

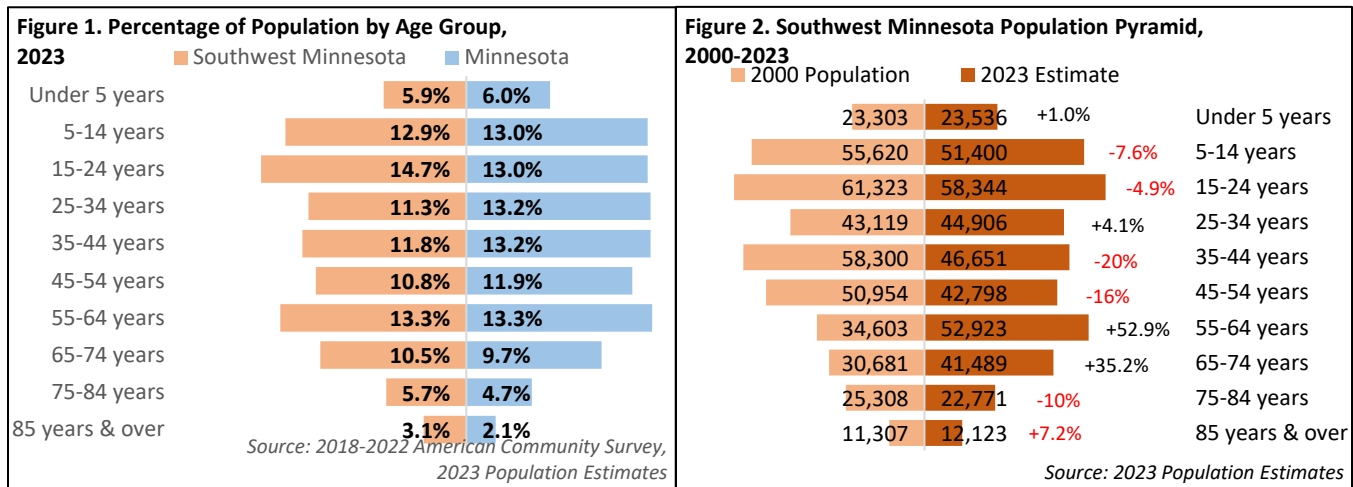
Southwest Minnesota – Child Care Overview



Population

The Southwest Minnesota planning region includes a total of 23 counties, covering three Economic Development Regions (EDRs). In sum, Southwest Minnesota was home to about 397,000 people in 2023, accounting for 6.4% of the state’s total population. From 2010 to 2023, Southwest Minnesota’s population increased by 1,300 people, reflecting a 0.3% growth rate, which is well below the statewide growth rate of 8.2%.

Southwest Minnesota has a diverse age demographic, with a total population of 396,942 people. The youngest age group, under 5 years old, comprises just over 23,535 individuals, accounting for 5.9% 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 Southwest Minnesota has grown by 1% 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 Southwest Minnesota will increase by around 2,800 people from 2025 to 2045, a 0.7% increase. That is much lower than the statewide projected growth rate at 5.5%.

The number of children under 5 years old are projected to increase by about 85 people, or a 0.4% increase. In comparison, children under 5 in Minnesota are expected to increase by 2.7% (Table 1). The slower population growth in Southwest Minnesota will also constrain the region’s labor force growth.

Southwest Minnesota	2025 Projection	2045 Projection	2025-2045 Change	
			Numeric	Percent
Under 5 years	23,237	23,319	+82	+0.4%
5-14 years	50,136	48,517	-1,619	-3.2%
15-24 years	60,965	60,304	-661	-1.1%
25-34 years	43,886	46,111	+2,225	+5.1%
35-44 years	47,362	47,642	+280	+0.6%
45-54 years	43,666	46,265	+2,599	+6.0%
55-64 years	47,009	47,527	+518	+1.1%
65-74 years	45,955	37,354	-8,601	-18.7%
75-84 years	26,058	29,506	+3,448	+13.2%
85 years & over	11,806	16,335	+4,529	+38.4%
Total	400,080	402,880	+2,800	+0.7%

Source: Minnesota State Demographic Center

Of the 23 counties in Southwest Minnesota, just eight counties— Chippewa, Swift, Blue Earth, Nobles, Big Stone, Lac qui Parle, Nicollet, and Le Sueur are expected to see an increase in the population of children under the age of 5 from 2025 to 2045. Chippewa, Swift, and Blue Earth stand out with the highest percentage increase, ranging from 11% to 21.4%. Blue Earth and Nicollet have the largest number of children overall. Conversely, 14 counties are projected to experience a decrease in the number of children under 5. Yellow Medicine is expected to see the largest decline at -28.7%, followed by Murray at -16.6%, and Redwood County at -12.6% (Table 2).

Counties	2025		2045		2025-2045 Change	
	Numeric	Percent	Numeric	Percent	Numeric	Percent
Chippewa	790	959	+169	+21.4%		
Swift	598	683	+85	+14.2%		
Blue Earth	3,709	4,118	+409	+11.0%		
Nobles	1,866	2,057	+191	+10.2%		
Big Stone	321	349	+28	+8.7%		
Lac qui Parle	381	412	+31	+8.1%		
Nicollet	1,774	1,881	+107	+6.0%		
Le Sueur	1,577	1,604	+27	+1.7%		
Cottonwood	713	713	0	0.0%		
Watowan	794	764	-30	-3.8%		
Waseca	998	959	-39	-3.9%		
Lincoln	357	342	-15	-4.2%		
Lyon	1,753	1,667	-86	-4.9%		
Brown	1,375	1,301	-74	-5.4%		
Pipestone	649	604	-45	-6.9%		
Martin	1,092	1,001	-91	-8.3%		
Faribault	681	623	-58	-8.5%		
Sibley	879	802	-77	-8.8%		
Rock	487	437	-50	-10.3%		
Jackson	531	474	-57	-10.7%		
Redwood	963	842	-121	-12.6%		
Murray	415	346	-69	-16.6%		
Yellow Medicine	534	381	-153	-28.7%		
Southwest region	23,237	23,319	+82	+0.4%		

Source: Minnesota State Demographic Center

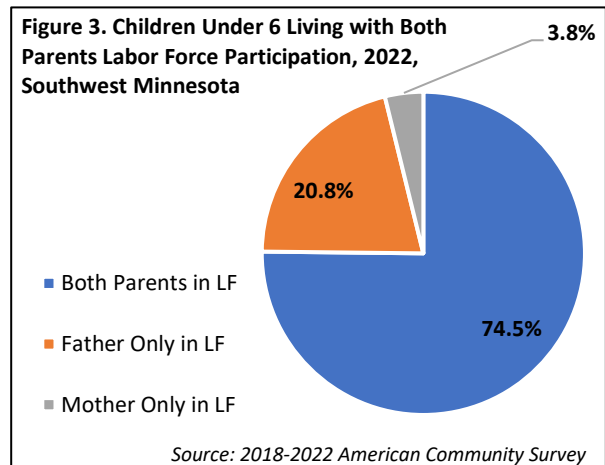
Family Arrangements & Employment

In Southwest Minnesota, there are approximately 27,880 children under the age of 6, accounting for about 30.7% of the population under 18. Among these youngest children, 73.2% (20,411) live with two parents. Of those living with two parents, 74.5% have both parents in the labor force, 20.8% have only the father in the labor force, 3.8% have only the mother in the labor force, and the remaining 0.9% have neither parent in the labor force (Figure 3).

Over one-fourth (26.8% or 7,467) of children under 6 live with a single parent, which is slightly above the statewide rate of 26.4%. Of these children, 63.3% live with their mother, while 36.7% live with their father. Among children living with their father, 96.1% of these fathers are in the labor force, whereas 79% 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.

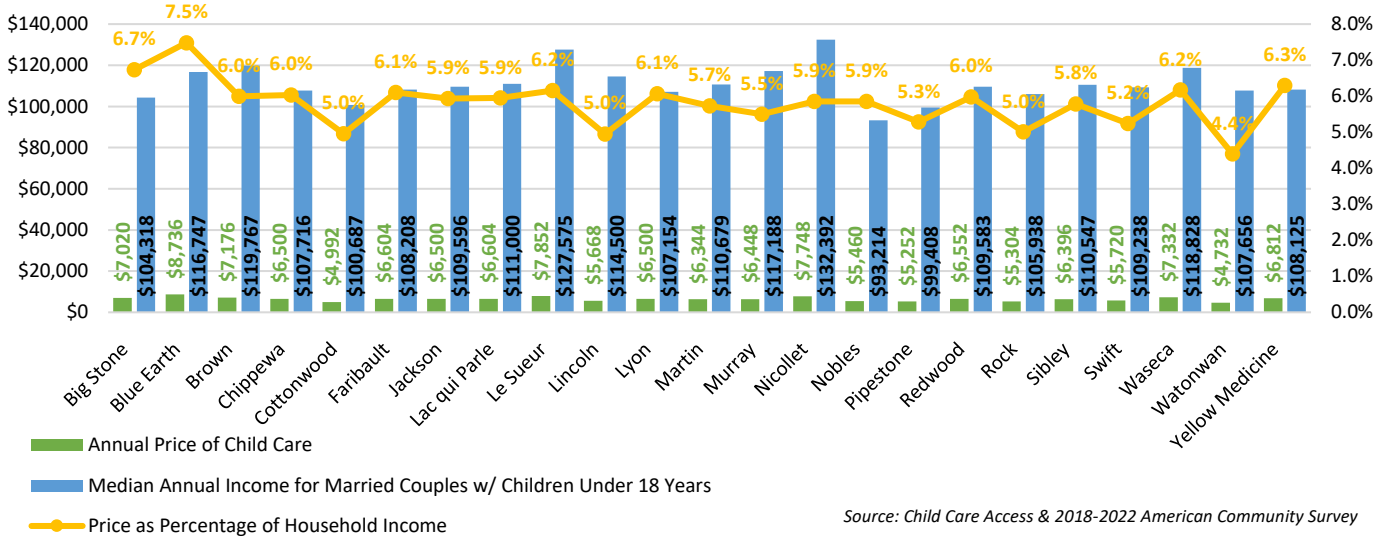
It is evident that a significant portion of parents with young children are actively participating in the labor force. This highlights the crucial need for accessible and affordable child care services. Reliable child care enables parents to maintain their employment and contribute to the economy, ensuring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



Cost & Availability of Child Care

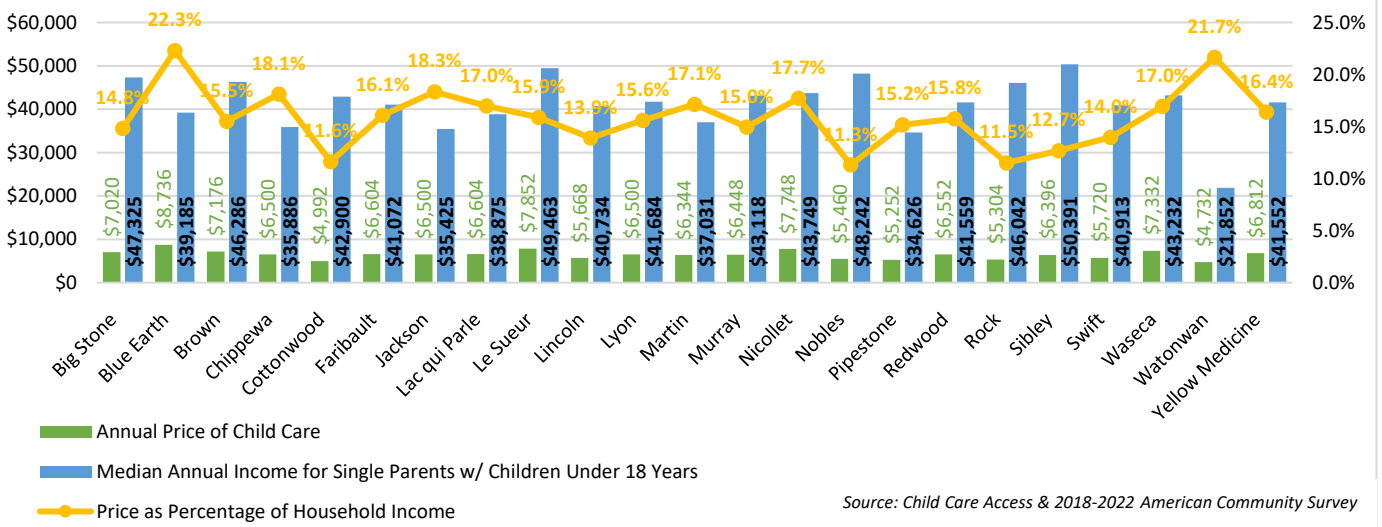
The cost of child care is a significant and widely discussed topic. The U.S. Department of Health and Human Services recommends that [child care should not exceed 7% of a family's annual income](#). According to data from [Child Care Access](#) and the [American Community Survey](#), all counties with married couples in Southwest Minnesota have remained below the 7%, except for Blue Earth County (7.5%). Apart from Blue Earth County, Big Stone County had the second highest percentage of child care costs relative to household income at 6.7%, followed by Yellow Medicine County at 6.3% (Figure 4).

Figure 4. Affordability of Child Care for Married-Couples in Southwest 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 Southwest Minnesota, all twenty-three 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 Blue Earth (22.3%), Watonwan (21.7%), and Jackson (18.3%). 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 Southwest 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 Southwest Minnesota, Lincoln County excels in the quantity of access, offering 0.92 nearby slots per child. Watonwan County stands out for having the lowest cost of child care at \$91 per week, ranking 1st out of 87 counties in Minnesota. Lincoln County leads in the quality of child care with 0.50 highly rated nearby slots per child. Overall, Lincoln County (3rd), Lyon County (9th), and Pipestone County (10th) achieve the highest overall ratings for child care access in Southwest Minnesota (Table 3).

Industry Trends in Employment & Firms

Data from [DEED's Quarterly Census of Employment and Wages](#), which collects information from employers and workers covered by Unemployment Insurance, provides insight into employment in Child Day Care Services in Southwest Minnesota. In 2023, there were 84 Child Day Care Services firms providing 945 jobs. The average annual wage in this sector was \$21,060, approximately \$31,450 less than the average annual wage across all industries (Table 4).

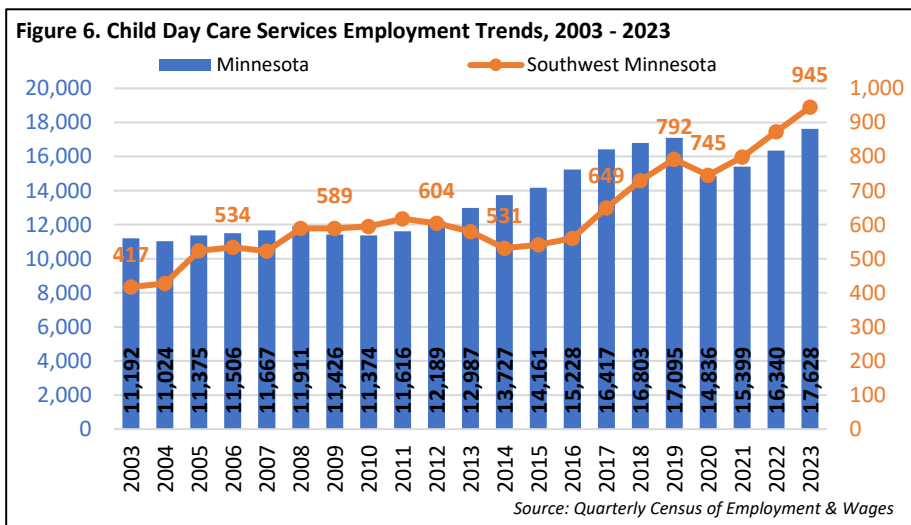
The number of jobs in the Child Day Care Services sector in Southwest Minnesota has generally increased from 2003 to 2023. The data shows a rise from 417 jobs in 2003 to a peak of 945 jobs in 2023. There was a notable increase from 2015 to 2022, reflecting economic growth and increased demand for child care services. However, the sector experienced a slight decline in 2020 to 745 jobs, likely due to the impact of the COVID-19 pandemic, which led to economic disruptions and closures of child care facilities. Since 2020, Southwest Minnesota has added 200 jobs in the Child Day Care Services industry (Figure 6).

County	Quantity (slots per child)	Cost (per week)	Quality (highly rated slots per child)	Overall Index Rank (Out of 87 Counties)
Big Stone	0.68	\$135	0.23	34
Blue Earth	0.82	\$168	0.14	63
Brown	0.89	\$138	0.20	22
Chippewa	0.44	\$125	0.11	73
Cottonwood	0.45	\$96	0.22	35
Faribault	0.82	\$127	0.39	11
Jackson	0.66	\$125	0.23	27
Lac qui Parle	0.38	\$127	0.20	66
Le Sueur	0.74	\$151	0.24	36
Lincoln	0.92	\$109	0.50	3
Lyon	0.87	\$125	0.39	9
Martin	0.86	\$122	0.23	17
Murray	0.74	\$124	0.14	38
Nicollet	0.77	\$149	0.14	55
Nobles	0.48	\$105	0.26	29
Pipestone	0.84	\$101	0.31	10
Redwood	0.66	\$126	0.20	37
Rock	0.74	\$102	0.24	14
Sibley	0.58	\$123	0.18	43
Swift	0.84	\$110	0.26	12
Waseca	0.53	\$141	0.12	72
Watonwan	0.37	\$91	0.06	69
Yellow Medicine	0.60	\$131	0.24	39
Minnesota	0.60	\$206	0.30	(X)

Source: Child Care Access

NAICS Code	Industry	Number of Jobs	Number of Firms	Average Annual Wages	2003-2023 Change Numeric Percent	
0	Total, All Industries	172,921	12,929	\$52,520	-514	-0.3%
6244	Child Day Care Services	945	84	\$21,060	+528	+126.6%

Source: Quarterly Census of Employment & Wages



According to data from the [U.S. Census Bureau's Nonemployer Statistics](#), there were 1,120 self-employed child daycare providers in Southwest Minnesota. Part of a longer-term downward trend, the region experienced a rapid decline of 144 non-employing daycare providers from 2019 to 2021. The largest percentage decreases occurred in Lincoln County (-28%), Lac qui Parle County (-27.3%), and Sibley County (-26.9%). Gains of providers were found in Big Stone, Le Sueur, and Nobles County (Table 5).

Occupational Employment & Wages Statistics

As noted above, QCEW data show that average annual wages in Child Day Care Services were just over \$21,000, which was more than \$31,000 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 720 people working as Child Care Workers in Southwest

Minnesota. In 2024, the median hourly wage for Child Care Workers in the region was \$14.45, which is \$8.53 lower, or about 37% less, than the median wage across all occupations. Additionally, the statewide median wage for Child Care Workers was \$15.65, over a dollar higher than in Southwest 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).

County	2021	2020	2019	2019-2021 Change	
				Numeric	Percent
Big Stone	26	19	20	+6	+30.0%
Blue Earth	138	156	173	-35	-20.2%
Brown	89	93	94	-5	-5.3%
Chippewa	27	29	33	-6	-18.2%
Cottonwood	34	37	41	-7	-17.1%
Faribault	34	33	43	-9	-20.9%
Jackson	20	23	25	-5	-20.0%
Lac qui Parle	16	16	22	-6	-27.3%
Le Sueur	95	94	81	+14	+17.3%
Lincoln	18	21	25	-7	-28.0%
Lyon	94	104	106	-12	-11.3%
Martin	61	65	75	-14	-18.7%
Murray	22	26	27	-5	-18.5%
Nicollet	65	68	80	-15	-18.8%
Nobles	50	49	45	+5	+11.1%
Pipestone	39	37	42	-3	-7.1%
Redwood	73	69	75	-2	-2.7%
Rock	48	50	57	-9	-15.8%
Sibley	38	42	52	-14	-26.9%
Swift	34	33	35	-1	-2.9%
Waseca	43	44	43	0	0.0%
Watonwan	20	29	24	-4	-16.7%
Yellow Medicine	36	39	46	-10	-21.7%
Southwest region	1,120	1,176	1,264	-144	-11.4%

Source: U.S. Census Bureau, Nonemployer Statistics

Table 6. Southwest 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	169,300	\$22.98	2,881,100	\$25.22
399011	Child Care Workers	720	\$14.45	9,270	\$15.65
252011	Preschool Teachers, Except Special Education	570	\$18.15	10,860	\$18.78
119031	Education & Child care Administrators, Preschool & Daycare	60	\$24.12	1,210	\$29.48
211021	Child, Family, & School Social Workers	560	\$29.48	8,280	\$33.22
352012	Cooks, Institution & Cafeteria	700	\$18.54	8,140	\$19.29
439061	Office Clerks, General	3,200	\$20.98	56,580	\$22.85
111021	General & Operations Managers	4,090	\$39.65	76,670	\$46.78
259045	Teaching Assistants, Except Postsecondary*	2,960	\$38,031	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 a typical family in Southwest Minnesota. For a single person, the cost of living is \$14.00 per hour, which is met with 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 \$17.95 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 Southwest Minnesota are among the lowest-paid professionals, earning wages that fall short of meeting the region's basic [Cost of Living](#) for a typical family. These workers receive lower pay than many other occupations, such as Cashiers (\$14.71), Hotel, Motel, and Resort Desk Clerks (\$14.75), Fast Food Counter Workers (\$14.53), and Food Preparation Workers (\$15.59).

Occupational Demand

Overall, there has been a significant demand for Child Care Workers in Southwest Minnesota. In 2023, there were about 20 job vacancies for Child Care Workers, resulting in a job vacancy rate of 2.6%. This is lower than the 5.5% job vacancy rate across all occupations, indicating low demand for these workers in the area. However, examining job vacancy data from 2013 to 2023, 11 out of 18 surveys showed that Child Care Workers had a higher job vacancy rate than the overall industry average, indicating steady demand.

Moreover, data from the most recent [Job Vacancy Survey](#) for Southwest Minnesota indicates that the median hourly wage offer for Child Care Workers was \$13.92, which is about \$5.80 less than the median wage offer for all occupations. Additionally, 43% of the vacancies were part-time, and 5% were temporary or seasonal. Approximately 0% of these positions required postsecondary education, compared to 31% across all occupations. Lastly, only 5% of the job vacancies required one year of experience, compared to 33% for all occupations (Table 7).

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	9,546	5.5%	\$19.74	26%	11%	31%	33%
399011	Child Care Workers	19	2.6%	\$13.92	43%	5%	0%	5%

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 Southwest Minnesota was 15.7% in quarter 1 of 2023, meaning that about 15.7% of the workforce left their jobs in that time period. In comparison, the turnover rate across all industries was 9.2%.

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 Southwest Minnesota Child Day Care Services industry is projected to gain 137 jobs over the next decade, an 18.4% 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 3.9% across the total of all industries in Southwest Minnesota.

Table 8. Southwest 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	195,812	203,504	+3.9%	+7,692	+89,195	+130,276	+227,163
399011	Child Care Workers	1,880	1,783	-5.2%	-97	+1,232	+1,280	+2,415

Source: Employment Outlook

Although the region has experienced employment growth, Southwest Minnesota is projected to see a decline in Child Care Worker jobs from 2020 to 2030. During this period, a decrease of 97 jobs, or -5.2%, is expected (Table 8). 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 2,415 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.

Workforce Characteristics

In Southwest Minnesota, the Child Care Services sector exhibits a notable gender imbalance, with women constituting 91.2% of its workforce as of quarter 3 of 2023. This contrasts sharply with the overall workforce composition where women comprise 50.3% of jobholders across all industries. The workforce in the Child Care Services industry is less racially diverse compared to all industries. In 2022, 94% of workers in this industry were White, whereas 91.6% of workers across all industries were White. Black or African American individuals comprised the second largest racial group in the industry, making up 2.4% of the workforce. Additionally, 1.5% of workers identified as Two or More Races, and 1.7% were Asian.

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 Southwest 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 almost triple 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 7).

