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# 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

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

## Contact Information

Minnesota Department of Employment and Economic Development  
Small Business Assistance Office  
332 Minnesota St.  
St. Paul, MN 55101  
(651-259-7218)  
brandon.toner@state.mn.us  
[mn.gov/deed](http://mn.gov/deed)

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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 awarded 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 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.
<b>TOTAL</b>		<b>\$519,000</b>	<b>\$ 2,337,591</b>	

## 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	Expected Completion Date
First Children's Finance / Southern Minnesota Initiative	38	11	51	441	NA	\$34,209	\$41,056	\$75,266
Northland Foundation	4	1	23	118	NA	\$7,000	\$909,318	\$916,318
Northwest Minnesota Foundation	51	37	48	380	NA	\$35,999	\$78,798	\$114,796
Southwest Initiative Foundation	3	2	18	122	201	\$126,330	\$55,330	\$181,660
West Central Initiative	11	8	18	139	NA	\$0	\$38,900	\$38,900
Parenting Resource Center <sup>1</sup>								\$0
Lower Sioux Indian Community <sup>2</sup>								\$0
<b>Total YTD</b>	<b>103</b>	<b>58</b>	<b>135</b>	<b>1082</b>		<b>\$196,538</b>	<b>\$214,084</b>	<b>\$410,622</b>

<sup>1</sup> No program activity as of December 1, 2018

<sup>2</sup> Information not available as of December 1, 2018

## Conclusion

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 provides 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.