

HF-1407 A bill for an act relating to child care; appropriating money for a pilot program creating two women-run cooperative child care businesses in low-income urban areas; requiring reports.

Appropriation:

\$225,000 in FY2018. One time funding, available until expended. This funding supports an existing, nationally funded grant from the W.K. Kellogg Foundation (Kellogg Foundation).

Overview:

A grant by DEED to WomenVenture to provide business training, mentoring, technical assistance and loans to eligible individuals in order that they may collectively establish a minimum of two cooperative childcare businesses in communities of need. The pilot will be designed for women interested in starting reliable, affordable, flexible and sustainable cooperative childcare businesses. Beyond the successful launch and sustainability of the two childcare centers, WomenVenture will create a model that can be replicated in other communities both in our state and nationally.

Definitions:

- Eligible Individual = low- or moderate-income woman who currently works in the child care industry.
- Community of need = is a low-income urban area in the Twin Cities.
- Cooperative childcare business = means an autonomous association of people united voluntarily to meet their common economic needs and aspirations through a worker-owned and democratically-controlled for-profit childcare business.
- Second shift worker hours = the individual worker's hours are 3:00pm – 11:00pm.
- Third shift workers = the individual worker's hours are 11:00pm-7:00am.

Located in communities of need with the following attributes:

- Poverty rate of $\geq 20\%$;
- High unmet demand for childcare services;
- Need for flexible childcare hours and/or drop-in childcare; and
- Need for childcare services to serve second and third shift workers.

The childcare centers established by this grant must meet the following requirements:

- Worker-owners of the cooperative childcare business pay themselves wages of at least \$16 per hour
- Offer employee benefits that include, but are not limited to, medical/dental insurance and paid time off; and
- Provide consistent, predictable and benefits eligible work schedules.

Key Grant Activities:

- **Convene regional and national experts on best practices in providing quality childcare in a 24-hour and flexible settings, and in a cooperative worker-ownership structure.**
- **Provide training, technical assistance and mentoring to a minimum of 10 to 14 women who plan to start a minimum of two cooperatively-owned child care businesses. The support will include, but not be limited to:**
 - Preliminary Assessment
 - An overview of the cooperative business model: types, structure, benefits and tradeoffs;
 - An assessment of participants' financial readiness and entrepreneurial attributes; and
 - An assessment on the ability of the potential cooperative owners to work together, based on an evaluation of their skills and attributes.
 - Business Training

- Provide in-depth business training to participants who have completed the preliminary assessment and choose to move toward cooperative ownership. This training will be delivered by experienced quality childcare leaders and cooperative ownership experts, on topics including:
 - ✓ Required licenses and best business practices for operating a childcare business;
 - ✓ Best practices for child development and school readiness strategies. In fulfilling this duty, WomenVenture will work in partnership with existing educational institutions in the community that possess relevant expertise;
 - ✓ Cooperative business planning including governance structures, democratic practices, skill-building for group decision-making / conflict resolution; and
 - ✓ Creation of a 3-year business plan to launch a cooperatively-owned childcare center.
- Access to Capital
 - Assess capital needs
 - Assist cooperative childcare business in securing capital for launch and working capital
- Business Incubation
 - Provide a mentor for 24 months and technical assistance throughout the loan term
 - Assist owners with transition to independent ownership and governance
- **Build a model that can be replicated across Minnesota**
 - Develop an electronically available implementer 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/worker-owner, mentor and trainer feedback
 - Share results on an annual basis over the three year grant period
- **Budget as submitted to Kellogg Foundation:**

WomenVenture				
Cooperative Business Ownership Pilot Budget 2017-2019				
	2017	2018	2019	Total
Foundation & Corp Contributions - Kellogg	\$ 175,000	\$ 100,000	\$ 100,000	\$ 375,000
Foundation & Corp Government Contributions - Other	25,000	78,000	122,000	225,000
Total Estimated Revenues	200,000	178,000	222,000	600,000
Salaries & Benefits:				
Program Oversight, Training Manager 20%	19,632	20,024	20,425	60,081
Client Intake, Client Services Department 20%	17,252	17,597	17,949	52,798
Co-op Entrepreneur Trainer, 1 FTE in 2017 & 2018, 1.5 in 2019	64,029	65,310	99,924	229,263
Community Liaison 38%	13,837	14,114	21,733	49,684
Contract Services, Subject Matter Experts	45,000	20,000	20,000	85,000
Client & Program Expenses, Curriculum & Training Supplies	10,250	14,255	16,306	40,811
Overhead at 13%	30,000	26,700	25,663	82,363
Total Estimated Expenses	200,000	178,000	222,000	600,000
NET INCOME (EXPENSE)	\$ 0	\$ 0	\$ 0	\$ 0