

Welcome

Regional Economic Conditions: Health of the Minnesota Child Care Sector

May 13, 2026



First Children's Finance



FEDERAL RESERVE BANK
OF MINNEAPOLIS



General Survey Information

Survey conducted April 7–19, 2026

Total 762 responses (10% of currently licensed programs in MN)

Provider Type

Family Provider 77%
Child Care Center 19%
Other 4%

Region

Northwest 4%
Northeast 4%
West Central 9%
Central 20%
Southwest 12%
Southeast 20%
Metro 31%

Race/Ethnicity

Racial/Ethnic Minority 8%
White 65%
Declined to Answer 27%

Gender

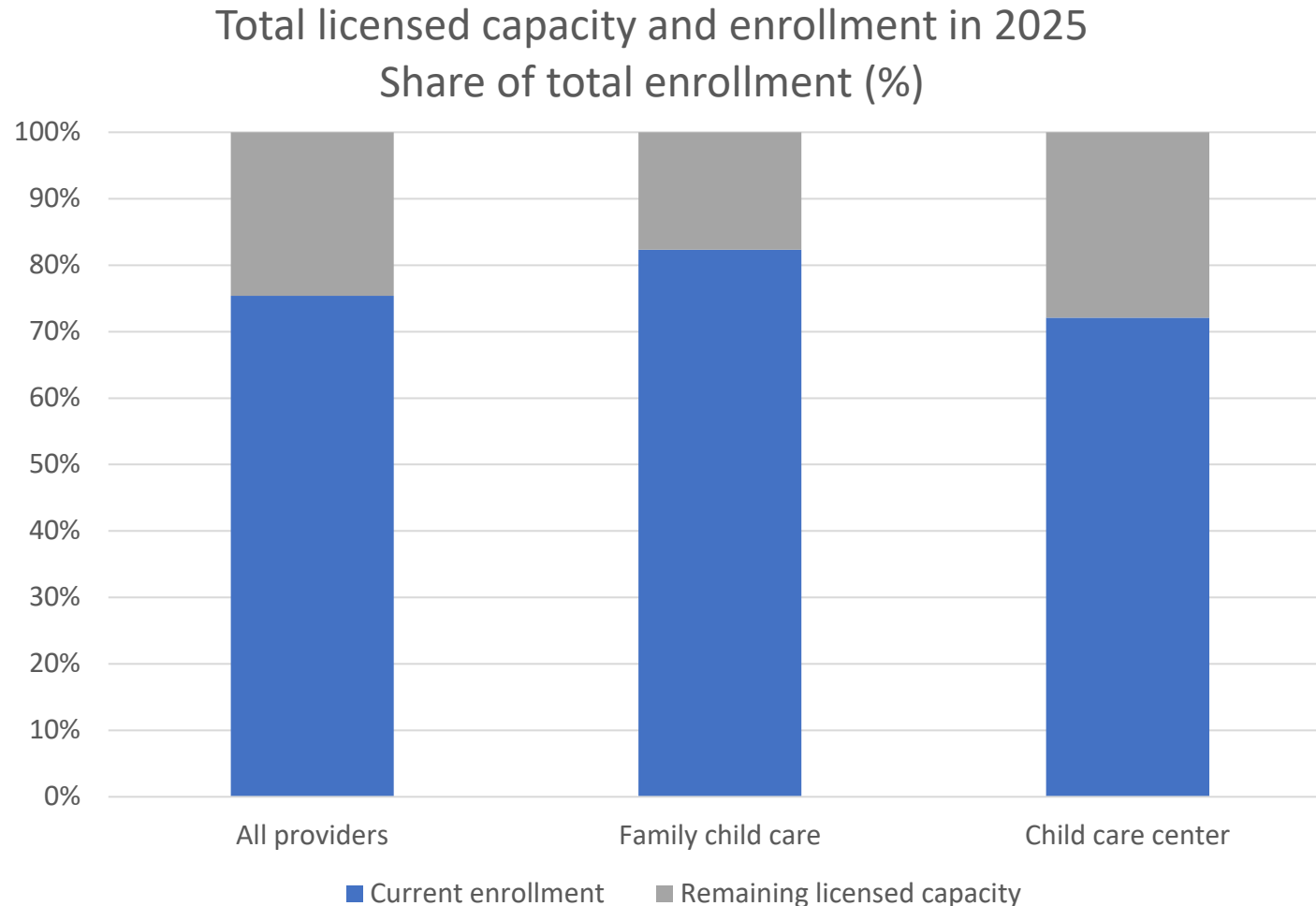
Female 96%
Male 1%
Declined to Answer 3%



FEDERAL RESERVE BANK
OF MINNEAPOLIS



Child Care Enrollment – percentage of licensed capacity



- Industry standard is programs usually operate at 85% of licensed capacity
- Enrollment as percentage of capacity remains similar to 2024
- Overall, Metro programs operating at lower enrollment than programs in Greater Minnesota

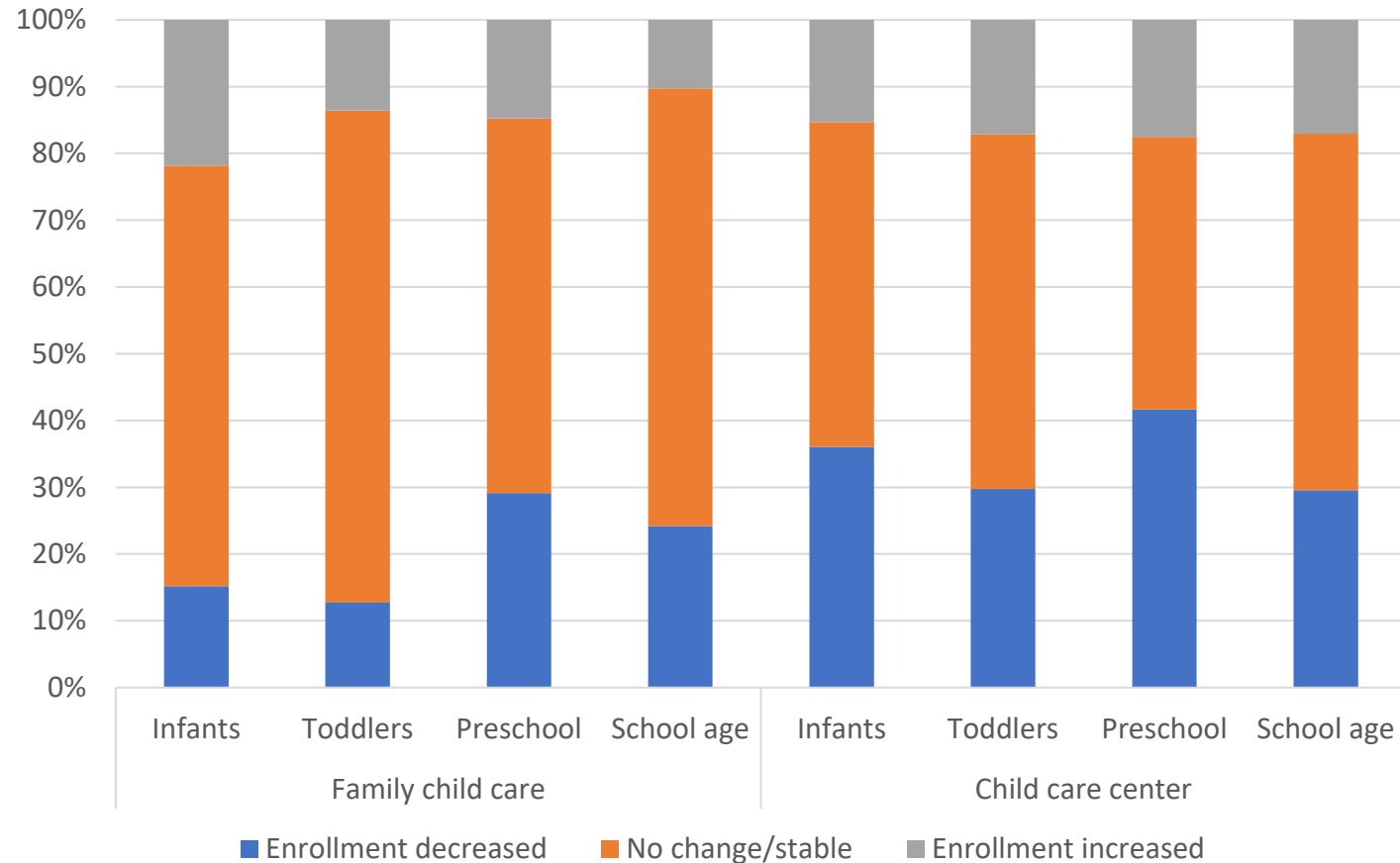


FEDERAL RESERVE BANK
OF MINNEAPOLIS



Child Care Enrollment by Age

Changes to enrollment between 2024 and 2025

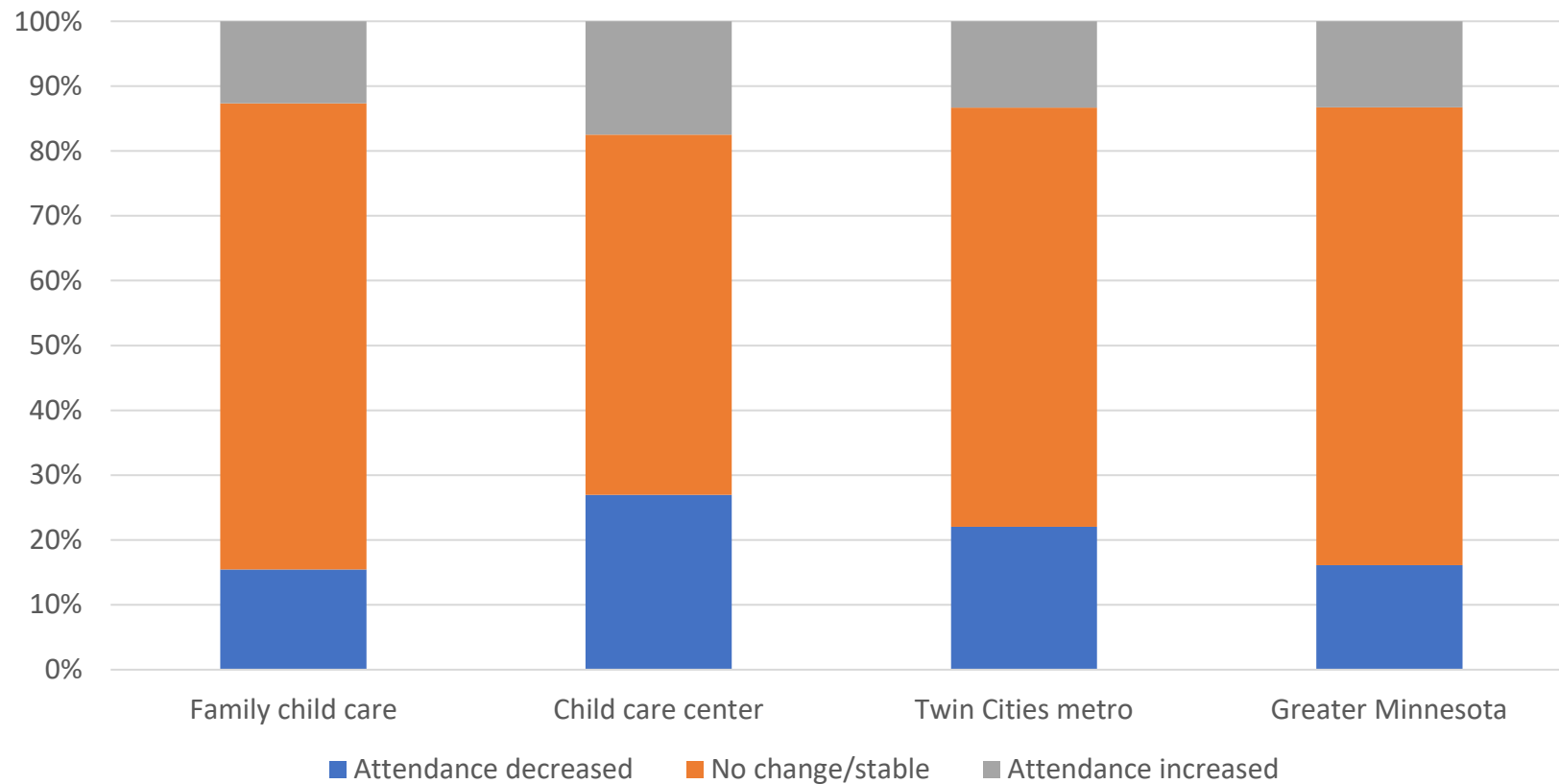


- Enrollment mostly stable for family providers; higher decreases for centers
- 36% of centers report decrease in infant enrollment (17% last year)
- Both provider types reported greatest decrease among preschool enrollment



Changes to attendance since January 1, 2026

Changes to attendance since Jan. 1, 2026, compared to the last 2 months of 2025

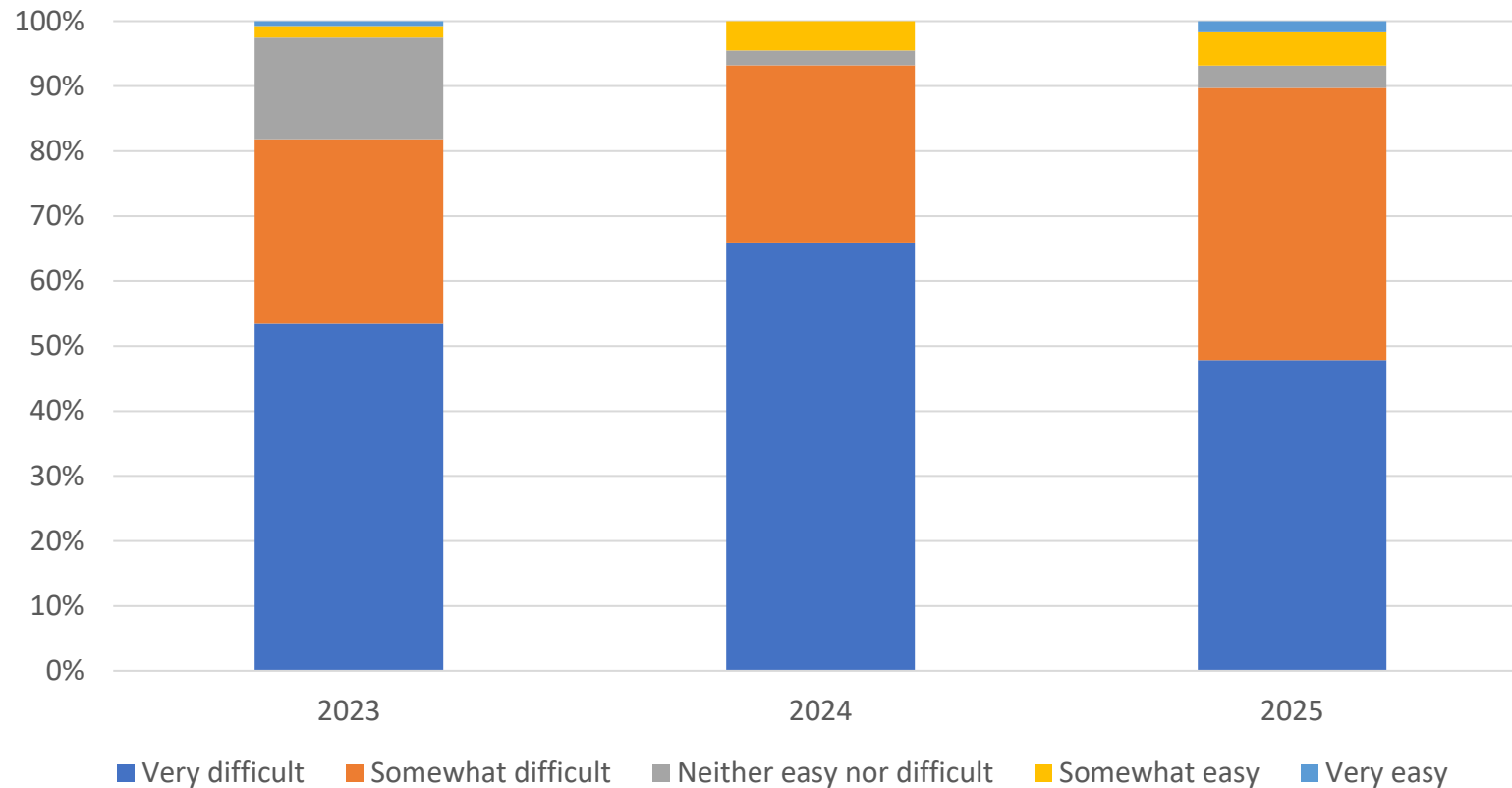


- 27% of Centers statewide reported decrease
- 33% of Metro Centers and 23% of centers in Greater Minnesota
- Comments highlighted both federal immigration activity and new Paid Leave program



Child Care Center Staffing – hiring

Ease/difficulty child care centers had hiring new qualified employees



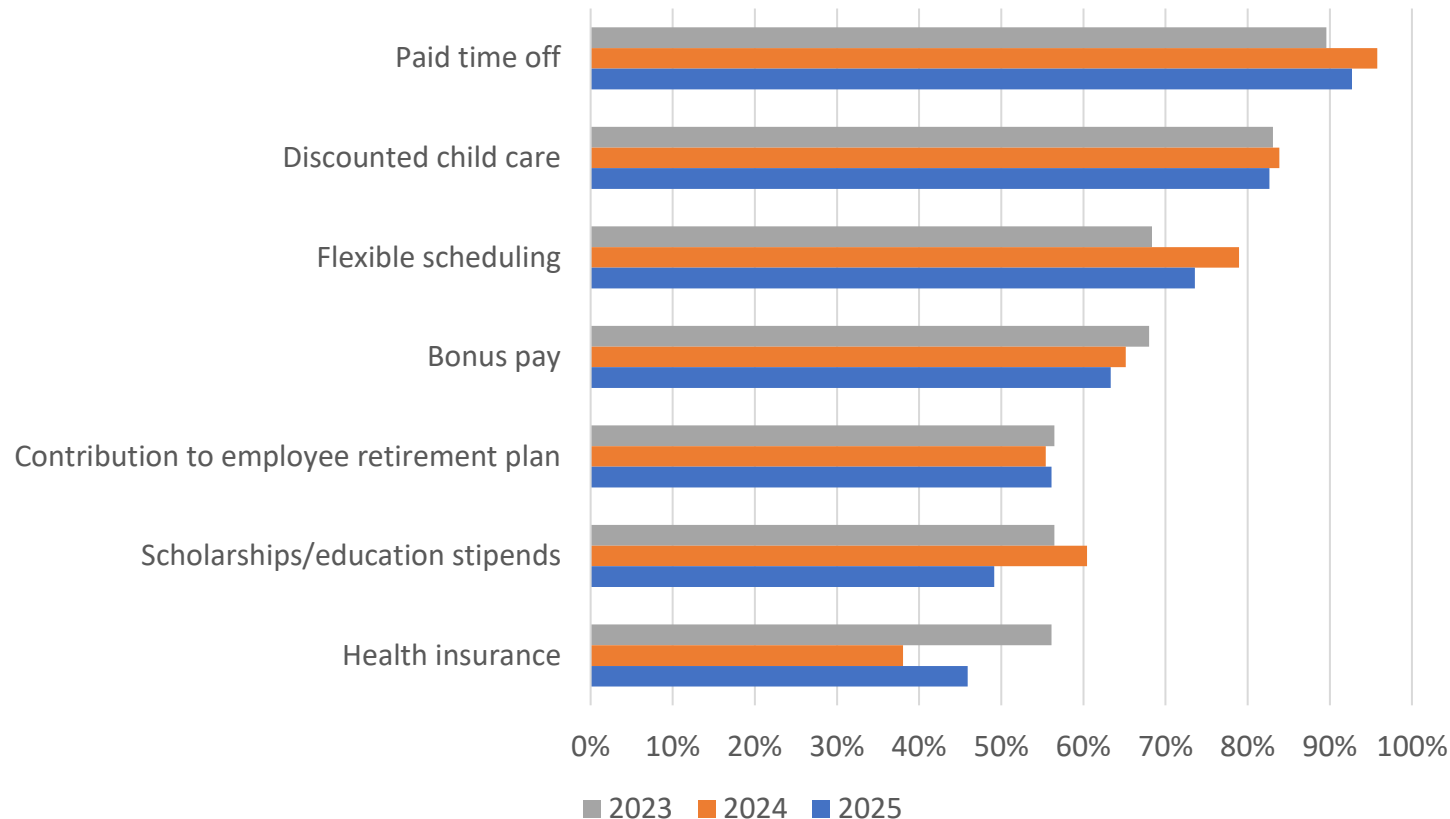
- 90% of centers report very or somewhat difficult to hire staff (93% in 2024)
- Continues multi-year trend of reported difficulty in hiring





Child Care Center Staffing – incentives

Incentives/benefits offered by child care centers
Share of survey respondents (%)



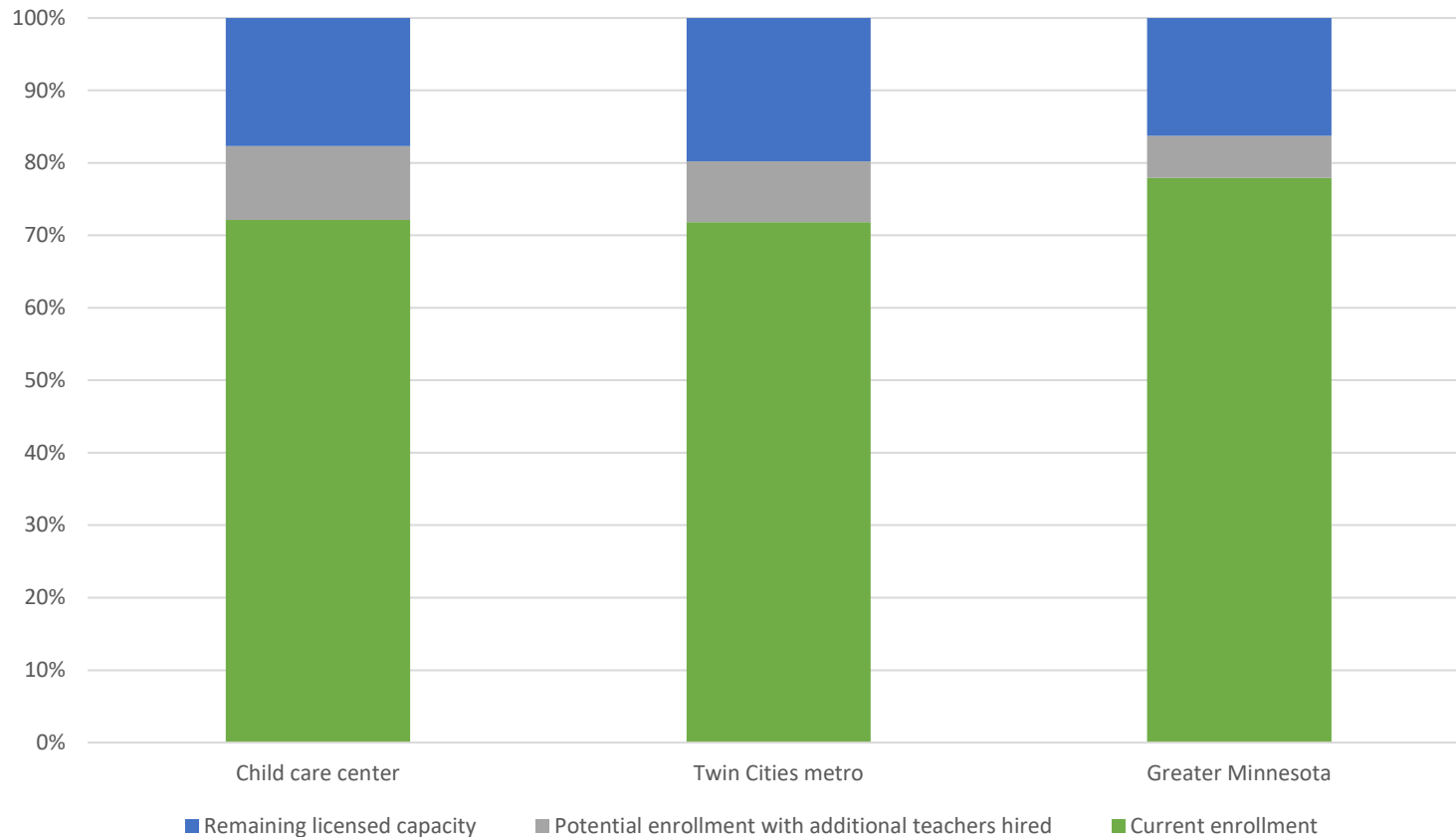
- Nearly all centers reported offering incentives beyond compensation to attract or retain employees
- Benefits remain relatively stable over three-year period





Child Care Center Staffing – impact on slots

Total licensed capacity, enrollment, and potential enrollment if more teachers could be hired in 2025

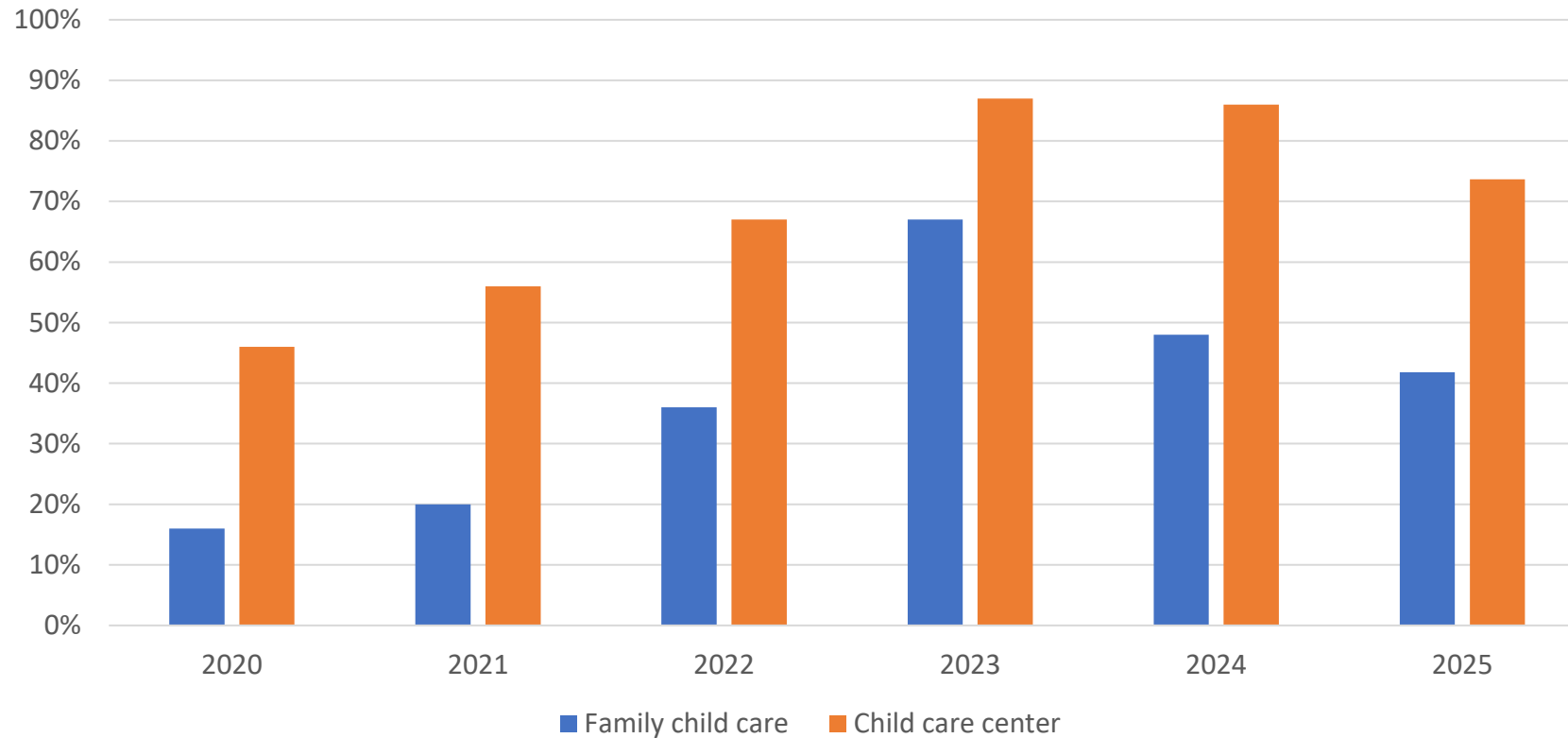


- Unfilled positions at centers equate to a 10% gap between current and potential enrollment
- Of centers who answered, hiring staff would gain a total of 1,213 slots statewide



Managing Revenue & Expenses – Tuition

Tuition increases by child care providers
Share of survey respondents (%)



- Fewer centers than last year report raising tuition
- Comments indicated all providers are concerned with affordability

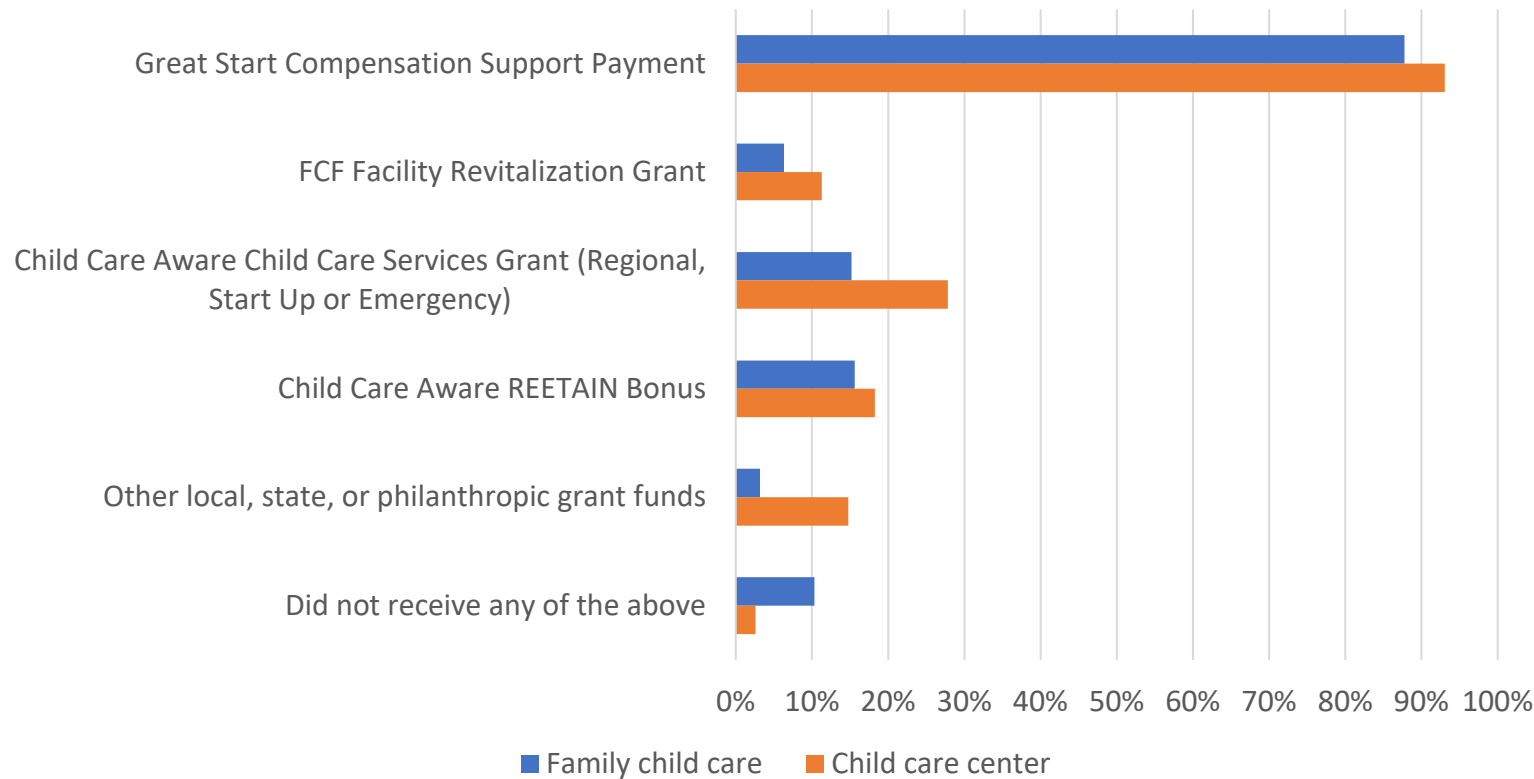


FEDERAL RESERVE BANK
OF MINNEAPOLIS



Managing Revenue & Expenses – Other Revenue

Child care providers receiving grants
Share of survey respondents (%)

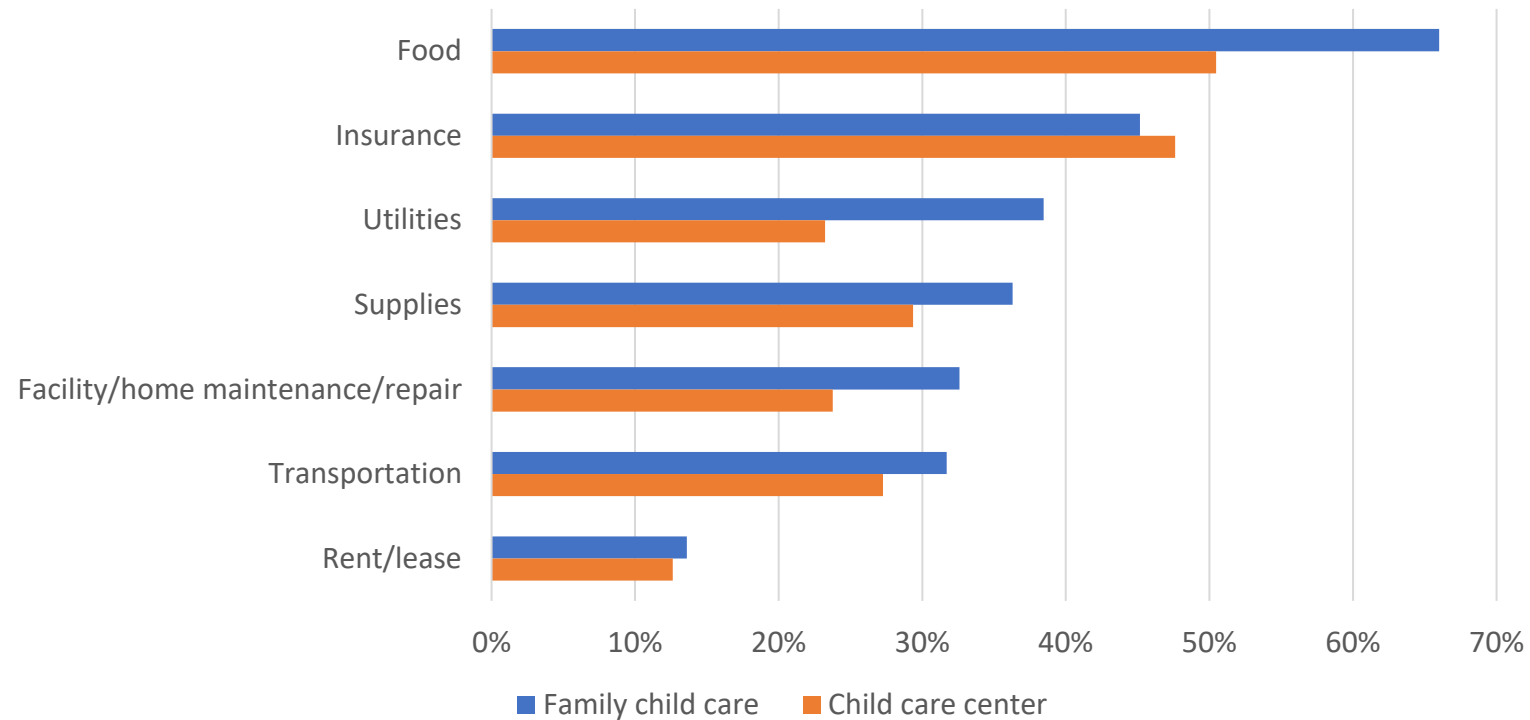


- 93% of center and 88% of family respondents participate in Great Start Compensation Support Payment program
- More centers report accessing other grants compared to family providers



Managing Revenue & Expenses – Operating Costs

Child care providers experiencing significant increase in expenses



- 62% of all survey respondents report significant increase in cost of food
- Family child care providers report significant increases at higher rate than centers

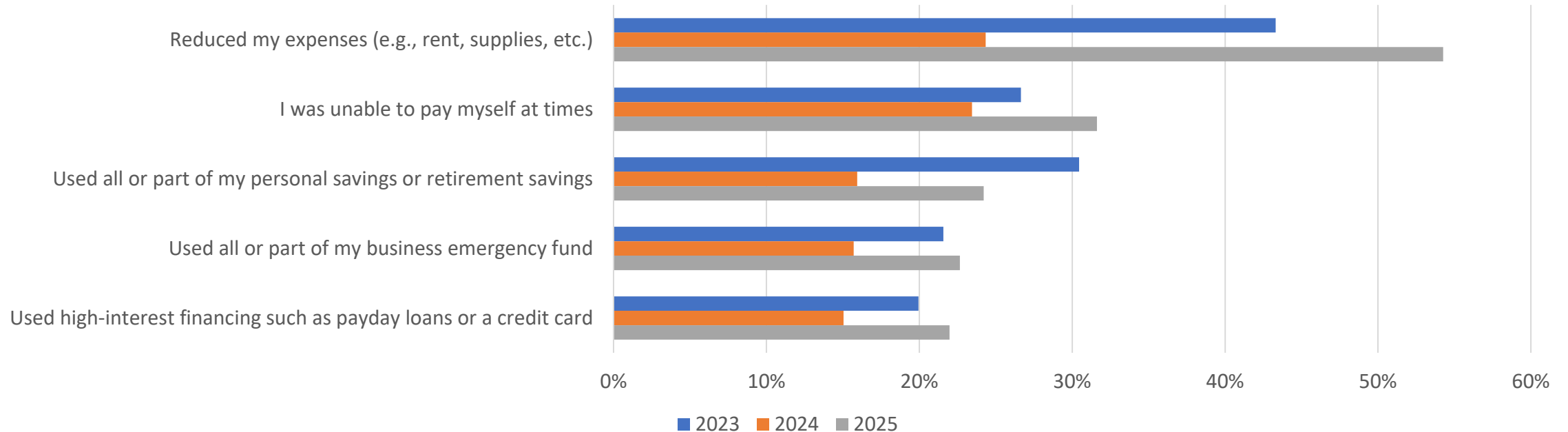


FEDERAL RESERVE BANK
OF MINNEAPOLIS



Managing Cashflow

Actions taken by child care providers to manage finances

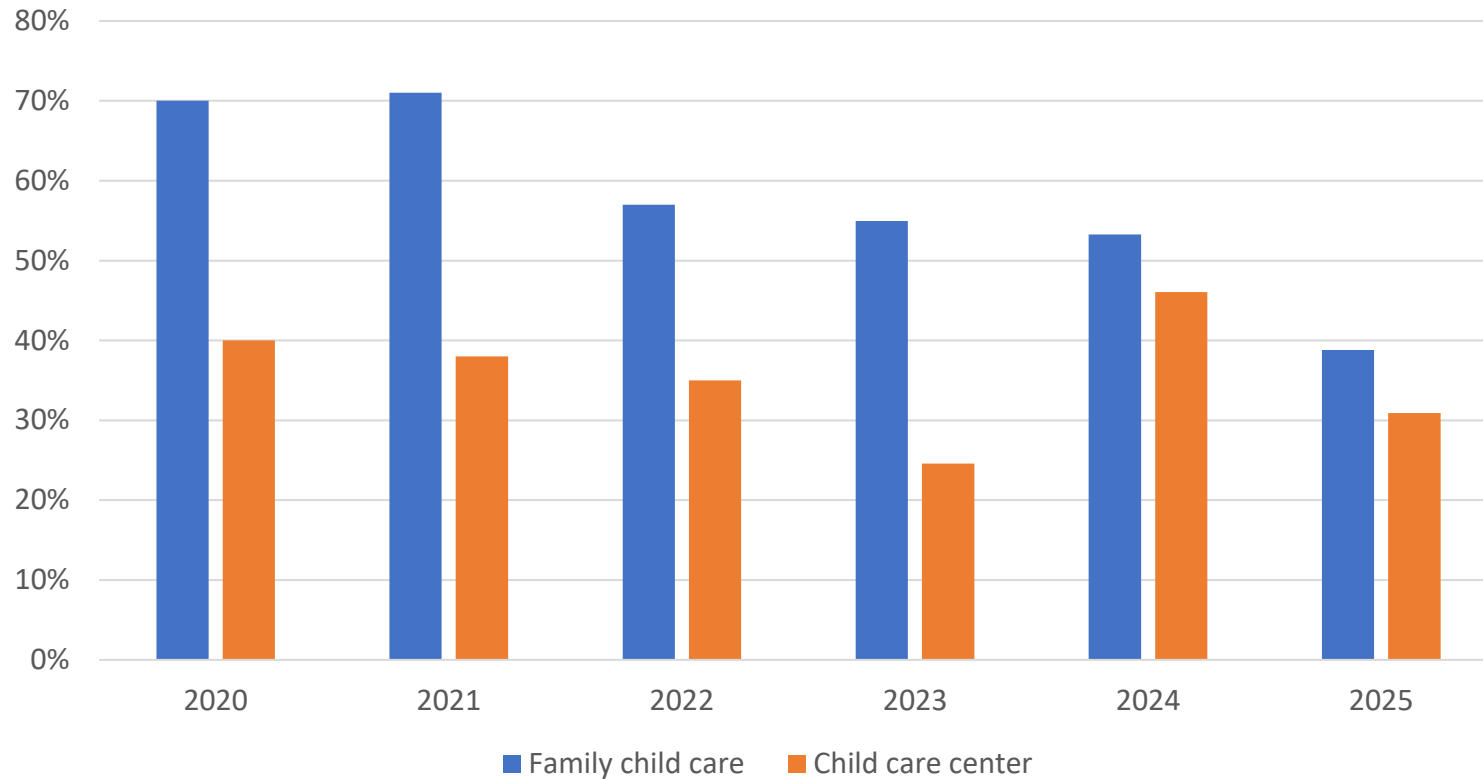


- 32% of providers unable to pay themselves at times
- 22% of providers resorting to high-interest financing



Impact on Household Income

Child care providers who said their business losses affected their household income



- Improvement over 2024 and overall
- First year that less than half of respondents reported adverse impact on their household income
- Family providers cite Great Start Compensation support

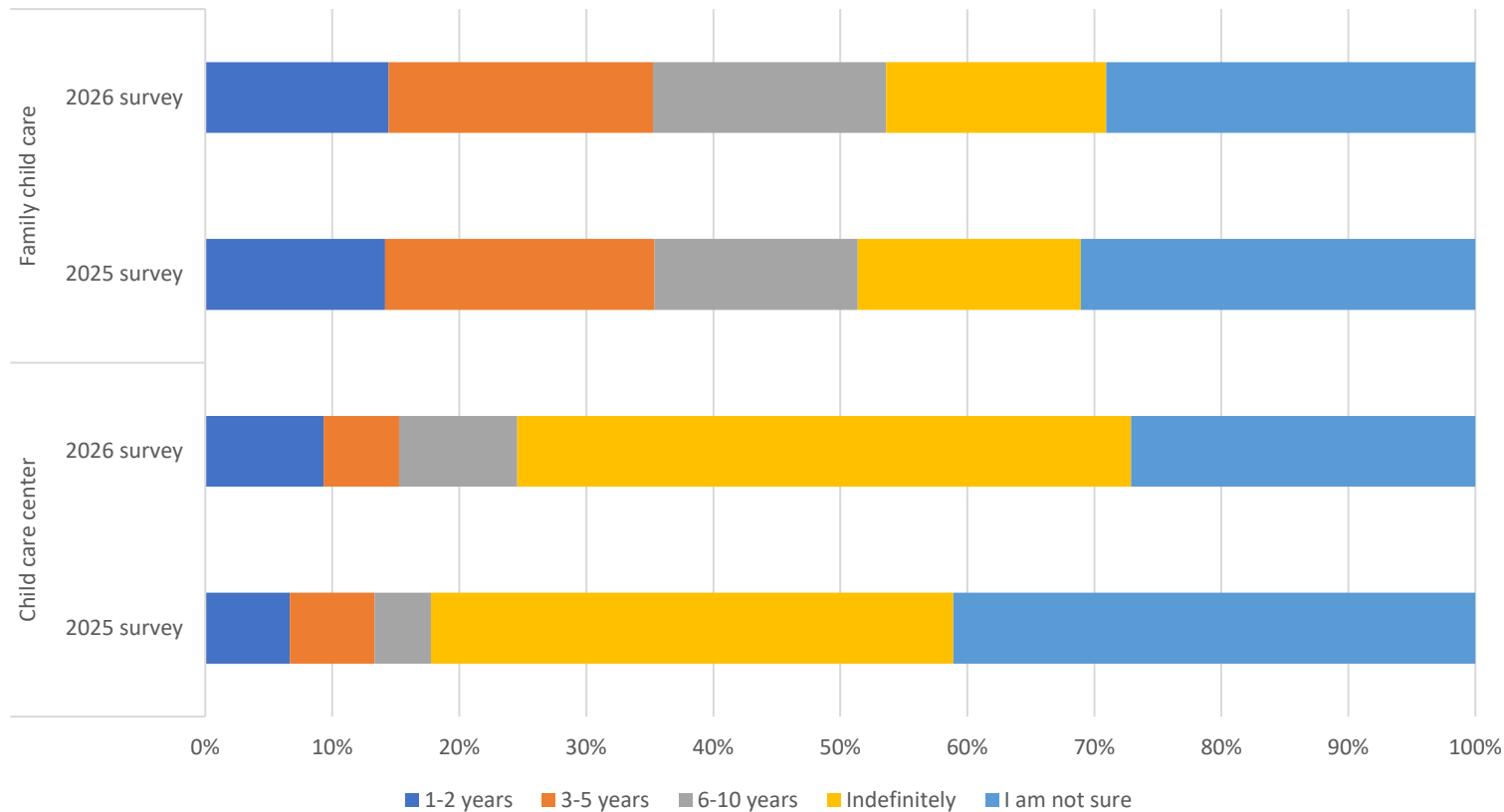


FEDERAL RESERVE BANK
OF MINNEAPOLIS



Expect to remain in business?

Years current child care providers expect to remain in business Share of survey respondents (%)



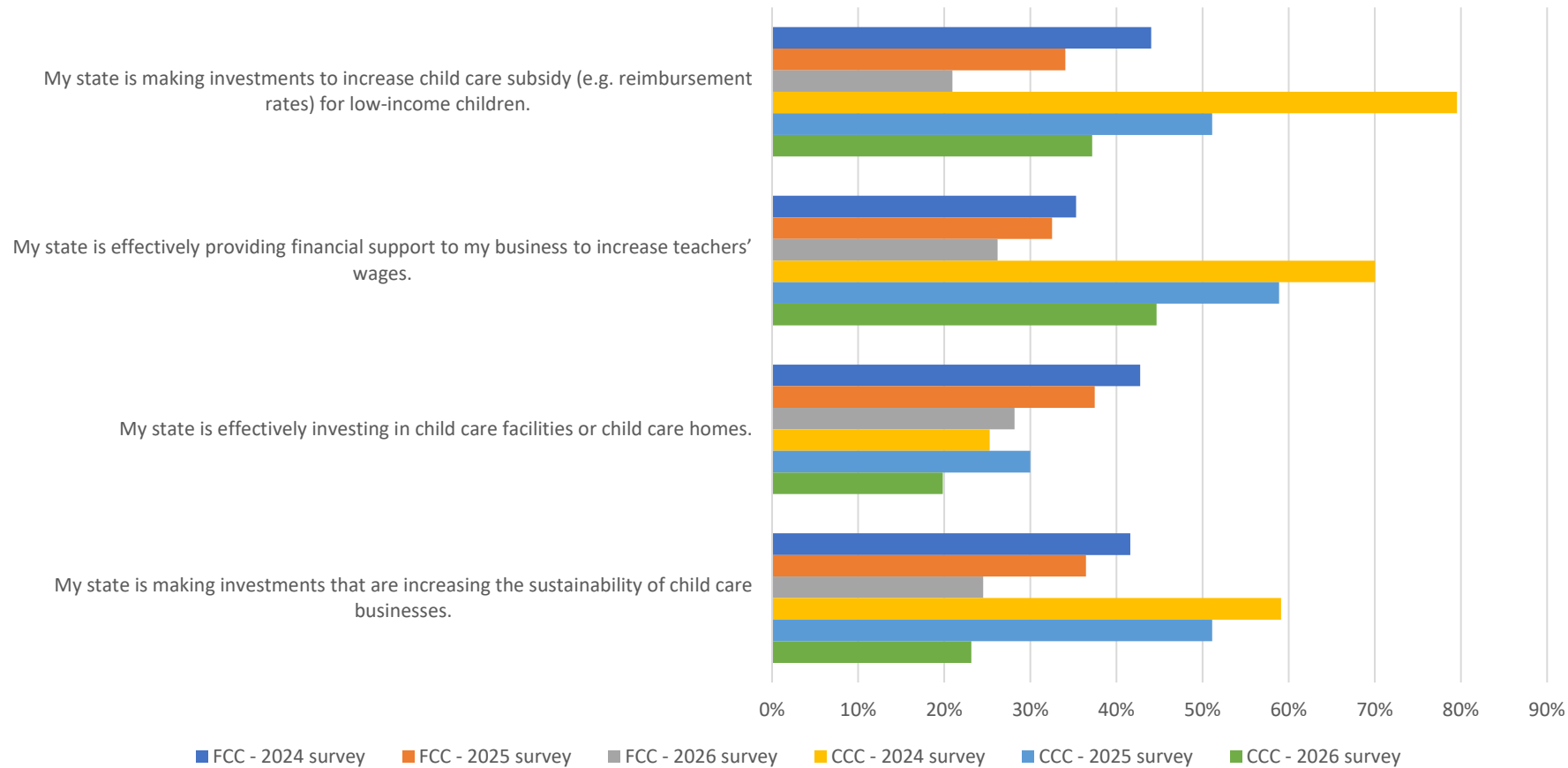
- Family child care respondents only slight change compared to 2025
- Centers seem to indicate more stability over 2025





Outlook

Survey respondents who agree with certain statements about state policy

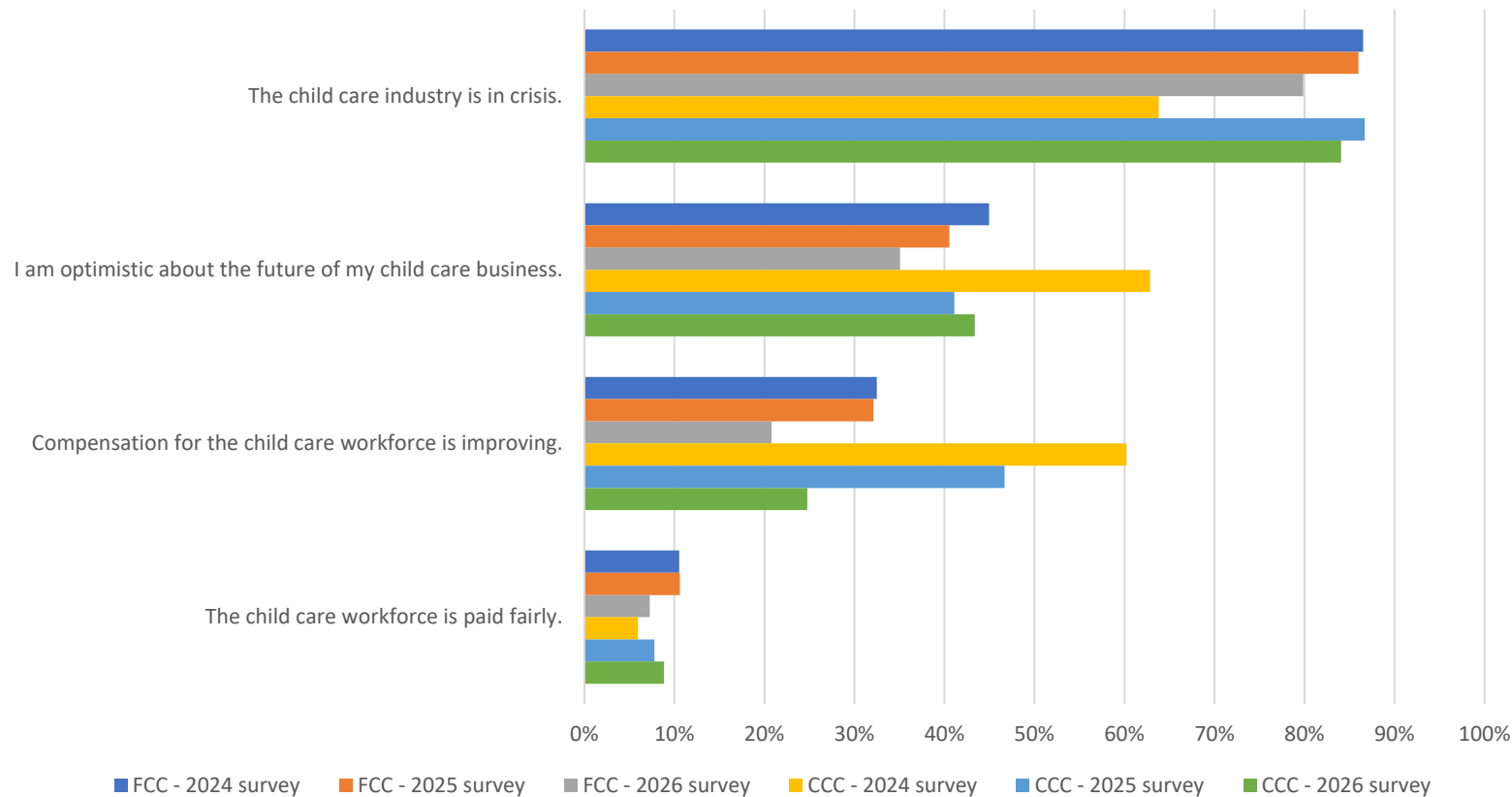


Continued reduction in confidence among all child care providers about state investment in child care



Outlook, continued

Survey respondents who agree with certain opinion statements about the child care industry



- Less than half of all child care providers in 2026 are optimistic about the future of their business
- Broad agreement that the child care sector is in crisis and that workforce 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



FEDERAL RESERVE BANK
OF MINNEAPOLIS