



Office of Child Care Community Partnerships

2023 Annual Report

January 15, 2024

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Introduction and 2023 Highlights

Office of Child Care Community Partnerships at the Department of Employment and Economic Development (DEED) creates a front door for employers, businesses and community organizations who need child care to thrive, so their community and economy thrive. The office ensures child care expertise and capacity at each point where communities connect with state government. DEED provides leadership to these entities and strengthens the infrastructure to support child care by maximizing their existing community relationships and structures like small business supports, economic development grants and labor data, including valuable data and analysis to understand the child care workforce to grow and sustain it. A DEED Office of Child Care and Community Partnerships elevates the leadership of DEED functions and creates visibility of child care as an economic and workforce development issue.

On December 13, 2023 DEED completed the hiring process of the new director, Tammy Wickstrom. Ms. Wickstrom has wide variety of experience related to early childhood including teaching school readiness and Early Childhood Family Education (ECFE), working as a child care lead with community child care partnerships, acting as the director of Head Start, Early Head Start and Child Care at the Mille Lacs Band of Ojibwe, provided training and technical assistance for Head Start, and operating a Public Law 102-477 program which included child care assistance provision. In addition, Ms. Wickstrom has overseen a major construction project of an early childhood facility and a renovation. She has experience writing and maintaining compliance for local, state, and federal tribal grants. Ms. Wickstrom is excited to build partnerships that increase access to quality child care across the state. Hiring a director is the first step in improving access to DEED opportunities.

The purpose of the office is to have a one stop and a front door to support building capacity for child care across the state. The office will also advocate for community and business infrastructure that contributes to the sustainability and growth of child care across all regions.

Objectives of the office include a multi-pronged approach to increase capacity in child care. The goals include supporting small business, public entities, state agencies, providers, families, and other early childhood education professionals to connect to DEED and resources to build quality and quantity. Multiple reports indicate the critical role quality child care plays in hiring and retaining staff for all businesses. The office hopes to increase stability and adaptability in child care across the state.

The office will oversee multiple funding streams with varying objectives as listed below.

- Grants to the Minnesota Initiative Foundations (MIF) that support building regional capacity in child care by:
 - Facilitating community planning
 - Engaging the private sector
 - Providing locally based training and technical assistance
 - Recruiting child care programs to participate in quality rating and improvement programs
- A grant to Women Venture supporting child care businesses by:

- Providing business training and create materials that could be used for start-up, expansion, and operations of child care
- Support business expansion of women food entrepreneurs
- Money distributed can be in the form of loans, forgivable loans, and grants
- Funding, with at least fifty (50) percent being used outside the seven (7) county metro area, for local communities as Child Care Economic Development (CCED) to reduce the child care shortage by:
 - Funding child care business start-up or expansion
 - Facility modifications
 - Training
 - Subsidies or incentives to retain employees
 - Improvements required for licensing
 - Assistance for licensing and other regulatory requirements
- Creating the of Office of Child Care Community Partnerships to support all legislative requirements and funding:
 - Coordinate with state, regional, local and private entities to promote investment increasing the quality and quantity of child care
 - Coordinate with other state agencies to develop, recommend and implement solutions to increase the quantity of and quality of child care
 - Administer the CCED grants and other grant funding
 - Monitor child care business development effort in other states and countries
 - Provide support to the governor’s Children’s Cabinet
 - Perform any other activities to needed to consistently support the quality and quantity of child care

SFY 2024 Milestones

- Hired a director in December 2023
- MIF grants are in the contracting process
- CCED RFP is expected to be available by February 2024
- Connections are being made within agencies at the State, grant partners, and with community partners in the early childhood field and business community

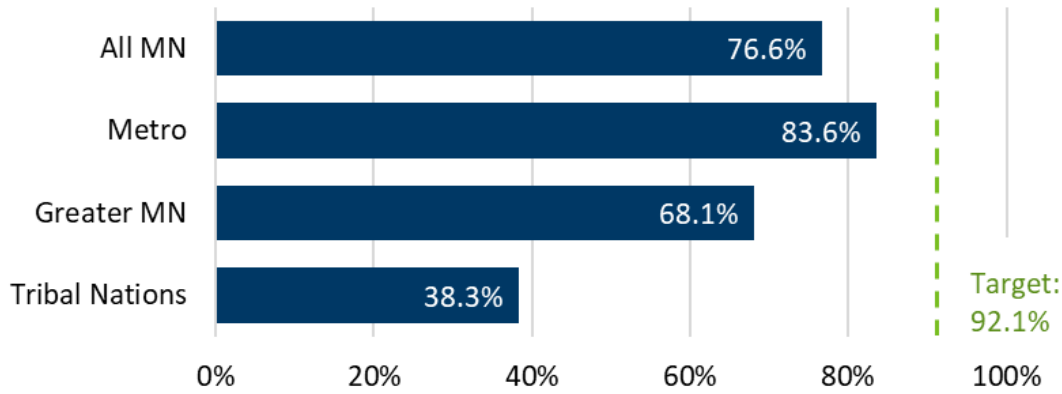
Child Care Access in the State

The Department of Human Services (DHS) has partnered with the University of Minnesota to track data regarding early care and education capacity shortages and family access.¹ As of January 2022, this data showed that greater Minnesota had less access than the Metro area, and families located in the geographic boundaries of Tribal Nations had the least access to child care. According to DHS Licensing Data center based slot capacity

¹ “University of Minnesota Child Care Access Report”; www.childcareaccess.org

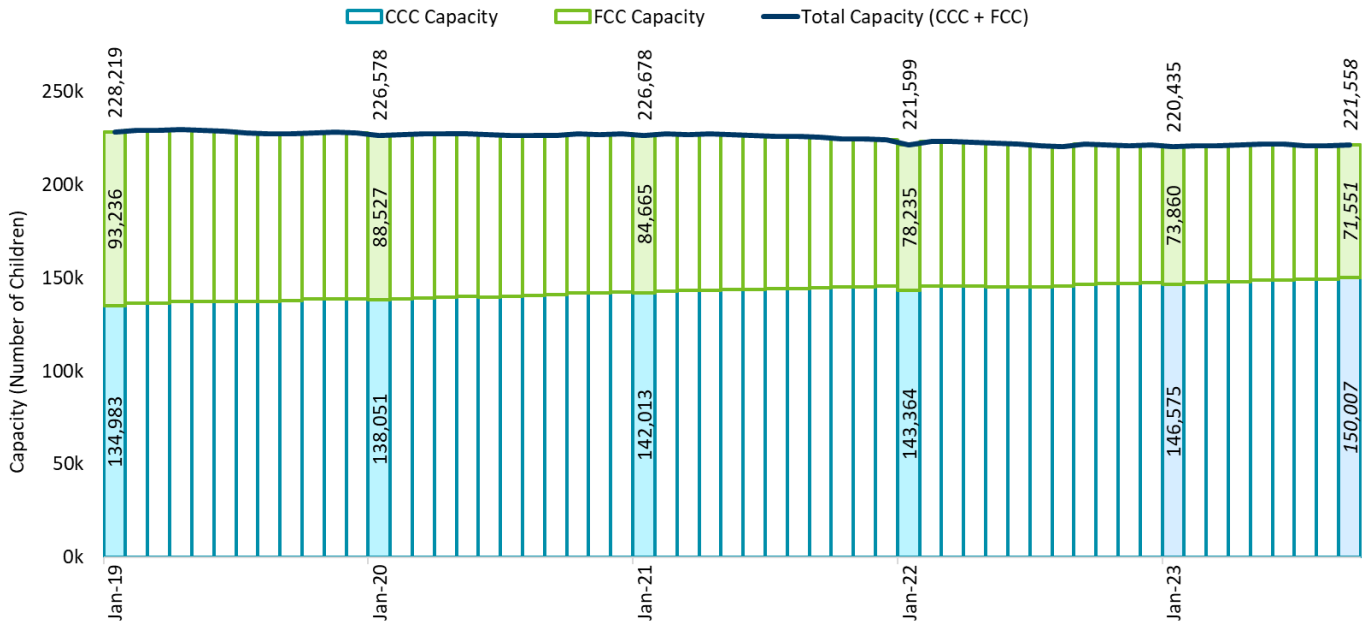
has increased in recent years, but the increase does not equal or exceed the number of slots lost in family child care. From January 2019 to September 2023 licensed child care slots decreased by 6,661.

Percent of Families with Adequate Access to Child Care, by Geographic Location, January 2022



Data Source: University of Minnesota

Capacity of Licensed Center (CCC) & Family (FCC) Child Care



Data Source: Minnesota Department of Human Services

There are several contributing factors to the shortage of slots including but not limited to:

- Low staff wages
- Small profit margins in early childhood care and education for providers
- High cost of space and supplies to maintain the child care business
- Facility upgrade costs
- Finding qualified staff
- High staff turnover; challenges with retention of qualified staff
- Barriers to entry for aspiring early care and education entrepreneurs (for example, barriers to homeownership that may prevent someone from starting a family child care program)
- Challenges for young families to afford to pay what it truly costs to run an early care and education program

One Minnesota Plan Goals Child Care Access Measure

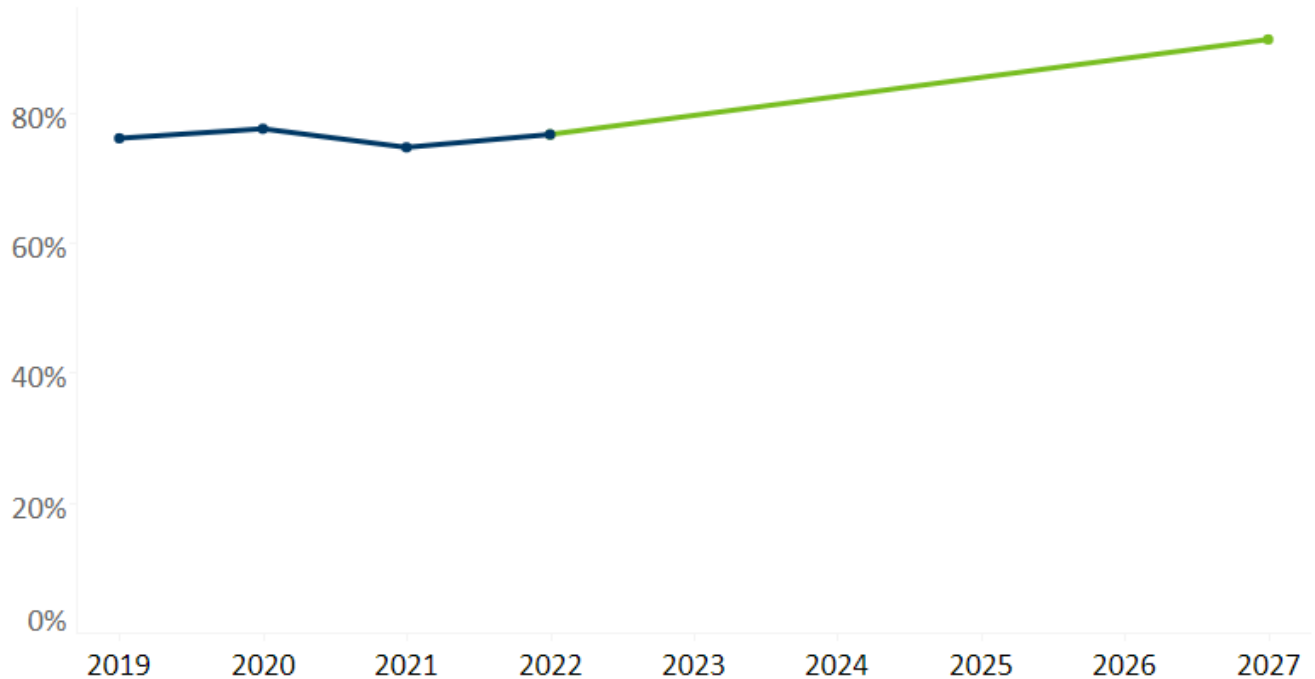
Researchers at the Department of Applied Economics at the University of Minnesota have created a family-centered measure of access to child care² that measures how much care is available near where families with young children live. The Minnesota Department of Human Services has partnered with these researchers to support this research and to incorporate this way of measuring family access into state policymaking and evaluation efforts.

This family access measure also serves as the basis of the One Minnesota Plan Goal for early care and education established by the Walz-Flanagan administration. The Results Team at Minnesota Management and Budget tracks data related to this goal and coordinates periodic review sessions between agencies whose work touches early care and education and the governor's office. As of 2022 this research shows that 77% of families have adequate access to child care. The administration has set the goal that by 2027 the state will increase the proportion of families with adequate access to child care by 20 percent.³

² "University of Minnesota Child Care Access Report" <https://childcareaccess.org/>

³ "One Minnesota Plan Measurable Goals: Child Care Access" <https://mn.gov/mmb/one-mn-plan/measurable-goals/child-care-access.jsp>

Percent of Families with Adequate Access to Child Care
Minnesota, 2019-2022
Actual | Target



Child Care Access Equity Areas

The Child Development Services unit in the Minnesota Department of Human Services has produced a new tool called “Child Care Access Equity Areas” that is being used as one eligibility criterion for a higher payment amount for child care providers participating in the Great Start Compensation Support Payment Program.⁴

The Office of Child Care Community Partnerships is collaborating with Child Development Services to use this same tool to target DEED’s own resources and outreach. Examples include:

- Prioritize funding for applicants to the Child Care Economic Development Grant program
- Collaborating with partner organizations such as the Minnesota Initiative Foundations to focus outreach and recruitment of communities into planning efforts to address their child care needs.

⁴ “Great State Compensation Support Payment Program”, <https://mn.gov/dhs/partners-and-providers/grants-rfps/great-start-grants/compensation-support/>

- Develop new initiatives and resources specific for those communities that fall into one of the Child Care Access Equity Areas.

The following is a description of Child Care Access Equity Areas provided by DHS:

Child Care Access Equity Areas are geographic areas prioritized for retaining and starting new child care programs. These areas are prioritized because they include higher rates of vulnerable populations. Child care providers in these areas are more likely to be serving children and families that need more supports to thrive.

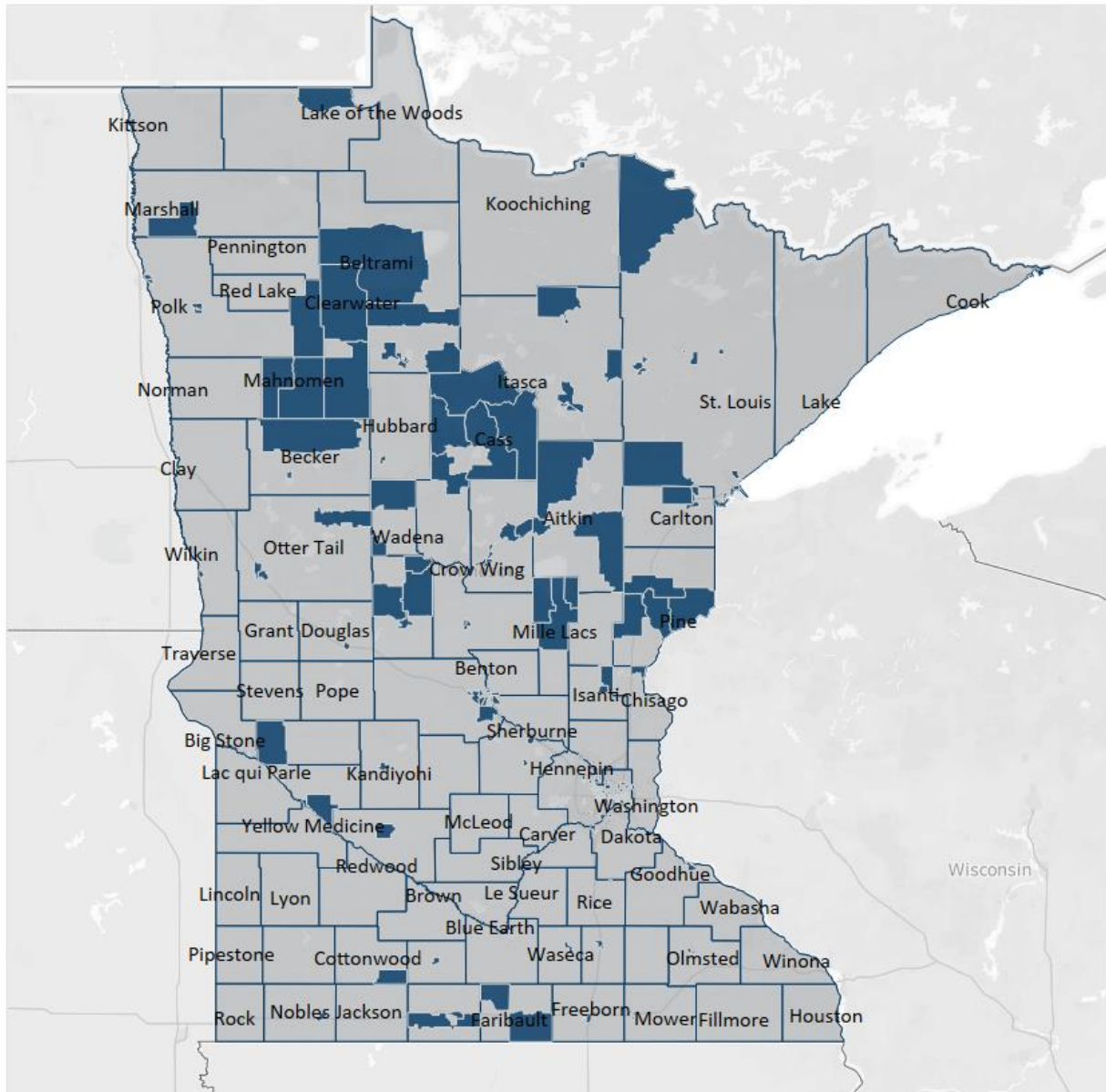
Child Care Access Equity Areas are identified using U.S. Census data about the people who live there. The areas are based on census tracts, which are geographic areas used by the U.S. Census. The census tracts that the Department of Human Services has designated as Access Equity Areas include higher rates of vulnerable populations. These areas are identified by these measures:

- *Poverty rate*
- *Homeownership rate*
- *Median household income*
- *Unemployment rate*
- *Number of families with inadequate access to child care, as measured by the Family Access Measure.*

The Department of Human Services will update the list of Child Care Access Equity Areas at the start of each state fiscal year (July 1) using updated data on the measures listed above.⁵

⁵ “Compensation Support Payments: Answers to Frequently Asked Questions (FAQs)”
<https://mn.gov/dhs/partners-and-providers/grants-rfps/great-start-grants/compensation-support-faq/#64>

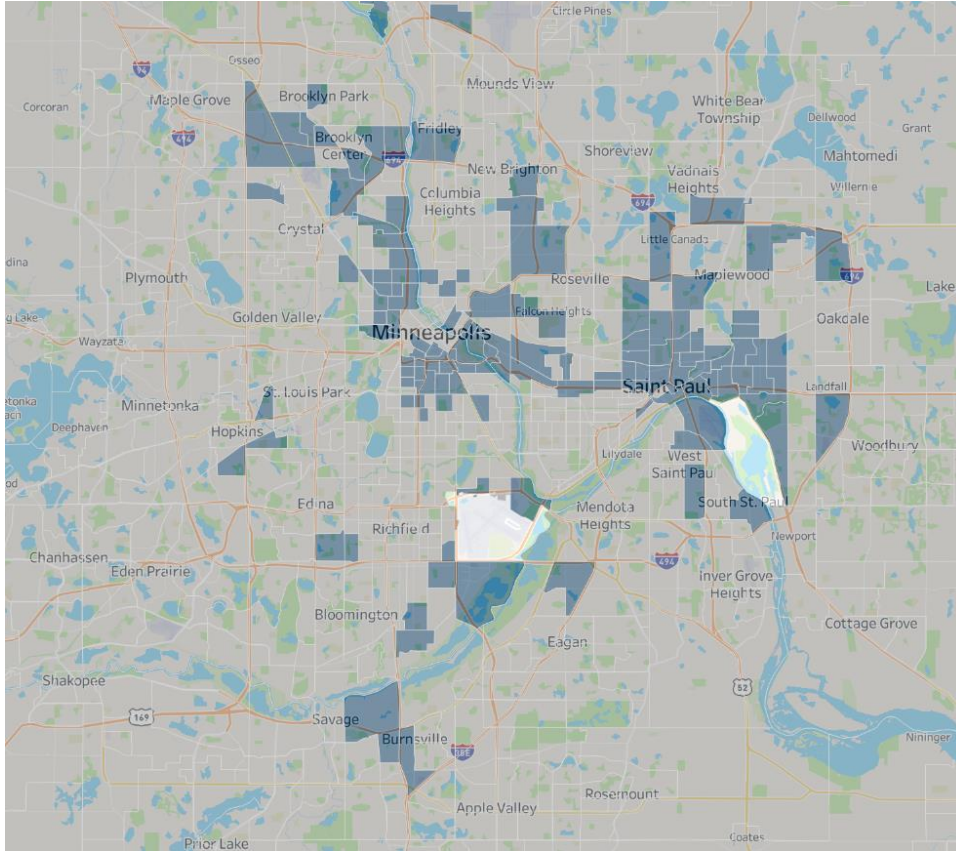
Child Care Access Equity Areas Identified in Blue⁶– Greater Minnesota



⁶ “Child Care Access Equity Areas FY 2024 Map”

https://public.tableau.com/app/profile/dhs.child.development.services.unit/viz/ChildCareAccessEquityAreasFY24Map_17038660258010/AccessEquityAreas

Child Care Access Equity Areas Identified in Blue - Twin Cities Metro Area



Child Care Work Force Analysis

The workforce shortage in the child care field is critical nationally and in the State of Minnesota. Lack of staff and low staff wages are the one of the biggest concerns of providers. Attracting people to the early childhood workforce has been a challenge. Another issue is staff gaining qualifications and moving onto public early childhood programs, which often pay better. Addressing workforce issues is critical for maintaining and expanding childcare. Building community support for child care and early childhood with in-kind, free or low-cost space, or direct funding is a way to allow providers to put more money into staff pay or incentives.

The following is a summary of data from the 2023 Minnesota Early Care and Education Workforce Study, which the Minnesota Department of Education contracted with Wilder Research in St. Paul to complete, in partnership with the Minnesota Department of Human Services and the Children’s Cabinet.

- The total number of early childhood education workers in Minnesota estimated to be more than 40,000. This includes licensed family child care providers, licensed child care center staff, Head Start/Early Head Start staff, staff at public and charter schools, and staff at license-exempt programs.

- The annual turnover rate is 30% across all positions in early care and education.
- The highest turnover rate of 38% is for teacher aides.
- 16% of early childhood educators are living below 200% of the federal poverty guidelines.
- 15% of early childhood educators rely on public benefits.
- 70% of early childhood educators identify as white or Caucasian.
- 98% of early childhood educators identify as female.
- The mean age of early childhood educators is 44.
- 86% of early educators report being covered by a health insurance or medical plan, compared to 95% of Minnesota residents under age 65.
- The early care and education workforce is highly experienced; average experience in the field ranges from 13 years for staff at license-exempt programs to 23 years for family child care providers.
- While education levels vary by program type and role, a large majority of early educators have at least some postsecondary education, from 82% of family child care providers to 97% of school-based early educators.

The Office of Child Care was just established with personnel in December 2023. This limited timeline has not allowed for detailed coordination with the Labor Market Information Office for further research. In 2024 the Director will coordinate with the Department of Labor and Industry and with community partners to determine the most pressing labor information to be researched. This will be done in partnership with staff from the Department of Labor and Industry. Potential data to understand may include:

- Total number of early childhood workers
- Reasons for staff turnover
- Staff retention strategies that have been successful
- Up to date wage information

DEED's Child Care Capacity Development Programs

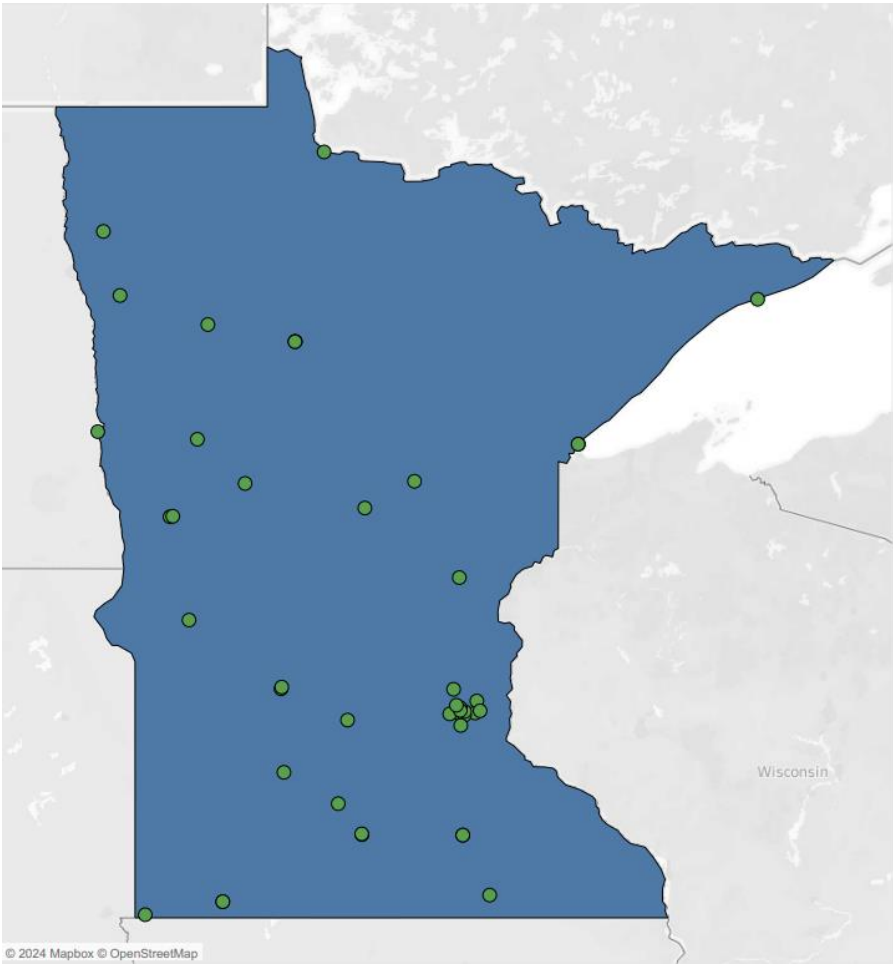
Child Care Economic Development Grant Program

The Child Care Economic Development Grant program provides grants to communities to increase the supply of quality child care providers in order to support regional economic development. At minimum 50% of funding will be used outside of the seven (7) county metro area. The funds can be used to support child care business start-up or expansion, facility modifications, training, subsidies or incentives to retain employees, improvements for licensing and assistance meeting licensing or regulatory requirements.

The Request for Proposals (RFP) is under revision. The current plan is to post the RFP by early February with grant awards being sent out by May 2024. Funding will be eligible for use until June 30, 2025. The amount of funding that eligible entities will be increased in this round of funding to \$600,000 for multiple sites and \$300,000 for single sites.

In the round awarded in FY2023 17 entities were funded with a maximum of \$300,000 for multiple sites and \$150,000 for single sites. One success story is the city of Hills. Hills acquired a tax forfeited building from Rock County. Hills spent money to have building cleaned and ready for remodel. Hills partnered with businesses and governmental agencies to create three separate pods for use by family child care providers. This facility is set to have a Grand Opening on January 19, 2024.

Below is a [map and listing of awards](#) in FY2023.



Organization	City	Fiscal Year	Grant Amount
Aitkin County	Aitkin	FY23	\$100,000
Chinese American Chamber of Commerce	Bloomington	FY23	\$200,000
Cook County and Grand Marais EDA	Grand Marais	FY23	\$180,000
Duluth Area Family YMCA	Duluth	FY23	\$150,000
Faith Community Development Initiative Inc	Brooklyn Park	FY23	\$75,000
Greater Bemidji	Bemidji	FY23	\$200,000
Hills. City of	Hills	FY23	\$120,000
Jasmin Child Care and Preschool	Moorhead	FY23	\$120,000
Kandiyohi County and Willmar, City of	Willmar	FY23	\$200,000
Morning Glory Montessori	Minneapolis	FY23	\$120,000
Nobles County	Worthington	FY23	\$150,000
Northland Foundation	Duluth	FY23	\$250,000
Northwest Minnesota Foundation	Bemidji	FY23	\$50,000
Otter Tail County	Fergus Falls	FY23	\$160,000
Somali Community Resettlement Services of Olmsted ..	Minneapolis	FY23	\$50,000
Southern MN Initiative Foundation	Owatonna	FY23	\$200,000
Wildflower Foundation	Minneapolis	FY23	\$100,000

Minnesota Initiative Foundation Child Care Partnerships Program

DEED has an ongoing partnership with the six Minnesota Initiative Foundations to support community planning efforts to sustain and increase access to child care in their respective regional service areas. The foundations are the Initiative Foundation serving central Minnesota, Northland Foundation serving northeast Minnesota, Northwest Foundation serving the northwestern counties, Southern Initiative Foundation serving the southeastern part of the state, Southwest Initiative Foundation serving southwest Minnesota, and the West Central Foundation serving the western central counties (see Exhibit A for county level description of service areas). From their website “the Minnesota Initiative Foundations are strong, independent entities that are built to respond to regional needs and opportunities. Each foundation is independent and serves its region with unique grants, business loans, leadership programs and donor services.” Going forward these partnerships will be coordinated under the new Office of Child Care Community Partnerships. Each of the Minnesota Initiative Foundations has written a funding plan to serve the needs of their region to build capacity in child care. Some of the solutions presented have included free training, grants to providers, loans, and community planning. The Minnesota Initiative Foundations all collaborate with community partners to provide early childhood services.

In the most recent legislative appropriation, each organization will receive approximately \$1.1 million dollars in SFY24 and SFY25 to support the following four objectives:

1. Facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development.

2. Engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;
3. Provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and
4. Recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

WomenVenture Partnership

DEED has a partnership with WomenVenture to support child care providers through business training and materials that can be used free of charge to start or expand child care business. WomenVenture will also provide grants and loans to child care businesses. Eligible uses of the money include but are not limited to: leasehold improvements, remodeling or renovations, inventory or supplies, machinery or equipment, working capital and debt refinancing.

Greater Minnesota Child Care Facilities Capital Grant Program

The Greater Minnesota Child Care Facilities Capital Grant Program was established under 116J.417⁷ in the 2020 legislative session by 2020 Minnesota Laws, 5th special session, Chapter 3, Article 5, Sec. 4⁸. The program was unfunded at the time. No appropriations were made available for the program until the 2023 session under 2023 Minnesota Laws, Chapter 72, Article 1, Sec. 21, Subd. 5 in the amount of \$900,000 from general obligation bond funds⁹. This program is expected to launch after July 1, 2024.

⁷ “Minnesota Statutes 2023, 116j.417” <https://www.revisor.mn.gov/statutes/cite/116J.417/pdf>

⁸ “Minnesota Laws 2020, Chapter 3, 5th Special Session”
<https://www.revisor.mn.gov/laws/2020/5/3/#:~:text=Sec.%204.%20%5B116J.417%5D%20GREATER%20MINNESOTA%20CHILD%20CARE%20FACILITY%20CAPITAL%20GRANT%20PROGRAM.>

⁹ “Minnesota Laws 2023, Chapter 72”
<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/72/#:~:text=Subd.%205.%20Greater,Statutes%2C%20section%20116J.417.>

Purpose

The purpose of the greater Minnesota child care facility capital grant program is to keep or enhance jobs, increase the tax base, or expand or create new economic development in the area in which the grants are made, by providing facilities for the child care necessary to support workers and their families.

This program will offer two types of grants contingent on the availability of funding; general obligation bond grants to political subdivisions and general fund grants to private child care providers. As of this report date no general fund appropriations have been made available for this program.

Maximum Grant Amount

Grants must not be awarded for more than \$500,000 per project or more than \$2,000,000 in two years to an applicant for one or more projects in the same city or county.

Eligible Uses

A grant may be used to acquire land or an interest in land, predesign, design, renovate, construct, furnish, and equip facilities in which to provide child care or for other child care facility improvements that support the purposes for which this grant program is established. Money from the account in the general fund may also be used to upgrade or expand existing nonprofit child care facilities for purposes of meeting state requirements.

All projects must increase child care capacity in the community that is served by the provider and meet all state requirements for child care facilities or programs.

Program Roll Out

This program is in the early planning stages of deployment. DEED expects this program to begin solicitation of proposals for funding after July 1, 2024.

Proposed Legislative and Policy Initiatives

DEED supports recommendations from the Minnesota Business Vitality Council (MBVC) report, recommendations from the 2023 Early Care and Education Workforce Study, the Great Start for All Minnesota Task Force Final Report, and the 2023 Minnesota Child Care Cost Modeling Report. Recommendations from the Office of Child Care Community Partnerships include supporting cross sector community partnerships, alignment with other department goals at the State of Minnesota, engaging with private partners to expand child care capacity, and addressing workforce challenges.

A sample of recommendations include the following:

- Establish a regional child care facility fund.
- Ensure community planning and funding that increase innovation unique to the community.
- Offer tax incentives to employers for investment in child care.

- Provide child care workers with young children automatic eligibility for CCAP.
- Support Facility Revitalization grants for family child care and center providers.
- Increase mixed delivery systems.
- Endorse business support to obtain and retain workers through multiple methods including the child care pipeline.
- Utilize the Office of Child Care Community Partnerships as a place for business, child care business, and communities can turn to when they are struggling with child care.
- Support ways to increase wages or incentives to obtain and retain staff.

Child care is part of a broad system of early childhood care and learning opportunities for our youngest Minnesotans. Due to a variety of factors, including the typically small scale of child care programs, critical health and safety requirements around facilities and staffing ratios, and centrality of staff to providing care, there are limited options when it comes to reducing the cost of providing child care¹⁰ which reduces the ability to make a profit. To maintain budgets staff wages have been kept stagnant or low to offset other early childhood business expenses. A broad spectrum of support is needed to stabilize this critical service industry. The goal of the Office of Child Care Community Partnerships is to facilitate conversations and partner with community to generate possible solutions to build capacity across the state. Early childhood education and care is business that is necessary to support the workforce and keep communities thriving.

¹⁰ [Minnesota Business Vitality Council - Child Care Business Supports Working Group \(mn.gov\)](#)

For More Information

Center for Rural Policy and Development ruralmn.org (February 2021) *Child Care in Rural Minnesota After 2020: A Unique Opportunity*

Great Start for All Minnesota Children Task Force Report (February 2023)

Minnesota Business Vitality Council (April 2022) *Child Care Business Supports Working Group: Final Report and Recommendations*. [Minnesota Business Vitality Council - Child Care Business Supports Working Group \(mn.gov\)](#)

Minnesota DHS, Minnesota MDE, Governor's Children's Cabinet and Wilder Research (December 2023) *Minnesota's Early Childhood Educators: 2023 Statewide Study of the Demographics, Workforce Supports and Professional Development Needs of the Early Care and Education Workforce*.

Minnesota Department of Human Services (October 2023) *2023 Child Care Cost Modeling Report*.

University of Minnesota Child Care Access Data. [Home - Child Care Access](#)

Exhibit A: Minnesota Initiative Region Service Areas

Minnesota Initiative Foundation	Region	Service Area
Initiative Foundation	Central	<ul style="list-style-type: none"> • Benton • Cass • Chisago • Crow Wing • Isanti • Kanabec • Mille Lacs • Morrison • Pine • Sherburne • Stearns • Todd • Wadena • Wright
Northland Foundation	Northeast	<ul style="list-style-type: none"> • Aitkin • Carlton • Cook • Itasca • Koochiching • Lake • St. Louis
Northwest Minnesota Foundation	Northwest	<ul style="list-style-type: none"> • Beltrami • Clearwater • Hubbard • Kittson • Lake of the Woods • Mahnommen • Marshall • Norman • Pennington • Polk • Red Lake

		<ul style="list-style-type: none"> • Roseau
Southern Minnesota Initiative Foundation	Southern	<ul style="list-style-type: none"> • Blue Earth • Brown • Dodge • Faribault • Fillmore • Freeborn • Goodhue • Houston • Le Sueur • Martin • Mower • Nicollet • Olmsted • Rice • Sibley • Steele • Wabasha • Waseca • Watonwan • Winona
Southwest Initiative Foundation	Southwest Region	<ul style="list-style-type: none"> • Big Stone • Chippewa • Cottonwood • Jackson • Kandiyohi • Lac qui Parle • Lincoln • Lyon • McLeod • Meeker • Murray • Nobles • Pipestone • Redwood • Renville • Rock

		<ul style="list-style-type: none"> • Swift • Yellow Medicine
West Central Initiative Foundation	West Central Region	<ul style="list-style-type: none"> • Becker • Clay • Douglas • Grant • Otter Tail • Pope • Stevens • Traverse • Wilkin