

Legislative Memo

Date: 12/30/24

To: Representative Dave Pinto, Chair, members of the House Children and Families Finance and Policy Committee; Senator Melissa Wicklund, Chair, members of the Health and Human Services Committee

From: Dianne Haulcy, Assistant Commissioner of Early Childhood, Department of Children, Youth, and Families

RE: Number of grants awarded to REETAIN recipients and outcomes

During the 2021 legislative session, the Minnesota Legislature passed, and Gov. Walz signed into law, the [Laws of Minnesota 2021, First Special Session, Chapter 7](#). Article 14, Section 3 and Section 23(f) of this law provided authorizing language for the Retaining Early Educators Through Incentives Now (REETAIN) Grant Program, and allocated American Rescue Plan Act (ARPA) funds for this program.

The law also directed the Minnesota Department of Human Services, which transitioned to the Department of Children, Youth and Families (DCYF) in July of 2024, to report to the legislative committees with jurisdiction over child care about the number of grants awarded to recipients and outcomes of the grant program since the last report. DCYF administers this program through a grant contract with Child Care Aware of Minnesota, providing funding to recipients and to administer the program.

During the 2023 legislative session, the Legislature appropriated additional state funding to support the REETAIN program. The state will provide \$1.95 million in additional funding in fiscal years 2024 and 2025 and an ongoing appropriation of \$750,000 beginning in FY26. This is in addition to federal funds provided for the program through the Child Care Development Fund.

Summary

REETAIN bonuses encourage early educators to remain in the field by helping supplement their income. The goal of this program is to keep qualified educators working in early childhood programs. As the child care worker shortage continues, this program supports the retention of well-qualified professionals in the field.

REETAIN bonuses can be used for program supplies, professional development or personal expenses. Individual recipients of REETAIN bonus payments work in licensed family child care, licensed child care centers, Head Start, and public school pre-kindergarten programs.

As shown in Table 1, during fiscal year 2024, a total of \$2,504,000 was allocated to 971 early educators, with an average REETAIN payment of \$2,020 per educator. Due to funding constraints, there was an unmet need of bonuses. American Rescue Plan Act funds were allocated to this program beginning fiscal year 2022. Additionally, DHS continues to allocate a portion of Child Care Development Fund funding to REETAIN annually.

Table 1. REETAIN funding and recipients by fiscal year

Fiscal year	Funding source and amount allocated	Number of recipients	Unmet need
2023 (July 1, 2022 – June 30, 2023)	Total: \$1,028,000 ARPA: \$490,000 CCDF: \$538,000	509	105
2024 (July 1, 2023- June 30, 2024)	Total: \$2,504,000 ARPA: \$15,000 CCDF: \$538,000 State: \$1,951,000	971	All eligible applicants were approved
2025 (July 1, 2024- June 30, 2025)	Total: \$2,243,225 CCDF: \$292,225 State: \$1,951,000	Projected: 1,272 Note: 1,002 to be covered by State funds	Will be reported in December 2026

The funding amounts include administrative costs and REETAIN bonuses. Unmet need is based on applicants not receiving REETAIN bonuses due to funding demand exceeding supply.

DCYF contracts with Child Care Aware of Minnesota to manage REETAIN bonus awards. Bonuses are awarded annually and range from \$500-\$3,000. Bonuses are awarded based on education, state and federal priorities, and as funds allow. Awardees receive half of their bonus payments upon being awarded and half after six months.

Outcomes

As shown in Table 2, 90% of REETAIN recipients in fiscal year 2023 remained in the early child early care and education field for at least 12 months upon receiving their full bonus payments. Recipients reported their REETAIN bonus awards were used to help with bills, rent, debt, professional development, classroom supplies, technology and other expenses. These outcomes will be tracked and reported in following years.

Table 2. REETAIN retention by fiscal year

Fiscal year	Number of recipients	Early educators retained
2022 (July 1, 2021 – June 30, 2022)	604	545 (90%)
2023 (July 1, 2022 – June 30, 2023)	509	458 (90%)
2024 (July 1, 2023-June 30, 2024)	971	Will be reported in December 2025.

Early educators retained is defined as the number who stayed in the early childhood care and education field for 12 months upon signing their contract to receive a REETAIN bonus award.

Statute reference

Sec. 3. [119B.195] RETAINING EARLY EDUCATORS THROUGH ATTAINING INCENTIVES NOW (REETAIN) GRANT PROGRAM.

Subdivision 1. Establishment; purpose. The retaining early educators through attaining incentives now (REETAIN) grant program is established to provide competitive grants to incentivize well-trained child care professionals to remain in the workforce. The overall goal of the REETAIN grant program is to create more consistent care for children over time.

Subd. 2. Administration. The commissioner shall administer the REETAIN grant program through a grant to a nonprofit with the demonstrated ability to manage benefit programs for child care professionals. Up to ten percent of grant money may be used for administration of the grant program.

Subd. 3. Application. Applicants must apply for the REETAIN grant program using the forms and according to timelines established by the commissioner.

Subd. 4. Eligibility. (a) To be eligible for a grant, an applicant must:

- (1) be licensed to provide child care or work for a licensed child care program;
 - (2) work directly with children at least 30 hours per week;
 - (3) have worked in the applicant's current position for at least 12 months;
 - (4) agree to work in the early childhood care and education field for at least 12 months upon receiving a grant under this section;
 - (5) have a career lattice step of five or higher;
 - (6) have a current membership with the Minnesota quality improvement and registry tool;
 - (7) not be a current teacher education and compensation helps scholarship recipient; and
 - (8) meet any other requirements determined by the commissioner.
- (b) Grant recipients must sign a contract agreeing to remain in the early childhood care and education field for 12 months.

Subd. 5. Grant awards. Grant awards must be made annually and may be made up to an amount per recipient determined by the commissioner. Grant recipients may use grant money for program supplies, training, or personal expenses.

Subd. 6. Report. By **January 1** each year, the commissioner must report to the legislative committees with jurisdiction over child care about the number of grants awarded to recipients and outcomes of the grant program since the last report.