# Greater Minnesota Child Care Grants

DEED Annual Report to the Legislature

As required by Minnesota Laws, Chapter 189, Article 7, Section 2, Subdivision 2(l)

January, 2018

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## Background

2016 Minnesota Laws, Chapter 189, Article 12, Section 2, Subdivision 2(l) authorizes $500,000 in fiscal year 2017 for grants to communities to increase the supply of quality child care providers in order to support regional economic development outside the Twin Cities metro area.

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 in greater Minnesota that have documented a shortage of child care providers in the proposed project area based on the current licensed capacity in the region compared to the estimated number of children under age six with both parents working.

Recipients must match State funds on a dollar-for-dollar basis. Eligible local communities include communities outside of the Twin Cities metropolitan area (as defined under Minnesota Statute, section 473.121, subdivision 2)

The maximum award was administratively set at $150,000.00 to balance the desire to fund large enough projects that will have a significant impact while also making enough individual grants across a wider area of greater Minnesota.

## Outreach

An effort was made to solicit input for the RFP from potential applicants and communities through a Request for Information. We collected responses from more than a dozen communities, agencies and individuals. Priorities identified by the respondents included:

*•* Need for reducing education and financial barriers to entry for child care businesses.

• Acute shortage of child care slots for infants and toddlers

• Rural availability in lower population density areas

• Lack of community-based planning to address needs

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 31st, 2016 with proposals due on January 6th, 2017. Fifteen proposals where submitted to DEED with a total of $1.3 million in requests.

A total of eight proposals were awarded funding totaling $500,000 in grant funds, which organizations deployed as both grants and loans, leveraging $2.3 million in local matching funds with a projected 972 child care slots created.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Organization | Community | Award | Local Matching Funds | Project Type | Projected Child Care Slots Created |
| Northland Foundation | Duluth | $125,000 | $202,500 | Start-up, expansion grants. | 141 |
| West Central Initiative | Fergus Falls | $50,000 | $80,000 | Forgivable loans | 290 |
| Tri-Valley Opportunity Council | Crookston | $51,500 | $61,594 | Start-up grants | 140 |
| Lake of The Woods EDA | Baudette | $31,000 | $31,000 | Forgivable Loans. | 30 |
| Southwest Initiative Foundation | Hutchinson | $110,000 | $628,995 | Expansion grants | 126 |
| Lakes and Pines Community Action Council, Inc. | Mora | $110,000 | $969,168 | Expansion grants | 87 |
| United Way New Ulm | New Ulm | $21,000 | $366,464 | Expansion grants | 58 |
| Lake Crystal Wellcome Memorial School District | Lake Crystal | $1,500 | $1,500 | Regulatory support | 100 |
| **Total** |  | **$500,000** | **$2,341,221** |  | **972** |

## Program Outcomes to Date

The following is a summary of program outcomes as of September 30th, 2017.

* $216,941.04 of grant funds have been expended leveraging $313,357.25 in local match dollars invested
* 57 projects have been started or completed resulting in 313 child slots created, 306 child care slots retained, and 54 child care jobs created.
* 13 providers have been trained for a total of 106 hours of training.
* One grantee, United Way New Ulm, has experienced delays in launching their project but are projected to complete their project by June 30, 2018.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Grantee | Total Projects | New Providers | Providers Trained | Hours of Training | Jobs Created (to date) | Projected Child Care Slots | Actual Child Slots (to date) | Child Care Slots Retained | Grant Funds Expended | Local Matching Funds Expended | Expected Completion Date |
| Northland Foundation | 5 | 2 | NA | NA | 8 | 141 | 93 | NA | $ 117,000.00 | $ 163,750.00 | 6/30/2018 |
| West Central Initiative | 31 | 6 | NA | NA | 6 | 290 | 52 | 306 | $ 50,000.00 | $ 51,000.00 | 6/30/2018 |
| Tri-Valley Opportunity Council | 9 | 8 | NA | NA | 6 | 140 | 42 | NA | $ 21,268.00 | $ 30,874.00 | 6/30/2018 |
| Lake of The Woods EDA | 2 | 2 | NA | NA | 3 | 30 | 12 | NA | $ 2,600.00 | $ 10,600.00 | 6/30/2018 |
| Southwest Initiative Foundation | 5 | NA | NA | NA | 17 | 126 | 46 | NA | Pending | Pending | 6/30/2018 |
| Lakes and Pines Community Action Council, Inc. | 2 |  | 13 | 301 | 11 | 87 | 28 | NA | $ 25,623.04 | $ 56,683.25 | 6/30/2018 |
| United Way New Ulm | NA | NA | NA | NA | NA | 58 | NA | NA | NA | NA | 6/30/2018 |
| Lake Crystal Wellcome Memorial School District | 3 | 3 | NA | NA | 3 | 100 | 30 | NA | $ 450.00 | $ 450.00 | 6/30/2018 |
| **TOTAL** | **57** | **21** | **13** | **301** | **54** | **972** | **313** | **306** | **$ 216,941.04** | **$ 313,357.25** |  |

## Program Outcome Summary

January 1, 2017 – September 30, 2017