



Licensed Child Care Trends in Minnesota

Fact Sheet | October 2016

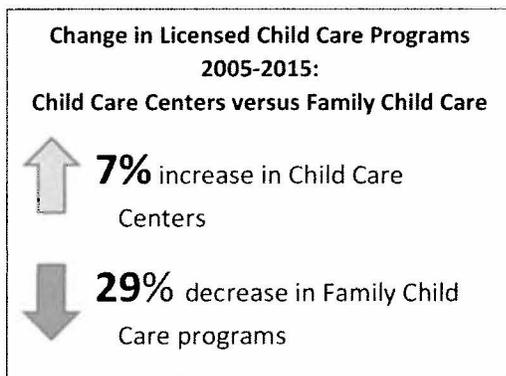
Communities across Minnesota report a shortage of available child care options. This shortage is due, in part, to the decrease in licensed child care capacity in Greater Minnesota and a state-wide decline in family child care providers. The decline in family child care providers varies by region - the Northwest and Southwest regions have experienced a more gradual decline in family child care providers, while the Northeast, East Central and Metro areas have lost family child care providers at a greater rate. The loss of family child care providers, although felt acutely by communities, is not unique to Minnesota and is tied to a complex set of factors. This fact sheet sets forth trends in licensed child care across the state, highlighting differences between the experience of the Metro and Greater Minnesota.

Not Enough Licensed Child Care in Minnesota Approximately 259,000 children in Minnesota ages 0-5 have all available parents or guardians in the workforce and are likely to need some form of child care. In 2015, licensed child care programs had the capacity to care for 224,000 children, leaving a gap in licensed capacity of approximately 35,000. Although this gap in capacity exists, some families may prefer to use other types of unlicensed child care like family, friends and neighbors.

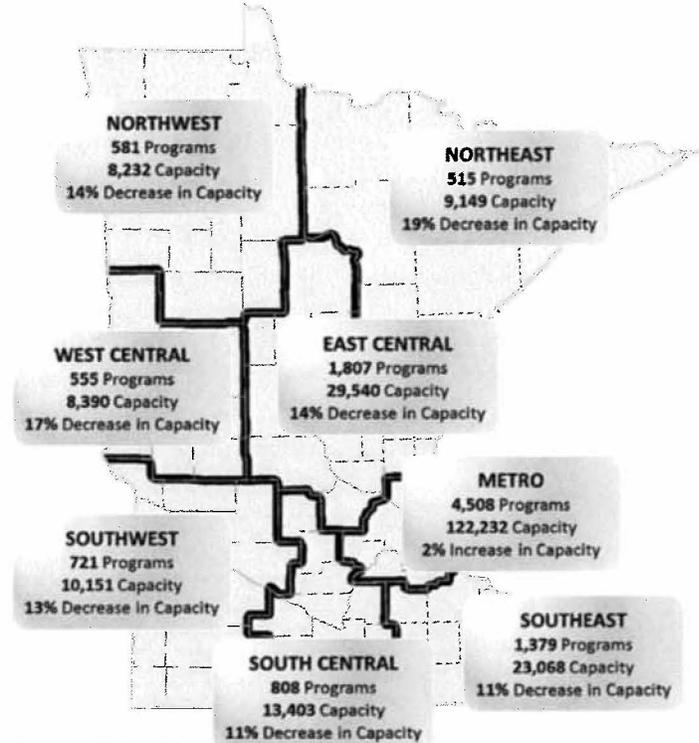
Key Findings

I. Family Child Care Closures Driving the Decline in the Number of Licensed Child Care Programs

- The number of licensed family child care providers has decreased approximately 3-percent per year, or almost 30-percent since 2005.
- During that same time, the number of child care centers has increased 7-percent.
- Family child care closures peaked in 2013 but have since declined.
- Family child care providers who held licenses for less than five years are the most likely to close their licenses.

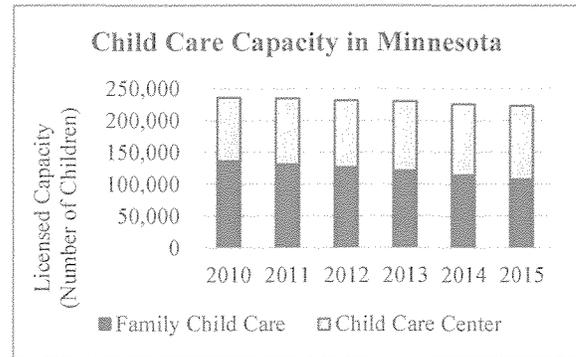


Change in Total Licensed Child Care Capacity: 2005-2015



II. Licensed Capacity Decreasing More Slowly than the Number of Family Child Care Providers

- From 2010 to 2015, the number of licensed child care programs decreased 18-percent, but the licensed capacity decreased more slowly at a rate of 5-percent.
- The capacity losses of family child care program closures have been mitigated by increased capacity of centers – both new centers opening and existing centers expanding. However, because nearly 75-percent of new child care centers open in the Metro, Greater Minnesota has not benefitted from this increased capacity.
- Only the Metro area has experienced a net increase in licensed capacity due to more centers opening.



III. Shortage of New Family Providers to Replace Experienced Family Providers

- Of current family child care providers, 39-percent have held a license for over 15 years.
- If current trends continue, there will not be enough new providers entering into licensure to replace the providers choosing to retire or depart from child care over the coming years.

IV. Other States Experiencing Similar Trends in Licensed Child Care

- The decline in family child care providers is not unique to Minnesota but is occurring across the country.
- Data indicates a national decline of 13-percent in the number of family child care providers from 2008 to 2011. Minnesota saw a decline of 7.5-percent during that same period.

Why is Minnesota experiencing a decline in the number of family child care programs?

Programs are closing. Programs may close for many reasons, including: providers reaching retirement age; providers seeking less demanding, more profitable, or more flexible employment; and a state-wide workforce shortage in the “caring” professions. In addition, some providers report experiencing too much regulation or difficulty complying with existing regulation. DHS does not conduct exit interviews with child care center directors or owners and counties are not required to conduct exit interviews. Counties that do conduct exit interviews report that providers are leaving for similar reasons as those listed above.

- Of the family programs that closed in FY 2015, 23% of the providers held their license for more than 15 years, and these providers likely retired or chose to transition into a different line of work.
- Closures peaked in 2013 – anecdotally, the Department heard from providers that both media focus on the risks associated with providing family child care and the resulting new regulations were sometimes contributors to providers leaving the field.
- A program closes if the license is revoked, but revocations account for less than 1% of closures.

Not enough child care programs are opening. New family child care providers may not be opening because young families are less likely to purchase homes and are more likely to live in settings not as conducive to starting a family child care business (apartments, condos, and townhouses).

Changes in child care preferences. Fewer parents are placing children in family child care. In 1995 among preschoolers whose mothers were employed, nearly 24-percent of them were placed in family child care settings, but by 2011 that number had decreased to just under 10-percent. The percent of children placed in child care centers or with grandparents for care increased over that same period. In all but 7 states (CA, HI, IL, IN, MI, NY, WV), the percent of children in family child care decreased between 2003 and 2007.