

Southeast Minnesota – Child Care Overview

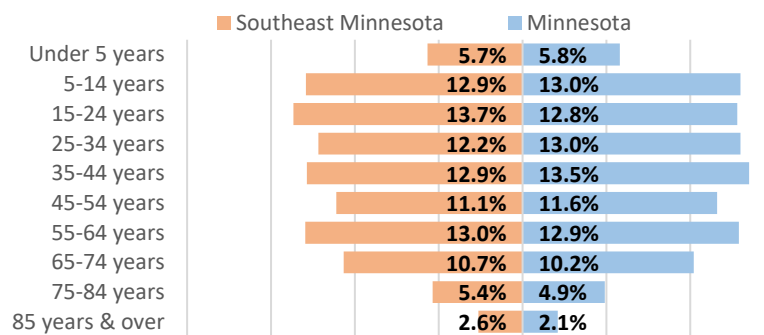


Population

Southeast Minnesota, also known as Economic Development Region 10, is an 11-county region located in the southeastern corner of the state, bordering Iowa and Wisconsin. Southeast Minnesota's population recently surpassed 527,000 people, making it the fourth largest of the 6 planning regions of the state, accounting for 9% of Minnesota's total population. From 2020 to 2025, Southeast Minnesota's population increased by 9,250 people, reflecting a 1.8% growth rate, which is below the statewide growth rate of 2.2%.

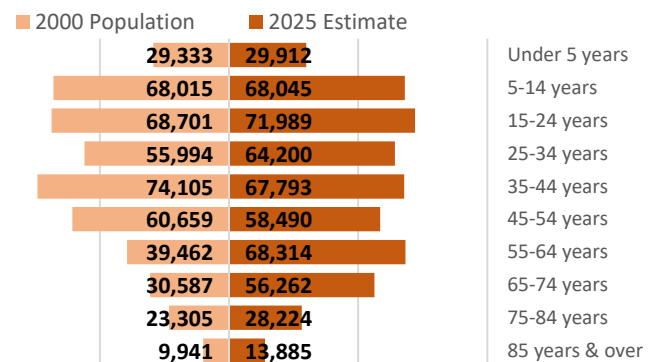
Southeast Minnesota has a diverse age demographic, with a total population of 527,116 people. Among these, the youngest age group, under 5 years old, comprises 29,900 individuals, accounting for 5.7% of the region's population. In comparison, Minnesota's statewide percentage of children under 5 years old is slightly higher at 5.8% (Figure 1). Additionally, the number of children under 5 in Southeast Minnesota has grown by 2% since 2000, compared to a growth rate of 2.8% 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.

Figure 1. Percentage of the Population by Age Group, 2025



Source: 2020-2024 American Community Survey, 2025 Population Estimates

Figure 2. Population Pyramid, 2000-2025



Source: 2025 Population Estimates

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).

Table 1. Population Projections, 2025-2045

Southeast Minnesota	2025 Projection	2045 Projection	2025-2045 Change	
			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 County is expected to see the largest decline at -12.9%, followed by Freeborn County at -6.9%, and Houston County at -5.7% (Table 2).

Family Arrangements & Employment

In Southeast Minnesota, there are approximately 34,250 children under the age of 6, accounting for about 30% of the population under 18. Among these youngest children, 76.4% (26,169) live with two parents. Of those living with two parents, 73.9% have both parents in the labor force, 22.9% have only the father in the labor force, 2.7% have only the mother in the labor force, and the remaining 0.5% have neither parent in the labor force (Figure 3).

Nearly one-fourth (23.6% or 8,094) of children under 6 live with a single parent, which is slightly below the statewide rate of 25.6%. Of these children, 70.4% live with their mother, while 29.6% live with their father. Among children living with their father, 96.4% of these fathers are in the labor force, whereas 82.7% of mothers in single-parent households are in the labor force. In Minnesota, 68.7% of children living with a single parent reside with their mother, while 31.3% live with their father. Statewide, about 93.2% of the single fathers are in the labor force and 80.5% of mothers are in the labor force.

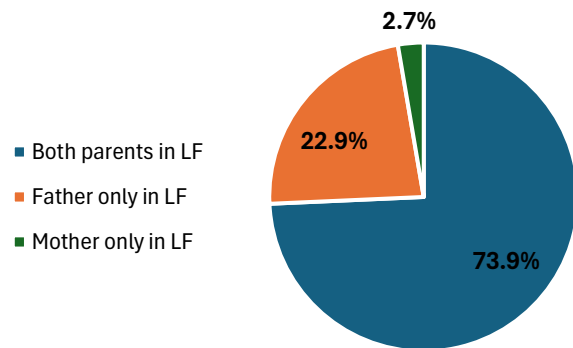
It is evident that a significant portion of parents with young children are actively participating in the labor force. This highlights the crucial need for accessible and affordable child care services. Reliable child care enables parents to maintain their employment and contribute to the economy, ensuring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

Table 2. Population Projections for People Under the Age of 5, 2025-2045

			2025-2045 Change	
Counties	2025	2045	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 Minnesota	29,916	31,667	+1,751	5.9%

Source: Minnesota State Demographic Center

Figure 3. Children Under 6 Living with Both Parents Labor Force Participation, 2024



Source: 2020-2024 American Community Survey

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](#). Regional average child care rates from [Child Care Aware of Minnesota](#) and median household income data from the [American Community Survey](#) offer a closer look at affordability in Southeast Minnesota.

Table 3. Average Annual Child Care Costs in Southeast Minnesota, 2023

Type	Infant	Toddler	Preschool
Child Care Centers	\$18,200	\$15,964	\$14,196
Family Child Care	\$9,100	\$8,840	\$8,424

Source: Child Care Aware Minnesota and American Community Survey, 2020-2024

Table 4. Child Care Costs as a Percentage of Median Household Income, Southeast Minnesota, 2023

Type	Infant	Toddler	Preschool
Child Care Centers	21.5%	18.9%	16.8%
Family Child Care	10.8%	10.4%	10.0%

Source: Child Care Aware Minnesota and American Community Survey, 2020-2024

Child care costs in Southeast Minnesota exceed the U.S. Department of Health and Human Services affordability benchmark regardless of provider type or age group. For families using child care centers, annual costs range from \$14,196 for preschool-age children to \$18,200 for infants, representing 16.8% to 21.5% of the region's median household income of \$84,622. Family child care offers a more affordable alternative, with annual costs ranging from \$8,424 for preschool to \$9,100 for infants, or 10.0% to 10.8% of median household income. While family child care falls closer to the 7% benchmark, it still exceeds it across all age groups. Infant care carries the highest burden for families regardless of provider type, and costs decrease as children age into toddler and preschool settings.

Industry Trends in Employment & Firms

According to data from the [U.S. Census Bureau's Nonemployer Statistics](#), there were 1,178 self-employed child daycare providers in Southeast Minnesota. Part of a longer-term trend, the region experienced a rapid decline of 292 non-employing daycare providers from 2019 to 2023. The largest percentage decreases occurred in Steele County, Houston County, and Goodhue County. The only counties that experienced an increase included Wabasha County and Winona County (Table 5).

Table 5. Nonemployer Child Daycare Providers in Southeast Minnesota, 2019-2023

County	2023	2019	2019-2023 Numeric Change	2019-2023 Percent Change
Dodge	67	85	-18	-21.2%
Fillmore	43	50	-7	-14.0%
Freeborn	60	79	-19	-24.1%
Goodhue	86	116	-30	-25.9%
Houston	46	67	-21	-31.3%
Mower	83	89	-6	-6.7%
Olmsted	369	490	-121	-24.7%
Rice	116	155	-39	-25.2%
Steele	104	152	-48	-31.6%
Wabasha	89	73	16	21.9%
Winona	115	114	1	0.9%
Southeast	1,178	1,470	-292	-19.9%

Source: U.S. Census Bureau, Nonemployer Statistics

Further 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 Southeast Minnesota. In 2025, there were 94 Child Day Care Services firms providing 1,398 jobs. The average annual wage in this sector was \$30,472, approximately \$38,800 less than the average annual wage across all industries (Table 6).

Table 6. Child Day Care Services Employment in Southeast Minnesota, 2025

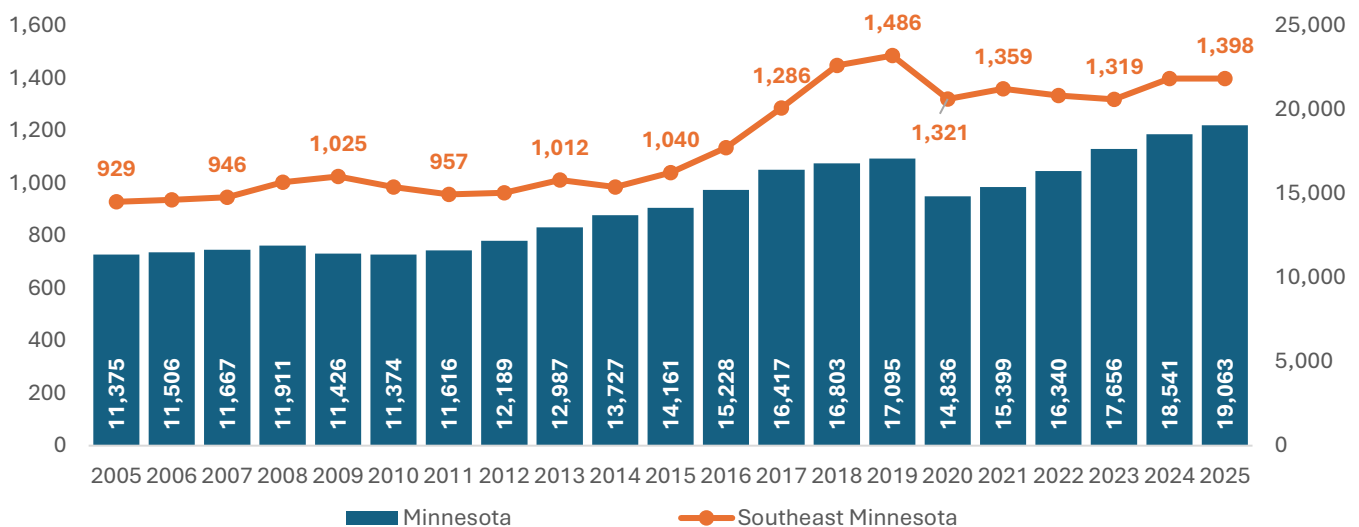
The number of jobs in the Child Day Care Services sector in Southeast Minnesota

NAICS Code	Industry	Number of Jobs	Number of Firms	Total Payroll	Average Annual Wages	2005-2025 Numeric Change	2005-2025 Percent Change
0	Total, All Industries	248,923	13,690	\$17,250,927,359	\$69,264	+19,276	+8.4%
6244	Child Day Care Services	1,398	94	\$42,662,167	\$30,472	+469	+50.5%

Source: Quarterly Census of Employment & Wages

has generally increased from 2005 to 2025 (Table 6 & Figure 4). The data shows a gradual rise from 929 jobs in 2005 to a peak of 1,486 jobs in 2019. 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 2025.

Figure 4. Child Day Care Services Employment Trends, 2005-2025



Source: Quarterly Census of Employment & Wages

Occupational Employment & Wages Statistics

[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 1,250 people working as Child Care Workers in Southeast Minnesota. In 2026, the median hourly wage for Child Care Workers in the region was \$15.45, which is \$10.66 lower, or about 40% less, than the median wage across all occupations. Additionally, the statewide median wage for Child Care Workers was \$17.51, over 2 dollars 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 7).

Table 7. Southeast Minnesota Occupational Employment & Wage Statistics, Q1 2026

SOC Code	Occupation Title	Estimated Regional Employment	Median Hourly Wage	Estimated Statewide Employment	Statewide Median Wage
0	Total, All Occupations	246,900	\$26.11	2,949,820	\$27.97
399011	Child Care Workers	1,250	\$15.45	11,570	\$17.51
252011	Preschool Teachers, Except Special Education	740	\$21.13	10,320	\$21.46
119031	Education & Child care Administrators, Preschool & Daycare	70	\$28.94	1,010	\$30.32
211021	Child, Family, & School Social Workers	630	\$33.07	6,540	\$33.34
352012	Cooks, Institution & Cafeteria	830	\$19.16	7,890	\$21.43
439061	Office Clerks, General	3,980	\$23.24	55,530	\$23.54
111021	General & Operations Managers	4,720	\$43.43	72,860	\$48.56
259045	Teaching Assistants, Except Postsecondary*	3,490	\$40,518	38,540	\$41,223
Source: Occupational Employment & Wage Statistics, 2025					
*Only median annual wages available					

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 (\$16.55), Hotel, Motel, and Resort Desk Clerks (\$17.56), and Food Preparation Workers (\$17.18).

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 \$16.10 per hour, 65 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 \$21.37 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.

Occupational Demand

Overall, there has been a significant demand for Child Care Workers in Southeast Minnesota. In 2024, there were 49 job vacancies for Child Care Workers, resulting in a job vacancy rate of 4.2%. This is a bit higher than the 4% job vacancy rate across all occupations, highlighting a demand for these workers in the area. Examining job vacancy data from 2013 to 2024, 14 out of 19 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 \$15.62, which is about \$4.58 less than the median wage offer for all occupations. Additionally, 31% of the vacancies were part-time, and 8% were temporary or seasonal. Approximately 0% of these positions required postsecondary education, compared to 37% across all occupations. Lastly, only 13% of the job vacancies required one year of experience, compared to 41% for all occupations (Table 8).

Table 8. Job Vacancies in Southeast Minnesota, 2024

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	9,737	4%	\$20.20	27%	5%	37%	41%
399011	Child Care Workers	49	4.2%	\$15.62	31%	8%	0%	13%

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 11% in quarter 1 of 2025, meaning that about 11% of the workforce left their jobs in that time period. In comparison, the turnover rate across all industries was 7.3%.

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 [2022 to 2032 Employment Outlook data](#), the Southeast Minnesota Child Day Care Services industry is projected to gain 131 jobs over the next decade, a 10% increase. The increase in Child Day Care Services is significantly higher than the overall projected growth rate of 4.5% across the total of all industries in Southeast Minnesota.

Southeast Minnesota is projected to experience a small increase in Child Care Worker jobs from 2022 to 2032. During this period, an increase of 31 jobs, or 2%, is expected (Table 9). Additionally, there will 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 2,590 Child Care Worker job openings from 2022 to 2032. This also suggests that other jobs will become more prominent in the industry, rather than just direct service Child Care Workers.

Table 9. Employment Projections in Southeast Minnesota, 2022-2032

SOC Code	Occupation	Estimated Employment 2022	Projected Employment 2032	Percent Change	Total Change	Labor Force Exit Openings	Occupational Transfer Openings	Total Hires
0	Total, All Occupations	270,975	283,255	+4.5%	12,280	134,631	163,022	309,933
399011	Child Care Workers	1,531	1,562	+2%	+31	1,117	1,442	2,590

Source: Employment Outlook

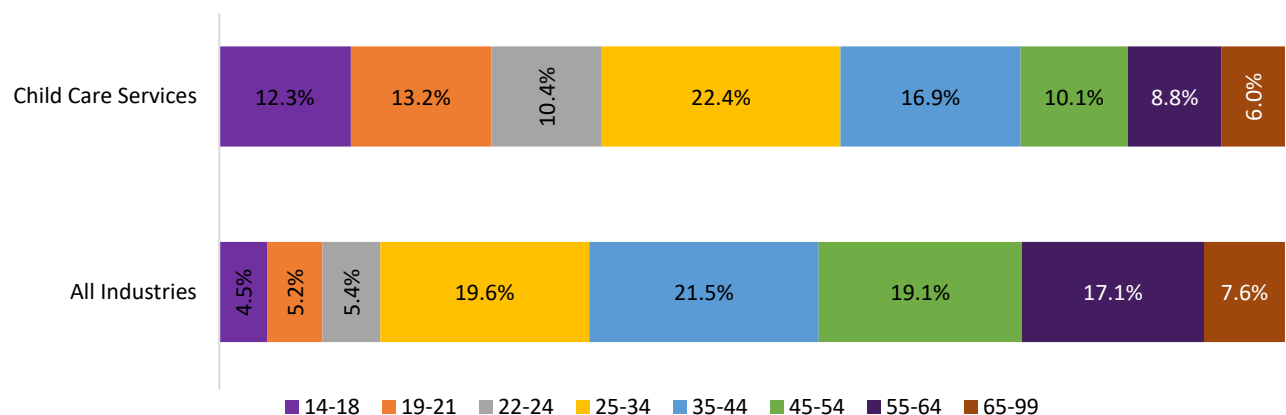
Workforce Characteristics

In Southeast Minnesota, the Child Care Services sector exhibits a notable gender imbalance, with women constituting 91.1% of its workforce as of 2024. This contrasts sharply with the overall workforce composition, where women comprise 51.9% of jobholders across all industries.

The Child Care Services industry is also somewhat more racially diverse than the regional workforce as a whole, though the gap is modest. In 2024, 87.4% of workers in this industry were White, compared to 89.2% of jobholders across all industries. American Indian or Alaska Native workers made up 0.6% of the industry's workforce, while all other racial and ethnic categories were suppressed¹.

Data from [Quarterly Workforce Indicators](#) for 2024 also highlights a distinct age distribution among Child Care Services workers. The industry tends to employ a notably younger workforce than the regional average: workers aged 14-24 are represented at more than double their share in the overall workforce, while workers aged 25-54 are more prominently represented across all industries. This pattern suggests that Child Care Services may attract, or be particularly suited to, younger workers entering the labor force (Figure 5).

Figure 5. Southeast Minnesota Child Care Services Industry Workforce Demographics by Age, 2024



Source: Quarterly Workforce Indicators

¹ Due to data suppression and publication rules of the U.S. Census Bureau, not all racial and ethnicity categories can be reported.