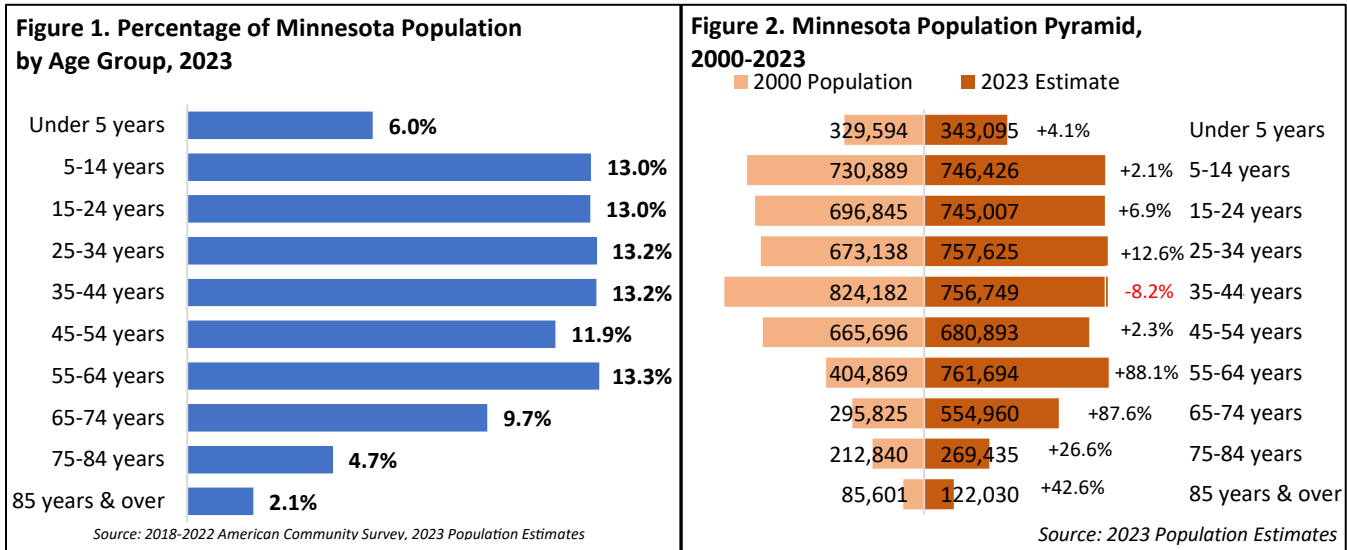


Minnesota – Child Care Overview

Population

Minnesota’s population recently surpassed 5,737,000 people across 87 counties. From 2010 to 2023, Minnesota’s population increased by 433,900 people, reflecting an 8.2% growth rate. This growth has been driven by natural increases (more births than deaths), as well as smaller amounts of in-migration. Minnesota has a diverse age demographic profile, with a total population of 5,737,915 people. Among these, the youngest age group, under 5 years old, comprises just over 343,000 individuals, accounting for 6% of the population (Figure 1). Additionally, the number of children under 5 in Minnesota has grown by 4.1% since 2000 (Figure 2). This is significant as it highlights the importance of early childhood services and education, but also reflects the state’s future potential workforce.



Population Projections

Looking forward, newly released data from the [Minnesota State Demographic Center](#) projects that the population in Minnesota will increase by around 317,000 people from 2025 to 2045, a projected 5.5% increase.

Several age groups are expected to grow, including the number of children under 5 years old. This youngest age group is projected to increase by about 9,000 people, or a 2.7% increase over the next 20 years, suggesting continuing demand for child care services in the future (Table 1).

| Table 1. Population Projections, 2025-2045 | | | 2025-2045 Change | |
|--|------------------|------------------|------------------|--------------|
| Minnesota | 2025 Projection | 2045 Projection | Numeric | Percent |
| Under 5 years | 334,148 | 343,074 | +8,926 | +2.7% |
| 5-14 years | 719,410 | 707,249 | -12,161 | -1.7% |
| 15-24 years | 759,710 | 724,660 | -35,050 | -4.6% |
| 25-34 years | 743,358 | 778,244 | +34,886 | +4.7% |
| 35-44 years | 781,484 | 830,597 | +49,113 | +6.3% |
| 45-54 years | 681,854 | 781,369 | +99,515 | +14.6% |
| 55-64 years | 701,293 | 736,420 | +35,127 | +5.0% |
| 65-74 years | 622,006 | 554,134 | -67,872 | -10.9% |
| 75-84 years | 334,030 | 437,971 | +103,941 | +31.1% |
| 85 years & over | 127,107 | 227,679 | +100,572 | +79.1% |
| Total | 5,804,400 | 6,121,397 | +316,997 | +5.5% |

Source: Minnesota State Demographic Center

Minnesota is split into six planning regions, and of those, five are expected to see an increase in the population of children under the age of 5 from 2025 to 2045. Central Minnesota stands out with the highest percentage increase, adding 5,169 children, an 11.2% rise. Southeast and Northwest Minnesota are projected to have modest gains, ranging from 3.4% to 5.9%. The Twin Cities Metro Area and Southwest are projected to have small gains between 1.1% and 0.4% respectively. Conversely, Northeast is projected to experience a decrease of 1,260 children under 5, an 8.5% decline (Table 2).

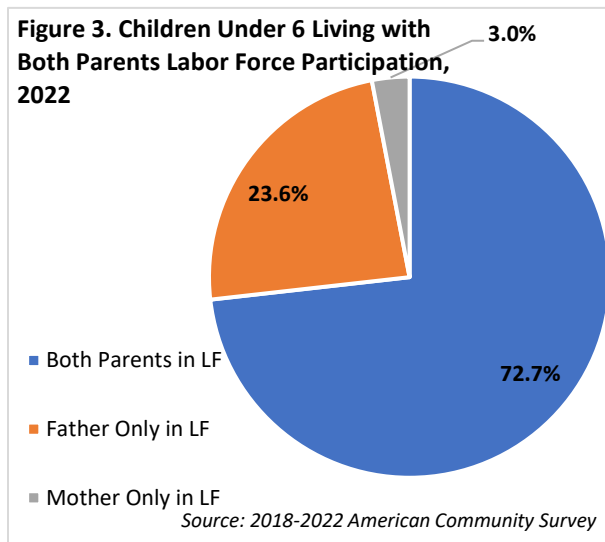
| Table 2. Population Projections for People Under the Age of 5 in Minnesota, 2025-2045 | | | 2025-2045 Change | |
|---|----------------|----------------|------------------|--------------|
| Planning Regions | 2025 | 2045 | Numeric | Percent |
| Central | 46,033 | 51,202 | +5,169 | +11.2% |
| Southeast | 29,916 | 31,667 | +1,751 | +5.9% |
| Northwest | 33,334 | 34,481 | +1,147 | +3.4% |
| Twin Cities | 186,777 | 188,814 | +2,037 | +1.1% |
| Southwest | 23,237 | 23,319 | +82 | +0.4% |
| Northeast | 14,851 | 13,591 | -1,260 | -8.5% |
| Minnesota | 334,148 | 343,074 | +8,926 | +2.7% |

Source: Minnesota State Demographic Center

Family Arrangements & Employment

Additional data from the Census Bureau shows that in Minnesota, there are approximately 400,000 children under the age of 6, accounting for about 30.6% of the population under 18. Among these youngest children, 73.6% (294,300) live with two parents. Of those living with two parents, 72.7% have both parents in the labor force, 23.6% have only the father in the labor force, 3% have only the mother in the labor force, and the remaining 0.7% have neither parent in the labor force (Figure 3).

One-fourth (26.4% or 105,600) of children under 6 live with a single parent, which is below the national rate of 33.5%. Of these children, 70.3% live with their mother, while 29.7% live with their father. Among children living with their father, 92.2% of these fathers are in the labor force, whereas 83.2% of mothers in single-parent households are in the labor force.

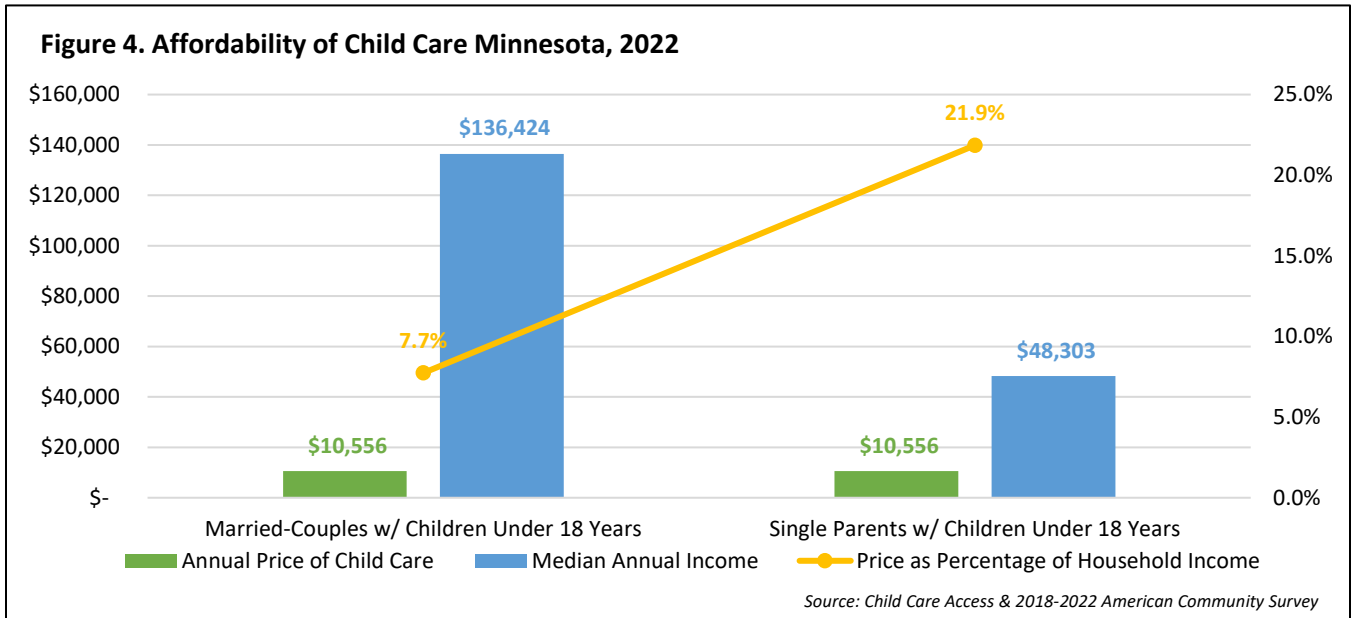


For comparison, in the United States, 75.7% of children living with a single parent reside with their mother, while 24.3% live with their father. Nationwide, about 89.9% of the single fathers are in the labor force and 75% of mothers are in the labor force.

It is evident from this data that a significant portion of parents with young children are actively participating in the labor force. This highlights the crucial need for accessible and affordable child care services. Reliable child care enables parents to maintain their employment and contribute to the economy, ensuring they can support their families. Without adequate child care options, parents, particularly those with young children, may struggle to remain in the workforce, leading to financial instability and potential skill loss. Therefore, investing in child care is not only beneficial for families, but also vital for sustaining a strong and stable labor force in Minnesota.

Cost & Availability of Child Care

The cost of child care is a significant and widely discussed topic. The U.S. Department of Health and Human Services recommends that [child care should not exceed 7% of a family's annual income](#). According to data from [Child Care Access](#) and the [American Community Survey](#), Minnesota’s married couples have exceeded 7% in 2022. Specifically, in 2022, married couples with children under 18 years of age in Minnesota spent an average of 7.7% of their annual income on child care (Figure 4).



For single-parent families, the percentage of median household income spent on child care significantly increases because child care costs remain constant while their median household income drops substantially. In Minnesota, single parents spent 21.9% of their income on child care (Figure 4). This disparity highlights the financial strain faced by single-parent households when managing child care expenses.

According to research on [Child Care Access](#) conducted by the University of Minnesota, family access to child care is determined by three main factors: the quantity of available slots, the prices of these slots, and their quality. In Minnesota, the average of quantity of access is 0.60 nearby slots per child. The average price of child care per week is \$206 in Minnesota. The quality of care is rated 0.30 highly rated nearby slots per child (Table 3). Overall, Cook County, Red Lake County, and Lincoln County achieve the highest overall ratings for child care access in Minnesota.

| Table 3. Access of Child Care in Minnesota, 2022 | | | | |
|--|----------|-------|---------|---|
| State | Quantity | Cost | Quality | Overall Index Rank (Out of 87 Counties) |
| Minnesota | 0.60 | \$206 | 0.30 | (X) |

Source: [Child Care Access](#)

Industry Trends in Employment & Firms

According to data from the [U.S. Census Bureau's Nonemployer Statistics](#), there were 10,849 self-employed child daycare providers in Minnesota. Part of a longer-term trend, the state experienced a rapid decline of 1,533 self-employed daycare providers from 2019 to 2021. The largest percentage decreases occurred in the Twin Cities Metro (-13.8%), Central (-13.6%), and Southwest (11.4%) (Table 4). No regions experienced an increase in self-employed daycare providers from 2019 to 2021.

| Planning Region | 2021 | 2020 | 2019 | 2019-2021 Numeric Change | 2019-2021 Percent Change |
|-------------------|---------------|---------------|---------------|-----------------------------|-----------------------------|
| Central | 1,780 | 1,911 | 2,060 | -280 | -13.6% |
| Northeast | 459 | 471 | 509 | -50 | -9.8% |
| Northwest | 1,708 | 1,773 | 1,889 | -181 | -9.6% |
| Southeast | 1,310 | 1,373 | 1,470 | -160 | -10.9% |
| Southwest | 1,120 | 1,176 | 1,264 | -144 | -11.4% |
| Twin Cities Metro | 4,472 | 4,802 | 5,190 | -718 | -13.8% |
| Minnesota | 10,849 | 11,506 | 12,382 | -1,533 | -12.4% |

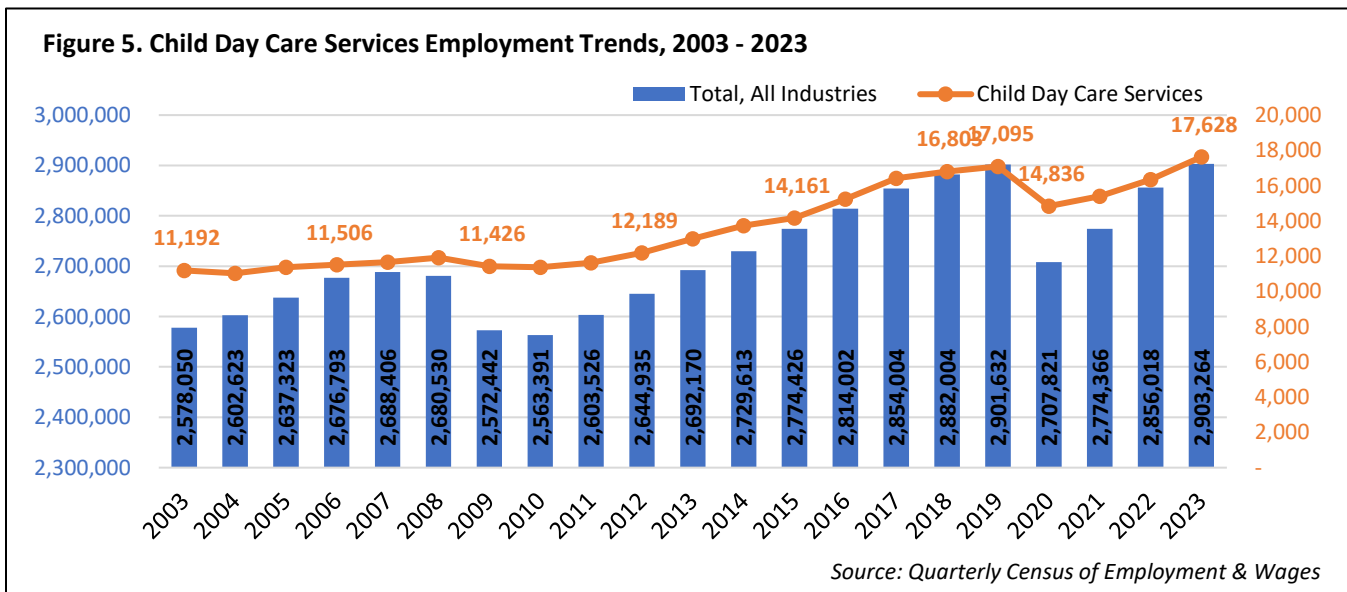
Source: U.S. Census Bureau, Nonemployer Statistics

Further data from [DEED's Quarterly Census of Employment and Wages](#), which collects information from employers and workers covered by Unemployment Insurance, provides insight into employment in Child Day Care Services in Minnesota. In 2023, there were 1,256 Child Day Care Services firms providing 17,628 jobs (Table 5).

| NAICS Code | Industry | Number of Jobs | Number of Firms | Average Annual Wages | 2003-2023 Numeric Change | 2003-2023 Percent Change |
|------------|------------------------------|------------------|-----------------|----------------------|-----------------------------|-----------------------------|
| 0 | Total, All Industries | 2,903,264 | 207,647 | \$71,552 | +325,214 | +12.6% |
| 6244 | Child Day Care Services | 17,628 | 1,256 | \$30,888 | +6,436 | +57.5% |

Source: Quarterly Census of Employment & Wages

Due to demand, the number of jobs in the Child Day Care Services sector in Minnesota has generally increased from 2003 to 2023 (Table 5 & Figure 5). The data shows a gradual rise from 11,192 jobs in 2003 to a peak of 17,628 jobs in 2023. Notably, there was a significant increase from 2015 to 2019, likely reflecting economic growth and increased demand for child care services. However, the sector experienced a decline in 2020 to 14,836 jobs, likely due to the impact of the COVID-19 pandemic, which led to economic disruptions and closures of child care facilities. The number of jobs rebounded to 17,628 in 2023, demonstrating recovery and continued growth in the industry.



Occupational Employment & Wages Statistics

QCEW data show that average annual wages in Child Day Care Services were just under \$31,000, which was more than \$40,000 lower than the total of all industries (Table 5). [DEED’s Occupational Employment and Wage Statistics \(OEWS\)](#) program provides detailed employment and wage data for a wide range of occupations in the state. According to OEWS, there were an estimated 9,270 people working as Child Care Workers in Minnesota. In 2024, the median hourly wage for Child Care Workers in the region was \$15.65, which is \$9.57 lower, or about 61% less, than the median wage across all occupations. Additionally, the U.S median wage for Child Care Workers was \$15.05, 60 cents lower than in Minnesota. In both the national and state case, then, the median annual wage for Child Care Workers was between \$31,300 and \$32,500, respectively.

In addition to Child Care Workers, child care businesses also require the services of workers in several other occupations such as Teacher Assistants, Education and Child Care Administrators (Preschool and Daycare), Cooks (Institution and Cafeteria), Office Clerks, General and Operations Managers, and Child, Family, and School Social Workers (Table 6).

Child Care Workers in Minnesota are among the lowest-paid professionals, receiving lower pay than many other occupations, such as Laundry and Dry-Cleaning Workers (\$17.14), Hotel, Motel, and Resort Desk Clerks (\$17.23), Animal Trainers (\$20.63), and Food Preparation Workers (\$16.75).

| SOC Code | Occupation Title | Estimated Statewide Employment | Statewide Median Wage | U.S Median Wage |
|----------|--|--------------------------------|-----------------------|-----------------|
| 0 | Total, All Occupations | 2,881,100 | \$25.22 | \$23.83 |
| 399011 | Child Care Workers | 9,270 | \$15.65 | \$15.05 |
| 252011 | Preschool Teachers, exc. Special Educ. | 10,860 | \$18.78 | \$18.78 |
| 119031 | Education & Child care Administrators, Preschool & Daycare | 1,210 | \$29.48 | \$26.73 |
| 211021 | Child, Family, & School Social Workers | 8,280 | \$33.22 | \$26.71 |
| 352012 | Cooks, Institution & Cafeteria | 8,140 | \$19.29 | \$17.50 |
| 439061 | Office Clerks, General | 56,580 | \$22.85 | \$20.07 |
| 111021 | General & Operations Managers | 76,670 | \$46.78 | \$49.87 |
| 259045 | Teaching Assistants, exc. Postsecondary* | 34,600 | \$39,415 | \$36,623 |

Source: Occupational Employment & Wage Statistics, 2024
*Only median annual wages available

The wages for Child Care Workers are insufficient to cover the basic needs [Cost of Living](#) for both single individuals and families in Minnesota. For a single person, the cost of living is \$16.68 per hour, over one dollar higher than the median wage for Child Care Workers. For a typical family (one full-time worker, one part-time worker, and one child), the required wage to meet a basic needs cost of living in the state is \$21.58 per hour, significantly above what Child Care Workers earn.

This wage disparity highlights the financial challenges faced by those in the child care profession. It is difficult for workers to remain in jobs that do not meet the cost of living in the region. As a result, many Child Care Workers may struggle to make ends meet, which can lead to high turnover rates and a shortage of qualified caregivers.

Occupational Demand

Overall, there has been a significant demand for Child Care Workers in Minnesota. In 2023, there were 620 job vacancies for Child Care Workers, resulting in a job vacancy rate of 6.6%. This is notably higher than the 5.1% job vacancy rate across all occupations, highlighting the strong demand for these workers in the state. Examining data from 2013 to 2023, 17 out of 20 surveys showed that Child Care Workers had a higher job vacancy rate than the overall average, further indicating high demand.

Moreover, data from the most recent [Job Vacancy Survey](#) for Minnesota indicates that the median hourly wage offer for Child Care Workers was \$14.56, which is about \$5.10 less than the median wage offer for all

occupations. Additionally, 33% of the vacancies were part-time, and 9% were temporary or seasonal. Just 9% of these positions required postsecondary education, compared to 37% across all occupations. Lastly, 34% of the job vacancies required one year of experience, compared to 43% for all occupations (Table 7).

Table 7. Job Vacancies in Minnesota, 2023

| SOC Code | Occupational Title | Number of Job Vacancies | Job Vacancy Rate | Median Wage Offer | Percent Part-Time | Temporary or Seasonal | Requiring Post-Secondary Education | Requiring 1 Plus Years of Experience |
|----------|-------------------------------|-------------------------|------------------|-------------------|-------------------|-----------------------|------------------------------------|--------------------------------------|
| 0 | Total, All Occupations | 139,059 | 5.1% | \$19.68 | 28% | 7% | 37% | 43% |
| 399011 | Child Care Workers | 620 | 6.6% | \$14.56 | 33% | 9% | 9% | 34% |

Source: DEED Job Vacancy Survey

Demand can be impacted by turnover within the industry. According to the most recent data from the [U.S. Census Bureau’s Quarterly Workforce Indicators](#) data tool, the turnover rate in the Child Care Services industry in Minnesota was 15.7% in quarter 1 of 2023, meaning that about 15.7% of the workforce left their jobs in that time period. In comparison, the turnover rate across all industries was 8.8%.

High turnover in the child care industry can be driven by factors such as low wages, which make it difficult for workers to stay in these positions long-term and make a family-sustaining wage. For businesses, high turnover is costly as they must invest in recruiting and training new employees. This increased cost can lead to higher child care expenses for families as providers pass on the costs associated with maintaining a stable workforce.

Industry & Occupational Outlook

According to DEED’s [2020 to 2030 Employment Outlook data](#), the Child Day Care Services industry is projected to gain 2,691 jobs in Minnesota over the next decade, an 18.3% increase. In comparison, the U.S is projected to gain about 150,700 jobs from 2020 to 2030, a 17.3% increase. The increase in Child Day Care Services was significantly higher than the overall projected growth rate of 5.7% across the total of all industries in Minnesota.

Despite the projected industry growth, Minnesota is projected to see a decline in Child Care Worker jobs from 2020 to 2030. During this period, a decrease of 524 jobs, or -2%, is expected (Table 8). Despite this decline, there will still be numerous job openings due to labor market exits (when individuals leave the labor force) and occupational transfers (when individuals move to different jobs). In total, there are projected to be 34,894 Child Care Worker job openings from 2020 to 2030. This also suggests that other jobs will become more prominent in the industry, rather than just direct service Child Care Workers.

Table 8. Minnesota Employment Outlook, 2020-2030

| SOC Code | Occupation | Estimated Employment 2020 | Projected Employment 2030 | Percent Change | Total Change | Labor Force Exit Openings | Occupational Transfer Openings | Total Hires |
|----------|-------------------------------|---------------------------|---------------------------|----------------|-----------------|---------------------------|--------------------------------|-------------------|
| 0 | Total, All Occupations | 2,975,300 | 3,145,200 | +5.7% | +169,900 | +1,299,528 | +1,971,764 | +3,441,192 |
| 399011 | Child Care Workers | 26,084 | 25,560 | -2.0% | -524 | +17,376 | +18,042 | +34,894 |

Source: Employment Outlook

Workforce Characteristics

In Minnesota, the Child Day Care Services sector exhibits a notable gender imbalance, with women constituting 90.4% of its workforce as of quarter 3 of 2023. This contrasts sharply with the overall workforce composition where women comprise 50.4% of jobholders across all industries.

The workforce in the Child Day Care Services industry is more racially diverse compared to all industries. In quarter 3 of 2023, 78.5% of workers in this industry were white, compared to 83.7% of jobholders across all

industries. Black or African American jobholders comprised the second largest racial group in the industry, making up 13.1% of the workforce, compared to around 7% across all industries. Additionally, 4.1% of workers identified as Asian, 3.1% identified as Two or More Races, 1% identified as American Indian or Alaskan Native, and 0.2% identified as Native Hawaiian or Other Pacific Islander.

Finally, data from the [Quarterly Workforce Indicators](#) program for the third quarter of 2023 highlights the age distribution of workers in the Child Day Care Services industry compared to all industries. The Child Day Care Services industry in Minnesota tends to employ a younger workforce compared to the total of all industries.

Notably, younger age groups (14-24 years) have a significantly higher representation in Child Day Care Services, with a combined percentage that is over double that of all industries. On the other hand, middle-aged and older workers (25-54 years) are more prominently represented in other industries, suggesting that Child Day Care Services may attract or be more suited to younger workers. This trend shows a much higher concentration of younger employees in Child Care Services compared to the total of all industries (Figure 6).

