

Summary of Grants to Stabilize the Child Care Industry

January 21, 2022

Minnesota child care providers have experienced low enrollment and higher costs throughout the COVID-19 pandemic. In response, funds have been allocated through a variety of sources to offer grants to help stabilize the child care industry in Minnesota.

Peacetime Emergency Child Care (PECC) Grants

The PECC grants were provided to child care providers at the start of the COVID-19 pandemic. These grants have now concluded.

- \$41.137 million was allocated for this use in State General Funds, appropriated by the Minnesota Legislature, and in federal funds from the CARES Act.
- These grants were provided April through June 2020 to child care providers through direct payments.
- This grant type used a competitive selection process as directed in statute.
- Grant award sizes started at \$4,500 per month, with the maximum grant award set at \$21,000 per month.

COVID-19 Public Health Support Funds for Child Care

The COVID-19 Public Health Support Funds for Child Care were grants provided to child care providers prior to the rollout of the Child Care Stabilization Grants. These grants have now concluded.

- \$199.645 million was allocated to this use from federal CRRSA funds.
- These grants were awarded from July 2020 through May 2021 to child care providers in direct payments.
- All licensed and certified providers in good standing with DHS and willing to comply with the program requirements were eligible to receive these payments.
- Grant award amounts were \$1,200 per month for family child care providers, \$8,500 for child care centers, \$3,000 for certified centers through March 2021. Grant amounts were reduced in December 2020 as well as April and May 2021.

Child Care Stabilization Transition Grants

Transition Grants were designed to stabilize the child care industry, while the department finalized the implementation of the Child Care Stabilization Base Grants described below. These Transition Grants have now concluded.

- \$17.3 million was allocated from the federal America Rescue Plan Act funds designated for child care stabilization grants, consistent with direction provided in Art. 2, Sec. 79 and Sec. 84(a), Ch. 7 of Laws of Minnesota 2021 of the First Special Session.

- These grants were distributed in July and August 2021.
- All licensed and certified providers willing to comply with the program requirements were eligible to receive these payments.
- Grant award amounts were \$600 per month for family child care providers, \$4,250 for licensed child care centers with a capacity smaller than 75 children, \$5,500 for licensed child care centers with a capacity of 75 or more children and \$1,500 for certified centers.

Child Care Stabilization Base Grants

Child Care Stabilization Base Grants were developed to stabilize the child care market, consistent with direction provided by the Minnesota Legislature and federal ARPA requirements.

- \$211.6 million was allocated from the federal American Rescue Plan Act funds designated for Child Care Stabilization Base Grants, consistent with direction provided in Art. 2, Sec. 79 and Sec. 84(a), Ch. 7 of Laws of Minnesota 2021 of the First Special Session.
- Base Grants were rolled out in September 2021 and are available on a monthly basis through June 2023.
- All licensed, certified and registered legally non-licensed providers in good standing and willing to comply with program requirements are eligible for Base Grants.
- DHS sends email announcements to eligible providers on a regular basis that include announcements of upcoming Base Grant rounds and other important information, as well as a link to a personalized application to complete online. Technical assistance is available via phone and email.
- Base Grant award amounts are determined based on the number of full-time equivalent (FTE) staff who regularly care for children in the program, including sole proprietors (i.e. family child care providers) or independent contractors. Programs receive \$430 per FTE.
 - Providers who have recently received payments through the Child Care Assistance Program, Early Learning Scholarships, or both are eligible for a 10% increase to their Base Grant award per funding period.
 - Beginning in July 2022, Base Grant amounts will be reduced from initial payment amounts. State statute requires the final month's award amount be no more than 50% of the amounts awarded in September 2021.
- Providers are required to use 70% of funds to increase compensation or benefits for staff regularly caring for children.
- See [DHS' Child Care Stabilization Base Grants webpage](#) for more information.

Child Care Stabilization Financial Hardship Grants

Child Care Stabilization Financial Hardship Grants were developed to support child care providers experiencing extreme financial hardship.

- Approximately \$70 million in ARPA stabilization grant funding is set aside for child care providers experiencing extreme financial hardship, as allowed under Art. 2, Sec. 79 and Sec. 84(a), Ch. 7 of Laws of Minnesota 2021 of the First Special Session.
- Financial Hardship Grant applications open in January 2022; grant funds are available until expended.

- DHS has sent and will continue to send email announcements to all providers regarding this grant opportunity, Provider information sessions were held on January 12, 2022 with over 600 providers participating. Technical assistance is available via phone and email.
- Minnesota child care providers who are interested in applying must first fill out an application request form posted on DHS' [Financial Hardship Grant webpage](#) beginning Jan. 26, 2022. The request form determines whether providers meet initial eligibility criteria. Providers that meeting initial eligibility criteria will be sent an email with a link to their personalized Financial Hardship Grant application within an hour of submitting their request form.
- Licensed and certified providers are eligible to apply for these grants.
- The following table provides eligibility criteria:

	Criteria 1	Criteria 2	Criteria 3
Licensed Family Child Care	COVID-related closure where a provider receives less than 75% of their total monthly income, including parent fees and, if applicable, reimbursements from the Child Care Assistance and/or Early Learning Scholarship programs.	Two or more months behind on rent or mortgage payments.	Operating loss over the previous consecutive three months equal to 25% or more of a provider's gross income.
Licensed Child Care Centers	Insufficient monthly gross income to cover two payroll periods (four weeks).	Two or more months behind on business rent or mortgage payments.	Operating loss over the previous consecutive three months equal to 33% or more of a provider's gross income.
Certified Child Care Centers	Insufficient monthly gross income or operating funds to cover two payroll periods (four weeks).	Public school-based program with a Fund Balance equal to or less than \$0. Non-public school based programs with Days Cash on Hand less than 10 days.	Operating loss over the previous consecutive three months equal to 33% or more of a provider's gross income.

- Award amounts:

Licensed family child care providers:

- First tier:
 - Grant amounts of \$1,500 (estimated) for meeting the COVID-related closure criteria. Licensed family child care providers can receive this grant amount in every Financial Hardship Grant round that they meet the COVID-related closure criteria and do not qualify for the second tier grant.

- Second tier:
 - Grant amounts of \$4,500 (estimated) for meeting the rent/mortgage criteria and/or the operating loss criteria. Licensed family child care providers can only receive this grant amount once every three months, if funding is still available.

Licensed child care centers:

- Can apply for grant amounts between \$8,000 - \$70,000 (estimated), based on their program's licensed child capacity and licensed operating hours. Licensed child care centers can only receive this grant once every three months, if funding is still available.

Certified child care centers:

- Can apply for a grant of \$14,500 (estimated). Certified child care centers can only receive this grant once every three months, if funding is still available.

- See the [DHS' Financial Hardship Grant webpage](#) for more information.

One-Time Supplemental Stabilization Grants

One-Time Supplemental Stabilization Grants are funded from the COVID-19 Flexible Response Account of the American Rescue Plan Act State Fiscal Recovery Funds and were prioritized for this use by the Minnesota Governor's Office. Funds were allocated for this use to address the increased costs to child care providers as a result of the surge in COVID-19 cases brought on by the Omicron variant. Child care providers will apply for these grants as part of their January 2022 Child Care Stabilization Base Grant application starting January 18, 2022.

- \$20 million was allocated for One-Time Supplemental Stabilization Grants.
- These grants are only available in January 2022.
- Available on a non-competitive basis to all providers who apply who are in good standing.
- Does not require providers to use 70% of funds to increase compensation for staff.
- Exact grant amounts will depend on the level of child care provider demand, determined through the number of applications received from eligible child care providers, for these one-time grants. However, approximate grant amounts are as follows:
 - Licensed family child care: \$1,200
 - Licensed centers with capacity of less than 75 children: \$5,500
 - Licensed centers with capacity of 75 children or more: \$8,500
 - Certified child care centers: \$3,000
 - Legal non-licensed providers are not eligible for this grant
- See [DHS' One-Time Supplemental Stabilization Grants webpage](#) for more information.