The Economic Impacts of the Child Care Shortage in Northeastern Minnesota









March 1, 2019 Richard Chase, Wilder Research



In 2018, 493 child care establishments...



379 family child care programs, DOWN 20 PERCENT SINCE 2011

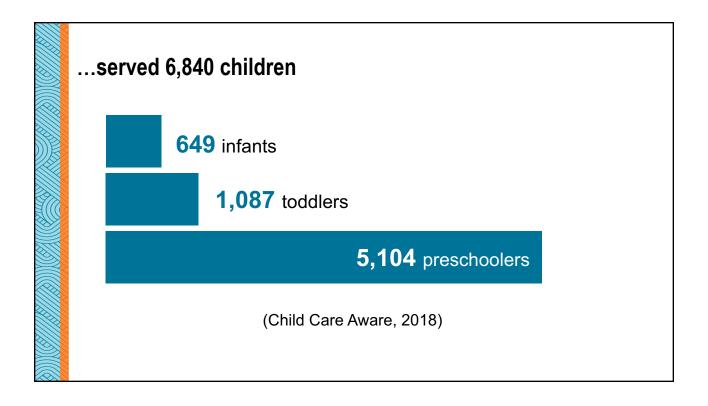


91 child care centers



and

23 preschools (including Head Start)



Economic impact of the child care industry in the region: \$48 million annually

\$30 million

in direct spending on wages, benefits, goods, and services produced and consumed by child care establishments \$18 million indirect spending on additional estimated 146 jobs, goods, and services (multiplier effect)

\$Total includes:

\$1.8 million in local and state taxes & \$4.2 million in federal taxes

Northeastern Minnesota needs...





- Based on the U.S. Census Bureau's population estimates of the number of children under age 6 with all parents in the workforce
- Amount varies considerably from county to county
- Infant care widely known to be in short supply

Child care shortage negatively impacts finances for everyone



\$8.1 million

of lost earnings for **245 families** not able to work due to a lack of child care (\$33,000 average wages)



13%

reduction in productivity for employers



\$2.3 million

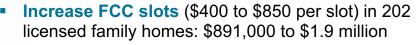
in lost local and **state taxes** and another

\$3 million in federal tax losses



13.3 million in potential lost lifetime earnings for an estimated 1,480 children with likely lower educational attainment and reduced future employability and earnings

Possible multi-sector solutions to the child care shortage



- Add slots to existing child care centers (\$2,000 to \$5,000 per slot): \$4.5 million to \$11.3 million
- **Build new centers**: \$8.8 million using existing structures to about \$32.5 million for new construction
- Focus new funding and efforts on targeted, rural areas
- Continue to offer and increase micro-loans or microgrants to providers to expand capacity and improve their current practices

Possible multi-sector solutions to the child care shortage

- Large and small businesses could collaborate with one another and their community partners (non-profits, governments, child care workers, and other stakeholders) to contribute to easing the child care shortage in the region.
- Explore partnerships with local school districts to offer preschool/ Pre-K, before and after school, and non-school-day care, and other services that could be partly funded by the education system.
- Consider ways to boost the income and wages of the child care workforce.
- Support paid family leave
- Strengthen informal social networks