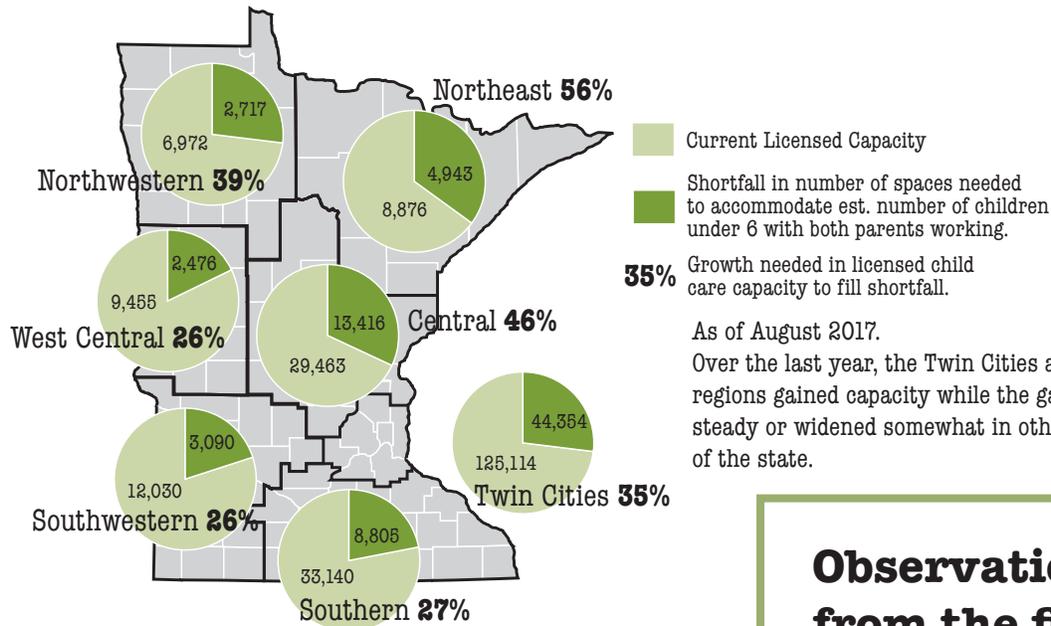


Child care's quiet crisis: an update



As of August 2017.
Over the last year, the Twin Cities and Central regions gained capacity while the gap stayed steady or widened somewhat in other regions of the state.

How child care capacity changed in 2016

Data from the Minnesota Department of Human Services shows that the number of licensed family child care providers continued to plummet during 2016. Centers, however, showed a marked increase, especially in Greater Minnesota.

	FCC	CCC
Greater MN	-2,298 (-3%)	+2,009 (+6%)
Twin Cities	-2,049 (-5%)	+5,401 (+7%)

Change in licensed capacity, end of 2015 to end of 2016.

A county-by-county analysis shows, though, that the majority of the growth in Greater Minnesota happened in the larger population centers, especially in counties adjacent to the Twin Cities.

The large increase in licensed center capacity in both metro and rural counties should also be taken with a grain of salt since a center may not be operating at full capacity. A center's square footage determines the maximum capacity it can be licensed for, but the center can only care for as many children at any one time as their staffing level will legally allow.

Observations from the field

- The major theme continues: **Until more can be done** to increase **wages** and/or **profits** for both center and family providers, the child care shortage will continue.
- **Low pay for workforce** makes recruitment and retention a major hurdle.
- **Providers feel they can't raise rates** because **parents can't afford to pay more**. Under this scenario, providers can't make a profit or be sustainable.
- **The high startup costs** make for very high barriers to entry for the average provider.
- **The vast array of regulations** needed to start a child care business are difficult to find, read through and understand, and there is little help, say providers and those who work with them.

Child care's quiet crisis: communities

Community solutions

Partnerships among local governments, nonprofits, school districts and other organizations are working on ways to help bring down costs for providers.

Fairmont: When a daycare serving 85 children was told to move, the provider worked with the city and Lakeview Methodist Health Services to re-open in Lakeview's nursing home. City inspectors, the Dept. of Health and fire marshalls all helped.

Clarkfield: The city is building its own facility, which it plans to rent—for free—to a nonprofit that will operate the child care business. It is being funded through donations and grants.

Harmony: Harmony Enterprises, a major employer in southeast MN, opened its daycare for children of employees and the community in 2016. They serve a 35-45 mile radius.

West Central Initiative: The Initiative Foundation won a DEED child care grant, which they have used for forgivable loans to 31 providers. Recipients have used them for staff, equipment and space.

Greater MN is still very dependent on family child care providers.

Centers as a whole still provide a far smaller share of capacity in Greater Minnesota compared to the Twin Cities area.

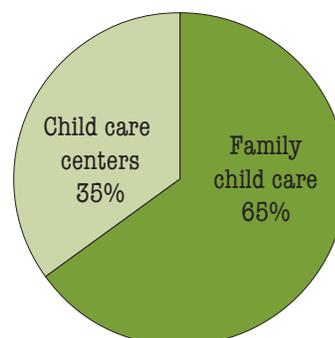
Schools and child care

School districts in Benson and Montevideo are becoming child care providers. The main benefit is that child care staff can be paid at the district's pay scale, helping with recruiting and retaining staff. Rates charged to parents will help offset the extra cost.

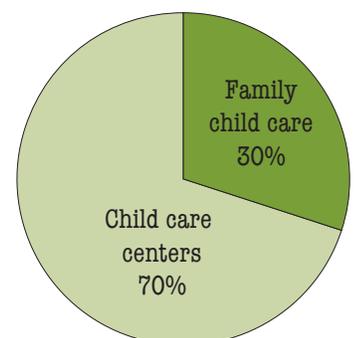
Wages are a significant issue. The Minnesota Initiative Foundations surveyed child care centers across the state in 2017 and found that wages for teacher's aides and full-time teachers were below \$15 an hour. At these rates, providers have difficulty competing with other employers.

Does this affect in-home providers? Given the decline in the number of licensed family child care providers since 2006, the school districts are hopefully not hastening the exit of any providers. More likely, they're adding badly needed capacity, especially in infant care.

	Number of FCC providers	
	2006	2016
Swift Co.	50	28
Chippewa Co.	45	32



Greater Minnesota



Twin Cities 7-county area