

Welcome

Regional Economic Conditions: Health of the Minnesota Child Care Sector

April 13, 2023



First Children's Finance



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General Survey Information

Survey conducted February 27 – March 12, 2023

Total 1,083 responses (13% of current programs)

Provider Type

Family Provider 76%
Child Care Center 20%
Other 4%

Region

Northwest 5%
Northeast 6%
West Central 8%
Central 16%
Southwest 12%
Southeast 18%
Metro 35%

Race/Ethnicity

Racial/Ethnic Minority 6%
White 88%
Declined to Answer 6%

Gender

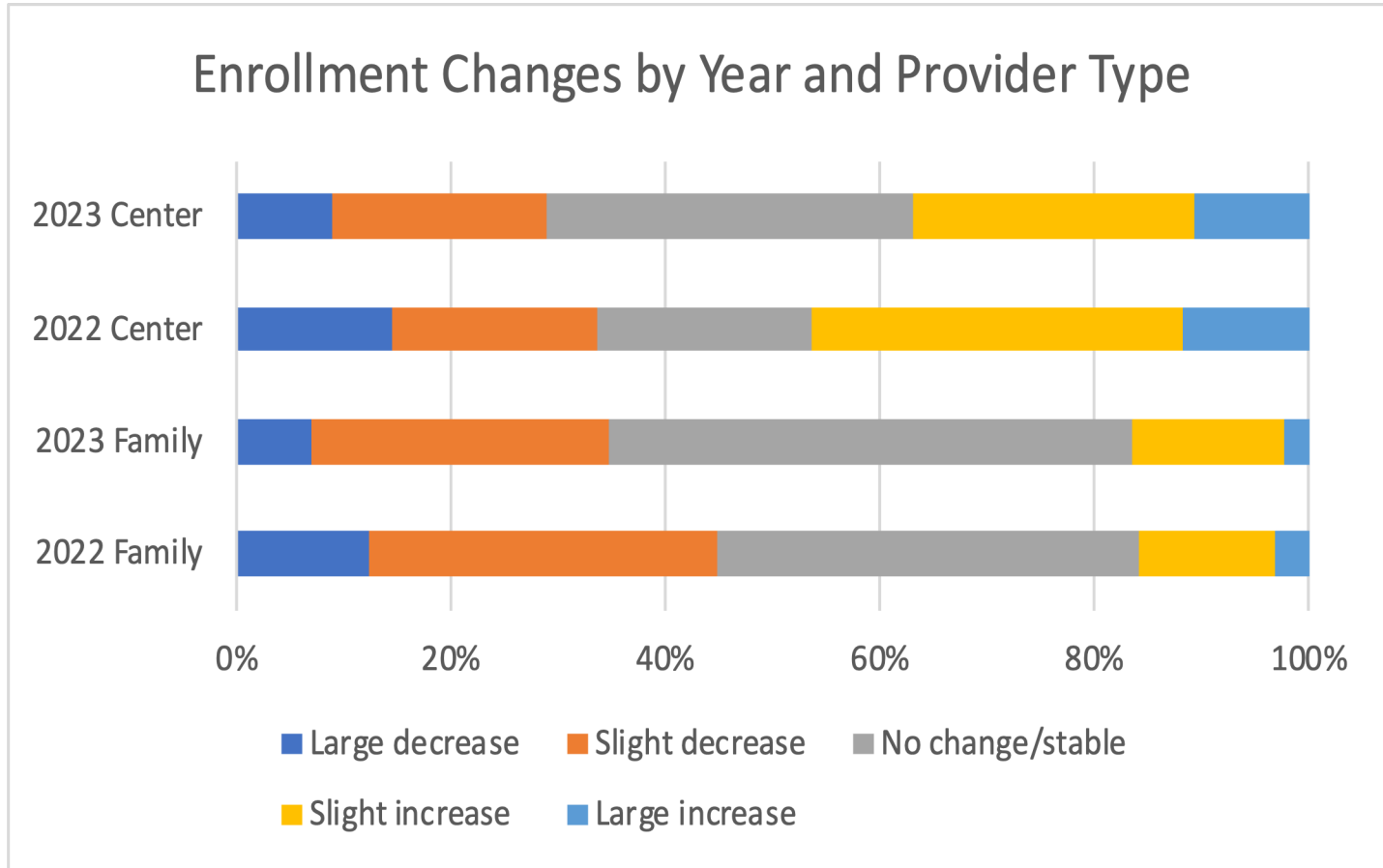
Female 96%
Male 2%
Declined to Answer 2%



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Child Care Enrollment



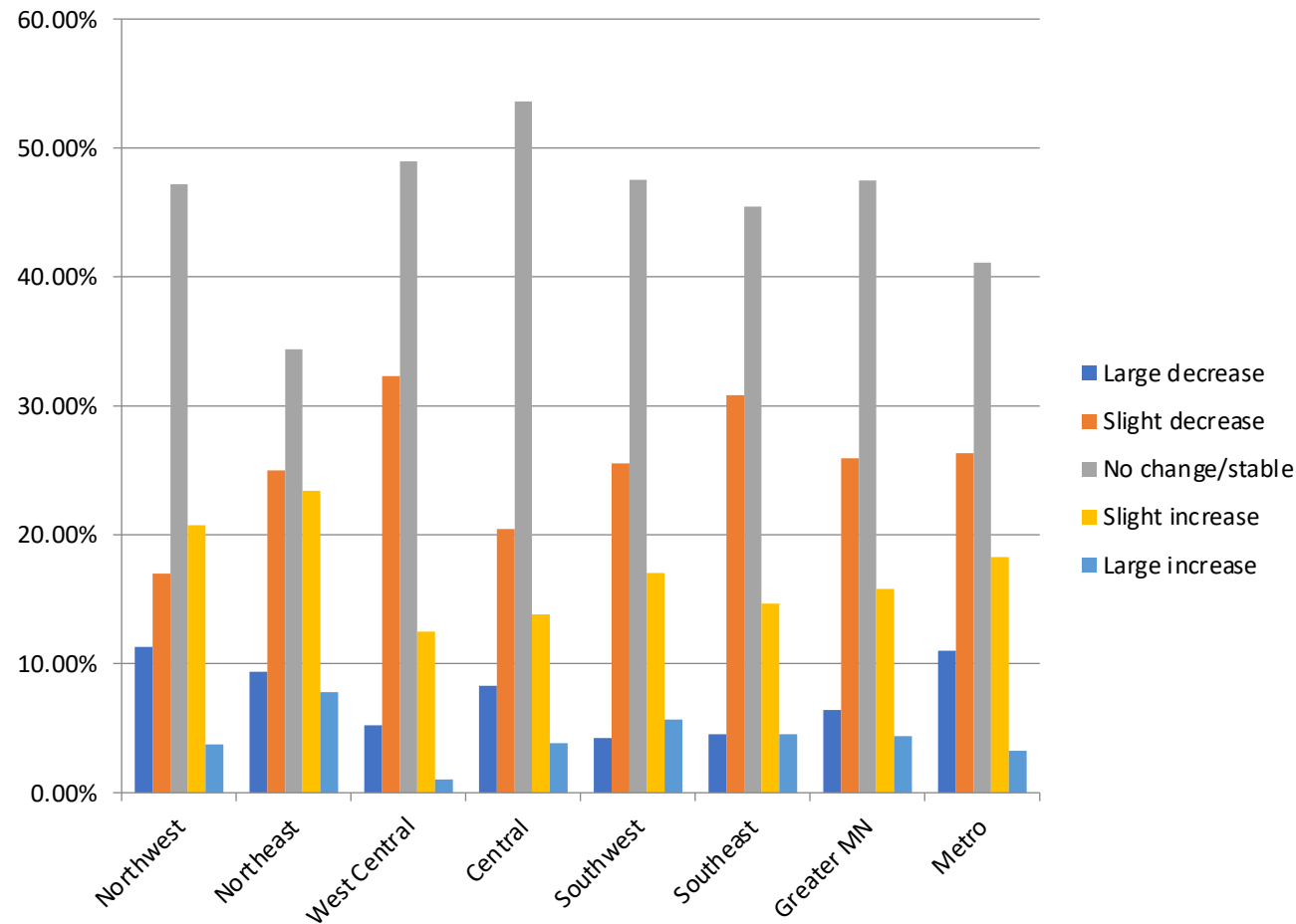
- Enrollment has continued to stabilize from pandemic conditions
- Majority of all programs report either stable or increased enrollment



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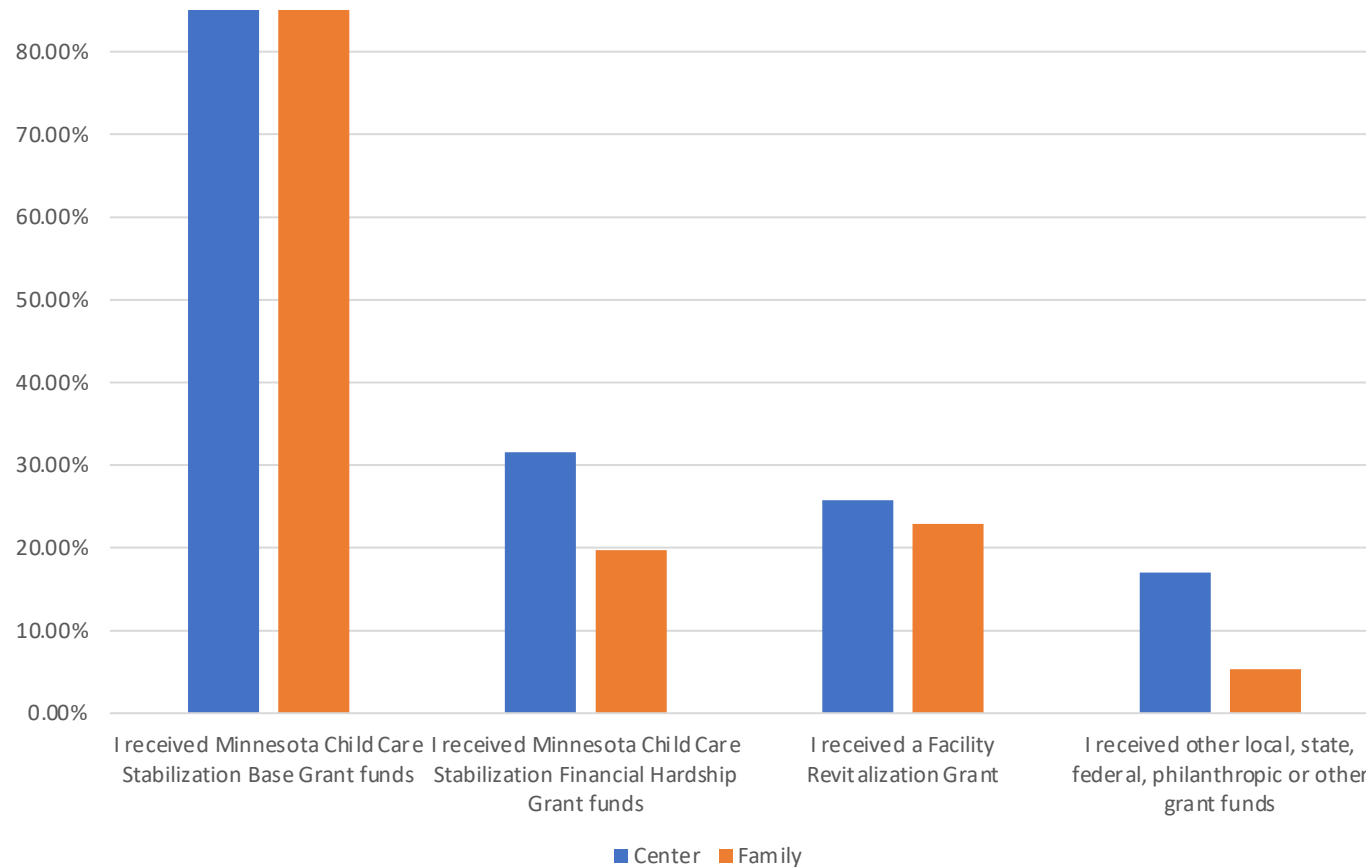
Child Care Enrollment – by Region, all provider types



- Providers reporting stable enrollment consistent across regions
- Shift to more “slight increase” from “slight decrease” last year
- More variability in Metro providers



State of Minnesota Financial Assistance



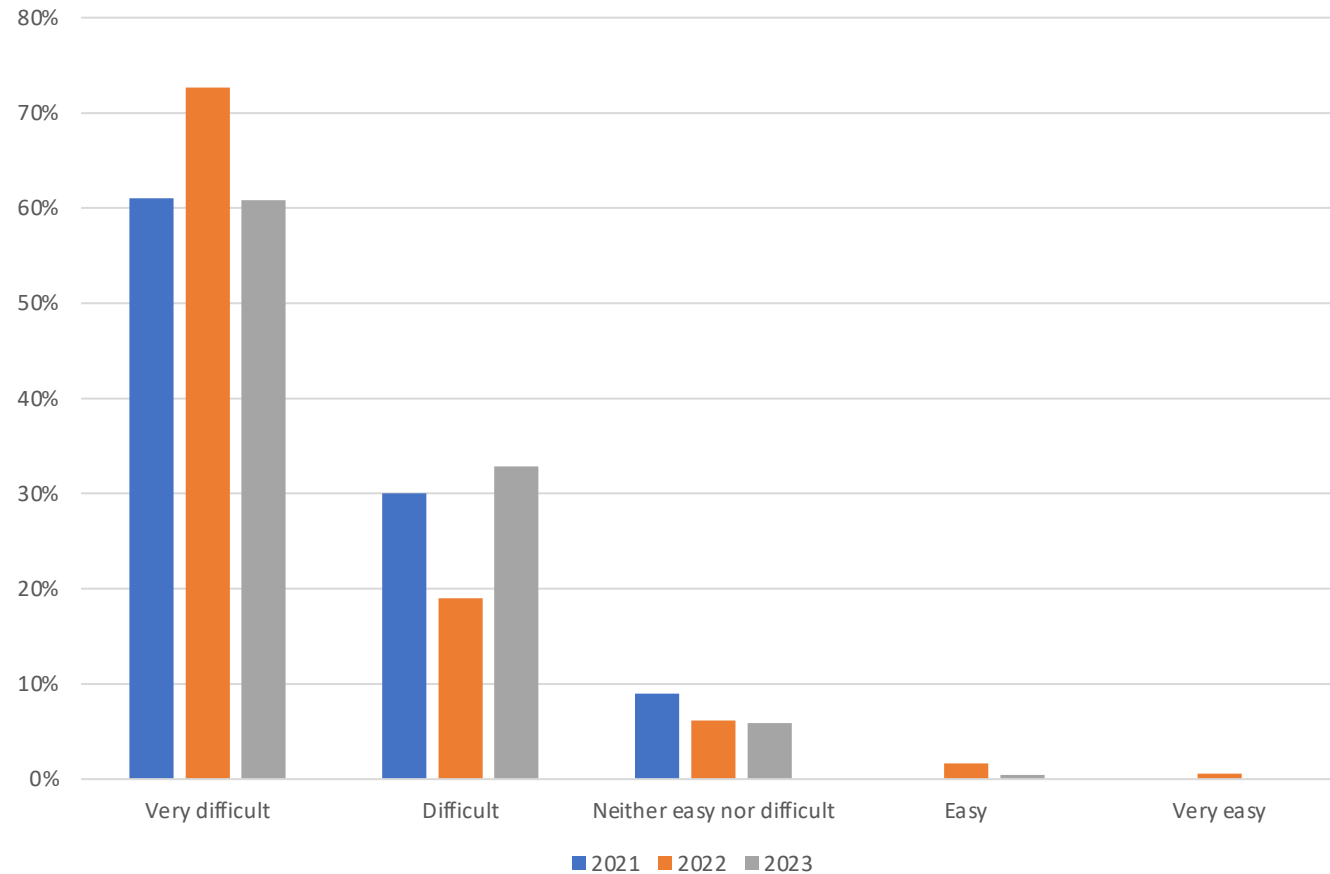
- 88% of Family and Center providers report receiving at least the Child Care Stabilization Base Grants
- Significant amount of comments from survey respondents indicate deep concern about whether they can stay in business once the Stabilization grants are done this year



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Child Care Center Staffing – hiring



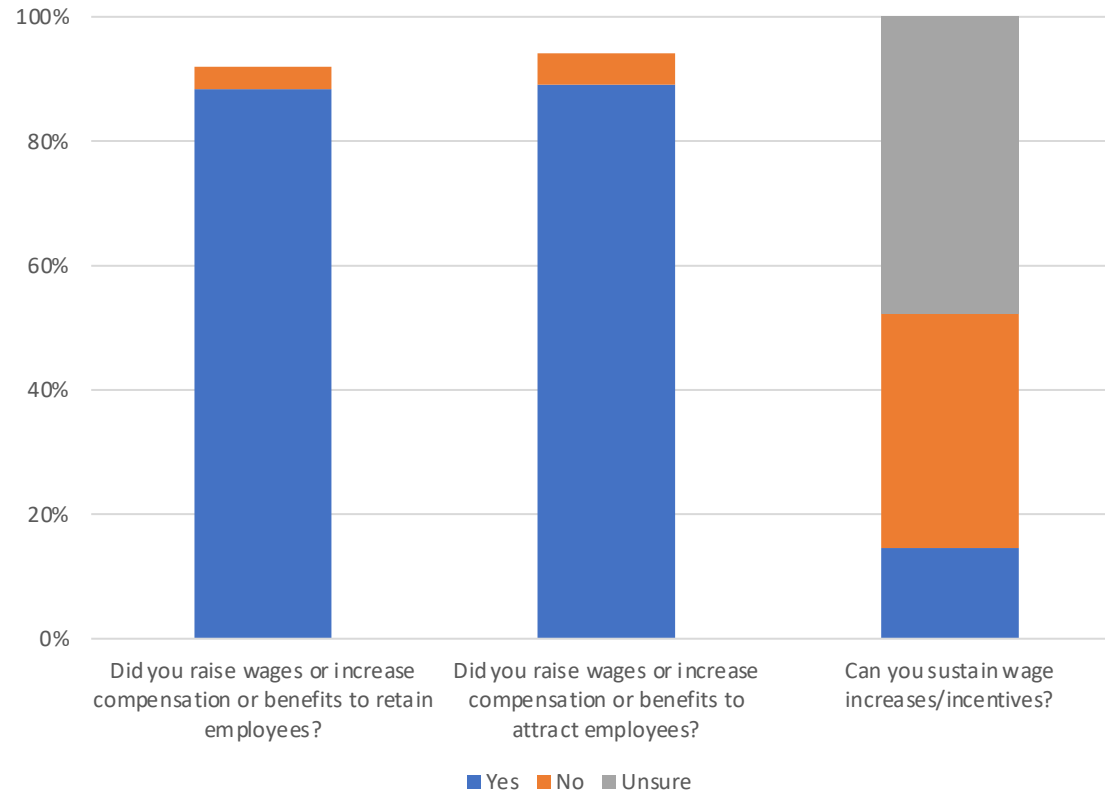
- Hiring continues to be a major barrier for child care centers
- Not much change over 3-year period
- Survey results reflect what FCF clients and others in the field have reported



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Child Care Center Staffing – compensation



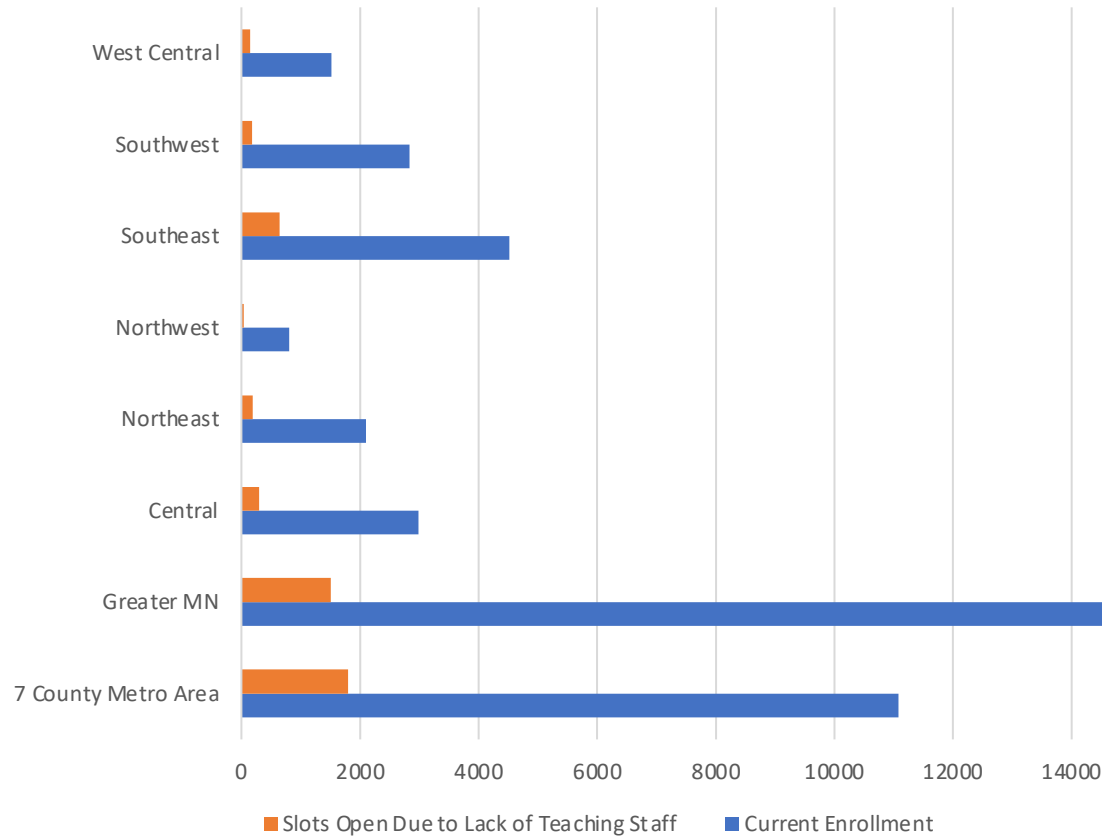
- Nearly 90% centers reported increasing wages or benefits to attract or retain employees
- 85% of centers either unsure whether they can sustain wage increases or already know they cannot sustain wage increases
- Comments focused on the importance of grants and other relief in subsidizing higher compensation for staff



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Child Care Center Staffing – impact on slots

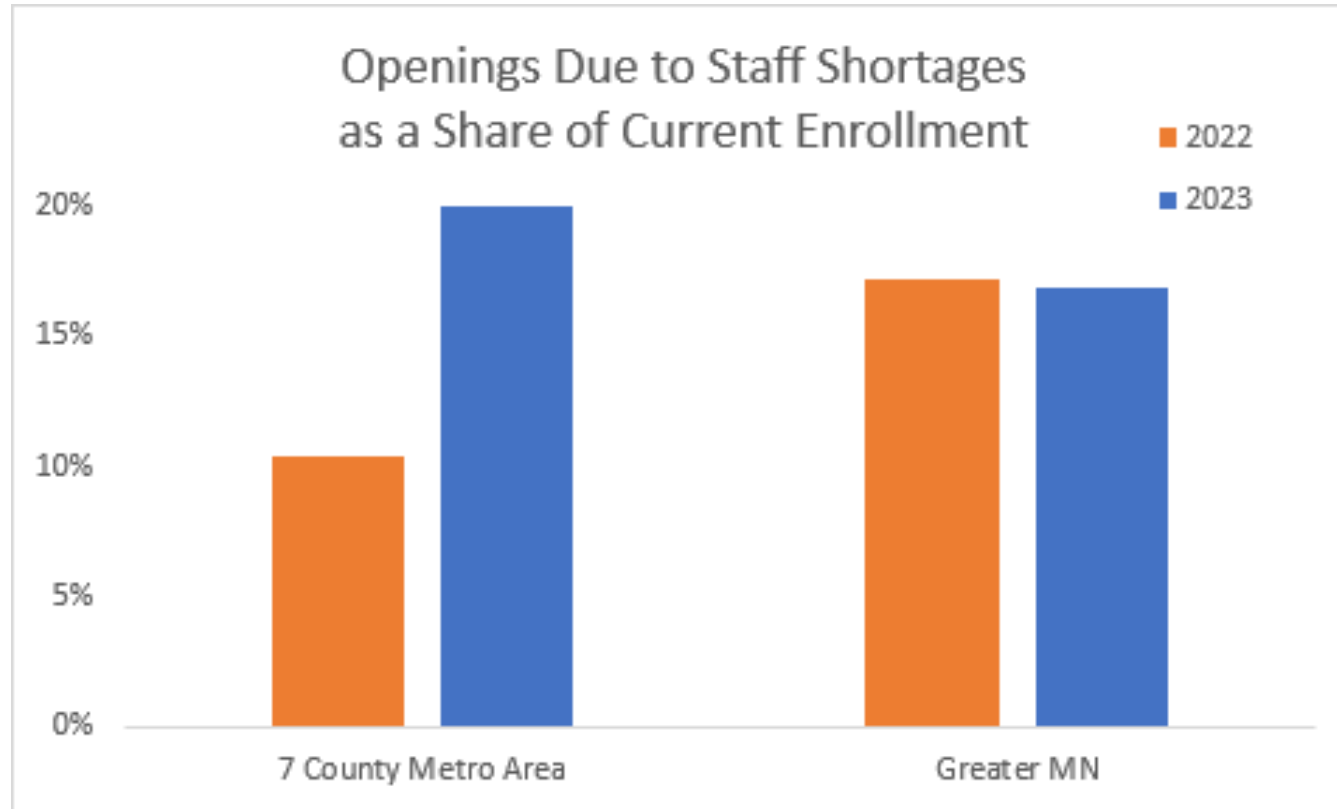


- 65% of centers reported their enrollment capacity was limited by inability to find staff
- Survey respondents reported more than 650 open teaching positions, directly resulting in 3,300+ unavailable child care slots





Child Care Center Staffing – regional impact

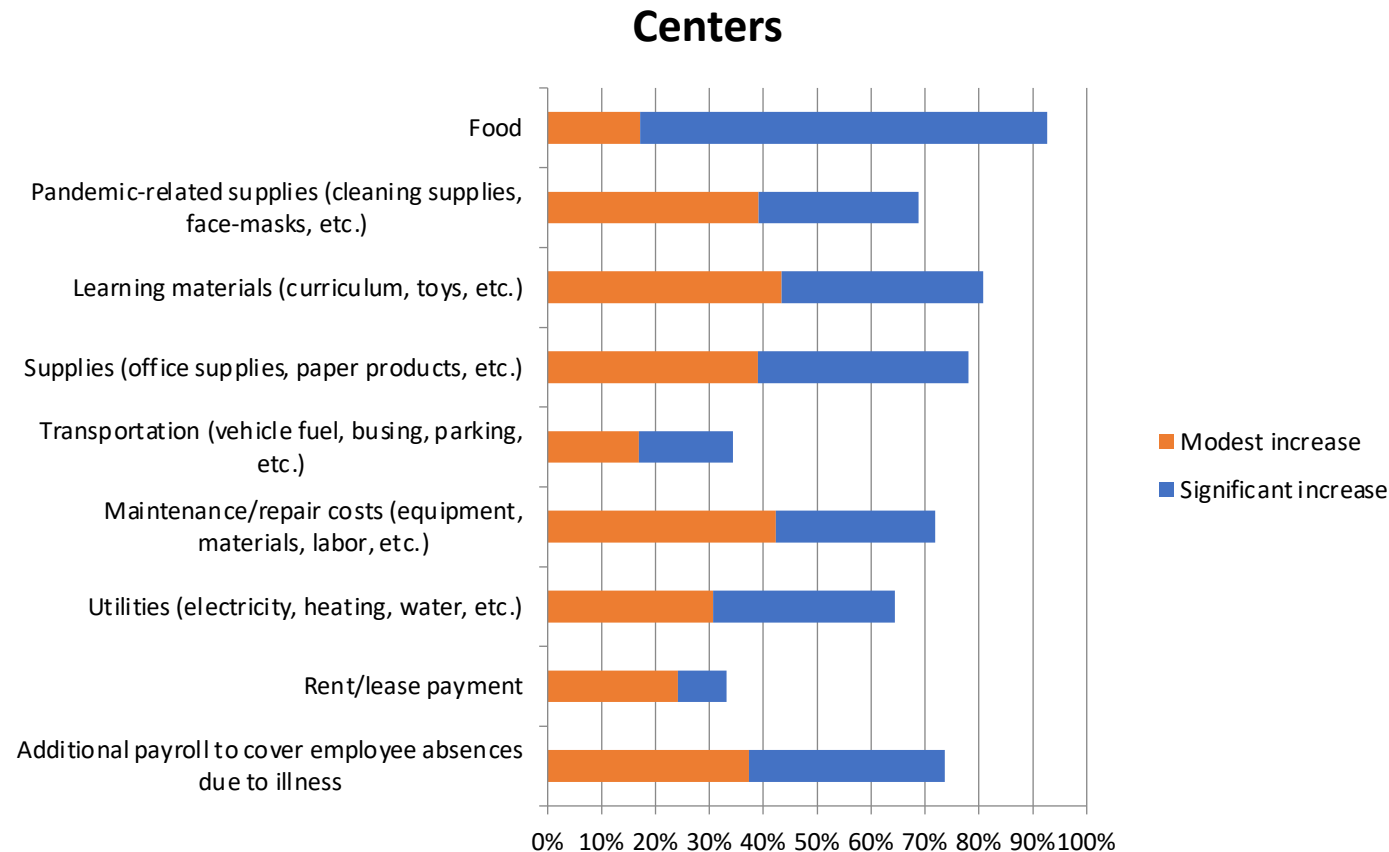


- Significant shift in Metro area slot shortages due to staffing
- Relatively consistent in Greater Minnesota across 2022 and 2023





Child Care Center cost of providing care

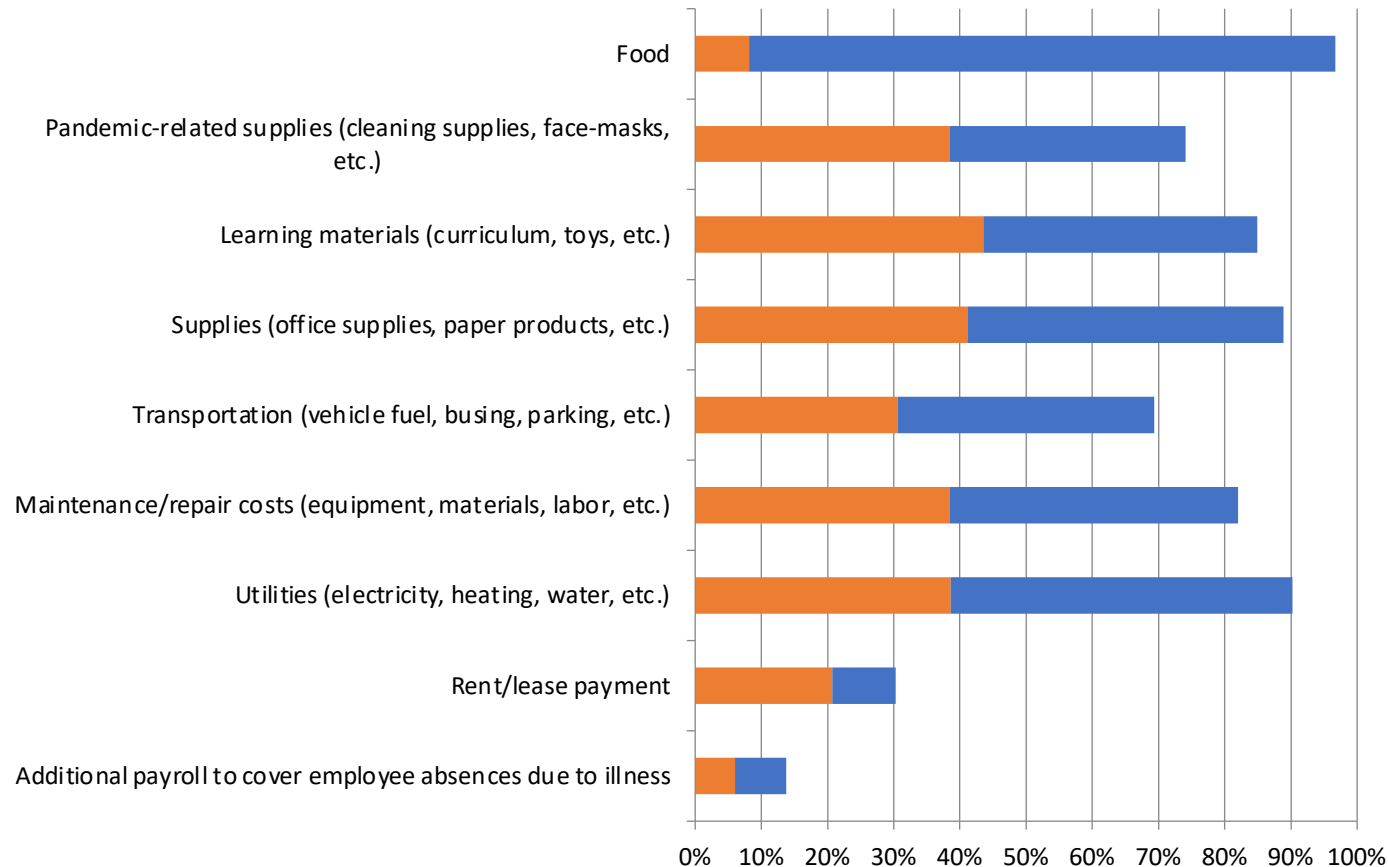


- More centers report “significant increase” across the board over 2022
- Increases over 2022 in most other areas, especially facility maintenance and repair



Family Child Care cost of providing care

Family



- 89% 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 transportation and utilities

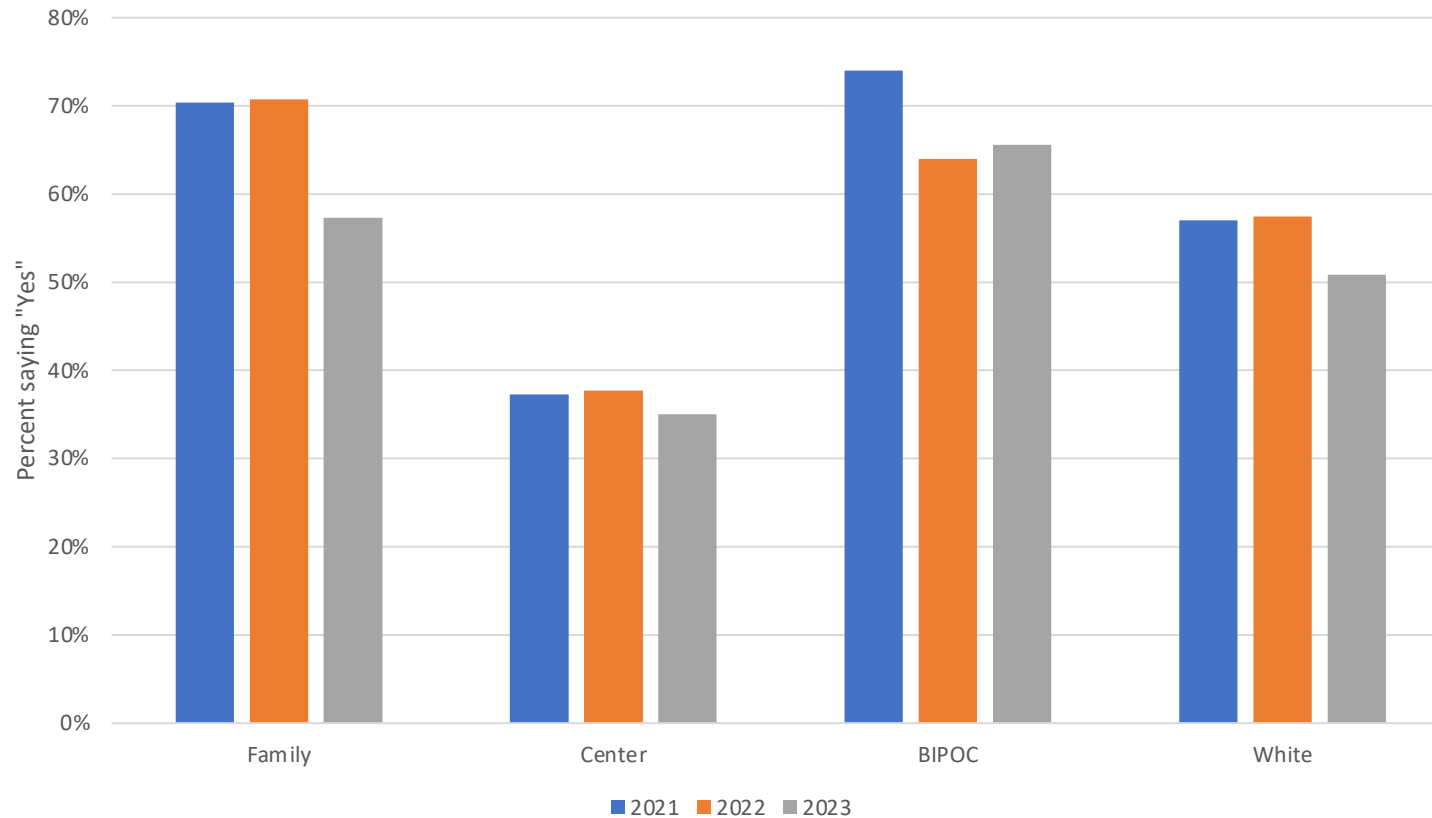


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Impact on Household Income

Has your household income been impacted by financial losses to your child care business during the last year?



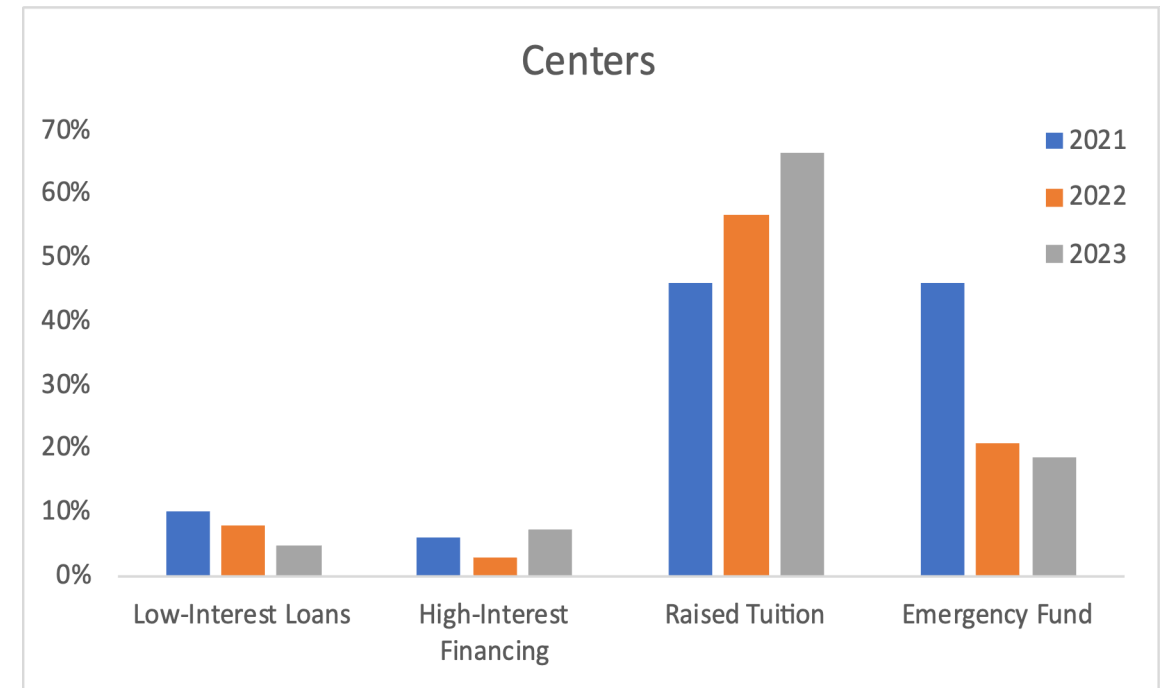
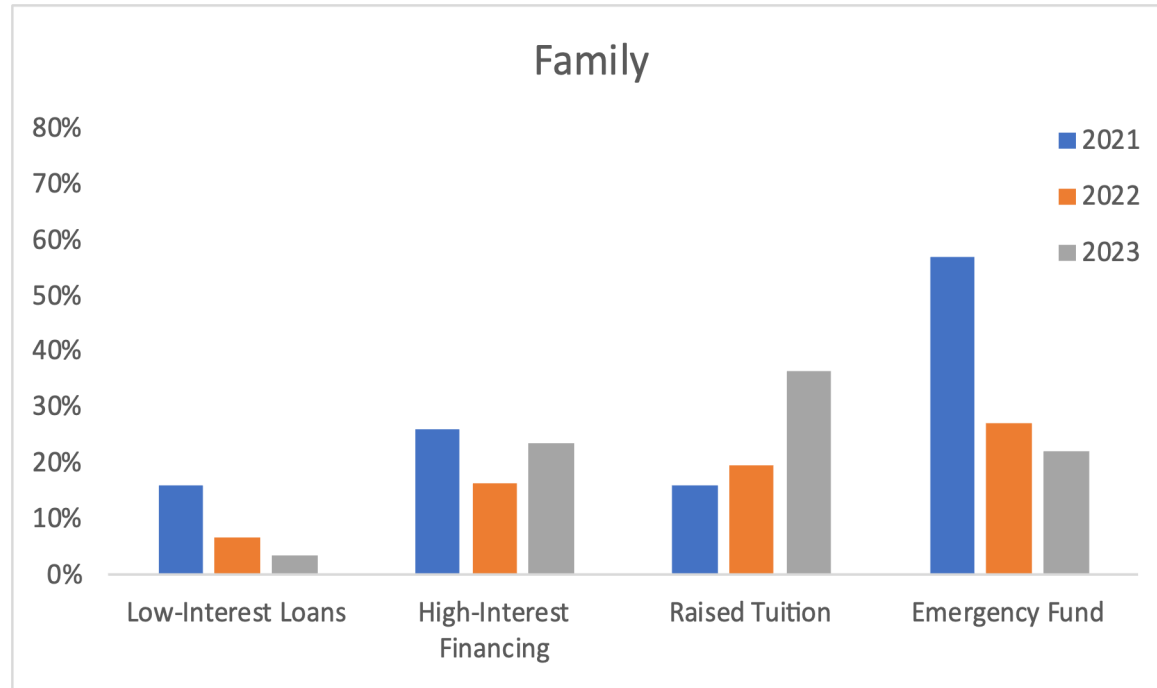
- Slight decrease in number of Family providers reporting adverse impact on household income but still more than 50%
- Continued discrepancies across race all three years



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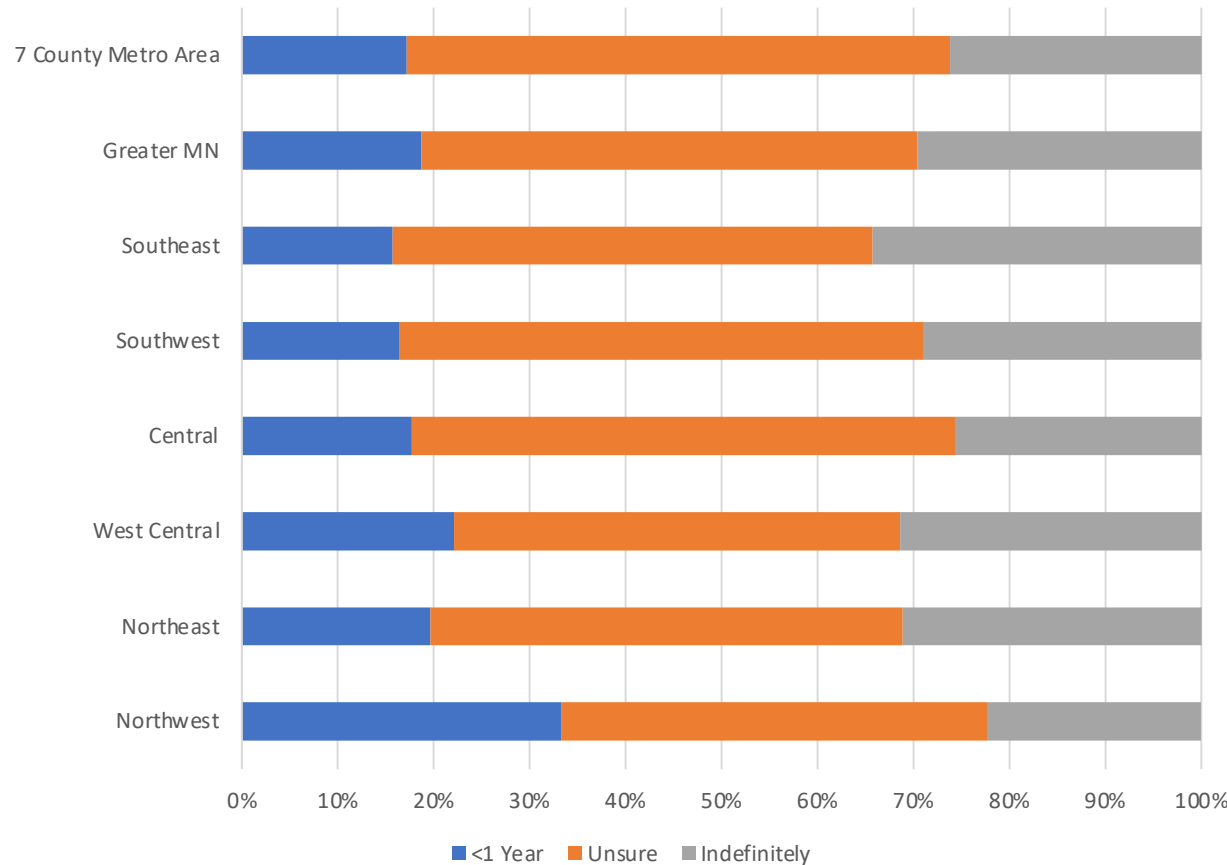
Cashflow Issues



- High -interest financing has jumped back up for Family programs
- 67% of Centers report raising tuition this year
- Family providers more likely in 2023 to pass along costs by raising tuition – went from 20% to almost 40%



Expect to remain in business?



- Relatively consistent compared to 2022 survey with 20% of providers across the state reporting they expect to stay in business for less than one year
- Across all regions, 50% unsure how long they can stay in business
- Similar responses from both family providers and centers



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What would help Minnesota childcare providers stay viable?



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Source: Spring 2023 Minneapolis Fed survey of 1,132 Minnesota child care providers
Graph by David H. Montgomery / Minneapolis Fed



What Minnesota childcare providers say they need

7-county metro

years income high
year keep childcare daycare
food cost much make just afford
get help care rates
program staff can
able families pay
tuition money time child
open none hard everything
children grants going financial expensive

Greater Minnesota

much kids
get business time grant
money program daycare families just
hard pay rates us
help food able
care grants cost
can childcare keep children
increase none open parents
raise make costs



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Source: Spring 2023 Minneapolis Fed survey of 1,132 Minnesota child care providers
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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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