



MEMORANDUM

TO: Trustees

FROM: Marcia Hayes-Harris, Program Committee **BOARD ACTION REQUIRED**

DATE: November 15, 2024

SUBJECT: Repurpose existing early childhood facility improvement funding commitment to provide rapid response funding for early childcare providers

BACKGROUND

At its May 18, 2023, Board Meeting, the MHB Trustees approved an award of \$575,000 to fund a partnership with Gateway Early Childhood Alliance and IFF to manage an early childhood facility improvement fund. The partnership included two phases: (1) the design and implementation of a web-based tool and capacity building program for facilities assessment and planning led by the Gateway Early Childhood Alliance; and (2) a pooled investment fund to provide forgivable loans and/or grants that selected childcare providers could access to make facility improvements managed by IFF. The first phase of the project was completed in fiscal year 2024 within the contracted budget of \$215,867. However, MHB did not move forward with the second phase of the project to contribute \$359,133 to the pooled fund after reaching an impasse with IFF on how the loan pool would be managed. Instead, the \$359,133 was carried forward into the fiscal year 2025 budget to be made available for early childhood capacity building and/or facility improvement. The FY25 budget also includes \$100,000 for additional emerging needs.

EMERGING NEED IN EARLY CHILDHOOD SECTOR

In the current St. Louis early childhood system, most center-based and in-home providers have constant emergent funding needs related to facility and workforce challenges. For providers that accept Missouri subsidies for low-income families, those challenges are further exacerbated by the delay and uncertainty of state subsidy payments. The Department of Elementary and Secondary Education is still in the process of catching up on partial or late payments for childcare centers that were due as far back as January 2024. The disruption to state subsidy payments has strained an already fragile childcare system and has forced many centers to close or withdraw from the program that provides subsidies for children of low-income families. A rapid investment of cash would allow childcare centers to address some of their most pressing needs or move toward quality goals that would otherwise be de-prioritized due to the urgency of other expenses.

RAPID RESPONSE FUND PROGRAM DESCRIPTION

The purpose of the Gateway Early Childhood Alliance Rapid Response Fund is to offer immediate, short-term financial relief to childcare providers facing urgent or unforeseen challenges. These grants are designed to assist in stabilizing the childcare sector and ensuring that providers can continue offering uninterrupted services to families. The grants allow childcare providers to maintain

operations, retain staff, and cover critical expenses when standard funding sources may not be accessible, timely, or sufficient.

Through a simple online application, providers can apply for up to \$5,000 in direct funds from Gateway Early Childhood Alliance. While applicant needs may differ, suggested uses include health and safety improvements (PPE, cleaning and sanitation supplies), operational costs (rent, utility bills), materials and supplies, payroll/benefits/incentives for educators, and covering gaps in funding due to changes in enrollment or unforeseen emergencies.

Grant recipients must meet the following requirements to receive funding:

- For-profit and non-profit childcare centers and in-home centers in St. Louis City
- Participants of Missouri Subsidy program
- Currently operating and providing care for children
- Demonstrate financial hardship due to crisis (i.e. declining enrollment, increased operating costs, inability to meet payroll, rent, utilities, etc.)
- In good standing with licensing authorities
- Agree to submit follow-up reports on how the funds were used, how they impacted operations, and the outcomes for children and staff

FUNDING REQUEST

Gateway Early Childhood Alliance is requesting \$150,000 from St. Louis MHB to fund Rapid Response Grants for St. Louis City providers. This would match \$150,000 from Missouri Foundation for Health awarded in October 2024 to be distributed to St. Louis County providers. The Alliance will also provide two age-appropriate, socio-emotional books to each grant recipient for classroom use. This funding would support awards to 30 ECE centers and impact approximately 900 enrolled children. (Average enrollment for a St. Louis City applicant is 30 children.)

MHB EXECUTIVE COMMITTEE RECOMMENDATION

The Executive Committee met November 12, 2024, to discuss the request to repurpose a portion of the \$359,133 originally awarded to GECA for facility improvement to be used for the Rapid Response Fund. The committee recommends providing up to \$150,000 for the GECA Rapid Response Fund. This will leave a balance of \$209,133 available from the original GECA award for future emerging needs as well as \$100,000 in the FY25 budget that is currently unallocated.

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES (MHB)

**REPURPOSE EXISTING EARLY CHILDHOOD FUNDING COMMITMENT TO SUPPORT
GATEWAY EARLY CHILDHOOD ALLIANCE RAPID RESPONSE FUND**

RESOLUTION

WHEREAS, the City of St. Louis, Missouri has levied taxes pursuant to the laws of the State of Missouri to fund the Community Children’s Services Fund (CCSF); and

WHEREAS, the Board agreed to administer funding generated from a November 2020 ballot initiative that increased the Community Children’s Services Fund tax levy by \$0.06 from \$0.19 per every \$100 assessed property value to the maximum allowed by statute of \$0.25 per every \$100 assessed property value; and

WHEREAS, the Board agreed to dedicate the new funding generated by the additional \$0.06 tax levy approved in November 2020 to support early childhood programs and services for St. Louis City children from birth to age 5; and

WHEREAS, the Board agreed to set aside \$575,000 in FY23 to address unanticipated and emerging needs identified as a result of implementing the FY23 Community Children’s Services Fund—Early Childhood (CCSF-EC) funded projects; and

WHEREAS, a portion of that commitment totaling \$359,133 was unused in previous fiscal years and has been carried forward for use for emerging needs in the FY25 budget; and

WHEREAS, the Gateway Early Childhood Alliance has developed a Rapid Response Fund to meet emerging needs for childcare providers facing financial crisis; and

WHEREAS, this Board is desirous to implement its responsibilities to ensure high quality early childhood programs for residents of St. Louis City.

NOW THEREFORE BE IT RESOLVED:

The Trustees authorize and direct the Board Chair and Executive Director to enter into a contract with Gateway Early Childhood Alliance to manage a Rapid Response Fund in the amount of up to \$150,000 for early childhood providers located in the City of St. Louis.

APPROVED THIS 21st DAY OF NOVEMBER 2024:

Board Chair/Officer Name (printed):	Signature:
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ATTEST:

Board Officer Name (printed):	Signature:
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