

Welcome

Regional Economic Conditions: Health of the Minnesota Child Care Sector

May 19, 2022



First Children's Finance



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General Survey Information

Survey conducted April 11 – 24, 2022

Total 1,032 responses

Provider Type

Family Provider 79%
Child Care Center 17%
Other 4%

Region

Northwest 5%
Northeast 6%
West Central 6%
Central 19%
Southwest 12%
Southeast 18%
Metro 34%

Race/Ethnicity

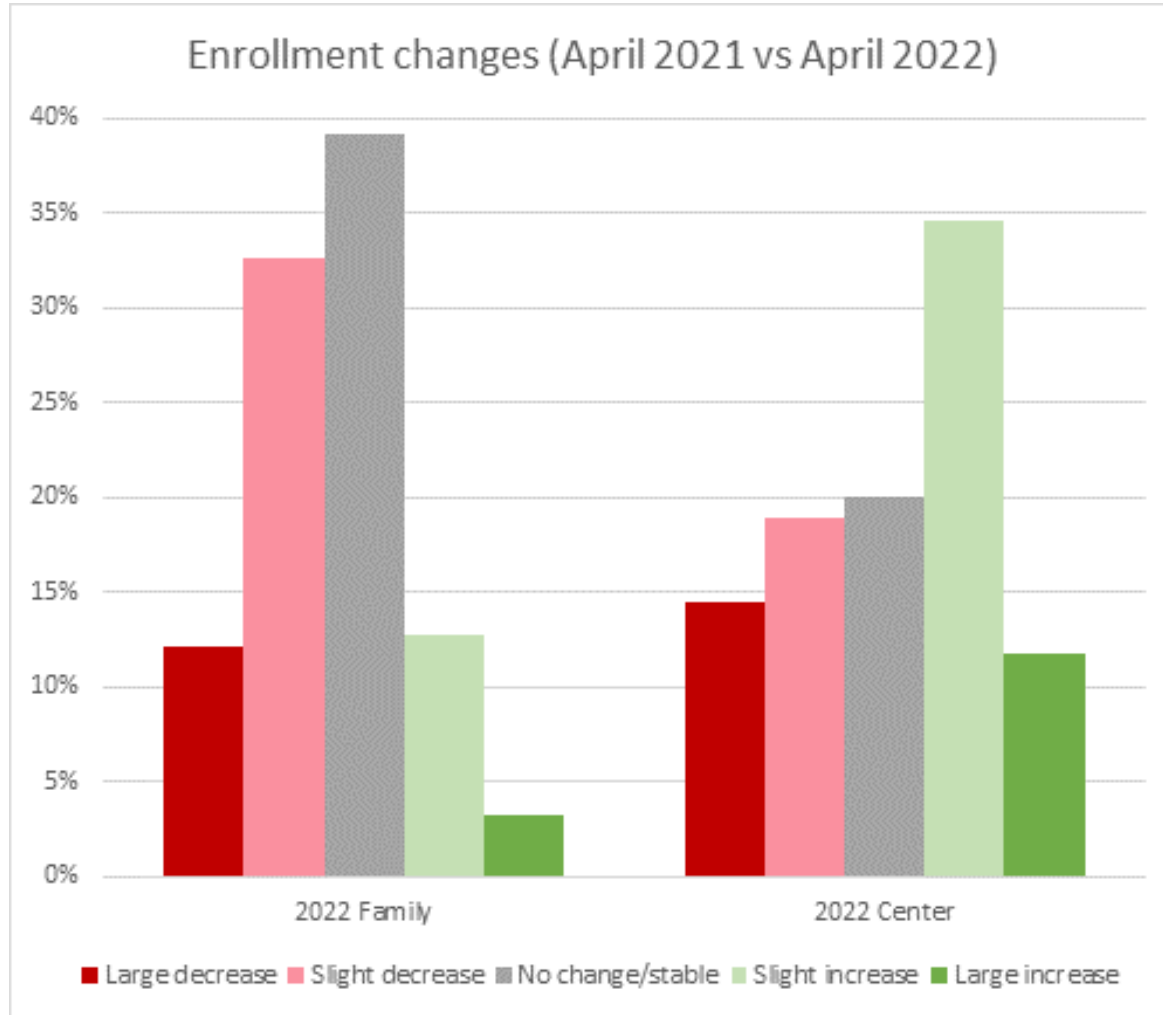
Racial/Ethnic Minority 6%
Non-Hispanic White 94%



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Child Care Enrollment – Pandemic Year 2



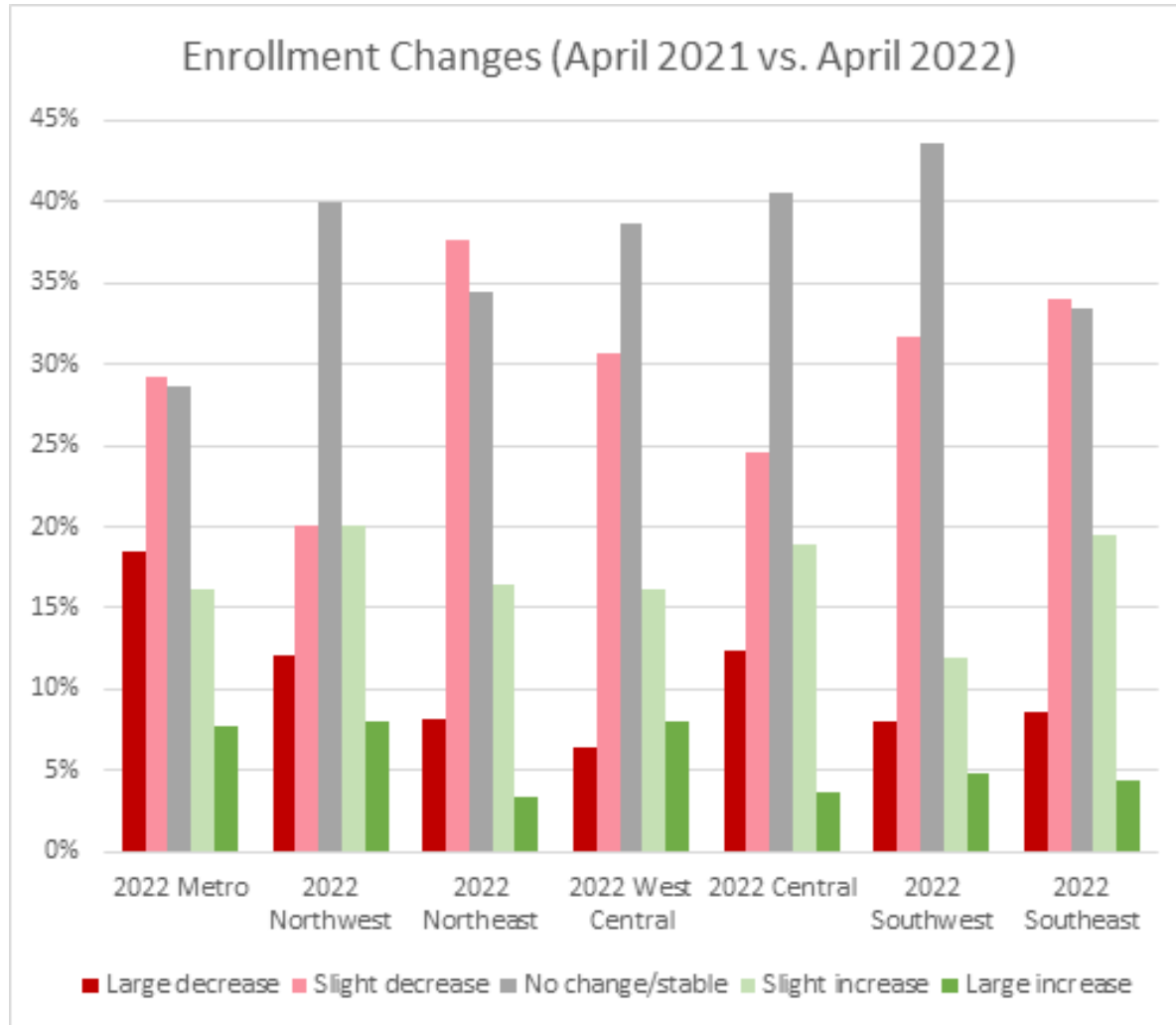
- Enrollment has stabilized somewhat since the first year of the pandemic
- Family programs still reporting large/slight decreases at a much greater rate than any increases.
- Majority of centers report either stable or increased enrollment



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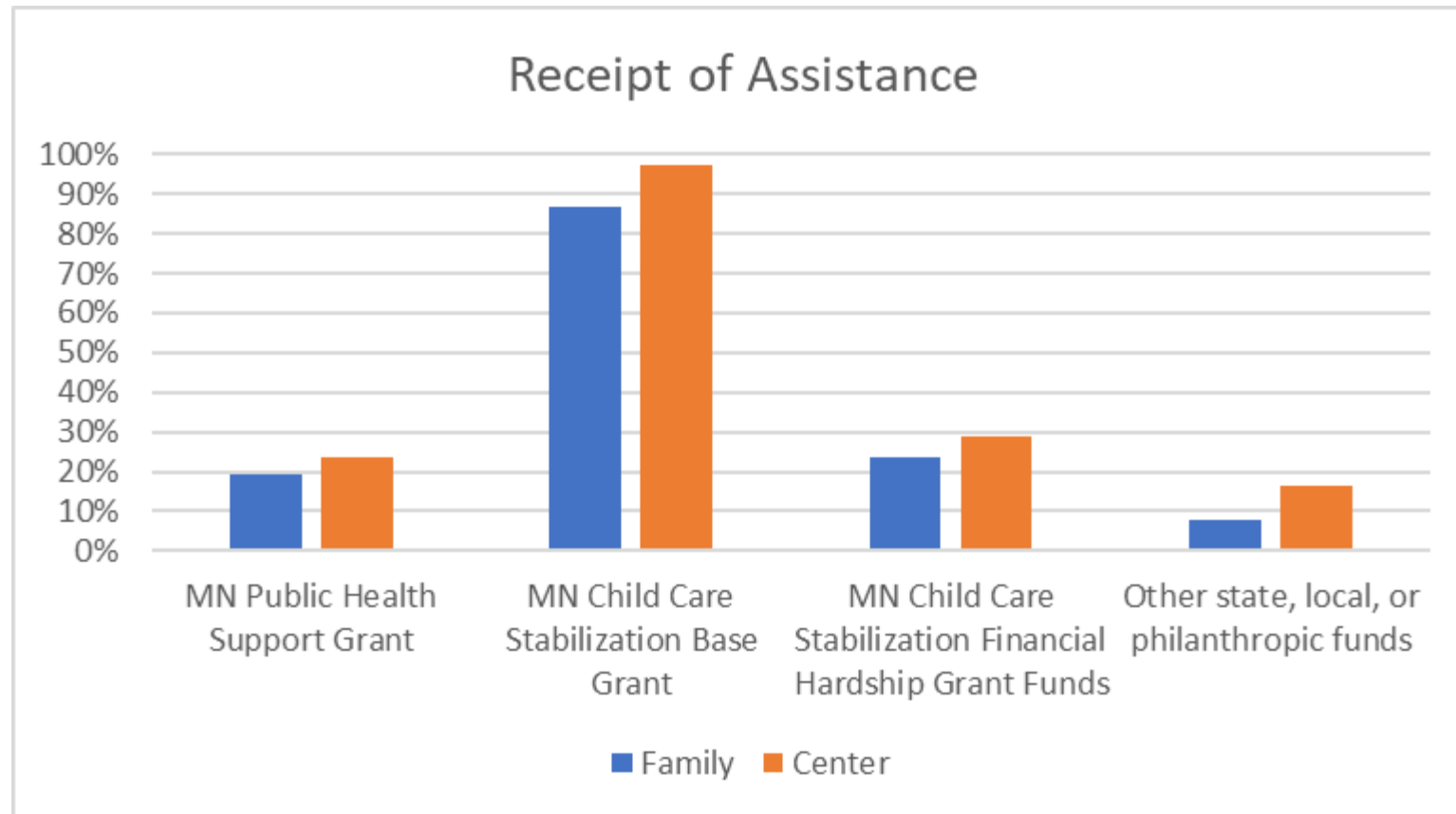
Child Care Enrollment – Year 2 by Region, all provider types



- More child care providers reporting stable enrollment across state
- In most regions, most popular responses are stable or slight decrease
- Higher reports of large decrease in Metro



State of Minnesota Financial Assistance



- 87% of Family programs and 97% of Centers reported receiving at least the Child Care Stabilization Base Grants
- Significant amount of comments from survey respondents concerned about what happens after the grants are done

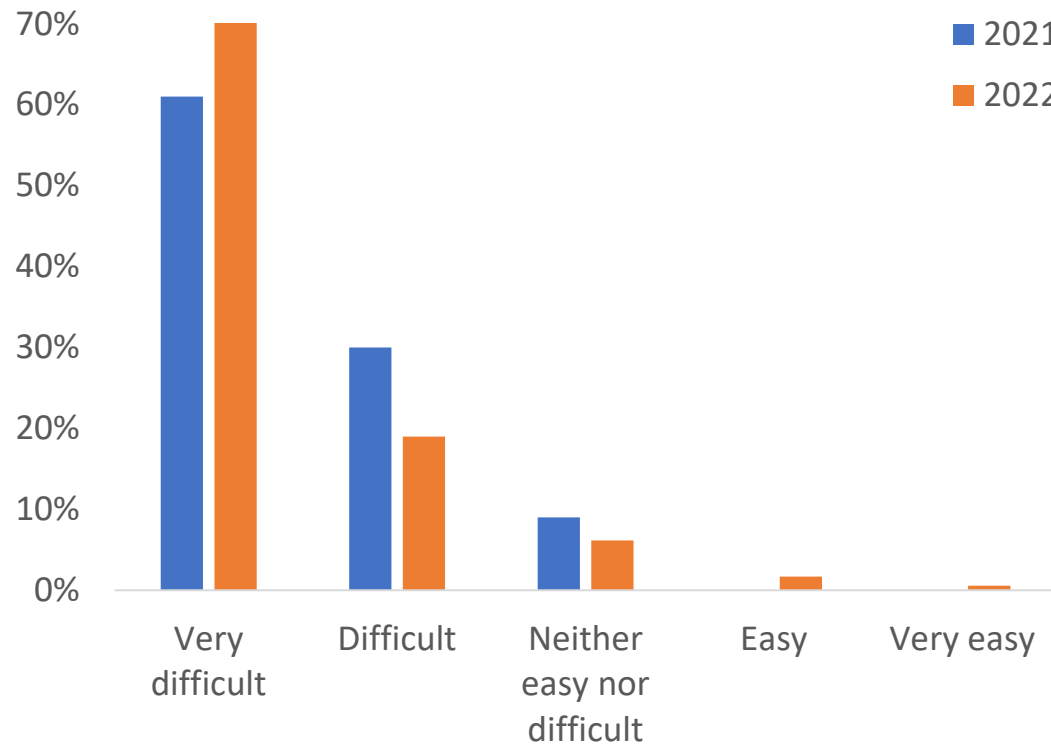


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Child care center staffing – hiring

When hiring, how easy/difficult is it to find qualified employees? (Centers Only)



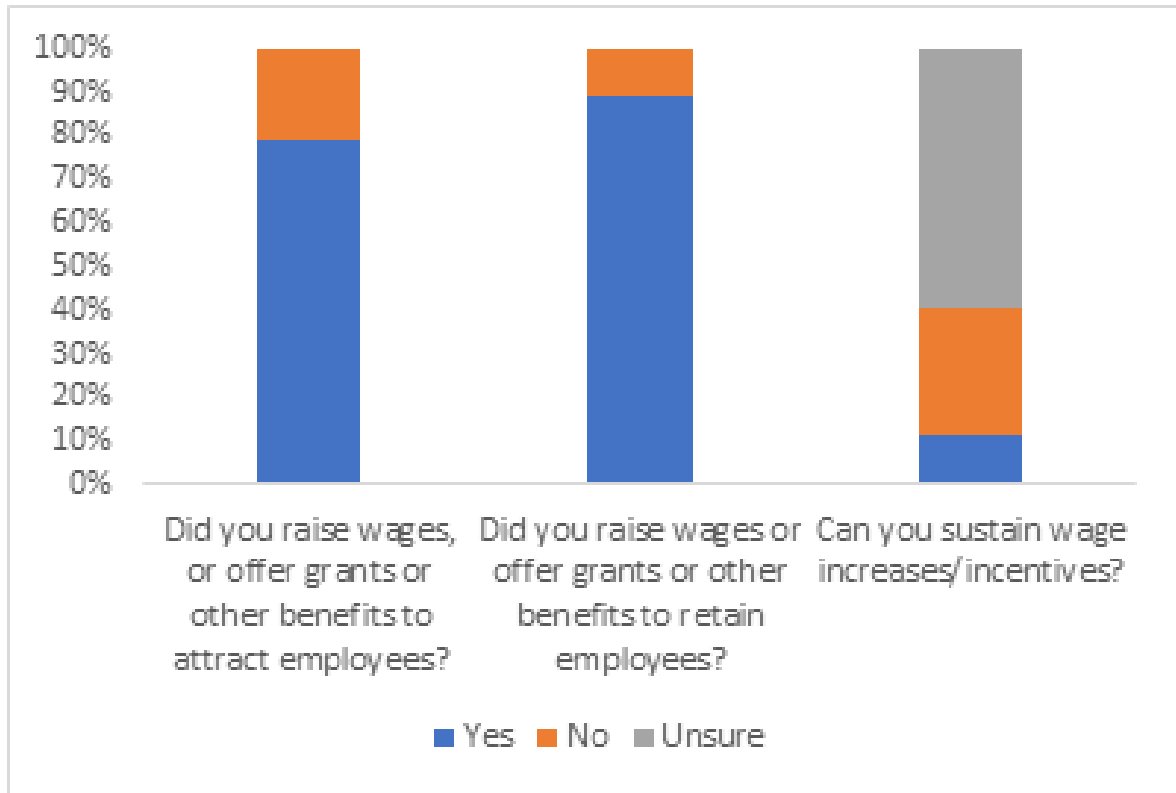
- Hiring even more difficult in second year of pandemic
- Survey results reflect what FCF clients and others in the field have reported



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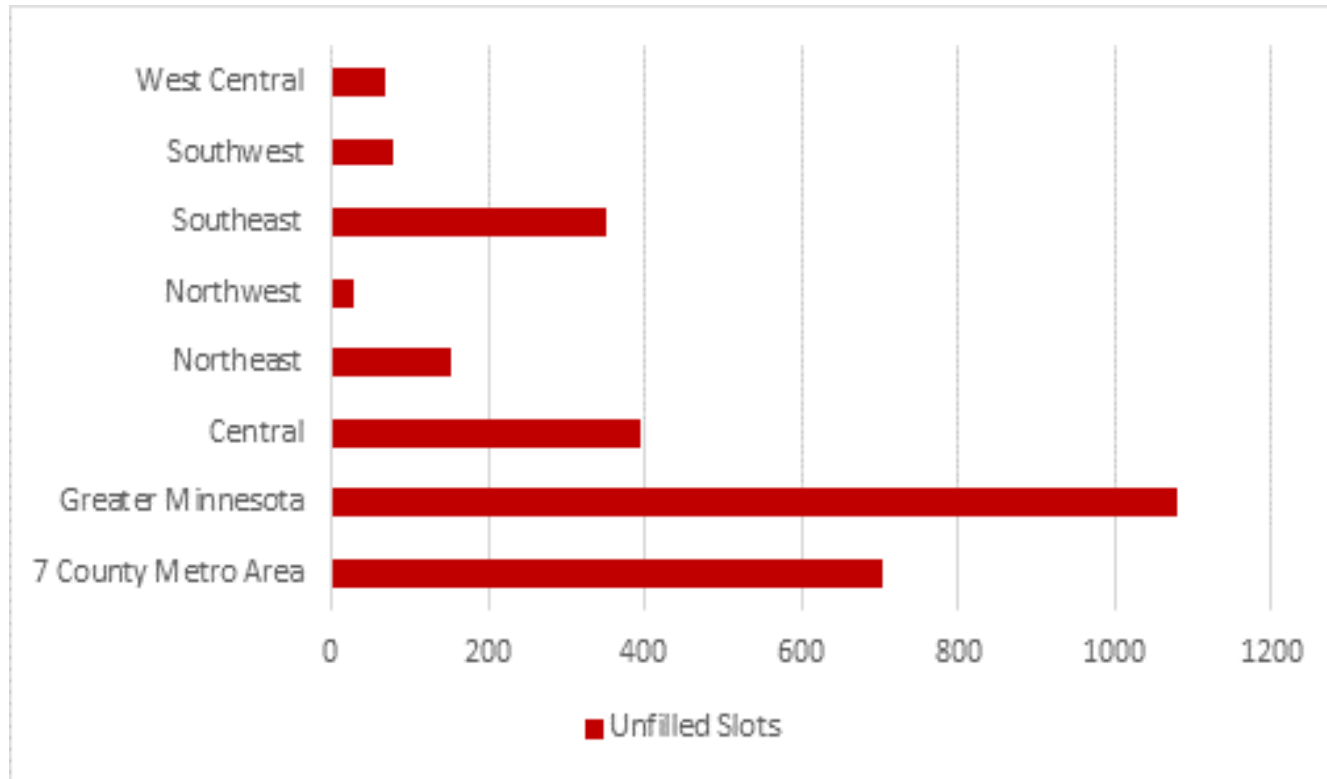
Child care center staffing - compensation



- About 80% centers reported increasing wages or benefits to attract or retain employees
- 90% of centers either unsure whether they can sustain wage increases or already know they cannot sustain wage increases
- Comments focused on the importance of grants and other relief in subsidizing higher compensation for staff



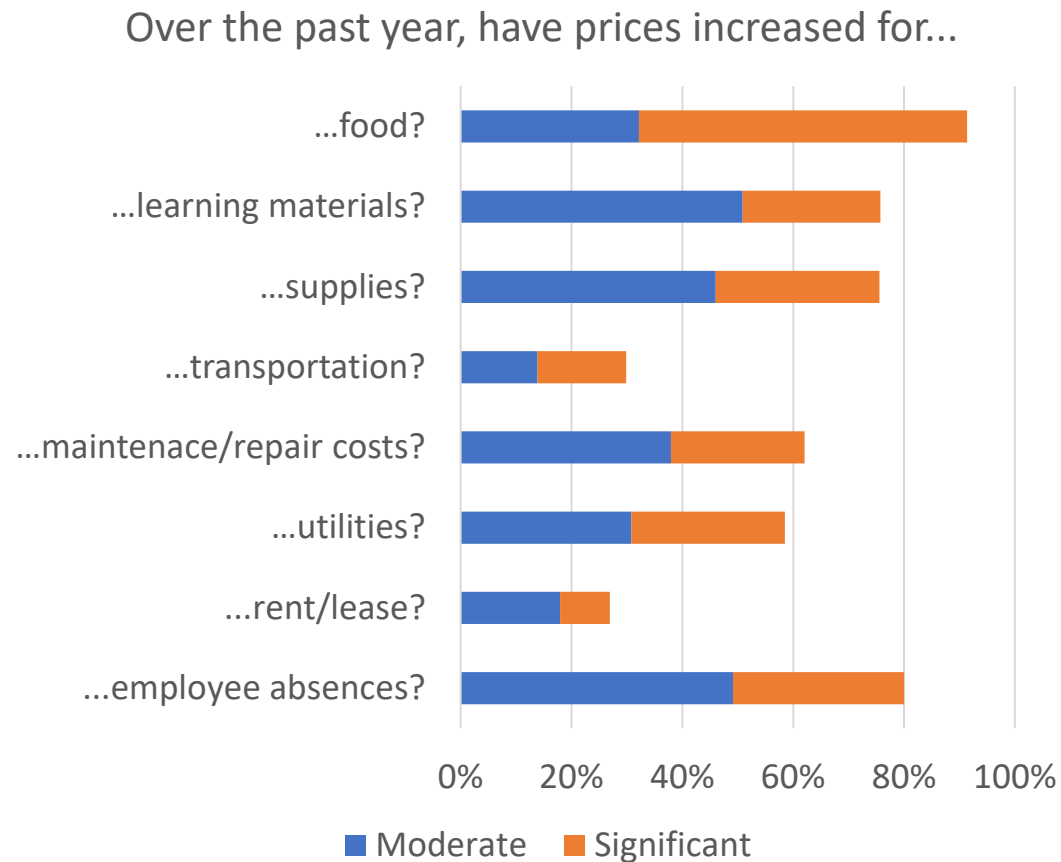
Child care center staffing – impact on slots



- 53% of centers reported their enrollment capacity was limited by an inability to find staff
- Survey respondents reported nearly 500 open teaching positions, directly resulting in 1700+ unavailable child care slots



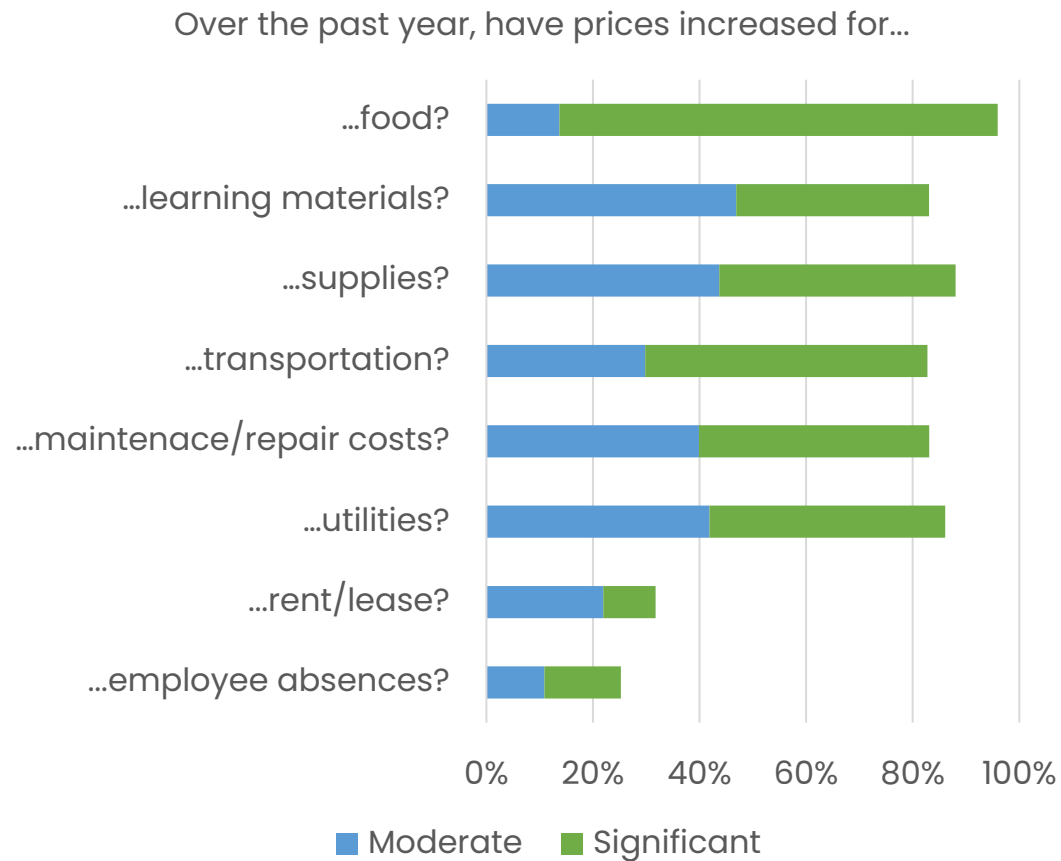
Child care center cost of providing care



- Nearly all child care centers report moderate or significant increases in costs of food and supplies
- Lost revenue due to employee absences



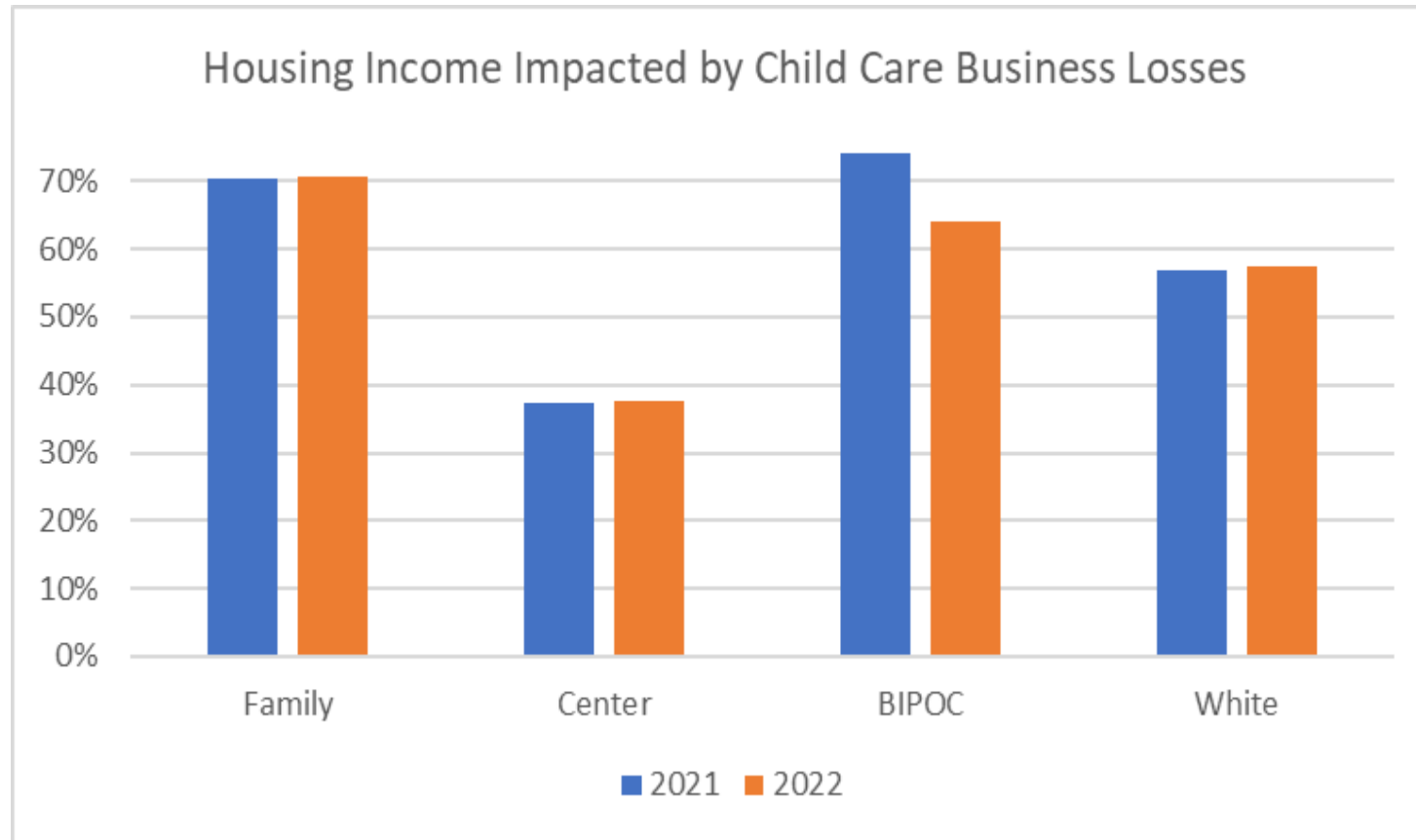
Family child care cost of providing care



- 82% of family providers reported a “significant” increase in the cost of food
- Survey respondents noted in an open-ended question that subsidies for food have not increased to keep pace with inflation.
- Family providers were also more likely to note moderate or significant increases in utilities and maintenance or repair costs



Impact on Household Income



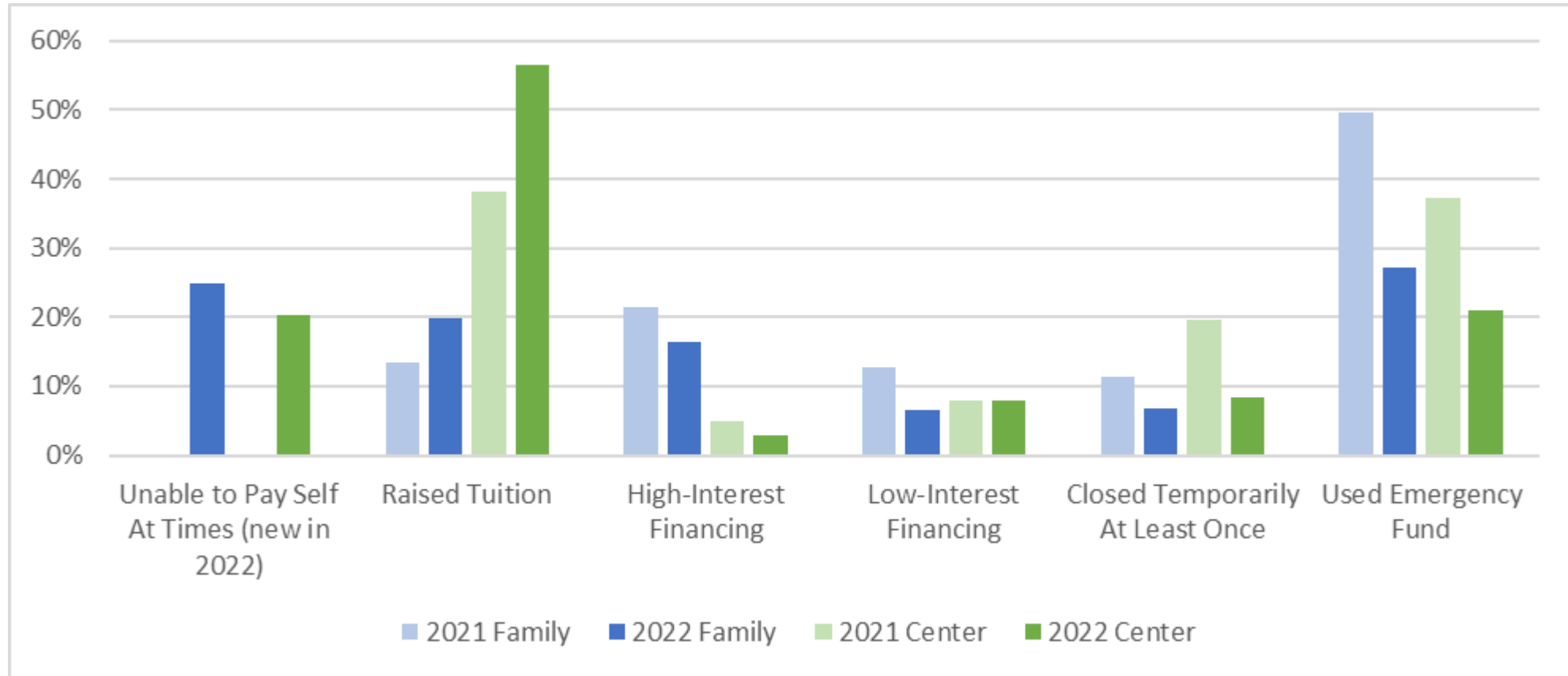
- Strikingly consistent across both years of the pandemic
- Only 20% of Family providers and 57% of Centers raised tuition



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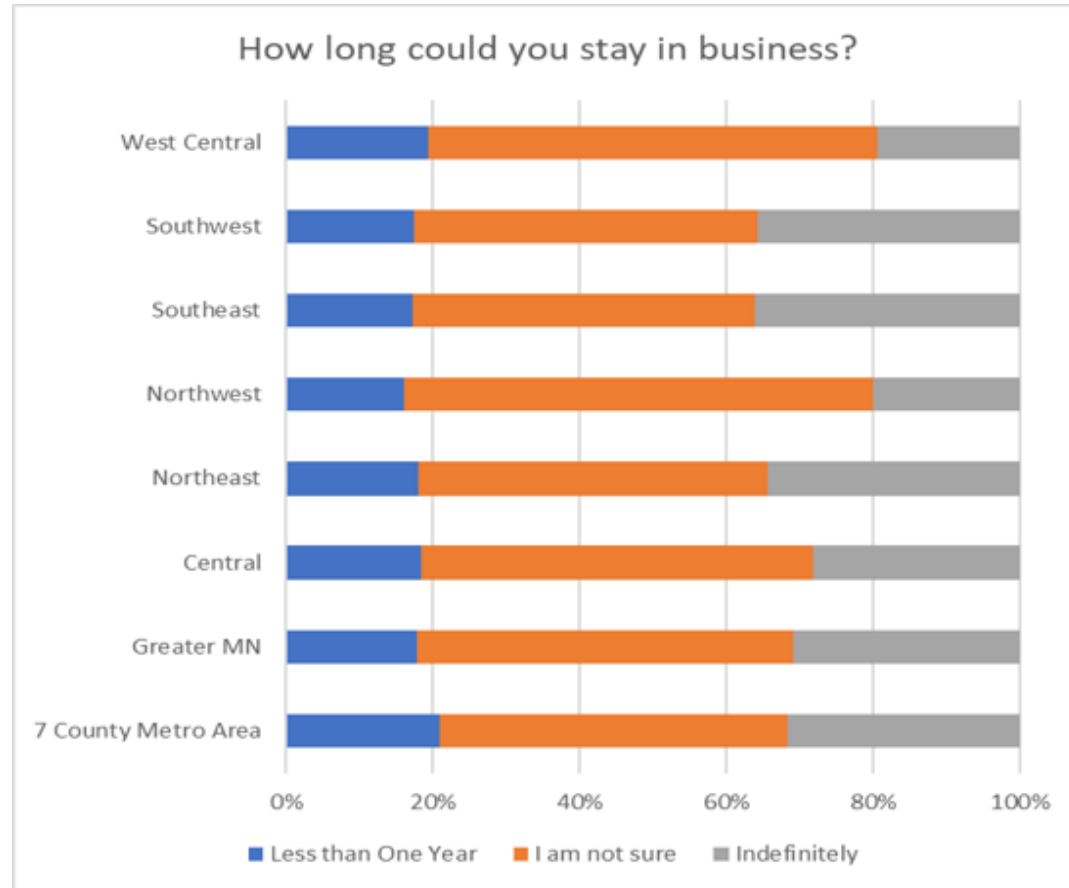


Cashflow Issues





Expect to remain in business?



- Consistent 20% of providers across the state think they can only stay in business for less than one year
- Worrying percentage of providers who are not sure how long they can stay in business
- Similar responses from both family providers and centers



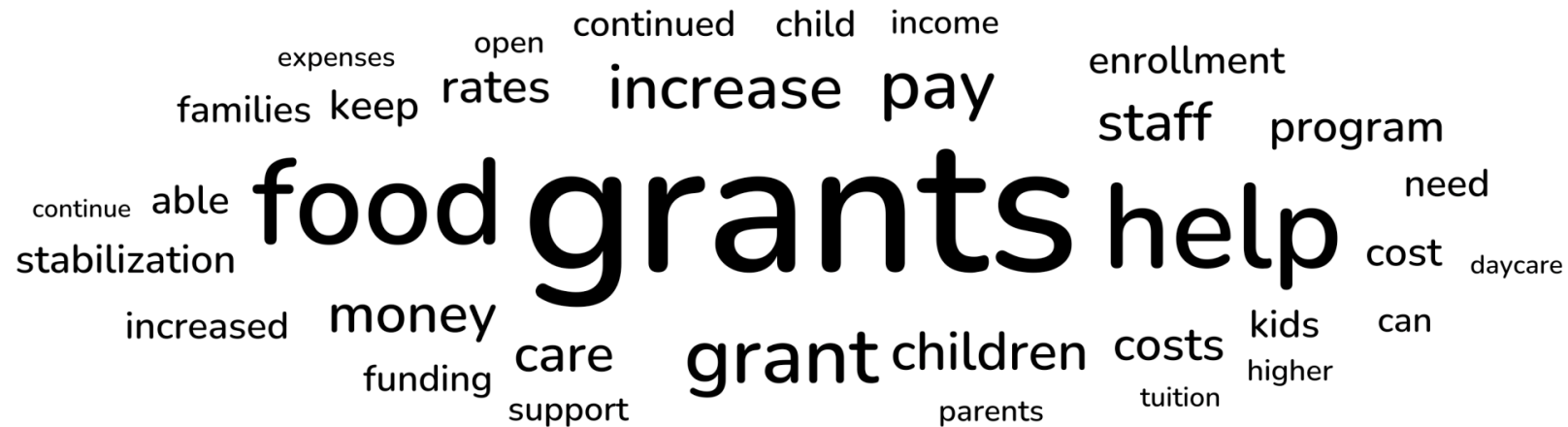
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In the words of child care providers, Part 1

What would help keep your business financially viable?

Words most used by Minnesota childcare providers





In the words of child care providers, Part 2

“Because of my husband’s income we are making ends meet”

“Currently we are OK due to monthly grants coming in, they are a huge help for sure”

“Using my savings”

“I’ve lost out greatly on income due to rising food prices”

“I wish I could raise rates but parents will pull kids from care to pay their bills”

“I believe I will need to raise my rates, which I really don’t want to do”

“I closed my infant classroom to stabilize costs & staffing”

“Running with bare minimum staff & I took a second job”

“Our county gave out a grant”

“Continue to work and try and stay open”



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Connect with us

If you are a provider and would like to connect with First Children's Finance for additional assistance, please email:

Infomn@firstchildrensfinance.org

For more information from the Minneapolis Federal Reserve, please contact Ben Horowitz at:

Benjamin.Horowitz@mpls.frb.org

Websites

www.firstchildrensfinance.org

www.ruralchildcare.org

www.minneapolisfed.org



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