

The Economic Impacts of the Child Care Shortage in Northeastern Minnesota



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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)

...served 6,840 children



(Child Care Aware, 2018)

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...



an estimated additional
4,496 licensed slots



50 percent increase
in current licensed capacity

- 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



- **Increase FCC slots** (\$400 to \$850 per slot) in 202 licensed family homes: \$891,000 to \$1.9 million
- **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 micro-grants 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**

