



INVESTIGATIVE REPORT: THE \$7 BILLION SHELL GAME

How Montana's Corporate Welfare Built Empty Rooms While Parents and Teachers Paid the Price

By Jerry O'Neill

HELENA — An investigation into the Montana Department of Public Health and Human Services (DPHHS) and state campaign finance records reveals a systemic diversion of federal funds intended to fix a crumbling childcare workforce. While the administration claims to be solving a “capacity crisis,” the data exposes a method of one-time infrastructure payouts and corporate welfare that benefits wealthy tech firms and hospital conglomerates, while the general public and the actual workforce are left to foot the bill.

Clarification: The “\$7 billion” figure refers to the total biennial budget of the Montana Department of Public Health and Human Services (DPHHS), not solely childcare funding. Childcare funding represents only a fraction of the department’s total budget authority.

Capitalism 101: Why You Can't Find a Teacher

There is a reason Montana’s childcare system is failing, and it isn’t just a “lack of slots”—it is a failure to respect basic capitalist market competition. In the industry, these professionals are officially classified as Early Childhood Teachers (ECT) and Lead Teachers, yet they are being paid as if they are unskilled labor.

According to the 2024 Montana Department of Labor and Industry wage data, the median wage for these teachers is roughly \$12.73 per hour. Meanwhile, entry-level jobs at local Town Pump gas stations or McDonald’s frequently start at \$15.00 to \$18.00 per hour. As a result, Montana is seeing a mass exodus; according to the 2024 Montana Department of Labor and Industry workforce report, 56% of childcare job openings are created by people “changing occupations”—leaving the field entirely for higher-paying work.

The “Empty Room” in Big Timber

Defenders of this strategy argue that expanding slots is “drastically needed” and “ultra-important.” They point to rural areas like Big Timber, where Big Timber Daycare LLC received a grant to create 15 new slots at a public cost of \$25,585 per child.

While the town certainly needs care, this investment is a shell game. If the state pays \$383,788 for an “infrastructure” expansion but refuses to ensure competitive market wages for the staff, the result is an expensive, taxpayer-funded empty room. The state has focused on the “egg” (the building) while the “chicken” (the teacher) has already left for a better-paying job at a convenience store. Without teachers to fill them, these “slots” do not actually exist.

The Corporate Welfare Capture

The most egregious aspect of this \$7 billion shell game is the \$2 million Family Forward Montana grant program. Administered by Zero to Five Montana, these grants are corporate welfare.

Family Forward Montana is funded by the state’s federal Bright Futures B-5 grant and administered by Zero to Five Montana. According to the 2024 Employer-Sponsored Grant Program description published by familyforwardmt.org, this is a \$2 million grant program funded by the state’s federal Bright Futures B-5 grant and administered by Zero to Five Montana.

Exclusive Access: Taxpayer dollars were awarded to private firms like AdvicePay, Inc. (Bozeman) and Echo Church (Helena) to create on-site care.

The Public Shut Out: Unlike community daycares, these subsidized “slots” are restricted to the employees of the specific companies receiving the grants. The general public cannot use these daycares, meaning the taxpayer is funding a private employee benefit for corporate workers.

Subsidizing Private Equity: This effectively uses federal welfare dollars to subsidize the overhead of private-equity-backed firms like Foundant

Technologies, while the average Montana parent remains on a two-year waitlist.

The Legislative Enablers: Voting for Corporations, Not People

This diversion of funds is protected by a specific group of Republicans who frequently side with Democrats to prioritize corporate-heavy spending and slush funds over workforce stability. These lawmakers are the primary beneficiaries of the Montana Hospital Association (MHA) PAC, which funneled \$75,000 into primary races to protect them from conservative reform.

The Republicans who vote with Democrats to give this money to corporations instead of the workforce include:

- Sen. Llew Jones (Conrad)
- Rep. Ed Buttrey (Great Falls)
- Rep. Courtenay Sprunger (Kalispell)
- Rep. Tony Brockman (Kalispell)
- Rep. Dave Bedey (Hamilton)
- Rep. Brad Barker (Carbon County)

Rep. Dave Bedey previously served as CFO of Vali Cooper International (VCI), a company involved in hospital and medical infrastructure projects. According to Montana campaign finance records, the Montana Hospital Association has spent over \$200,000 in direct contributions, including to Bedey. Consequently, Bedey voted for Medicaid Expansion—a program that directly benefits hospital systems and associations that fund his campaigns.

Rep. Brad Barker, a member of the “Solutions Caucus,” received significant primary support from the Montana Hospital Association (MHA) and other similarly situated PACs. According to Montana budget records from 2023–2024, Barker supported budgets that expanded general fund spending significantly during his tenure, including support for large appropriations packages critics describe as slush funds.

Zero to Five Montana: The State's “Private Arm”

The primary organization managing these state funds is Zero to Five Montana, a non-profit (NGO) that functions as a “private arm” of the state government.

According to the 2024 Form 990 filed by Zero to Five Montana, the organization reported \$2,621,021 in total revenue, of which \$2,613,718 (over 99.7%) came from contributions and grants—almost entirely from the State of Montana through DPHHS contracts.

By funneling money through an NGO instead of a state agency, the government gains several structural advantages:

1. **Reduced Direct Oversight:** NGOs operate under contract rather than direct legislative line-item control, allowing program flexibility outside standard civil service constraints.
2. **Faster Hiring and Procurement:** Nonprofits are not bound by the same state hiring rules, pay bands, or procurement regulations, allowing quicker implementation.
3. **Political Buffering:** Policy experimentation can occur at arm’s length from elected officials, reducing direct political accountability.
4. **Grant Structuring Flexibility:** NGOs can design sub-grant programs, pilot models, and eligibility rules without formal administrative rulemaking.

In this context, “promote innovation” means funding experimental grant models such as employer-sponsored childcare, business coaching systems, shared-services alliances, and public-private partnerships instead of directly appropriating funds for wage increases.

It allows the state to claim reform and modernization—new models, new partnerships, new infrastructure—without permanently increasing wage floors or creating long-term entitlement obligations for teacher compensation.

For example:

- **Child Care Business Connect:** According to the 2022 ARPA grant award documentation, Zero to Five Montana was awarded the full \$5 million ARPA grant in 2022 to operate this initiative. Instead of paying teachers more, this \$5 million goes toward business training and “stabilization” for owners.

Stabilization in this context means providing business coaching, financial management assistance, operational consulting, debt restructuring guidance, and operational overhead support to childcare owners so their businesses remain solvent. It does not mandate wage increases for teachers. It does not create permanent salary adjustments. It is designed to stabilize the business entity, not the individual worker. It begs the questions too of who are the consultants and how much are they getting paid.

- **Family Forward Montana:** According to the 2024 Employer-Sponsored Grant Program description published by familyforwardmt.org, this is a \$2 million grant program funded by the state’s federal Bright Futures B-5 grant and administered by Zero to Five Montana.

The Family Forward program is corporate welfare. It gives state grants of \$10,000 to \$100,000 to private companies to help them provide childcare specifically for their own employees. According to the January 2, 2024 press release issued by Zero to Five Montana, these grants range from \$10,000 to \$100,000 per employer.

- **The Intent:** The state claims this encourages “public-private partnerships” to solve the childcare shortage.
- **The Reality:** Taxpayer money is being handed to successful businesses—like AdvicePay, Inc. (a software firm) and Alpine Physical Therapy—to build their own “infrastructure” or pay tuition for their staff. According to the 2025 Family Forward Montana Cohort 1 Grantees List, these employers received grant funding through the program.

While these businesses get grants to “connect” to care, the actual teachers at the heart of the system still make near-poverty wages. The state is building the “rooms” and “business plans,” but it isn’t paying the “people” who make childcare possible.

Montana’s childcare crisis persists because the state has chosen to use federal childcare dollars in ways that do little to strengthen the workforce or expand access for the public. In a functioning free market, wages would rise naturally as demand for qualified teachers outpaces supply. But once the federal government created childcare-restricted grants, the state assumed a responsibility to spend those dollars wisely—within the constraints of the program—rather than diverting them into corporate welfare or administrative overhead.

Instead, millions have been routed into NGO administrative costs, infrastructure projects that sit empty, and employer-only childcare subsidies that benefit private companies rather than the general public. These employer-exclusive grants effectively use federal childcare funds to subsidize private HR benefits, not to expand access to care for Montana families. Meanwhile, parents continue paying an average of \$11,700 per child for care they still cannot find, and teachers remain trapped in poverty-level wages because the dollars intended to stabilize the system never reach the classroom.

The result is a childcare system that builds rooms it cannot staff, funds programs that do not serve the public, and props up administrative intermediaries instead of strengthening the labor supply. Until Montana stops using federal childcare funds to subsidize private employers and bureaucratic layers—and instead directs those dollars toward solutions that actually expand the workforce—parents and teachers will continue to bear the cost of a system that fails to deliver care. 🚩