now it does, because two local residents stepped forward to run it and a roughly 100-person mining company, a county, a foundation, a power cooperative, and a regional development commission all agreed to stand behind them. That kind of coordinated act, scaled across the TAA and given a permanent structure, is what this brief is asking for.*

This report is a participatory evaluation commissioned by the Iron Range Child Care Task Force and completed by Rural Pathways. It draws on demographic, labor market, hardship, and child care supply data, along with provider outreach, stakeholder engagement, and regional dialogue. The goal of this brief is to present a focused regional investment case for employers, chambers, and economic developers, rather than an exhaustive history of the child care system.

Sources and Methodology

This brief draws on public data, regional research, and conversations with employers, providers, and county economic development staff across the Arrowhead. What follows is a short guide to the evidence base.

A note on geography. The Taconite Assistance Area is not a tidy set of counties. Lake and Cook counties sit inside the TAA in full. St. Louis, Itasca, Koochiching, Crow Wing, Carlton, and Aitkin counties are partially inside the TAA: specific townships and portions qualify, others do not. Where this brief reports workforce, demographic, or participation figures "across the TAA," those figures reflect the TAA-eligible footprint rather than whole-county data. This matters: whole-county numbers for St. Louis or

Itasca will not match the figures in this brief, and should not be expected to. The anecdote that opens the brief, Talon Metals and the Tamarack child care center, is set in a part of Aitkin County outside the TAA, and is used to illustrate the rural Minnesota pattern the brief examines, not TAA conditions specifically.

Workforce and demographic data. Labor force participation, unemployment, age distribution, and population growth figures are drawn from the Minnesota Department of Employment and Economic Development (DEED) and the U.S. Census Bureau's American Community Survey (2019–2023), aggregated to the TAA footprint described above.

Workforce projections. Sector-level demand figures come from DEED's *2022–2032 Regional Employment Projections for Northeast Minnesota*, which project occupational openings from new growth, retirements, and turnover combined.

Provider economics and the cost of care. The brief's claims about structural losses in the child care business model draw on First Children's Finance, *2023 Minnesota Child Care Cost Modeling Report*, prepared for the Minnesota Department of Human Services (later the Minnesota Department of Children, Youth, and Families). The report is publicly available from DCYF and First Children's Finance. Its central finding, that the current business model is not sustainable anywhere in greater Minnesota, is the empirical foundation for the brief's "why the market is failing" section.

Rural child care viability. Claims about the structural differences between rural and urban center-based models, and the relative viability of family child care homes in rural settings, draw on the Center for Rural Policy and Development, *Rural Child Care Solutions: From the Ground Up* (2025), and the 2023 FCF cost modeling report cited above.

National data on employer costs. Figures on the economic costs of child care breakdowns come from three sources. First, the *Foundational Workers Report* from Moms First and its National Business Coalition for Child Care, with analysis by McKinsey & Company (released April 2026), which estimates that child care disruptions cost U.S. employers up to $70 billion annually, with $35–45 billion

concentrated among foundational workers in healthcare, education, manufacturing, retail, and hospitality. The report draws on a national survey of 1,700 working parents alongside census and labor market data and employer interviews. Second, ReadyNation and Council for a Strong America, *$122 Billion: The Growing, Annual Cost of the Infant-Toddler Child Care Crisis* (February 2023), which estimates annual losses of $23 billion to employers, $78 billion to working families, and $21 billion to taxpayers tied to the infant-toddler care crisis specifically. Third, the U.S. Chamber of Commerce Foundation's research on child care and workforce, including state-level estimates of $400 million to $3 billion in annual employer costs per state.

The Tamarack case. The Tamarack Learning Center is licensed for 49 children (ages 6 weeks to 12 years), operates year-round, and is run by Nicole and James Elvidge, local residents. Talon Metals is the catalyzing employer and ongoing tuition subsidizer. Coalition partners named on the center's own public materials include Aitkin County (funding via MN DEED's Childcare Acceleration fund), the Northland Foundation, Lake Country Power, and the Arrowhead Regional Development Commission (low-interest loan). The Tamarack case is referenced in the opening of the brief, the "Minnesota employers leading the way" section, and the Philanthropy Pipeline section. Basic facts (capacity, operator identity, funding coalition) are drawn from the Tamarack Learning Center's public website (tlclgchildcare.com) and a presentation by Daniel Cooper of Lake Country Power, one of the coalition's funding partners, titled *Dan Cooper — Tamarack Learning Center* (November 25, 2025). The presentation was originally prepared for a course at Bemidji State University and has since been shared more broadly.

The DigiKey / Thief River Falls case. Details on DigiKey's child care partnership are drawn from the company's own employee-facing announcement, *Childcare Available for TRF Location DigiKey Evening Shift Employees!* (DigiKey Corporation). The flyer documents that DigiKey partners with two Thief River Falls residential (home-based) child care providers to serve employees working weekday shifts ending at 10:00 p.m., paying subsidies to the providers in exchange for their serving

DigiKey employees at a rate specified by DigiKey (reduced based on the subsidy). The program is administered through DigiKey Human Resources.

Cook County Accelerator model. Details on Cook County's child care wage subsidy program (funding scope, eligible provider types, program design process, and outcome claims) are drawn from direct correspondence with Nancie Deming, Licensing Case Manager and Childcare Coordinator at Cook County Public Health and Human Services, who administers the Wage Enhancement Program. Written program materials provided by Cook County supplement the correspondence. Cook County launched the Wage Enhancement Program in 2023.

Section 45F. Statutory details on the Employer-Provided Child Care Credit reflect the 2025 expansion enacted by the One Big Beautiful Bill Act, Public Law 119-21, signed into law on July 4, 2025. The enhanced credit provisions take effect for amounts paid or incurred after December 31, 2025. For readers seeking plain-language references, see IRC Section 45F (irs.gov) and the First Five Years Fund's *How 45F Helps Employers Strengthen Child Care Options*.

U.S. House testimony. References to employer-supported child care models draw on testimony before the U.S. House Committee on Education and the Workforce hearing, "Who's Watching the Kids? How Employers, Innovators, and Parents Are Solving America's Child Care" (January 13, 2026). A recording is available through the First Five Years Fund.

Iron Range Child Care Provider Dashboard. Mapping and projection figures referenced in the brief's figures are from Rural Pathways Care Solutions' Iron Range Child Care Provider Dashboard, available at www.ironrangechildcare.netlify.app. The dashboard integrates Minnesota Department of Children, Youth and Families licensed provider and slot data with U.S. Census American Community Survey data on dual-caregiver households with children ages 0–6. Projection scenarios apply the workforce participation gap between the three below-average counties and the statewide average to the estimated dual-caregiver household population in each county. The dashboard was built by Rural Pathways.

Commuting data. Commuting pattern references in the Employer Slot Compact section draw on the U.S. Census Bureau's OnTheMap data tool (2022), which uses Longitudinal Employer-Household Dynamics (LEHD) data to map where workers live relative to where they work. The tool documents cross-county commuting patterns across the TAA workforce.

Regional economic activity estimate. The "size of the problem" section reports that two-caregiver working families across the TAA generate approximately $468 million in annual economic activity, and that closing the participation gap in the three counties currently below the statewide average would add an estimated $53 million in new annual activity, for a combined value at stake of $521 million. Both figures are drawn from Rural Pathways analysis using the U.S. Census American Community Survey (2019–2023) population of all dual-caregiver households with children ages 0–6 in the TAA footprint (not restricted to currently employed caregivers), ACS median household earnings for the region (estimated $44,680), and a 1.5x local economic multiplier applied to wages. The 1.5x multiplier is at the conservative end of the standard range used in regional economic analysis: IMPLAN documentation and Upjohn Institute research describe local multipliers as typically closer to 1.5 than 2.0, so the $468M / $53M / $521M figures understate rather than overstate regional activity.

Interviews and stakeholder engagement. Rural Pathways conducted approximately 50 interviews and conversations with regional employers, 15 child care providers, county economic development staff, and members of the Iron Range Child Care Task Force between January 1 and April 1, 2026. Summary findings in the brief reflect patterns across these conversations rather than any single source; individual interviewees are not named.

Commissioning and authorship. This brief was commissioned by the Iron Range Child Care Task Force and completed by Rural Pathways as a participatory evaluation. It is intended as a regional investment case rather than a comprehensive account of the child care system.

This brief was prepared by

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