

Welcome

Regional Economic Conditions: Health of the Minnesota Child Care Sector

April 2, 2025



First Children's Finance



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General Survey Information

Survey conducted February 26 – March 10, 2025

Total 602 responses (8% of current licensed programs in MN)

Provider Type

Family Provider 77%
Child Care Center 20%
Other 3%

Region

Northwest 5%
Northeast 5%
West Central 9%
Central 18%
Southwest 12%
Southeast 18%
Metro 33%

Race/Ethnicity

Racial/Ethnic Minority 9%
White 81%
Declined to Answer 10%

Gender

Female 96%
Male 1%
Declined to Answer 3%

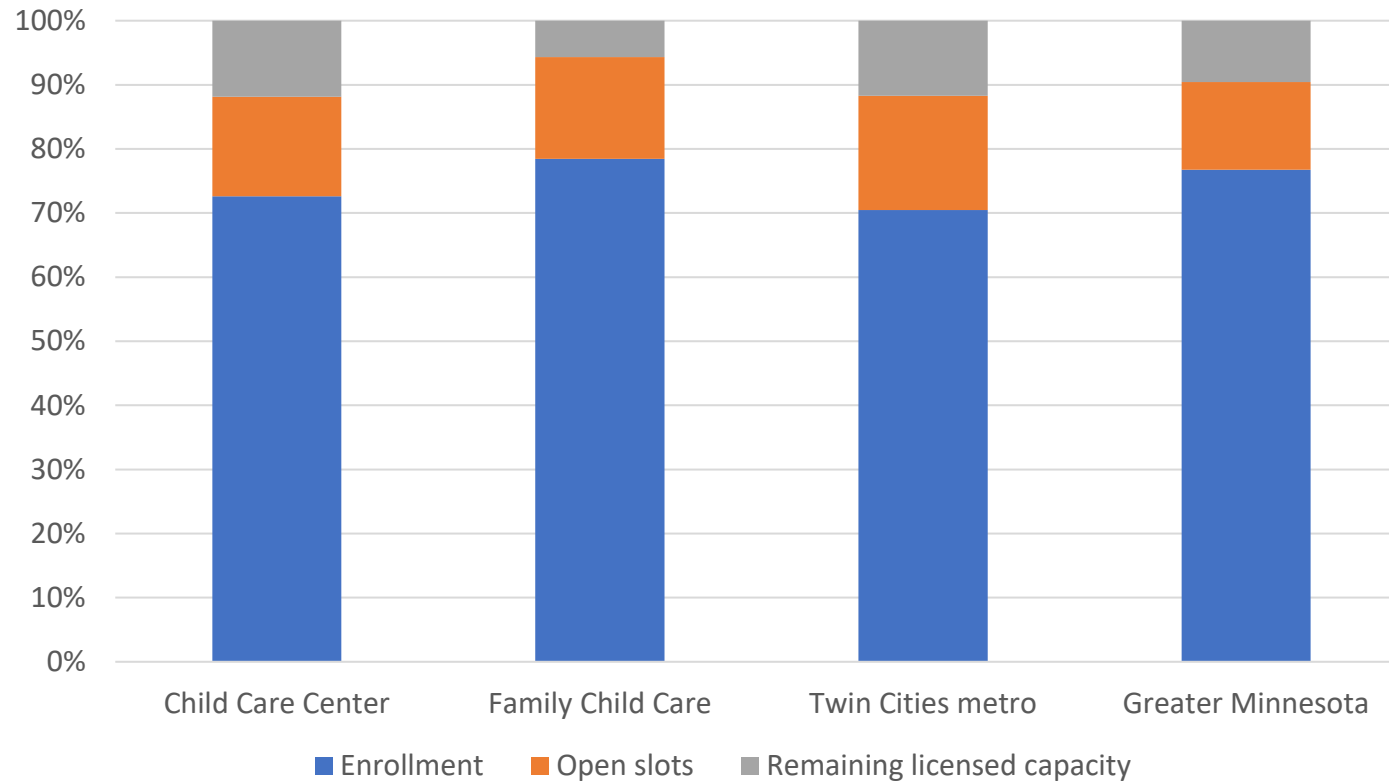


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Child Care Enrollment – percentage of licensed capacity

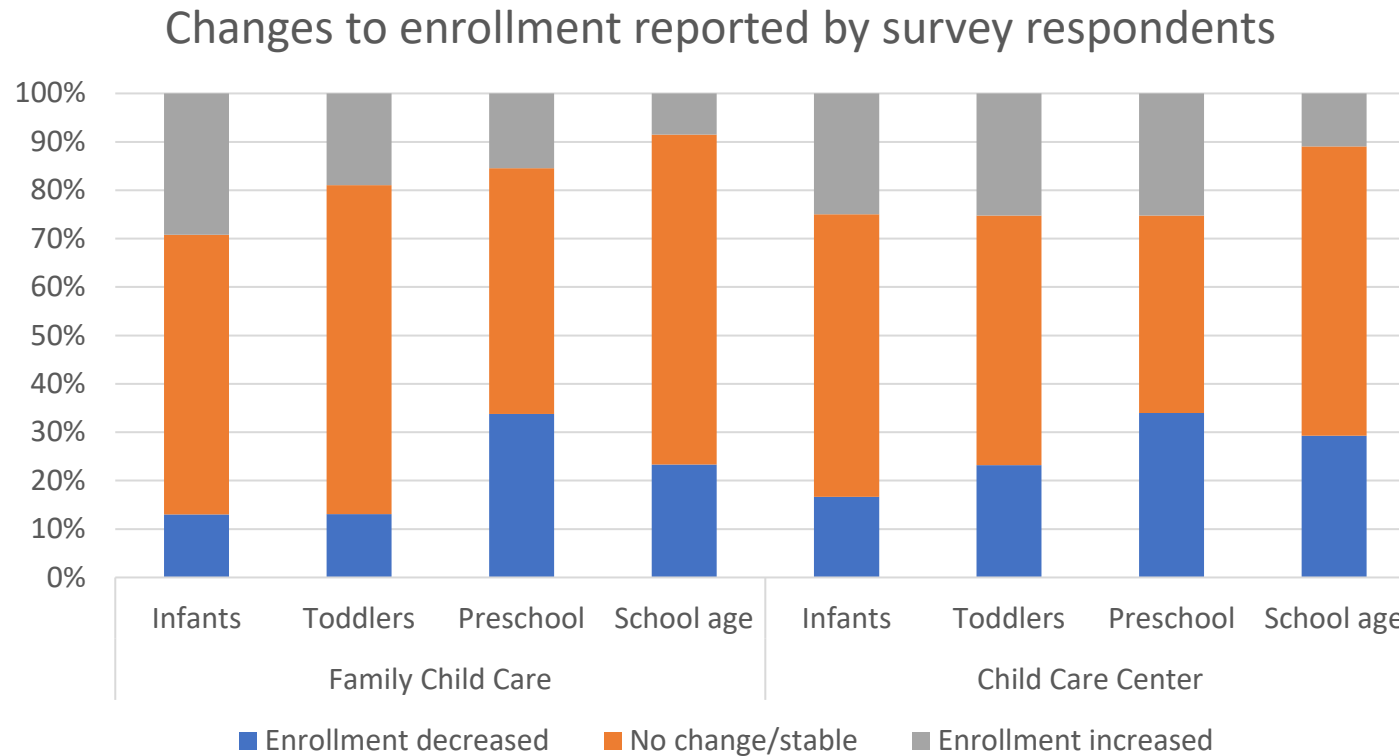
Total licensed capacity, enrollment, and open slots reported by survey respondents



- Industry standard is programs usually operate at 85% of licensed capacity
- Centers operating at higher percentage of capacity from last year
- Family child care and Greater MN programs closer to capacity



Child Care Enrollment by Age

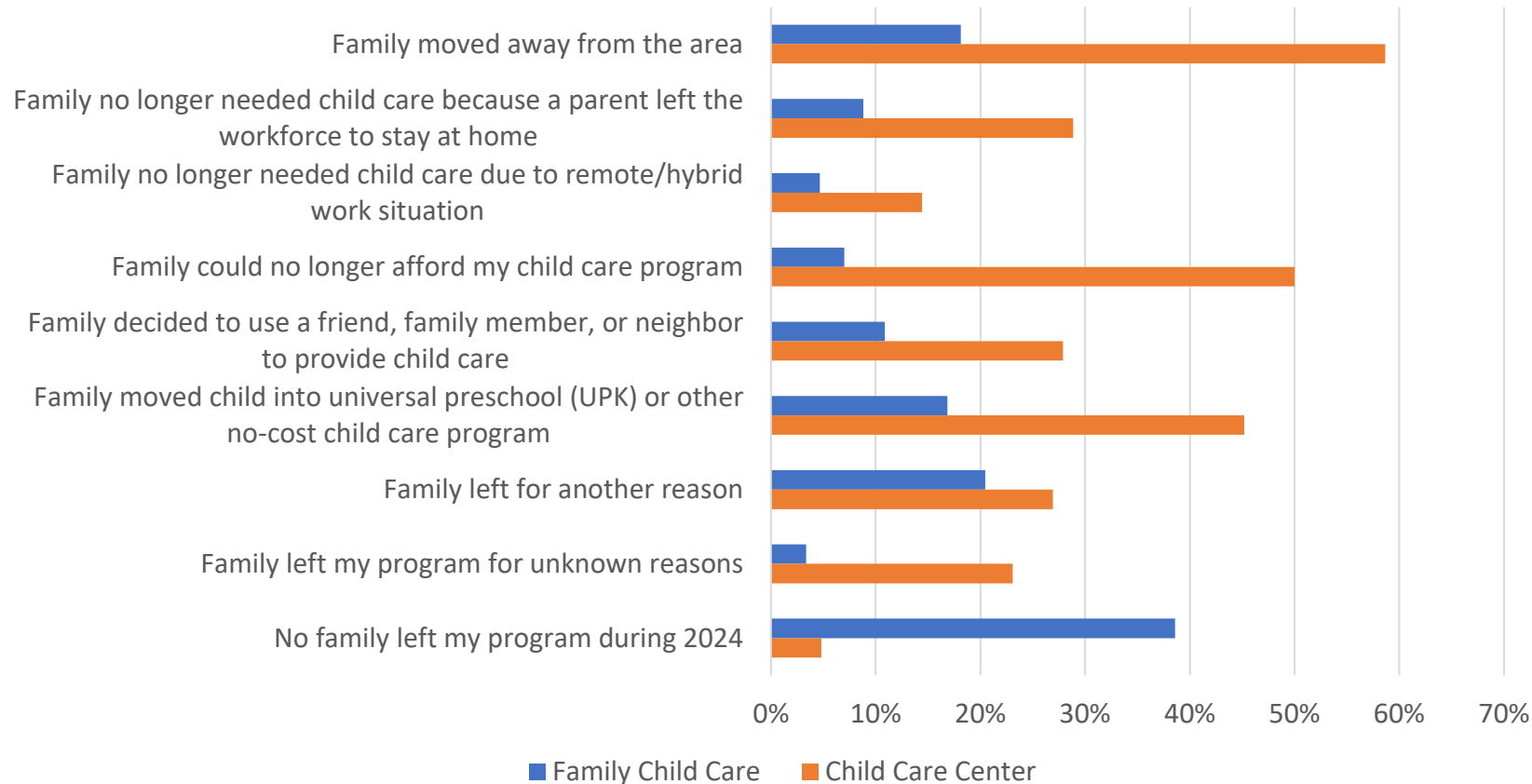


- Enrollment mostly stable for all ages; more stable/increase for infants and toddlers
- Greater decreases in enrollment of older children
- One-third of all programs report decreased preschool enrollment



Trends in the Child Care Market by Program Type

Did family leave child care in 2024 and if so, why?



- Increase in families relocating; more in Metro than Greater Minnesota
- More centers report families leaving due to affordability
- Significant increase in centers that report families moving to school-based programs

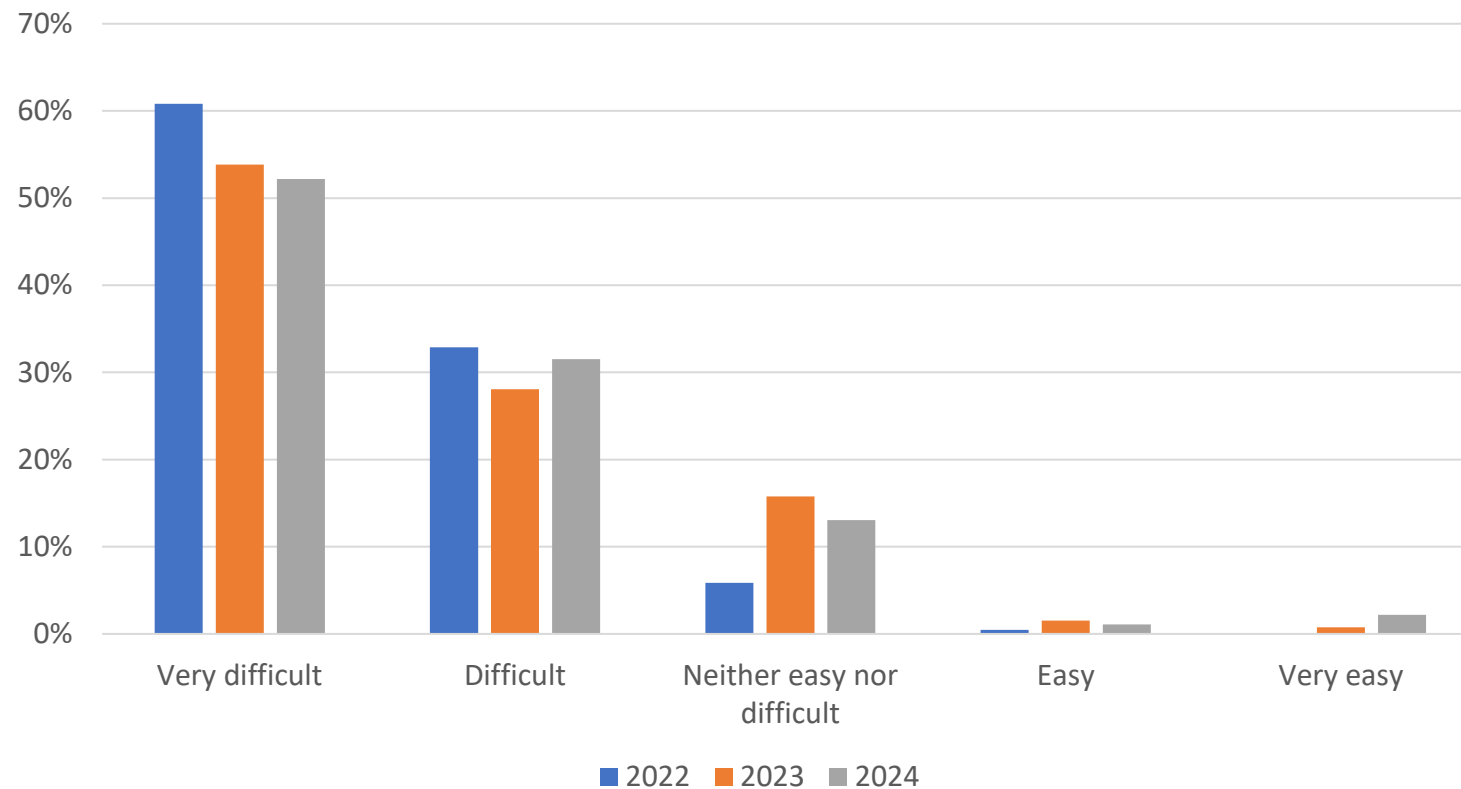


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Child Care Center Staffing – hiring

Ease/difficulty centers had hiring qualified employees

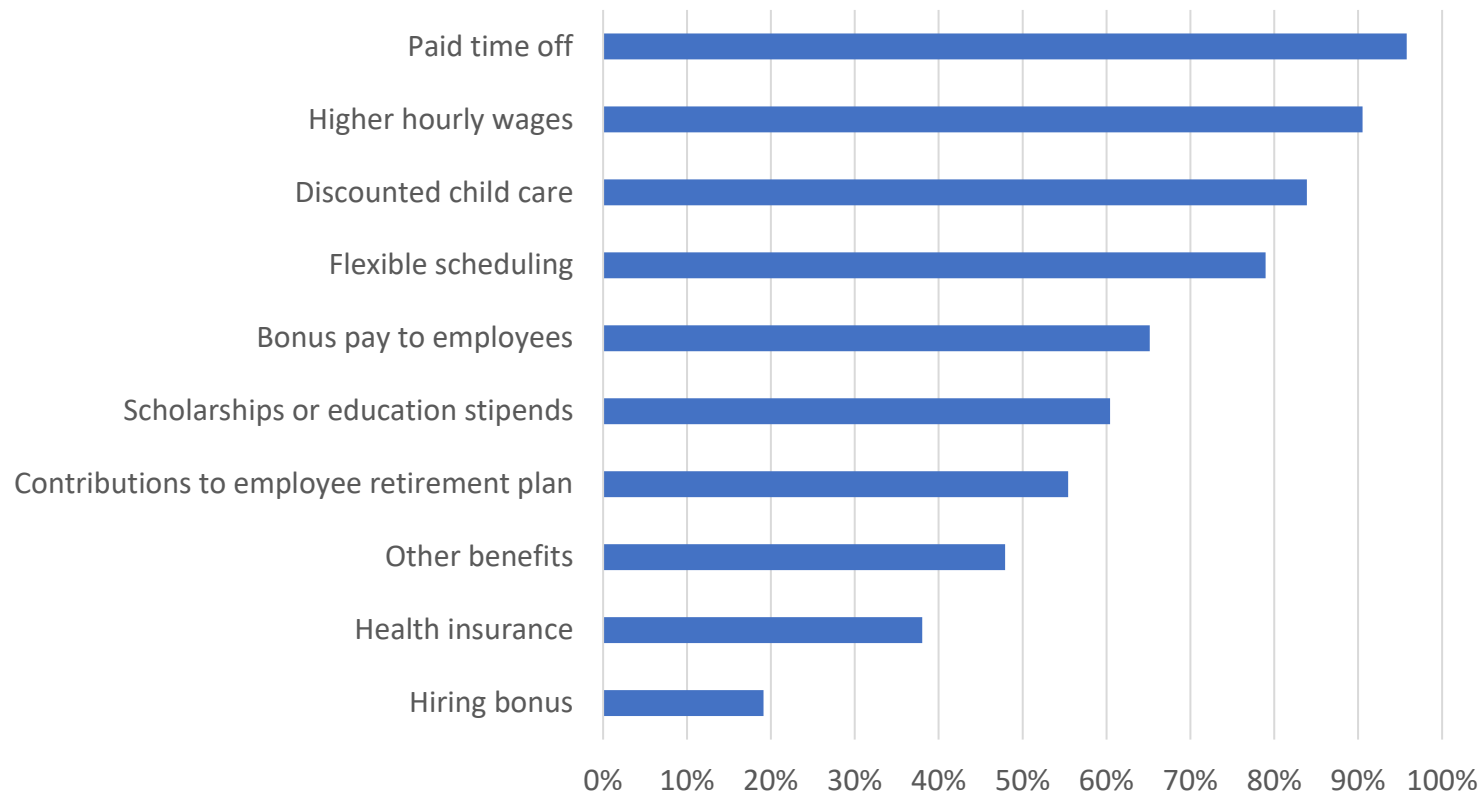


- Centers continue to report difficulty in finding qualified staff
- Largely the same as last two years



Child Care Center Staffing – incentives

Incentives centers offered to employees in 2024



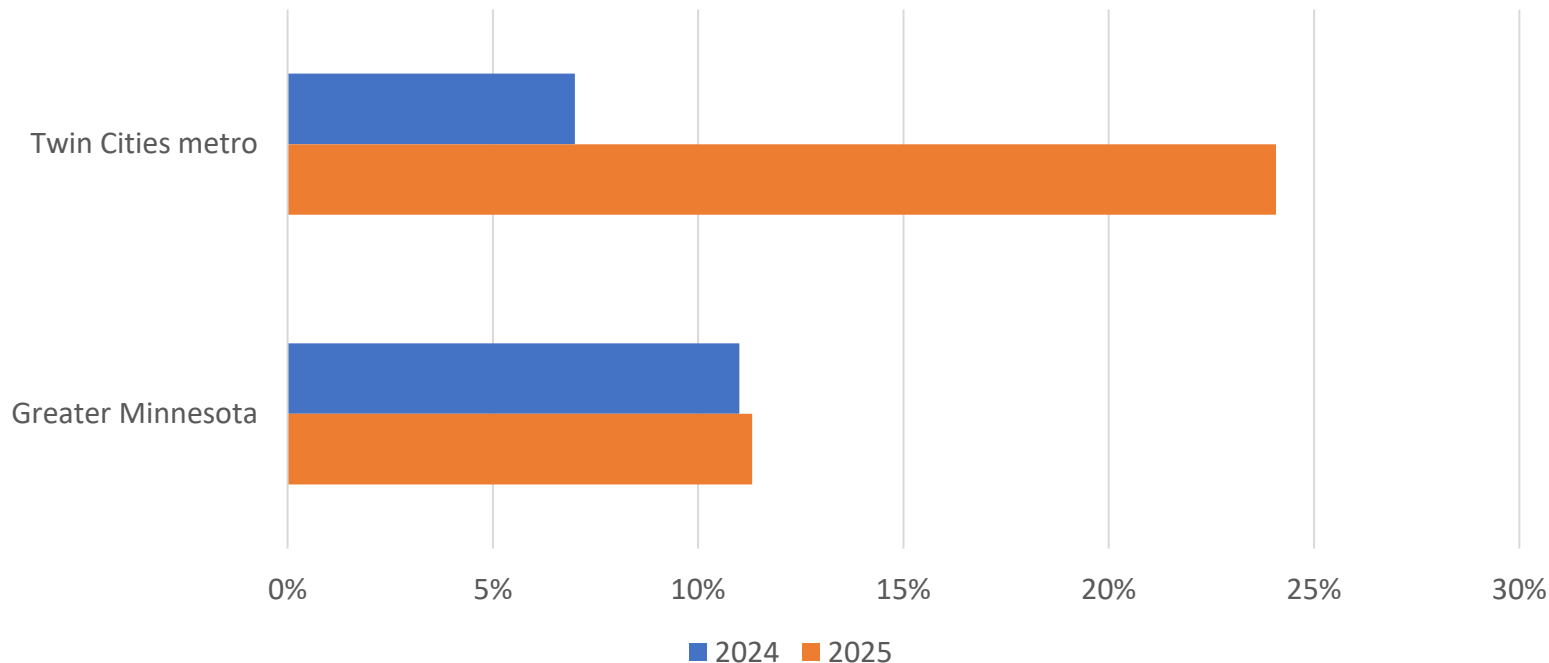
- Nearly all centers reported offering incentives beyond compensation to attract or retain employees
- 91% of centers report offering an hourly wage increase





Child Care Center Staffing – impact on slots

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



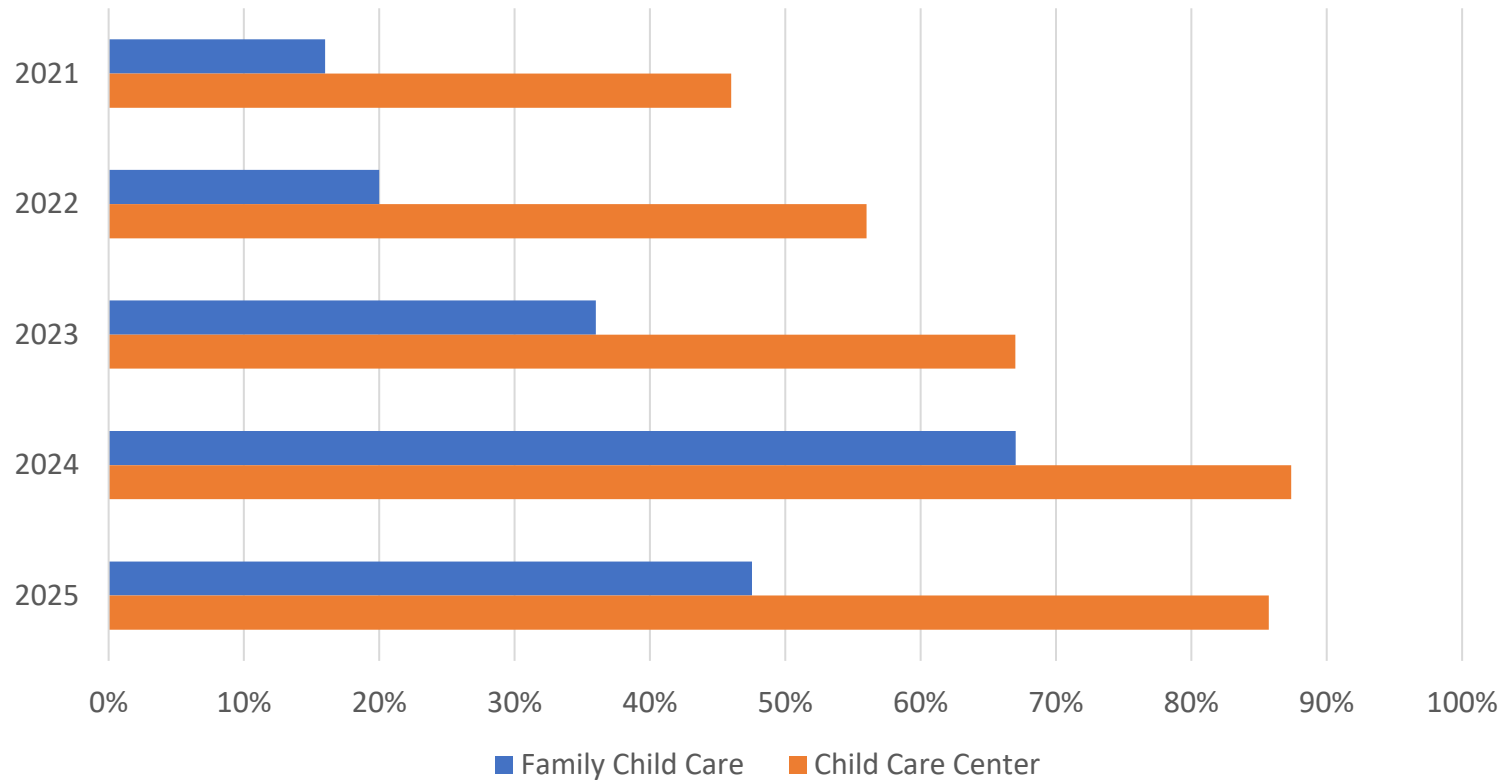
- 54% of centers reported their current enrollment was limited by an inability to find staff
- Survey respondents reported more than 215 open teaching positions, directly resulting in 1745 unavailable child care slots





Managing Revenue & Expenses – Tuition

Providers who reported increasing tuition



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

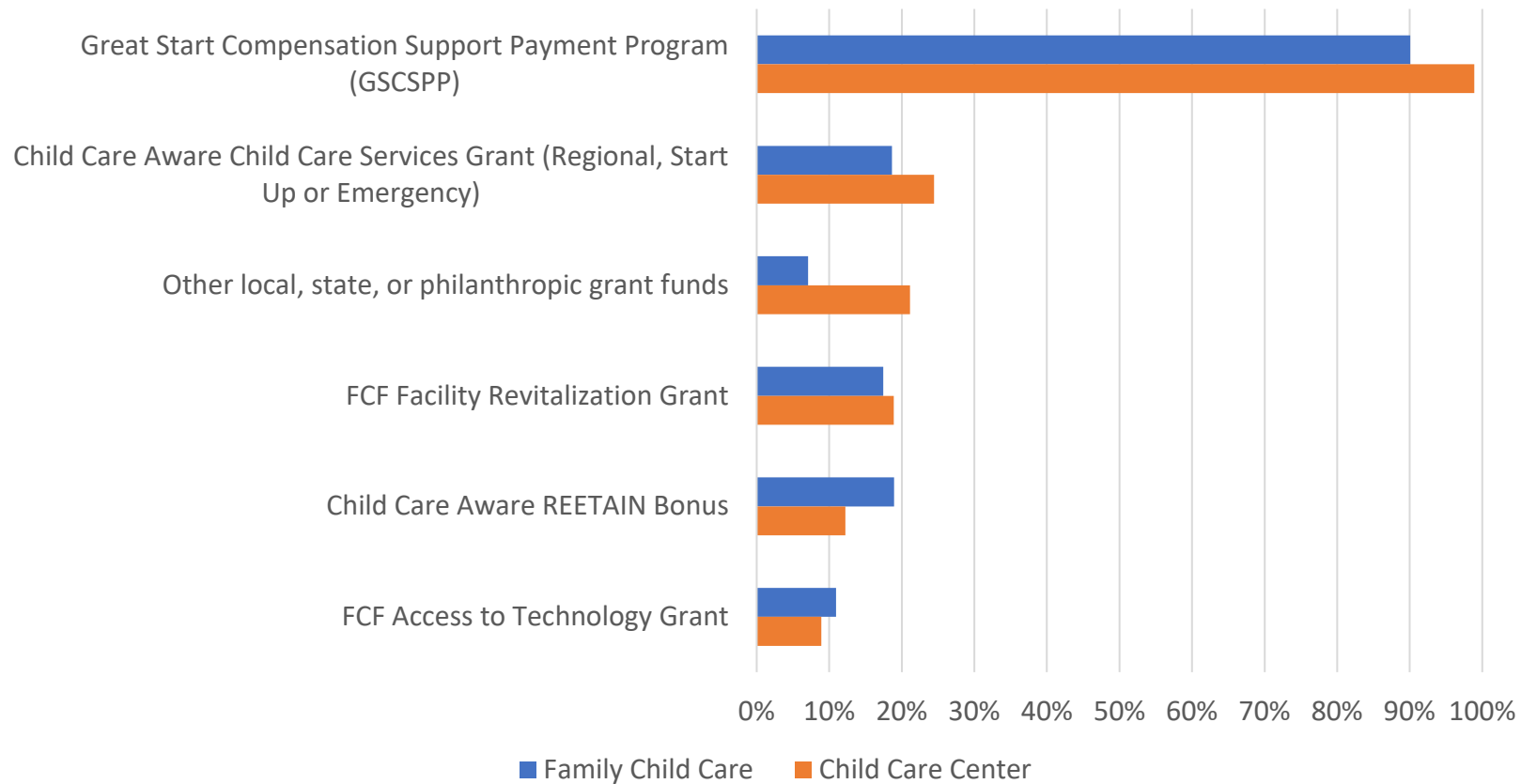


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Managing Revenue & Expenses – Other Revenue

Share of respondents receiving grants

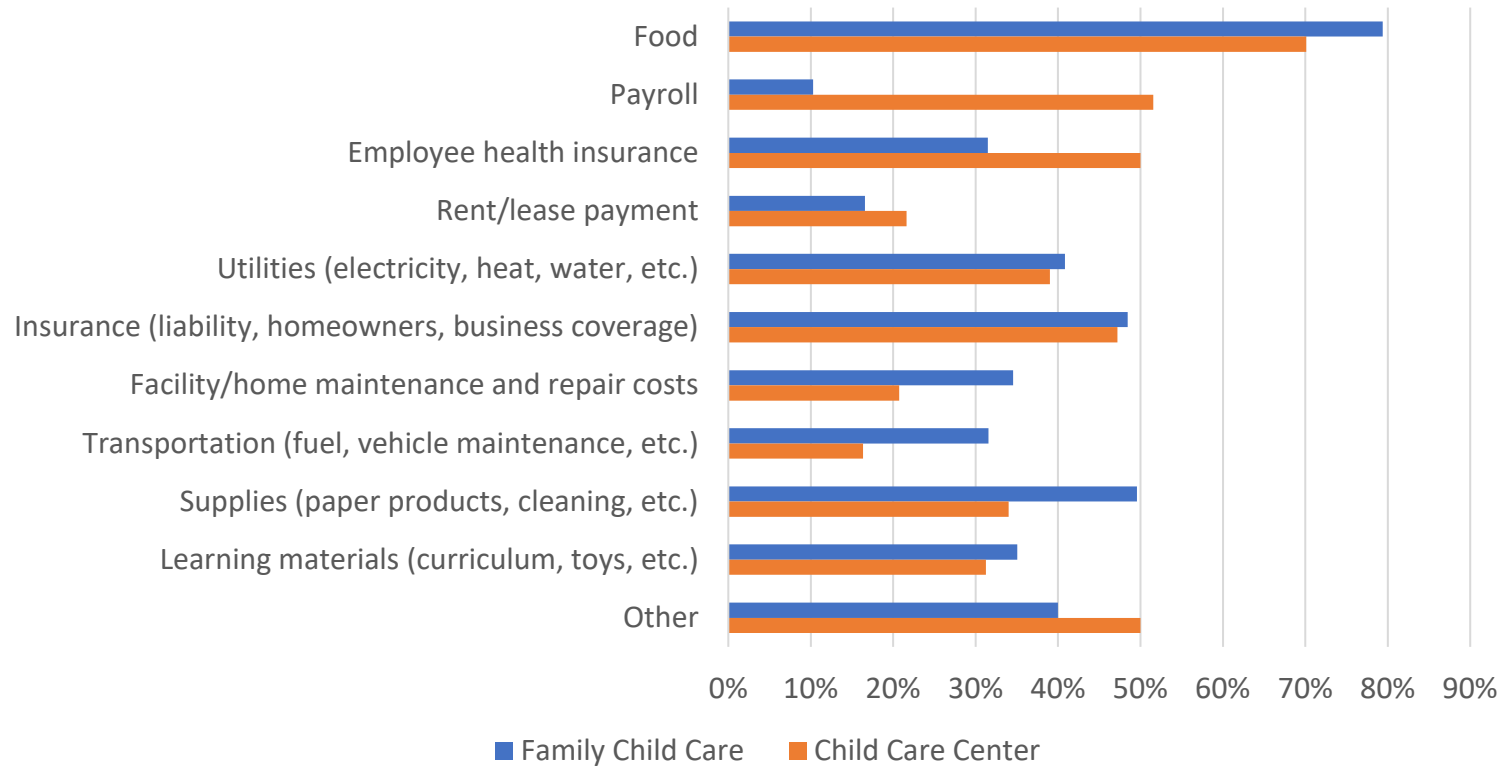


- 99% of center and 90% of family respondents participate in Great Start Compensation Support Payment program
- More centers report accessing other grants compared to family providers



Managing Revenue & Expenses – Operating Costs

Share of survey respondents describing significant increases in certain expenses



- 75% of all providers report significant increase in cost of food
- Significant increases reported across the board by notable percentage of providers

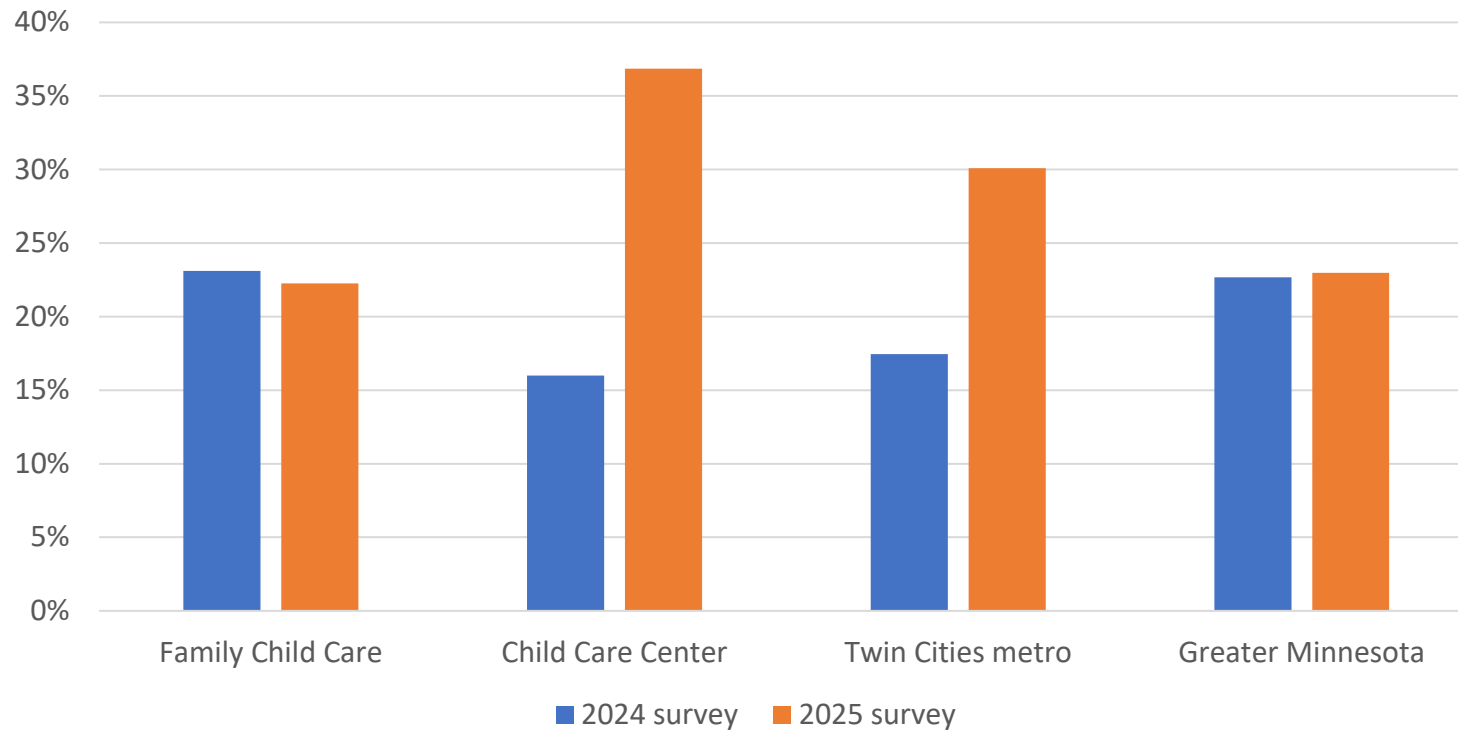


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Managing Revenue & Expenses – Business Liability Insurance

Share of respondents who agreed securing liability insurance for their business was difficult

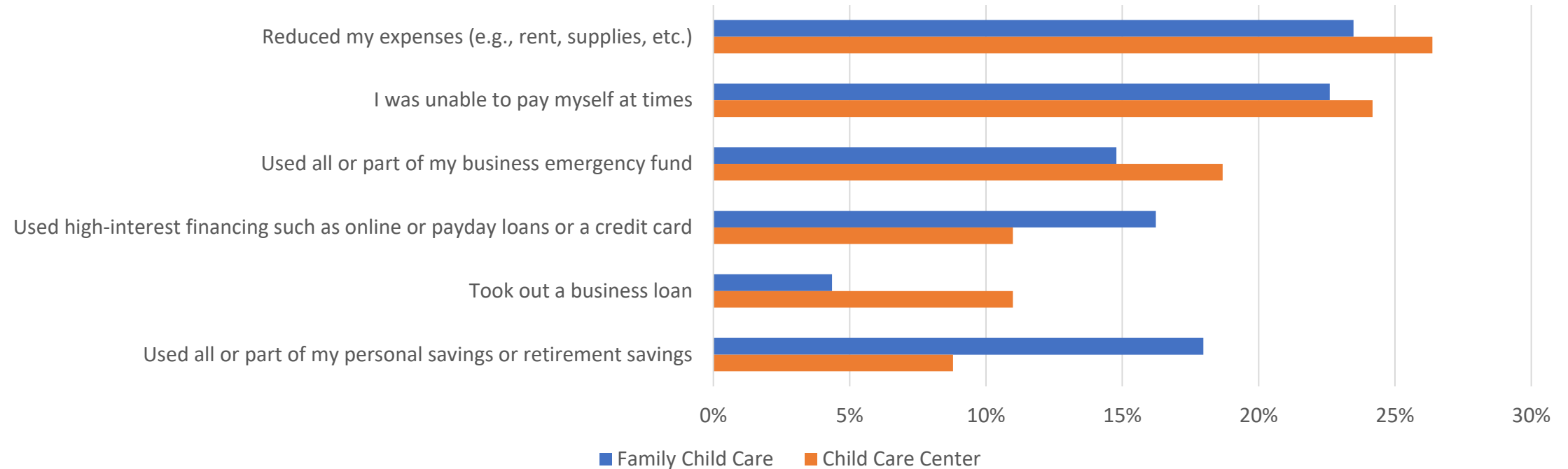


- Fewer centers than last year report raising tuition
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Managing Cashflow

Other actions taken by respondents in 2024 to manage their business

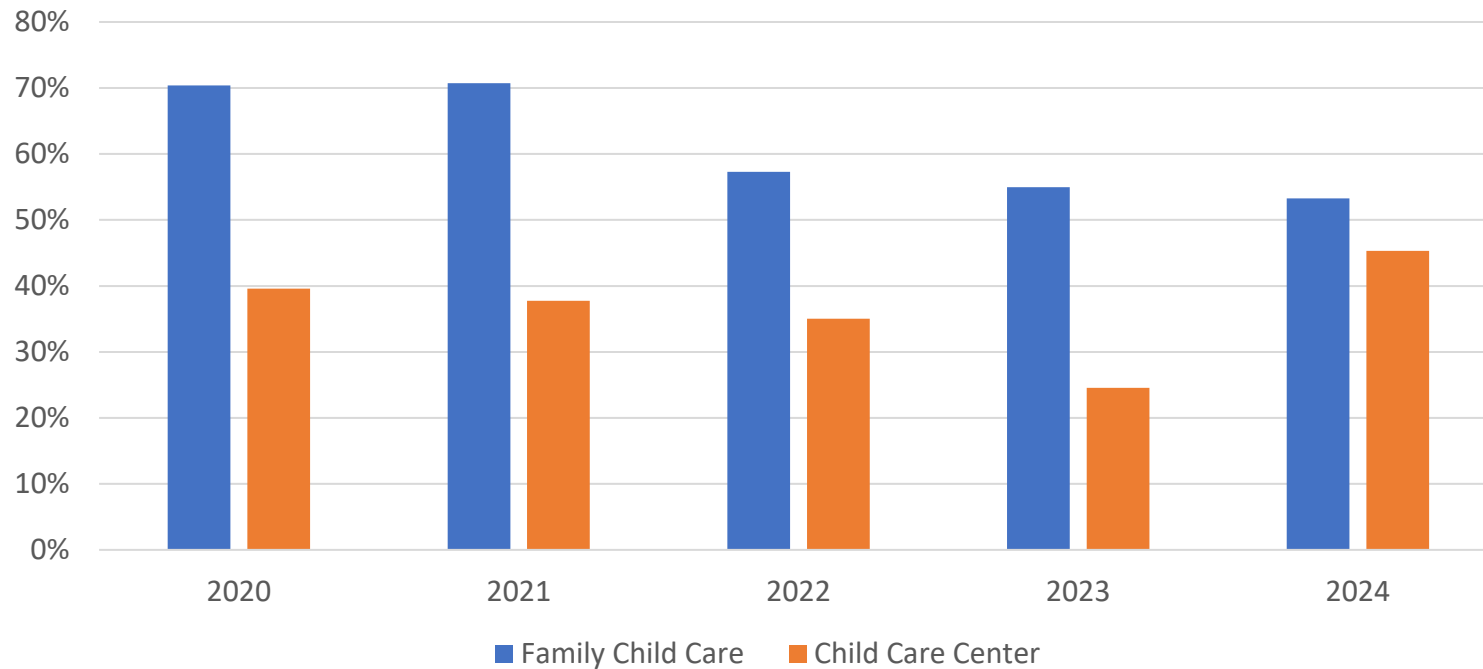


- 24% of center directors and 23% of family providers unable to pay themselves at times
- More centers resorting to loans or high-interest financing



Impact on Household Income

Share of survey respondents who reported that their business losses impacted their household income by year of impact



- Significant increase in center directors reporting impact to household income
- Some improvement for family child care providers but still more than half report that their program adversely impacts their household income

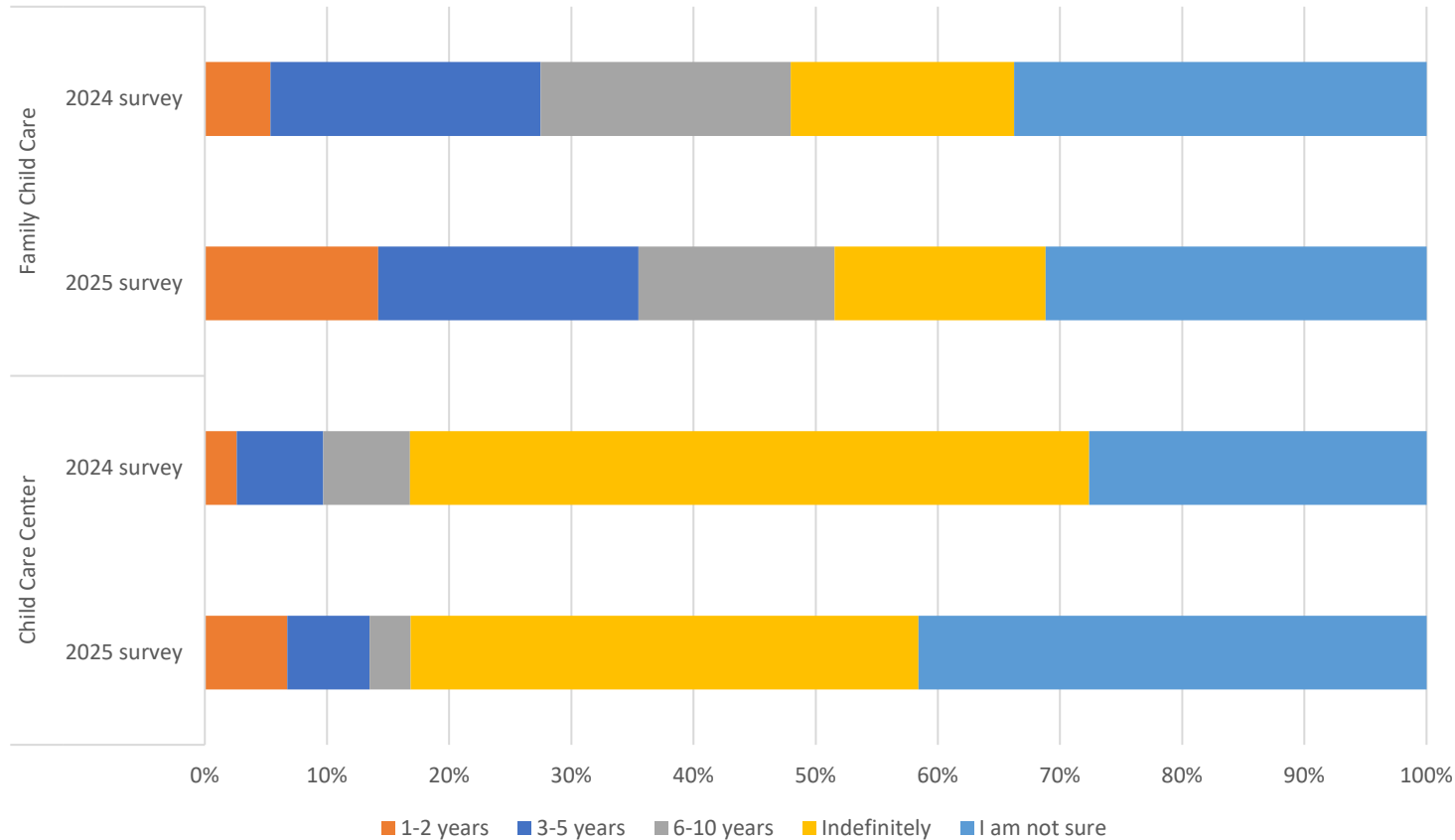


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Expect to remain in business?

How long survey respondents say they expect their business to remain open



- Reduction in center confidence
- 42% of centers and 31% of family providers uncertain how long they can stay in business

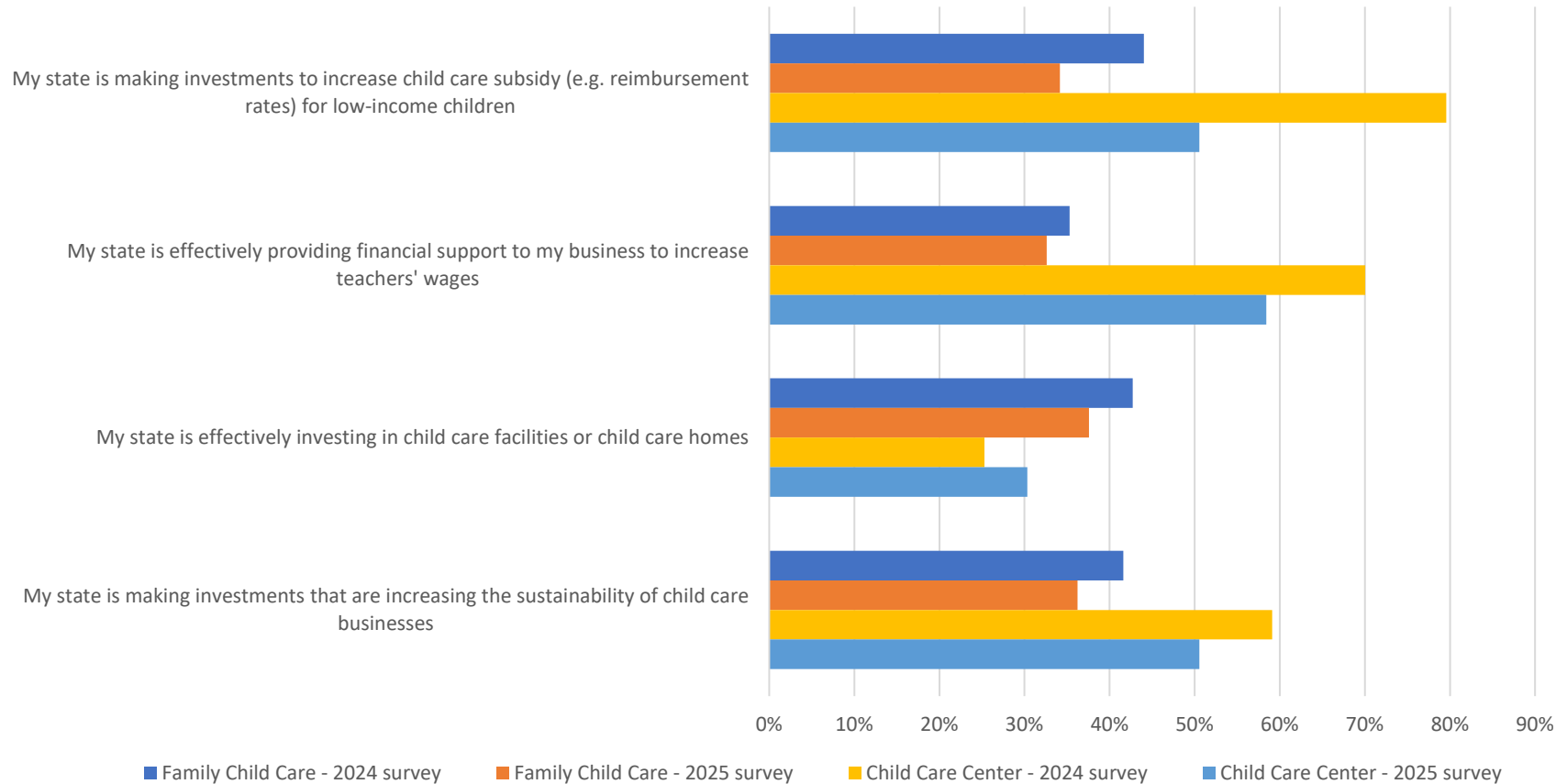


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Outlook

Survey respondents who agree with certain opinion statements about state policy



Reduction in confidence among all child care providers about state investment in child care

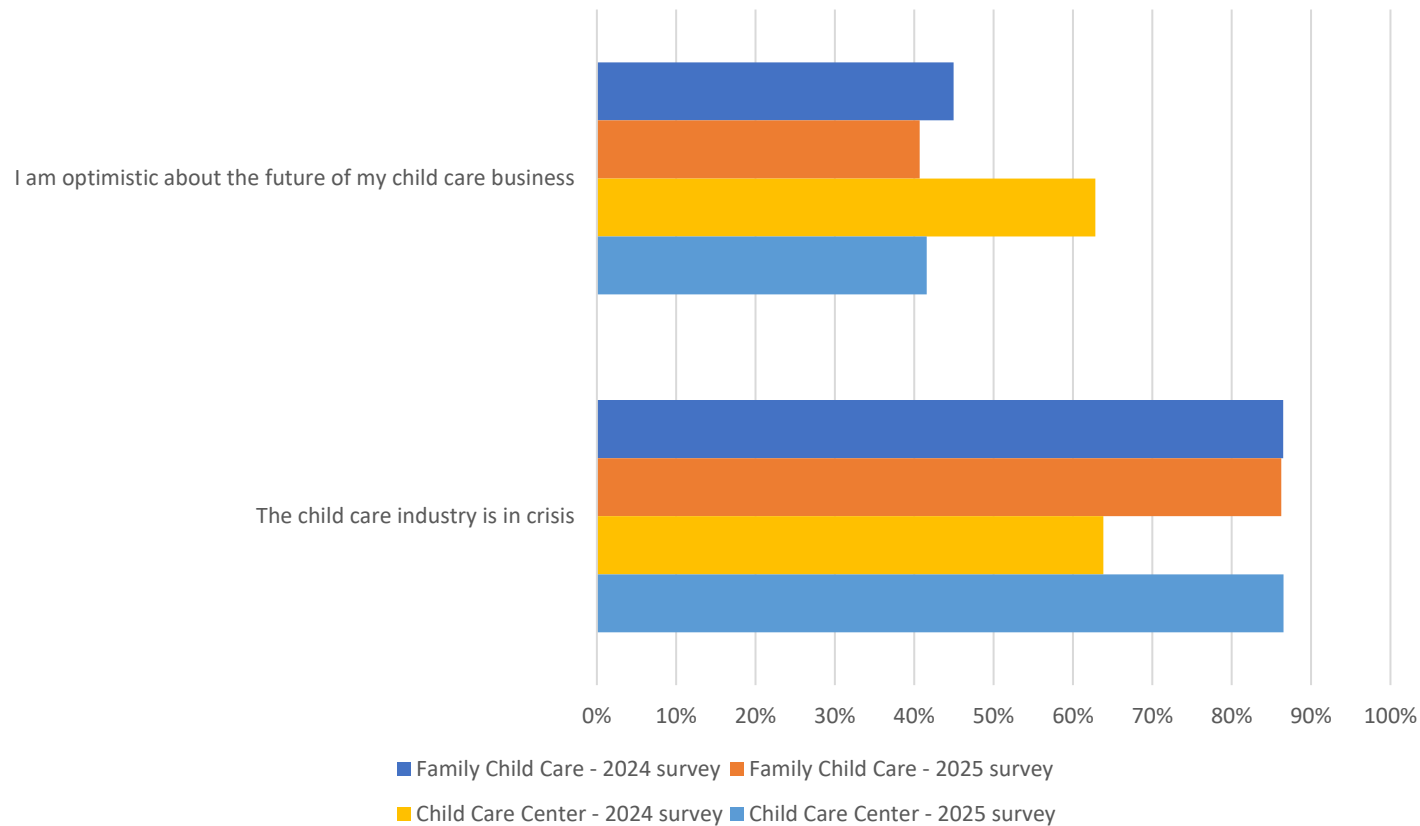


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Outlook, continued

Survey respondents who agree with certain opinion statements about their industry



- Less than half of all child care providers in 2025 are optimistic about the future of their business
- Broad agreement that the child care sector is in crisis



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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 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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