

Early Childhood Spending

An Analysis of Expenditures on
Young Children Using Minnesota
Children's Fiscal Map

July 2025



A collaborative effort between Minnesota's Children's Cabinet and the Budget Division of Minnesota Management and Budget, Minnesota's Children's Fiscal Map includes 415 programs across 15 state agencies. Children's fiscal mapping is a process of using shared parameters and definitions to label and track resources in the state budget allocated to programs, services and interventions for children. Funding streams are tracked and presented at a high level and are each labeled with an outcome goal and service model. The report uses the fiscal map data to analyze state spending on young children age 5 and under in Minnesota.

Introduction

Right now, the experiences and opportunities being provided to the state's youngest residents, from prenatal to prekindergarten, are shaping our state's future. Research has shown that how someone contributes to the workforce, economy, and their own families and communities is significantly influenced by their experiences as a young child. As a state, our investments are what shape these experiences, especially for our children with barriers to opportunity, including children with disabilities, children in lower-income households, children of color and American Indian children. Unlike for school-age children, our state and nation do not have a system that provides free public education for all young children. Families must rely more heavily on their own income and networks, as well as a patchwork of programs and funding streams, to support their children during this critical time in their development. This includes programs that support access to basic needs, health care, child care, and early interventions when a child is experiencing or at risk for developmental delays. Investments in early childhood not only support a young child and their family at a critical time in their development and often a time when their parents are earning the least as they begin their careers, but also are proven to reduce the need for costly remedial services in the future like Special Education, justice system and public work support programs. In fact, some estimates have shown returns on investment of up to \$16 for every \$1 spent on prevention and intervention in early childhood.¹

Understanding the value of investments in early childhood is a start, and understanding gaps and opportunities requires an analysis of existing spending on young children. This is key to informing future investments in healthy child development. This report aims to analyze early childhood spending for Minnesota using data from the [Minnesota Children's Fiscal Map](#), a public tool displaying information on the resources that flow through the State of Minnesota allocated toward children. The analysis was completed in partnership with state agencies by requesting more specific data on expenditures for children from birth through age 5. Some programs included in the analysis only serve young children, while other programs, like Medical Assistance and the Minnesota Family Investment Program, serve a broader age range of children. For these programs, analysis was done to determine the amount (in some cases exact and in others an estimate based on participation data) spent on children age 5 and under. The fiscal map includes expenditures (actual funds spent on the program), which is more accurate than appropriated or budgeted amounts allocated toward a program. The most recent data in the map is from state fiscal years 2020 and 2021, and data is currently being updated for fiscal years 2022 and 2023. COVID-related expenditures are separated from the other data since they were one-time for specific COVID-related purposes. The data only includes expenditures from funds that flow through the state and does not include other local (county, city, Tribal) or philanthropic investments that do not flow through the state. For example, outside of the state allocation for Head Start, all federal funding for the program goes directly to local Head Start agencies. Such expenditures are not included in this analysis.

About the Data

Expenditure data for state fiscal years 2020-21 in scope of the fiscal map included data from 15 cabinet-level agencies, as well as the Minnesota State Academies and the Professional Educator Licensing and Standards Board (PELSB). To be in scope of the fiscal map, expenditures must be tied to a program or funding stream that has a primary service focused on children and youth age 18 and under. If a program/funding stream has a primary service for both children and adults (such as eligibility based on households with or without children), the map includes exact or estimated cost of services provided only to children or households with children. For example, programs like the Supplemental Nutrition Assistance Program (SNAP) serve adults without children as well as households with children, and for the purpose of the fiscal map the expenditures included are for households with children age 18 and under. The data analyzed for this report refines this even further to expenditure data on children from birth through age 5.

¹ Rolnick, A. (2015). Investing in Early Childhood Development Is Smart Economic Development. Wisconsin Family Impact Seminars. Retrieved from: https://evidence2impact.psu.edu/wp-content/uploads/2023/05/s_wifis32c01.pdf

Key Findings

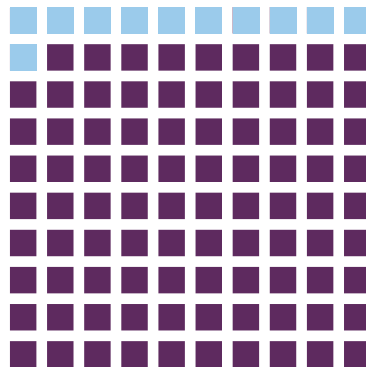
The information displayed in the fiscal map includes 415 programs totaling a state budget toward children age 18 and under of \$31.94 billion². This is 35.6% of the total comparable state budget. For early childhood, the total spending calculated in this exercise was \$3.48 billion across 51 programs administered by six state agencies.

Some key points about the early childhood expenditures include:

1

Early childhood spending totals 11% of spending on all children.

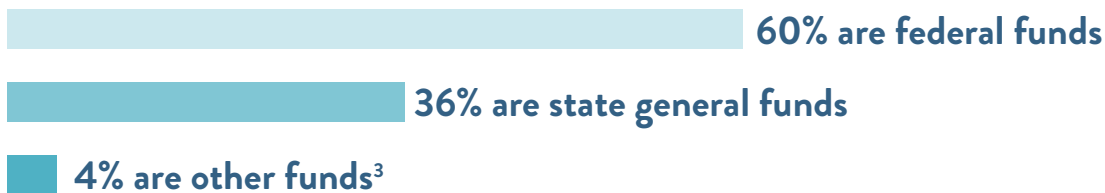
Children age 5 and under make up 29% of the population under age 18.



Notably, **more than 50% of the spending is on Medical Assistance (MA) for children under age 6.** When MA spending is not included, 8% of state funding spent on all children is spent on young children.

2

Of the total early childhood expenditures:



This demonstrates that early childhood spending relies significantly more on the federal government than overall state spending on children with 24% of all Minnesota expenditures on all children under age 18 coming from the federal government and 74% coming from state general funds. Appendix D has a chart visualizing the flow of federal funds for early childhood to state agencies.

3



While the funds are administered by six state agencies, **80% of the funds spent on early childhood were administered by the Department of Human Services (DHS)⁴ when the funds were spent.** Several of these programs transferred to the Department of Children, Youth, and Families (DCYF) in July 2024.

² The data in the fiscal map does not include funding from the federal or state COVID stimulus package or appropriations made in FY20 or later. The Minnesota Department of Health data included in the map is not comprehensive at this time due to capacity to update during COVID response.

³ Other funds in this case include the Health Care Access Fund, which supports a portion of state expenses for Medical Assistance and MinnesotaCare.

⁴ The majority of these expenditures are for programs transferring from the Departments of Health and Education to the new Department of Children, Youth, and Families (DCYF).

- 4 **Most of the funds are spent on upstream approaches**, with 60% for Prevention and Health Promotion, 26% for Support and Intervention, and 14% for Positive Child & Youth Development. No early childhood spending fit in the Crisis and Rehabilitation service model.

Notably, early childhood investments are more upstream prevention-focused than the total state expenditures on children, which only have 4% of the total for Prevention and Health Promotion, 67% for Positive Child and Youth Development, 26% for Support and Intervention, and 2% for Crisis and Rehabilitation.

Specifically, more than 90% of the funds go to early care and education affordability (16%) and basic needs support (75%).



Top Five Program Expenditures for Early Childhood, FY20–21

Program	2020–21 spending	% of total spent on EC
Medical Assistance	\$1,798,540,391	52%
Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP)	\$348,939,610	10%
Supplemental Nutrition Assistance Program (SNAP), excluding MFIP Food Support	\$259,621,708	7%
MFIP Child Care Assistance	\$164,015,971	5%
Early Learning Scholarships	\$148,103,808	4%
Total	\$2,719,221,488	78%

Early Childhood Expenditures by Agency, FY 20–21

Agency	2020–21 spending	% of all early childhood expenditures	early childhood expenditures as % of agency's total expenditures on all children
Human Services	\$2,782,548,206	80%	32%
Education	\$407,286,134	12%	2%
Health	\$257,007,164	9%	N/A ⁴
Public Safety	\$5,710,792	0.16%	1%
Agriculture	\$939,222	0.03%	1%

Six agencies have expenditures focused on early childhood. DHS has the largest early childhood expenditures by far, and Education and Health have the next largest, though the share of some agency early childhood expenditures compared to total expenditures on children are low. For example, the Minnesota Department of Education (MDE) spends 1.9% of its funds allocated toward all children (nearly all the agency's expenditures are on children in kindergarten through 12th grade) on early childhood.

Department of Children, Youth, and Families

The Department of Children, Youth, and Families was established on July 1, 2024, and early childhood programs from the Departments of Education and Human Services transferred later that month. The data in this report are expenditures from state fiscal years 2020-21 based on the data available in the Children's Fiscal Map. Since DCYF was not yet established, all of the fiscal data for these programs are included in their originating agencies. Based on the early childhood programs that have transferred to DCYF, the total expenditures for these 18 programs in FY 2020-21 is \$1.36 billion, or 39% of the early childhood expenditures. The early childhood programs that have transferred to DCYF are listed in the [DCYF Programs to Transfer](#) document and are indicated in the Flow of Federal Funds Chart in Appendix D.



⁴ MDH fiscal map data set is not complete in the fiscal map and, therefore, this percentage is not able to be determined accurately at this time.

COVID Expenditures

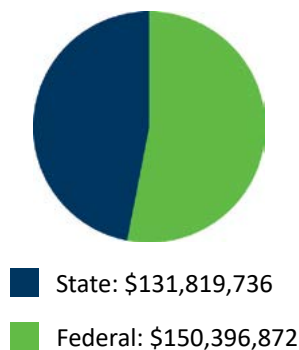
During COVID there was a significant one-time influx in funding to support children, families and the economy during the pandemic. In particular, there was a focus on supporting child care businesses and access, as well as food security. These investments are not reflected in the fiscal map or the early childhood expenditure analysis, but they have been compiled in the table in Appendix C. In total, the state received \$684,540,866, including \$52,150,000 in flexible State Fiscal Recovery Funds the governor prioritized for early childhood initiatives. The state also invested \$30 million in one-time funding for the Peacetime Emergency Child Care Grants and was one of the first states in the nation to provide pandemic relief funding to child care providers. This influx of funding had a significant impact on families with young children and on the providers and programs that serve them. The Wilder Foundation's [Impact of 2021 Investments in Early Childhood Care and Education](#) provides a summary of the effect of the investments in early care and education. While one-time, the demonstrated positive effect of these investments paved the way for long-term state investments, including Minnesota's [Great Start Compensation Support Payment Program](#), [Sun Bucks food benefits](#) (formerly Summer EBT) and [Minnesota's Child Tax Credit](#).



Appendix A: Minnesota's Early Childhood Programs

Below is a snapshot of Minnesota's early childhood programs with the highest expenditures and participation. The data below are for children birth through age 5, even if the program serves a broader population. The eligibility section indicates if the program has income and/or work requirements and whether special populations have priority or eligibility. Special population definitions vary by program but may include, but are not limited to, children with disabilities, children experiencing homelessness, and children in foster care or in need of protective services. The expenditure figures are from fiscal 2020–21. Visit the links for more information about each program.

Programs with State and Federal Funding



Child Care Assistance Program (CCAP)

Helps families pay for child care while they look for work, go to work, or attend training or school to prepare for work

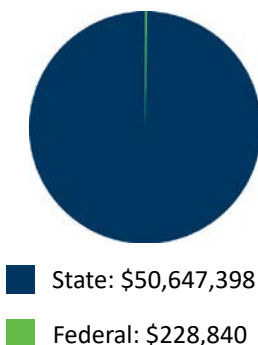
Ages Served: 0–12, but expenditure and participation data for children age 5 and under

Participation: 13,342 children under age 5 in an average month in state FY 2021 (6,752 in Basic Sliding Fee CCAP and 6,590 in Minnesota Family Investment Program CCAP)

Eligibility: working; low-income

4.8%

participation
among all 0–5



Head Start/Early Head Start

Support the learning and development of children, as well as family well-being

Ages Served: Pregnant to 3 (Early Head Start) and 4–5 (Head Start)

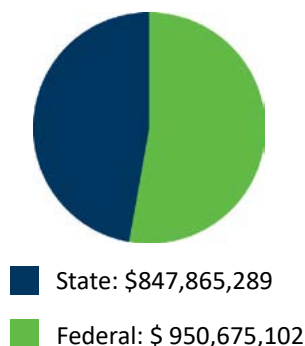
Participation: 15,790 served in 2021 (12,665 for Head Start and 3,125 for Early Head Start)⁵

Eligibility: low-income; special populations

4.7%

participation
among all 0–5

The amount included in this analysis is the amount of funds that go through the State of Minnesota for Head Start and Early Head Start. The majority of funding for the programs goes from the federal government directly to the regional administrators. In Fiscal Year 2021, the total federal funding to Minnesota's regional administrators for Early Head Start was \$30,110,054 and for Head Start was \$103,161,421.



Medical Assistance

Provides health care coverage for people with low income, including families with children and pregnant women

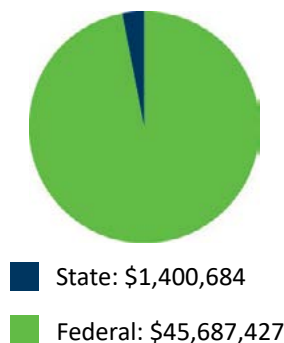
Ages Served: Prenatal to 21 (data is for 0–5)

Participation: 226,271 children age 5 and under in state FY 2021

Eligibility: low-income

55%

participation
among all 0–5



Family Home Visiting (MDH)

Provides social, emotional, health-related, and parenting support and information to families and links them to appropriate resources

Ages Served: Prenatal to 5

Participation: More than 7,000 families in 2021⁶

Eligibility: low-income; special populations

Participation data on individual children not available to show participation rate among all Minnesota children age 0–5.

Federally Funded Programs

Minnesota Family Investment Program (MFIP)

Helps families with children meet their basic needs, while helping caregivers move to financial stability through work

Ages Served: Prenatal to 18 (data is for 0–5)

Participation: An average of 23,855 children age 5 and under in any given month in state FY21

Eligibility: low-income; working

Federal Expenditures: \$348,939,610

5.8%

participation
among all 0–5

Part B/619 Early Intervention Services

Supports children with developmental delays or at risk of developing a disability

Ages Served: 3 until kindergarten entrance

Participation: 17,847 children in federal FY 2021. COVID impacted participation, so for comparison Part B early intervention served 19,035 children in federal FY 2020.

Eligibility: special populations

Federal Expenditures: \$15,361,527

8.2%

participation in
Part B and Part
C among all 0–5

Part C Early Intervention Services

Supports babies and toddlers with developmental delays or at risk of developing a disability

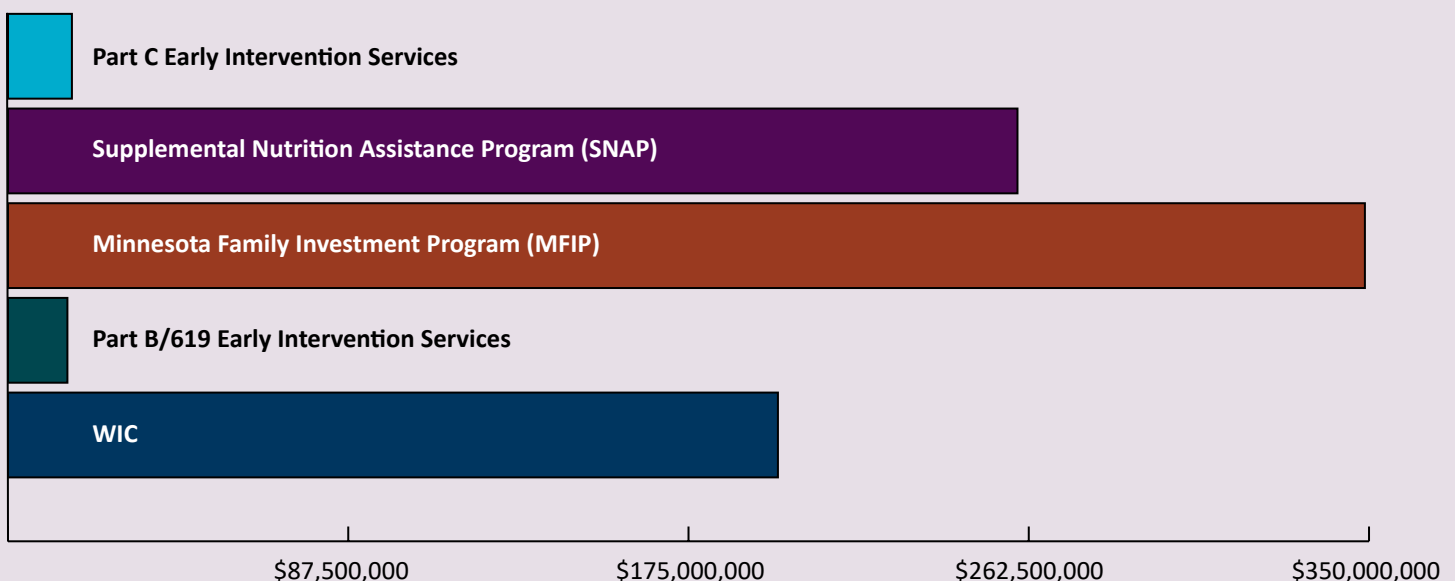
Ages Served: 0–3

Participation: 9,930 children in federal FY 2021. COVID impacted participation, so for comparison Part C early intervention served 11,330 children in federal FY 2020.

Eligibility: special populations

Federal Expenditures: \$16,520,861

Expenditures by Federally Funded Program



Supplemental Nutrition Assistance Program (SNAP)

Supplements low-income families' grocery budgets so they can afford the nutritious food essential to health and well-being

Ages Served: All (data is for households that include a child age 5 and under)

Participation: An average of 39,328 children age 5 and under in any given month in state FY 2021

Eligibility: low-income⁷

Federal Expenditures: \$259,621,708

9.6%

participation
among all 0–5

WIC

Provides free, healthy foods and personalized nutrition education, breastfeeding support and referrals to other services

Ages Served: Prenatal to 5

Participation: An average of 98,400 lower-income people (20,000 women, 20,500 infants, and 57,900 children up to age 5) participated monthly during federal FY21.

Eligibility: low-income⁸

Federal Expenditures: \$198,031,201

23.2%

participation
among all 0–5

State-Funded Programs

Voluntary Prekindergarten and School Readiness Program

Prepare children to enter kindergarten

Ages Served: 3–4

Participation: 7,926 students in FY 2020 and 7,257 students in FY 2021

Eligibility: School Readiness only: low-income; special populations

State Expenditures: \$79,109,924

5.6%

participation
among 3- and
4-year-olds

Early Learning Scholarships

Increase access to high-quality early childhood programs for children with the highest needs, such as those experiencing homelessness or those in need of child protective services

Ages Served⁹: 0–4

Participation: 12,268 children¹⁰

Eligibility: low-income; special populations

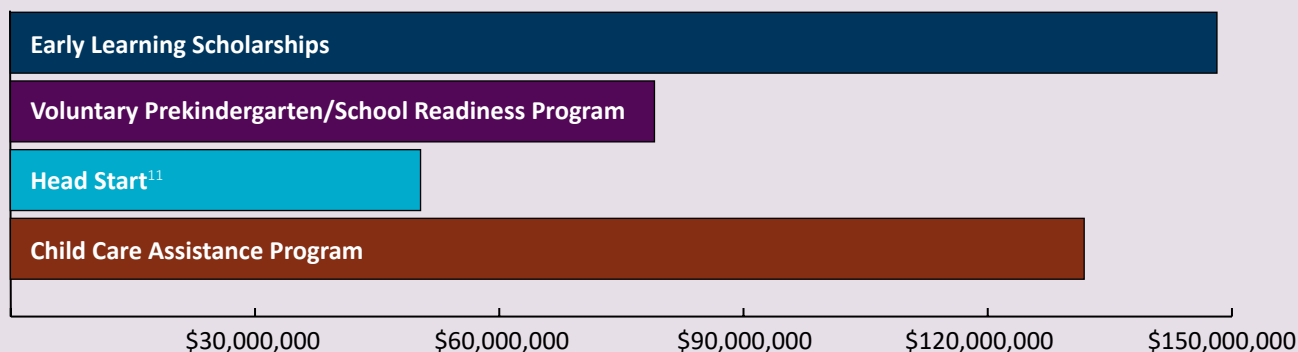
State Expenditures: \$148,103,808

3.6%

participation
among all 0–5

State Expenditures by State-Funded Program

Head Start and Child Care Assistance Program numbers only reflect state general fund expenditures.



⁵ [Minnesota Early Head Start/Head Start Facts and Figures 2021](#), Minnesota Head Start Association.

⁶ [Family Home Visiting Legislative Report](#), Minnesota Department of Health. January 15, 2022.

⁷ For households with children there is no work requirement; however, there is a work requirement for able-bodied adults without dependents.

⁸ Minnesota WIC Facts 2022, Minnesota Department of Health.

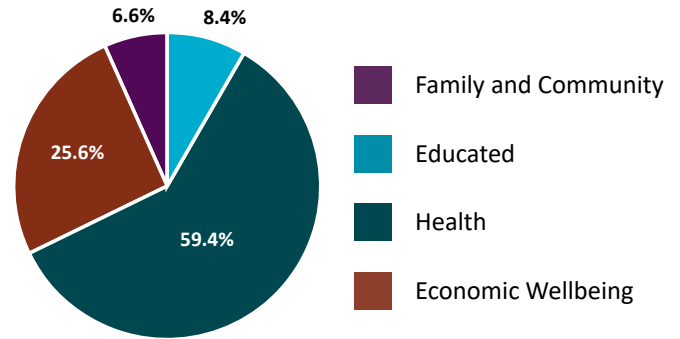
⁹ During the time period for the data included in this report, Early Learning Scholarships primarily served 3- and 4- year-olds and children age 0-3 were eligible if they were siblings of an ELS participant or qualified in one of the priority populations. On January 1, 2024, the age requirement changed so that all children 0-4 are eligible for the program.

¹⁰ [Scholarship Use in Minnesota – State Fiscal Year 2021](#), Minnesota Department of Education.

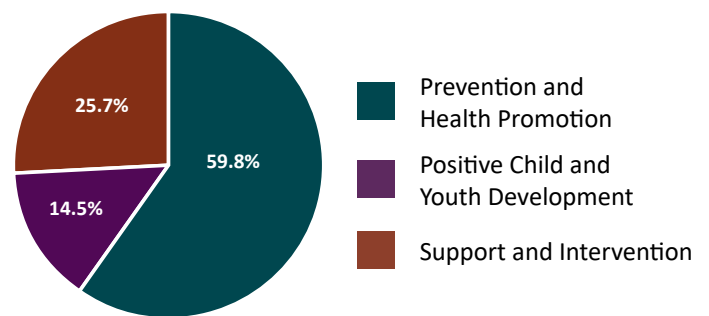
¹¹ The amount included in this analysis is the amount of funds that go through the State of Minnesota for Head Start and Early Head Start. The majority of funding for the programs goes from the federal government directly to the regional administrators. In Fiscal Year 2021, the total federal funding to Minnesota's regional administrators for Early Head Start was \$30,110,054 and for Head Start was \$103,161,421.

Appendix B: Spending by Outcomes, Service Model, and Purpose

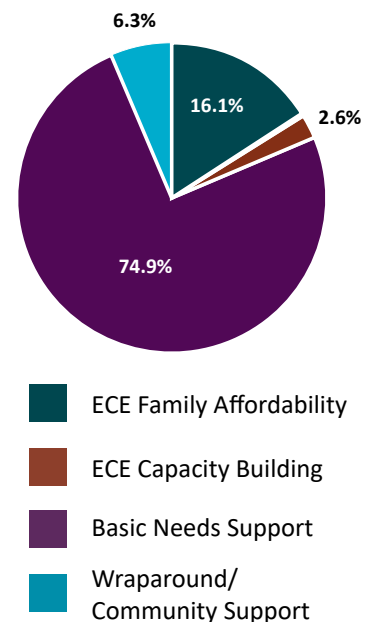
Outcome Goal	Expenditures
Family and Community	\$228,065,192
Educated	\$293,696,687
Health	\$2,064,622,526
Economic Wellbeing	\$891,467,926



Service Model	Expenditures
Prevention and Health Promotion	\$2,078,512,011
Positive Child and Youth Development	\$506,432,504
Support and Intervention	\$892,907,816
Crisis and Rehabilitation	---



Refined Purpose	Expenditures	Percent of Total Expenditures
Early Care and Education (ECE) Family Affordability	\$560,213,738	16.1%
ECE Capacity Building	\$690,000	0.02%
ECE Business/Program Support	\$91,204,496	2.6%
Basic Needs Support	\$2,605,892,719	74.9%
Wraparound/Community Support	\$219,851,378	6.3%



Appendix C: Early Childhood COVID Expenditures

Agency	Program	State Fiscal Year	Amount	Fund
Education	Grants for Community Supports	2021-23	\$20,946,000	Federal CARES Act, GEER
Education	Summer Preschool	2021-23	\$19,900,000	Federal ARPA, State Fiscal Recovery Fund
Education	Reach Out and Read	2022-23	\$1,450,000	Federal ARPA, State Fiscal Recovery Fund
Education	Part B 619 Early Intervention	2022-24	\$3,783,339	Federal ARPA
Education	Part C Early Intervention	2022-24	\$3,530,136	Federal ARPA
Education	Educational Partnerships	2022-23	\$3,800,000	Federal ARPA, State Fiscal Recovery Fund
Human Services	Child Care and Development Block Grant (CCDBG) American Rescue Plan Act (ARPA) Stabilization Grant	2021	\$32,410,000	Federal CARES Act
Human Services	CCDBG ARPA Discretionary	2021	\$202,000,000	ARPA
Human Services	CCDBG CRRSA	2020	\$135,000,000	CRRSA
Human Services	CCDBG CARES Act	2020	\$48,000,000	CARES Act
Human Services	Pandemic EBT	2020-22	\$132,321,113	CARES, CRRSA, ARPA
Human Services	Peacetime Emergency Child Care Grants	2020	\$30,000,000	State General Fund
Human Services	Emergency Grants for Child Care	2020	\$56,599,000	Coronavirus Relief Funding (CRF)
Human Services	Basic Sliding Fee Child Care Assistance	2021	\$7,000,000	Federal ARPA State Fiscal Recovery Fund
Human Services	Child Care Stabilization	2021	\$20,000,000	Federal ARPA State Fiscal Recovery Fund
Health	WIC Food COVID-19	2021	\$5,167,958	Federal ARPA
Health	WIC Nutrition Services COVID-19	2021	\$2,652,893	Federal ARPA
Health	Family Home Visiting	2022-24	\$2,276,427	Federal ARPA
				Total: \$684,540,866

