

HFXXXX A bill for an act relating to childcare; requiring reports; appropriating money for childcare business training.

Appropriation:

\$140,000 in FY2018 is appropriated from the general fund to the commissioner of employment and economic development for a grant to WomenVenture; this is a one-time appropriation and funds are available until June 30, 2019, or until expended.

Overview:

A grant to WomenVenture to provide a business training program for childcare providers and create materials that could be used, free of charge to clients, for start-up, expansion, and operation of childcare businesses statewide, with the goal of helping new and existing childcare businesses in underserved areas of the state become profitable and sustainable. The commissioner shall report data on outcomes and recommendations for replication of this training program throughout Minnesota to the governor and the committees of the House of Representatives and the senate with jurisdiction over childcare by December 15, 2019.

Business case:

The biggest reason that small businesses fail is the owner's lack of business acumen. Often women start businesses where they have experience in the services or with the products they are bringing to the market, but not the expertise to operate a small business. This is a particular challenge for low-income women who also do not possess the wealth to weather the challenges of a poorly executed launch. WomenVenture proposes to develop online tools for launching and running a childcare business. Online tools are available today, however, they are fragmented and are not in a format where they are accessible by anyone on free, open source platforms. Best practices indicate that adult learning is amplified when online tools are combined with classroom training, a supportive cohort and knowledgeable committed mentors.

The childcare template toolkit would include but not be limited to:

- **Market Assessment**
 - Community need, competition and demographics
- **Program plan that meets quality childcare standards**
 - Curriculum & enrichment
 - Childcare standards
 - Parent involvement
 - Meals & snacks
 - Hours & special services
- **Marketing Plan**
 - Customer psychographic
 - Unique value proposition
 - Access best way to advertise to customer
 - Branding
 - Website
- **Legal entity structure**
 - Sole Proprietorship, Corporation, Cooperative, Partnership, S-Corporation, etc.
- **Operations policies, plans and agreements**
 - Licensing
 - Risk & safety
 - Human Resources
 - Contracts
 - Facilities
- **Financial Plan**
 - Three-year budget
 - Rates, income sources
 - Expenses, fixed and variable

- Start-up costs
- Capital and long-term maintenance
- Train clients in open source accounting system that is free or low cost (FreshBooks or alternative)
- Tax planning and preparation
- **Access to Capital**
 - Evaluation of capital and cash flow needs
 - Connections to capital resources to launch or grow childcare business

Training program

- Deliver 8-week training programs for cohorts of up to 20 women to guide them in completing the templates and business plan for their new or existing childcare businesses;
- Volunteer mentors will be matched with each client to support them during the training program; and
- Facilitated peer mentoring circles will be available to clients after the training is completed to use shared knowledge to continue to incubate and accelerate the learning process and receive ongoing support.

Program replication throughout Minnesota

- Develop an electronically available trainer guide using open source platforms for accessibility by all;
- Develop electronically available business planning and operations tools using open source platforms for accessibility by all;
- Be nimble in revising approaches, real time, based on client/owner, mentor and trainer feedback
- Share results on an annual basis over two-year grant period.

Program cost

- One-time = Development of templates including legal review - \$60k
- Ongoing = Sliding scale training discounts based on client income level, up to a 90% scholarship - \$30k estimate for 100 clients
- Overhead fee at 11% - \$10k
- Estimated cost in Year One = **\$100k**; Year Two = **\$40k**