



FEDERAL RESERVE BANK
OF MINNEAPOLIS



FIRST
CHILDREN'S
FINANCE

Welcome

REGIONAL ECONOMIC CONDITIONS: HEALTH OF THE MINNESOTA
CHILD CARE SECTOR



Survey partnership: FCF & Minneapolis Fed

- Minneapolis Fed's work in early childhood development started in 2003
- Regional economics group is paying more attention to workers and labor force participation
- Hear frequently about the role child care (or lack thereof) has on both workers and employers
- Interested in better understanding of the challenges that providers face

- FCF works with hundreds of child care providers each year and we're looking for quantitative data to support anecdotal data
- FCF will use survey data to better tailor programs to current needs of child care providers

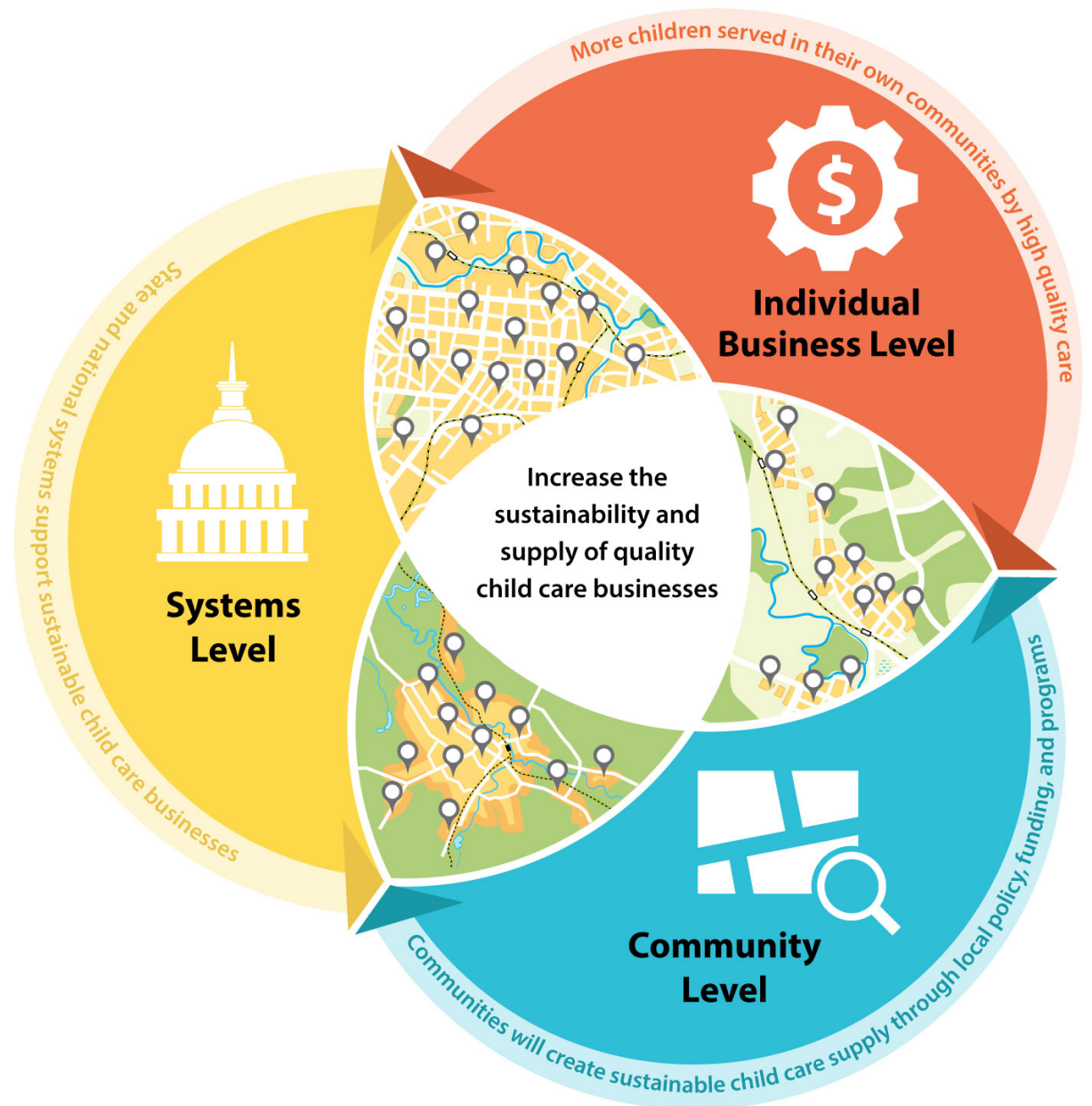


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What does First Children's Finance do?





General Survey info

Survey conducted March 18 through April 5

Total 781 responses

Provider Type

Family Provider 85%
Child Care Center 14%
Other 1%



Region

Northwest 15%
Northeast 10%
West Central 19%
Central 17%
Southwest 16%
Southeast 13%
Metro 10%



Race/Ethnicity

Racial/Ethnic Minority 6%
Non-Hispanic White 94%

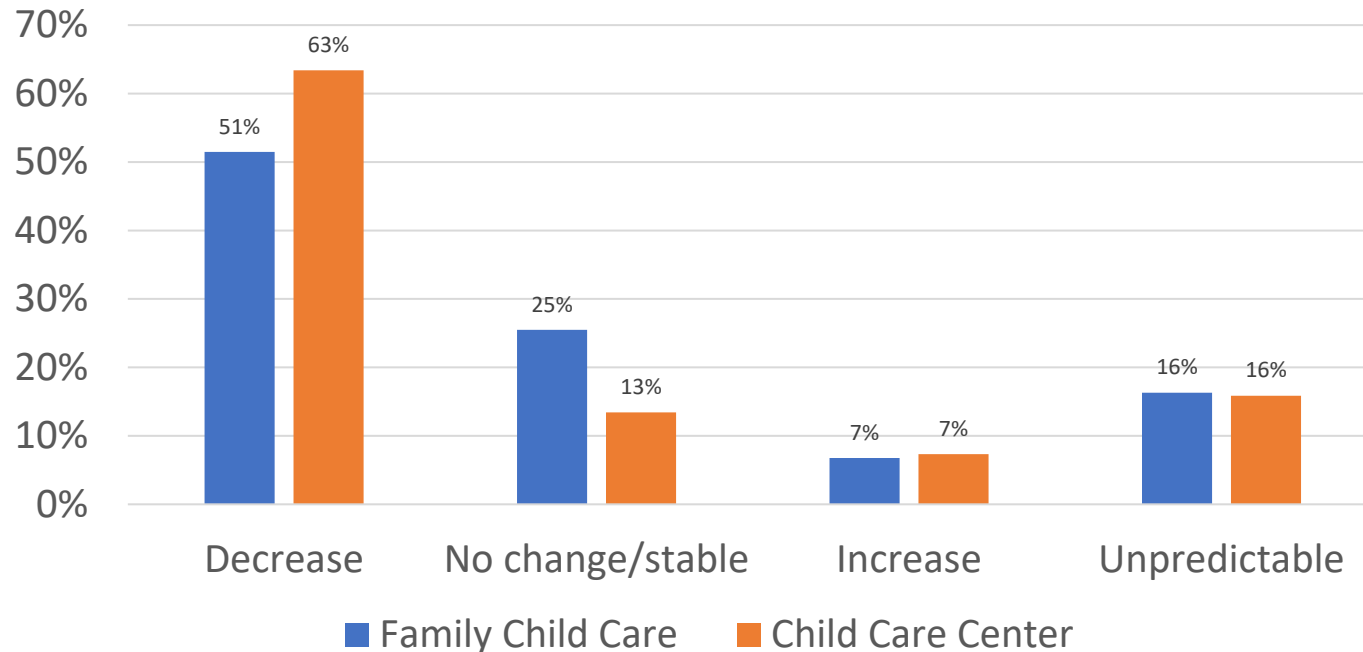


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Pandemic Enrollment Changes

Enrollment changes during pandemic, by provider type



Over the course of the pandemic, both family and child care centers have seen substantial decreases in enrollment, and considerable unpredictability in child care demand

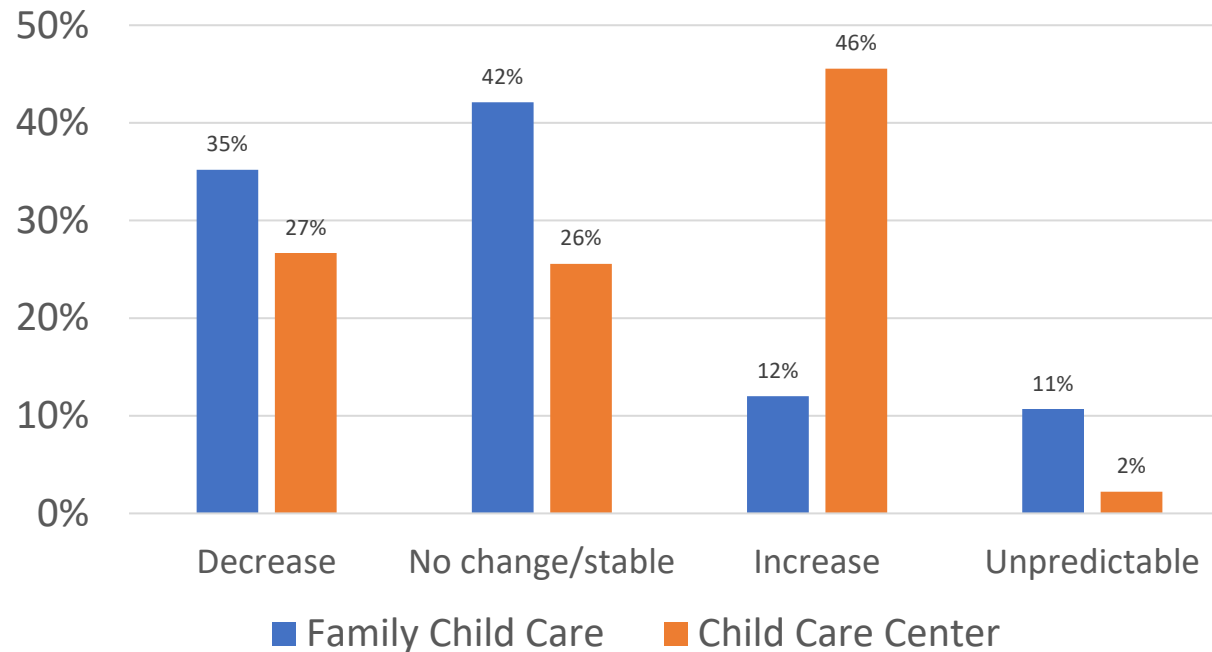
Decreases larger for child care centers





Enrollment Changes Past 3 Months

Enrollment changes over past 3 months, by operator type



Child care centers report increased demand Jan - March

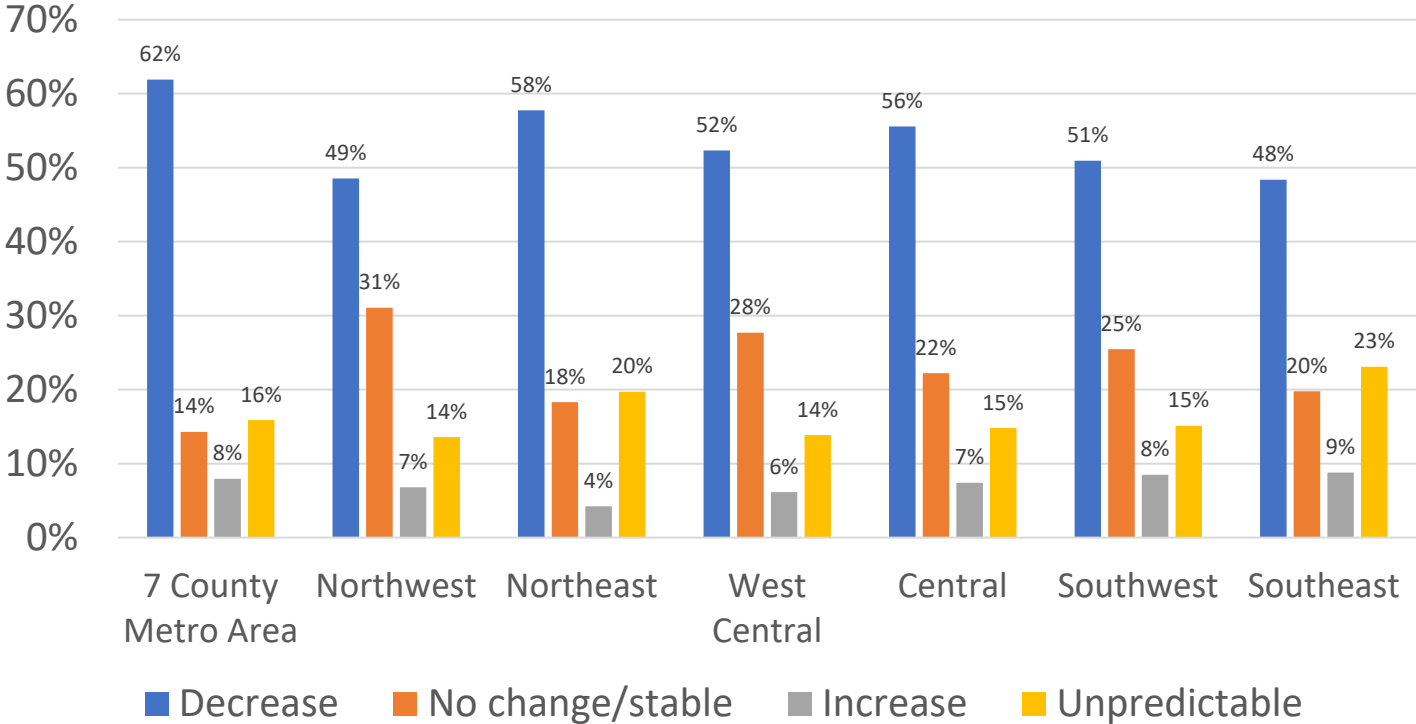
Family programs still report decreased enrollment more than increased enrollment





Pandemic Enrollment Changes

Enrollment changes during pandemic, by region



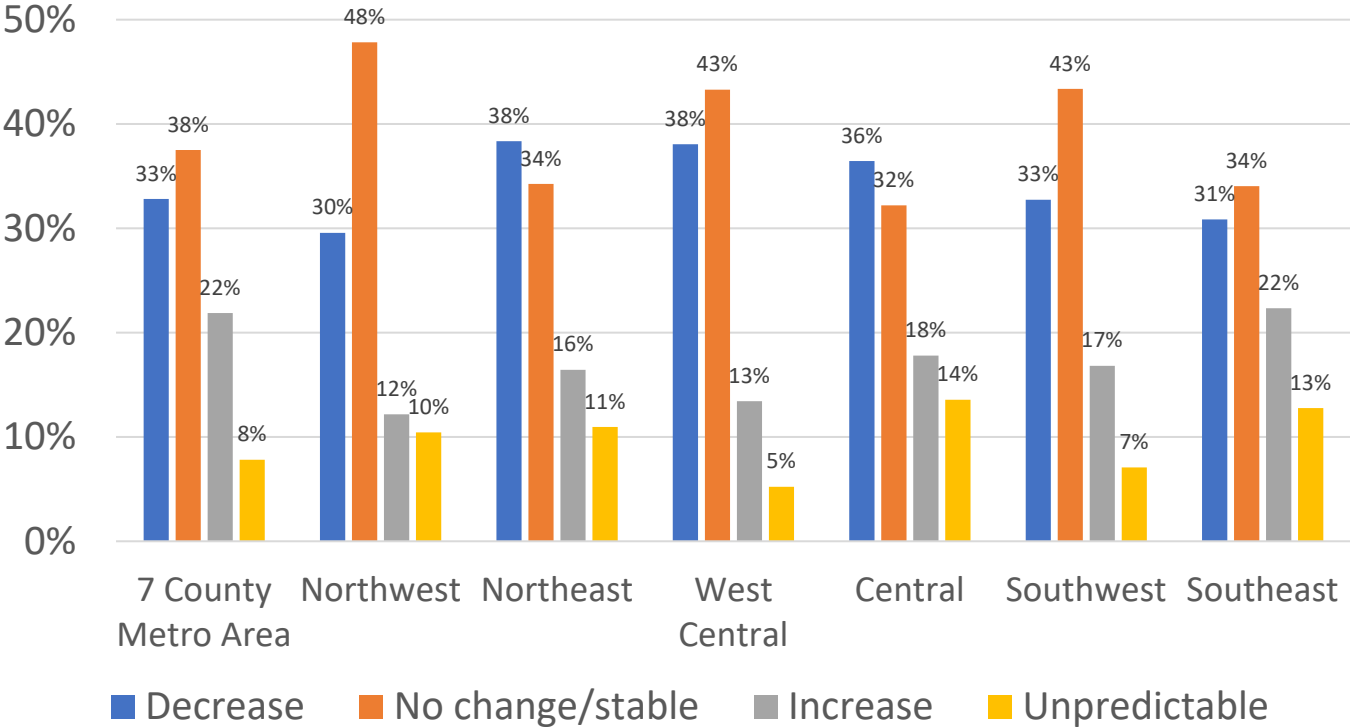
Child care providers in every region of the state had significant decreases in enrollment, meaning significant decreases in revenue





Enrollment Changes Past 3 Months

Enrollment changes over past 3 months, by region



Providers in all regions report more stable enrollment Jan - March

Metro area improvement likely due to more stable enrollment at child care centers

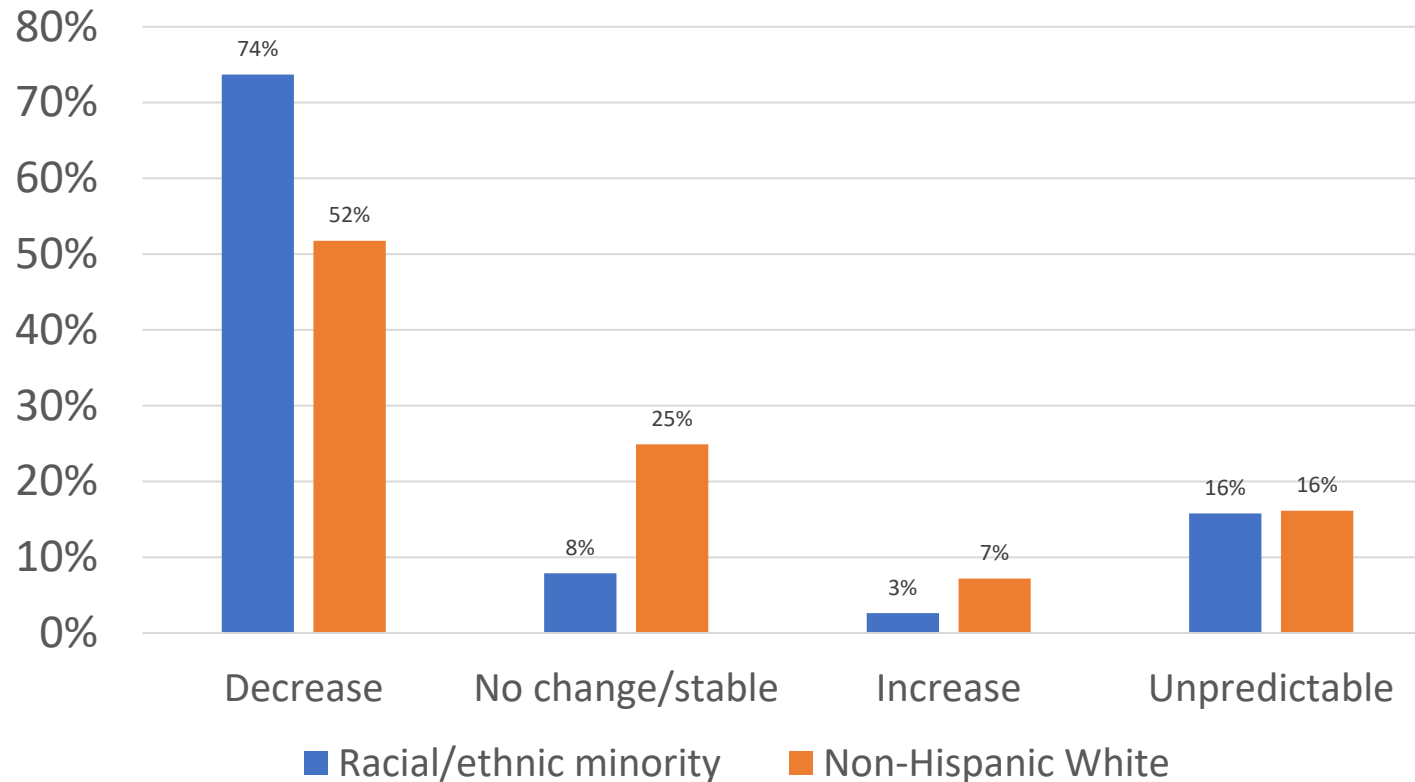
Still seeing decreases in all regions





Pandemic Enrollment Changes

Enrollment changes during pandemic, by race/ethnicity



Racial/ethnic minority-owned child care businesses reported decreased enrollment at a higher rate than non-Hispanic White-owned child care businesses

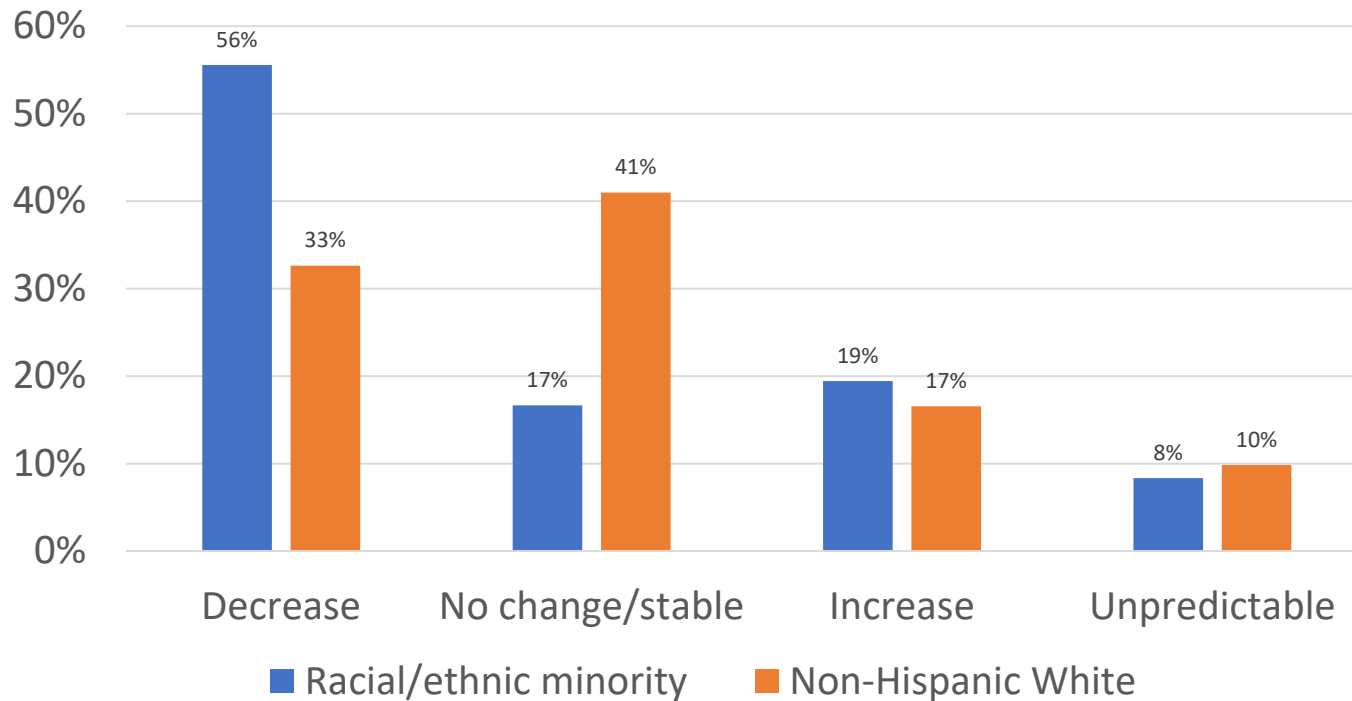


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Enrollment Changes Past 3 Months

Enrollment changes over past 3 months, by race/ethnicity



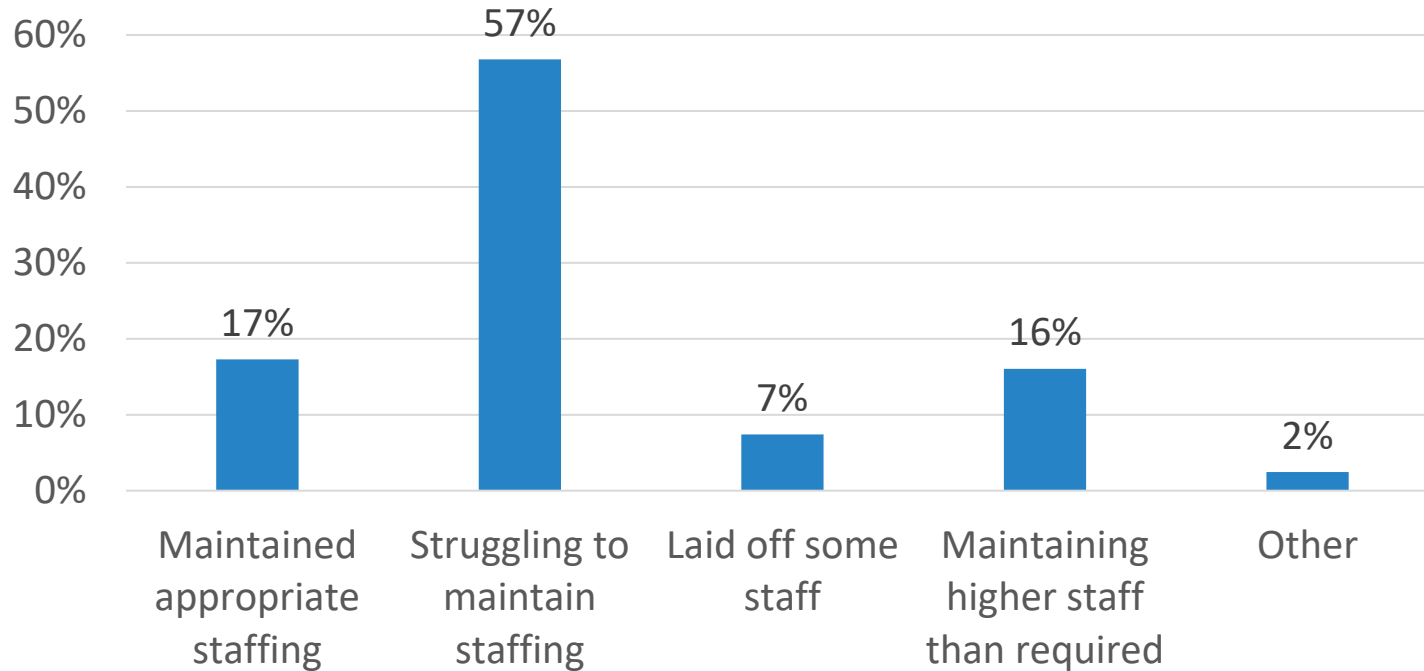
Overall, fewer providers report decreases Jan – March, but Racial/ethnic minority-owned businesses still report higher share of decreases





Staffing

How has pandemic affected staffing at your business?
(Child care centers only)



Majority of child care centers surveyed report struggling to maintain legally-required staffing levels during the pandemic

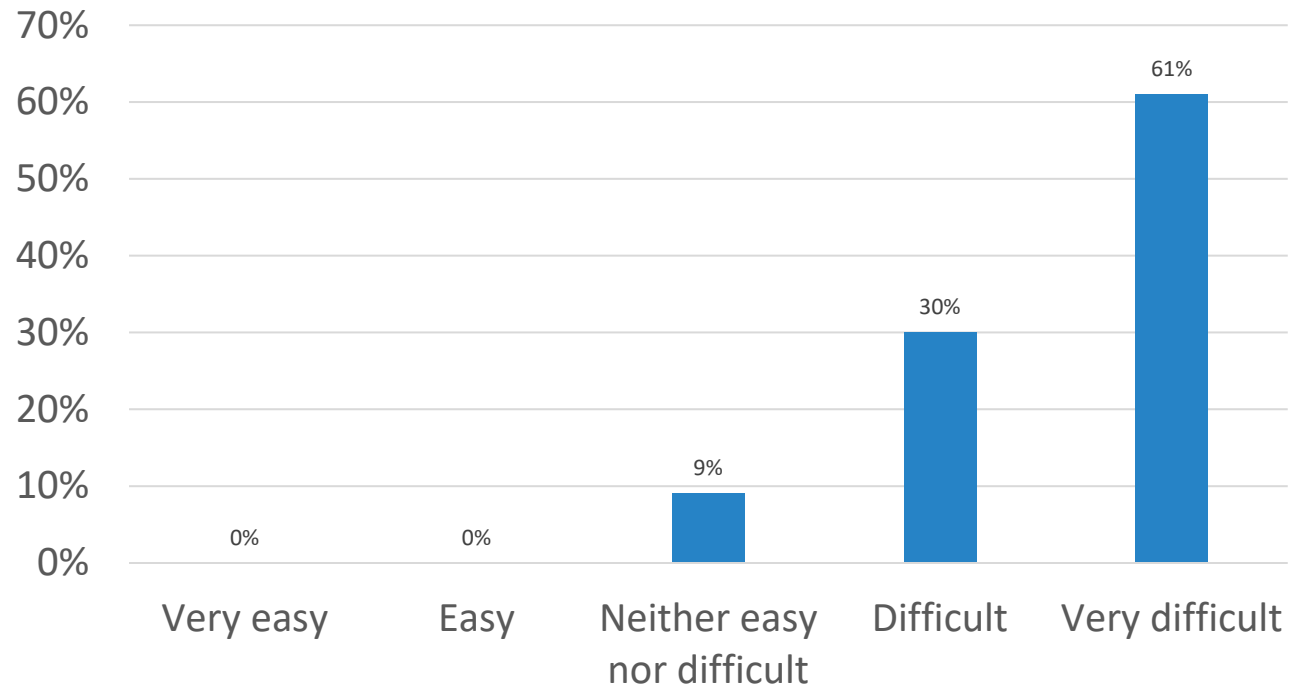


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Finding Qualified Staff

Finding qualified workers
(child care centers only)



More than 90% of child care centers surveyed report finding qualified workers is difficult or very difficult

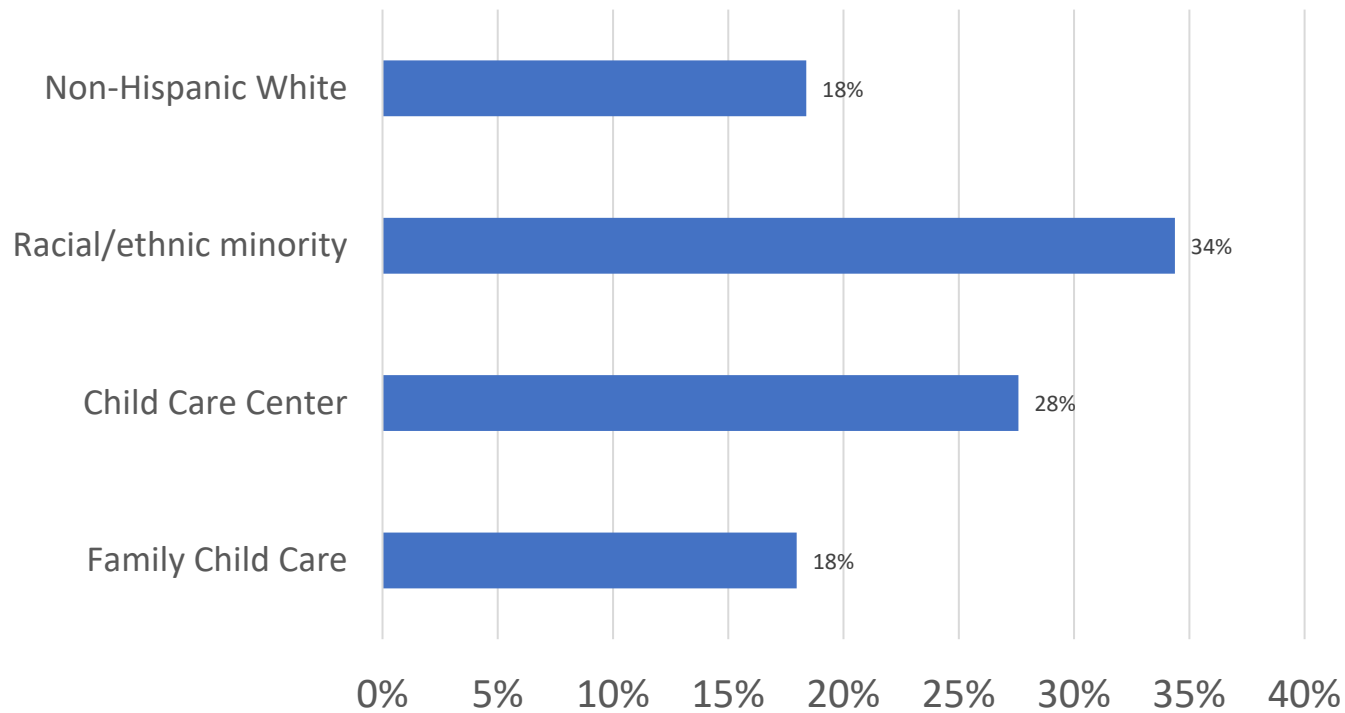


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Struggling to make Payroll

Percentage of providers struggling to make payroll



Child care centers reported more difficulty in making payroll than family providers

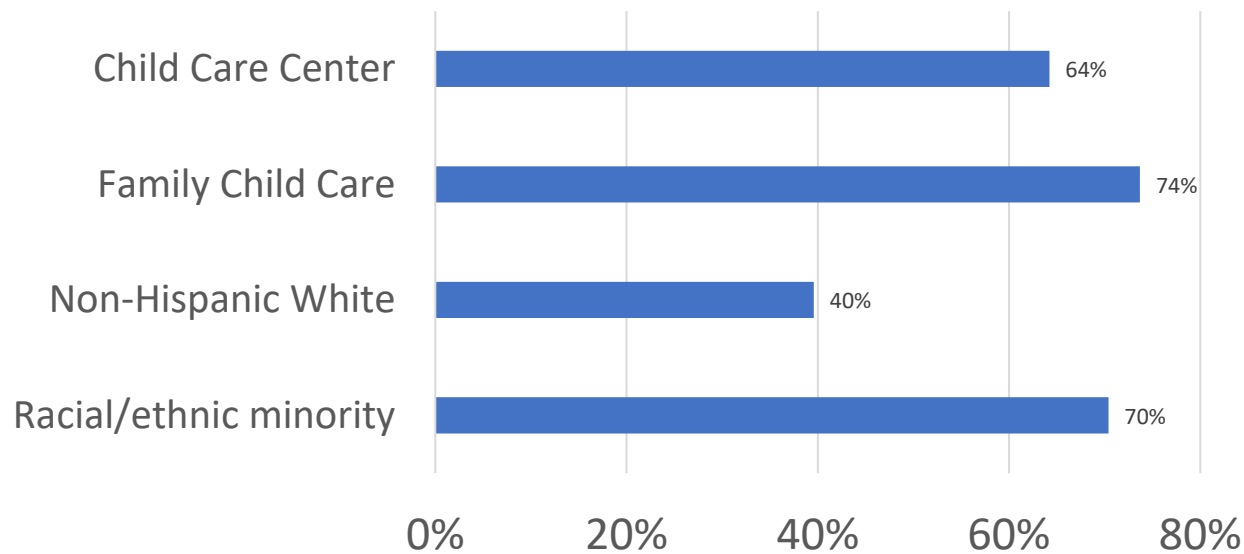
Disparity in difficulty reported by Racial/ethnic minority providers as opposed to non-Hispanic White providers





Household Income Impact

Percentage of providers whose household income has been impacted by financial losses to their child care business



High rates of survey respondents in all categories reported that their household incomes were impacted by financial losses in their business

Disparity between non-Hispanic Whites and Racial/ethnic minority providers

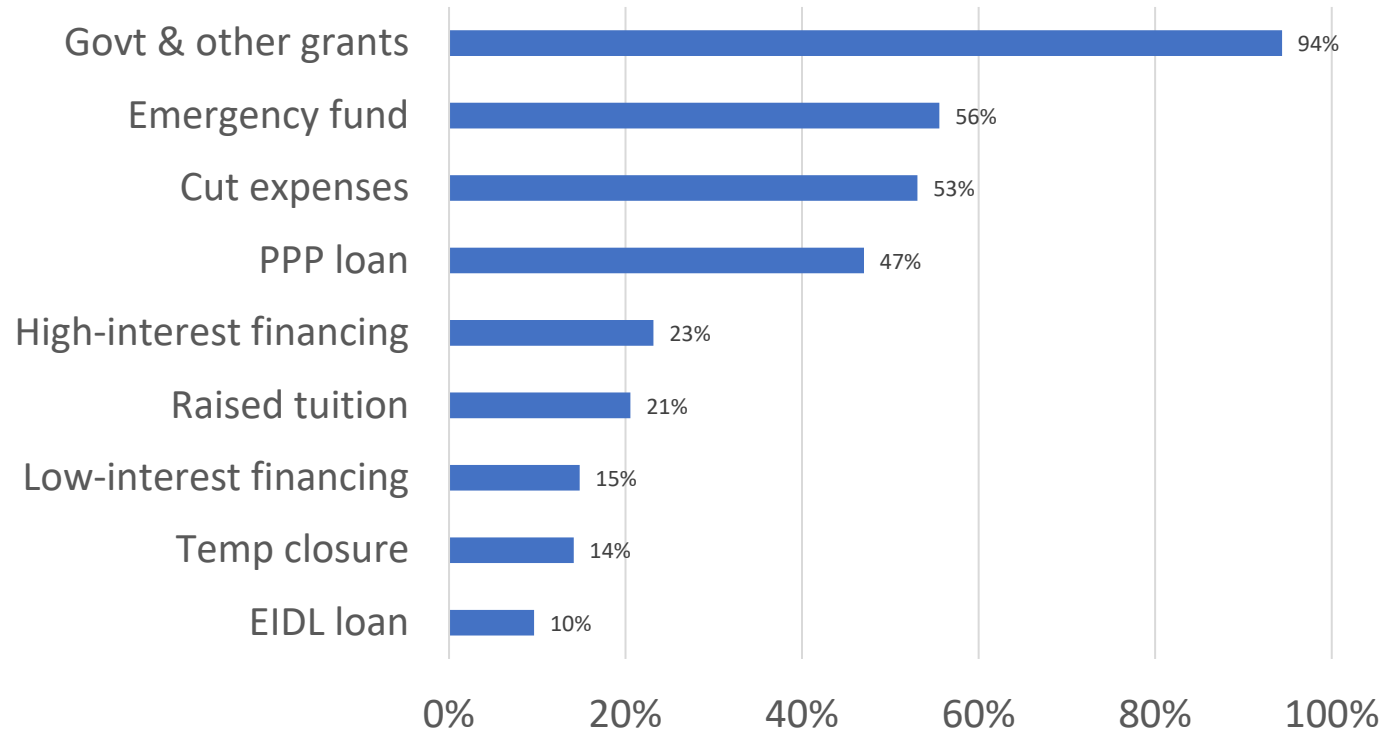


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Cashflow Struggles

Overall responses



Nearly all providers reported receiving grant/govt funding

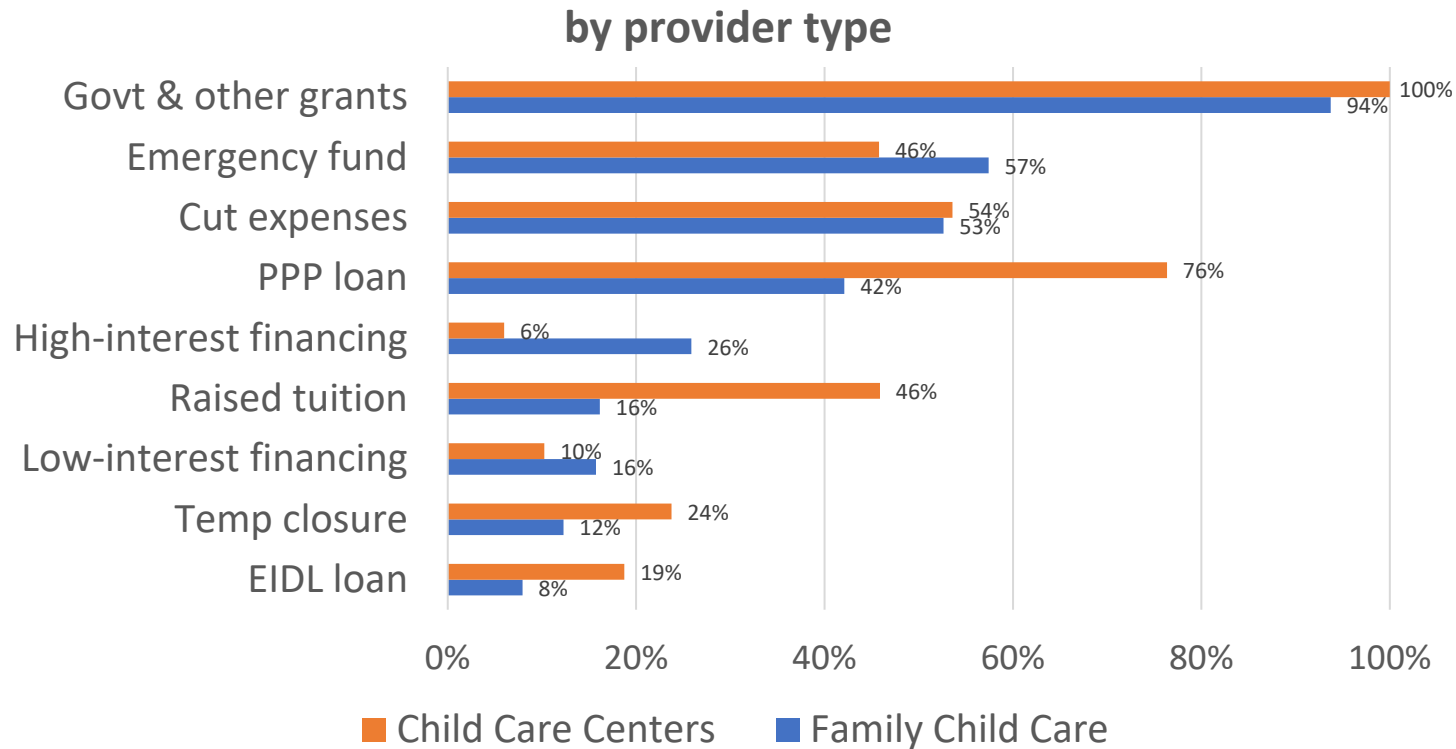
More than 20% of providers resorted to high-interest financing

Only 14% of providers closed temporarily





Cash flow struggles, by provider type



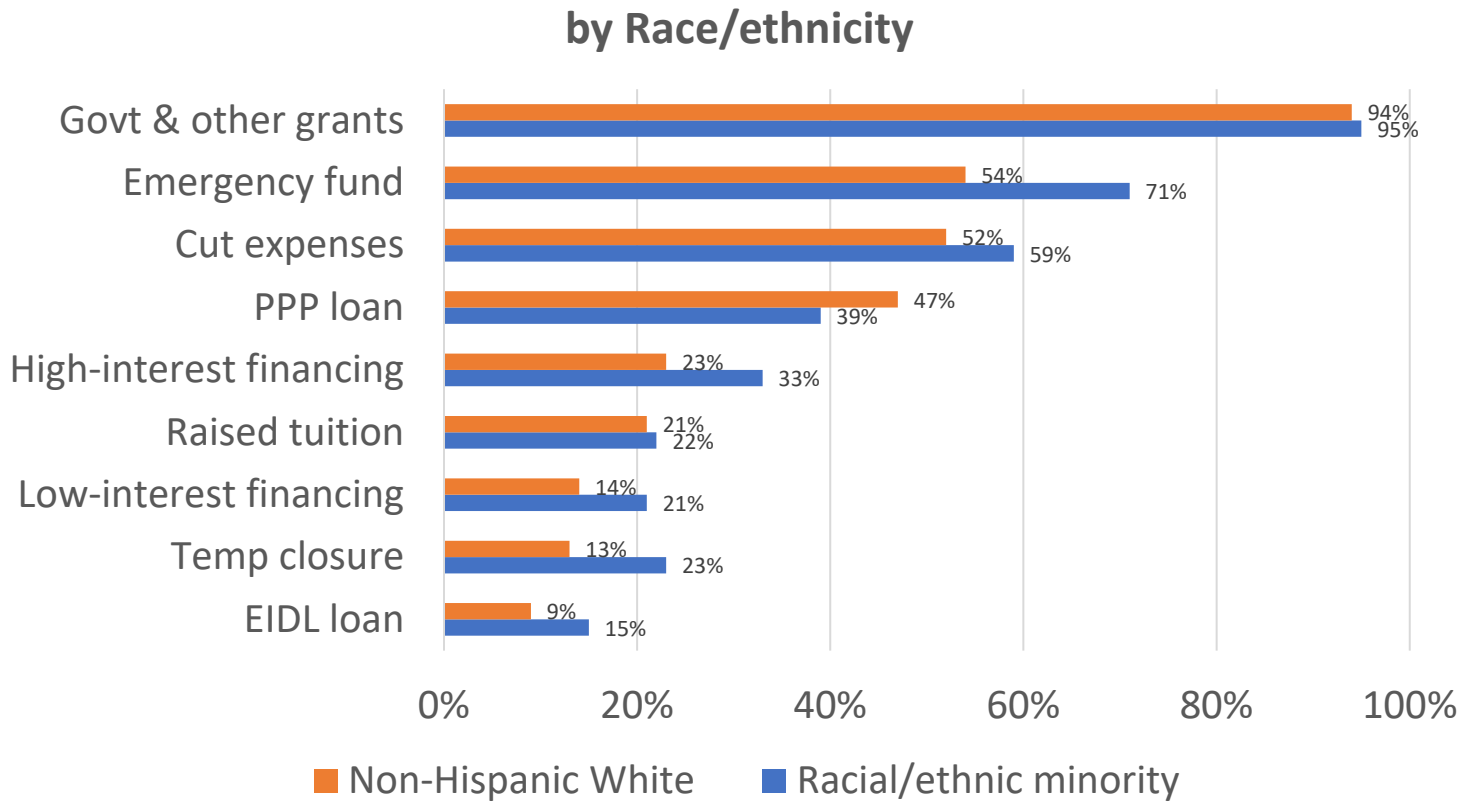
Very high rate of govt/grant funding

Disparity in raising tuition between centers and family providers

Family providers had higher rate of high-interest financing



Cashflow, Racial/Ethnic Minority vs. Non-Hispanic White



Relatively similar experiences across demographic groups

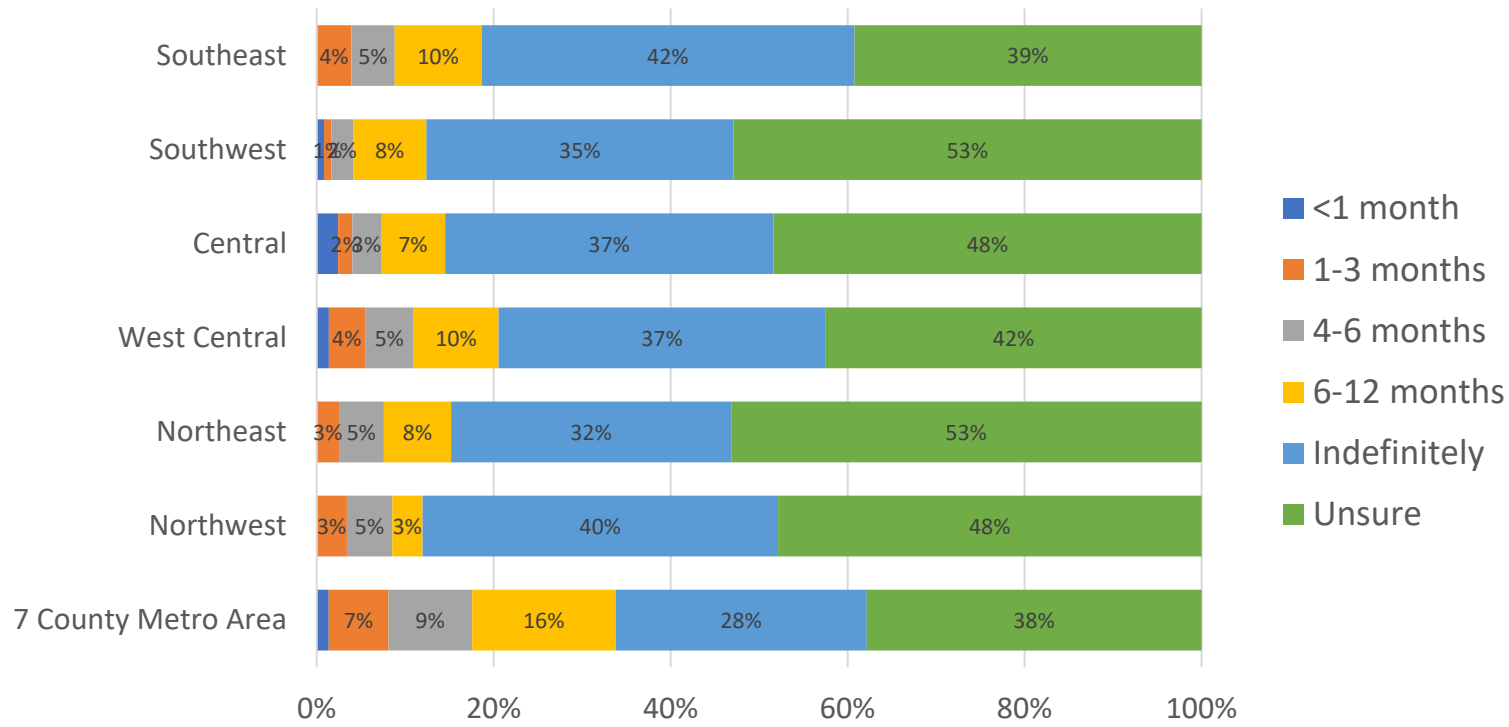
Disparities in closures, use of emergency funds, and high-interest financing





Expect to Remain in Business

How long child care provider expects to remain in business under current conditions



Large share of child care providers unsure whether they can stay in business at this point in the pandemic

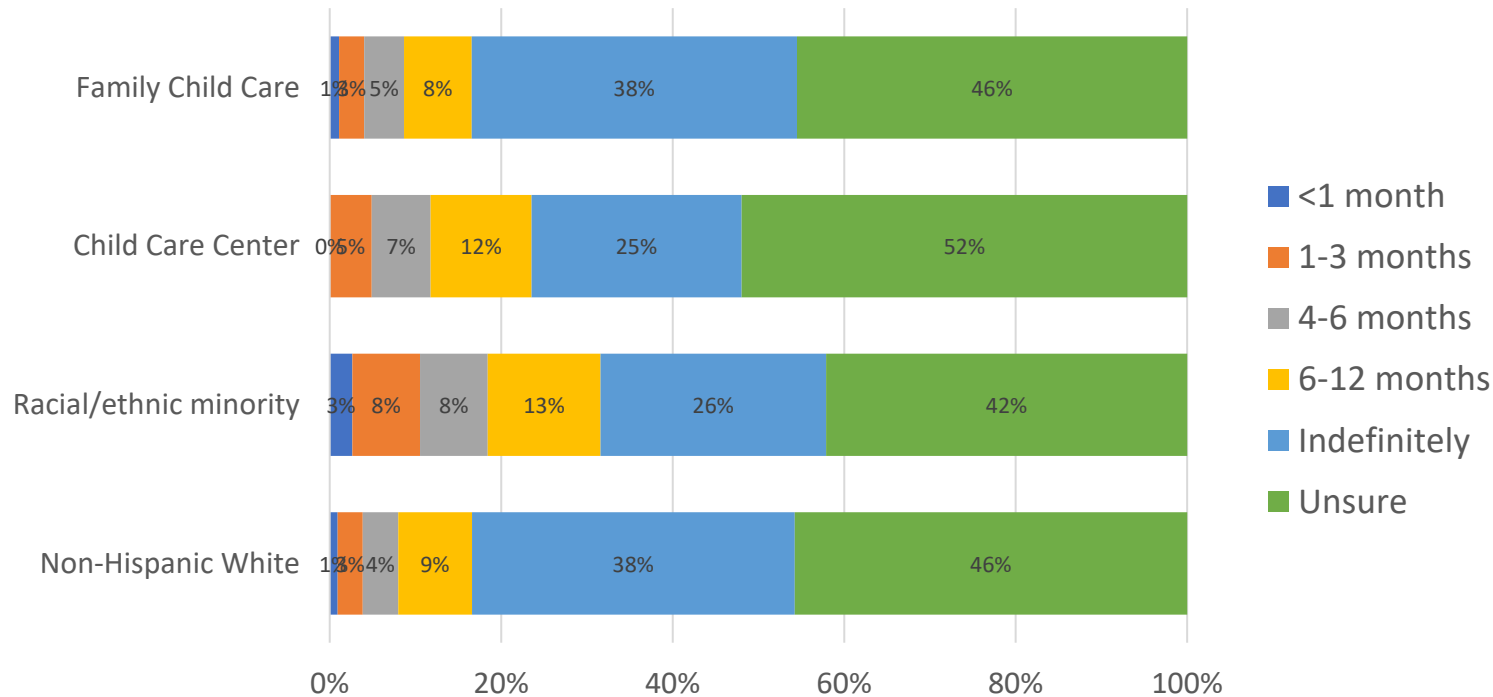
Largely consistent across state; slightly weaker in Metro





Expect to Remain in Business

How long child care provider expects to remain in business under current conditions



Somewhat larger share of child care centers compared with family child care providers are unsure about remaining in business

Somewhat larger share of Racial/ethnic minority providers not sure about remaining in business, compared with non-Hispanic White providers





Connect with us

Websites:

www.firstchildrensfinance.org

www.ruralchildcare.org

www.minneapolisfed.org

If you are a provider and would like to connect with First Children's Finance for additional assistance, please email:

infomn@firstchildrensfinance.org



First Children's Finance MN

Federal Reserve Bank of Minneapolis



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