

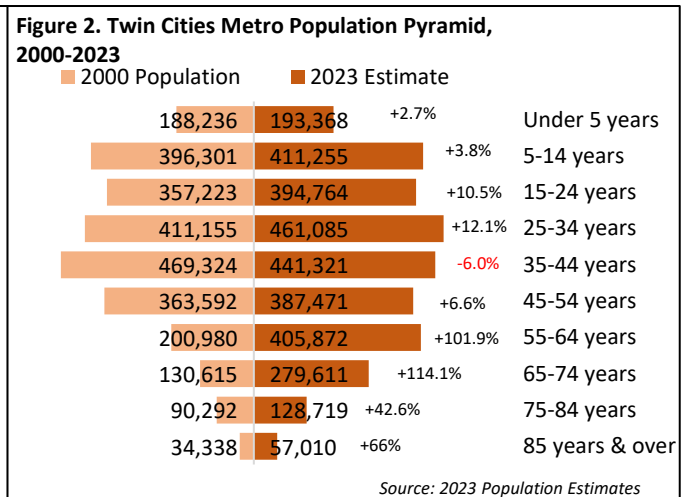
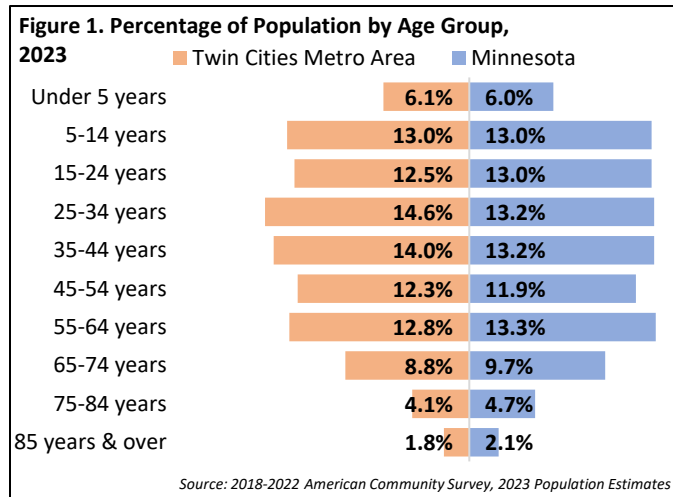
## Twin Cities Metro Area Minnesota – Child Care Overview



### Population

The Twin Cities Metro Area planning region includes a total of seven counties, covering one Economic Development Region (EDR 11). In sum, the Metro Area was home to over 3,160,000 people in 2023, comprising 55.1% of the state’s total population. The region’s population grew by 10.9% between 2010 and 2023, adding just under 311,000 people. In comparison, the state of Minnesota witnessed an 8.2% population gain.

The Twin Cities Metro Area has a diverse age demographic, with a total population of 3,160,476 people. Among these, the youngest age group, under 5 years old, comprises just over 193,400 individuals, accounting for 6.1% of the region's population. In comparison, Minnesota's statewide percentage of children under 5 years old is slightly lower at 6% (Figure 1). Additionally, the number of children under 5 in the Twin Cities Metro Area has grown by 2.7% 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 the Twin Cities Metro Area will increase by around 178,000 people, a projected 5.6% increase from 2025 to 2045. That is a bit above the statewide projected growth rate which sits at 5.5%. The number of children under 5 years old are projected to increase by about 2,000 people, or a 1.1% increase. In comparison, children under 5 in Minnesota are expected to increase by just 2.7% (Table 1).

Table 1. Population Projections, 2025-2045			2025-2045 Change	
Twin Cities Metro Area	2025 Projection	2045 Projection	Numeric	Percent
Under 5 years	186,777	188,814	+2,037	+1.1%
5-14 years	397,483	384,696	-12,787	-3.2%
15-24 years	401,059	378,177	-22,882	-5.7%
25-34 years	447,036	460,936	+13,900	+3.1%
35-44 years	460,530	478,451	+17,921	+3.9%
45-54 years	387,364	442,901	+55,537	+14.3%
55-64 years	379,953	403,884	+23,931	+6.3%
65-74 years	315,113	287,542	-27,571	-8.7%
75-84 years	169,255	232,713	+63,458	+37.5%
85 years & over	61,799	126,301	+64,502	+104.4%
<b>Total</b>	<b>3,206,369</b>	<b>3,384,415</b>	<b>+178,046</b>	<b>+5.6%</b>

*Source: Minnesota State Demographic Center*

Of the 7 counties in Twin Cities Metro Area, five counties—Anoka, Carver, Dakota, Scott, and Ramsey—are expected to see an increase in the population of children under the age of 5 from 2025 to 2045. Washington stands out with the highest percentage increase, adding 3,510 children, a 22% rise. Anoka, Scott, Carver, and Dakota counties are projected to have significant gains, ranging from 13% to 16%. Conversely, two counties are projected to experience a decrease in the number of children under 5. Ramsey is expected to see the largest decline at -19.5%, followed by Hennepin County at -6.1% (Table 2).

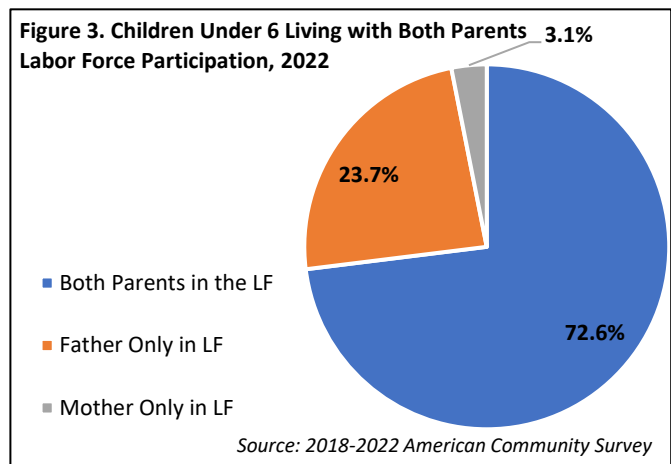
Table 2. Population Projections for People Under the Age of 5 in The Twin Cities Metro Area, 2025-2045			2025-2045 Change	
Counties	2025	2045	Numeric	Percent
Washington	15,922	19,432	+3,510	+22.0%
Anoka	22,409	26,058	+3,649	+16.3%
Scott	9,403	10,758	+1,355	+14.4%
Carver	6,557	7,408	+851	+13.0%
Dakota	27,043	30,545	+3,502	+12.9%
Hennepin	72,654	68,209	-4,445	-6.1%
Ramsey	32,789	26,404	-6,385	-19.5%
<b>7-County Metro</b>	<b>186,777</b>	<b>188,814</b>	<b>+2,037</b>	<b>+1.1%</b>

*Source: Minnesota State Demographic Center*

### Family Arrangements & Employment

In the Twin Cities Metro Area, there are approximately 225,300 children under the age of 6, accounting for about 31% of the population under 18. Among these youngest children, 74.2% (167,185) live with two parents. Of those living with two parents, 72.6% have both parents in the labor force, 23.7% 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 (25.8% or 116,208) of children under 6 live with a single parent, which is slightly below the statewide rate of 26.4%. Of these children, 72.8% live with their mother, while 27.2% live with their father. Among children living with their father, 90.5% of these fathers are in the labor force, whereas 84.6% 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.

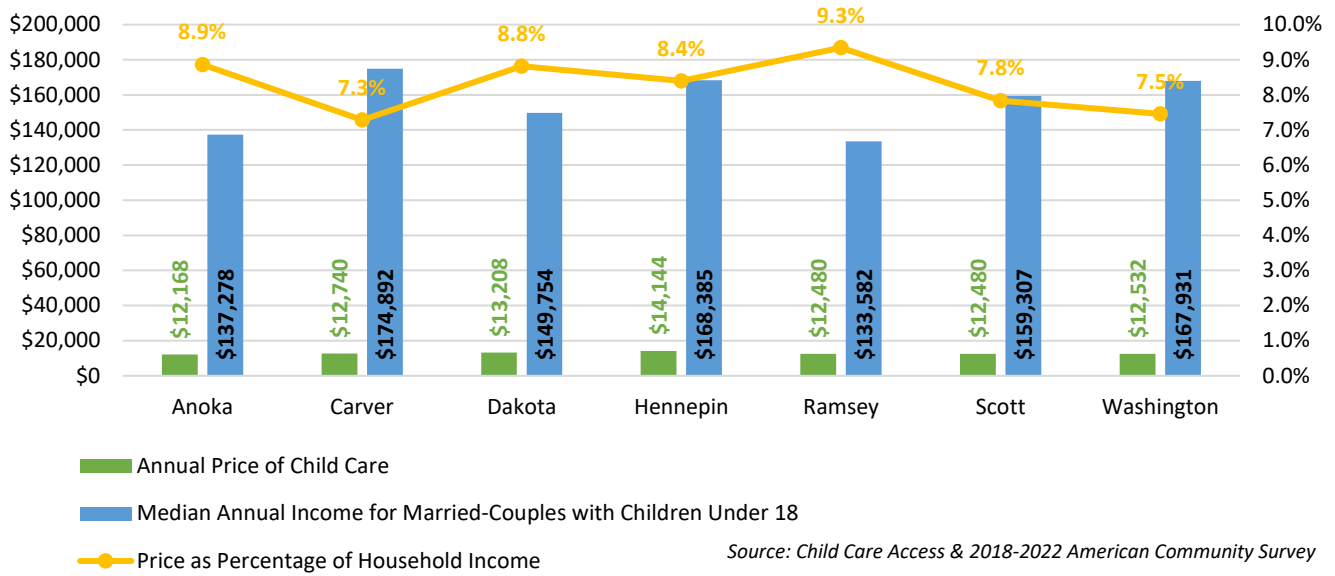


It is evident that a significant portion of parents with young children are actively participating in the labor force. This highlights the crucial need for accessible and affordable child care services. Reliable child care enables parents to maintain their employment and contribute to the economy, ensuring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

### Cost & Availability of Child Care

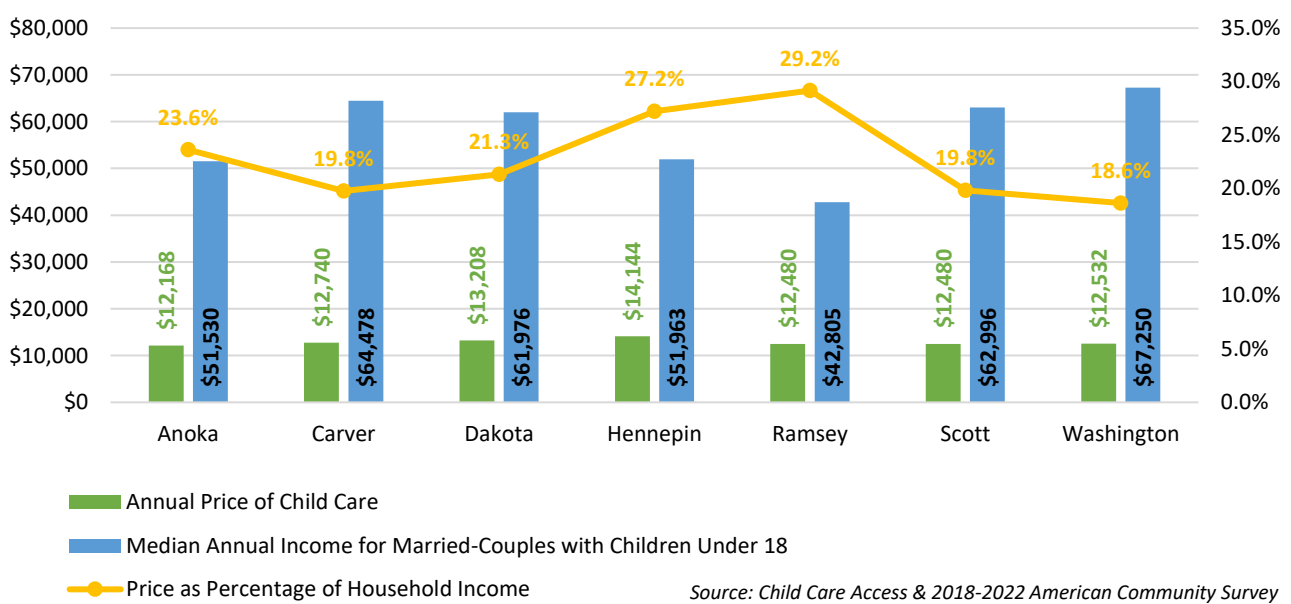
The cost of child care is a significant and widely discussed topic. The U.S. Department of Health and Human Services recommends that [child care should not exceed 7% of a family's annual income](#). According to data from [Child Care Access](#) and the [American Community Survey](#), all counties with married couples in the Twin Cities Metro Area have exceeded 7% in 2022. Ramsey County had the highest percentage of child care costs relative to household income at 9.3%, followed by Anoka County at 8.9%, and Dakota County at 8.8% (Figure 4).

**Figure 4. Affordability of Child Care for Married-Couples in the Twin Cities Metro Area, 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 the Twin Cities Metro Area, all seven 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 Ramsey County (29.2%), Hennepin County (27.2%), and Anoka County (23.6%). 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 the Twin Cities Metro Area, 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 the Twin Cities Metro Area, Carver County excels in the quantity of access, offering 0.67 nearby slots per child. Anoka County stands out for having the lowest cost of child care at \$124 per week, ranking 80 out of 87 counties in Minnesota. Hennepin County leads in the quality of child care with 0.33 highly rated nearby slots per child. The Twin Cities has the lowest rankings (7 of the bottom 8) for overall index rank, showing the difficulty in accessing spots (Table 3).

County	Quantity (slots per child)	Cost (per week)	Quality (highly rated slots per child)	Overall Index Rank (Out of 87 Counties)
Anoka	0.53	\$234	0.23	86
Carver	0.67	\$245	0.25	80
Dakota	0.64	\$254	0.26	84
Hennepin	0.66	\$272	0.33	83
Ramsey	0.47	\$240	0.30	85
Scott	0.60	\$240	0.19	87
Washington	0.58	\$241	0.27	82
<b>Minnesota</b>	<b>0.60</b>	<b>\$206</b>	<b>0.30</b>	<b>(X)</b>

*Source: Child Care Access*

### Industry Trends in Employment & Firms

According to data from the [U.S. Census Bureau's Nonemployer Statistics](#), there were 4,472 self-employed child daycare providers in the Twin Cities Metro Area in 2021. Part of a longer-term downward trend, the region experienced a rapid decline of 718 non-employing daycare providers from 2019 to 2021. The largest percentage decreases occurred in Ramsey County (-19.9%), Hennepin (-16.2%) and Scott Counties (15.2%) (Table 4).

County	2021	2020	2019	2019-2021 Change Numeric   Percent	
Anoka	640	667	707	-67	-9.5%
Carver	160	158	179	-19	-10.6%
Dakota	760	801	814	-54	-6.6%
Hennepin	1,521	1,632	1,815	-294	-16.2%
Ramsey	616	708	769	-153	-19.9%
Scott	324	347	382	-58	-15.2%
Washington	451	489	524	-73	-13.9%
<b>Twin Cities Metro</b>	<b>4,472</b>	<b>4,802</b>	<b>5,190</b>	<b>-718</b>	<b>-13.8%</b>

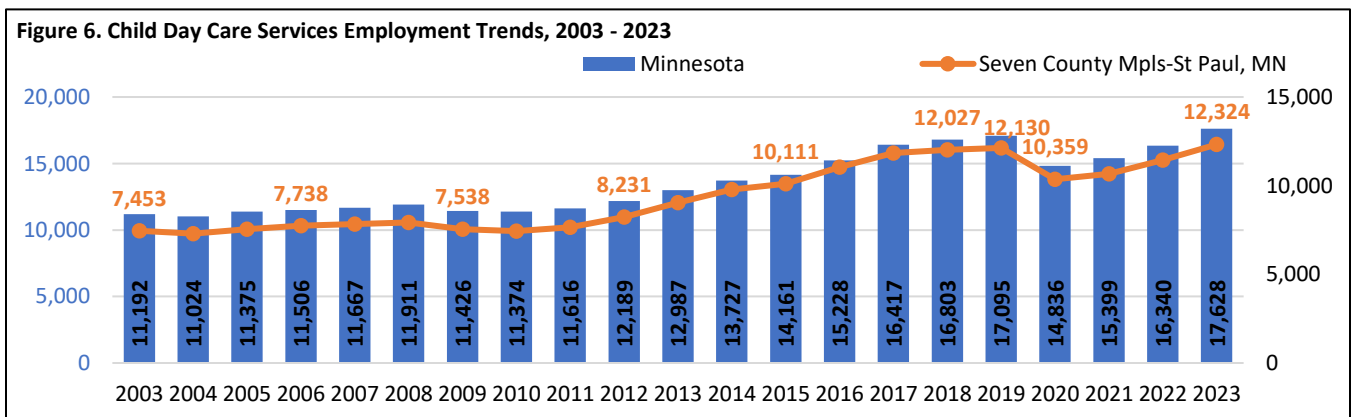
*Source: U.S. Census Bureau, Nonemployer Statistics*

Data from [DEED's Quarterly Census of Employment and Wages](#) provides insight into employment in Child Day Care Services in the Twin Cities Metro Area. In 2023, there were 799 Child Day Care Services firms providing 12,324 jobs. The average annual wage in this sector was \$33,176 approximately \$45,000 less than the average annual wage across all industries (Table 5).

The number of jobs in the Child Day Care Services sector in the Twin Cities Metro Area has generally increased from 2003 to 2023 (Figure 6).

NAICS Code	Industry	Number of Jobs	Number of Firms	Average Annual Wages	2003-2023 Change Numeric   Percent	
0	<b>Total, All Industries</b>	<b>1,754,325</b>	<b>93,760</b>	<b>\$78,364</b>	<b>+193,266</b>	<b>+12.4%</b>
6244	Child Day Care Services	12,324	799	\$33,176	+4,871	+65.4%

*Source: Quarterly Census of Employment & Wages*



The data shows a gradual rise from 7,453 jobs in 2003 to a peak of 12,130 jobs in 2019. Notably, there was a significant increase from 10,111 jobs in 2015 to 12,130 jobs in 2019, likely reflecting economic growth and increased demand for child care services. However, the sector experienced a decline in 2020 to 10,359 jobs, likely due to the impact of the COVID-19 pandemic, which led to economic disruptions and closures of child care facilities. Since 2020, the industry has shown resilience, gaining 1,965 jobs, a 19% increase.

### 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 5,750 people working as Child Care Workers in the Twin Cities Metro Area. In 2024, the median hourly wage for Child Care Workers in the region was \$16.74, which is about \$11, or almost 66% less, than the median wage across all occupations. The statewide median wage for Child Care Workers was \$15.65, over a dollar lower than in the Twin Cities Metro Area.

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. Twin Cities Metro Area Occupational Employment & Wage Statistics, 2024					
SOC Code	Occupation Title	Estimated Regional Employment	Median Hourly Wage	Estimated Statewide Employment	Statewide Median Wage
<b>0</b>	<b>Total, All Occupations</b>	<b>1,743,500</b>	<b>\$27.78</b>	<b>2,881,100</b>	<b>\$25.22</b>
399011	Child Care Workers	5,750	\$16.74	9,270	\$15.65
252011	Preschool Teachers, Except Special Education	7,160	\$18.84	10,860	\$18.78
119031	Education & Child care Administrators, Preschool & Daycare	900	\$30.61	1,210	\$29.48
211021	Child, Family, & School Social Workers	4,770	\$33.60	8,280	\$33.22
352012	Cooks, Institution & Cafeteria	4,340	\$20.50	8,140	\$19.29
439061	Office Clerks, General	32,970	\$23.42	56,580	\$22.85
111021	General & Operations Managers	44,460	\$51.01	76,670	\$46.78
259045	Teaching Assistants, Except Postsecondary*	17,440	\$41.772	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 the Twins Cities Metro Area. For a single person, the cost of living is \$17.97 per hour, nearly \$1.25 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 \$23.22 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 the Twin Cities Metro Area 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 (\$16.74), Hotel, Motel, and Resort Desk Clerks (\$17.82), Retail Salesperson (\$17.46), and Food Preparation Workers (\$17.38).



## Occupational Demand

Overall, there has been a significant demand for Child Care Workers in the Twin Cities Metro Area. In 2023, there were just over 200 job vacancies for Child Care Workers, resulting in a job vacancy rate of 3.3%. This is lower than the 4.6% job vacancy rate across all occupations. However, when examining job vacancy data from 2013 to 2023, 14 out of 19 surveys showed that Child Care Workers had a higher job vacancy rate than the overall average, indicating higher demand for this occupation.

Moreover, data from the most recent [Job Vacancy Survey](#) for the Twin Cities Metro Area indicates that the median hourly wage offer for Child Care Workers was \$16.23, which is about \$4.25 less than the median wage offer for all occupations. Additionally, 62% of the vacancies were part-time, and 20% were temporary or seasonal. Approximately 13% of these positions required postsecondary education, compared to 39% across all occupations. Lastly, only 38% of the job vacancies required one year of experience, compared to 50% 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	<b>Total, All Occupations</b>	<b>78,325</b>	<b>4.6%</b>	<b>\$20.47</b>	<b>27%</b>	<b>5%</b>	<b>39%</b>	<b>50%</b>
399011	Child Care Workers	201	3.3%	\$16.23	62%	20%	13%	38%

*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 the Twin Cities Metro Area was 16.3% in quarter 1 of 2023, meaning that about 16.3% of the workforce left their jobs in that time period. In comparison, the turnover rate across all industries was 8.9%.

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 Twin Cities Metro Area Child Day Care Services industry is projected to gain 1,877 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 6.2% across the total of all industries in the Twin Cities Metro Area.

Although the region has experienced employment growth, the Twin Cities Metro Area is projected to see a decline in Child Care Worker jobs from 2020 to 2030. During this period, a decrease of 310 jobs, or -2.2%, 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 19,187 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. 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	1,817,290	1,930,563	+6.2%	+113,273	+773,335	+1,202,037	+2,088,645
399011	Child Care Workers	14,370	14,060	-2.2%	-310	+9,565	+9,932	+19,187

*Source: Employment Outlook*

### Workforce Characteristics

In The Twin Cities Metro Area, the Child Care Services sector exhibits a notable gender imbalance, with women constituting 89.8% of its workforce as of quarter 3 2023. This contrasts sharply with the overall workforce composition where women comprise 50.3% 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, 72.4% of workers in this industry were white, whereas 79.1% of workers across all industries were white. Black or African American jobholders comprised the second largest racial group in the industry, making up 17.4% of the workforce. Additionally, 5.4% of jobholders identified as Asian, 3.5% identified as Two or More Race Groups, and 1.1% identified as American Indian or Alaska Native.

Data from [Quarterly Workforce Indicators](#) for the third quarter of 2023 also highlights the age distribution of workers in the Child Care Services industry compared to all industries. The Child Care Services industry in the Twin Cities Metro Area 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 to the total of all industries (Figure 7).

**Figure 7. Twin Cities Metro Area Child Care Services Industry Workforce Demographics by Age, Q3 2023**

