Childcare in Montana

LEGISLATIVE FISCAL DIVISION

Lunch and Learn

October 29, 2026

Presentation Overview

The Childcare Economy

- Types of Providers
- DPHHS Childcare Data
- Barriers to the Childcare industry from the DLI Report “Education and Childcare: Montana 406 JOBS Sector Analysis”

Programs

- Best Beginnings Scholarship Program
- Stars to Quality
- Montana Early Childhood State Special Revenue Account
- Montana Early Childhood Apprenticeship Program

Appendix

- Additional programs related to childcare
- Other Resources

Registered and Licensed Providers in MT

Family, Friend, Neighbor Provider

A registered provider which may provide care in a child's home or in the provider's residence for a sibling group of any size or no more than 4 unrelated children

Family Home

A private residence in which care is provided for 3-8 children on a regular basis and is considered registered

Group Home

Is a private residence or other structure in which care is provided for 9 to 15 children on a regular basis and is considered registered

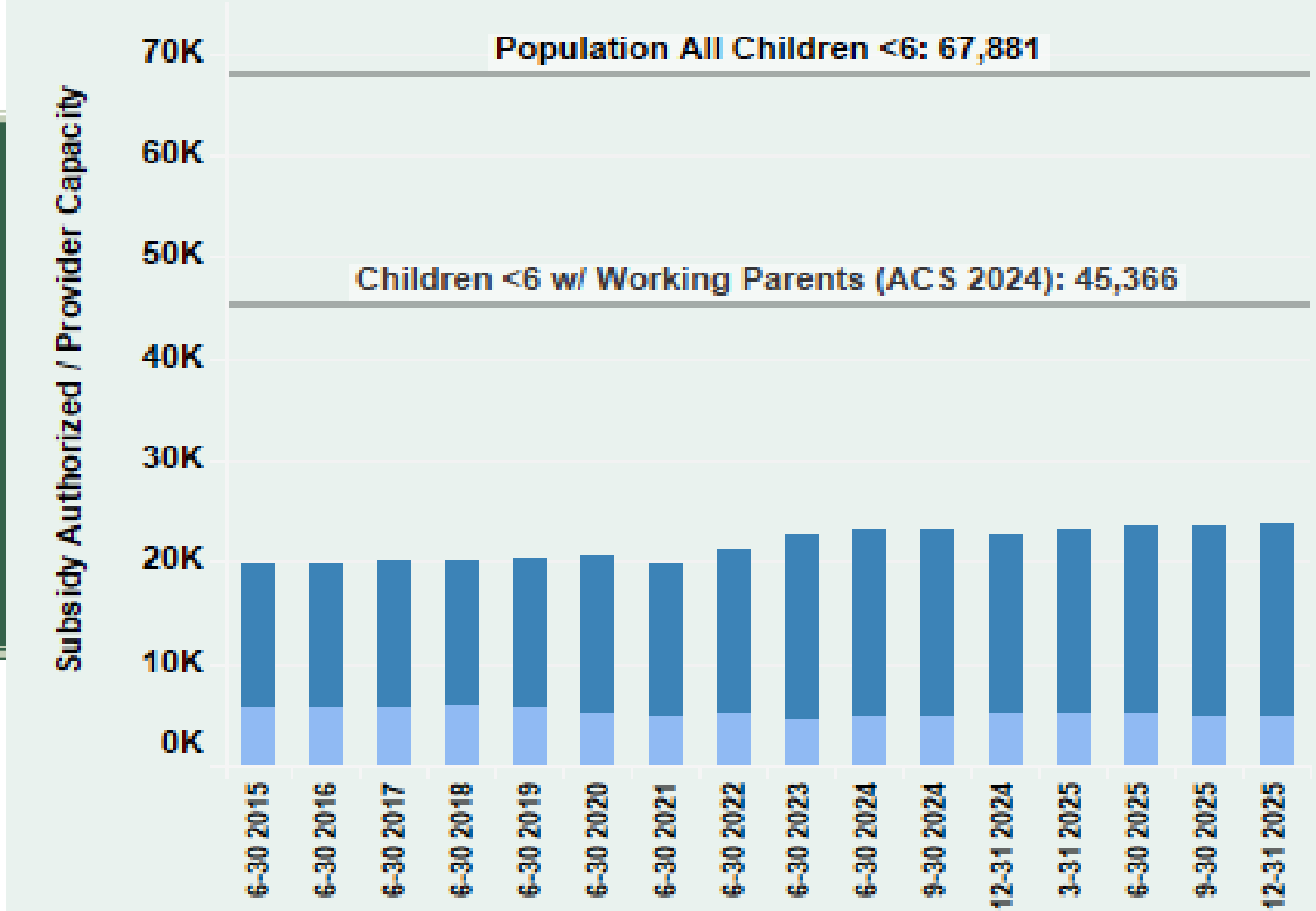
Center

Is an out-of-home place in which care is provided to 16 or more children on a regular or irregular basis and is considered licensed

Relative Care Exempt Provider

Is a provider that may care for a sibling group of any size or no more than 2 children from separate households. "Relative care" means the child is the brother, sister, nephew, niece, grandchild, or great grandchild of the person providing childcare and includes a child in a step, foster, or adoptive relationship. This provider type is considered 'License Exempt' and is for Best Beginnings Childcare Scholarship payment purposes only.

State of Montana
Child Care Subsidy Authorized as compared to Provider Capacity



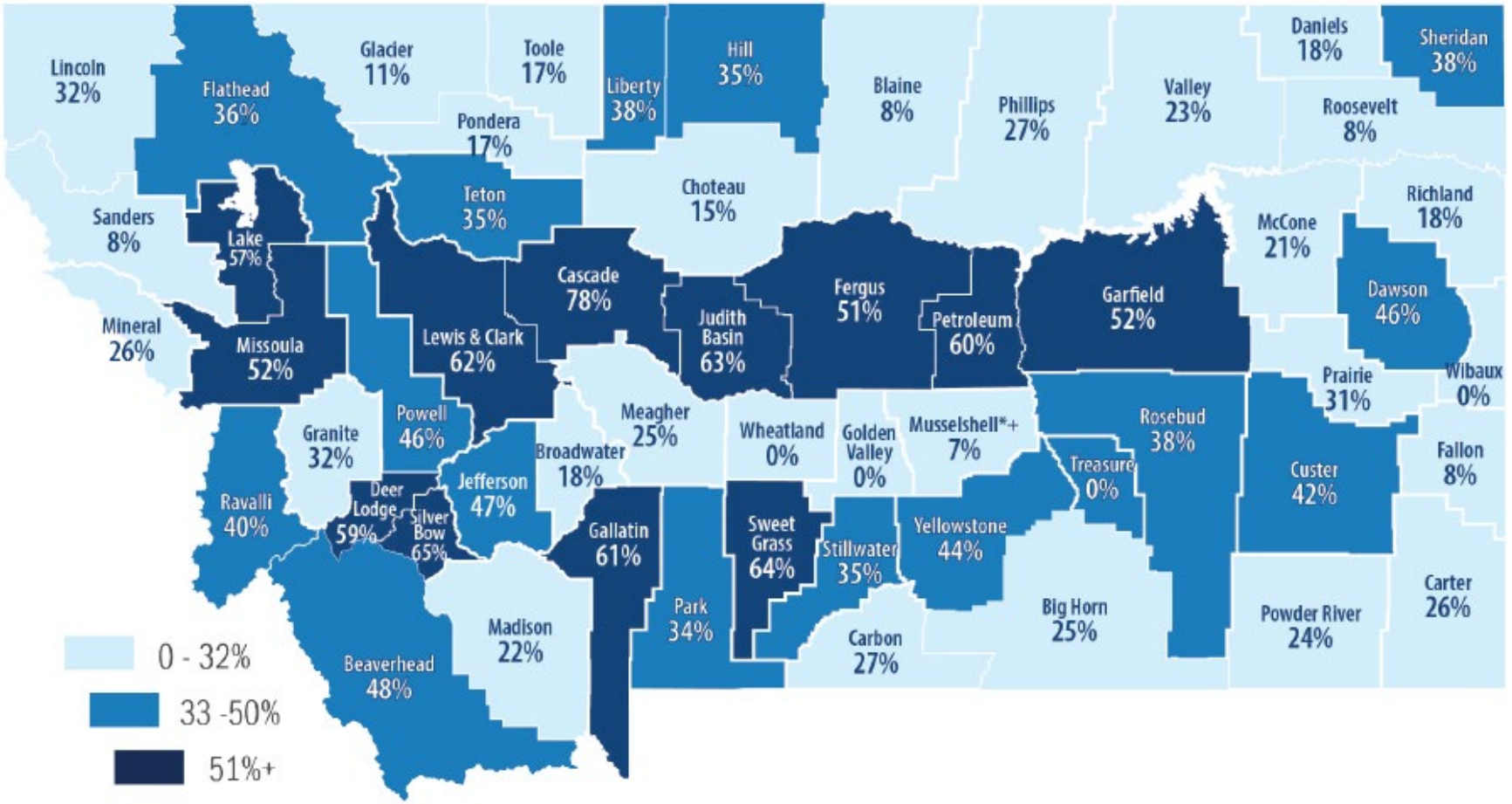
Source: Montana Department of Public Health and Human Services, *Childcare Capacity and Subsidy Authorizations* Interactive Dashboard, accessed August 4, 2026.

State of Montana
Child Care Provider Type: Subsidy Authorized and Provider Capacity

	LCP		RCE		FFN		Family		Group		Center		Grand Total	
	Subsidy Authorized	Provider Capacity	Subsidy Authorized	Provider Capacity	Subsidy Authorized	Provider Capacity	Subsidy Authorized	Provider Capacity	Subsidy Authorized	Provider Capacity	Subsidy Authorized	Provider Capacity	Subsidy Authorized	Provider Capacity
12-31 2025			156	191	69	114	258	1,426	1,307	4,804	3,069	17,082	4,859	23,617
9-30 2025			133	183	64	101	246	1,436	1,356	4,854	3,129	16,929	4,928	23,503
6-30 2025			125	171	83	128	256	1,380	1,452	4,960	3,309	16,836	5,225	23,475
3-31 2025			130	166	91	139	255	1,378	1,468	4,935	3,186	16,482	5,130	23,100
12-31 2024			136	166	85	146	246	1,436	1,455	4,914	3,042	16,070	4,964	22,732
9-30 2024			125	191	89	164	246	1,388	1,481	5,117	3,001	16,321	4,942	23,181
6-30 2024			118	182	79	145	263	1,426	1,449	5,084	2,982	16,262	4,891	23,099

Source: Montana Department of Public Health and Human Services, *Childcare Capacity and Subsidy Authorizations* Interactive Dashboard, accessed August 4, 2026.

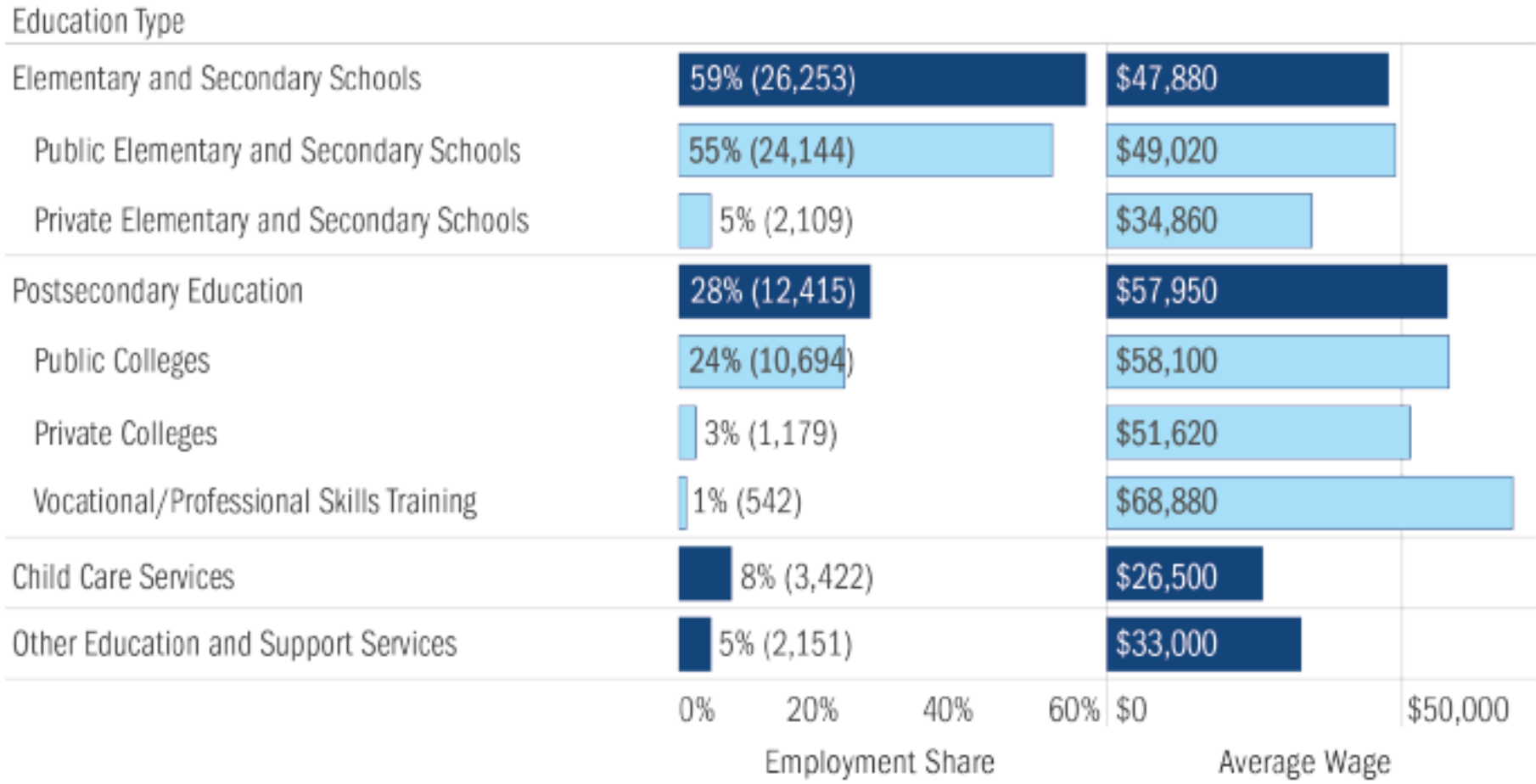
FIGURE 7: CHILD CARE CAPACITY AS A PERCENT OF DEMAND FROM CHILDREN UNDER AGE 6 BY COUNTY



Source: MTDLI analysis of child care capacity data provided by MTDPHHS through 12/2025. MTDLI childcare demand calculation based on U.S. Census Bureau 2024 Population Estimates Program (PEP) data provided by Montana KIDS Count and 2020-2024 American Community Survey (ACS) data produced by the U.S. Census Bureau.

Source: Montana Department of Labor & Industry, *Education and Child Care: Montana 406 JOBS Sector Analysis*, May 2026, p. 11

FIGURE 2: EMPLOYMENT AND WAGES BY EDUCATION & CHILD CARE SUBINDUSTRY, 2024



Source: US BLS QCEW, Includes both private sector and government. Colleges include NAICS 6112 (Junior Colleges) and 6113 (Colleges, Universities, and Professional Schools). Vocational/Professional training includes NAICS 6114 (Business Schools and Computer and Management Training) and 6115 (Technical and Trade Schools). NAICS 6114 estimated based on 2023 data.

Source: Montana Department of Labor & Industry, *Education and Child Care: Montana 406 JOBS Sector Analysis*, May 2026, p. 7

FIGURE 16: SUPPLY AND DEMAND ANALYSIS OF EDUCATION AND CHILD CARE OCCUPATIONS FROM THE MONTANA POSTSECONDARY EDUCATION SYSTEM

	Occupation	Apprent. Status	Statewide	Northwest	Southwest	North Central	South Central	Eastern
HSE	Child Care workers	Yes	Under	Under	Meets	Under	Under	Under
SCND	Teaching assistants	Possible	Under	Under	Under	Under	Under	Under
PSND	Library technicians		Under	Under	Under	Under	Under	Under
Bachelor's	Child, family, and school social workers		Under	Under	Under	Under	Under	Under
	Coaches and scouts		Under	Under	Under	Under	Under	Under
	Elementary and middle school teachers	Yes	Meets	Meets	Over	Under	Meets	Under
	Preschool and kindergarten teachers	Yes	Under	Under	Over	Under	Under	Under
	Secondary school teachers	Yes	Under	Over	Meets	Under	Under	Under
	Special Ed teachers	Yes	Under	Under	Meets	Under	Under	Under
	Substitute teachers		Under	Under	Under	Under	Under	Under
Master's	Education and child care administrators	Possible	Meets	Meets	Over	Under	Meets	Under
	Educational, guidance, and career counselors and advisors		Meets	Over	Meets	Meets	Meets	Under
	Librarians		Under	Under	Under	Under	Under	Under
PhD/Prof	Clinical, counseling, & school psychologists		Under	Under	Under	Under	Under	Under
	Postsecondary teachers		Meets	Meets	Meets	Meets	Meets	Over

Source: Montana Post-Secondary Workforce Report, 2022, MTDLI. MTDLI 2020-2030 Occupational Employment projections. Graduate data from IPEDS and RAPIDS. Demand is sum of occupation demand historically filled by graduates from the program according to 2015-2019 ACS IPUMS micro data. Only graduates from institutions located in the region are included in supply. HSE = High school diploma or equivalent. SCND = Some college, no degree. PSND = postsecondary nondegree award (certification).

Source: Montana Department of Labor & Industry, *Education and Child Care: Montana 406 JOBS Sector Analysis*, May 2026, p. 20

Best Beginnings Scholarship Program

Provides scholarships to qualified low-income families whose children received care provided by a licensed or registered childcare provider or daycare facility

Parental Eligibility Requirements

Families earning **less than 185% of the Federal Poverty Level**. Co-payments are determined based on the Child Care Sliding Fee Scale but capped at 7.0% of Gross Monthly Income (GMI).

Low-income working families must meet the following **activity requirements**:

- Two-parent families working at least 120 hours per month
- Single-parent families working 60 hours per month
- Single or two-parent families attending school or training full-time
- Single or two-parent families attending school or training part-time must meet an adjusted work requirement that considers their education/training efforts
- Teen parents attending high school or a high school equivalency program
- Childcare assistance is authorized for the parent(s) to attend work/school/training

Expenditures Through Time

Best Beginnings Scholarship Program Expenditures				
	FY 2023	FY 2024	FY 2025	FY 2026
State Resources	$ 4,336,650	$ 12,158,565	$ 12,518,116	$ 12,442,649
Federal Funding	$ 38,998,710	$ 40,934,541	$ 41,025,814	$ 41,268,761
All funds	$ 43,335,360	$ 53,093,106	$ 53,543,930	$ 53,711,410

Federal Funding

Child Care & Development Block Grant

- Allotted to states by a formula based on their share of children under 5, children receiving free and reduced-price lunch, and a state's per capita income

Social Security Act's Child Care Entitlement to States

- Fixed amount each year based on Aid to Families with Dependent Children allotment from the 1990's (no maintenance-of-effort or MOE required)
- Remaining allotted to states based on share of children under the age of 13. MOE requirement and must be matched at the state Medicaid matching rate (FMAP)

Expenditure Requirements

- 12% set aside for quality improvement activities (9% general and 3% for infant and toddler)
- No more than 5% federal funds on administrative activities
- 70% of the remaining funds for direct services (certificates here in MT)

Quality Initiatives include:

- MT Treasures Quality Recognition System (QRS)
- Training Opportunities
- Technical Support
- Workforce Incentives
- Provider and Educator Tools

Recent Program Changes

March of 2024 – Market rate survey

- Increased rates but also added a 15.0% payment for high growth counties

July 2026 – Copay state flexibility reinstated on a federal level

- Previous federal administration capped copays at 7.0%
- MT HB 648 (2023) capped copayments at 9.0% of an eligible family's monthly income

Best Beginnings Policy Timeline

1 Jan. 2020

ECFSD was formed

Prior to Mar. 2020

Pre-pandemic -

- FPL: 150%
- Co-pay: 13%
- Reimbursement: Actual Attendance

Mar. 2020 and Apr. 2020

Start of pandemic -

- FPL: 150%
- Co-pay: 13%
- Reimbursement: Full Authorization, regardless of attendance

May 2020 to Jan. 2021

CARES and CARES (II)

- FPL: 150%
- Co-pay: 13%
- Slot Reimbursement: Actual Attendance

Feb. 2021 to Jun. 2021

Pre-ARPA

- FPL: 150%
- Co-pay: 13%
- Reimbursement: Actual Attendance

Jul. 2021 to Dec. 2022

Pandemic CCDF Policies

- FPL: 185%
- Co-pay: $10
- Slot Reimbursement: Full Authorization, regardless of attendance

*Adapted from communications from the DPHHS

Best Beginnings Policy Timeline (Continued)

Prior to Mar. 2020

Pre-pandemic -

- FPL: 150%
- Co-pay: 13%
- Reimbursement: Actual Attendance

Jan. 2023 to Jun. 2023

Post-Pandemic Policy

- FPL: 150%
- Co-pay: 13%
- Slot Reimbursement: Actual Attendance

Jul. 2023 to Feb. 2024

HB 648

- FPL: 185%
- Co-pay: 9% maximum
- Reimbursement: Full Authorization, regardless of attendance

Mar. 2024 to April 2024

Tri-annual MKT Rate Review

- FPL: 185%
- Co-pay: 9%
- Reimbursement: Full Authorization, regardless of attendance
- High growth counties receive additional reimbursement

April 2024 to July 2026

Federal Rule

- Mandated copay cap at 7%. Rollback of this rule took effect in July of 2026 returning to state flexibility

July 2025

HB 924

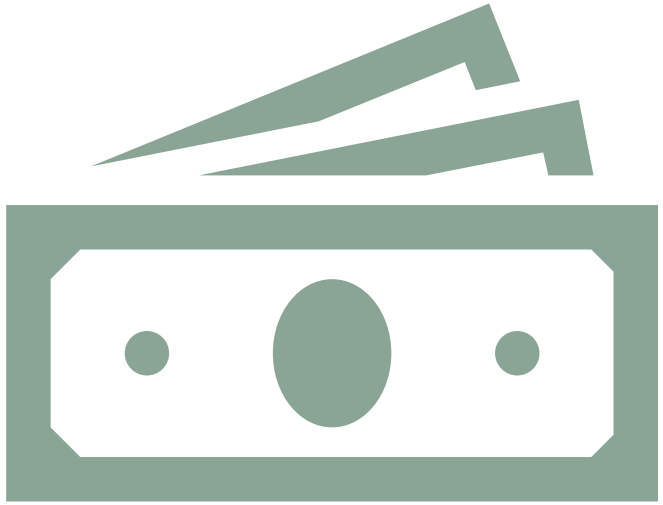
- Established the Montana early childhood state special revenue account
- Can be used to pay for programs and grants authorized by the Montana early childhood account board

*Adapted from communications from the DPHHS

Montana Early Childhood State Special Revenue Account

(HB 924, 2025)

With revenue received from the non-housing portion of the GO Trust, this account can be used to pay for programs and grants authorized by the Montana early childhood account (MECA) board.



Allowable Categories of Expenditure

- **Provider Support and Workforce Development:** Grants for business expansion, workforce training, recruitment, and retention (e.g., wage supports/stipends).
- **Quality Improvement Initiatives:** Funding for accreditation, curriculum, safety upgrades, and support for infants, toddlers, and children with special needs.
- **Affordability Initiatives:** Expanding before-/after-school care and supporting the state child-care subsidy program and family hardship assistance.
- **Innovation Initiatives:** Community child care expansion and early intervention access programs.
- **Emergency Assistance and Disaster Relief:** Aid for child-care facilities impacted by natural disasters or emergencies.

* https://dphhs.mt.gov/boardscouncils/MontanaEarlyChildhoodAccount

Flexible Workforce Support Grant (MECA – 2026)

$6.0 million total; $3.0 million a year over the next 2 years

- Two-year pilot; non-competitive grants; structure may evolve based on Board/provider feedback
- **Eligible providers:** centers, group providers, family providers, after-school programs
- **Allowable uses:** child care cost assistance, employee benefit support, compensation enhancements, professional development
- **Intended outcomes:** improved recruitment/retention, stronger compensation/benefits, expanded career pathways, flexible local workforce solutions

*https://dphhs.mt.gov/assets/boardscouncils/MECA/May2026/FlexibleWorkforceSupportGrantProgramMay2026.pdf

Infant & Toddler Capacity Expansion Grant (MECA – 2026)

$2.5 million total

- Grants awarded on a first-come, first-serve basis until all funds are awarded; maximum award amount of $10,000 per provider
- **Eligible providers:** currently licensed childcare providers looking to expand, new childcare providers looking to establish services, or non-licensed providers demonstrating intent to become licensed
- **Allowable uses:** start up, conversion, and expansion costs necessary to increase infant and toddler capacity; funds to be used for asset investments only
- **Intended outcomes:** reduce start-up costs, support new providers through licensing requirements, and expand quality and access of care for families with young children

*https://dphhs.mt.gov/assets/boardscouncils/MECA/June2026/QualityIncentiveInfantToddlerCapacityExpansionGrant.pdf

Montana Early Childhood Apprenticeship Program

A one-year program totaling 144 hours of hybrid training to fulfill the requirements of the Preschool or Family Childhood Development Associate credential

Overview

Partnership between
DPHHS, DLI, & the Montana Early Childhood Project

Purpose

support and increase retention of early childhood education providers

Apprentice Qualifications

- 18 years or older
- High School Diploma or GED/HiSet completed
- Work in a licensed childcare program
- Additional requirements which are not listed

Program Capacity

2 cohorts of 15, or 30 apprentices each year

*https://www.mtecp.org/incentive-program

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LEGISLATIVE FISCAL DIVISION

Appendix

- Additional programs related to childcare and child development
- Other Resources

Child and Adult Care Food Program

Provides nutritional meals to children in eligible child care programs

Program Overview

- **100% Federally Funded**
- Licensed or approved programs receive reimbursement at free, reduced, or paid rates for eligible meals and snacks served to enrolled children
- Program requirements can be found on the DPHHS website at this link
- Enrollment:

$11.4 million in FY2026

Head Start (3-5) and Early Head Start (0-3)

Offers additional tailored supports to low-income families including educational opportunities for children and families as well as nutrition and health services.

Eligibility Requirements

Early Head Start: 0-3 years

Head Start: 3-5 years

&

- Total income below FPL or;
- Children experiencing homelessness, part of the foster care system, or families that receive SNAP, TANF or Supplemental Security Income are automatically eligible

Other factors are taken into consideration as well including bilingual families, medically underserved communities, or children with special needs or disabilities.

Program Expenditures

Funding is direct from the federal government to local entities.

FY 2024				
Population	**Head Start Preschool Funded Enrollment**	**EHS Funded Enrollment**	**Head Start Preschool Annual Operations Funded Amount**	**EHS Annual Operations Funded Amount**
Excluding AIAN	1,633	552	$29,201,545	$13,075,587
AIAN	1,095	341	$13,492,431	$6,009,324
Total	**2782**	**893**	**$42,693,976**	**$19,084,911**

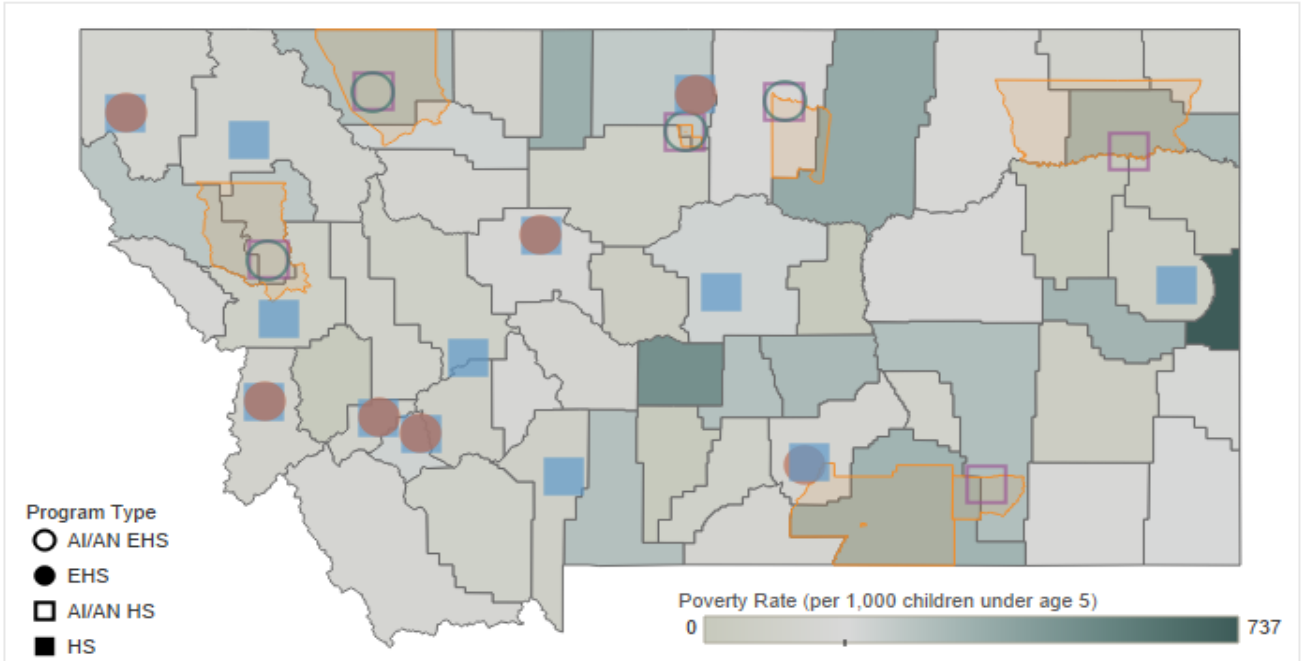
Source: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, Head Start Program Facts: Fiscal Year 2024

Head Start in Montana | Access

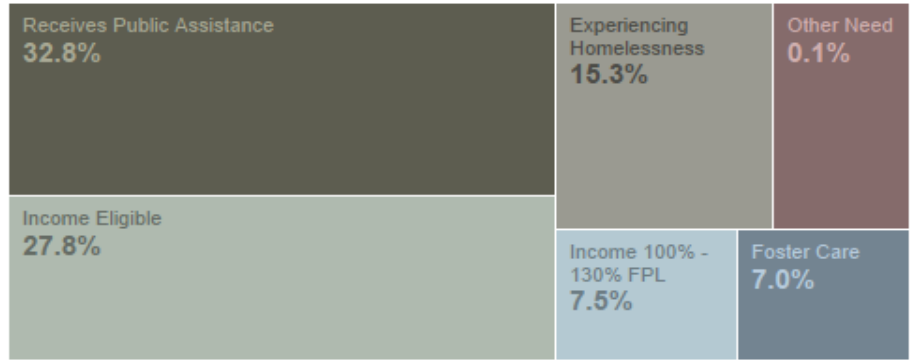
How is Head Start Meeting the Need?

	Total Population/Enrollment	Living in Poverty	Living in Foster Care	Experiencing Homelessness	With a Disability
Total Population of Children:	58,832	8,624	1,701	1,959	11,369
Total Served by Grantee(s):	3,687	1,042	322	626	376

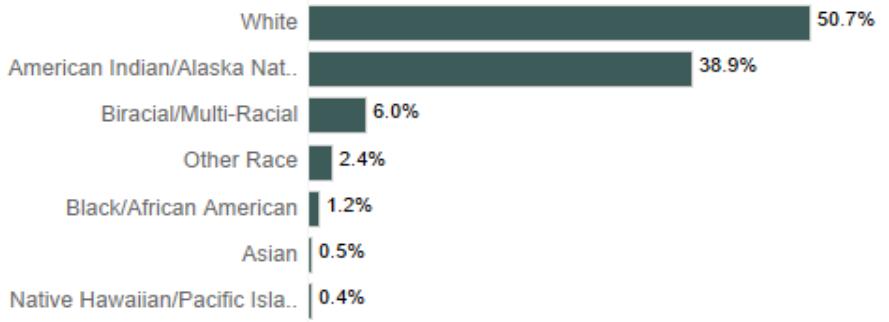
Head Start Grantees and County Rates of Children Living in Poverty



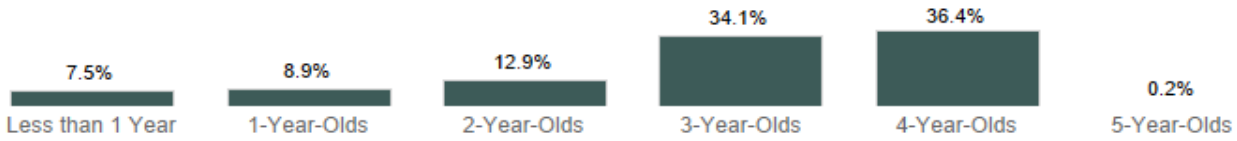
Enrollment by Primary Type of Eligibility



Enrollment by Race



Enrollment by Age



Enrollment by Ethnicity

Navigation

Home

Services

Data Dictionary

Select Filters

Grantee

All

Program Type

All

Source: Montana Department of Public Health and Human Services, *Head Start in Montana* Interactive Dashboard, accessed August 4, 2026.

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