



Department of Public Health and Human Services

Early Childhood & Family Support Division ♦ 1625 11th Avenue ♦ P.O. Box 4210 ♦ Helena, MT 59620-4210

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Greg Gianforte, Governor

Adam Meier, Director

January 21, 2022

Hello,

We wanted to provide an update on the Child Care Stabilization Grants and answer some of the questions we are receiving from providers regarding how grant awards were calculated and what to expect during the application review process. In accordance with the intent of these funds – which is to stabilize child care systems – the administration is committed to reaching and supporting as many eligible child care providers as possible despite limited federal funding.

The first application period was from October 7, 2021 to December 15, 2021. During this time, we received 440 applications. Of those, 385 are complete, unduplicated applications (as of December 16, 2021). We are in the process of reviewing these applications and sending out letters of intent to award stabilization grant funding. A second application period is currently open until January 31, 2022.

In the applications to DPHHS, child care providers submitted financial information in three areas: 1) current operating expenses based on what is allowable according to federal law; 2) anticipated additional operating expenses; and 3) past expenses incurred since March 1, 2020 that were not paid with other COVID-19 relief funds. The total amount of operating costs identified in the first 300 applications was \$72,920,418, which exceeds the amount of \$61,268,171 available to issue for stabilization grants.

Based on the unexpected demand and operating costs identified by the first 300 applicants, DPHHS realized that funding 100% of operating costs would not be feasible given the amount of federal funding available. Using this information, DPHHS decided it needed to base grants on a percentage of operating costs.

Additionally, recognizing that some child care businesses previously received federal COVID-19 aid and some did not, DPHHS opted to subtract prior COVID-19 relief funding from those providers' anticipated allocations. DPHHS also subtracted any Head Start or Early Head Start funding received. These deductions were made in order to fund as many applications at the highest rate possible using the \$61,268,171 of available stabilizations funds.

After receiving feedback from the child care community, we have revised the list of prior COVID-19 relief funding types that will be deducted from operating costs to determine grant award amounts. We will be reviewing the 385 completed applications received during the first grant submission period to deduct only these amounts. Some of the 230 providers who received letters of intent to award may receive an updated letter from DPHHS to reflect this recalculated amount.

We continue to review the remaining applications received during the first grant submission period and will be sending out letters of intent to award, followed by contracts and payments in the coming weeks. The first quarterly payment should be issued within 10 business days after we have received a signed contract. The attached documents address frequently asked questions and further outlines our process.

Finally, it's important to understand where we have been and where we are headed as we reinforce our critical child care industry. As we shift from emergency models of support and funding, Montana maintains extremely low unemployment and its workforce cannot be effectively served due to a lack of child care capacity. We are pleased that our efforts continue to move from 'survival business practices and programming (i.e., keeping the doors open) and morph into stabilizing your industry long term. The Stabilization Grants are only one way to ensure the future of child care small business, promote opportunities to develop viable business plans, establish job security and a sustainable workforce, and consequently support Montana's children and families.

Other supports available for the child care workforce include recruitment and retention bonuses (soon to be issued through the Early Childhood Project); a technical assistance and training model for business continuity and sustainability, along with a shared service model to share expenses and expertise in business operations; an opportunity for communities to come together and plan for their individual and unique child care needs, with funding support; and funding support for new child care providers or those that decide to expand locations, their hours, slots, or offerings.

We remain dedicated to close collaboration with our child care provider community and interested stakeholders.

Thank you for your patience as we continue to process your applications and payments. We will continue to communicate with you regularly throughout this process. If you have not received a request for information to complete your application, a letter of intent, or a contract by February 4, 2022, please reach out to us at Cindy.Straughn@mt.gov.

Sincerely,



Jamie Palagi, Administrator
Early Childhood and Family Support Division