



FY25 Office of Childcare Community Partnerships Report

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Program History

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

Legislative History

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. In SFY 2017, these grants were limited to communities outside the Twin Cities metro area. In SFY 2018, 60 percent of the dollars were required to be awarded to communities outside the metro area. For SFY 2022-2025 funding, 50 percent of the dollars were required to be awarded to communities outside the metro area.

The Greater Minnesota Child Care Facilities Capital Grant Program was established under [Minn. Stat. 116J.417](#) in the 2020 legislative session by [2020 Minnesota Laws, 5th special session, Chat. 3, Art. 5, Sec. 4](#). The program was unfunded at the time. No appropriations were made available for the program until the 2023 session under [2023 Minnesota Laws, Chap. 72, Art. 1, Sec. 21 subd. 5](#) in the amount of \$900,000 from general obligation bond funds. This program launched after July 1, 2024.

2023 Laws of Minnesota, Regular Session, Chap. 53, Art. 20 Sec. 2 subd. 2(n) authorized \$6,500,000 in SFY 2024 and \$6,500,000 in SFY 2025 for grants to local communities to increase the supply of quality child care providers to support economic development. Each Minnesota Investment Foundation received approximately \$1.1 million dollars in SFY 2024 and SFY 2025 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.

Childcare Office Overview

The Director of the office left in December of 2024, during the interim the office's portfolio of programs were led and directed by Brandon Toner, DEED Director of Community Partnerships and Neela Mollegaard, DEED Executive Director Office of Small Business and Innovation with Program Manager, Keshuna McCoy completing the daily work. The replacement of the Director was delayed due to changes during the legislative session. On October 1, 2025, Carla Vita became the new Director of Childcare and Community Services.

The purpose of the office is to support employers, businesses and communities in finding solutions and building capacity for childcare across the state. The office will also advocate for community and business infrastructure that contributes to the sustainability and growth of childcare across all regions.

Objectives of the office include a multi-pronged approach to increase capacity in childcare. 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 childcare plays in hiring and retaining staff for all businesses. The office hopes to increase stability and adaptability in childcare across the state.

The office oversaw multiple funding streams with varying objectives as listed below:

- Grants to the Minnesota Initiative Foundations (MIF) that support building regional capacity in childcare by:
 - o Facilitating community planning
 - o Engaging the private sector
 - o Providing locally based training and technical assistance
 - o Recruiting childcare programs to participate in quality rating and improvement programs

- A grant to Women Venture supporting childcare businesses by:
 - o Providing business training and create materials that could be used for start-up, expansion, and operations of childcare
 - o Support business expansion of women food entrepreneurs
 - o 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 childcare shortage by:
 - o Funding childcare business start-up or expansion
 - o Facility modifications
 - o Training
 - o Subsidies or incentives to retain employees
 - o Improvements required for licensing
 - o Assistance for licensing and other regulatory requirements

- Creating the of Office of Child Care Community Partnerships to support all legislative requirements and funding:
 - o Coordinate with state, regional, local and private entities to promote investment increasing the quality and quantity of childcare
 - o Coordinate with other state agencies to develop, recommend and implement solutions to increase the quantity of and quality of childcare
 - o Administer the CCED grants and other grant funding
 - o Monitor childcare business development effort in other states and countries

- Provide support to the Governor's Children's Cabinet priorities including the One MN plan:
 - o Perform any other activities to needed to consistently support the quality and quantity of childcare

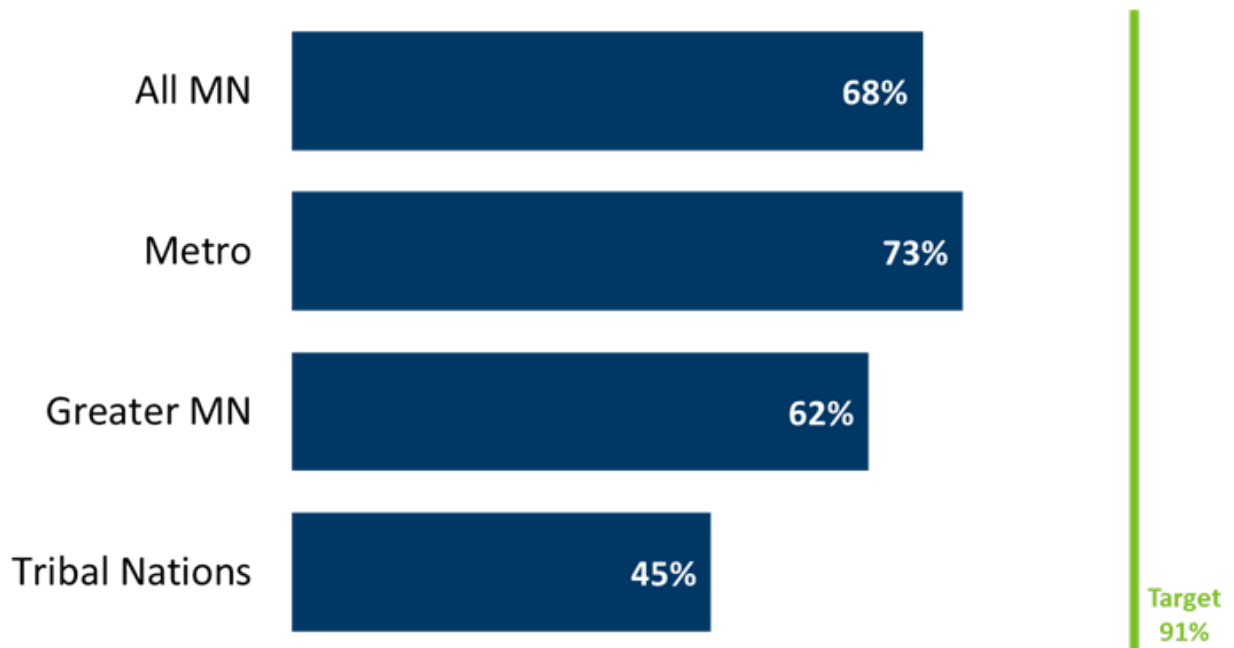
Background Data

The Department of Child Youth and Family (DCYF) has partnered with the University of Minnesota to track data regarding early care and education capacity shortages and family

access.¹ As of October 2024, the data showed that families located in greater Minnesota, including those within the geographic boundaries of Tribal Nations, had less access to childcare than those the Metro area. According to DHS licensing data from the Office of the Inspector General, center-based slot capacity has increased in recent years, but the increase does not equal or exceed the number of slots lost in family childcare. As a result, from January 2019 to October 2024 licensed childcare slots decreased by 8,481.

Table 1

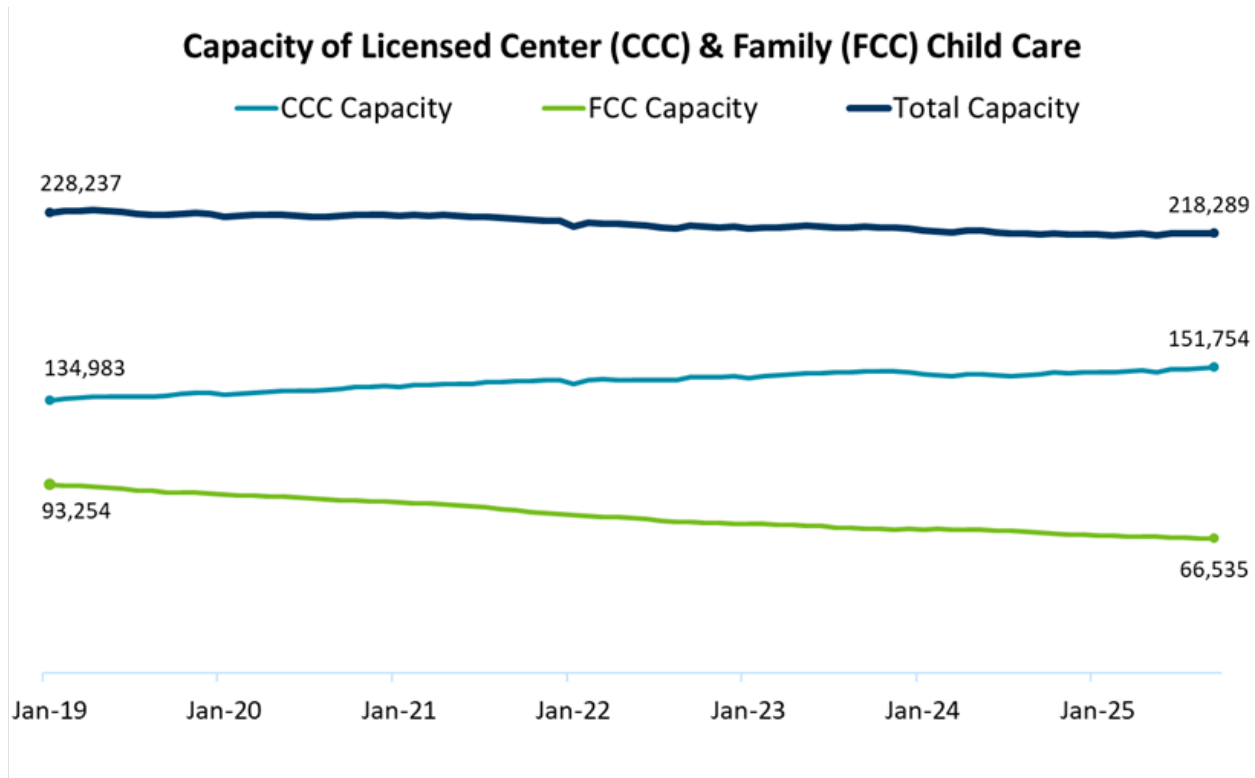
**Percent of families with adequate access to child care,
by geographic location, December 2025**



Data Source: DCYF Strategic Initiatives Unit, Research Team based on University of Minnesota methodology

Note: Tribal Nations data likely represents an undercount because it includes only some tribally-licensed programs.

Table 2



Data Source: DCYF Administrative Data

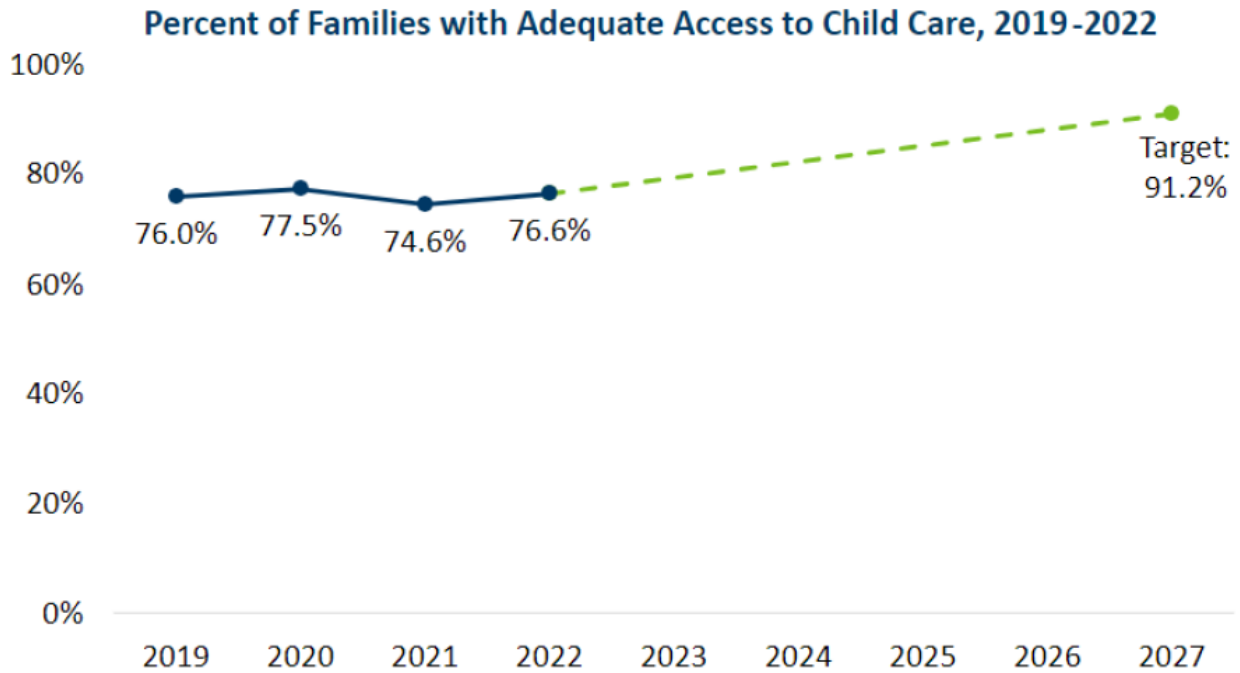
Note: Reporting timelines, seasonal variation, and updates to capacity-calculation processes result in some differences between the latest years' data and previously reported figures.

One Minnesota Plan Goals Childcare Access Measure

Researchers at the Department of Applied Economics at the University of Minnesota have created a family-centered measure of access to childcare² 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 progress metric of the One Minnesota Plan Goal for Child Care Access by the Walz-Flanagan administration. The Results Team at Minnesota Management and Budget tracks data related to this goal and supports agencies whose work touches early care and education. As of 2022 this measure shows that 77% of families have adequate access to childcare. The administration has set the goal that by 2027 the state will increase the proportion of families with adequate access to childcare by 20 percent.³

Table 3



Child Care Access Equity Areas

The Child Care Services Division in DCYF has produced a 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 Care Services to use this same tool to target DEED’s own resources and outreach. Examples include:

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

- Child Care Access Equity Areas are geographic areas prioritized for retaining and starting new childcare 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 Children, Youth, and Families –designated as Access Equity Areas are identified by these measures:
 - Poverty rate
 - Homeownership rate
 - Median household income
 - Unemployment rate
 - Number of families with inadequate access to childcare, as measured by the Family Access Measure.

DCYF 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

Table 4
Child Care Access Equity Areas Identified in Blue⁶– Greater Minnesota

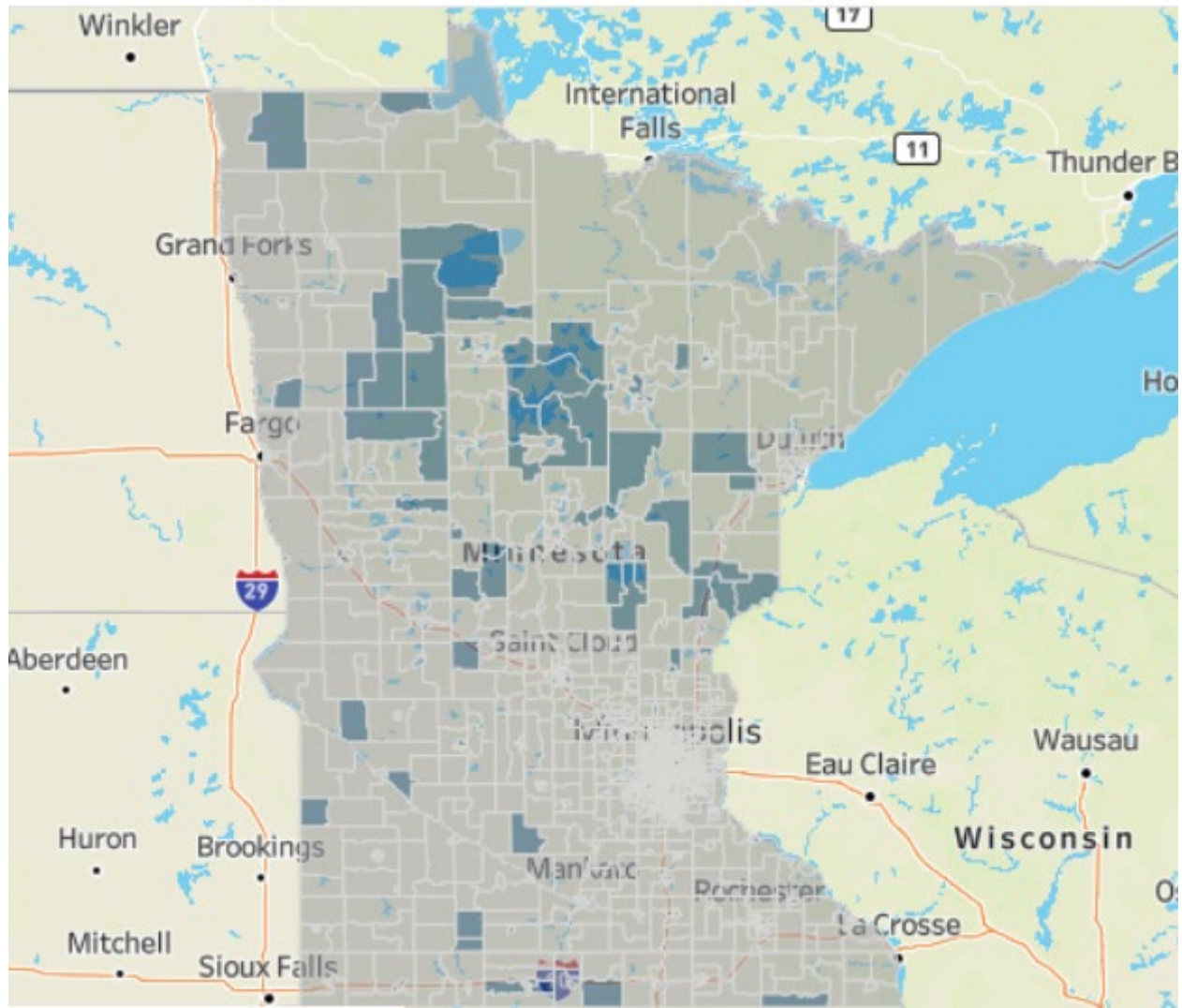
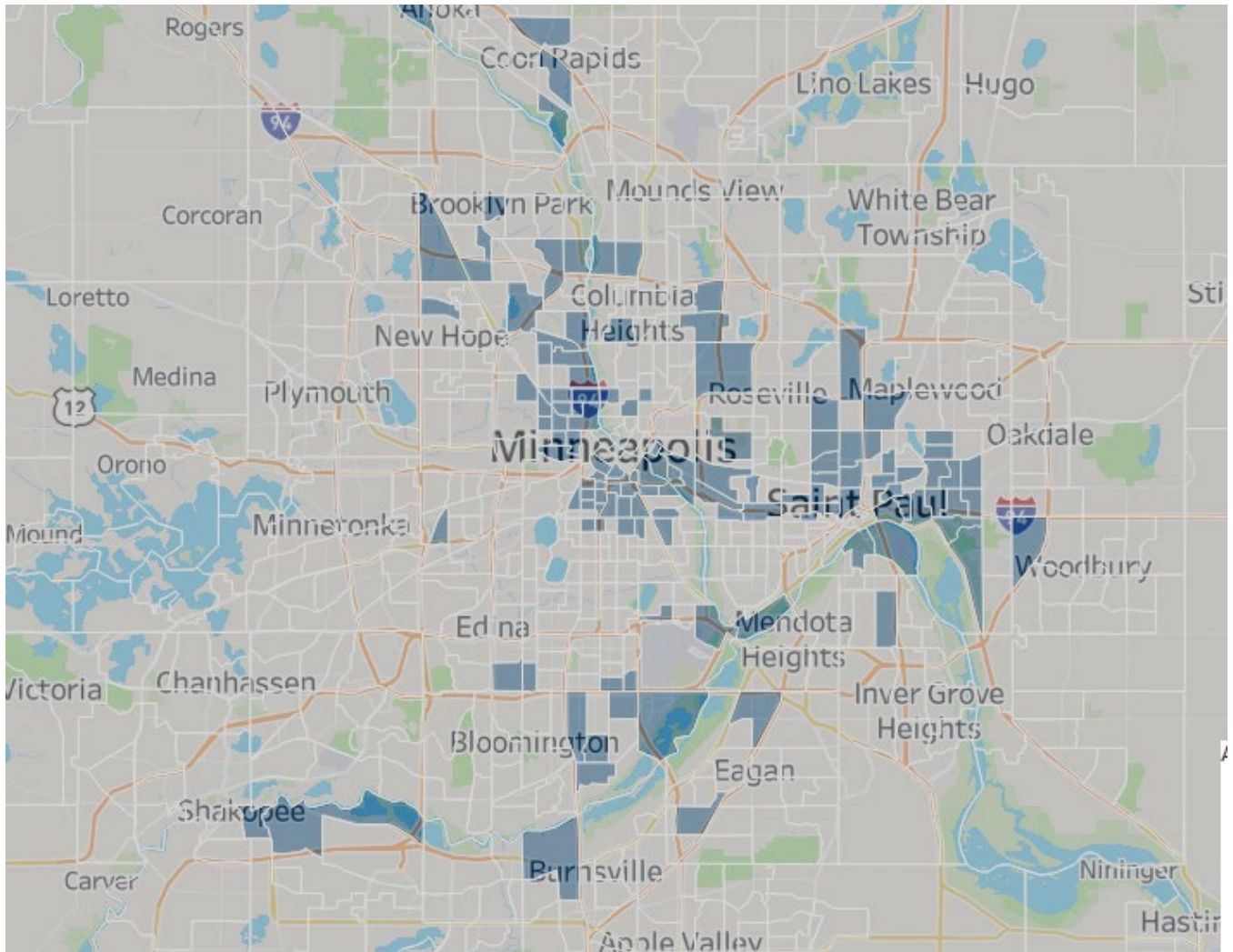


Table 5

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



Childcare Work Force Analysis

The workforce shortage in the childcare 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 childcare 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 is estimated to be more than 40,000. This includes licensed family childcare providers, licensed childcare 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 childcare 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 childcare providers to 97% of school-based early educators.

The Office of Child Care coordinated with the Labor Market Information Office for further research on demographic, employment, number of providers, wage data for providers, and other information critical for economic development. A copy of the statewide report and regional reports is available at the Office of Child Care Community Partnership website under Reports and Resources. Statewide information from the Labor Market Information Office provided detailed data sets as seen below representing statewide data.

As a continued longer-term trend, the state continued to see a decline in self-employed childcare providers who are typically family childcare providers.

Industry Trends in Employment & Firms

According to data from the U.S. Census Bureau's Nonemployer Statistics, there were 9,845 self-employed child daycare providers in Minnesota in 2023. Part of a longer-term trend, the state experienced a rapid decline of 2,537 self-employed daycare providers from 2019 to 2023. The largest percentage decreases occurred in the Twin Cities Metro (-23.1%), Central (-22.5%), and Southeast (19.9%). No regions experienced an increase in self-employed daycare providers from 2019 to 2023.

Table 6

Nonemployer Child Daycare Providers in Minnesota, 2019-2023				
Planning Region	2019	2023	2019-2023 Numeric Change	2019-2023 Percent Change
Central	2,060	1,596	-464	-22.5%
Northeast	509	416	-93	-18.3%
Northwest	1,889	1,617	-272	-14.4%
Southeast	1,470	1,178	-292	-19.9%
Southwest	1,264	1,049	-215	-17.0%
Twin Cities Metro	5,190	3,989	-1,201	-23.1%
Minnesota	12,382	9,845	-2,537	-20.5%

Source: U.S. Census Bureau, Nonemployer Statistics

Further data from DEED's Quarterly Census of Employment and Wages, which collects information from employers and workers covered by Unemployment Insurance, provides insight into employment in Child Day Care Services in Minnesota. In 2024, there were 1,268 Child Day Care Services firms providing 18,543 jobs.

Table 7

Child Day Care Services Employment in Minnesota, 2024							
NAICS Code	Industry	Number of Jobs	Number of Firms	Total Payroll	Average Annual Wages	2014-2024 Numeric Change in Jobs	2014-2024 Percent Change
0	Total, All Industries	2,933,358	212,382	\$217,725,964,312	\$74,204	+203,745	+7.5%
6244	Child Day Care Services	18,543	1,268	\$607,716,295	\$32,760	+4,816	+35.1%

Source: Quarterly Census of Employment & Wages

The number of jobs in the Child Day Care Services sector in Minnesota has generally increased from 2014 to 2024. The data shows a gradual rise from 13,727 jobs in 2014 to a peak of 18,543

jobs in 2024. Notably, there was a significant increase from 2015 to 2019, likely reflecting economic growth and increased demand for child care services. However, the sector experienced a decline in 2020 to 14,836 jobs, likely due to the impact of the COVID-19 pandemic, which led to economic disruptions and closures of child care facilities. The number of jobs rebounded to 17,656 in 2023, demonstrating recovery and continued growth in the industry.

Data from [Quarterly Workforce Indicators](#) for 2024 highlights the age distribution of workers in the Child Care Services industry compared to all industries. The Child Care Services industry in Minnesota tends to employ a younger workforce compared to the total of all industries. Notably, younger age groups (14-24 years) have a significantly higher representation in Child Care Services, with a combined percentage that is over double that of all industries. On the other hand, middle-aged and older workers (25-54 years) are more prominently represented in all industries, suggesting that Child Care Services may attract or be more suited to younger workers. This trend shows a higher concentration of younger employees in Child Care Services compared the total of all industries.

Child Care Workers in Minnesota are among the lowest-paid professionals, earning wages that fall short of meeting the region's basic [Cost of Living](#). These workers receive lower pay than many other occupations, such as Laundry and Dry-Cleaning Workers (\$17.87), Hotel, Motel, and Resort Desk Clerks (\$17.51), Animal Trainers (\$17.37), and Food Preparation Workers (\$17.02).

Table 8

Minnesota Occupational Employment & Wage Statistics, 2025				
SOC Code	Occupation Title	Estimated Statewide Employment	Statewide Median Wage	U.S Median Wage
0	Total, All Occupations	2,920,470	\$26.22	\$24.13
399011	Child Care Workers	10,910	\$16.43	\$15.67
252011	Preschool Teachers, Except Special Education	10,830	\$18.84	\$18.10
119031	Education & Child care Administrators, Preschool & Daycare	1,120	\$29.07	\$27.33
211021	Child, Family, & School Social Workers	6,430	\$31.70	\$28.56
352012	Cooks, Institution & Cafeteria	7,650	\$20.62	\$17.83
439061	Office Clerks, General	55,710	\$22.87	\$21.21
111021	General & Operations Managers	73,900	\$46.71	\$50.02
259045	Teaching Assistants, Except Postsecondary*	37,410	\$38,702	\$35,741
<i>Source: Occupational Employment & Wage Statistics, 2025</i>				
*Only median annual wages available				

According to DEED’s [2022 to 2032 Employment Outlook data](#), the Minnesota Child Day Care Services industry is projected to gain 1,434 jobs over the next decade, an 8.9% increase. In comparison, the U.S is projected to decline by about 30,100 jobs from 2022 to 2032, a 3.1% decline. The increase in Child Day Care Services was significantly higher than the overall projected growth rate of 4.6% across the total of all industries in Minnesota.

Minnesota is projected to gain Child Care Worker jobs from 2022 to 2032. During this period, an increase of 424 jobs, or 2.6%, is expected. In addition to job gains, there will still be numerous job openings due to labor market exits (when individuals leave the labor force) and occupational transfers (when individuals move to different jobs). In total, there are projected to be 28,100 Child Care Worker job openings from 2022 to 2032.

Table 9 Employment Outlook, 2022-2032								
SOC Code	Occupation	Estimated Employment 2020	Projected Employment 2030	Percent Change	Total Change	Labor Force Exit Openings	Occupational Transfer Openings	Total Hires
0	Total, All Occupations	3,135,681	3,280,273	+4.6%	144,592	1,531,700	1,913,823	3,590,115
399011	Child Care Workers	16,517	16,941	+2.6%	424	12,078	15,598	28,100

Source: Employment Outlook

Table 10

Population Projections, 2025-2045			2025-2045 Change	
Minnesota	2025 Projection	2045 Projection	Numeric	Percent
Under 5 years	334,148	343,074	+8,926	+2.7%
5-14 years	719,410	707,249	-12,161	-1.7%
15-24 years	759,710	724,660	-35,050	-4.6%
25-34 years	743,358	778,244	+34,886	+4.7%
35-44 years	781,484	830,597	+49,113	+6.3%
45-54 years	681,854	781,369	+99,515	+14.6%
55-64 years	701,293	736,420	+35,127	+5.0%
65-74 years	622,006	554,134	-67,872	-10.9%
75-84 years	334,030	437,971	+103,941	+31.1%
85 years & over	127,107	227,679	+100,572	+79.1%
Total	5,804,400	6,121,397	+316,997	+5.5%

Source: Minnesota State Demographic Center

According to the MN State Demographic Center the population of children under 5 years old in Minnesota is projected to experience a modest increase from 334,148 in 2025 to 343,074 in

2045. This represents a growth of 8,926 individuals, or a percentage increase of 2.7% over the 20-year period.

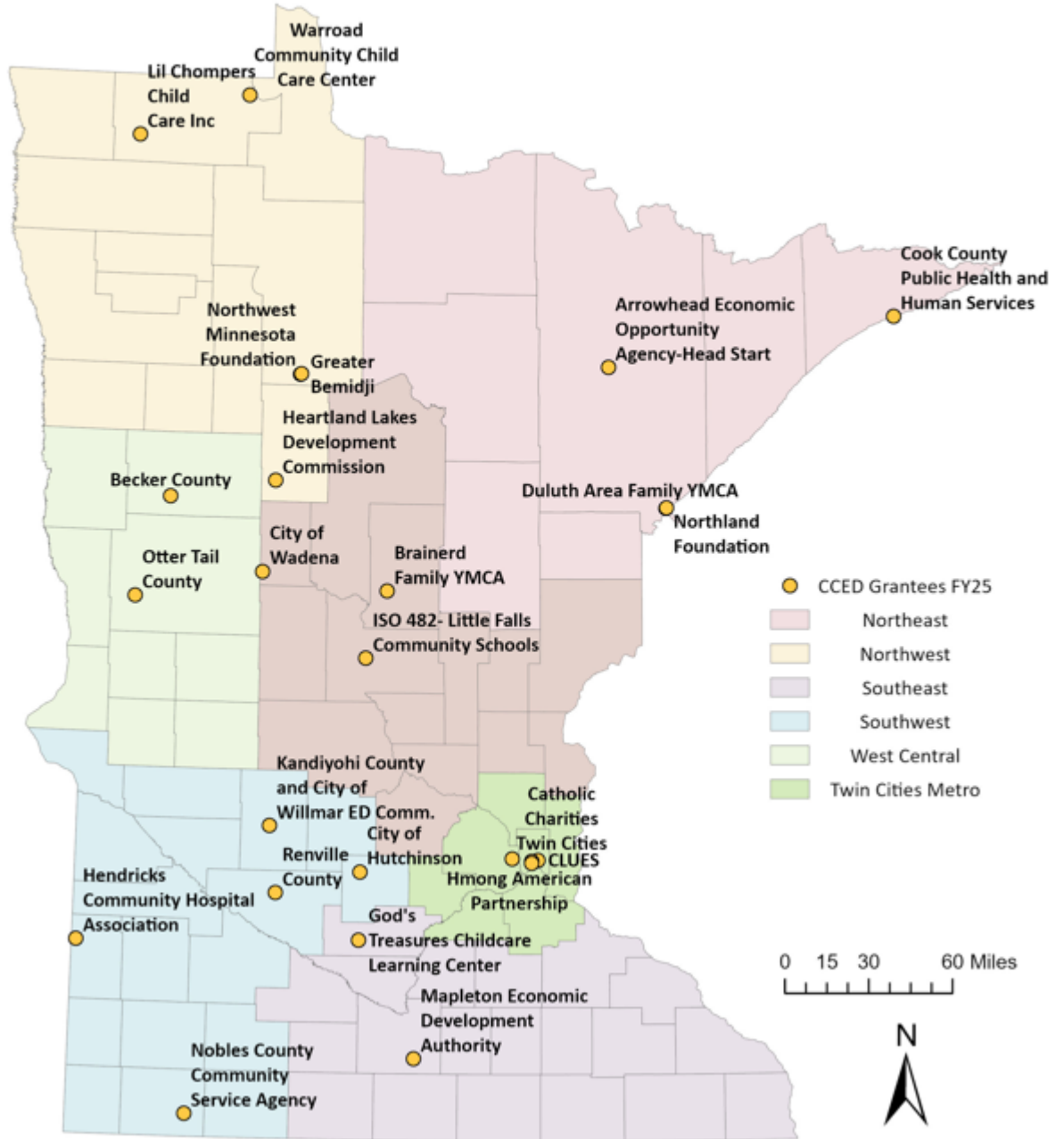
Program Results in 2025

Child Care Economic Development Grant Program

The Child Care Economic Development Grant program provides grants to communities to increase the supply of quality childcare 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 childcare 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 for FY24 funds was release in April 2024. Grant awards were sent out in late May and early June 2024. Funding will be eligible for use until June 30, 2025. A total of \$6.2 million dollars was awarded to 21 grantees around the state. An overview of projects can be found [here](#). The amount of funding that eligible entities was increased in this round of funding to \$600,000 for multiple sites and \$300,000 for single sites. Projects utilizing FY24 funds are still in the process of completion. Several projects are implementing innovative practices that show promise for replication.

Child Care Economic Development Grants, FY25



Source: Office of Child Care Community Partnerships
 Prepared by Economic Analysis Unit, DEED, November 2025.

FY25 CCED GRANTEES AWARD SUMMARY

FUNDING \$6,165,028.00

- **Comunidades Latinas Unidas En Servicio (CLUES), St. Paul - Metro, \$300,000-** CLUES requests support to complete the building renovations needed to open a licensed Childcare Business Incubator and Family Wellness Center on the East Side of Saint Paul. The Center will be a training hub for FFN providers and offer space for four Latina providers to care for 56 children.
 - **Kandiyohi County and City of Willmar Economic Development Commission, Willmar - Greater MN, \$178,500** - This proposal will create two specialized family child care units (up to 24 slots/2 new jobs), reopen a closing child care center (retaining 67 slots/9 jobs), and provide opportunities for new and existing providers with resources related to transportation, professional development, mentoring, and food.
 - **Cook County PHHS, Grand Marais - Greater MN, \$385,718** - This proposal blends several strategic supports aimed at increasing childcare spots in Cook County and Grand Portage. Two new Special Family Programs will be co-located in a new housing development, a drop in childcare center will be added, plus new workforce incentives will be offered. It will create 42 new licensed child care slots.
 - **Renville County, Olivia, Greater MN, \$345,000** - Renville County will establish four Special Family Child Care units in Renville, MN. The units will be rented to licensed family child care providers at a subsidized rate, increasing child care slots by 40. Grant funds will help purchase/renovate the building and equipment needed for licensing.
 - **Greater Bemidji, Greater Bemidji, Greater MN, \$575,000** - Greater Bemidji will support the development of three childcare centers, all within Child Care Access Equity areas (including two in the Red Lake Nation). Greater Bemidji will also create a Childcare Center Resource Hub to provide targeted support and resources to the region's providers. It will create 142 new licensed child care slots.
 - **Becker County, Detroit Lakes, Greater MN, \$120,000** - The Child Care Economic Development program would provide highly impactful funding to support the stability and growth of the community through childcare. Becker County has partnered with Ecumen, a nonprofit senior living and care development, which currently provides space at its facility for childcare and has additional space suitable for the addition and expansion of child care services. It will create 74 new licensed child care slots.
 - **Northwest Minnesota Foundation, Bemidji, Greater MN, \$134,530.00** - The lack of accessible child care in Northwest Minnesota is hindering economic development for families and businesses. NMF is working with community partners to increase quality child care slots and retain existing providers, particularly in high-need areas. It will create 76 new licensed child care slots.
 - **City of Wadena, Wadena, Greater MN, \$195,000.00** - The Wadena Childcare Project will create 4 new spaces that will allow 4 new providers to create up to 48 new childcare spaces. We have engaged a group of project partners including a construction manager, licensing agencies, and architect to design the space and make it a shovel ready project.
 - **Arrowhead Economic Opportunity Agency - Head Start, Virginia, Greater MN, \$240,000.00** - AEOA's Arrowhead Head Start is partnering with the Virginia Housing and Redevelopment Authority (HRA) to create an infant and toddler center right on the Section 8 housing complex in Pine Mill Court. This partnership will provide free infant and toddler care to families whose income qualifies. It will create 16 new child care slots.
 - **Brainerd Family YMCA, Brainerd, Greater MN, \$97,500.00** - Funding will directly subsidize new and existing staff incentives so that we are able to open up 100% of our available space for child care expansion. It will create new licensed 30 child care slots.
 - **ISO 482 - Little Falls Community Schools, Little Falls, Greater MN, \$240,000.00** - Funding will assist in filling our newly built Little Flyers child care center to meet licensing requirements and fulfill the need for child care in our area. It will create new licensed 104 child care slots.
 - **Catholic Charities Twin Cities, Minneapolis, Metro, \$240,000.00** - Is seeking funding to address a critical facility need: replacing the roof of its childcare center in North Minneapolis. NCDC is a longstanding provider of high-quality, affordable childcare in an area with significant demand for accessible early childhood education. Licensed for 129 childcare slots, NCDC offers essential services to predominantly low-income, BIPOC families in the 55411 and 55412 zip codes.
 - **Hendricks Community Hospital Association, Hendricks, Greater MN, \$159,200.00** - In order to meet the local unmet child care needs, Hendricks Community Hospital Association, in partnership with Hendricks Public School intends to renovate a former health-care clinic building to accommodate three spaces for Special Family-Based Child care facilities. It will create new 30 licensed child care slots.
 - **Duluth Area Family YMCA, Duluth, Greater MN, \$480,000.00** - Funds will support the construction of the Hillside Early Learning Center in Duluth which will create 124 high-quality childcare slots. Grant funds will also increase capacity at the St. Mary's Child Care Center and sustain high quality programming at YMCA centers in Hermantown and Grand Marais.
 - **Mapleton Economic Development Authority, Mapleton, Greater MN, \$175,120.00** - The Child Care House initiative in Mapleton, MN, offers a shovel-ready solution to the local child care shortage by creating a leased space for a family child care provider to serve up to 12 children. Located on an infill lot where a home once stood before a fire, this site will now be re-purposed.
 - **Warroad Community Child Care Center, Warroad, Greater MN, \$240,000.00** - WCCC is looking for financial support to provide continuous education opportunities for teachers' development and increase benefit offerings, as a way to retain current employees and attract new ones. With increased staffing, WCCC will have the ability to fulfill its full licensure capacity of 114.
 - **Otter Tail County, Fergus Fall, Greater MN, \$240,000.00** - Otter Tail County is requesting Child Care Economic Development Grant funding to provide a sub-grant for the construction and start-up equipment costs for four special family child care licensed sites in the City of Ottertail, MN. It will create new 56 licensed child care slots (based on a C3 license).
 - **City of Hutchinson, Hutchinson, Greater MN, \$40,000.00** - Project is to re-open an existing church-operated daycare center that was forced to close in 2022, costing the community 54 childcare slots. A new non-profit will re-open the center, creating 42 slots initially and ramping up to 62.
 - **Heartland Lakes Development Commission, Rapids, Greater MN, \$100,000.00** - Heartland Lakes Development Commission is seeking funding to assist in the development of two new family childcare units in the Pine Crest Apartment complex. The funding will support the equipment, furniture and fixtures necessary for the unit to meet licensing standards. It will create 20 new licensed child care slots.
 - **Northland Foundation, Duluth (serving the Northeast Minnesota region), Greater MN, \$240,000** - To support the start-up, expansion, and retention of 10 child care programs (5 centers & 5 family projects) in Northeast MN. The requested funding will help create 108 new child care slots and the retain of 408 critical child care slots in a rural region with an acute shortage of 3,965 child care slots.
 - **Hmong American Partnership, St. Paul, Metro, \$240,000.00** - Hmong American Partnership (HAP) requests a DEED Childcare Economic Development Grant of \$300,000 to support the reopening of HAP Montessori daycare center to increase the number of quality childcare providers in the Twin Cities and create 30 new licensed childcare slots. It will create 30 new licensed child care slots.
 - **Nobles County Community Service Agency, Worthington, Greater MN, \$480,000.00** - Nobles County is seeking funds too facilitate the renovation of a former office building in Worthington to host the establishment of a new child care center, and a former school building in Rushmore, to serve as a host site for up to three licensed family child care providers, creating 102 child care slots.
 - **WomenVenture, St. Paul, Metro, \$240,000.00** - WomenVenture will strengthen childcare providers across Minnesota by awarding 30 microgrants of \$7,500 each to new or expanding providers offering business development resources, including training, networking, and business development support by enhancing providers' operational stability.
 - **God's Treasures Childcare Learning Center, Winthrop, Greater MN, \$240,000.00** - This project will add an additional preschool classroom (14 childcare slots) to the Childcare Learning Center by remodeling an existing space, purchasing curriculum, purchasing supplies, purchasing playground equipment, janitorial services, teacher and aide salaries, staff training, washer and dryer, parking lot improvements, accounting services, playground fence, sign.
 - **Lil Chompers Child Care Inc, Greenbush, Greater MN, \$240,000.00** - Lil Chompers Child Care is a non profit organization working to get a new licensed childcare center built and opened in our rural community of Greenbush. The purpose of this project is to open 40 new slots targeting infant and toddler care according to our immediate community needs.
-

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 childcare 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 Minnesota Initiative Foundation serving the southeastern part of the state, Southwest Initiative Foundation serving southwest Minnesota, and the West Central Initiative 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 childcare. 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 childcare 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 childcare is a vital component of additional regional economic development planning processes;
3. Provide locally based training and technical assistance to rural childcare business owners individually or through a learning cohort. Access to financial and business development assistance must prepare childcare businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows childcare businesses to plan for and afford the cost of providing quality childcare; and
4. Recruit childcare 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 childcare providers to obtain a quality rating through measurement programs.

WomenVenture Partnership

DEED has a partnership with WomenVenture to support childcare providers through business training and materials that can be used free of charge to start or expand childcare business. WomenVenture will also provide grants and loans to childcare 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 the Department of Youth & Family Services releases a similar grant in order to reduce any duplication.

Purpose

The purpose of the greater Minnesota childcare 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 childcare 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 childcare 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 childcare or for other childcare

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 childcare facilities for purposes of meeting state requirements.

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

DEED Childcare Insights

- 234 Providers Assisted
- Center-Based Child Care: 63
- Family Child Care: 93
- Special Family Child Care: 9
- Not Yet Licensed: 9
- No longer operating: 60
- 2100 childcare slots created
- 1687 childcare slots retained
- 409 provider jobs created
- Center-based Care is where most growth opportunity is happening.
- Special family childcare is a small source of growth but potentially increasing. These projects face unique complexities.
- Family-based care is still key area for some growth and retention.

- Regional separation of data shows that northern MN is much more productive in childcare than southern MN.
 - In almost all metrics, the northern regions outperform the southern regions, but this does not imply that the southern regions are doing little.
 - With the data at hand, we cannot know why this discrepancy exists; only that it does.
- Key numbers:
 - An estimated 2385 childcare slots across all categories are reported.
 - Many childcare centers received service through the program:
 - 78 Special Licensed or Certified Childcare Centers
 - 170 General Childcare Centers
- FTE Numbers

- **1066 FTEs created or retained.**
 - Generally, job creation outpaced job retention; however, overall numbers show more retention than creation.
 - An outlier value is increasing retention over creation:
 - Northwest MN saved an unusually large number of jobs.
 - Without Northwest MN, I believe CCED would have made more jobs than it saved.
 - Again, the northern regions outperform the southern regions:
 - 542 created and retained in northern regions combined.
 - 162 created and retained in the southern regions combined.
 - CCED is a key driver in childcare job creation. This is a breath of fresh air as job retention often drives FTE metrics, and the numbers on this only favor retention due to the Northwest being unusually good at retaining jobs.
 - Future productivity in CCED may find fruit in servicing southern regions of the state.
- (From DEED OSBI)

Program Highlights

- MIF grant contracts were completed for FY26
- CCED FY25 awarded 21 grantees \$6.24 million dollars in funding
- CCED FY26 RFP was paused until the new director started. The team is currently polishing and enhancing the grant to ensure the highest and best use of dollars and to enhance sustainability of awarded projects.
- Attended numerous state agency collaboration meetings across multiple departments; met with non-profits, Minnesota Initiative Foundations, and other childcare leader to ensure a coordinated and impactful collaborative work.
- Participated and/or attended regional and/or community meetings, events, or conferences
- Presentations were made to numerous groups including: County Economic Developers, child care organizations, Small Business Development Leadership (SBDC) and others.
- Enhancing connections and increasing awareness. This includes:
 - Minnesota Chamber of Commerce, Minnesota House Children and Families Finance and Policy Committee, Small Business Development partners, and other groups
 - Other state agencies, grant partners
 - Community partners in the early childhood field and business community
 - Attending ribbon-cuttings, announcements, conferences, etc.

- Hired a Director in October 2025
- Currently in the process of creating a survey to be send to all cities and counties to harvest zoning barriers.
- Attended ribbon-cuttings, community events, and visited grantees. Learned/ing from them as well as being a resource.
- Monitored and conducted sight visits to grant awardees.

2026 Goals:

- Reimagine the Childcare webpage to make is a one-stop shop of information for communities, counties, non-profits, and others looking for information. This includes:
 - List of other groups/organizations/non-profits with funding for childcare
 - List innovative practices in Minnesota and in the US
 - Providing ideas for communities on how they can assist childcare in their communities
 - Be a repository of childcare resources for communities and businesses
 - Award grants for FY 26 with a close eye to practices that are sustainable and increase childcare slots in Minnesota.
- Survey zoning barriers to be analyzed. Work with city and county staff volunteers, DCYF and others to find possible solutions. Communicate solutions appropriately to communities.
- Attend as many grantee sites as possible.
- Gather stories on innovation within communities and with the business community. Be a resource of stories.
- Be a leading resource to communities needing childcare advice.
- Gather a list of creative ideas on how childcare can be supported locally for sustainability.
- Regular communication with grantees and other interested parties on resources available, best practices and more.

Outcomes

Table 11

Reporting period is state fiscal year (SFY), July 1 – June 30

	SFY 2017	SFY 2018	SFY 2019*	SFY 2020	SFY 2021**	SFY 2022	SFY 2023	SFY 2024	SY 2025
Number of Awards	8	7	NA	10	NA	14	17	21	25
Funds Awarded	\$500,000	\$519,000	NA	\$727,500	NA	\$2,425,000	\$2,425,000	\$6,240,000	\$6,175,000

	SFY 2017	SFY 2018	SFY 2019*	SFY 2020	SFY 2021**	SFY 2022	SFY 2023	SFY 2024	SY 2025
Matching Funds	\$2,341,221	\$2,337,591	NA	\$6,923,622	NA	\$4,277,655	\$5,259,704	\$19,640,660	\$10,855,77
Projected Child Care Slots Created	972	1159	NA	2300	AN	2321	2589	2241	1423

NA = Data was not available at the time of this report.

* There was no appropriation for this program in SFY2019

** There was no appropriation for this program in SFY2021

Story of Impact

The impacts of the Childcare grants are huge and limiting to one story is difficult.

The first community event the new Director attended was in Mapleton, MN. They received \$175,120 from DEED for the creation of a childcare house. The city purchased the property. The energy efficient house was constructed on an infill lot of a house that had burned down years ago. Many community organizations assisted in the funding. The City waives fees. They house created a new business – a childcare business. 12 new childcare slots emerged.

Note, this is only a small sampling of the significant impact the grant funds have had in Minnesota’s communities, families, businesses, but importantly our children.

Learnings

Solutions to the childcare crisis is complex and multi-faceted. Many communities are trying a variety of techniques to assist, but there has not been one definitive practice that outshines the rest at this writing. Low wages of the provider, the cost needed for parents to be able to afford childcare, rises costs of utilities, taxes, food, and running a business make childcare difficult.

Many State agencies, non-profits and community members care and are working to find solutions and to be proactive to prevent closures.

Conclusion

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 childcare business

- Cost of insurance for providers
 - Facility upgrade costs
 - Finding qualified staff
 - Understanding business essentials for running a childcare
 - 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 childcare program)
- Challenges for young families to afford to pay what it truly costs to run an early care and education program

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

² “University of Minnesota Child Care Access Report” www.childcareaccess.org

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

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

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>

⁶ [Child Care Access Equity Areas FY25 Map | Tableau Public](#)

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.>

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