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
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%
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

Child care centers report increased demand Jan - March.

Family programs still report decreased enrollment more than increased enrollment.
Child care providers in every region of the state had significant decreases in enrollment, meaning significant decreases in revenue.
Enrollment Changes Past 3 Months

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

- Maintained appropriate staffing: 17%
- Struggling to maintain staffing: 57%
- Laid off some staff: 7%
- Maintaining higher staff than required: 16%
- Other: 2%

Majority of child care centers surveyed report struggling to maintain legally-required staffing levels during the pandemic.
More than 90% of child care centers surveyed report finding qualified workers is difficult or very difficult.
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.
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.
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
How long child care provider expects to remain in business under current conditions

<table>
<thead>
<tr>
<th>Region</th>
<th>&lt;1 month</th>
<th>1-3 months</th>
<th>4-6 months</th>
<th>6-12 months</th>
<th>Indefinitely</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast</td>
<td>4%</td>
<td>5%</td>
<td>10%</td>
<td>42%</td>
<td>39%</td>
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<tr>
<td>Southwest</td>
<td>18%</td>
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<td>Central</td>
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<tr>
<td>West Central</td>
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<td>Northwest</td>
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<tr>
<td>7 County Metro Area</td>
<td>7%</td>
<td>9%</td>
<td>16%</td>
<td>28%</td>
<td>38%</td>
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</tr>
</tbody>
</table>

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

- Family Child Care:
  - Unsure: 46%
  - 6-12 months: 25%
  - 1-3 months: 12%
  - 0% < 1 month: 7%
  - 0% 4-6 months: 8%

- Child Care Center:
  - Unsure: 52%
  - 6-12 months: 25%
  - 1-3 months: 12%
  - 0% < 1 month: 7%
  - 0% 4-6 months: 8%

- Racial/ethnic minority:
  - Unsure: 42%
  - 6-12 months: 26%
  - 1-3 months: 13%
  - 0% < 1 month: 8%
  - 0% 4-6 months: 8%

- Non-Hispanic White:
  - Unsure: 46%
  - 6-12 months: 38%
  - 1-3 months: 26%
  - 0% < 1 month: 9%
  - 0% 4-6 months: 8%

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.
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