

COVID-19 Public Investments in Child Care: Direct Financial Support

October 20, 2021

The state of Minnesota made significant investments that provided direct financial support to child care providers to finance and stabilize the child care sector in 2020 and 2021. These investments were provided through the following programs carried out by the Minnesota Department of Human Services:

- Peacetime Emergency Child Care (PECC) Grants
- Public Health Support Funds (PHSF) for Child Care
- Child Care Stabilization Grants
- Child Care Assistance Program (CCAP)

The investments were provided through State General Funds (SGF) appropriations, and federal funds provided through the Coronavirus Aid, Recovery, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and the American Rescue Plan (ARP) Act.

Direct Financial Support Programs

The following tables show the amount of funds provided through programs that made direct payments to providers as of October 15, 2021, including the breakdown of funds by provider type, as well as the breakdown of funding by Greater Minnesota and the Twin Cities metro area.

Table 1. Child care investments by financial support program and provider type – through September 2021

| Direct financial support programs (Source of data: DHS administrative data) | Family child care | Child care centers | Certified centers | Total |
|--|---------------------------------------|--|--------------------------------------|----------------------|
| PECC Grants Sources of funds: SGF, CARES Months available: April to June 2020 | \$23,570,500 (57.3%) | \$17,335,500 (42.1%) | \$231,000 (.6%) | \$41,137,000 |
| PHSF for Child Care Source of funds: CARES, CRRSA Months available: July 2020 to May 2021 | \$69,671,690 (34.9%) | \$117,851,525 (59.0%) | \$12,101,375 (6.1%) | \$199,624,590 |
| Child Care Stabilization Grants Source of funds: ARP Months with data available: July – Sept 2021 Program continues through June 2022. | \$6,509,728 (26.2%) | \$17,995,184 (69.6%) | \$1,347,189 (5.2%*) | \$25,852,101 |
| Total | \$99,751,918 (37.4%) | \$153,182,209 (57.5%) | \$13,679,564 (5.1%) | \$266,613,691 |

* The percentage of funds received by certified child care centers was lower in the months of July – September than will be the case in future months because many are closed in the summer months, and the new funding formula did not become effective until September.

Table 2. Child care investments by financial support program and region – through September 2021

| Child care financial support programs (Source of data: DHS administrative data) | Greater Minnesota | Twin Cities metro area | Total |
|--|--------------------------------|--------------------------------|----------------------|
| PECC Grants | \$21,195,500 (52%) | \$19,941,500 (48%) | \$41,137,000 |
| PHSF for Child Care | \$89,520,965 (45%) | \$110,103,625 (55%) | \$199,624,590 |
| Child Care Stabilization Grants Months with data available: July – Sept 2021 Program continues through June 2022. | \$10,148,955 (39.3%) | \$15,703,146 (60.7%) | \$25,852,101 |
| Total | \$120,865,420 (45%) | \$145,748,271 (55%) | \$266,613,691 |

The following two tables provide 1) the estimated numbers of children enrolled in licensed and certified child care programs, grouped by provider type and region, and 2) the number of licensed and certified programs by provider type and region. These are provided for context in understanding how funds are disseminated.

Table 3. Estimated number of children enrolled in child care by provider type and region

| Child care provider type (Source of data: estimates based on data collected in the Child Care Stabilization grant applications in July, August and September 2021) | Children enrolled in Greater Minnesota | Children enrolled in Twin Cities metro area | Total |
|--|---|--|-----------------------|
| Licensed Family child care | 43,600 | 23,400 | 67,000 (24%) |
| Licensed Centers | 34,000 | 79,000 | 113,000 (40%) |
| Certified Centers | 39,500 | 61,500 | 101,000 (36%) |
| Total | 117,100 (42%) | 163,900 (58%) | 281,000 (100%) |

Table 4. Number of child care providers by type and region

| Number of providers by region and provider type (Source of data: DHS Licensing, October 2021) | Providers in Greater Minnesota | Providers in Twin Cities metro area | Total |
|---|---------------------------------------|--|-------------------------|
| Licensed Family child care | 4,401 | 2,359 | 6,760 (74%) |
| Licensed Centers | 677 | 1,112 | 1,789 (20%) |
| Certified Centers | 224 | 350 | 574 (6%) |
| Total | 5,302 (58%) | 3,821 (42%) | 9,123 (100%) |

Table 4. Estimated number of individuals regularly caring for children by provider type

| Program type (Source of data: estimates based on data collected in the Child Care Stabilization grant applications in July, August and September 2021) | Individuals regularly caring for children |
|---|--|
| Licensed Family child care | 7,900 (18.5%) |
| Licensed Centers | 26,700 (62.5%) |
| Certified Centers | 8,100 (19%) |
| Total | 42,700 (100%) |

Child Care Assistance Program

Table 5. Number of families served and providers paid in June 2021.

This table shows the number of children served and providers paid in June 2021. Based on increases in funding tied to maximum rates and the Basic Sliding Fee, CCAP expects the number of families and children served to increase throughout SFY 2021-2025.

| | Families served in June 2021 | Providers paid in June 2021 |
|-------------------------|-------------------------------------|------------------------------------|
| Metro Seven County Area | 6,961 | 1,047 |
| Greater Minnesota | 4,475 | 1,433 |
| Total | 11,436 | 2,480 |

Table 6. Child Care Assistance Program Spending FY 2019 and 2020.

This table shows overall CCAP program spending for State Fiscal Years 2019 and 2020 as well as the per family average monthly payments. These costs include direct services and local agency administration costs.

| Child Care Assistance Program | FY 2019 Total Costs | Per family direct service avg. monthly payments- SFY 2019 | FY 2020 Total Costs | Per family direct service avg. monthly payments- SFY 2020 |
|--------------------------------------|----------------------------|--|----------------------------|--|
| MFIP | 157,475,004 | \$ 1,547 | 146,909,847 | \$ 1,598 |
| BSF | 105,785,192 | \$ 1,145 | 110,960,271 | \$ 1,198 |
| TOTAL | 263,260,196 | \$ 1,356 | 257,870,118 | \$ 1,397 |