SFY 2018 Child Care Economic Development Grant Program

DEED Annual Report to the Legislature

As required by 2017 Laws of Minnesota, Chapter 94, Article 1, Section 2, Subdivision 2(y)(i)

January, 2019

Total cost of salaries, printing, and supplies in   
developing/preparing this report is $417.61  
(reported as required by Minn. Stat. 3.197)

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## Background

2017 Laws of Minnesota, Chapter 94, Article 1, Section 2, Subdivision 2(y)(i)authorizes $519,000 in fiscal year 2018 for grants to communities to increase the supply of quality child care providers in order to support regional economic development.

Grant funds must be used to implement solutions to reduce the child care shortage in the state, including but not limited to funding for child care business start-up or expansion, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements.

In awarding grants, priority must be given to communities that have documented a shortage of child care providers in the proposed project area. At least 60% of the funds must go to communities outside the metropolitan area (as defined under Minnesota Statutes 473.121, subdivision 2). Recipients must obtain a 50 percent non-state match to grant funds in either cash or in-kind contributions.

Funding was award to communities on a competitive basis through issuance of a request for proposals. The maximum award was administratively set at $100,000.00 to balance the objective to fund large enough projects that will have a significant impact while also making enough individual grants across a representative area of Minnesota.

DEED received 24 proposals totaling $1.7 million in request. A total of seven proposals were awarded funding totaling $519,000 in grant funds leveraging $2.3 million in local matching funds with a projected 1159 child care slots created.

## Outreach

An effort was made to solicit input for the RFP from potential applicants and communities. DEED organized an all-day meeting of panel discussions and presentations on the topic of increasing the supply of child care in Minnesota. Over 60+ representatives of organizations and communities attended the event.

In addition, DEED consulted with experts from DHS to review and make suggestions for the Request for Proposals and to assist in the evaluation and recommendation of proposals.

## Awards

The Request for Proposals was released on October 2nd, 2017 with proposals due on November 3rd, 2017. DEED received 24 proposals totaling $1.7 million in request. A total of seven proposals were awarded funding totaling $519,000 in grant funds, which organizations deployed leveraging $2.3 million in local matching funds with a projected 1159 child care slots created.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Organization | Region | Request | Match | Project Description |
| Northwest Minnesota Foundation | North West | $ 90,000 | $ 201,771 | Provide of a suite of programs including a forgivable loan program, start-up technical assistance, group trainings, and expansion grants to child care facilities to expand their capacity. |
| Northland Foundation | North East | $ 90,000 | $ 1,524,000 | Grants to support six shovel ready project to expand child care in six low-income and/or high need communities. |
| Parenting Resource Center | South | $ 61,000 | $ 61,900 | Capital improvements to expand and improve an existing child care center serving primarily low-income and immigrant families in Austin Minnesota. |
| Lower Sioux Indian Community | South West | $ 90,000 | $ 214,956 | Staff training, capital improvements, curriculum development in support of culturally specific pre-school programming for high-risk American Indian pre-school students. |
| Southwest Initiative Foundation | South West | $ 76,000 | $ 104,964 | Grants to support three shovel ready project to expand child care in three low-income and/or high need communities. |
| First Children's Finance/Southern Initiative | South/Metro | $ 75,000 | $ 150,000 | Partner with communities to provide training to child care entrepreneurs in Southern Minnesota and the metro, and provide small start-up grants and forgivable loans. |
| West Central Initiative | West Central | $ 37,000 | $ 80,000 | Forgivable loan program targeting in-home and center based child care providers. |
| **TOTAL** |  | **$519,000** | **$ 2,337,591** |  |

## Program Outcomes to Date

The following is a summary of program outcomes as of December 1, 2018.

* $196,538 of grant funds have been expended leveraging $214,084 in local match dollars invested
* 103 child care established have received assistance, and 58 new child care establishments have been started resulting in 1082 child slots created 135 child care jobs created.
* 201 child care provider staff have been trained.
* One grantee, Parenting Resource Center, has experienced delays in launching their project but are projected to complete their project by June 30, 2019.

## Program Outcome Summary

January 1, 2018 – December 2018

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Grantee | Child care establishments assisted | New child care establishments | New child care jobs created | Additional licensed child care slots created | Child care provider staff trained | Grant Funds Expended | Local Matching Funds Expended | Total Fund Expended | Expected Completion Date |
| First Children's Finance / Southern Minnesota Initiative | 38 | 11 | 51 | 441 | NA | $34,209 | $41,056 | $75,266 | 6/30/2019 |
| Northland Foundation | 4 | 1 | 23 | 118 | NA | $7,000 | $909,318 | $916,318 | 6/30/2019 |
| Northwest Minnesota Foundation | 51 | 37 | 48 | 380 | NA | $35,999 | $78,798 | $114,796 | 6/30/2019 |
| Southwest Initiative Foundation | 3 | 2 | 18 | 122 | 201 | $126,330 | $55,330 | $181,660 | 6/30/2019 |
| West Central Initiative | 11 | 8 | 18 | 139 | NA | $0 | $38,900 | $38,900 | 6/30/2019 |
| Parenting Resource Center (1) |  |  |  |  |  |  |  | $0 | 6/30/2019 |
| Lower Sioux Indian Community (3) |  |  |  |  |  |  |  | $0 | 6/30/2019 |
| Total YTD | 107 | 59 | 158 | 1200 | 201 | $ 203,538.20 | $ 1,123,402.04 | $ 1,326,940.24 |  |

## Conclusions

There is a large and growing shortage in access to child care across the state. The large gap between the supply of licensed child care capacity and the demand for services is creating a crisis in access and affordability. Lack of affordable, quality child care is a significant barrier to the participation of women, single parents, low income parents, and rural parents in the workforce. That barrier then creates further spillover barriers to job creation, wealth creation, business expansion and retention, and new business location. Lack of child care is also a major factor in employee absenteeism with adverse effects on both employers and employees.

To help address this problem this program provide grant funds to communities to implement innovative and shovel ready solutions to reduce regional child care shortages, including but not limited to funding for child care business start-up or expansion, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements.

By prioritizing sustainable long-term shovel-ready investments in communities with the greatest need this program has been proven successful in lowering the barriers for child care providers to start new operations or expand the capacity of existing operations. This has resulted in more families being able to access child care allowing more parents to pursue economic opportunities in their communities.