

Springfield Economic Development Authority
Daycare Provider Loan/Grant Program

Program Overview

The Springfield Economic Development Authority (EDA) is dedicated to supporting local daycare providers through a revolving loan/grant program aimed at enhancing childcare services in Springfield, MN. This program offers financial assistance to help providers cover startup or expansion costs, fostering a robust childcare network in the community.

Loan Details

Maximum Loan Amount: Up to \$10,000.

- **Forgiveness Structure:** 50% of the loan will be forgiven after three years of continuous licensure with the state of MN so long as the provider has maintained the eligibility requirements listed below.
- **Loan Repayments:** Monthly payments of 1/60 of the non-forgivable portion will be due on the first of each month, beginning ninety (90) days after the loan is advanced. Payments shall be sent to the Springfield EDA, 2 E Central St, Springfield, MN 56087. There will be no penalties for early repayment.
- **Interest Rate:** A low interest rate of 2% per annum on the loan balance beginning upon distribution of funds.
- **Collateral:** Applicant will provide collateral to cover the amount of the loan.
- **Expenses:** Applicants must prove expenses totaling the loan amount within 1 year of receiving the loan. Any remaining portion in excess of expenses must be returned to the city.

Eligibility Requirements

1. **Location:** Must operate within the city limits of Springfield, MN.
2. **Licensure:** Providers must possess a valid childcare license issued by the Minnesota Department of Human Services or give proof of licensure within 6 months of the date of the loan closing.
3. **Service Capacity:** Must be capable of increasing the childcare capacity in Springfield by a minimum of 5 children at the time of application. Two of the new care “spots” must be designated for children under 3 years of age. Recipients of a loan must maintain this capacity for 3 years.
4. **Business Structure:** Eligible applicants include individual providers, family childcare providers, and childcare centers.
5. **Daycares that have opened or expanded after 1-1-24 may be eligible for funding.**

Eligible Costs

The following costs are eligible for funding:

- **Facility Rent:** Costs associated with leasing a commercial space for daycare services.

- **Building Improvements:** Renovations or modifications to meet state regulations or enhance service quality (e.g., safety upgrades, accessibility improvements, outdoor spaces/playgrounds).
- **Equipment Purchase:** Costs related to acquiring necessary equipment such as toys, learning materials, and safety gear.
- **Marketing Costs:** Expenses for promoting the daycare services to attract families.
- **Licensing Requirements:** Any expenses related to licensing such as Fire Marshall, Background Checks, fingerprinting, and training classes.

Application Process

1. **Application Form:** Applicants must complete the Springfield EDA daycare loan application form, providing contact information as well as detailed information about their daycare operations and financial needs.
2. **Financial Documentation:** Applicants must submit a projected budget for the daycare, and a list of estimated costs for eligible expenses under the loan program.
3. **Business Plan:** Provide a brief business plan outlining goals, services and care spots offered, and a timeline for achieving full capacity.
4. **Proof of Licensure:** Include documentation proving current licensure and compliance with state regulations, or information which would otherwise show an application is in progress such as a letter from Brown County.
5. **Child Enrollment:** Documentation showing the number of children currently enrolled and projected to be enrolled. Two of the new care “spots” must be designated for children under 3 years of age. Recipients of a loan must maintain this capacity for 3 years.
6. **Collateral:** Applicant must provide collateral equal to the value of the amount of the loan and grant.

Review and Approval Process

- Applications will be reviewed by the Springfield EDA at the next regular meeting after they are received.
- Decisions will be based on eligibility criteria, financial need, and the potential impact on the local childcare landscape.
- 100% of the grant/loan award will be distributed once the loan closes.

Reporting

- By the end of the first year, the applicant shall supply the EDA with copies of invoices totaling the amount of the loan and grant.
- Annual Reports: Recipients must submit brief annual reports for three years detailing the number of children served, compliance with licensure, and updates on business operations.

By implementing these requirements and features, the Springfield Economic Development Authority aims to support local daycare providers, ensuring they have the resources necessary to thrive and contribute to the community's growth and development.

Contact Us

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This program is possible due to a revolving loan/grant fund created through partnership between Springfield EDA and Southern Minnesota Initiative Foundation (SMIF) Taylor Rural Childcare Grant. A minimum of \$20,000 will be forgiven as grants per the terms of this partnership. The Springfield EDA reserves the right to approve exceptions, amend program rules, or dissolve the loan fund as necessary, so long as SMIF's grant terms are met.