



# Childcare in Greater Minnesota after 2020

---

FEBRUARY 24, 2022

HOUSE EARLY CHILDHOOD  
POLICY & FINANCE COMMITTEE



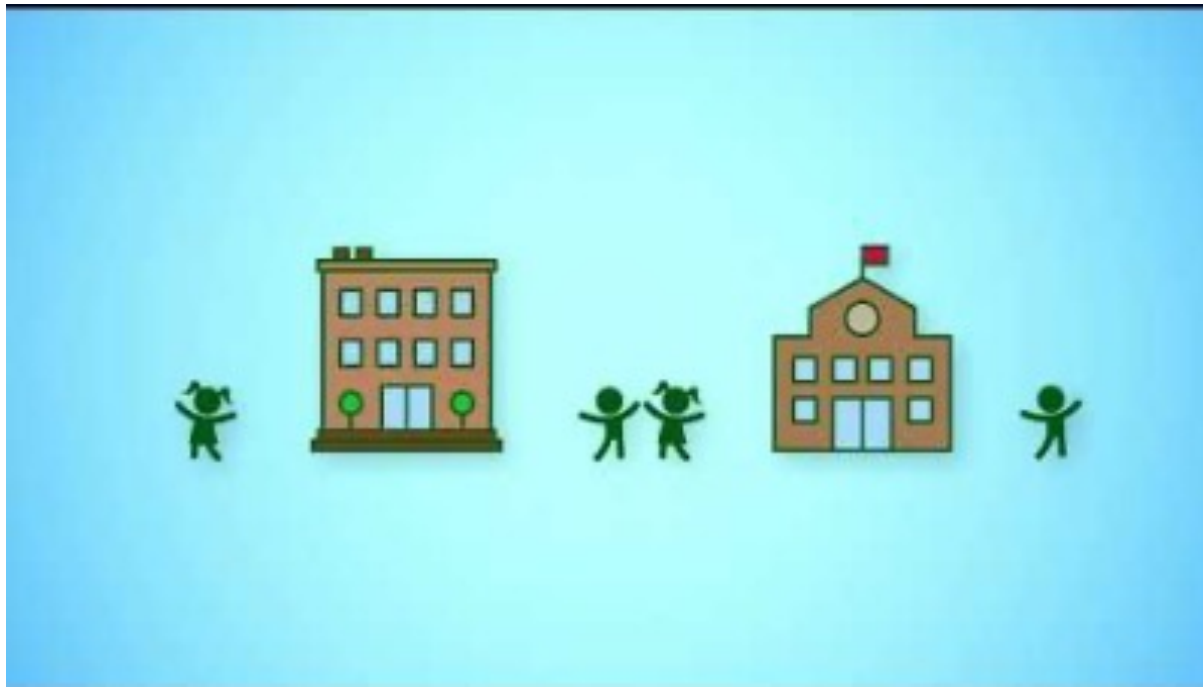
## About us

In 1997, a group of rural Minnesota advocates came together to create a rural policy research organization that would provide policy makers, rural advocates and concerned citizens with an objective, unbiased and politically unspun examination of today's rural issues.

- Based in Greater Minnesota, serving Greater Minnesota.
- A non-partisan, non-profit policy research organization.
- Dedicated to providing Minnesota's policy makers with an unbiased evaluation of issues from a rural perspective.
- 19 Board members
- 3 Staff members in home offices

# Childcare in rural Minnesota

---





# Childcare in rural Minnesota

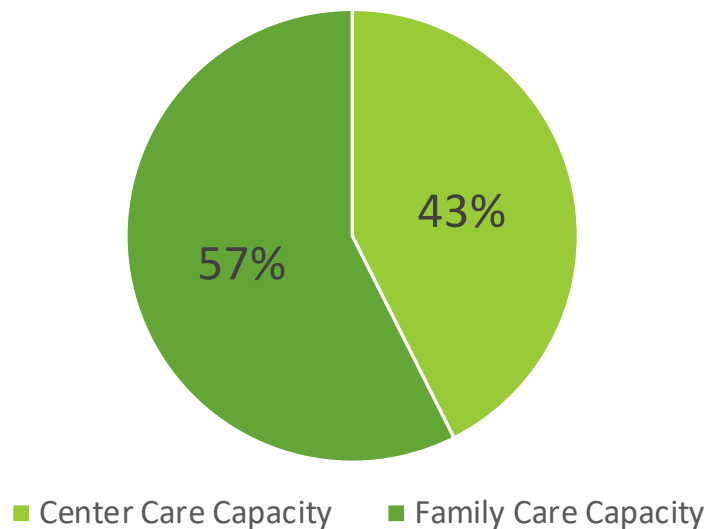
---



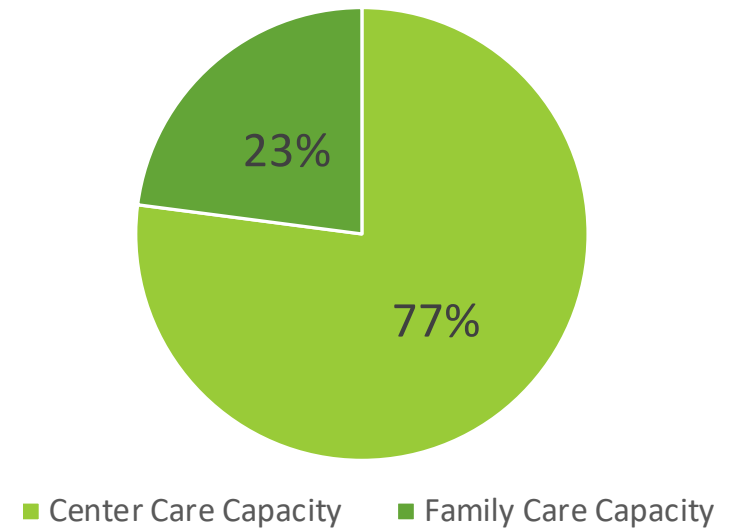
# Why FCC childcare is so important to rural Minnesota

---

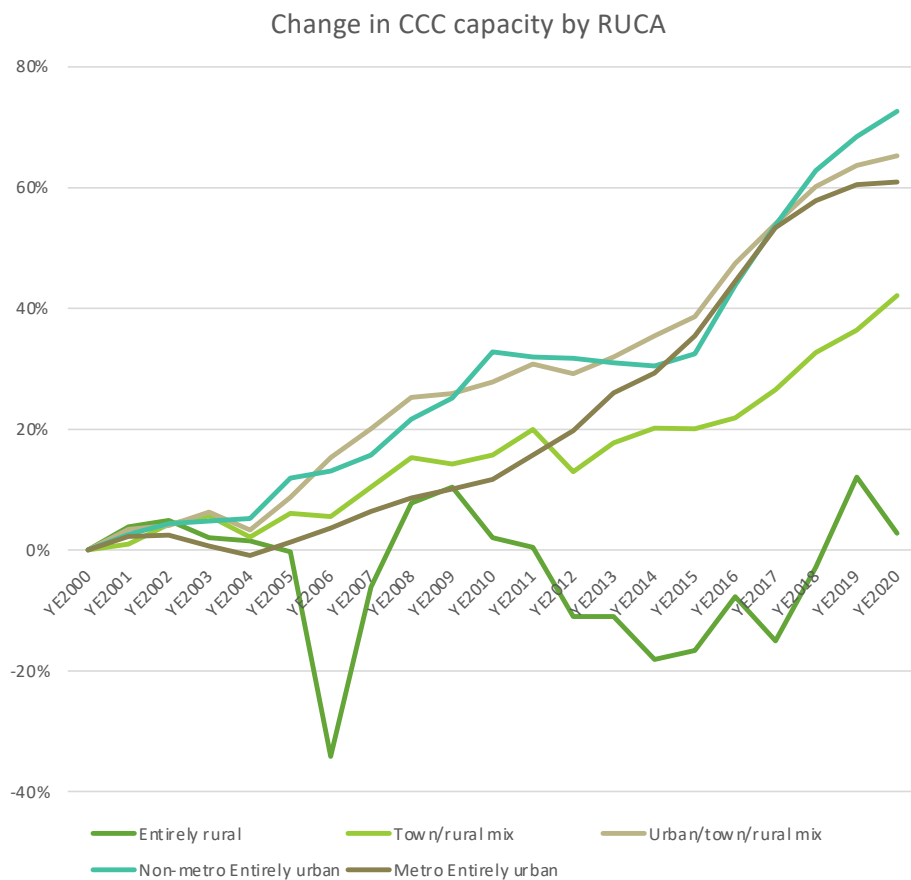
Greater MN childcare capacity



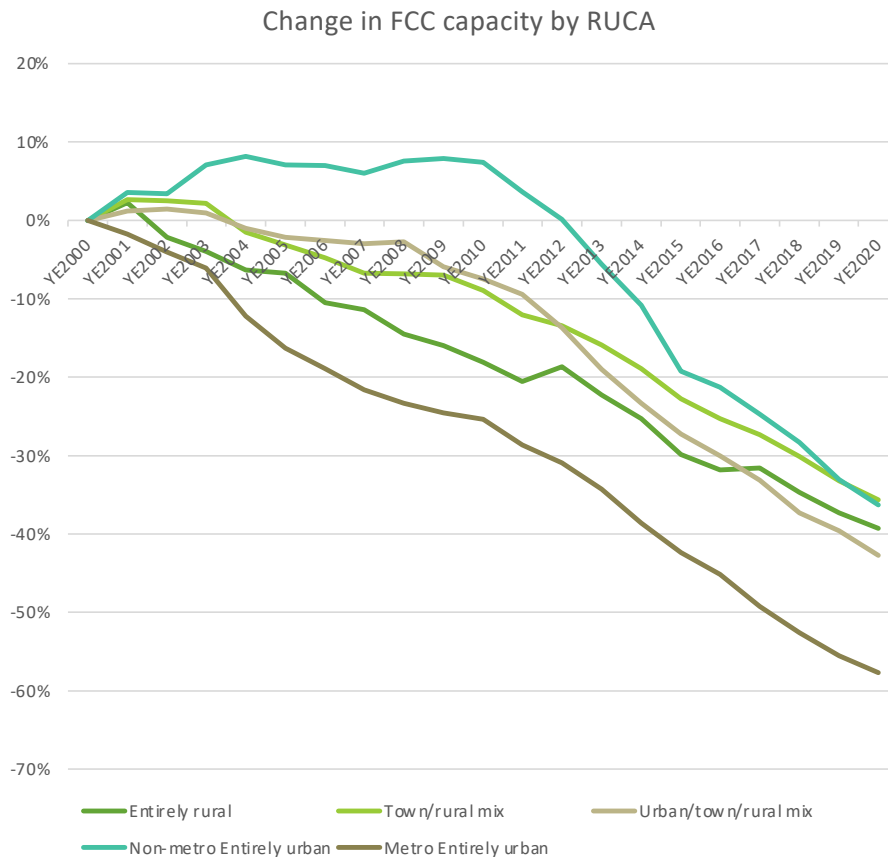
Twin Cities childcare capacity



# The economics of childcare



- Population density matters.
- Population centers have more families with higher incomes.
- Works better for centers with their higher startup costs.
  - Providers can raise rates when necessary.
  - Larger pool of potential staff (usually).



# The economics of childcare

- Rural areas have fewer families, often with lower incomes.
- Family providers can operate with lower overhead, keeping rates lower and requiring fewer “customers.”
- Family providers also don’t need staff.
- But there is still a reason FCC providers are leaving.

Greater MN	2000	2020	Net change
Family childcare	90,686	55,231	-35,455
Center childcare	25,730	40,933	15,203
Twin Cities metro	2000	2020	Net change
Family childcare	68,845	29,120	-39,725
Center childcare	60,779	97,816	37,037
Total Greater MN capacity	116,416	96,164	-20,252
Total Twin Cities capacity	129,624	126,936	-2,688

Data: MN Dept of Human Services

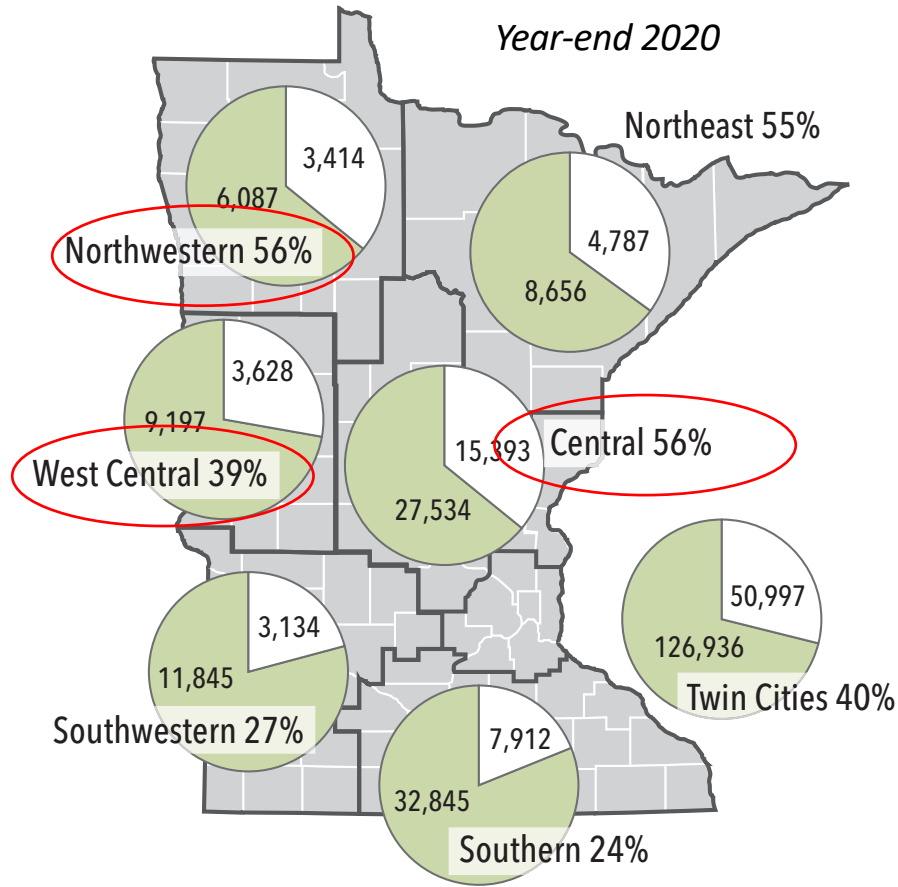
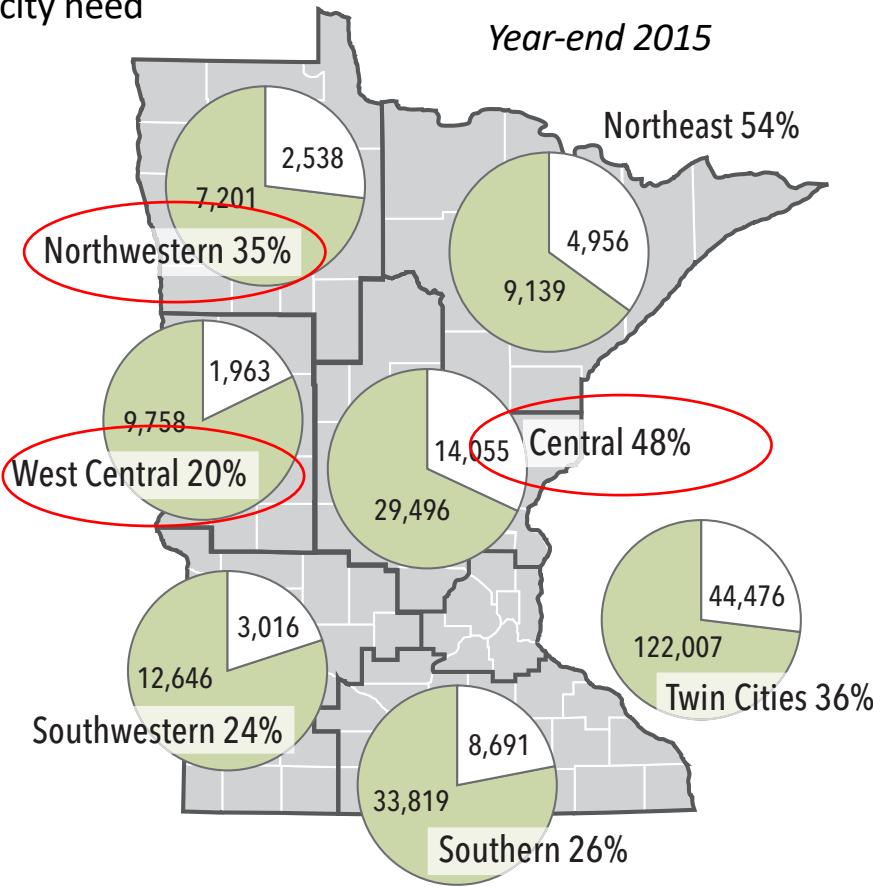
## Looking back: Trends since 2000

### Greater Minnesota & Twin Cities

The growth in center capacity since 2000 has not made up for the loss in family childcare capacity in Greater Minnesota or the Twin Cities.

Statewide, almost 23,000 fewer childcare spaces at the end of 2020 than in 2000.

Percentage growth required to meet estimated capacity need



Data: MN Dept. of Human Services; U.S. Census  
© Center for Rural Policy & Development



MIF Region	Center childcare licenses	Family childcare licenses	Center childcare capacity	Family childcare capacity
East Central	-6	-61	115	-788
Northeast	-7	-29	-141	-345
Northwest	2	-30	117	-363
Southern	-3	-62	464	-777
Southwest	-5	-27	89	-252
West Central	-1	2	144	-54
Twin Cities	-32	-138	287	-1513
<b>Total</b>	<b>-52</b>	<b>-345</b>	<b>1,075</b>	<b>-4,092</b>

*Net change between year-end 2019 and year-end 2020*

Data: MN Dept of Human Services

## What happened in 2020?

We ended 2020 with almost as many providers as we started with.

- Most regions gained some CCC capacity.
- All regions lost FCC capacity.

Between July and December 2020:

- 36 centers and 317 family operations closed.
- 50 centers and 221 family operations opened.

Over the last 20 years, 2020 was a *good* year.



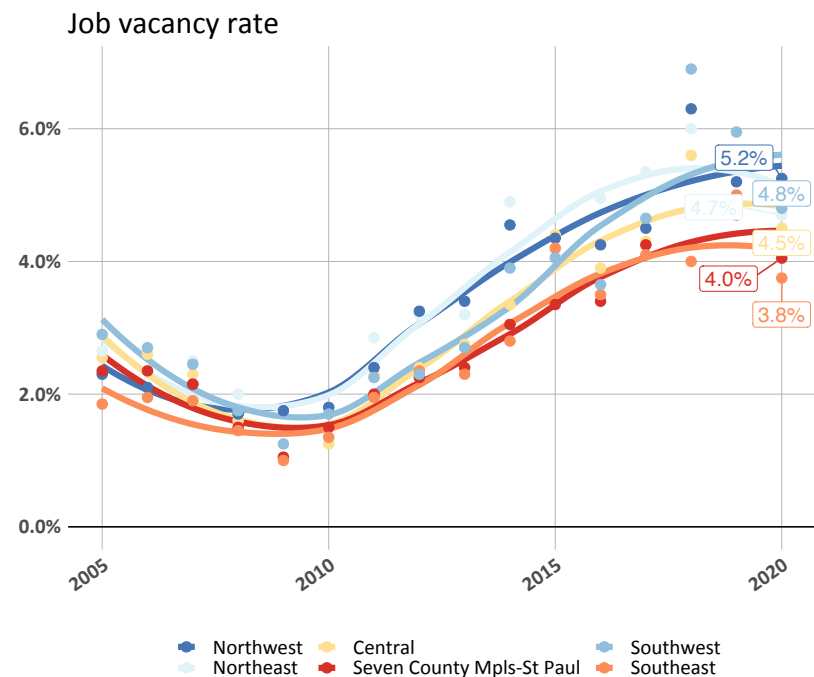
## Changing the narrative

---

# Childcare is a business issue.

## Childcare is not just a family issue.

- In around 75% of Minnesota households with children under 6, both parents work.
- Job vacancies have been at record highs in Greater Minnesota for many years now.

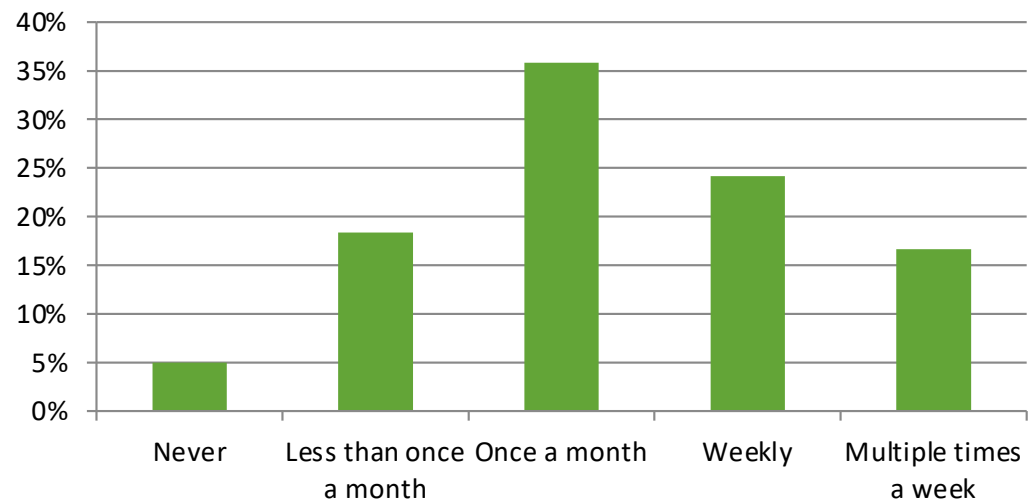


Data source: MN Dept. of Employment & Economic Development

# Lack of childcare hinders recruitment.

- In Greater MN, **access to childcare** and **housing** are the two biggest barriers to finding and keeping workers.

In the past six months, how often have you heard employers in the area you serve mention the childcare shortage as a barrier to attracting or retaining workers to their businesses?





## Decide what childcare is.

---

- Is it a business?
- Is it a school?
- Childcare is regulated like a school but funded like a private business.
- The ambiguity is part of the problem.
- We need to recognize that it is both.





# In the near term

---

## Barriers to overcome



## Keep current providers operating

---

- This is a money issue.
- Emergency grants from state and MN Initiative Foundations kept many providers going during COVID crisis.
- Continued financial support beyond CCAP may need to be part of a permanent solution.



# Reimbursement rates

---

- Reimbursement rates have been key to helping close the affordability gap for parents and the revenue gap for providers.
- Reimbursement rates sat frozen for *14 years* until 2020.

A person wearing safety goggles and writing on a piece of paper. The background is dark and out of focus, suggesting a workshop or training environment.

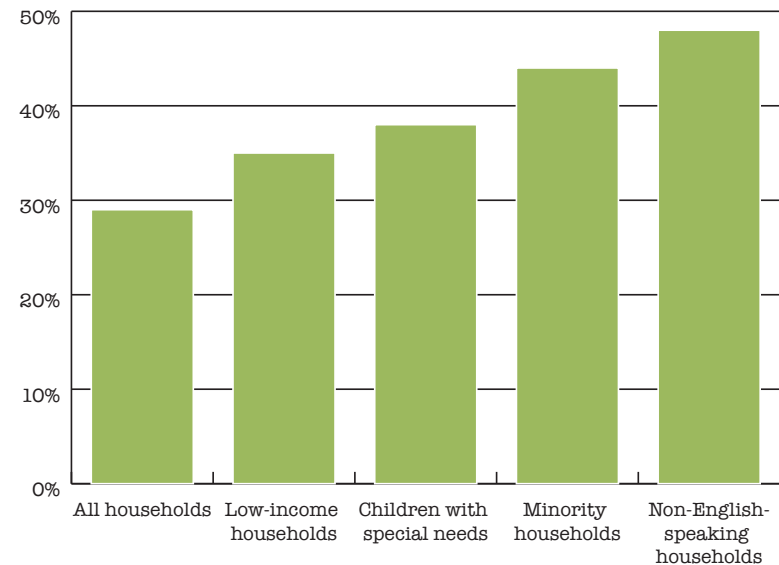
# Childcare subsidies during training

---

- Large shift going on among people leaving low-wage hospitality jobs.
- Potential workers can't attend skills training if they can't afford childcare.
- Are childcare subsidies for workers in retraining programs adequate?

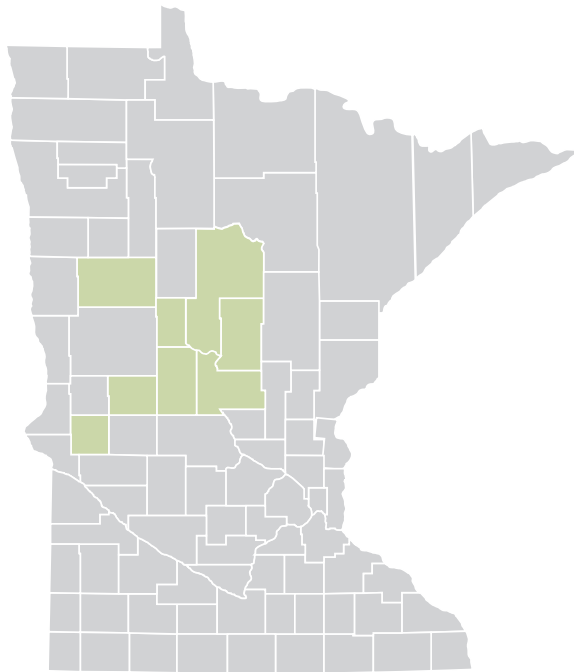
# Don't let perfect become the enemy of good.

- Ensure regulations aren't part of the problem.
- For example: Converting empty storefronts on rural Main Streets to childcare facilities.
- Exacting regulations make it time-consuming and expensive to convert the space, adding to startup costs.



The percentage of different groups saying they feel they have to take whatever form of childcare they can get (MN Dept. of Human Services, [“Child Care Use in Minnesota: Report of the 2009 Statewide Household Child Care Survey.”](#)).





## Allow for initiative

---

- Make it easier for small rural communities to convert space.
- The pod model is catching on.
- Childcare operations in or connected to schools and senior living facilities are serving infants to preschoolers.
- Sourcewell model of FCC licensing was invented locally.



Childcare is no longer a luxury. It is economic development and an indispensable part of our future.

---



Thank you!



© CENTER FOR RURAL POLICY & DEVELOPMENT