

COVID-19 Public Investments in Child Care

Date: October 21, 2021

Investments from 2020

The federal government and the Minnesota Legislature made significant investments in child care during the 2020 legislative session administered by the Department of Human Services (DHS). These investments included State General funds, as well as federal funds from the Coronavirus Aid, Recovery, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Total stimulus funds allocated in 2020 were \$321.682 million. DHS continues to implement these investments and new initiatives.

Finance

Peacetime Emergency Child Care (PECC) Grants - \$41.137 million was awarded from April through June 2020 to child care providers in direct payments. The source of funds included State General Funds and federal funds from the CARES Act.

Public Health Support Funds for Child Care - \$199.645 million was awarded from July 2020 through May 2021 to child care providers in direct payments. Funds were provided from the federal CARES Act and CRRSA.

Child Care Assistance Program (CCAP) Rate Increases - \$20.58 million to pay for the CCAP maximum payment rate increase from the 25th percentile of the 2011 market rate survey to the 25th percentile of the 2018 market rate survey. Funds were provided from the federal CARES Act.

CCAP Peacetime Emergency Waivers- \$4.95 million to pay a second child care provider when a child's provider is closed due to COVID-19. Funds were provided from the federal CARES Act.

CCAP Peacetime Emergency Waivers - \$6.37 million to pay for additional care that is necessary for school age children when a child is distance learning. Funds were provided from the federal CARES Act.

CCAP Basic Sliding Fee (DHS) - \$40 million in State Fiscal Years 2021-2023 toward the Basic Sliding Fee CCAP to serve families in need of child care. Funds were provided from the federal CRRSA Act.

Supports

Family, Friend and Neighbor (FFN) support (DHS) - \$3million for grants to community-based organizations working with FFN caregivers ([see here](#) for information on these services). The source of funds include CARES and CRRSA funds.

Child Care Capacity Building - \$5 million to help child care providers recover, open or reopen after the COVID-19 pandemic.

Investments from 2021

The Minnesota Legislature made significant investments in child care during the 2021 legislative session with funding from the federal American Rescue Plan Act (ARP). Minnesota received \$537 million in flexible Child Care Development Block Grant and Child Care Stabilization Grant funds through ARP. The legislature passed into law specific appropriations of these funds in June 2021. DHS is actively working to implement these additional investments and new initiatives.

Below is a list of the investments made with ARP funds. More information can be found in [Minnesota Session Laws, 2021 First Special Session, Chapter 7 \(H.F. 33\)](#).

Finance

Child Care Stabilization Grants - \$304.398 million in direct payments to child care providers, with requirement that at least 70 percent of the base grant go to provide increased compensation, benefits or premium pay to employees. Of these funds, \$70.5 million has been set aside for grants targeted to programs experiencing extreme financial hardship.

Child Care Assistance Program (CCAP) Rate Increases - Increased maximum rates take effect November 15, 2021. The new weekly maximum rates increase on average 16% for centers and 12% for licensed family child care.

- \$103.01 million toward a rate increase from the 25th percentile of 2018 market rate survey to the 40th percentile for infants and toddlers and 30th percentile for preschool/school-age tied to updates for the 2021 and 2024 market rate survey. \$57.18 million in CCDF funds covers the remaining cost of this change through SFY2025.
- \$830 thousand toward rates specific to legal non-licensed providers, increasing rates from 68% of to 90% of the licensed family child care rate. \$331,000 in CCDF funds covers the remaining cost of this change through SFY2025.

CCAP Basic Sliding Fee - \$15 million in State Fiscal Year 2024 toward Basic Sliding Fee CCAP, plus \$57.9 million toward reprioritization of the Basic Sliding Fee waiting list.

Child Care Facility Grants - \$22.5 million for child care providers or facility improvements, minor renovations, and related equipment and services, including assistance meeting licensing requirements. Administered through a grant to First Children's Finance.

Background study fee support - \$4.5 million to continue paying certain background study fees for child care providers and support for background study implementation.

Workforce

Workforce Development Grants - \$3 million to provide economically challenged individuals the jobs skills training, career counseling, and job placement assistance needed for a career path in child care. Administered through a grant to Child Care Aware of Minnesota.

Retaining Early Educators through Attaining Incentives Now (REETAIN) - \$1 million for provider retention grant program; also codified this program into Minnesota law. Administered through a grant to Child Care Aware of Minnesota.

Teacher Education and Compensation Helps (TEACH) - \$2 million for higher education scholarships; also made small changes to the authorizing language for this program. Administered through a grant to Child Care Aware of Minnesota.

Supports

Family Child Care Training Advisory Committee - \$59,000 to form and establish the committee, which will meet from January 2022 to December 2025.

Family, Friend and Neighbor (FFN) support - \$1.5 million for grants to community-based organizations working with FFN caregivers ([see here](#) for information on previous funding and existing efforts to support FFN providers).

One Stop Regional Assistance Network - \$3 million to develop and begin to carry out a one-stop network for individuals interested in establishing or sustaining a licensed family child care or center-based child care setting. Administered through grants to Child Care Aware system agencies.

Child Care Business Training and Consultation - \$3 million to help child care providers build, strengthen, and acquire business skills. Administered through a grant to First Children's Finance.

Shared Services Innovation Grants - \$200 thousand for a grant pilot to help start shared services agreements and provide economies of scale for family child care businesses.

Family child care FAQ page - \$50,000 to develop a frequently asked questions webpage for FCC providers that includes a search function.

Family child care ombudsperson - \$499,000 to create an ombudsperson position.

Alternative Child Care Licensing Models - \$100,000 to create a working group to explore child care models that are not currently allowed under state statutes.

Child care licensing modernization - \$3.778 million to modernize family child care and center-based license regulations.

Child care technology improvements - \$7.65 million for updates to technology for Licensing and CCAP.

Parent Aware Evaluation - \$1.435 million for a study to evaluate Parent Aware and conduct engagement needed for a report on equity.

Administration - \$3.5 million for DHS to implement the programs funded by the child care ARP funds.

Children in foster care - \$290,000 for a report and engagement to better understand participation of children in foster care in early childhood programs.

Family Supports and Improvement Program - \$150,000 for a report to address data sharing across agencies and programs that impact children and families.