

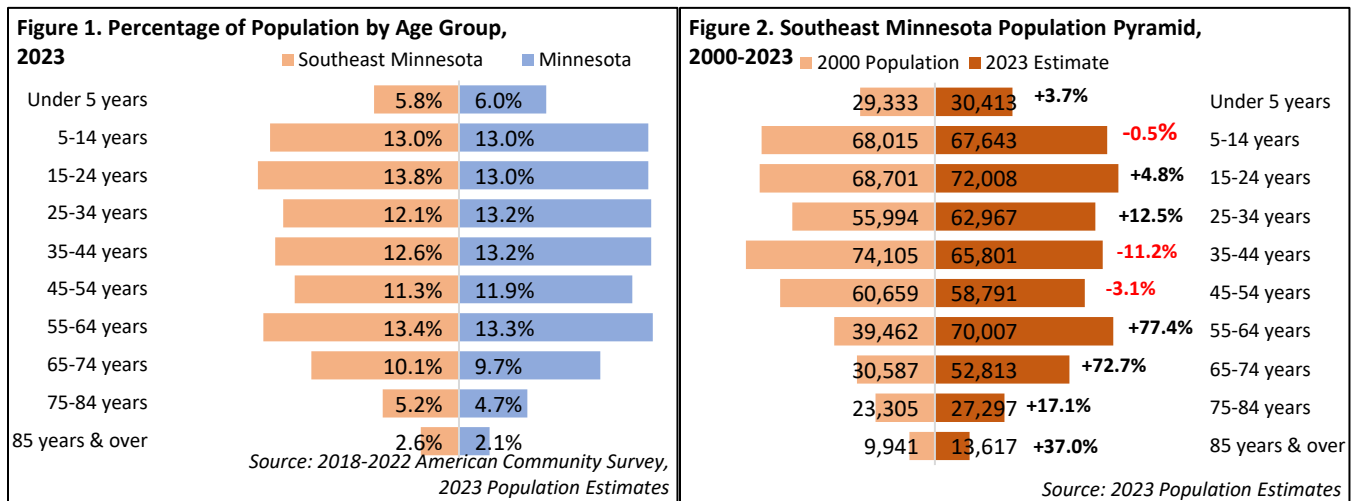
Southeast Minnesota – Child Care Overview



Population

Southeast Minnesota is an 11-county region located in the southeastern corner of the state, bordering Iowa and Wisconsin. Southeast Minnesota’s population recently surpassed 521,000 people, making it the fourth largest of the 6 planning regions of the state, accounting for 9.1% of Minnesota’s total population. From 2010 to 2023, Southeast Minnesota's population increased by about 26,700 people, reflecting a 5.4% growth rate, which was slightly below the statewide growth rate of 8.2%.

Southeast Minnesota has a diverse age demographic, with a total population of 521,357 people. The youngest age group, under 5 years old, comprises just over 30,000 individuals, accounting for 5.8% of the region's population. In comparison, Minnesota's statewide percentage of children under 5 years old is slightly higher at 6% (Figure 1). Additionally, the number of children under 5 in Southeast Minnesota has grown by 3.7% 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 Southeast Minnesota will increase by around 29,250 people, a projected 5.5% increase from 2025 to 2045. That is identical to the statewide projected growth rate. The number of children under 5 years old are projected to increase by about 1,750 people, or a 5.9% increase. In comparison, children under 5 in Minnesota are expected to increase by just 2.7% (Table 1).

Southeast Minnesota	2025-2045		2025-2045 Change	
	2025 Projection	2045 Projection	Numeric	Percent
Under 5 years	29,916	31,667	+1,751	+5.9%
5-14 years	64,492	64,556	+64	+0.1%
15-24 years	74,117	69,669	-4,448	-6.0%
25-34 years	64,565	70,264	+5,699	+8.8%
35-44 years	66,390	75,800	+9,410	+14.2%
45-54 years	59,805	69,438	+9,633	+16.1%
55-64 years	62,995	64,014	+1,019	+1.6%
65-74 years	58,835	49,579	-9,256	-15.7%
75-84 years	32,831	40,100	+7,269	+22.1%
85 years & over	13,743	21,855	+8,112	+59.0%
Total	527,689	556,942	+29,253	+5.5%

Source: Minnesota State Demographic Center

Of the 11 counties in Southeast Minnesota, five counties—Olmsted, Mower, Fillmore, Dodge, and Rice—are expected to see an increase in the population of children under the age of 5 from 2025 to 2045. Olmsted County stands out with the highest increase, adding 2,135 children, a 20.5% rise. Mower, Fillmore, Dodge, and Rice counties are projected to have modest gains, ranging from 1.4% to 3.4%. Conversely, six counties are projected to experience a decrease in the number of children under 5. Winona is expected to see the largest decline at -12.9%, followed by Freeborn at -6.9%, and Houston County at -5.7% (Table 2).

Counties	2025	2045	2025-2045 Change	
			Numeric	Percent
Olmsted	10,426	12,561	+2,135	+20.5%
Mower	2,585	2,674	+89	+3.4%
Fillmore	1,225	1,259	+34	+2.8%
Dodge	1,326	1,345	+19	+1.4%
Rice	3,642	3,694	+52	+1.4%
Steele	2,114	2,094	-20	-0.9%
Goodhue	2,594	2,535	-59	-2.3%
Wabasha	1,185	1,142	-43	-3.6%
Houston	970	915	-55	-5.7%
Freeborn	1,585	1,475	-110	-6.9%
Winona	2,264	1,973	-291	-12.9%
Southeast region	29,916	31,667	+1,751	5.9%

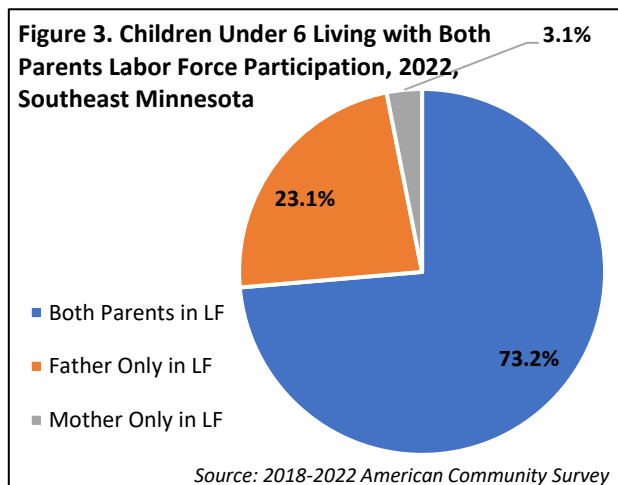
Source: Minnesota State Demographic Center

Family Arrangements & Employment

In Southeast Minnesota, there are approximately 35,400 children under the age of 6, accounting for about 29.9% of the population under 18. Among these youngest children, 74.7% (26,443) live with two parents. Of those living with two parents, 73.2% have both parents in the labor force, 23.1% have only the father in the labor force, 3.1% have only the mother in the labor force, and the remaining 0.6% have neither parent in the labor force (Figure 3).

One-fourth (25.3% or 8,943) of children under 6 live with a single parent, which is slightly below the statewide rate of 26.4%. Of these children, 71.9% live with their mother, while 28.1% live with their father. Among children living with their father, 95.8% of these fathers are in the labor force, whereas 81.6% 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.

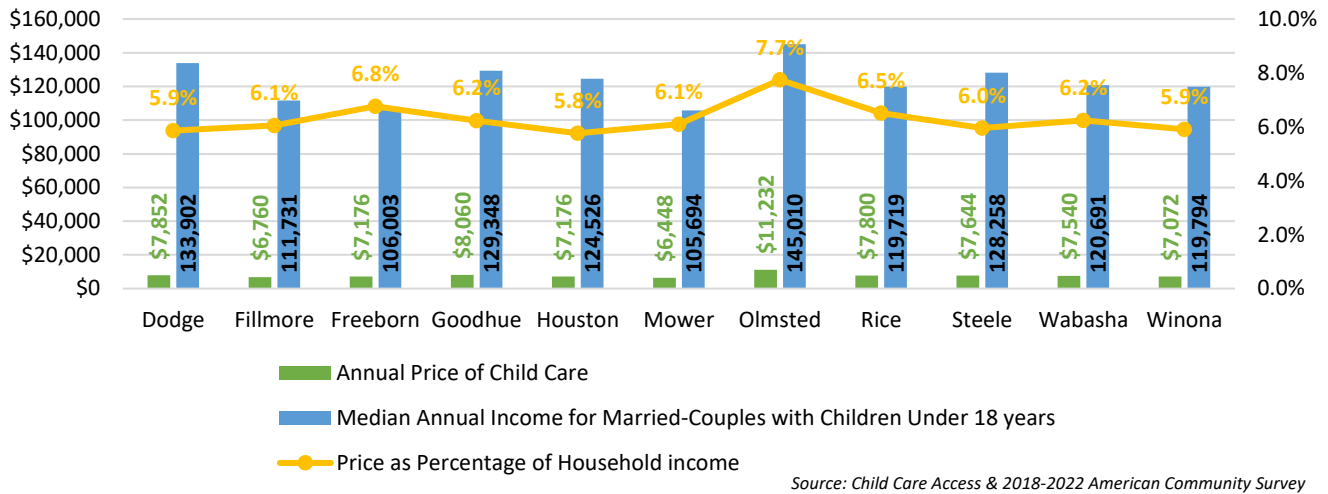


It is evident that a significant portion of parents with young children are actively participating in the labor force. This highlights the crucial need for accessible and affordable child care services. Reliable child care enables parents to maintain their employment and contribute to the economy, ensuring 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 Southeast Minnesota.

Cost & Availability of Child Care

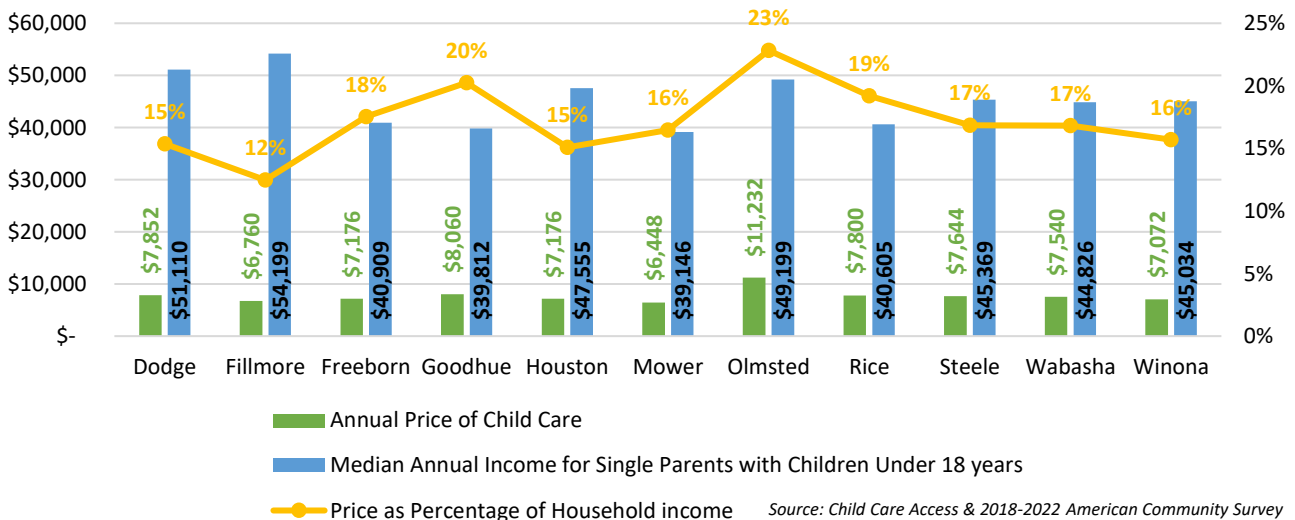
The cost of child care is a significant and widely discussed topic. The U.S. Department of Health and Human Services recommends that [child care should not exceed 7% of a family's annual income](#). According to data from [Child Care Access](#) and the [American Community Survey](#), all counties with married couples in Southeast Minnesota have remained below the 7%, except for Olmsted County. Apart from Olmsted County, Freeborn County had the second highest percentage of child care costs relative to household income at 6.8%, followed by Rice County at 6.5% (Figure 4).

Figure 4. Affordability of Child Care for Married-Couples in Southeast 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 Southeast Minnesota, all eleven 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 Olmsted (23%), Goodhue (20%), and Rice (19%). 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 Southeast 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 Southeast, Houston County excels in the quantity of access, offering 0.89 nearby slots per child. Mower County stands out for having the lowest cost of child care at \$124 per week, ranking 31st out of 87 counties in Minnesota. Olmsted County leads in the quality of child care with 0.41 highly rated nearby slots per child. Overall, Winona (15th), Wabasha (24th), and Houston County (26th) achieve the highest overall ratings for child care access in Southeast Minnesota.

County	Quantity (slots per child)	Cost (per week)	Quality (highly rated slots per child)	Overall Index Rank (Out of 87 Counties)
Dodge	0.64	\$151	0.15	64
Fillmore	0.64	\$130	0.24	31
Freeborn	0.41	\$138	0.16	74
Goodhue	0.62	\$155	0.24	58
Houston	0.89	\$138	0.16	26
Mower	0.51	\$124	0.24	42
Olmsted	0.75	\$216	0.41	44
Rice	0.52	\$150	0.19	68
Steele	0.65	\$147	0.22	47
Wabasha	0.81	\$145	0.25	24
Winona	0.73	\$136	0.36	15
Minnesota	0.6	\$206	0.3	(X)

Source: Child Care Access

Industry Trends in Employment & Firms

According to data from the [U.S. Census Bureau's Nonemployer Statistics](#), there were 1,310 self-employed child daycare providers in Southeast Minnesota. Part of a longer-term downward trend, the region experienced a rapid decline of 160 self-employed daycare providers from 2019 to 2021. The largest percentage decreases occurred in Houston County (-23.9%), Fillmore County (-18%), and Freeborn County (-17.7%). The only county that saw an increase was Wabasha County, which gained 19 self-employed child daycare providers, a 26% increase (Table 4).

County	2021	2020	2019	2019-2021 Numeric Change	2019-2021 Percent Change
Dodge	74	73	85	-11	-12.9%
Fillmore	41	49	50	-9	-18.0%
Freeborn	65	65	79	-14	-17.7%
Goodhue	106	119	116	-10	-8.6%
Houston	51	49	67	-16	-23.9%
Mower	80	80	89	-9	-10.1%
Olmsted	430	470	490	-60	-12.2%
Rice	129	129	155	-26	-16.8%
Steele	131	141	152	-21	-13.8%
Wabasha	92	84	73	+19	+26.0%
Winona	111	114	114	-3	-2.6%
Southeast	1,310	1,373	1,470	-160	-10.9%

Source: U.S. Census Bureau, Nonemployer Statistics

In addition to in-home self-employed day care providers, data from [DEED's Quarterly Census of Employment and Wages](#) provides insight into

other employment trends in Child Day Care Services in Southeast Minnesota. In 2023, there were 90 Child Day Care Services firms providing 1,317 jobs. The average annual wage in this sector was \$27,820, approximately \$35,570 less than the average annual wage across all industries (Table 5).

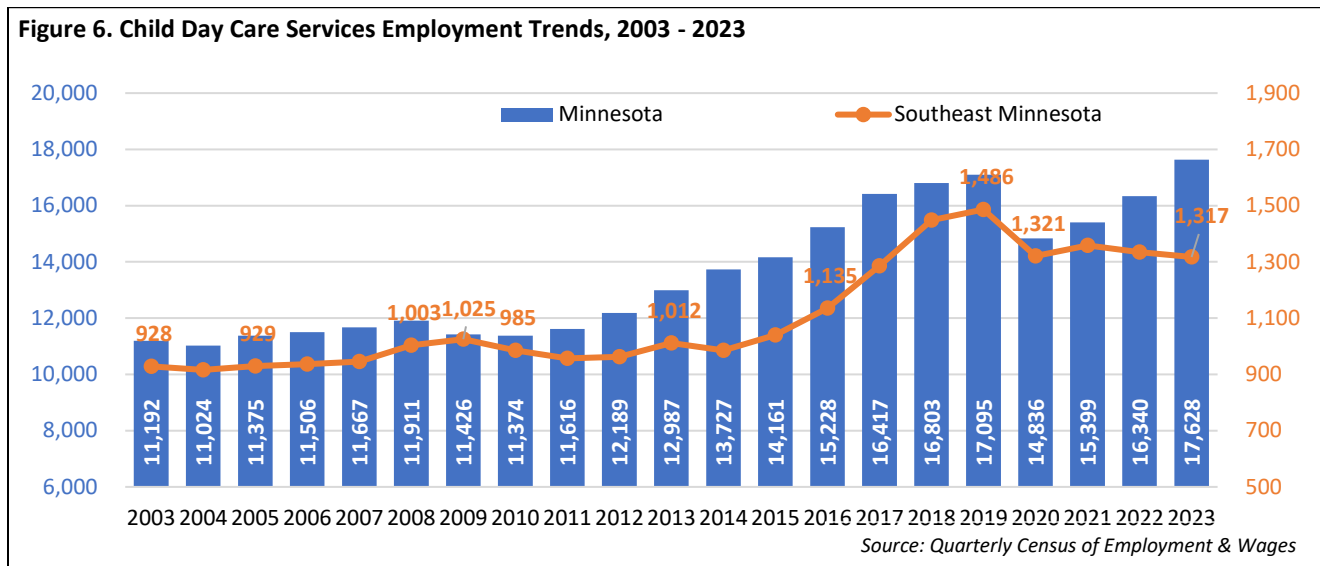
The number of jobs in the Child Day Care Services sector in Southeast Minnesota has generally increased from 2003 to 2023. The data shows a gradual rise from 928 jobs in 2003 to a peak of 1,486 jobs in 2019.

NAICS Code	Industry	Number of Jobs	Number of Firms	Average Annual Wages	2003-2023 Change Numeric Percent
0	Total, All Industries	243,667	13,569	\$63,388	+18,134 +8.0%
6244	Child Day Care Services	1,317	90	\$27,820	+389 +41.9%

Source: Quarterly Census of Employment & Wages

Notably, there was a significant increase from 2015 to 2019, likely reflecting economic growth and increased demand for child care services.

However, the sector experienced a decline in 2020 to 1,321 jobs, likely due to the impact of the COVID-19 pandemic, which led to economic disruptions and closures of child care facilities. Jobs lost from the pandemic have not fully recovered as of 2023 (Figure 6).



Occupational Employment & Wages Statistics

As noted above, QCEW data show that average annual wages in Child Day Care Services were just over \$26,600, which was more than \$28,000 lower than the total of all industries (see Table 4). [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 870 people working as Child Care Workers in Southeast Minnesota. In 2024, the median hourly wage for Child Care Workers in the region was \$14.71, which is \$9.55 lower, or almost 40% less, than the median wage across all occupations. Additionally, the statewide median wage for Child Care Workers was \$15.65, nearly a dollar higher than in Southeast 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).

Table 6. Southeast Minnesota Occupational Employment & Wage Statistics, 2024					
SOC Code	Occupation Title	Estimated Regional Employment	Median Hourly Wage	Estimated Statewide Employment	Statewide Median Wage
0	Total, All Occupations	240,340	\$24.26	2,881,100	\$25.22
399011	Child Care Workers	870	\$14.71	9,270	\$15.65
252011	Preschool Teachers, Except Special Education	750	\$18.17	10,860	\$18.78
119031	Education & Child care Administrators, Preschool & Daycare	70	\$27.96	1,210	\$29.48
211021	Child, Family, & School Social Workers	520	\$30.23	8,280	\$33.22
352012	Cooks, Institution & Cafeteria	860	\$18.58	8,140	\$19.29
439061	Office Clerks, General	4,110	\$22.28	56,580	\$22.85
111021	General & Operations Managers	5,050	\$40.26	76,670	\$46.78
259045	Teaching Assistants, Except Postsecondary*	3,240	\$39.161	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 Southeast Minnesota. For a single person, the cost of living is \$15.19 per hour, nearly 50 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 \$19.93 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 Southeast 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 (\$15.08), Hotel, Motel, and Resort Desk Clerks (\$15.63), Animal Trainers (\$15.67), and Food Preparation Workers (\$15.77).

Occupational Demand

Overall, there has been a significant demand for Child Care Workers in Southeast Minnesota. In 2023, there were 58 job vacancies for Child Care Workers, resulting in a job vacancy rate of 8.1%. This is notably higher than the 5.7% job vacancy rate across all occupations, highlighting the strong demand for these workers in the area. Examining job vacancy data from 2013 to 2023, 13 out of 18 surveys showed that Child Care Workers consistently had a higher job vacancy rate than the overall industry average, further indicating this demand.

Moreover, data from the most recent [Job Vacancy Survey](#) for Southeast Minnesota indicates that the median hourly wage offer for Child Care Workers was \$14.66, which is about \$3.60 less than the median wage offer for all occupations. Additionally, 31% of the vacancies were part-time, and 8% were temporary or seasonal. Approximately 20% of these positions required postsecondary education, compared to 32% across all occupations. Lastly, only 7% of the job vacancies required one year of experience, compared to 36% for all occupations (Table 6).

Table 7. Job Vacancies in Southeast 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	13,711	5.7%	\$18.22	27%	6%	32%	36%
399011	Child Care Workers	58	8.1%	\$14.66	31%	8%	20%	7%

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 Southeast Minnesota was 12.4% in quarter 1 of 2023, meaning that about 12.4% of the workforce left their jobs in that time period. In comparison, the turnover rate across all industries was 7.6%.

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 Southeast Minnesota Child Day Care Services industry is projected to gain 237 jobs over the next decade, an 18.3% 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 5.1% across the total of all industries in Southeast Minnesota.

Although the region has experienced employment growth, Southeast Minnesota is projected to see a decline in Child Care Worker jobs from 2020 to 2030. During this period, a decrease of 94 jobs, or -4.2%, 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 2,913 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.

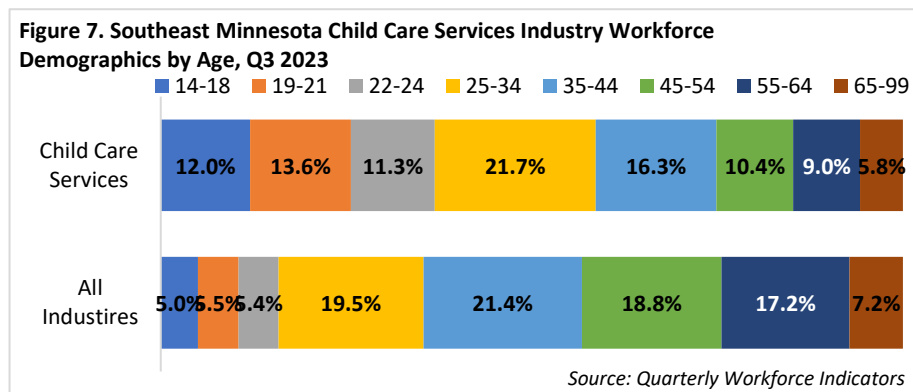
Table 8. Southeast Minnesota Employment Outlook, 2020-2030								
SOC Code	Occupation	Estimated Employment 2020	Projected Employment 2030	Percent Change	Total Change	Labor Force Exit Openings	Occupational Transfer Openings	Total Hires
0	Total, All Occupations	261,589	274,824	+5.1%	+13,235	+116,573	+168,926	+298,734
399011	Child Care Workers	2,239	2,145	-4.2%	-94	+1,475	+1,532	+2,913

Source: Employment Outlook

Workforce Characteristics

In Southeast Minnesota, the Child Care Services sector exhibits a notable gender imbalance, with women constituting 90.6% of its workforce as of quarter 3 of 2023. This contrasts sharply with the overall workforce composition where women comprise 51.4% of jobholders across all industries. Additionally, the workforce in the Child Care Services industry is more racially diverse compared to all industries. In quarter 3 of 2023, 88.2% of workers in this industry were white, whereas 89.7% of workers across all industries were white. Black or African American jobholders comprised the second largest racial group in the industry, making up 6.7% of the workforce. Additionally, 3% of workers identified as Two or More Races, and 0.8% were American Indian or Alaskan Native.

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 Southeast 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 8).



Source: Quarterly Workforce Indicators