Welcome

Regional Economic Conditions: Health of the Minnesota Child Care Sector

April 15, 2024

First Children’s Finance
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%
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

- 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

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

- Family couldn't afford child care costs
- Family moved from area
- Parent left work force, child care wasn't needed
- Parent worked remote, child care wasn't needed
- Family moved child to school-based program
- Family turned to friends/family for child care
- Family left for another reason
- Family left for unknown reasons
- No family left

FEDERAL RESERVE BANK OF MINNEAPOLIS
Trends in the Child Care Market by region

- 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

- Centers continue to report difficulty in finding qualified staff.
- Some improvement over last year.
Child Care Center Staffing – incentives

- Nearly all centers reported offering incentives beyond compensation to attract or retain employees.
- 85% of centers report offering an hourly wage increase.
Child Care Center Staffing – impact on slots

• 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

• Fewer centers than last year report raising tuition

• Steady increase in family providers increasing tuition
Managing Expenses – Other Revenue

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

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

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

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

- MN is investing to increase child care subsidy for low-income families
- I am willing to accept child care subsidies
- MN is effectively providing support to my business to increase wages
- MN is effectively investing in child care facilities or homes
- MN investments are increasing the sustainability of child care businesses
- I am concerned about tax implications of gov’t funding for my business

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

- 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

Websites

www.firstchildrensfinance.org

www.ruralchildcare.org

www.minneapolisfed.org