

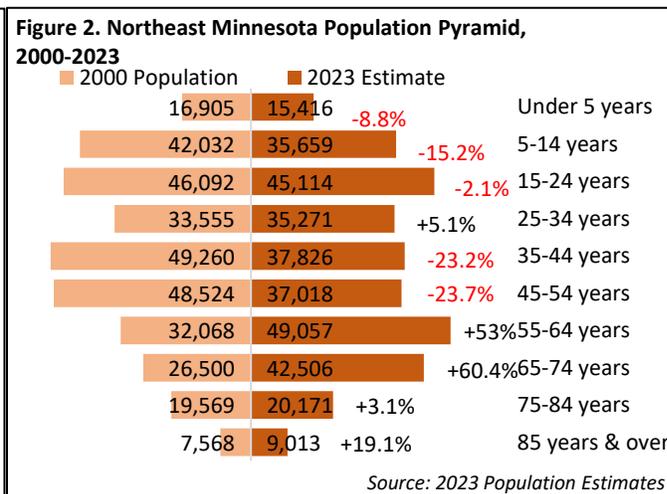
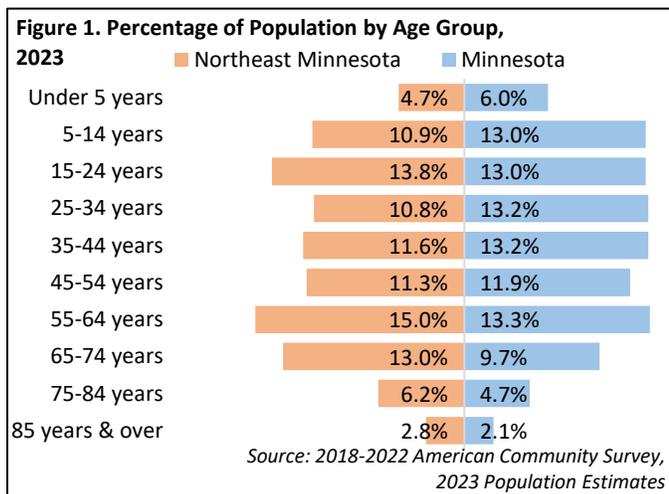
## Northeast Minnesota – Child Care Overview



### Population

Northeast Minnesota, also known as the Arrowhead region or Economic Development Region 3, includes a total of 7 counties. According to population data from the U.S. Census Bureau, Northeast Minnesota was home to around 327,000 people in 2023, accounting for 5.7% of the state’s total population. From 2010 to 2023, Northeast Minnesota's population increased by 826 people, reflecting a 0.3% growth rate, which is below the statewide growth rate of 8.2%.

Northeast Minnesota has a diverse age demographic, with a total population of 327,051 people. Among these, the youngest age group, under 5 years old, comprises just over 15,400 individuals, accounting for 4.7% of the region's population. In comparison, Minnesota's statewide percentage of children under 5 years old is higher at 6% (Figure 1). Additionally, the number of children under 5 in Northeast Minnesota has decreased by 8.8% since 2000, compared to a growth rate of 4.1% for this age group in Minnesota as a whole (Figure 2). This segment is significant as it highlights the importance of early childhood services and education, but also reflects the region’s future potential workforce.



### Population Projections

Newly released data from the [Minnesota State Demographic Center](#) projects that the population in Northeast Minnesota will decrease by around 16,700 people, a projected 5.2% decrease from 2025 to 2045. That is opposite to the statewide projected growth rate, which is expected to increase by 5.5%.

Likewise, the number of children under 5 years old are projected to decrease by about 1,260 people, or an 8.5% decrease. In comparison, children under 5 in Minnesota are expected to increase by just 2.7% (Table 1).

Table 1. Population Projections, 2025-2045			2025-2045 Change	
Northeast Minnesota	2025 Projection	2045 Projection	Numeric	Percent
Under 5 years	14,851	13,591	-1,260	-8.5%
5-14 years	32,994	29,106	-3,888	-11.8%
15-24 years	44,540	37,054	-7,486	-16.8%
25-34 years	35,524	32,501	-3,023	-8.5%
35-44 years	38,394	38,399	+5	+0.0%
45-54 years	36,987	40,364	+3,377	9.1%
55-64 years	42,690	42,424	-266	-0.6%
65-74 years	45,657	35,208	-10,449	-22.9%
75-84 years	24,075	25,959	+1,884	+7.8%
85 years & over	8,846	13,221	+4,375	+49.5%
<b>Total</b>	<b>324,558</b>	<b>307,827</b>	<b>-16,731</b>	<b>-5.2%</b>

Source: Minnesota State Demographic Center

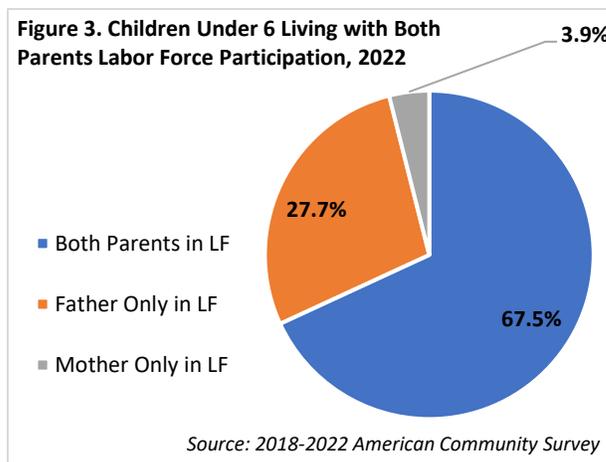
Of the 7 counties in Northeast Minnesota, three counties—Lake, Carlton, and Cook—are expected to see an increase in the population of children under the age of 5 from 2025 to 2045. Lake County stands out with the highest increase, adding 77 children, a 14.4% rise. Carlton and Cook counties are projected to have small gains, ranging from 1.0% to 3.2%. Conversely, four counties are projected to experience a decrease in the number of children under 5. Koochiching County is expected to see the largest decline at -32.1%, followed by Aitkin County at -13.3%, St. Louis County at -11%, and Itasca County at 8.3% (Table 2).

Counties	2025	2045	2025-2045 Change	
			Numeric	Percent
Lake	534	611	+77	+14.4%
Carlton	1,926	1,987	+61	+3.2%
Cook	209	211	+2	+1.0%
Itasca	2,104	1,929	-175	-8.3%
St. Louis	9,071	8,069	-1,002	-11.0%
Aitkin	534	463	-71	-13.3%
Koochiching	473	321	-152	-32.1%
<b>Northeast region</b>	<b>14,851</b>	<b>13,591</b>	<b>-1,260</b>	<b>-8.5%</b>

*Source: Minnesota State Demographic Center*

### Family Arrangements & Employment

In Northeast Minnesota, there are approximately 18,000 children under the age of 6, accounting for about 28.9% of the population under 18. Among these youngest children, 67.6% (12,154) live with two parents. Of those living with two parents, 67.5% have both parents in the labor force, 27.7% have only the father in the labor force, 3.9% have only the mother in the labor force, and the remaining 1% have neither parent in the labor force (Figure 3).



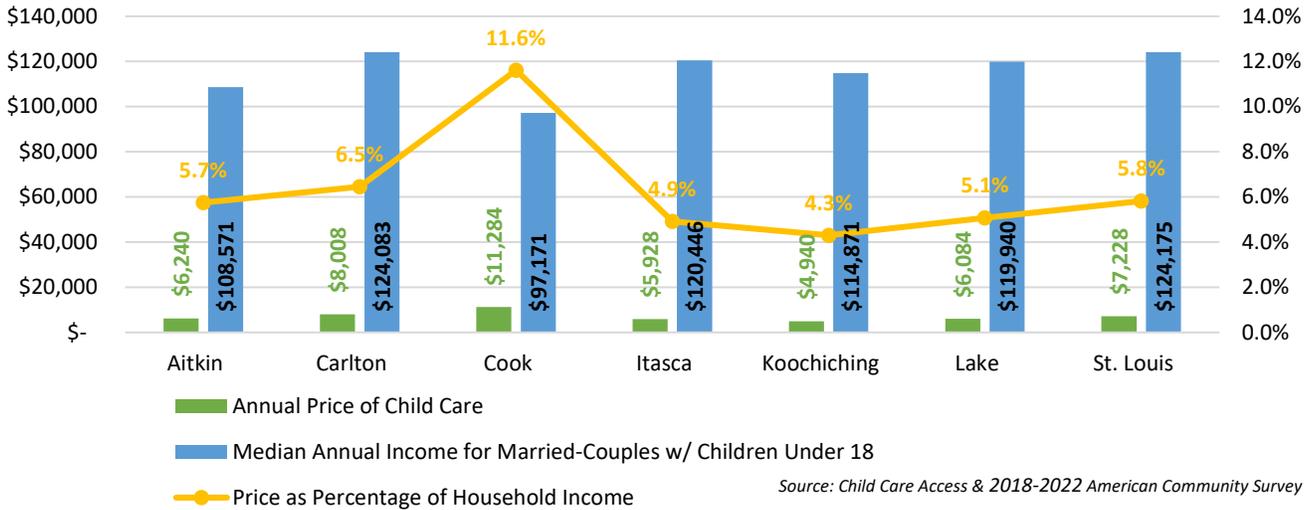
Almost one-third (32.4% or 5,828) of children under 6 live with a single parent, which is well above the statewide rate of 26.4%. Of these children, 67.5% live with their mother, while 32.5% live with their father. Among children living with their father, 93% of these fathers are in the labor force, whereas 71.9% of mothers in single-parent households are in the labor force. In comparison to Minnesota, 70.3% of children living with a single parent reside with their mother, while 29.7% live with their father. Statewide, about 92.2% of the single fathers are in the labor force and 83.2% of mothers are in the labor force.

It is evident 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 Northeast Minnesota.

### Cost & Availability of Child Care

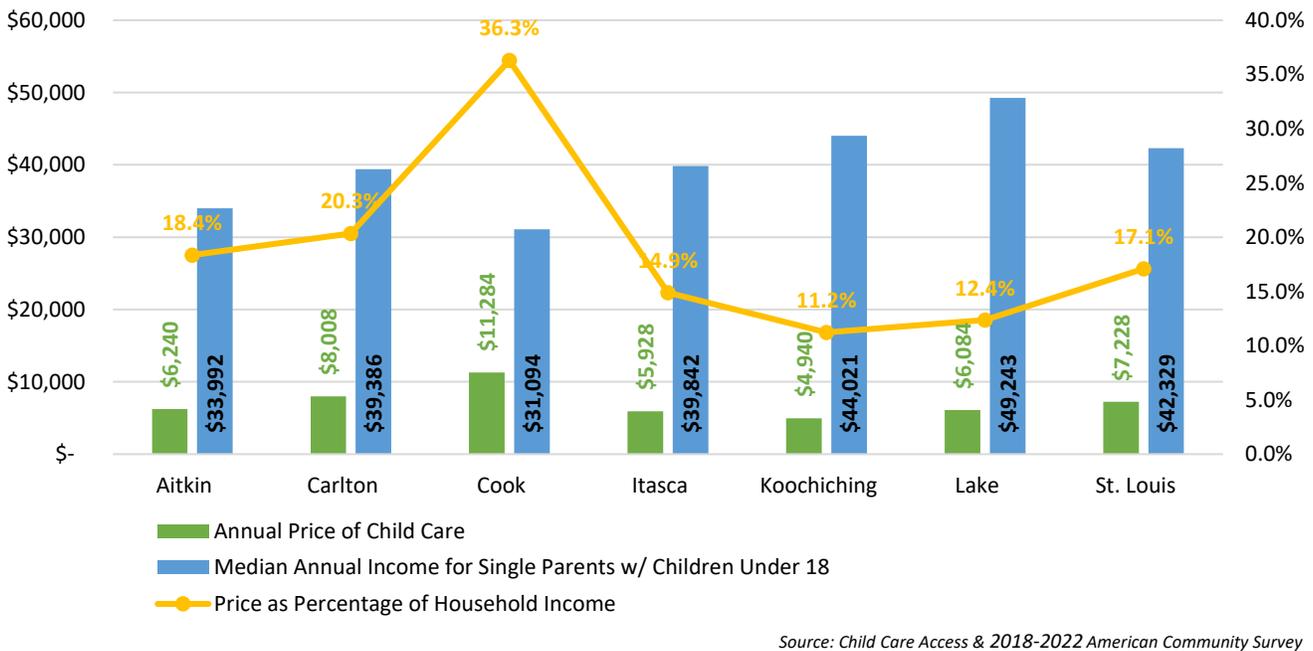
The cost of child care is a significant and widely discussed topic. The U.S. Department of Health and Human Services recommends that [child care should not exceed 7% of a family's annual income](#). According to data from [Child Care Access](#) and the [American Community Survey](#), all counties with married couples in Northeast Minnesota have remained below the 7%, except for Cook County. Apart from Cook County, Carlton County had the second highest percentage of child care costs relative to household income at 6.5%, followed by St. Louis County at 5.8% (Figure 4).

**Figure 4. Affordability of Child Care for Married-Couples in Northeast Minnesota, 2022**



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 Northeast Minnesota, all seven counties exceed 7% of their income spent on child care for single parents (Figure 5). The counties with the highest percentages of income going to child care are Cook (36.3%), Carlton (20.3%), and Aitkin (18.4%). Prices as the percentage of median household income could rise depending on the specific child care options chosen.

**Figure 5. Affordability of Child Care for Single-Parents in Northeast Minnesota, 2022**



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 Northeast Minnesota, Cook County excels in the quantity of access, offering 1.44 nearby slots per child. Koochiching County stands out for having the lowest cost of child care at \$95 per week, ranking 3 out of 87 counties in Minnesota. Cook County leads in the quality of child care with 0.97 highly rated nearby slots per child. Overall, Cook County (1st), Carlton County (8th), and Itasca County (21st) achieve the highest overall ratings for child care access in Northeast Minnesota (Table 3).

Table 3. Access of Child Care in Northeast Minnesota, 2022				
County	Quantity	Cost	Quality	Overall Index Rank (Out of 87 Counties)
Aitkin	0.60	\$120	0.25	28
Carlton	0.78	\$154	0.58	8
Cook	1.44	\$217	0.97	1
Itasca	0.58	\$114	0.31	21
Koochiching	0.31	\$95	0.10	71
Lake	0.42	\$117	0.23	57
St. Louis	0.51	\$139	0.27	49
<b>Minnesota</b>	<b>0.60</b>	<b>\$206</b>	<b>0.30</b>	<b>(X)</b>

*Source: Child Care Access*

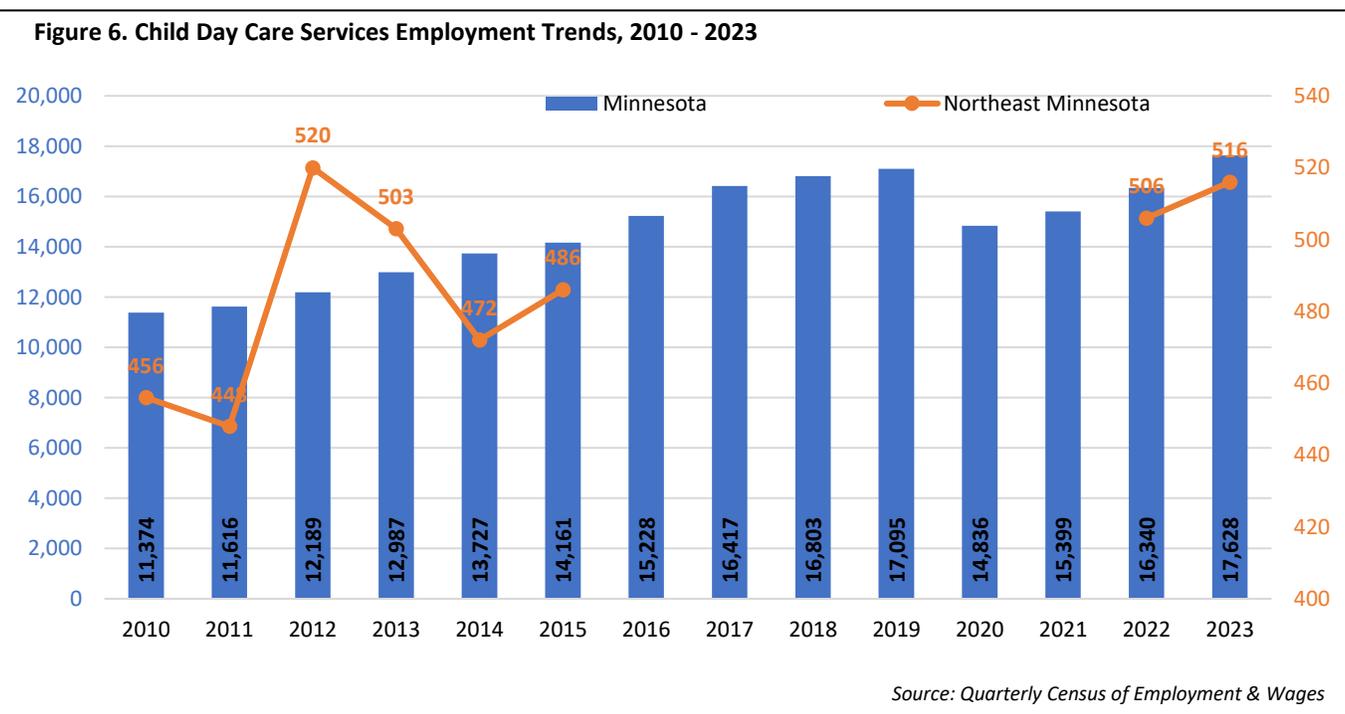
### Industry Trends in Employment & Firms

Data from [DEED's Quarterly Census of Employment and Wages](#) provides insight into employment trends in Child Day Care Services in Northeast Minnesota. In 2023, there were 57 Child Day Care Services firms providing 516 jobs.

Table 4. Child Day Care Services Employment in Northeast Minnesota, 2023						
NAICS Code	Industry	Number of Jobs	Number of Firms	Average Annual Wages	2010-2023 Change Numeric   Percent	
0	Total, All Industries	138,333	9,278	\$56,160	+895	
6244	Child Day Care Services	516	57	\$25,116	+60	

*Source: Quarterly Census of Employment & Wages*

The average annual wage in this sector was \$25,116, approximately \$31,000 less than the average annual wage across all industries (Table 4). The data shows a general increase in employment over time, with fluctuations reflecting economic conditions. However, Northeast has seen an increase of 10 jobs between 2022 to 2023 (Figure 6).



According to data from the [U.S. Census Bureau's Nonemployer Statistics](#), there were 459 self-employed child daycare providers in Northeast Minnesota. Part of a longer-term downward trend, the region experienced a more rapid decrease of 50 self-employed daycare providers from 2019 to 2021. The largest percentage decreases occurred in Aitkin (-25%), Koochiching (24%), and Lake County (-16.7%). The only county that saw an increase was Cook County, which gained 2 self-employed child daycare providers, a 40% increase (Table 5).

County	2021	2020	2019	2019-2021 Change	
				Numeric	Percent
Aitkin	27	31	36	-9	-25.0%
Carlton	66	73	71	-5	-7.0%
Cook	7	3	5	+2	+40.0%
Itasca	84	84	88	-4	-4.5%
Koochiching	19	20	25	-6	-24.0%
Lake	15	18	18	-3	-16.7%
St. Louis	241	242	266	-25	-9.4%
<b>Northeast region</b>	<b>459</b>	<b>471</b>	<b>509</b>	<b>-50</b>	<b>-9.8%</b>

*Source: U.S. Census Bureau, Nonemployer Statistics*

### Occupational Employment & Wages Statistics

[DEED's Occupational Employment and Wage Statistics \(OEWS\)](#) program provides detailed employment and wage data for a wide range of occupations in the region. According to the program, there were an estimated 460 people working as Child Care Workers in Northeast Minnesota. In 2024, the median hourly wage for Child Care Workers in the region was \$14.23, which is \$9.18 lower, or almost 65% less, than the median wage across all occupations. Additionally, the statewide median wage for Child Care Workers was \$15.65, over a dollar higher than in Northeast Minnesota.

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

SOC Code	Occupation Title	Estimated Regional Employment	Median Hourly Wage	Estimated Statewide Employment	Statewide Median Wage
<b>0</b>	<b>Total, All Occupations</b>	<b>138,010</b>	<b>\$23.41</b>	<b>2,881,100</b>	<b>\$25.22</b>
399011	Child Care Workers	460	\$14.23	9,270	\$15.65
252011	Preschool Teachers, Except Special Education	460	\$18.19	10,860	\$18.78
119031	Education & Child care Administrators, Preschool & Daycare	30	\$26.80	1,210	\$29.48
211021	Child, Family, & School Social Workers	640	\$33.24	8,280	\$33.22
352012	Cooks, Institution & Cafeteria	530	\$18.52	8,140	\$19.29
439061	Office Clerks, General	2,880	\$21.76	56,580	\$22.85
111021	General & Operations Managers	3,420	\$36.66	76,670	\$46.78
259045	Teaching Assistants, Except Postsecondary*	2,030	\$38,927	34,600	\$39,415

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

The wages for Child Care Workers are insufficient to cover the cost of living for both single individuals and families in Northeast Minnesota. For a single person, the cost of living is \$14.84 per hour, about 60 cents 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 region is \$19.30 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. Child Care Workers in Northeast Minnesota are among the lowest-paid professionals, earning wages that fall short of meeting the region's basic [Cost of Living](#). These workers receive lower pay than many other occupations, such as Cashiers (\$14.41), Hotel, Motel, and Resort Desk Clerks (\$15.22), Retail Salesperson (\$16.18), and Food Preparation Workers (\$14.97).

### Occupational Demand

Recently, there has been demand for Child Care Workers in Northwest Minnesota. In 2023, there were 115 job vacancies for Child Care Workers, resulting in a job vacancy rate of 33.9%. This is notably higher than the 6.6% job vacancy rate across all occupations, highlighting the strong demand for these workers in the area. However, when examining job vacancy data from 2013 to 2023, only 6 out of the 15 surveys showed that Child Care Workers consistently had a higher job vacancy rate than the overall industry average.

Moreover, data from the most recent [Job Vacancy Survey](#) for Northeast Minnesota indicates that the median hourly wage offer for Child Care Workers was \$13.73, which is about \$4.75 less than the median wage offer for all occupations. Additionally, 3% of the vacancies were part-time, and 0% were temporary or seasonal. Approximately 0% of these positions required postsecondary education, compared to 37% across all occupations. Lastly, 92% of the job vacancies required one year of experience, compared to 41% for all occupations (Table 7).

Table 7. Job Vacancies in Northeast 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	8,963	6.6%	\$18.49	30%	10%	37%	41%
399011	Child Care Workers	115	33.9%	\$13.73	3%	0%	0%	92%

*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 Northeast Minnesota was 14.1% in quarter 1 of 2023, meaning that about 14.1% of the workforce left their jobs in that time period. In comparison, the turnover rate across all industries was 9%.

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 Northeast Minnesota Child Day Care Services industry is projected to gain 79 jobs over the next decade, an 18.4% increase. Similarly, the state of Minnesota is projected to gain about 2,691 jobs from 2020 to 2030, also an 18.3% increase. The increase in Child Day Care Services was significantly higher than the overall projected growth rate of 5.5% across the total of all industries in Northeast Minnesota.

Although the region has experienced employment growth, Northeast Minnesota is projected to see a decline in Child Care Worker jobs from 2020 to 2030. During this period, a decrease of 47 jobs, or -3.7%, is expected (Table 7). 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 1,657 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. Northeast 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	148,527	156,642	+5.5%	+8,115	67,147	99,223	174,485
399011	Child Care Workers	1,266	1,219	-3.7%	-47	836	868	1,657

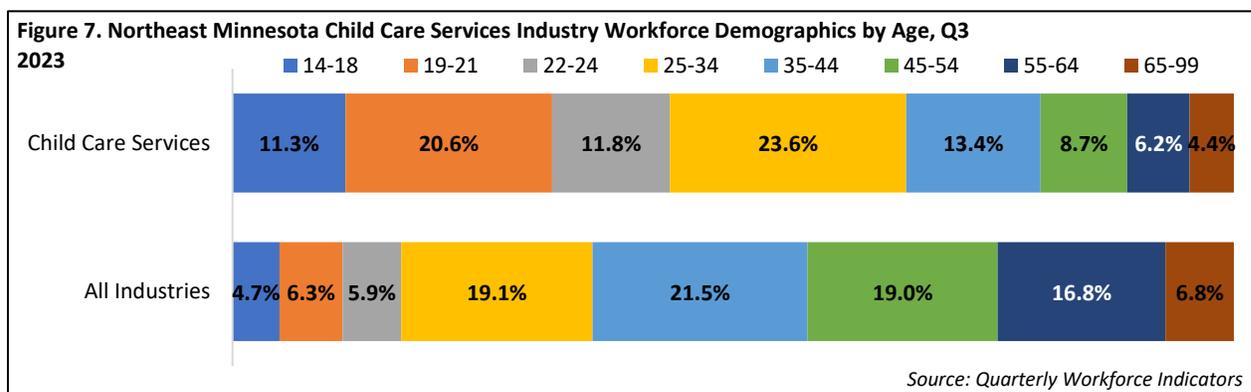
*Source: Employment Outlook*

### Workforce Characteristics

In Northeast Minnesota, the Child Care Services sector exhibits a notable gender imbalance, with women constituting 92.4% of its workforce as of quarter 3 of 2023. This contrasts sharply with the overall workforce composition where women comprise 50.2% of jobholders across all industries.

Additionally, the workforce in the Child Care Services industry is less racially diverse compared to all industries. In quarter 3 of 2023, 92.8% of jobholders in this industry were white, whereas 92.1% of workers across all industries were white. People of Two or More Races comprised the second largest racial group in the industry, making up 3.1% of the workforce. Additionally, 1.6% of workers identified as Black or African America, and 1.1% were Asian<sup>1</sup>.

Data from [Quarterly Workforce Indicators](#) for the third quarter of 2023 highlights the age distribution of workers in the Child Care Services industry compared to all industries. The Child Care Services industry in Northeast 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 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 all industries, suggesting that Child Care Services may attract or be more suited to younger workers. This trend shows a higher concentration of younger employees in Child Care Services compared the total of all industries (Figure 7).



<sup>1</sup> Due to data suppression and publication rules of the U.S. Census Bureau, not all racial and ethnicity categories can be reported.