



Child care in Greater Minnesota after 2020: A unique opportunity

FEBRUARY 18, 2021

WEBINAR



The current state of child care in Minnesota

Greater MN	2000	2020	Net change
Family child care	90,686	55,231	-35,455
Center child care	25,730	40,933	15,203
Twin Cities metro	2000	2020	Net change
Family child care	68,845	29,120	-39,725
Center child care	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

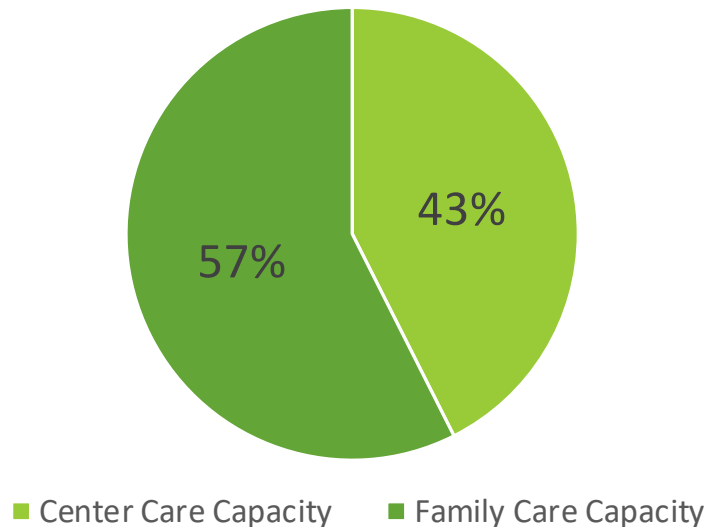
Looking back: Trends since 2000

Greater Minnesota & Twin Cities

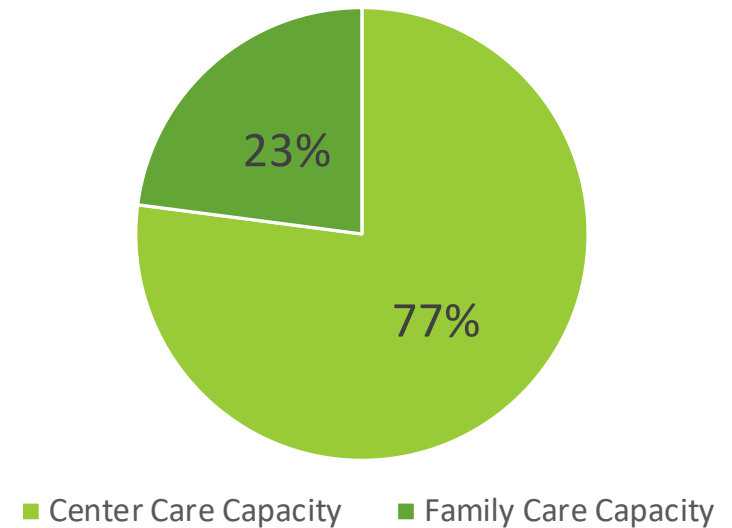
The growth in center capacity since 2000 has not made up for the loss in family child care capacity in Greater Minnesota.

Why FCC child care is so important to rural Minnesota

Greater MN child care capacity



Twin Cities child care capacity



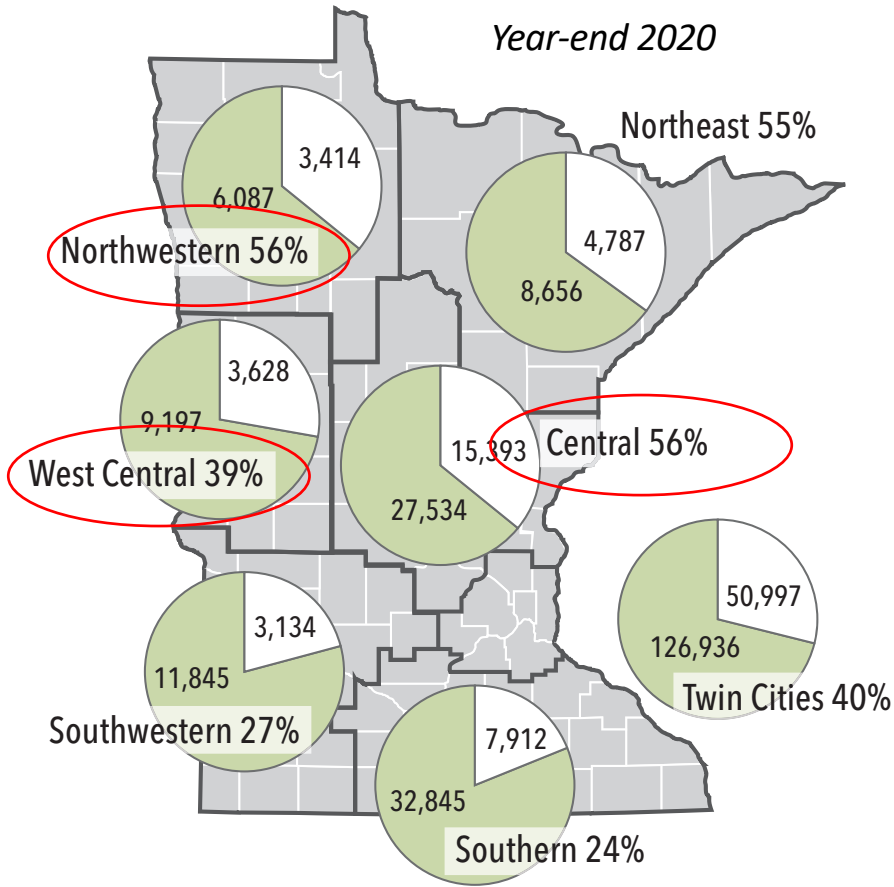
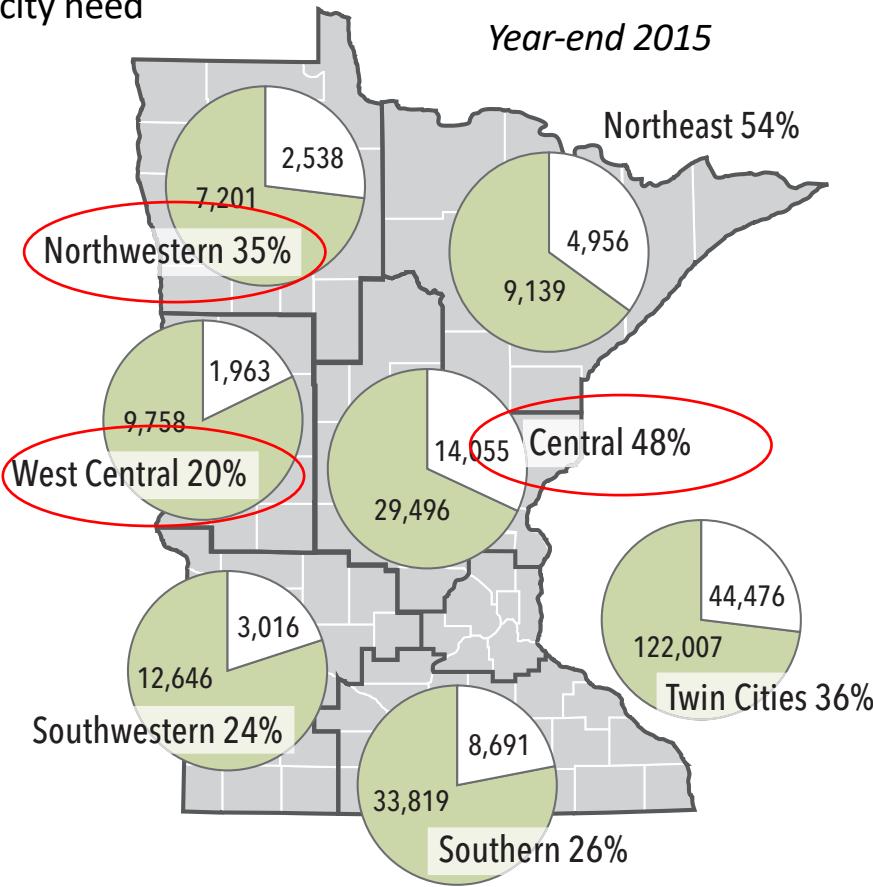
Looking regionally: 2000-2020

The growth in center capacity since 2000 has not made up for the loss in family child care capacity, especially in northwestern and west central Minnesota.

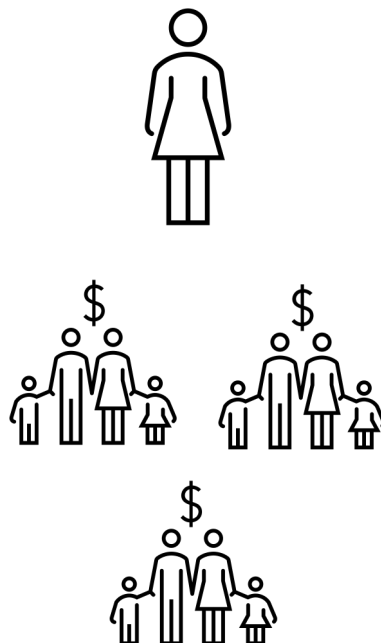
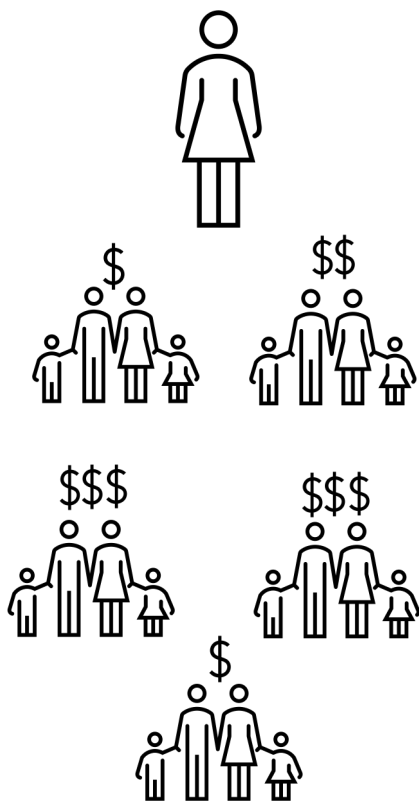
MIF Region	Change in center capacity	Change in family child care capacity	Change in combined capacity
East Central	60%	-35%	-13%
Northeast	37%	-54%	-27%
Northwest	-3%	-36%	-30%
Southern	104%	-41%	-10%
Southwest	34%	-40%	-25%
West Central	16%	-32%	-22%
Twin Cities	61%	-58%	-2%

Data: MN Dept of Human Services

Percentage growth required to meet estimated capacity need



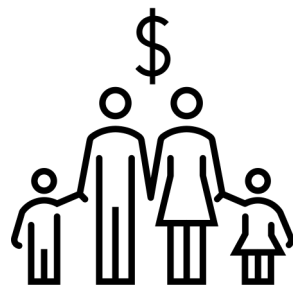
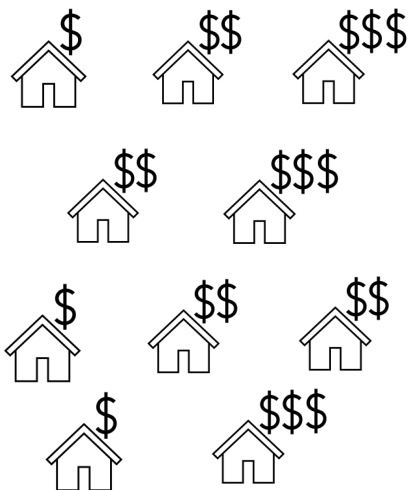
Data: MN Dept. of Human Services; U.S. Census
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The economics of child care

How did we get to this point in rural areas?

- Areas with high population density have more families with higher incomes who can afford to pay the rate the provider needs.
- Providers need this to cover expenses, which they have little control over.
- In child care deserts, there are fewer families and they often have lower incomes. The providers' expenses will often not be that different.



The economics of child care

How did we get to this point in rural areas?

- While family providers are retiring, few people are coming in to replace them.
- Women have many better-paying options today.
- In urban areas, large centers can do well, so family providers can fade away.
- In rural areas, the economics don't work for centers without extra effort. But family providers are still leaving.



What happened in 2020?

MIF Region	Center child care licenses	Family child care licenses	Center child care capacity	Family child care 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
Total	-52	-345	1,075	-4,092

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:

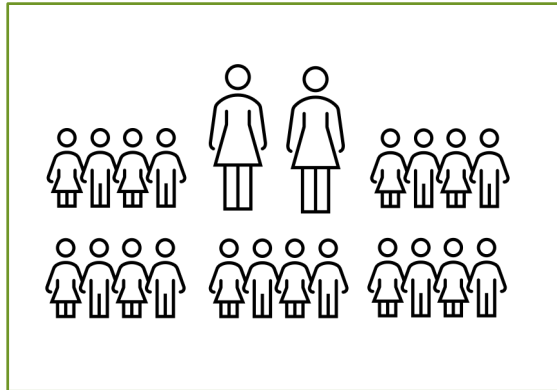
- 36 centers and 317 family operations closed.
- 50 centers and 221 family operations opened.

Less revenue in 2020

Group limits that control the spread of COVID hit centers especially hard.

- Normal preschool quota: 10 children per adult.
- COVID group limit: Ten people per room.
- Without additional room, those children must stay home or go elsewhere.

Group limits



Normal center preschool classroom:

- 20 children
- 1 lead teacher
- 1 assistant teacher

COVID group limit:

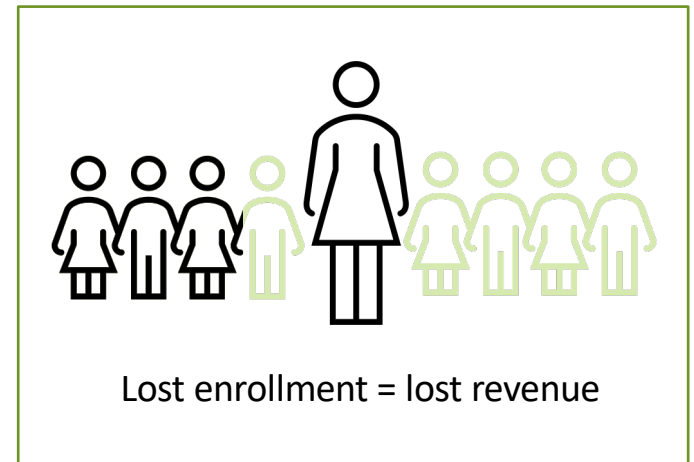
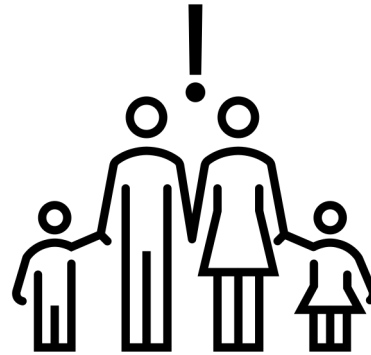
- 10 people per room
- Classroom loses 11 students and assistant teacher



For family providers:

Group limits didn't have as much of an impact, but parents kept kids home.

- Lost job, couldn't afford it.
- Fear of infection.
- Child was quarantined or sick and had to stay home.
- Had to stay home for work anyway, so they decided to save the cost of child care.

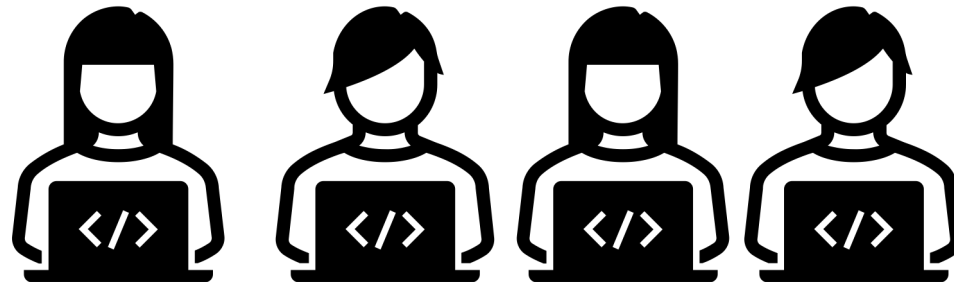
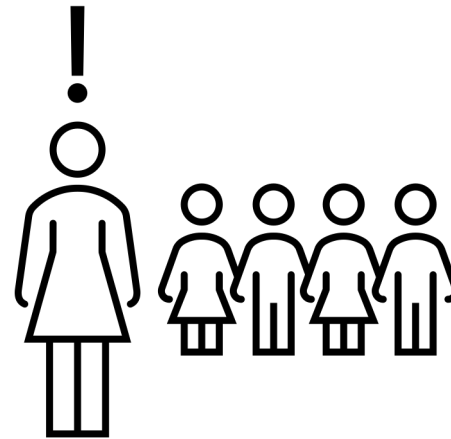


Lost enrollment = lost revenue

For family providers:

Providers found they had new and different issues.

- School-age kids.
- Helping them with online classes.
- Higher food costs and other related necessities.



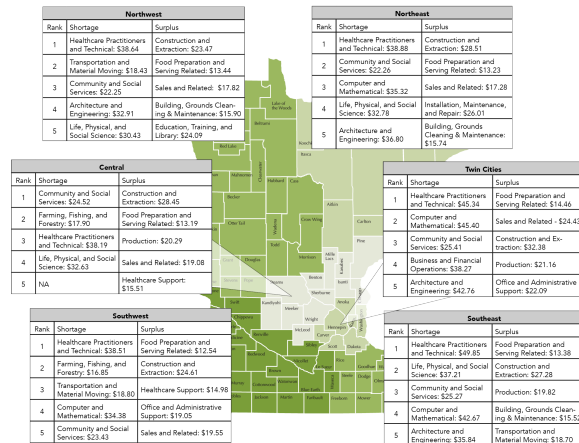


So what do we do?
Fixes for the
short term



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Pandemic impacts on the rural workforce



Data: MN DEED, National Labor Exchange, Continuous Unemployment Claims

From workforce shortage with no labor pool to having workforce shortages and a labor pool.

Rural areas have a unique opportunity that workforce development organizations haven't seen for quite some time: a growing supply of available jobs and a pool of available workers. But the current situation presents a problem: while unemployment statewide is concentrated in the same small number of occupation groups—services, hospitality—job vacancies are spread across many occupation groups and vary by region. Therefore, many of the individuals currently unemployed do not have the skill sets needed for the in-demand jobs.

The map above shows the occupation groups most in need of workers alongside the occupation groups with the largest surplus of workers by planning region and the average hourly wage for each in that region.

To read the full report, visit our website at ruralmn.org.

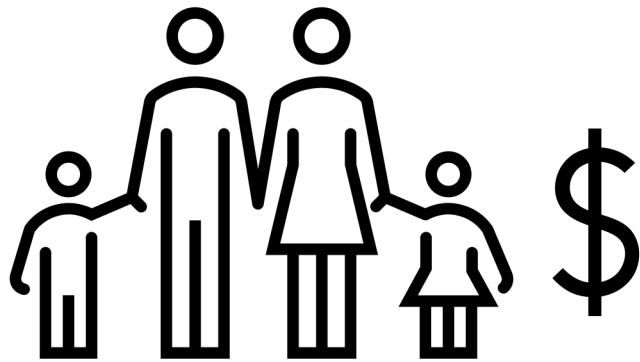
Unique opportunity for our rural economy

- A growing supply of available jobs.
- A pool of unemployed workers.
- Unemployed will need training to match skills to jobs.
- To get retraining and hold jobs, workers will need child care.
- Child care and housing are the biggest issues holding back economic development in rural MN.



Keeping our providers intact: Emergency grants

- State offered three rounds of emergency grants for family providers, centers, and certified centers.
- MN Initiative Foundations also offered emergency grants.
- Kept providers operating during a revenue crisis.
- State is looking to federal government's next COVID relief bill.



Child care subsidies during retraining

Parents enrolled in Child Care Assistance Programs are eligible to receive child care subsidies as long as their incomes stays within guidelines.

- Income cliff: There can be a gap between the upper income bound to receive subsidies and the income level where a family can afford full market-price child care.
- Are there other opportunities to offer child care subsidies for retraining outside of MFIP?



So what do we do?
Fixes for the long
term?



What is child care?

Let's decide what child care is.

- Is it a business?
- Is it a school?
- We're regulating them like a school but funding them like a private business.
- Let's decide.

Changes in 2019 legislation for center child care providers

- Training
- Clarifications on in-service training, who can transport children and what training they need, supervision policy, reusable water bottles and cups, etc.

Monitor policy

Continue monitoring policy for unintended consequences.

Continue where legislation left off in 2019.

- For child care providers, 2019 legislation addressed several hassle factors.

Changes in 2019 legislation for family child care providers

- Plain language communications.
- Substitutes.
- Background study clarifications.
- Disputes between providers and county licensors.
- Correction orders analysis.

Monitor policy

Continue monitoring policy for unintended consequences.

Continue where legislation left off in 2019.

- For child care providers, 2019 legislation addressed several hassle factors.



Minnesota Family Child Care Task Force

Legislative Report

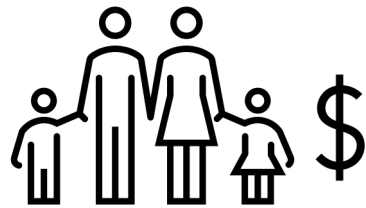
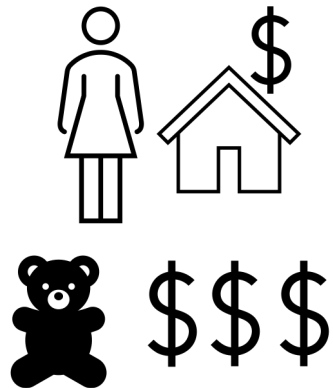
February 2021

For more information contact:

Minnesota Department of Human Services
Licensing Division
P.O. Box 64242
St. Paul, MN 55164-0242
651-431-6500

Remember family providers

- Family Child Care Task Force.



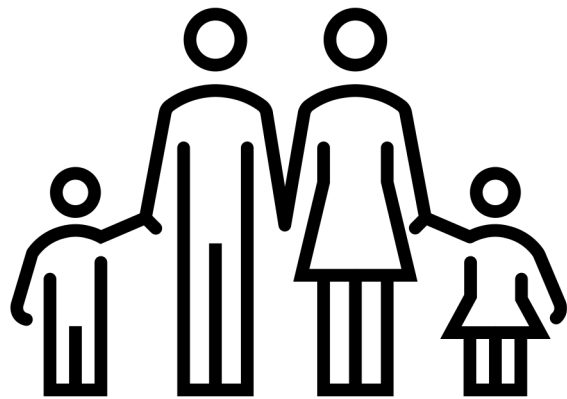
Reimbursement rates

Monitor the impact of reimbursement rate levels on providers.

Reimbursement rates are key to helping with the revenue gap for providers.

Reimbursement rates were raised in the 2020 First Special Session.

Consider creating a “child care standard” to define “affordable child care,” similar to affordable housing.



FULL



FULL

Child care desert premium

- Add an extra payment onto reimbursement rates for providers located in child care deserts.
- Deserts exist in both rural communities and urban neighborhoods.
- This would be similar to the differential added onto the reimbursement for providers with quality star ratings.
- Would help providers stay in business and could incentivize new providers to open in child care desert areas.



Involve all stakeholders, including employers

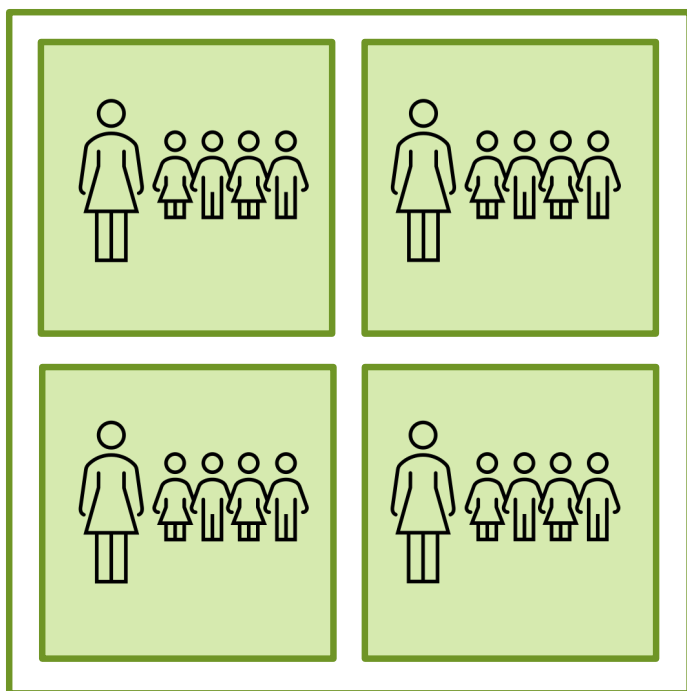
- Some businesses have started getting involved, but it is slow.
- Child care has a direct impact on their ability to keep employees.
- There are a number of ways an employer can help employees and local providers.

Taylor Corp. in North Mankato is one of the few employers in Minnesota that offers child care as an employee benefit.



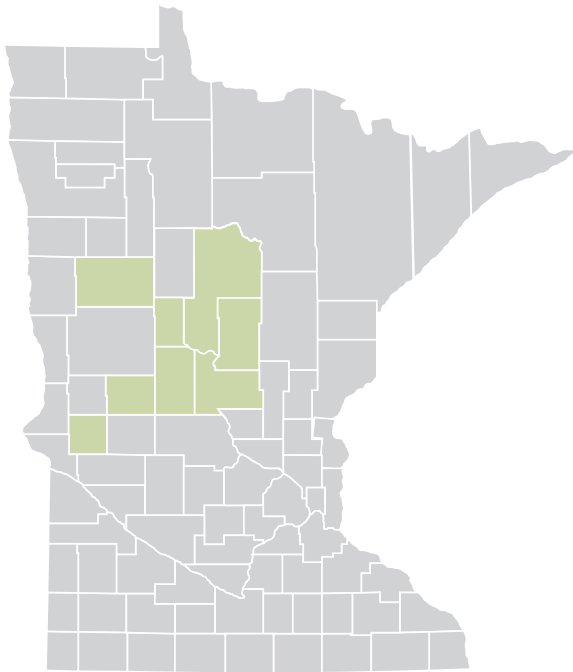
Allow for creativity

- Child care operations in or connected to schools and senior living facilities are serving infants to preschoolers.



And flexibility

- The pod model is a new license type for FCC providers.
- Allows multiple providers to operate in one building without operating as a center.
- Providers can share overhead costs.
- May be more attractive to potential providers who don't want to start a center but don't want to operate a business in their homes either.



And experimentation

- Sourcewell: A partnership between the regional service coop and eight counties in northern MN.
- Becker, Cass, Crow Wing, Douglas, Morrison, Stevens, Todd, Wadena.
- Invented by county officials as a way of sharing licensing responsibilities and resources.
- Worked closely with DHS to set up.
- Provides licensing and education for FCC providers.



Is it time?

Child care is no longer a luxury. It is economic development and an indispensable part of our economic infrastructure.



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