

Child Care Stabilization Snapshot for MINNESOTA

The COVID-19 pandemic created significant hardships for working families and for child care providers caring for young children. In response, historic federal investments were made to help prevent an already fragile early care and education (ECE) system from collapsing. Since March 2020, Congress has allocated over \$52 billion to states to help stabilize child care and support families with young children. Specific funding mechanisms have included:

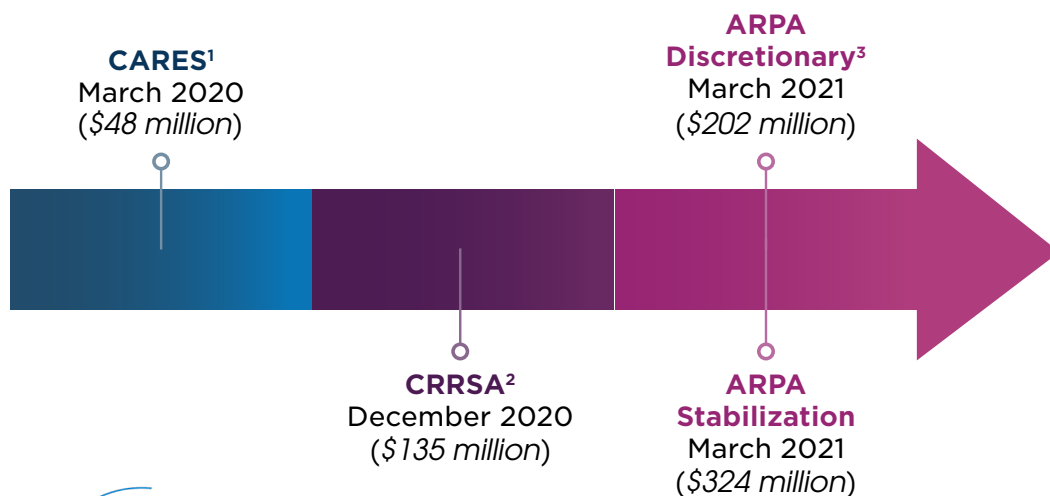
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act
- The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
- The American Rescue Plan Act (ARPA)

Funding was intended to support a range of activities—including expanded access to child care assistance for working families and support for child care providers to avoid closure—to prevent the loss of essential child care infrastructure needed to support families returning to work and children's learning. As states and territories approach the end of these funds, it is important to track whether families and child care systems are returning to pre-pandemic levels of child care access and supply and what additional investments state leaders may need to avoid future collapse.

This data profile for Minnesota provides a snapshot of the amount of COVID-19 funding received, how it was used, and trends in parental workforce participation, income levels, work disruptions due to child care needs, child care subsidy receipt, child care supply, and wages for child care workers.

Total federal funding for Minnesota: **\$710 million**

Timeline



Child Trends conducted a national scan of how states used COVID-19 relief funds to support families and child care programs during the pandemic. The scan included policy changes to expand financial support to child care programs, serve more families, provide mental health supports, and improve the referral systems needed to connect families with services. This section highlights these uses, the number of direct grants to child care programs, and the allocation of state funding to supplement federal funding or continue child care stabilization policies.

How Minnesota uses COVID Funds⁴

- | | |
|---|---|
| ☐ Reduce/Waive family co-payments/fees | ☒ Increase reimbursement rates |
| ☐ Expand eligibility criteria | ☒ Payment based on enrollment not attendance |
| ☒ Improve information systems and/or enhanced referrals to help families identify care | ☒ Payments continued during closures |
| ☐ Provide mental health consultation services | ☒ Financial support to workforce members |

Stabilization Grants Received by Child Care Providers by Type of Care⁵

Number of providers that received a grant	
Total programs	8,640
Center-based programs	2,290
Home-based programs	6,350
Other	0
Average grant amount received	
Center-based programs	\$98,000
Home-based programs	\$10,400

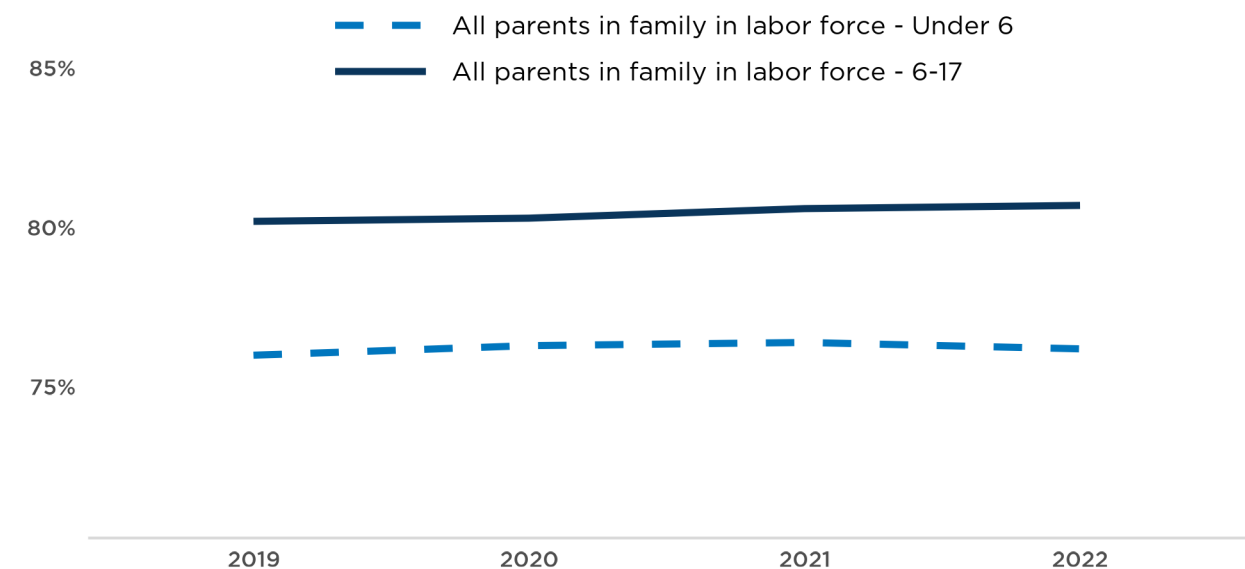
Increase Funding to Supplement or Continue Child Care Stabilization Policies⁶

☒ Yes ☐ No

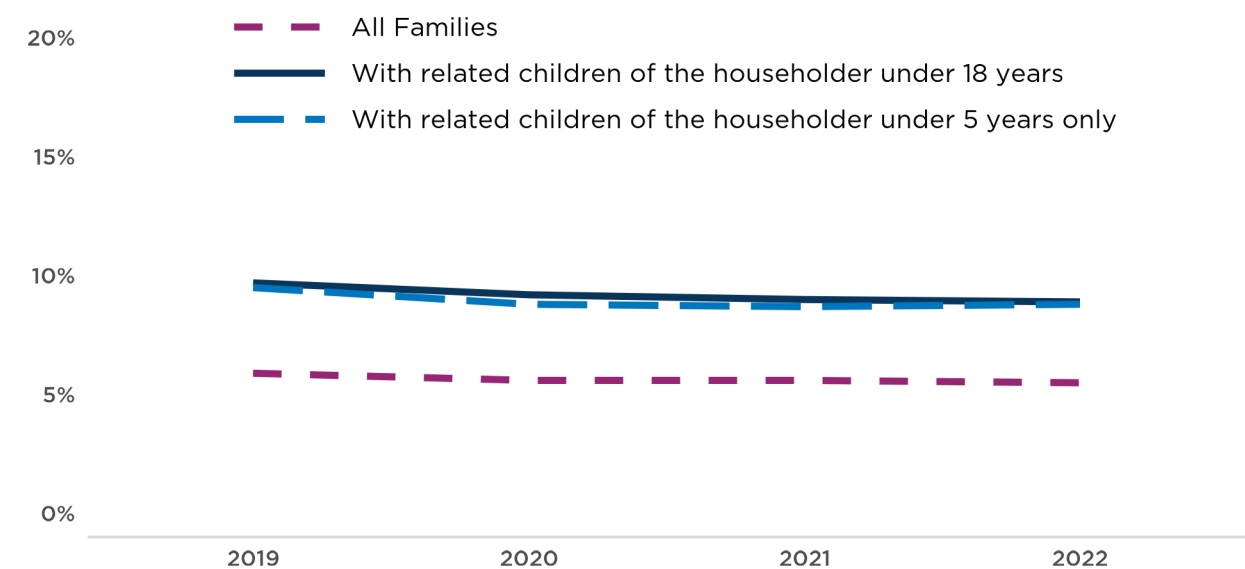
Children and Families⁷

A key goal of pandemic-era COVID-19 funds was to stabilize the child care industry. Stabilization is defined as the process of reaching a level of child care access and supply that does not fall below pre-pandemic levels. The following charts and tables show changes in families' workforce participation, income levels, work disruptions due to child care, receipt of child care subsidies, child care supply, and workforce wages from 2019 to 2022.

Percentage of children with working parents



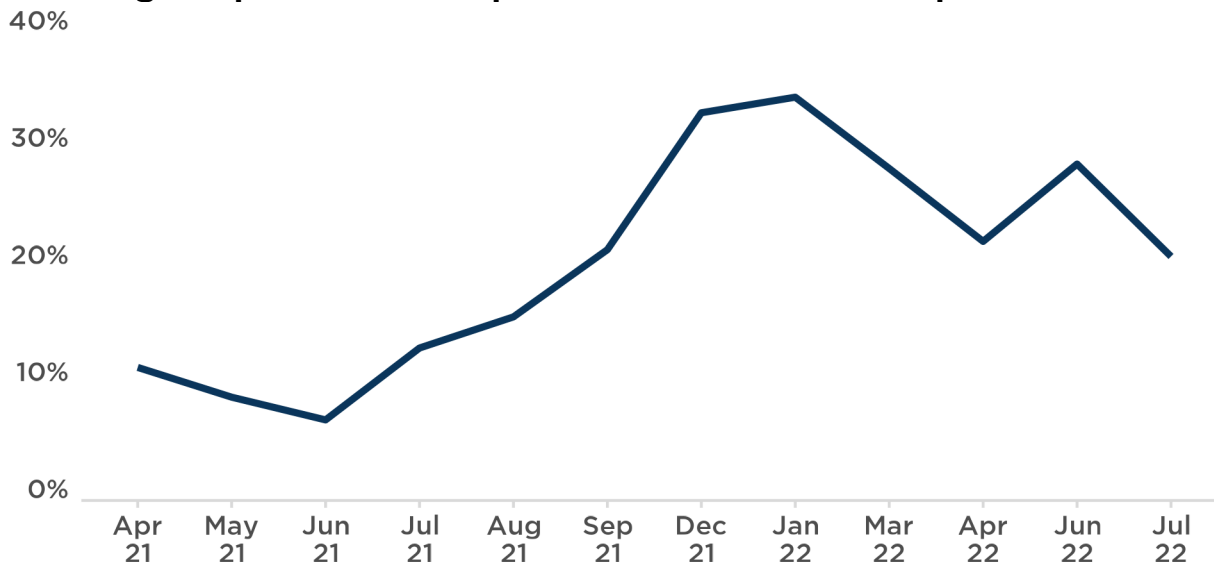
Percentage of families living in poverty



Percentage of Parents Experiencing Child Care Disruptions During COVID-19⁸

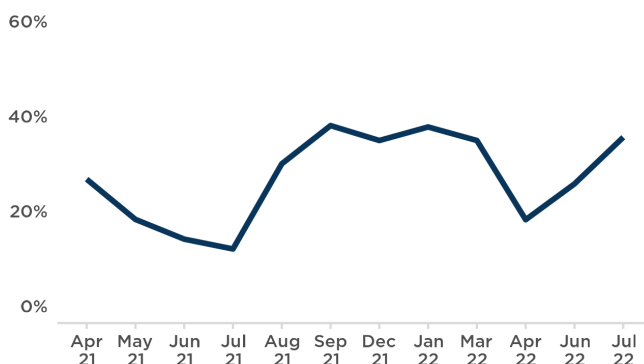
Not all months and years had data available. Only changes between available dates are shown.

Percentage of parents that experienced child care disruptions

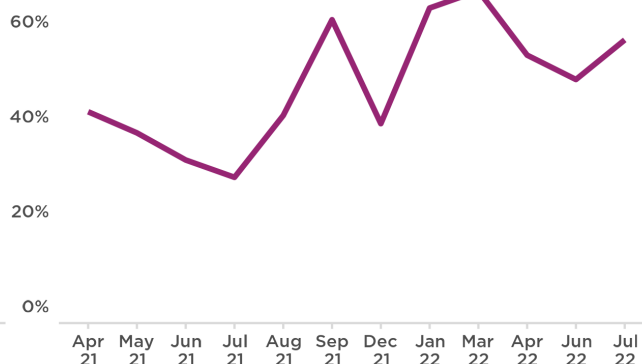


How parents responded to child care disruptions

Took unpaid leave



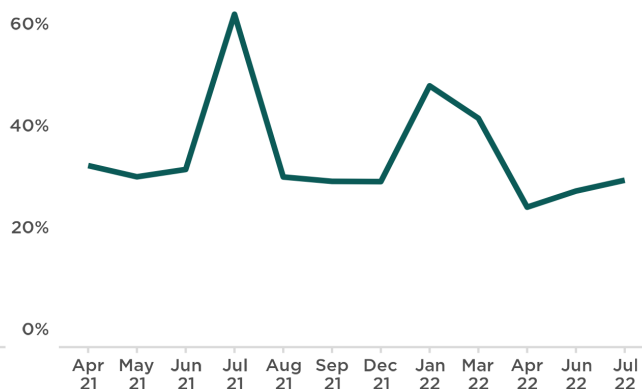
Cut works hours



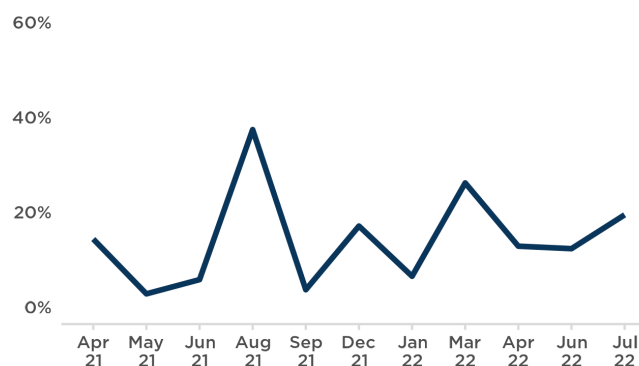
Took paid leave



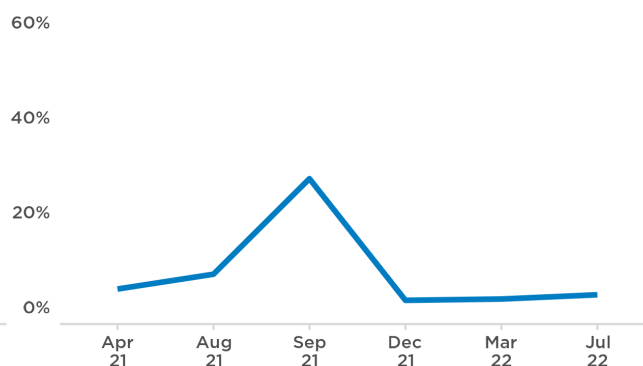
Supervised child(ren) while working



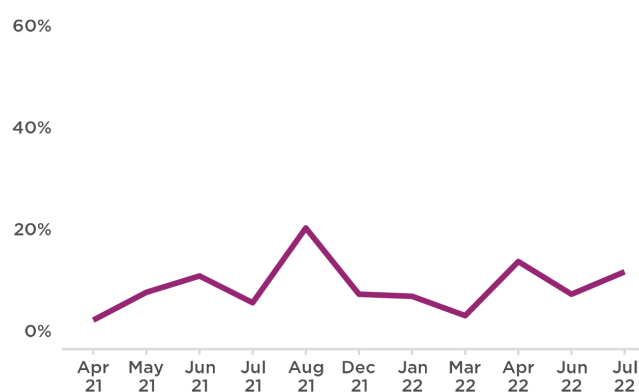
Left job



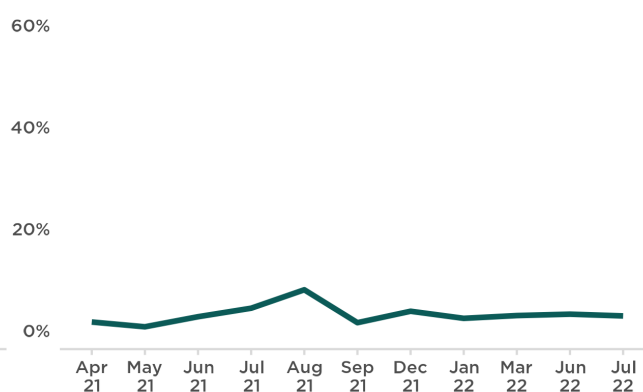
Lost job



Did not look for work



Other responses



Children and Families Served Through CCDBG Child Care Subsidies in Minnesota⁹

	FY2019 (final)	FY2020 (prelim)	FY2021 (prelim)	Difference
Estimated Families	10,100	10,800	9,500	▼ -600
Estimated Children	20,300	21,600	19,300	▼ -1000
Race/Ethnicity				
Latino	5%	5%	6%	▲ 1%
Non-Latino	95%	94%	94%	▼ -1%
Native American/ Alaska Native	1%	1%	1%	0%
Asian	2%	1%	1%	▼ -1%
Black/African American	54%	55%	53%	▼ -1%
Native Hawaiian/ Pacific Islander	0%	0%	0%	0%
White	30%	30%	32%	▲ 2%
Multi-Racial	7%	7%	8%	▲ 1%

	FY2019 (final)	FY2020 (prelim)	FY2021 (prelim)	Difference
Age of Child				
0 to < 1 yr	5%	5%	4%	▼ -1%
1 yr to < 2 yrs	10%	10%	9%	▼ -1%
2 yrs to < 3 yrs	12%	12%	11%	▼ -1%
3 yrs to < 4 yrs	13%	13%	13%	0%
4 yrs to < 5 yrs	12%	13%	13%	▲ 1%
5 yrs to < 6 yrs	10%	11%	11%	▲ 1%
6 yrs+	38%	38%	39%	▲ 1%
Copayments				
Families with a Copay	64%	64%	67%	▲ 3%
Mean Copay as Percentage of Income	3%	3%	3%	0%

Child Care Supply & Workforce Wage Changes¹⁰

	2019	2020	2021	2022	Difference
Supply					
Center Based - Licensed	1,801	1,823	1,813	1,846	▲ 45
Center Based - License Exempt	622	601	571	583	▼ -39
Family Child Care - Licensed	7,629	7,289	6,815	6,361	▼ -1268
Family Child Care - License Exempt	234	165	113	112	▼ -122
In-Home Care	39	29	17	13	▼ -26
Total Programs	10,325	9,907	9,329	8,915	▼ -1410
Wages^{11,12,13,14}					
Annual Mean Wage	\$26,780	\$28,710	\$29,600	\$30,710	▲ \$3930

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