

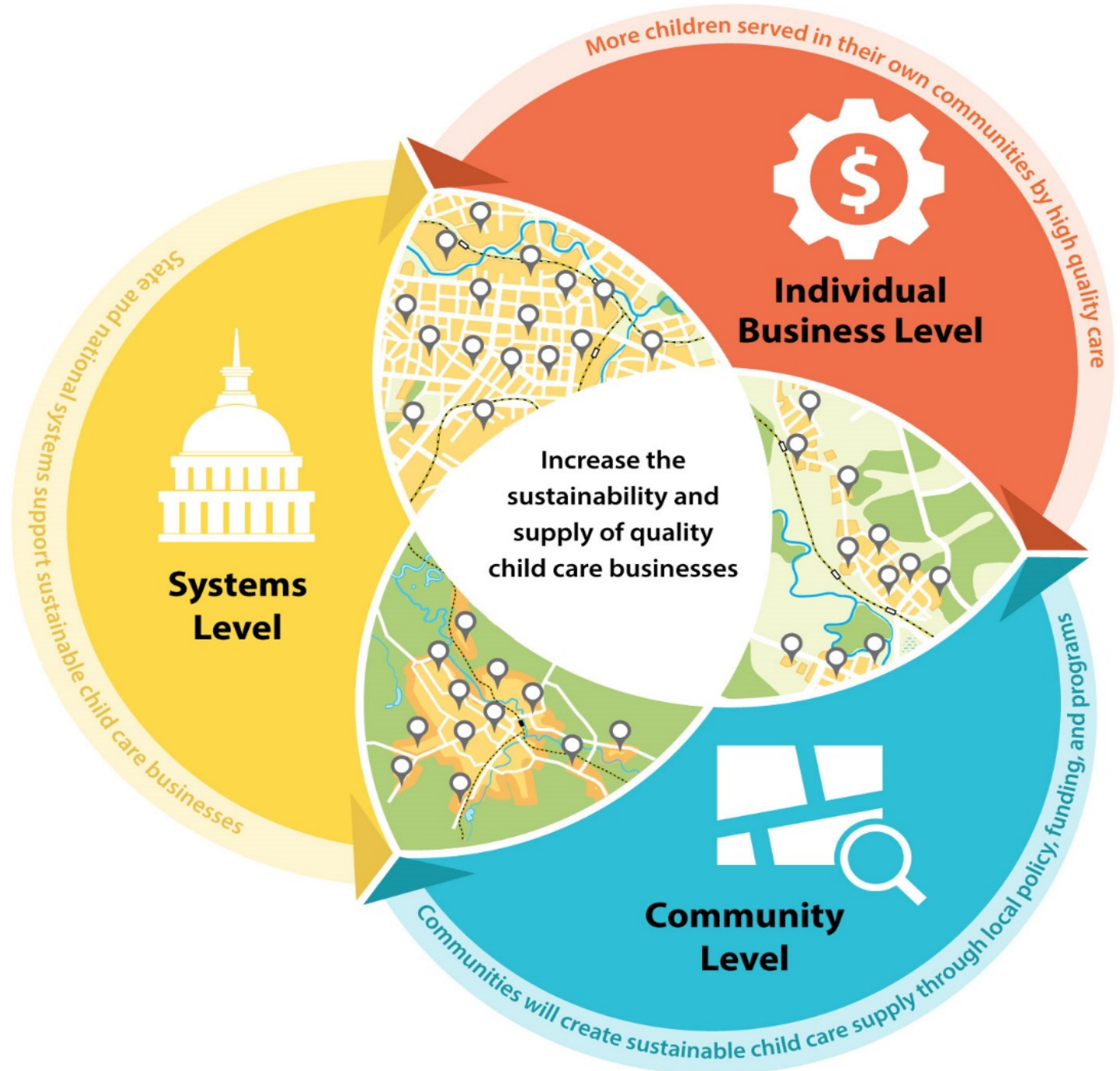


Child Care as an Economic Driver

Jessica Beyer, Business Development Manager

Our Story

What does
First Children's
Finance do?



The Problem

Why This Matters

Access to quality child care and early education is vital to individual productivity and regional economic growth.



Participation in the Workforce

**In 2017, 75% of Minnesotans
ages 20-44 participated in the labor force
in the past 12 months**

(Source: Kids Count)

- Kris Bevell, Editor, Prairie Business Magazine



Implication of Child Care Availability

- 24% of parents withdrew from workforce or declined employment due to child care arrangement (RCCIP Community Surveys)
- 46% of parents stated that child care had implications on their family planning (RCCIP Community Surveys)

“If we want our community to grow and thrive, we need to continue to grow our child care offerings. Children need a safe place to go while their parents are working.”

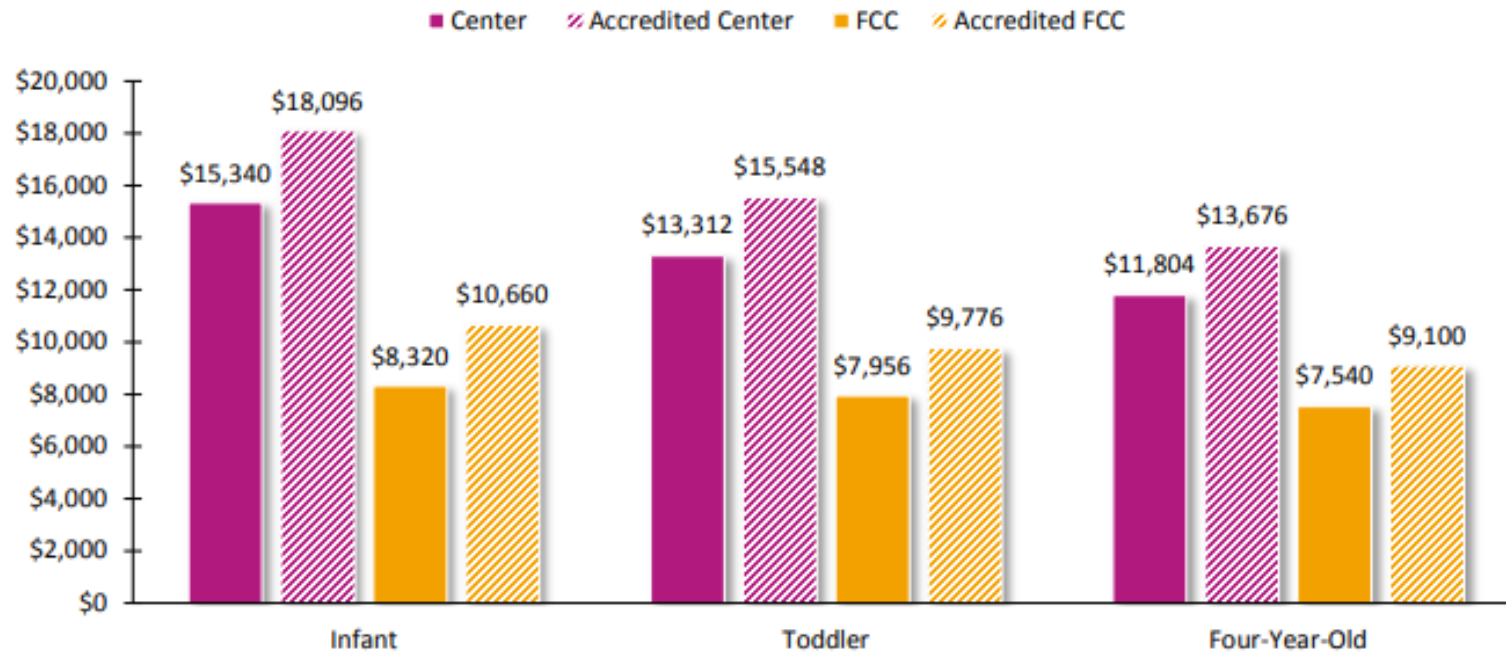
- Local Parent

Cost of Child Care

2017 Cost of Child Care in the State of:

Minnesota

Cost of Care for Young Children



Source: 2017 Child Care Aware State by State Sheet

Understanding Child Care in MN



Center Child Care Organization Overview

- **Child Care Centers**
- Organized under Rule 3
- Regulates areas such as square footage, outdoor play space, toilets and sinks.
- Multiple regulating agencies



99 Seat Center - Performance Model

- Assumes a Child Care Center in Fillmore County using the Market Rate Survey Rates
- Start-up range from \$400k - \$600k plus property acquisition
- Wages range from \$9 - \$13 / hour with \$200 monthly health insurance stipend

Age Group	Capacity	85% Capacity
Infant	16	13.6
Toddler	28	23.8
Preschool	40	34.0
School Age	15	12.7

Loses \$74,000 a year

Needs 94% occupancy to break-even

52 Seat Center – Performance Model

- Assumes a Child Care Center in Fillmore County using the Market Rate Survey Rates
- Start-up range from \$200k - \$450k plus property acquisition
- Wages range from \$9 - \$13 / hour with \$200 monthly health insurance stipend

Age Group	Capacity	85% Capacity
Infant	8	6.8
Toddler	14	11.9
Preschool	20	17.0
School Age	10	8.5

Loses \$62,000 a year

Needs 101% occupancy to break-even

Cost of Delivery is High



Child Care Center

Staffing - 70%

Facilities - 20%

Food - 5%

Everything else....5%
(Including Profit)

Family Child Care Organization Overview

Family Child Care

- Organized under Rule 2
- Licensing of homes for family child care and group family child care
- Regulatory areas such as licensing process, negative licensing actions, agency records, caregiver qualifications, licensed capacity, child/adult ratios

Minnesota Rules, part 9502.0367 CHILD/ADULT RATIOS; AGE DISTRIBUTION RESTRICTIONS.

A. Family Day Care:			
Child/Adult Ratio		Age Restrictions	
Licensed Capacity	Adults	Total children under school age	Total infants and toddlers
10	1	6	Of the total children under school age, a combined total of no more than 3 shall be infants and toddlers. Of this total, no more than 2 shall be infants.
B. (1) Specialized Infant and Toddler Family Day Care:			
Child/Adult Ratio		Age Restrictions	
Licensed Capacity	Adults	Total children under school age	Total infants and toddlers
5	1	3	No more than 3 shall be infants.
B. (2) Specialized Infant and Toddler Family Day Care:			
Child/Adult Ratio		Age Restrictions	
Licensed Capacity	Adults	Total children under school age	Total infants and toddlers
6	1	4	No more than 2 shall be infants
C. (1) Group Family Day Care:			
Child/Adult Ratio		Age Restrictions	
Licensed Capacity	Adults	Total children under school age	Total infants and toddlers
10	1	8	Of the total children under school age, no more than 3 shall be infants and toddlers. Of this total, no more than 2 shall be infants.
C. (2) Group Family Day Care:			
Child/Adult Ratio		Age Restrictions	
Licensed Capacity	Adults	Total children under school age	Total infants and toddlers
12	1	10	Of the total children under school age, no more than 2 shall be infants and toddlers. Of this total, no more than 1 shall be an infant.
C. (3) Group Family Day Care:			
Child/Adult Ratio		Age Restrictions	
Licensed Capacity	Adults	Total children under school age	Total infants and toddlers
14	2 A helper may be used in place of a second adult caregiver when there is no more than 1 infant or toddler present.	10	Of the total children under school age, a combine total of no more than 4 shall be infants and toddlers. Of this total, no more than 3 shall be infants.
D. Specialized Infant and Toddler Group Family Day Care:			
Child/Adult Ratio		Age Restrictions	
Licensed Capacity	Adults	Total children under school age	Total infants and toddlers
9	2 Both caregivers shall	7	Of the total children, no more than 4 shall be infants.

Family Child Care Expenses

Expenditure	Amount	Percent of Expense
Occupancy Expenses	\$ 10,833	41%
Food Expenses	\$ 6,857	26%
Transportation	\$ 1,568	6%
Activities/Supplies	\$ 1,355	5%
Phone/Internet	\$ 1,014	4%
Cleaning/Supplies	\$ 768	3%
Other	\$ 3,973	15%

On average, providers reported annual expenses of \$26,372.

Two-thirds of program expenses are associated with occupancy.

The “other” category includes many things (none of which make up more than 2% of program expenses).

Cost of Delivery is High

Family Child Care Providers Overview

Annual revenue \$50,938

Annual expenses -\$26,372

\$24,566 Average annual profit (salary)

- When converted to an hourly wage, 49% of providers are making less than \$8/hour before taxes

Child Care Need is High

Southern

-11,033

Southwest

-3,827

West Central

-3,235

Northwest

-3,050

Northland

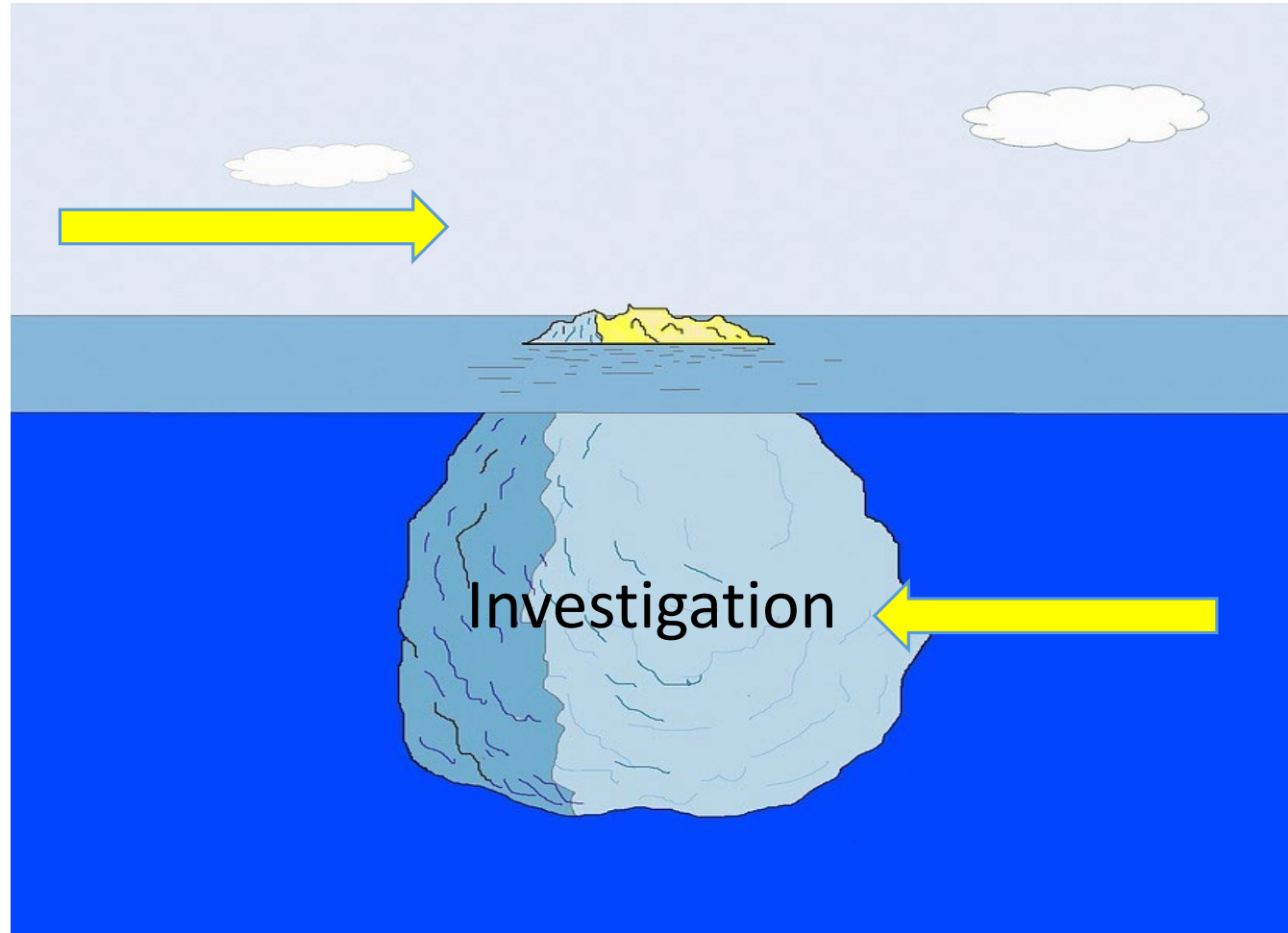
-4,498

Central

-14,637

Deep Dive

What we
think is
happening
or what we
see...



What's
really
happening
or what is
real...

Child Care Challenges

**Community
Growth**

**Parents Want
More Quality**

**ECE Workforce
Crisis**

**Infant and
Toddler Care
Requires Scale**

**Community
Perceptions**

**Prices are High...
Delivery Cost is
High**

Recommendations

1. Understand the interplay between child care, vibrant communities, and economic development.
2. Protect existing early childhood education investments already made; seek opportunities to invest in technical assistance and support to ensure these investments endure.
3. Influence the philanthropic community so other foundation staff and decision makers also understand.
4. Create learning experiences for others to understand the link between child care and the economy.

Group Exercise

How is the lack of child care impacting your local community?

Group Exercise

How is your community helping to reduce the child care shortage?



Contact Information

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Thank You!



“No one has yet realized the wealth of sympathy, the kindness and generosity hidden in the soul of a child. The effort of every true education should be to unlock that treasure.”

– Emma Goldman