

**American Rescue Plan (ARP) State
Fiscal Recovery Funds (SFRF)
Request Form**

Please complete this form in accordance with
the process instructions.

Agency/Point of Contact: Tikki Brown-Department of Human Services

Title of Request: Federal Recovery Funds for Child Care Stabilization

Date: 12/20/2021

Request Amount: \$ 20,000,000

Expenditure Time Period: 1/6/2022 to 6/30/2022

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

This request is for \$20M for payments to child care providers to help them remain operating and serving children while facing increased costs and staffing challenges related to the recent surge in COVID-19 cases and to follow public health guidance. The Child Care Stabilization Grants, funded through the American Rescue Plan Act, provide a structure to issue additional payments to eligible providers who are operating and serving children. DHS will immediately prepare to provide an application and then provider payments in order to distribute funds as quickly in 2022 as possible. Payments will provide flexible support for provider's emergency needs, including severe workforce shortages, increased costs to implement public health guidance, and costs of COVID related closures, while providing a bridge to more assistance through the Child Care Stabilization Grants and to potential vaccinations of young children.

As the backbone of our economy, child care allows critical workers to report to work. However, current COVID cases are at an all-time high, with potential exposures and cases in child care also on the rise and at a higher rate than experienced previously. The industry is experiencing the impacts of lost revenue and increased costs while also impacted by a disproportionate rate of worker vacancies and pandemic-related staffing limitations. (See Supporting Information attached.)

While the Child Care Stabilization Grant Program makes available significant new resources for child care programs, there are limitations in state statute that require at least 70% of the Base Grants be spent on *increased* compensation or benefits for staff. Planning for Financial Hardship Grants for providers who demonstrate extreme financial hardship is also underway, but not yet available. Increasingly, providers are reaching out to DHS and Children's Cabinet about the impact of this surge and are asking for more flexible financial support now. Health care systems are also voicing increased need.

This request assumes implementation using the existing Base Grants application process and most program requirements and allowable uses. Costs to administer would be covered by the Child Care Stabilization Grant Program (under 2021 Minnesota Session Laws, First Special Session, Chapter 7, Article 14, Section 21 and The American Rescue Plan (ARP) Act of 2021, Public Law 117-2) so all funds requested would be available to child care providers to continue to stabilize this already fragile industry and support workers, families and our economy. The Department's authority for this proposal is derived from its authority to administer the Child Care Stabilization Grant Program (2021 Minn. Laws 1st Sp. Sess. Ch. 7, Art. 14, Sec. 21), the Commissioner's authority to make grants to individuals and entities using appropriated funds (Minn. Stat. 256.01, subd. 2(a)(6)), and the COVID-19 Flexible Response Account (2021 Minn. Laws 1st Sp. Sess., Ch. 12, Art. 5, Sec. 2).

Jodi Harpstead

Digitally signed by Jodi Harpstead
Date: 2021.12.20 12:52:11 -06'00'

Department Head Signature

12/20/2021

Date