

Welcome

Regional Economic Conditions: Health of the Minnesota Child Care Sector

April 15, 2024



First Children's Finance



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General Survey Information

Survey conducted March 6 – March 17, 2024
Total 1,266 responses (16% of current programs)

Provider Type

Family Provider 72%
Child Care Center 24%
Other 4%

Region

Northwest 5%
Northeast 5%
West Central 9%
Central 16%
Southwest 9%
Southeast 17%
Metro 39%

Race/Ethnicity

Racial/Ethnic Minority 6%
White 78%
Declined to Answer 16%

Gender

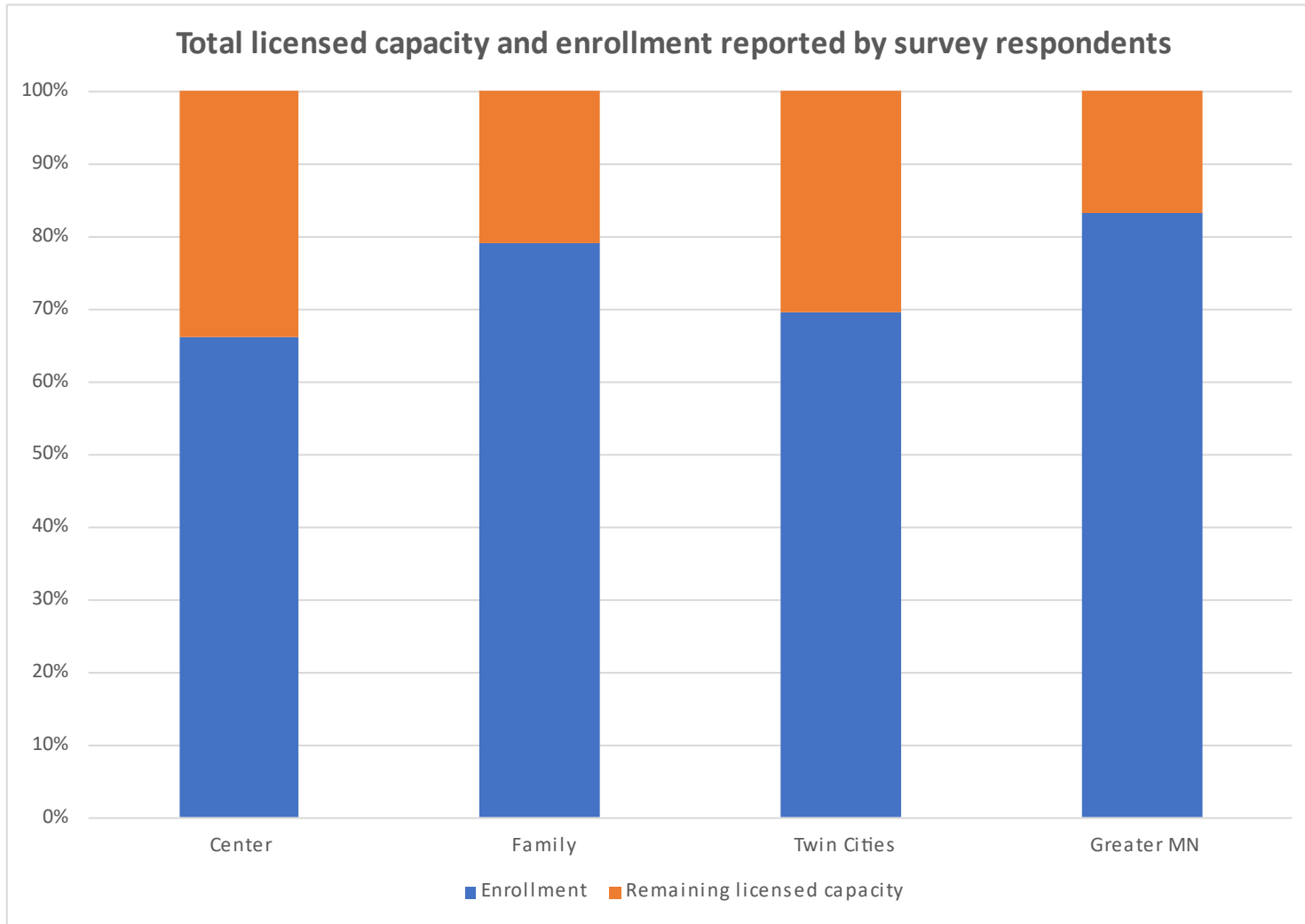
Female 89%
Male 1%
Declined to Answer 10%



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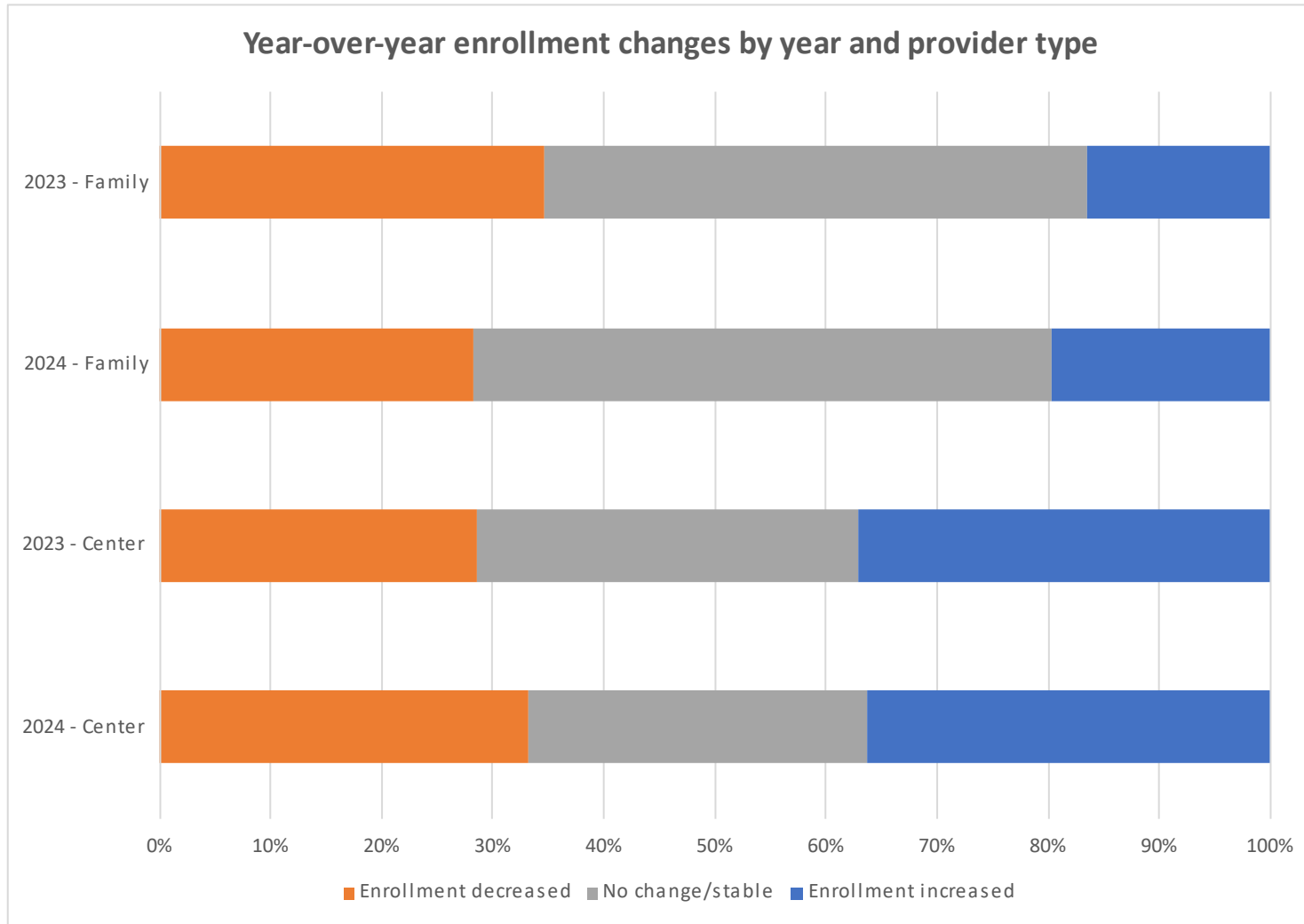
Child Care Enrollment – percentage of licensed capacity



- Industry standard is programs usually operate at 85% of licensed capacity
- Centers operating below capacity
- Family child care and Greater MN programs close to capacity



Child Care Enrollment

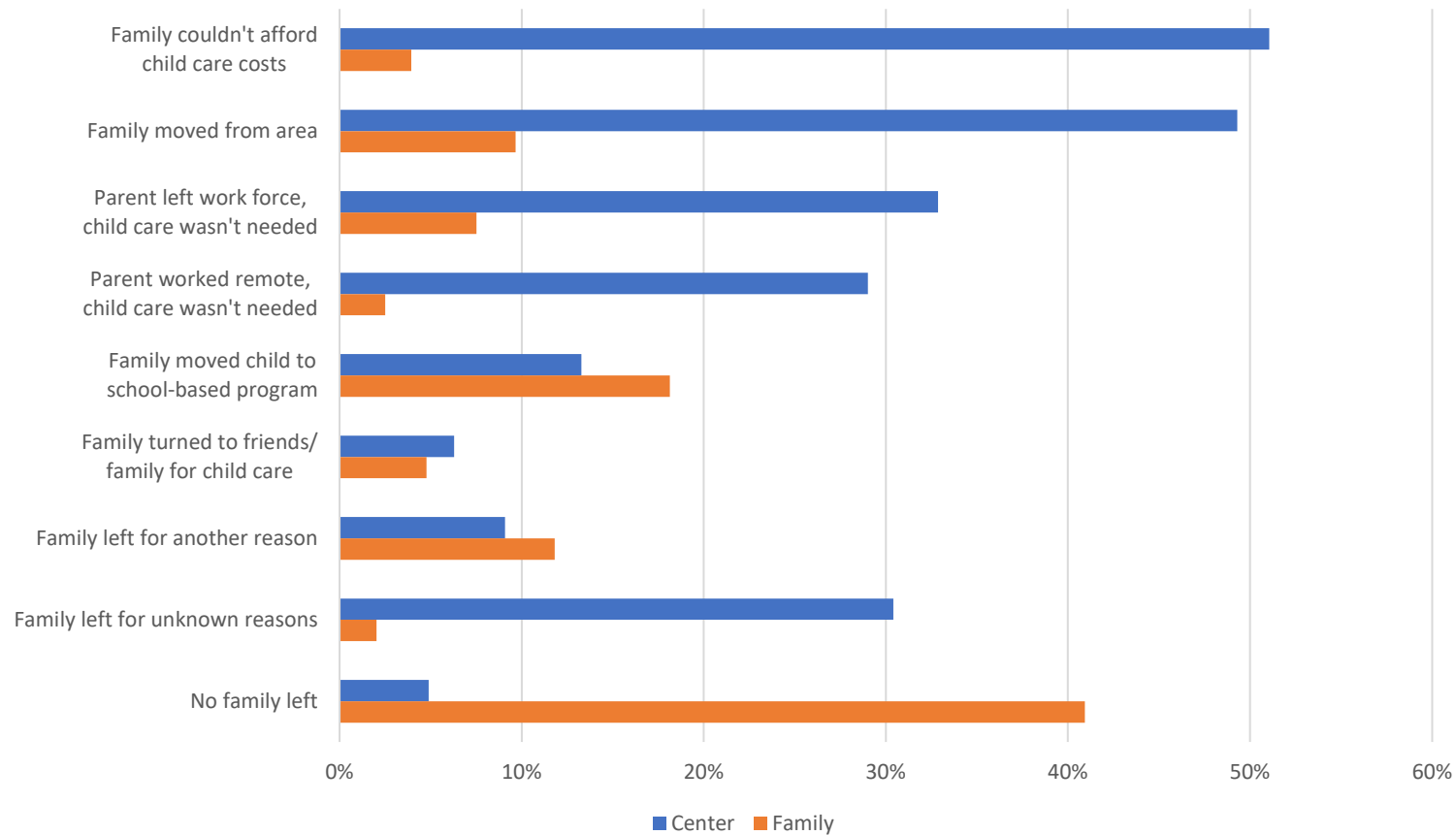


- Enrollment has continued to stabilize
- Majority of all programs report either stable or increased enrollment
- Centers report more decreased enrollment over last year



Trends in the Child Care Market

Did families leave child care in 2023 and if so, why?

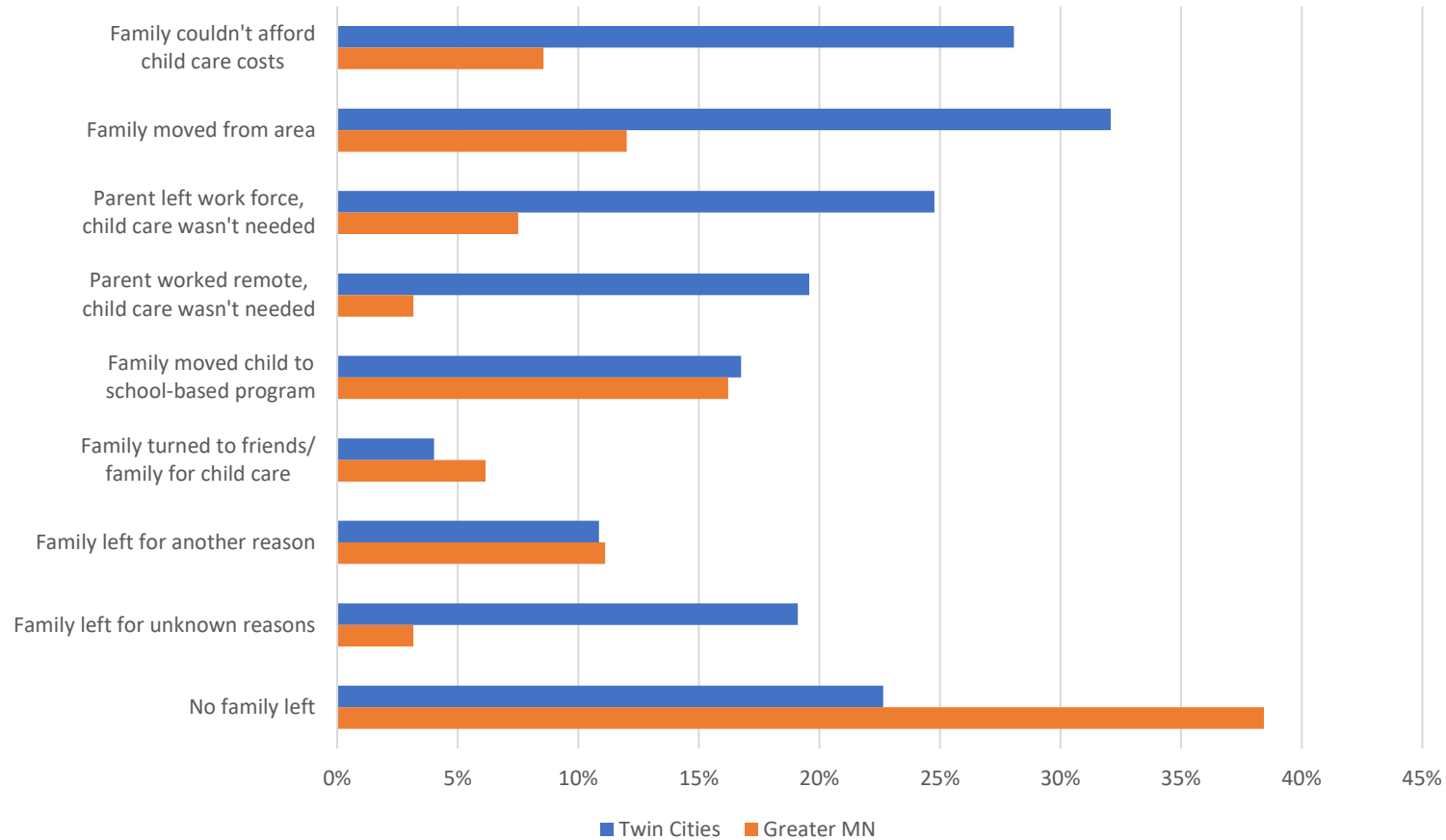


- Stark differences in whether families left their program as reported by family providers and centers
- More centers reported families left due to affordability
- Both family programs and centers report families moving to school-based programs



Trends in the Child Care Market by region

Did families leave child care in 2023 and if so, why?



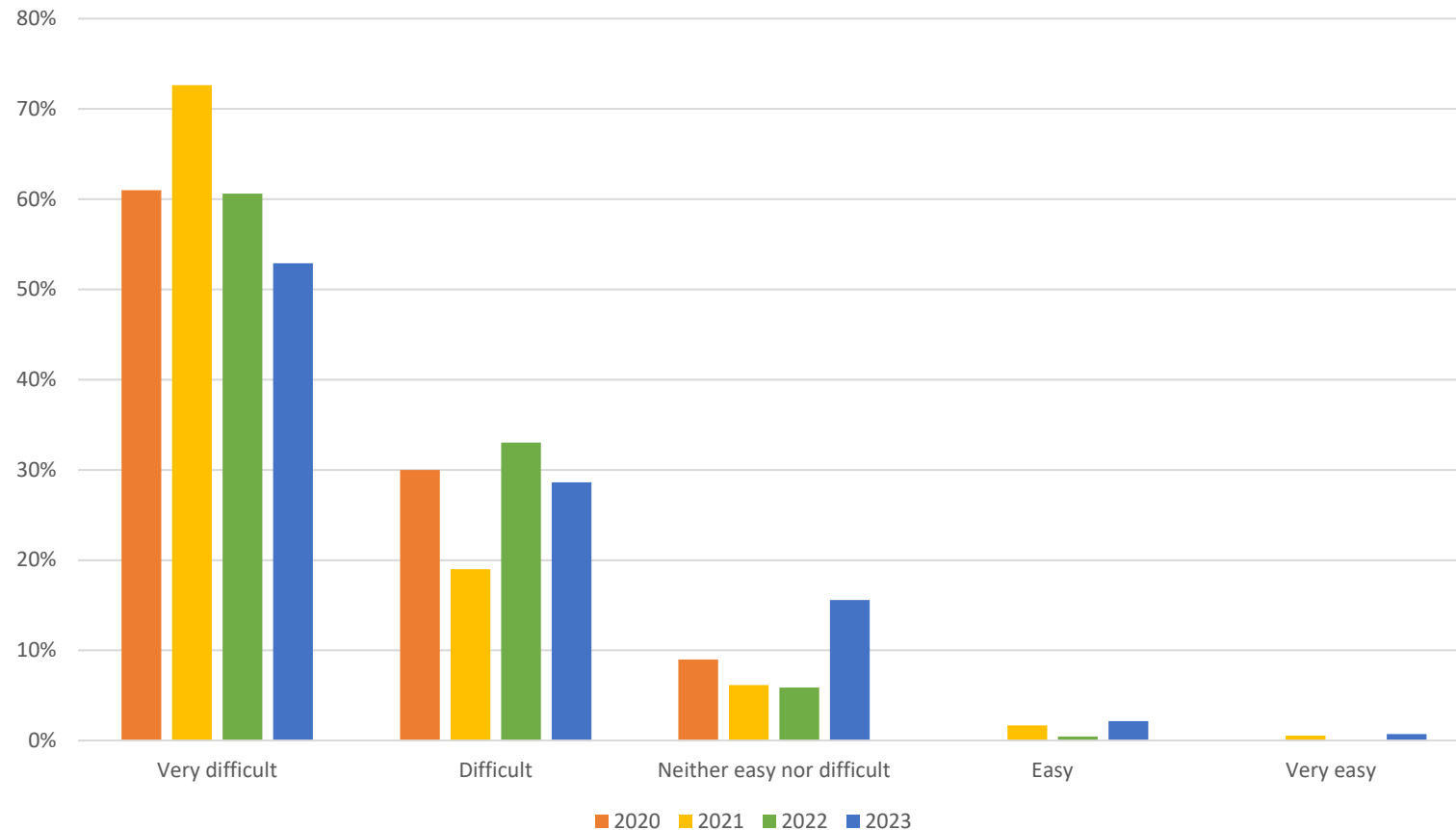
- Affordability more of an issue in the Metro
- Significant regional difference in work from home
- More families stayed with providers in Greater MN





Child Care Center Staffing – hiring

Ease/difficulty centers had hiring qualified employees

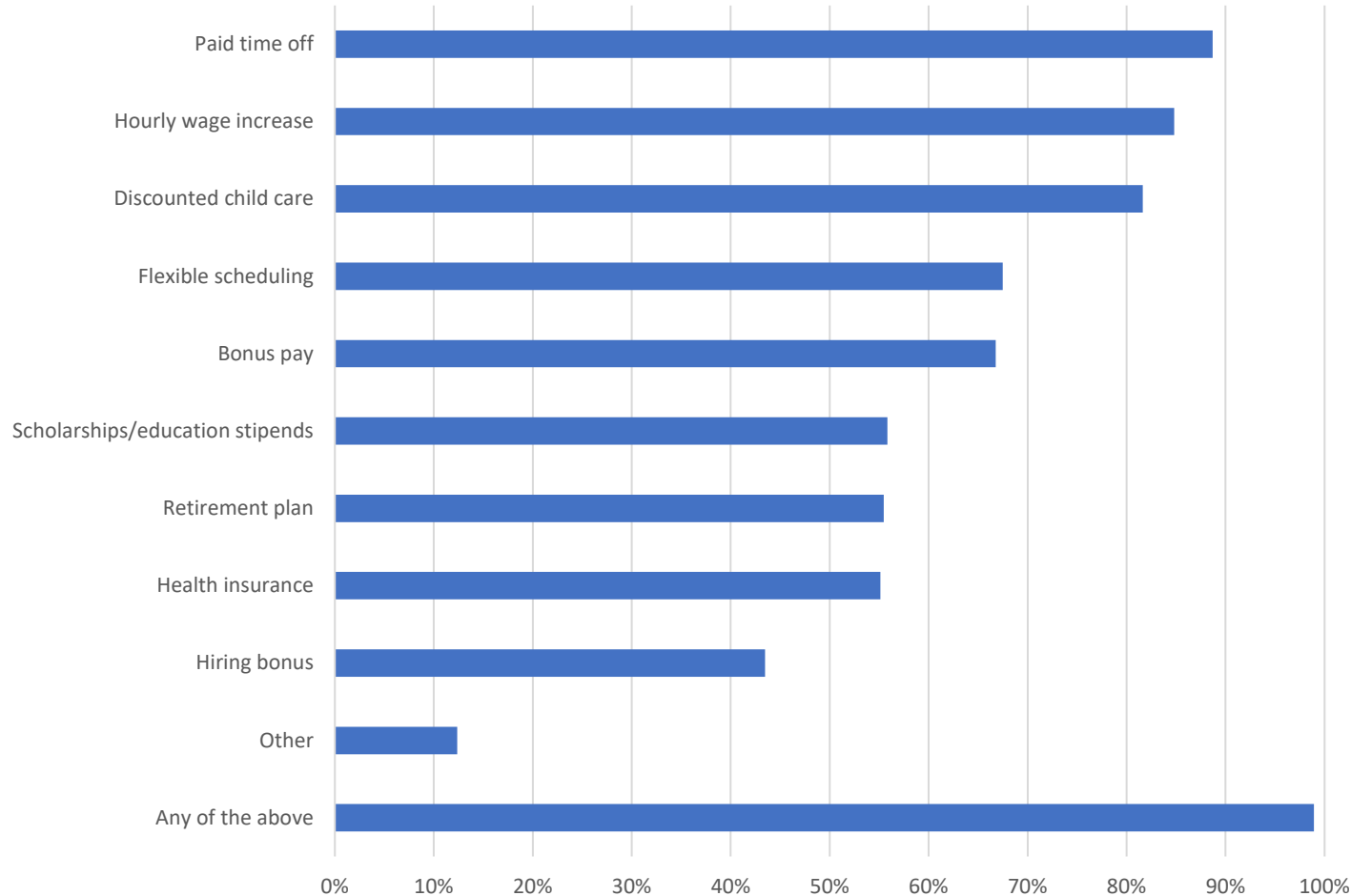


- Centers continue to report difficulty in finding qualified staff
- Some improvement over last year



Child Care Center Staffing – incentives

Incentives centers offered to employees in 2023



- Nearly all centers reported offering incentives beyond compensation to attract or retain employees
- 85% of centers report offering an hourly wage increase

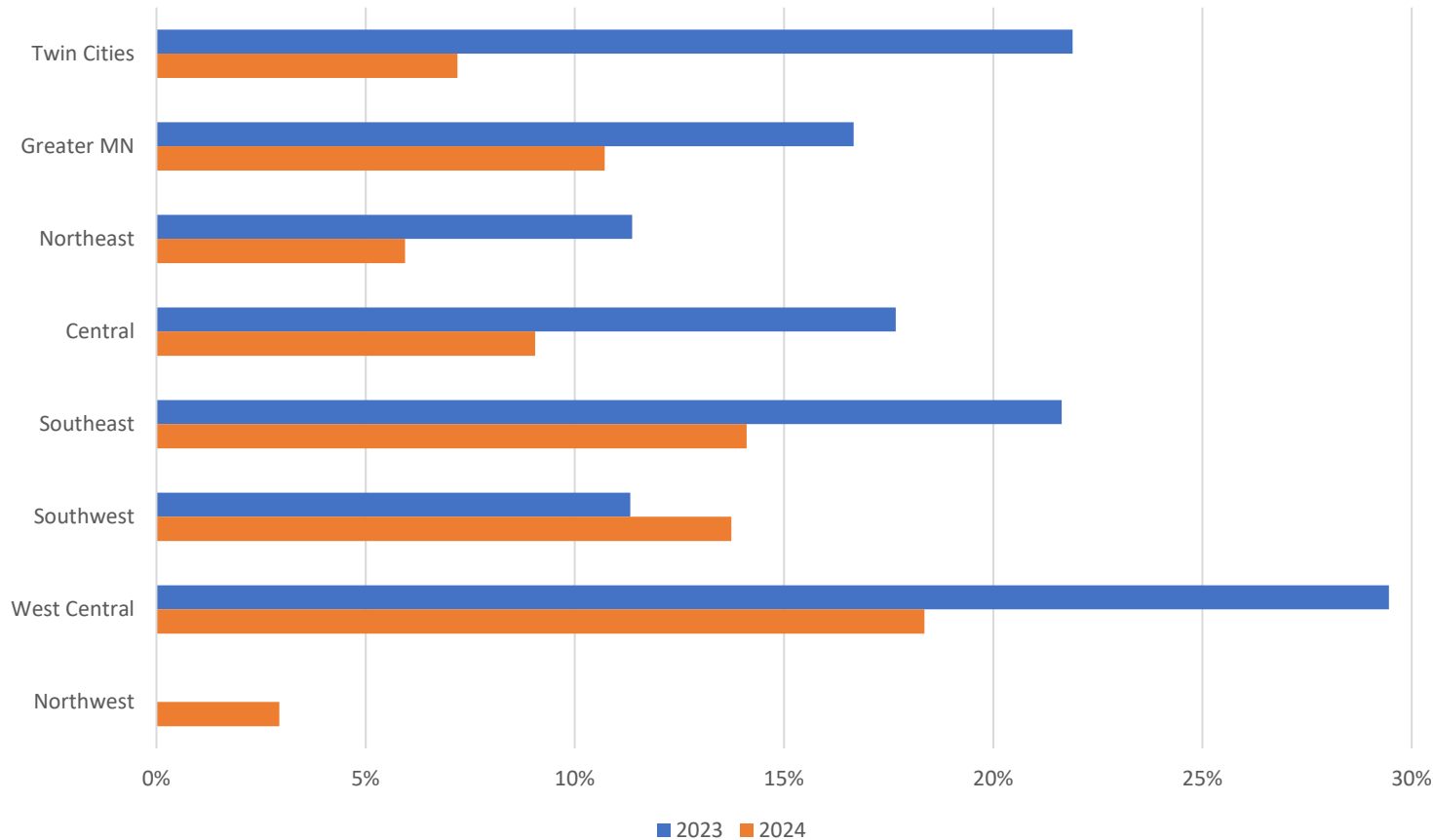


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Child Care Center Staffing – impact on slots

Child care slots unfilled due to lack of teaching staff as a percentage of total enrollment

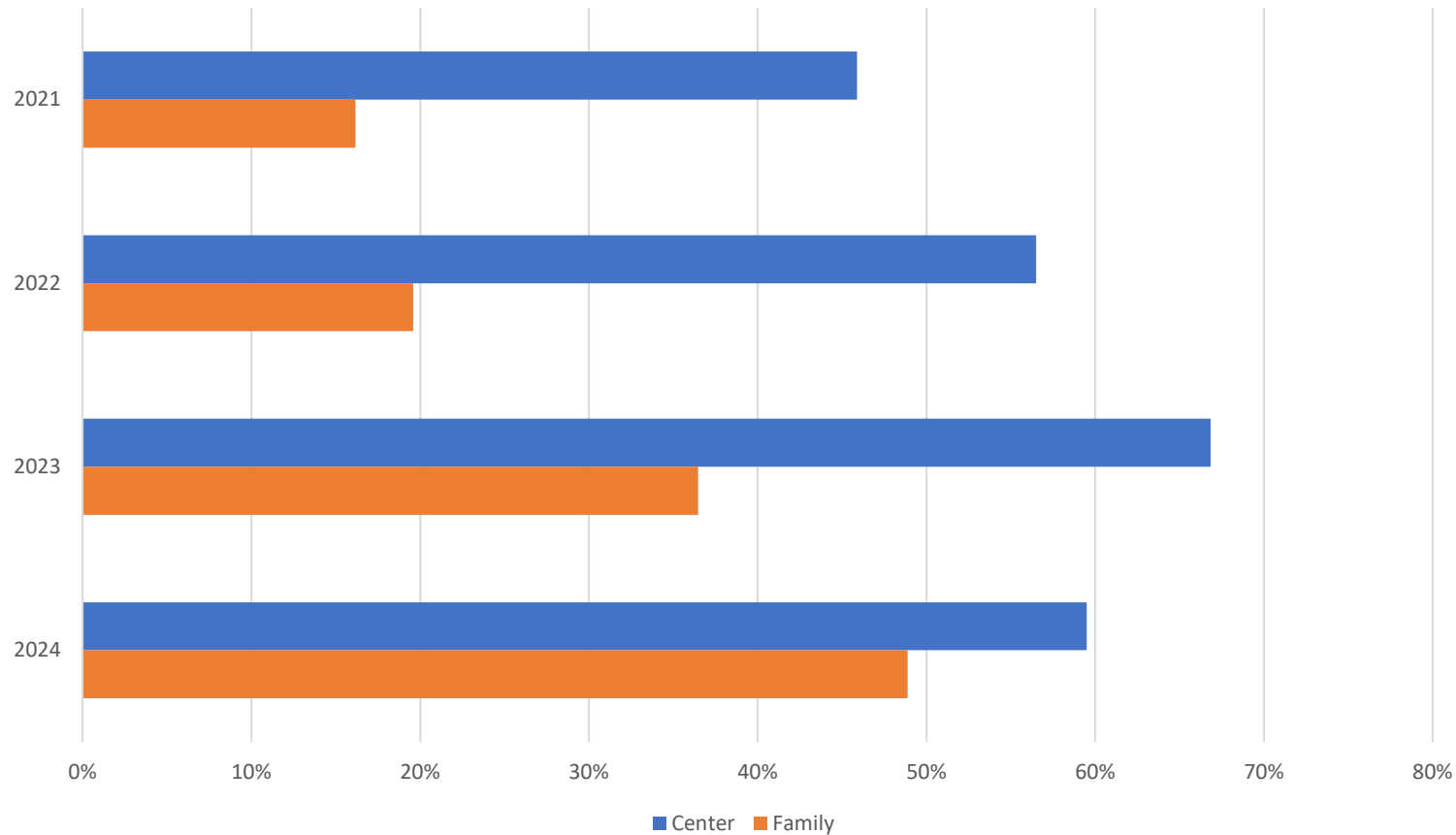


- 42% of centers reported their enrollment capacity was limited by an inability to find staff
- Survey respondents reported more than 710 open teaching positions, directly resulting in 2000+ unavailable child care slots



Managing Expenses – Tuition

Providers who reported increasing tuition



- Fewer centers than last year report raising tuition
- Steady increase in family providers increasing tuition

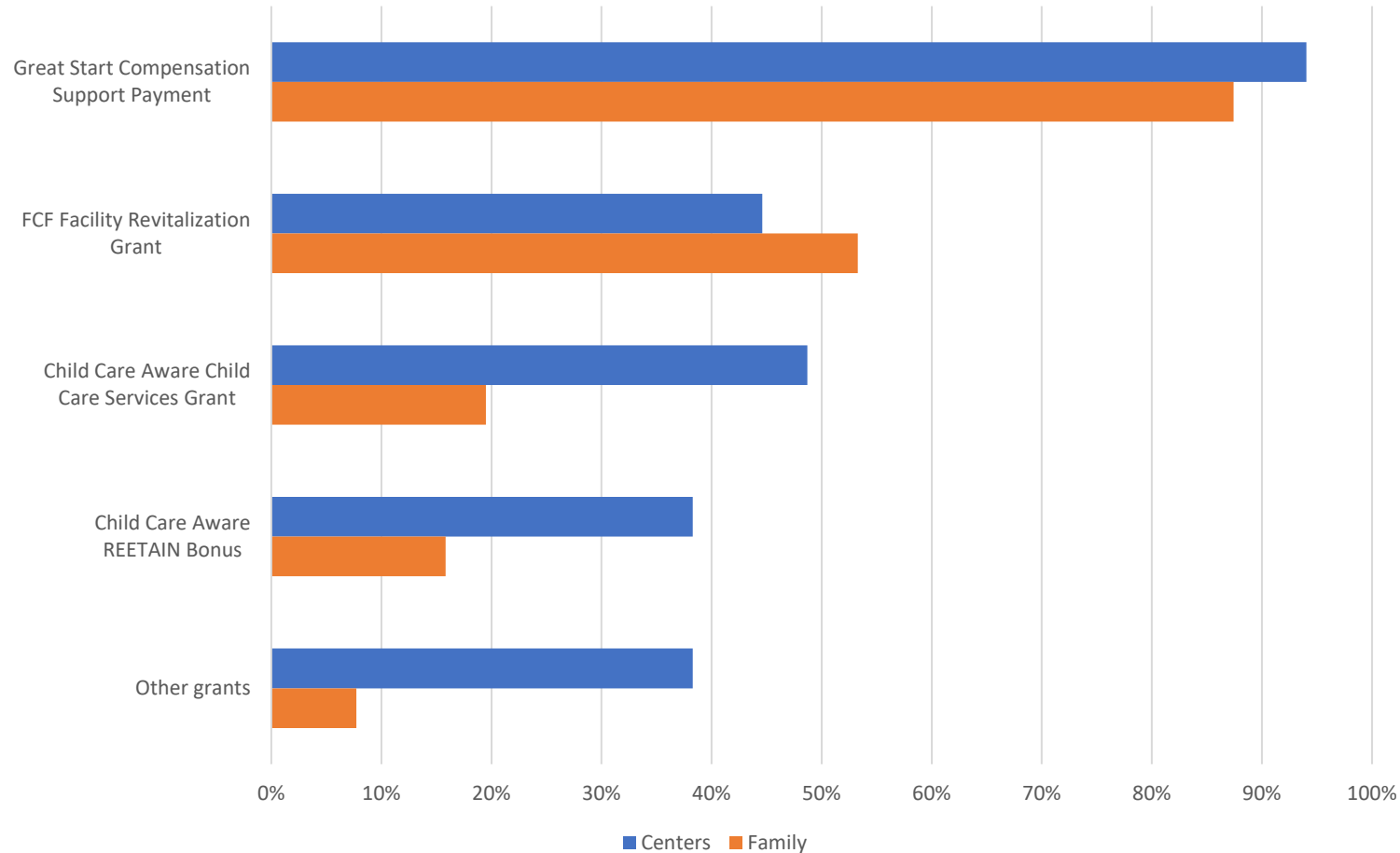


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Managing Expenses – Other Revenue

Providers who reported receiving grants in 2023



- Around 90% of all providers participating in Great Start Compensation Support Payment program
- More centers report accessing other grants compared to family providers

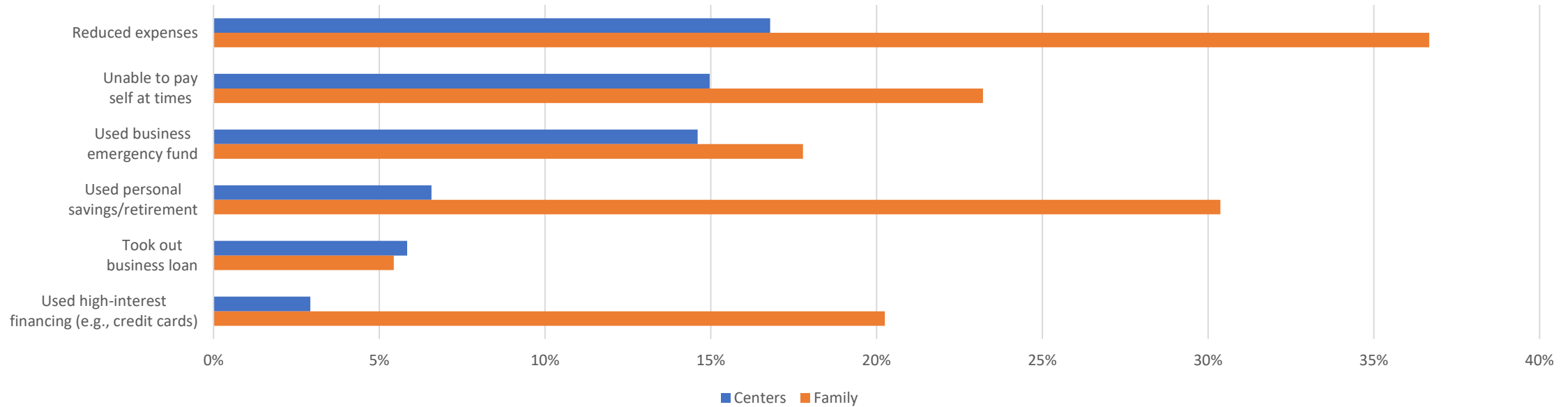


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Managing Expenses – Cashflow

Other actions taken by providers in 2023 to manage their business



- 15% of center directors and 23% of family providers unable to pay themselves at times
- High -interest financing has remains consistent around 20% of family child care providers
- 30% of family child care providers used personal savings

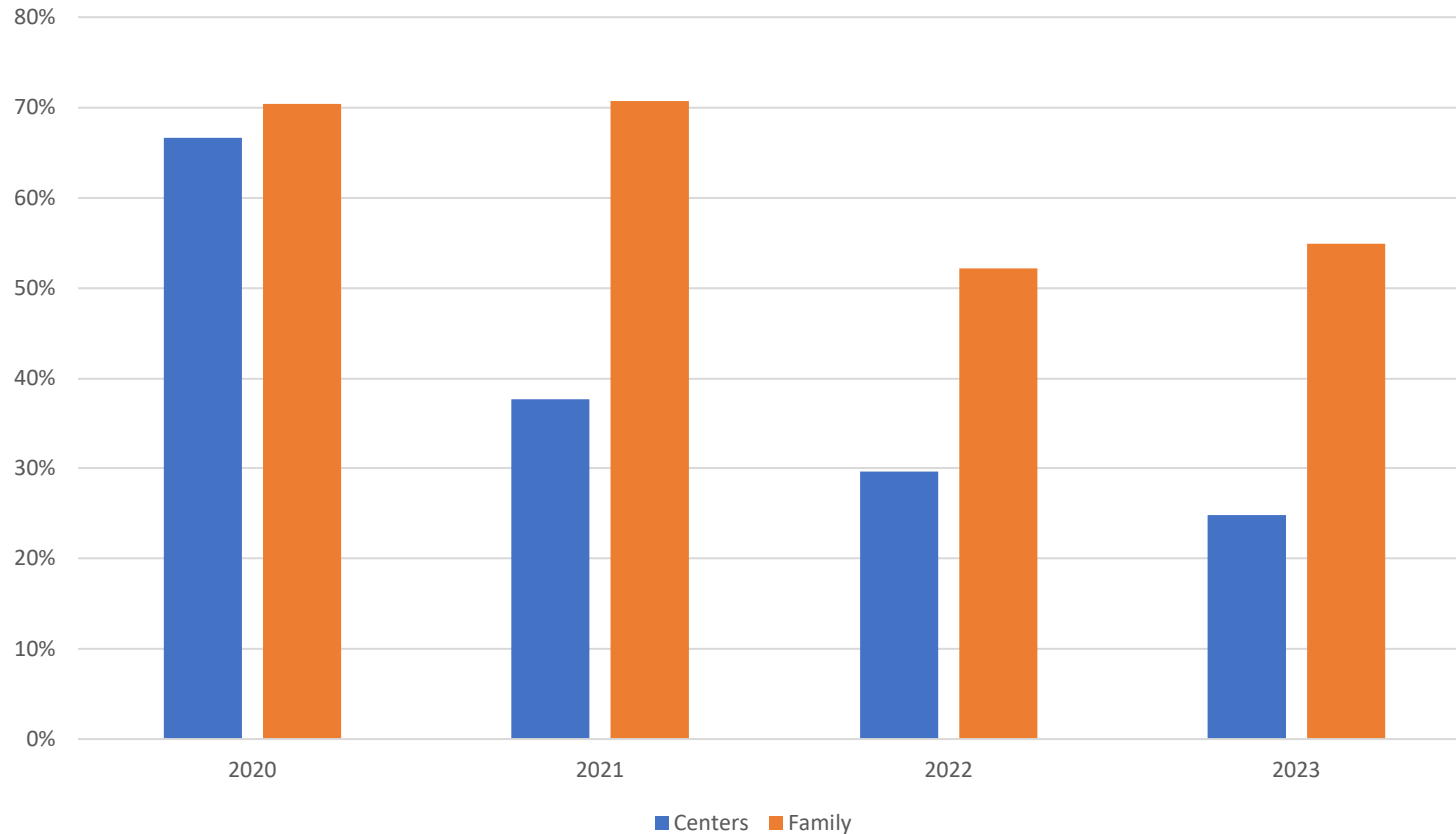


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Impact on Household Income

Share of child care providers who reported that business losses impacted their household income by year of impact



- Steady improvement for child care center owners/directors
- Some improvement for family child care providers but still more than half report that their program adversely impacts their household income

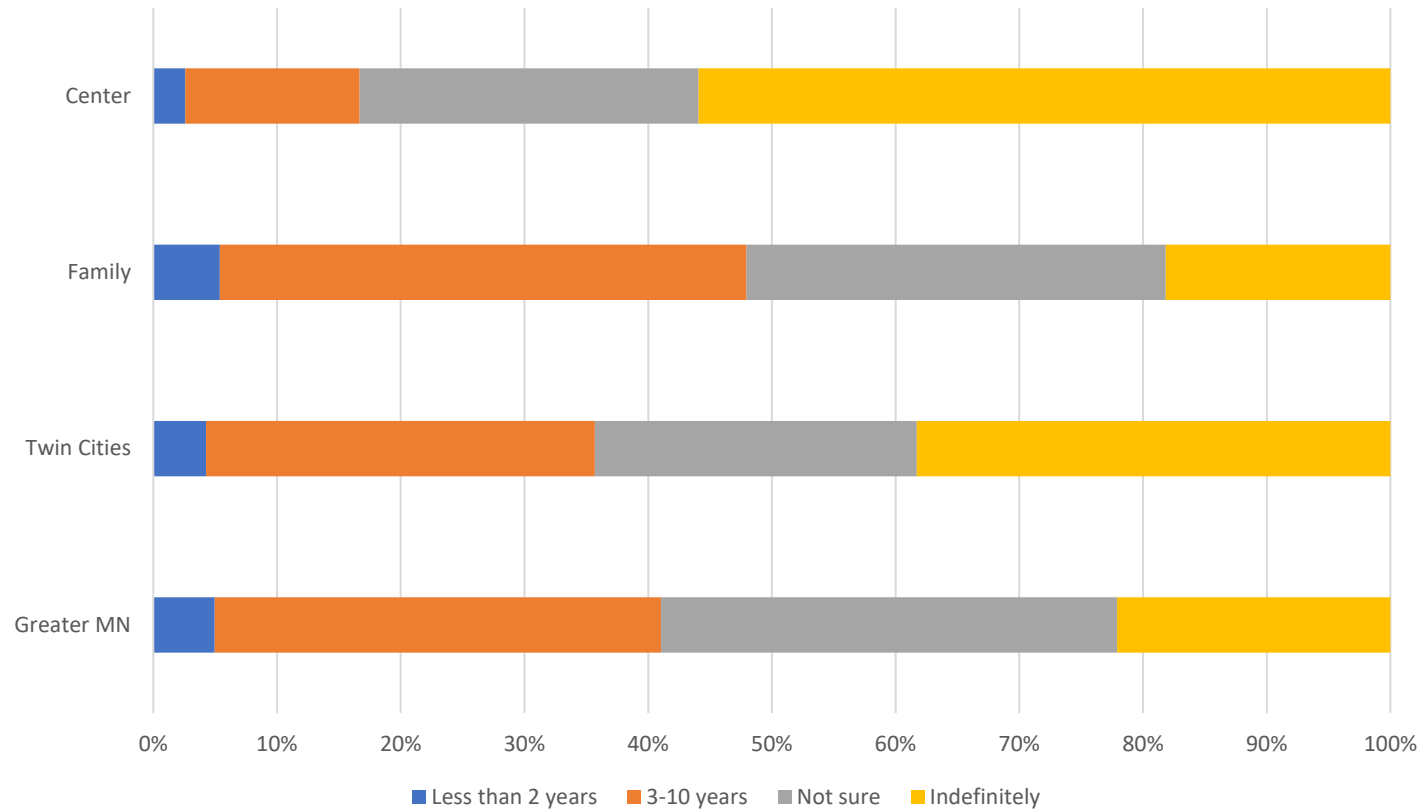


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Expect to remain in business?

How long providers say they expect to remain open



- Improvement in center confidence
- 27% of centers and 34% of family providers uncertain
- More uncertainty in Greater Minnesota than in the Metro

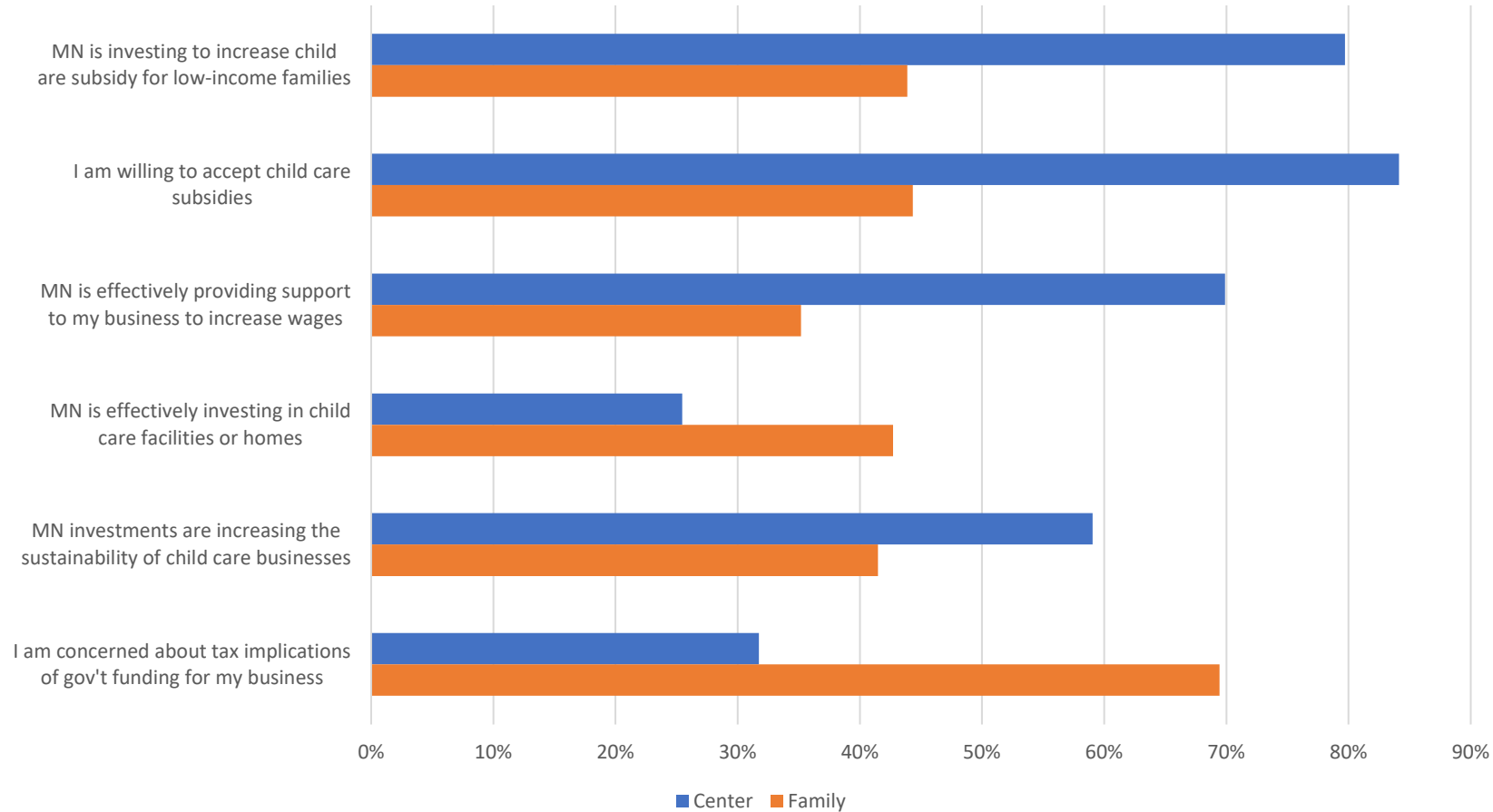


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Outlook

Child care providers who agree with certain opinion statements about state policy



Gap in how child care centers and family child care providers perceive state policies

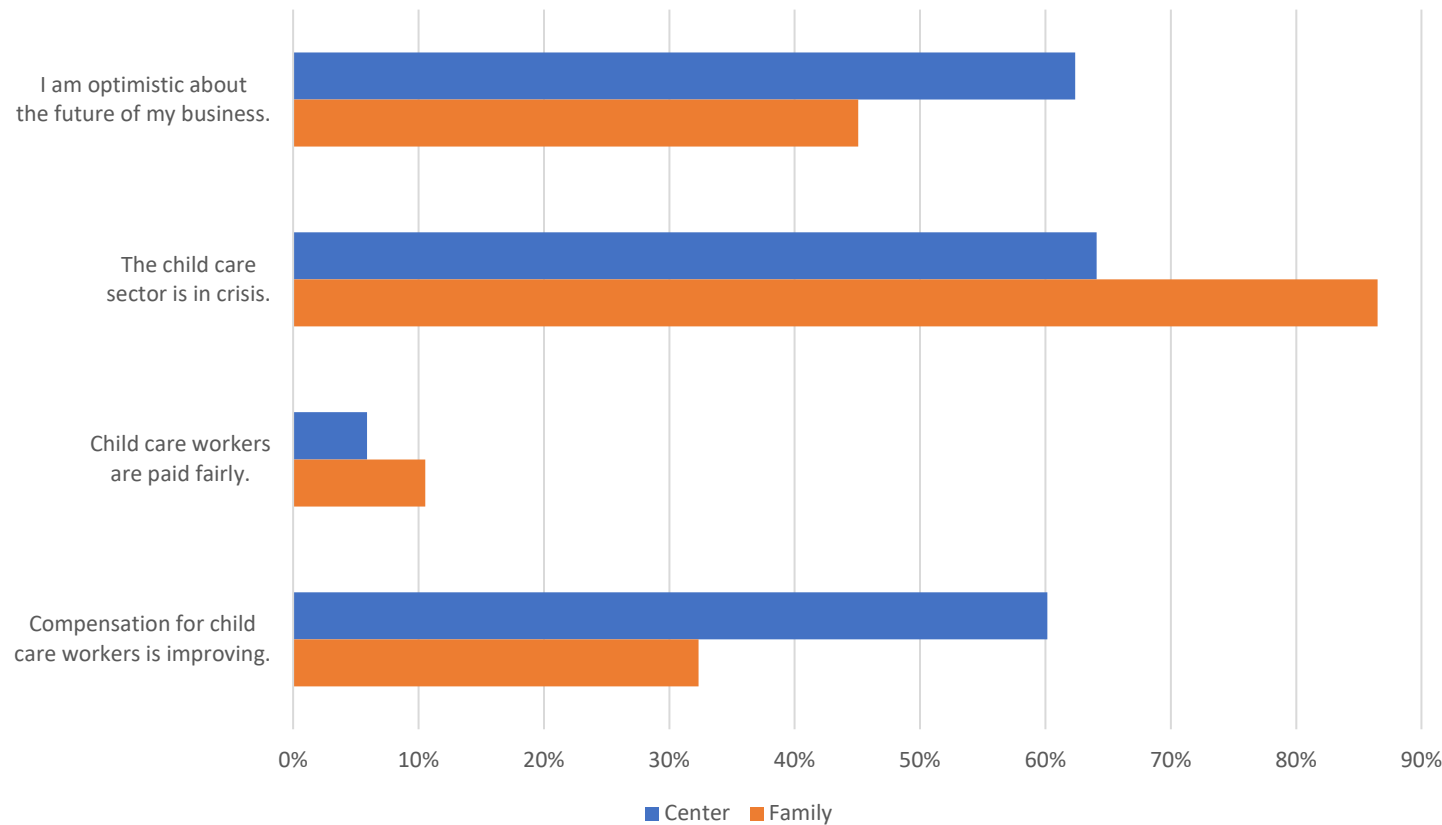


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Outlook, continued

Child care providers who agree with certain opinion statements about their industry



- Broad agreement that the child care sector is in crisis
- Yet, both family providers and child care centers express some optimism
- Broad agreement that child care sector is not paid fairly



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 Tu-Uyen Tran at:

[Tu-Uyen.Tran@mpls.frb.org](mailto:TU-Uyen.Tran@mpls.frb.org)

Websites

www.firstchildrensfinance.org

www.ruralchildcare.org

www.minneapolisfed.org



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