

2026

Kandiyohi County Guidance on Financial Assistance for Child Care Businesses



The information following is not intended to be an exhausted list of potential funding source opportunities. It provides some of the more commonly utilized programs for starting or expanding a business. It is also not intended to give all information about the various programs that are highlighted but indicate if it is a resource to further investigate. New legislation on state and federal levels may provide new opportunities in the future. Please also be aware that some contact names that have been given are subject to change.

Child Care Loan Sources for Startups/Expansions

LOCAL

Local Financial Institutions

In most cases a private financial institution will need to provide a portion of the needed financing for building, equipment and working capital. Many of the other programs highlighted below are for GAP financing that help make a project an acceptable risk for a bank to move forward with a business loan, and to make it more affordable to the business.

(Under Federal programs below see SBA Program Lenders. These institutions participate in Small Business Administration loan programs. This does not rule out other financial institutions that provide loans without SBA involvement.)

Southwest Initiative Foundation

Since its inception in 1986, the Southwest Initiative Foundation (SWIF) has supported the retention, expansion, transition, creation, and attraction of businesses in the 18-county region through creative and flexible business financing solutions. SWIF partners with banks and credit unions, economic development organizations, nonprofit lenders and private investors. In addition, as a US Small Business Administration Microlender and a US Department of Agriculture Rural Microentrepreneur Assistance Program lender, SWIF provides customized technical assistance for the length of the loan to help clients improve their skills in financial management, operations, marketing, and more.

A special interest of SWIF is the creation and expansion of child care enterprises. SWIF's Bright Beginnings Loan Program provides technical assistance and affordable capital for child care entrepreneurs.

Web site: <https://swifoundation.org/> Telephone: 800-594-9480

Mid-Minnesota Development Commission's Revolving Loan Fund Program

The Mid-Minnesota Development Commission (MMDC) maintains a Revolving Loan Fund (RLF). Primary funding of the RLF came in part from a grant from the U.S. Department of Commerce/Economic Development Administration (EDA). The EDA maintains quasi-ownership of the funds.

RLF funding of loans is used primarily for job creation and retention of jobs. Also, the RLF cannot be a substitute for private sector financing. Another primary use of RLF Funds is to leverage private sector investment or funding from a financial institution. The RLF can only fund projects in Kandiyohi, McLeod, Meeker, and Renville Counties.

The uses of RLF funds includes real estate purchase, equipment purchase, business expansion, and working capital.

The amount of dollars used per job created or retained is \$15,000.00. Loan applications will be accepted asking for an amount between \$30,000 and \$100,000. If you are interested in possible loan assistance, please contact MMDC's Economic Development Director at 320-235-8504.

Web site <http://mmrdc.org/Revolving%20Loan%20Fund.html>

Kandiyohi County Economic Development Commission

A Loan Fund Program has been established by Kandiyohi County Economic Development and is administered by the Loan Committee.

The purpose of the fund is to provide alternative (gap) financing to for-profit businesses to promote job retention, job creation, and the stimulation of private investment in an effort to strengthen and diversify the economy and the tax base of Kandiyohi County. Loans will serve as matching funds to create up to 100% of project financing with other borrowing sources to assist existing or new businesses meeting the program eligibility. Loan money is intended to complement, not replace, existing local development and private financing efforts.

The Borrower must be a for-profit business in Kandiyohi County. Said business shall be identified per the North American Industry Classification System (NAICS). Loan amounts range between \$5,000 and \$50,000. Contact the EDC for more information on their loan guidelines and terms.

Web site: <http://Kandiyohi.com/>. Telephone: 320-235-7370

Local Community Assistance

Local communities may be willing to utilize some tools at their means to help offset some costs for infrastructure needs for a facility. Tax increment financing or tax abatement are two such tools that are available.

National Child Care Resource and Referral Agency (NACRRA)

Contact your local licensing office, the local chapter of the National Child Care Resource and Referral Agency (NACRRA), and local child care organizations to see if there are grants available.

STATEWIDE

First Children's Finance

Based out of Minneapolis, First Children's Finance provides financial and business-development assistance to high-quality child care businesses serving low- and moderate-income families in Minnesota. They provide loans and financial technical assistance to family providers and child care centers looking to expand or improve their facilities and programs.

Loan Fund Facts

"FCF has loaned more than \$20 million to child care businesses.

This has resulted in more than 26,000 new child care spaces and more than 4000 new jobs."

Loan Eligibility

First Children's Finance provides loans and related technical assistance to family childcare providers located in Minnesota and several other states. Loan amounts range from \$5,000 to \$25,000. In order to apply, applicants must:

- own the home where the childcare business is located
- be licensed by the appropriate state agency
- be prepared to provide collateral and make an equity investment in the business
- currently serve, or be prepared to serve, children whose families qualify to receive childcare assistance

Application Process

The first step is to discuss your project with them! Our experienced staff will help you determine the feasibility of your project, and the level of financial and technical assistance you may need to move it forward. This initial consultation is offered without charge. **Just call them toll-free to get started: 1-866-562-6801**

Child Care Aware of Minnesota (Minnesota Child Care Association)

“Child Care Aware has a Regional Grants program that provide funds to help cover the cost of supplies, equipment, technology, and training. Grant funds are offered annually and are awarded on a competitive basis to qualified child care programs. **Regional Grants** are administered through their District offices. Grant applications are available September 1 of each year and must be submitted by September 25 for consideration.”

“Some of their District offices also have funding available year-round to help with program start-up costs and emergency situations. For more information on available grants and application instructions, contact [your local Grant Administrator](#).” Kandiyohi County is part of the Minnesota west/central district.

Other grant programs covering education and training. Please visit their website for further information.

Child Care Aware of Minnesota provides a variety of assistance activities for local child care providers. Please see more information under the “ASSISTANCE WITH BUSINESS PLANNING & GENERAL ASSISTANCE” section below.

Web site www.childcareaware.org/state/minnesota/.

R.E.E.T.A.I.N. Bonuses (“Financial Rewards for Committed Professionals”)

“R.E.E.T.A.I.N. Bonuses reward child care professionals who have demonstrated a commitment to the field by continuing their education and professional development. R.E.E.T.A.I.N Bonuses can be used for program supplies, training, or personal expenses.”

There are two types of R.E.E.T.A.I.N Bonuses, one for center-based care providers and one for family child care providers. “Bonuses are awarded annually and range from \$500-\$3,000. They can be used to cover professional or personal expenses to improve the provider program’s bottom line.” Please visit the [program’s website](#) to learn more about the program and to apply online.

Web site

<https://www.childcareawaremn.org/providers/grants-and-scholarships/reetai-bonuses/>



Minnesota Department of Employment & Economic Development (DEED)

DEED's business development funding programs are targeted toward projects that are likely to result in economic growth. Their goal is to help stimulate new business development and business expansions while retaining existing jobs and creating new jobs.

Minnesota DEED also provides information and guidance for those starting a business. See more information under the Assistance with Business Planning and General Assistance section below.

Many of DEED's business financing programs are aimed at businesses that are engaged in manufacturing, warehousing, distribution, technology-and related industries. They do, however, offer a couple of programs that some child care businesses may be interested in.

Web site <https://mn.gov/DEED/>

Emerging Entrepreneur Loan Program

The Emerging Entrepreneur Loan Program (ELP) supports the growth of businesses owned and operated by minorities, low-income persons, women, veterans, and/or persons with disabilities. DEED provides grant funds to a network of nonprofit lenders which use these funds for loans to start-up and expanding businesses throughout the state.

The program has additional goals of providing jobs for minority and/or low-income persons, creating and strengthening minority business enterprises, and promoting economic development in low-income areas.

Businesses must apply directly with a certified lender, although DEED may be able to assist in identifying an appropriate lender. Once the lender approves the loan, they will forward the loan package to DEED for approval by the commissioner and disbursement of funds for the project.

ELP Certified Nonprofit Lending Partners that cover this area:

- **Southwest Initiative Foundation** Phone: (320) 587-4848
15 Third Avenue NW Hutchinson, MN 55350

Reservist and Veteran Business Loan Program

The Minnesota Reservist and Veteran Business Loan Program provides business loans to companies that are affected when certain essential employees are called to active military duty and to individual veterans who have returned from active duty and want to start their own business. See more information about this program on the DEED website phone: 651-259-7427.

Minnesota Department of Human Services (DHS)

Early childhood facilities grants

“The DHS Office of Economic Opportunity manages early childhood facilities grants, assisting with the construction, purchase or renovation of needed facilities. Quality facilities promote better outcomes for children through excellent preschool and early childhood facilities to improve outcomes for Head Start and other at-risk children in Minnesota. Funds are awarded by the state through a competitive request for proposal process.” For more information call 651-431-3808 or email dhs.info@state.mn.us.

Additional Programs

“The Department of Human Services offers a wide variety of grant programs for: Health care | Family and children’s services | Food support | Child development | Child care | Limited English proficiency programs.” Visit the DHS website for further information.

The Minnesota State Legislature periodically produces short-term grant programs aimed at increasing the number of child care opportunities in the state. Such programs are not captured in this document.

Web site

<https://mn.gov/dhs/people-we-serve/children-and-families/services/child-care/>

FEDERAL

SBA Loan Programs

SBA loans are small-business loans guaranteed by the SBA and issued by participating lenders, mostly banks.

Web site <https://www.sba.gov/>

SBA 7(a) Small Business Loans

The 7(a) program is SBA’s primary loan program, and its most flexible program. It offers to help qualified small businesses secure loans that they might not otherwise qualify for through normal lending channels without the government guarantee. SBA 7(a) loans can be used for a variety of business purposes including funding for working capital, machinery and equipment, furniture and fixtures, land and buildings, tenant improvements under lease agreements, and, under special conditions, refinancing prior debt. Loans can run for maturity periods of up to 10 years for working capital and generally up to 25 years for fixed asset financing. 7(a) loans do not have a minimum loan amount and max out at \$5 million.

7(a) Program Kandiyohi County Participating Lenders:

Atwater State Bank, 222 Atlantic, Atwater, MN 56209, 320-974-8861

Concord Bank, 100 Main Street, Blomkest, MN 56216, 320-995-6111

Lake Region Bank, 51 Main Street, New London, MN 56273, 320-354-2011

United Minnesota Bank, 105 Central Ave., New London, MN 56273, 320-354-2277

Bremer Bank, N.A., 500 Willmar Ave. SE, Willmar, MN 56201, 320-235-1111

Heritage Bank NA, 310 SW 310 First St., Willmar, MN 56201, 320-235-5720

Home State Bank, 1601 Hwy 12 East, Willmar, MN 56201, 320-231-1118

Certified Development Company (CDC) (504) Loan Program

The 504 (or Certified Development Company (CDC) loan) program provides federally guaranteed long-term, fixed-rate financing to small businesses for the purpose of acquiring real estate or machinery or equipment for expansion or modernization. In a typical 504 program loan arrangement the business owner puts a minimum of 10%, a conventional lender puts up 50%, and a so-called Certified Development Company puts up the remaining 40%.

7(m) SBA Microloan Program

Microloans of up to \$50,000 are available for working capital, inventory, equipment, starting a business. These loans are processed through community-based nonprofits. In Kandiyohi County the Southwest Minnesota Initiative Foundation (see above) administers this program.

USDA - Rural Development Programs

USDA has a regional Rural Development Service Center Office located in Willmar. 320-235-5612, Fax: 855-823-7654, 1005 High Ave, Willmar, MN 56201.

Business & Industry Loan Guarantees

The program bolsters the availability of private credit by guaranteeing loans for rural businesses. Rural means being located in a city or town under 50,000 inhabitants. The types of businesses that qualify for this program include for-profit businesses, nonprofits, cooperatives, public bodies and individuals. Interested borrowers should inquire about the program with their lender. Applications are accepted from lenders through USDA local offices year-round.

Eligible uses include but are not limited to:

- Business conversion, enlargement, repair, modernization or development
- Purchase and development of land, easements, rights-of-way, buildings or facilities
- Purchase of equipment, leasehold improvements, machinery, supplies or inventory
- Debt refinancing when refinancing improves cash flow and creates or saves jobs
- Business and industrial acquisitions when the loan will create or save jobs

Collateral must have documented value sufficient to protect the interest of the lender and the Agency. The maximum amount of a loan guarantee for loans \$5 million or less is eighty percent.

- The program's loan terms are:
- Maximum term on real estate is 30 years
- Maximum term on machinery and equipment is its useful life or 15 years, whichever is less
- Maximum term on working capital not to exceed 7 years
- Loans must be fully amortized; balloon payments are not permitted
- Interest-only payments may be scheduled in the first 3 years

Community Facilities Guaranteed Loan Program

The program provides loan guarantees to eligible private lenders to help build essential community facilities in rural areas (cities under 20,000 population). Loans can be given to public bodies or community-based non-profit corporations for community facilities providing an "essential service to the local community for the orderly development of the community". Funds can be used to purchase, construct, and / or improve essential community facilities, purchase equipment and pay related project expenses. For more information about this program go to: www.rd.usda.gov/mn, or talk to your local USDA Rural Development office.

Community Facilities Direct Loan & Grant Program

This program provides affordable funding to develop essential community facilities in rural areas (cities and townships with a population no more than 20,000). Eligible borrowers may be public bodies and community-based non-profit corporations. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings. Funds can be used to purchase, construct, and / or improve essential community facilities, purchase equipment and pay related project expenses.

This program offers funding through a competitive process with a set of funding priorities. Applications are accepted year-round. Contact the local USDA Rural Development office to discuss your project and seek assistance. Much more information on this program is available at: www.rd.usda.gov/mn.

Web site www.rd.usda.gov/mm.

FOUNDATIONS AND OTHER SOURCES OF FUNDING

Some philanthropic organizations and foundations offer grants to certain types of businesses. To find such organizations, search the Foundation Center which connects nearly 600 foundations nationally with nonprofit organizations. Please note that most foundations primarily give funding to non-profit organizations, not to individuals.

The Willmar Area Community Foundation has a searchable database computer program on foundations. Please contact them if you are interested in setting up an appointment to be able to utilize this tool. The Willmar Area Community Foundation is located at 1601 East Highway 12, Suite 9, Willmar, MN 56201. Their telephone number is 320-235-4380 or contact Executive Director Sara Carlson at scarlson@communitygiving.org.

Start looking for possible foundations that are located within the state and show an interest in terms like "early childhood development," "child education," "child nutrition," "child welfare, or similar search words and phrases. Look for foundations that fund on a statewide or national level, as many foundations only provide funding to their geographic location.

The Otto Bremer Trust, headquartered in Minnesota, is one example of a state foundation that has shown funding support for construction and renovation of child care centers.

KaBOOM Grant Programs

KaBOOM is a national non-profit that has grant programs for building playgrounds. The organization is "dedicated to bringing balanced and active play into the daily lives of all kids, particularly those growing up in poverty in America." KaBOOM has several types of grant programs currently available: Build it with KaBOOM, Build It Yourself, Creative Play grants, and Let's Play Dream Playground video contest. KaBOOM's website also has information and links to other related grant programs not highlighted in this report.

Web site <https://kaboom.org>

Crowdfunding

The idea of crowdfunding, also known as crowd financing or crowd-sourced capital, is appealing to some entrepreneurs. The concept is simple enough: Get lots of people to make small investments in your big idea. The reality is more complicated than can be covered in this document. Crowdfunding comes with its own unique regulations, difficulties and obligations and may not be suited to your business.

ASSISTANCE WITH BUSINESS PLANNING & GENERAL ASSISTANCE

Small Business Development Centers

The State of Minnesota provides a statewide network of Small Business Development Centers (SBDCs) that provide professional confidential consulting to help clients identify, understand and overcome the challenges of running a successful business. Services include pre-venture business services, start-up business services, and established business services.

“SBDC counselors have significant experience in the private sector, including extensive management and financial consulting backgrounds. Many SBDCs also use qualified faculty, students and volunteers to enhance their counseling services.”

SBDC professional business consultants provide relevant, realistic and sound advice you can trust in such areas as:

- Access to Capital and Loan Packaging
- Financial Analysis and Assessment
- Accounting Systems and Literacy
- Marketing and Research
- Marketing Plan Development
- Feasibility Analysis
- Startup Assistance
- Business Plan Development
- Electronic Commerce/Web site Development
- Succession and Strategic Planning

“To qualify for counseling, businesses must be small as defined by the U.S. Small Business Administration. Individuals who are considering starting a business are also eligible for counseling.

Clients must sign a Request for Counseling form and must agree to participate in surveys designed to measure the effectiveness of the SBDC program. To help maximize the value of the counseling, clients should prepare a draft business plan before meeting with the counselor.

Financial support from our committed funding partners allows us to provide our professional services at no cost to participants. Training programs and specialized projects or services are provided either at no cost or for a nominal fee.”

SBDCs do not administer loan or grant programs. However, their consultants do help small businesses assess funding options and opportunities, identify financing sources, evaluate eligibility, and prepare documentation that lenders require.

Kandiyohi County is within the SBDC program’s Southwest Region, with service provided out of Southwest Minnesota State University in Marshall. Contact information for this SBDC:

507-537-7386

sbdc@smsu.edu

www.SBDCAssistance.com

Small Business Development Center – Southwest Region
Southwest Minnesota State University
1501 State Street
Suite 201
Marshall, MN 56258

First Children's Finance

Based out of Minneapolis, First Children's Finance provides business-development assistance to high-quality child care businesses serving low- and moderate-income families. "Their consulting services focus on the essential business components necessary to create and maintain high-quality child care businesses. Whether you need help with day-to-day operations or want to plan a strategic future for your business, we have the ability to assess your unique circumstances and work through the decisions with you."

Consulting services include:

"Business assessment: Do you get the feeling something isn't quite on track, but you can't put your finger on it? First Children's has the experience and expertise to assess core business functions and recommend improvement plans to support your business.

Financial assessment: What do your financial reports tell you? Have you looked at recent trends in your revenues and expenses? Do your financial management systems provide the tools you need for decision making? A financial assessment will help you improve in the financial management of your business.

Business improvement plan: As your child care business adapts and changes to the needs of your clients, you may find you need advice in a core business area. First Children's can help you develop a plan to address problem areas and keep your center functioning smoothly.

Financial position analysis: Whether you are the owner of a for-profit or nonprofit business, you are responsible for managing the finances of the organization. By conducting a financial position analysis, a part of a full financial assessment, First Children's can help you analyze and understand what your financial reports mean.

Classroom breakeven analysis: By analyzing each of your classrooms—one by one—we can help you see which are profitable. This business management analysis can help you make critical decisions about rates, staffing, marketing, managing expenses, and fundraising.

Board development and governance: Does your board of directors understand its roles and responsibilities? Do the board members have the technical expertise you need to function as a non-profit center? First Children's can assist by assessing board operations and designing a plan to develop the board expertise you need."

For more information about their consulting services, contact their Minneapolis office, or email consultingrequest@firstchildrensfinance.org.

First Children's Finance also provides loans to childcare providers. See information under statewide Loan programs above. Along with a wide list of assistance programs, they offer business training and consulting, including trainings and workshops on a variety of business topics, as well as one-on-one consulting services for child care businesses. Additionally, they maintain **online resources** for child care businesses, including information customized for family providers and child care centers.

Telephone (866) 562-6801 Web site <http://www.firstchildrensfinance.org>

Child Care Aware of America

Child Care Aware is the nation's "most respected hub of child care information for parents and child care providers. Child Care Aware of America's website contains a "providers" section that covers topics on opening both a family child care home and opening a child care center. The site also covers topics on operating these businesses. In addition, the site has information and links to resources for child care providers.

Web site www.childcareaware.org/

Child Care Aware of Minnesota (Part of the National Child Care Aware program)

Child Care Aware of Minnesota's mission is "to provide statewide leadership in shaping collaborations that build a diverse, high-quality child care system accessible to all Minnesota families through local Child Care Aware services." Their regional offices provide are excellent resources for local providers looking for assistance in a variety of areas, including support in the licensing process, program policy and operation, and general questions about child care. Child Care Aware of Minnesota's website also provides an extensive number of linked resources on a variety of topics for child care providers.

Web site <https://www.childcareawaremn.org/>

Minnesota Department of Human Services – Child Care

The Minnesota Department of Human Services (DHS) and local county offices license child care centers and family child care providers to ensure they meet minimum standards for care and physical environments. DHS provides financial assistance to help families with low incomes pay for child care. To assist child care providers, DHS also provides a variety of helpful services including a resources page on their website.

Web site

<https://mn.gov/dhs/people-we-serve/children-and-families/services/child-care/>

Other Resources:

USDA's Rural Information Center's "Starting a Child Care Center"

<https://www.nal.usda.gov/ric/starting-child-care-center>

"This Guide provides informational resources on for starting a rural child care center, childhood developmental resources, different types of child care programs, funding programs that have been used to assist child care centers, statistical resources, journals and organizations that provide information to child care providers and parents on topics of interest in this field."

Resource Guide: Child Care, State Capacity Building Center "Starting and Operating a Child Care Business"

https://childcareta.acf.hhs.gov/sites/default/files/public/rg2e_startingandoperatingachildcarebusiness_111418_eng.pdf

Small Business Administration (SBA) Learning Center

The SBA offers a variety of online courses to help you start and run your business.

<https://www.sba.gov/learning-center>

U.S. Department of Health & Human Services – Office on Child Care

To view resources offered at their site: <https://acf.hhs.gov/occ>

Minnesota Department of Employment & Economic Development (DEED)

DEED's website has a page devoted to help with starting a business. The link is <https://mn.gov/deed/starting-business/>. DEED also publishes a paperback book, updated annually, entitled "Our Guide to Starting a Business". Copies are available without charge from DEED's Small Business Assistance Office, 1st National Bank Building, 332 Minnesota Street, Suite E-200, St. Paul, MN 55101-1351.

Telephone: (800) 310-8323. Email: deed.mnsbao@state.mn.us

INFORMATION YOU NEED TO CONSIDER WHEN YOU START A BUSINESS

SBA's 10 steps to open a business

Starting a business involves planning, making key financial decisions, and completing a series of legal activities.

Conduct market research

Market research will tell you if there's an opportunity to turn your idea into a successful business. It's a way to gather information about potential customers and businesses already operating in your area. Use that information to find a competitive advantage for your business.

Write a Business Plan

Your business plan is the foundation of your business. It's a roadmap for how to structure, run, and grow your new business. You'll use it to convince people that working with you — or investing in your company — is a smart choice.

Fund your business

Your business plan will help you figure out how much money you'll need to start your business. If you don't have that amount on hand, you'll need to either raise or borrow the capital. Fortunately, there are more ways than ever to find the capital you need.

Pick your business location

Your business location is one of the most important decisions you'll make. Whether you're setting up a brick-and-mortar business or launching an online store, the choices you make could affect your taxes, legal requirements, and revenue.

Choose a business structure

The legal structure you choose for your business will impact your business registration requirements, how much you pay in taxes, and your personal liability.

Choose your business name

It's not easy to pick the perfect name. You'll want one that reflects your brand and captures your spirit. You'll also want to make sure your business name isn't already being used by someone else.

Register your business

Once you've picked the perfect business name, it's time to make it legal and protect your brand. If you're doing business under a name different than your own, you'll need to register with the federal government, and maybe your state government, too.

Get federal and state tax IDs

You'll use your employer identification number (EIN) for important steps to start and grow your business, like opening a bank account and paying taxes. It's like a social security number for your business. Some — but not all — states require you to get a tax ID as well.

Apply for licenses and permits

Keep your business running smoothly by staying legally compliant. The licenses and permits you need for your business will vary by industry, state, location, and other factors.

Open a business bank account

A small business checking account can help you handle legal, tax, and day-to-day issues. The good news is it's easy to set one up if you have the right registrations and paperwork ready.

Loan Document Needs:

Items that are typically needed by lenders for loan decisions. Your Lender may have additional items.

- Business Plan
- Federal Tax Returns or Year End Balance sheet & Income Statements for last three years
- Project budget – Sources and Uses
- Personal Credit Bureau/Report
- Personal Financial Statement on principles
- Pro Forma Financial statements
- Staffing Plan
- Real Estate Appraisal
- Listing of Furniture/Fixtures/Equipment to be purchased
- Real Estate Purchase Agreement (If needed)