Minnesota

Impact of the Child Care Industry in Minnesota

- There are 15,841 market-based child care providers with revenue of $1.05 billion in Minnesota. This includes 14,434 sole proprietors (family child care home-based providers) and 1,407 child care centers.

- $1.05 billion in direct revenue generated within the market-based child care industry is estimated to support about $1.2 billion in spillover or related productivity in other industry sectors for an estimated combined total economic impact of about $2.25 billion in Minnesota.

- In terms of jobs, 32,408 sole proprietors and wage and salary employees in the child care sector are estimated to support about 11,900 workers in other industries for a total jobs impact of 44,308.

- The $631 million in employee compensation and proprietors’ earnings generated directly within the child care industry is estimated to support about $431.4 million in additional earnings across the state for a total earnings impact of $1.06 billion.

Child Care Usage in Minnesota

- There are 1,082,731 children under age 15 (355,231 under age 5 and 727,500 between ages 5 and 14) in Minnesota who may require paid child care services.

- About 421,249 children under age 15 are in paid care – 193,203 (54.4%) under age 5 and 228,046 (31.3%) between the ages of 5 and 14.

- About 57.6% of children birth to age 5 in Minnesota are in non-parental care for at least 10 hours every week.

Cost of Child Care & Labor Force Participation

The cost of care in Minnesota remains a hurdle for many parents seeking to enter or stay in the labor force.

- The average annual cost of child care for an infant is $15,704 in a child care center and $8,424 in a family child care home.

- The average annual cost of infant center-based care is 139% of the cost of tuition and fees at a 4-year Minnesota college.

- Center-based infant care is 24.8% of state median income.

- Since 2010, family child care homes have declined from 19,872 to 14,434 in 2016 – a decline of 27.4%. For working families, the decline in home-based care reduces the availability of the least expensive care option for families.

The Link Between the Paid Child Care Sector and the State Economy

- Access to affordable child care can increase labor force participation and support state and regional economic growth.

- Access to affordable child care can support parents seeking additional education and training, which contribute to higher earnings over an individual’s lifetime.

- Increased subsidy payments trigger state level responses in wage rates, the mix of low- and high-skilled labor used in the state, prices of goods and services, and trade flows.

Note: Regulations for child care licensing vary by state. The economic information provided through the U.S. Census Bureau Economic Census includes employers and sole proprietors who report child care business income. This does not mean such entities are regulated by the state or are in compliance with state law. Therefore, state regulatory lists may vary from child care business data reflected in the Census Bureau data.