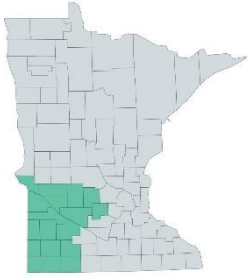


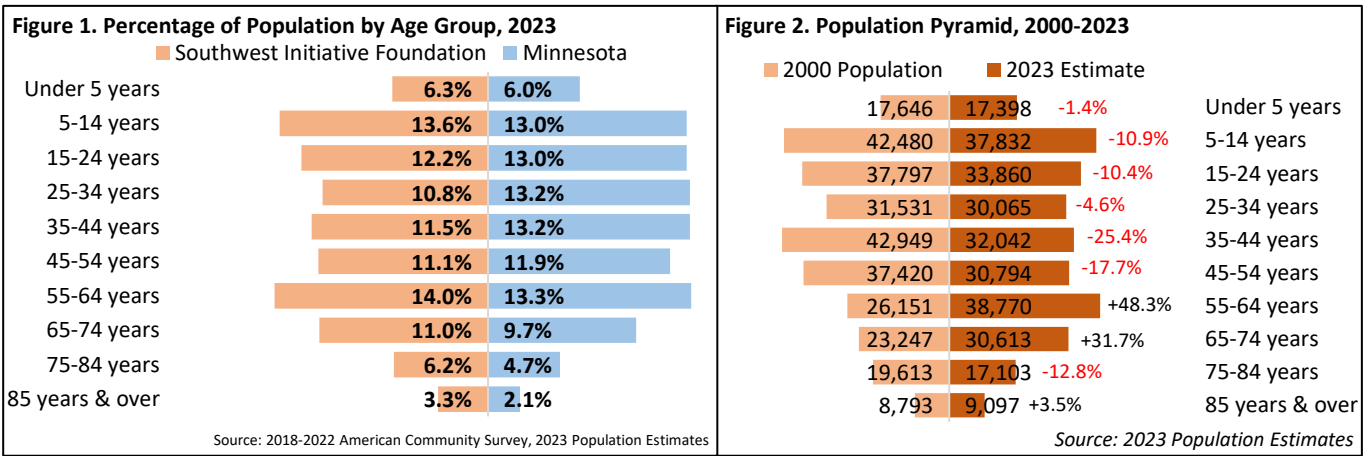
Southwest Initiative Foundation – Child Care Overview



Population

The Southwest Initiative Foundation (SWIF) region includes a total of 18 counties in Southwest and Central Minnesota. In sum, the SWIF region was home to about 277,600 people in 2023, accounting for 4.8% of the state’s total population. From 2010 to 2023, SWIF’s population decreased by 4,690 people, reflecting a 1.7% decline, which is well below the statewide growth rate of 8.2%.

The SWIF region has a diverse age demographic, with a total population of 277,575 people. The youngest age group, under 5 years old, comprises just over 17,398 individuals, accounting for 6.3% of the region's population. In comparison, Minnesota's statewide percentage of children under 5 years old is slightly lower at 6% (Figure 1). However, the number of children under 5 in the SWIF region has declined by 1.4% since 2000, compared to a growth rate of 4.1% for this age group in Minnesota as a whole. 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 2).



Population Projections

Newly released data from the [Minnesota State Demographic Center](#) projects that the population in the SWIF region will decrease by around 1,975 people from 2025 to 2045, a 0.7% decrease. 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 60 people, or a 0.3% increase. In comparison, children under 5 in Minnesota are expected to increase by 2.7%. The slower population growth in Southwest Minnesota will also constrain the region’s labor force growth (Table 1).

Table 1. Population Projections, 2025-2045			2025-2045 Change	
Southwest Initiative Foundation	2025 Projection	2045 Projection	Numeric	Percent
Under 5 years	17,367	17,425	+58	+0.3%
5-14 years	37,005	35,686	-1,319	-3.6%
15-24 years	34,512	33,039	-1,473	-4.3%
25-34 years	30,292	31,220	+928	+3.1%
35-44 years	32,698	33,203	+505	+1.5%
45-54 years	31,129	33,096	+1,967	+6.3%
55-64 years	34,652	33,600	-1,052	-3.0%
65-74 years	34,112	27,087	-7,025	-20.6%
75-84 years	19,258	21,832	+2,574	+13.4%
85 years & over	8,832	11,695	+2,863	+32.4%
Total	279,857	277,883	-1,974	-0.7%

Source: Minnesota State Demographic Center

Of the 18 counties in the SWIF region, just seven counties – Chippewa, Swift, Nobles, Big Stone, Lac qui Parle, Kandiyohi, and Meeker – are expected to see an increase in the population of children under the age of 5 from 2025 to 2045. Chippewa, Swift, and Nobles stand out with the highest percentage increase, ranging from 10.2% to 21.4%. Kandiyohi, McLeod, Lyon and Nobles have the largest number of children overall. Conversely, 10 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).

Family Arrangements & Employment

According to the most recent Census data, in the SWIF region, there were approximately 21,150 children under the age of 6, accounting for about 29.9% of the population under 18. Among these youngest children, 71.3% (14,360) live with two parents. Of those living with two parents, 71.1% have both parents in the labor force, 24.5% have only the father in the labor force, 3.4% have only the mother in the labor force, and the remaining 1% have neither parent in the labor force (Figure 3).

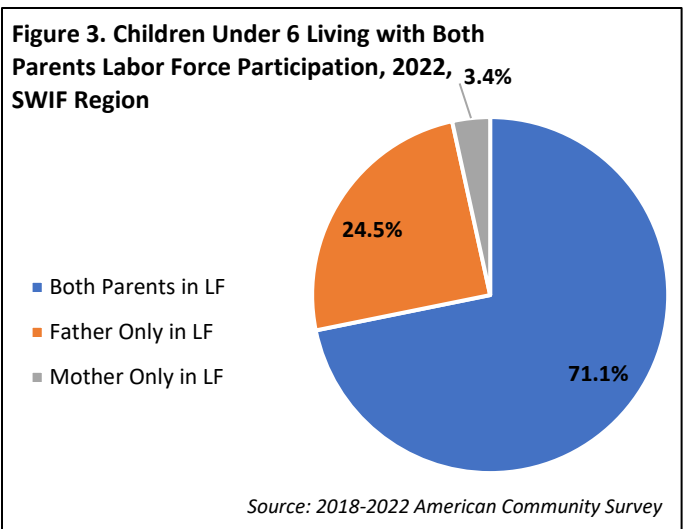
Over one-fourth (28.7% or 5,786) of children under 6 live with a single parent, which is slightly above the statewide rate of 26.4%. Of these children, 69.6% live with their mother, while 30.4% live with their father. Among children living with their father, 96.3% of these fathers are in the labor force, whereas 80% 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 SWIF Region.

Table 2. Population Projections for People Under the Age of 5 in the SWIF Region 2025-2045			2025-2045 Change	
Counties	2025	2045	Numeric	Percent
Chippewa	790	959	+169	+21.4%
Swift	598	683	+85	+14.2%
Nobles	1,866	2,057	+191	+10.2%
Big Stone	321	349	+28	+8.7%
Lac qui Parle	381	412	+31	+8.1%
Kandiyohi	2,804	2,976	+172	+6.1%
Meeker	1,342	1,382	+40	+3.0%
Cottonwood	713	713	0	+0.0%
McLeod	2,021	2,008	-13	-0.6%
Lincoln	357	342	-15	-4.2%
Lyon	1,753	1,667	-86	-4.9%
Renville	842	793	-49	-5.8%
Pipestone	649	604	-45	-6.9%
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%
SWIF Region	17,367	17,425	+58	+0.3%

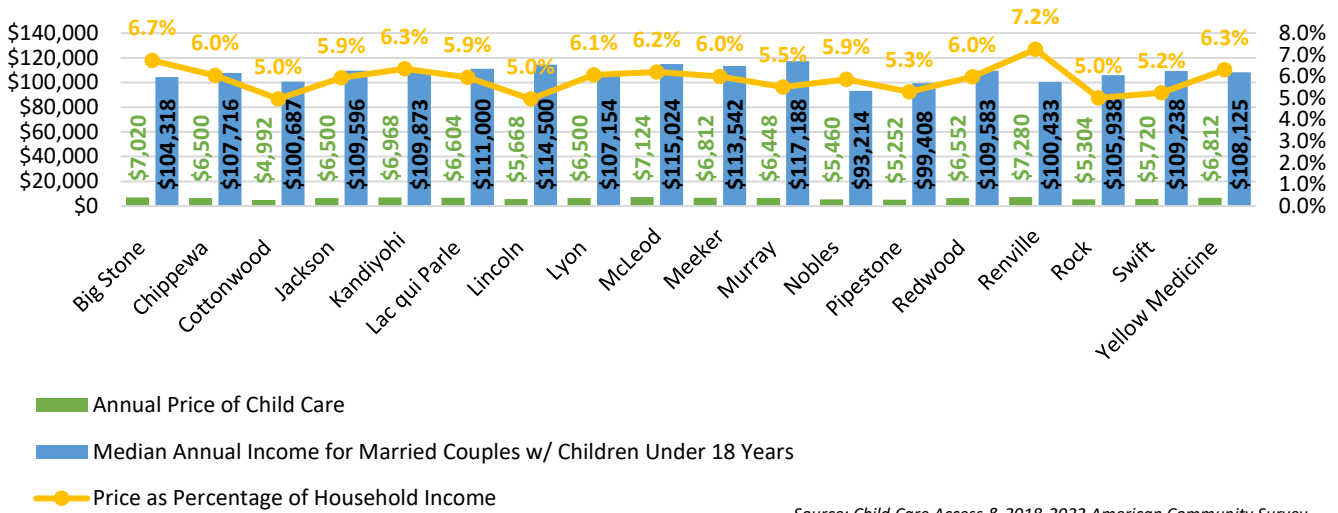
Source: Minnesota State Demographic Center



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 SWIF region have remained below the 7%, except for Renville County (7.2%). Apart from Renville County, Big Stone County had the second highest percentage of child care costs relative to household income at 6.7%, followed by Kandiyohi County and Yellow Medicine County at 6.3% (Figure 4).

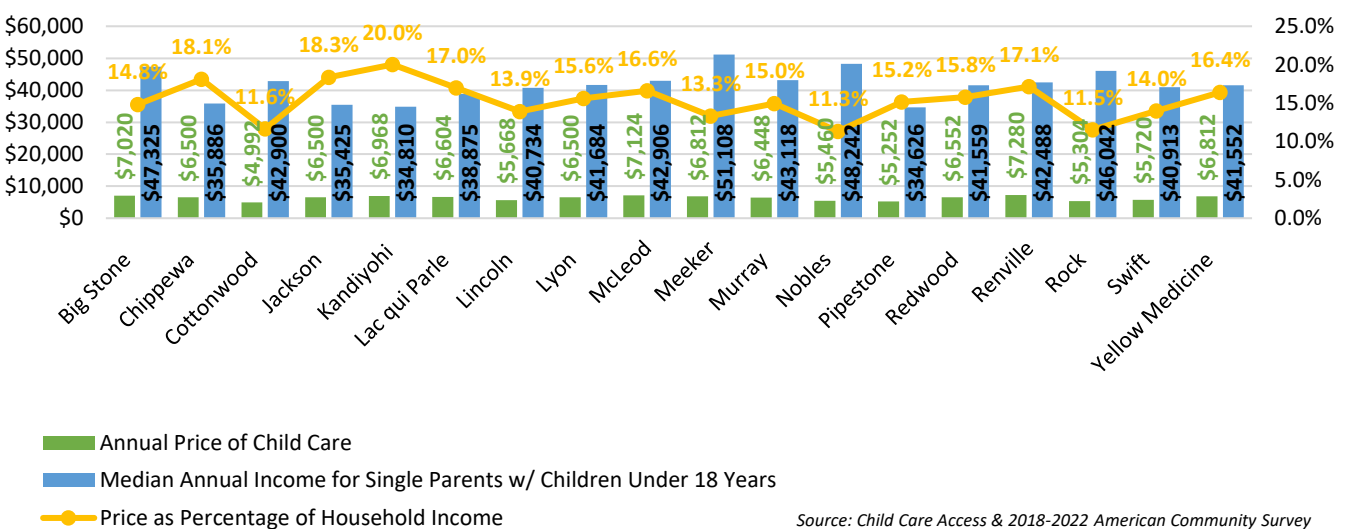
Figure 4. Affordability of Child Care for Married-Couples in the SWIF Region, 2022



Source: Child Care Access & 2018-2022 American Community Survey

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 SWIF region, all eighteen counties exceed 7% of their income spent on child care for single parents (Figure 5). The counties with the highest percentages of single parent income going to child care are Kandiyohi (20%), Jackson (18.3%), and Chippewa (18.1%). 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 SWIF Region, 2022



Source: Child Care Access & 2018-2022 American Community Survey

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 SWIF region, Lincoln County excels in the quantity of access, offering 0.92 nearby slots per child. Cottonwood County stands out for having the lowest cost of child care at \$91 per week, ranking 4th 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 the SWIF region. In sum, counties in the region tend to have a higher quantity, lower costs, and similar quality of child care to the state overall (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 the SWIF Region. In 2023, there were 43 Child Day Care Services firms providing 342 jobs. The average annual wage in this sector was \$24,596, approximately \$26,400 less than the average annual wage across all industries (Table 4).

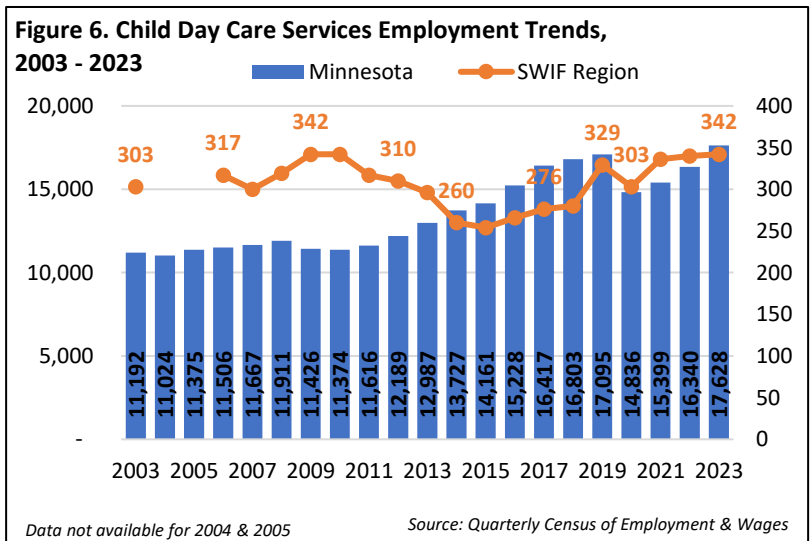
The number of jobs in the Child Day Care Services sector in the SWIF Region has generally increased from 2003 to 2023. The data shows a rise from 303 jobs in 2003 to a peak of 342 jobs in 2009 and 2023. There was a notable increase from 2015 to 2022, reflecting economic growth and increased demand for child care services. However, the sector suffered a slight decline in 2020, likely due to the impact of the COVID-19 pandemic, which led to economic disruptions and closures of child care facilities. Since 2020, the SWIF region has regained 39 jobs in the 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
Chippewa	0.44	\$125	0.11	73
Cottonwood	0.45	\$96	0.22	35
Jackson	0.66	\$125	0.23	27
Kandiyohi	0.56	\$134	0.31	30
Lac qui Parle	0.38	\$127	0.20	66
Lincoln	0.92	\$109	0.50	3
Lyon	0.87	\$125	0.39	9
McLeod	0.68	\$137	0.24	33
Meeker	0.49	\$131	0.22	60
Murray	0.74	\$124	0.14	38
Nobles	0.48	\$105	0.26	29
Pipestone	0.84	\$101	0.31	10
Redwood	0.66	\$126	0.20	37
Renville	0.80	\$140	0.27	20
Rock	0.74	\$102	0.24	14
Swift	0.84	\$110	0.26	12
Yellow Medicine	0.60	\$131	0.24	39
Minnesota	0.6	\$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	121,029	9,527	\$51,012	-2,026	-1.6%
6244	Child Day Care Services	342	43	\$24,596	+39	+12.9%

Source: Quarterly Census of Employment & Wages



In addition, according to data from the [U.S. Census Bureau's Nonemployer Statistics](#), there were 838 self-employed child daycare providers in the SWIF Region. Part of a longer-term downward trend, the region experienced a rapid decline of 77 non-employing daycare providers from 2019 to 2021. The largest percentage decreases occurred in Lincoln (-28%), Lac qui Parle (-27.3%), and Yellow Medicine County (-21.7%). Just two counties – Big Stone and Nobles County – saw a gain in self-employed child care providers from 2019 to 2021 (Table 5). Smaller, rural counties have been seeing a decline in self-employed child care services for a longer time, creating challenges for parents that need access to child care.

County	2021	2020	2019	2019-2021 Change	
				Numeric	Percent
Big Stone	26	19	20	+6	+30.0%
Chippewa	27	29	33	-6	-18.2%
Cottonwood	34	37	41	-7	-17.1%
Jackson	20	23	25	-5	-20.0%
Kandiyohi	104	99	117	-13	-11.1%
Lac qui Parle	16	16	22	-6	-27.3%
Lincoln	18	21	25	-7	-28.0%
Lyon	94	104	106	-12	-11.3%
McLeod	105	110	105	0	0.0%
Meeker	52	54	56	-4	-7.1%
Murray	22	26	27	-5	-18.5%
Nobles	50	49	45	+5	+11.1%
Pipestone	39	37	42	-3	-7.1%
Redwood	73	69	75	-2	-2.7%
Renville	40	41	38	2	5.3%
Rock	48	50	57	-9	-15.8%
Swift	34	33	35	-1	-2.9%
Yellow Medicine	36	39	46	-10	-21.7%
SWIF Region	838	856	915	-77	-8.4%

Source: U.S. Census Bureau, Nonemployer Statistics

Occupational Employment & Wages Statistics

As noted above, QCEW data show that average annual wages in Child Day Care Services were just over \$24,500, which was nearly \$26,500 lower than the total of all industries (see Table 4). [DEED's Occupational Employment & 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 250 people working as Child Care Workers in the Southwest Balance of Minnesota. In 2024, the median hourly wage for Child Care Workers in the region was \$14.82, which is \$7.92 lower, or about 35% less, than the median wage across all occupations. Additionally, the statewide median wage for Child Care Workers was \$15.65, over 80 cents higher than in the Southwest Balance of Minnesota.

In addition to Child Care Workers, child care businesses also require the services of workers in several other occupations such as Teaching Assistants (exc. Postsecondary), Education & Child care Administrators (Preschool & Daycare), Cooks (Institution & Cafeteria), Office Clerks, General & Operations Managers, and Child, Family & School Social Workers (Table 6).

SOC Code	Occupation Title	Estimated Regional Employment	Median Hourly Wage	Estimated Statewide Employment	Statewide Median Wage
0	Total, All Occupations	118,500	\$22.74	2,881,100	\$25.22
399011	Child Care Workers	250	\$14.82	9,270	\$15.65
252011	Preschool Teachers, Except Special Education	310	\$19.80	10,860	\$18.78
119031	Education & Child care Administrators, Preschool & Daycare	30	\$23.51	1,210	\$29.48
211021	Child, Family, & School Social Workers	420	\$29.17	8,280	\$33.22
352012	Cooks, Institution & Cafeteria	470	\$18.86	8,140	\$19.29
439061	Office Clerks, General	2,260	\$19.93	56,580	\$22.85
111021	General & Operations Managers	2,950	\$39.42	76,670	\$46.78
259045	Teaching Assistants, Except Postsecondary*	2,410	\$37.304	34,600	\$39.415

*Source: Occupational Employment & Wage Statistics, 2024; *Only median annual wages available*

At that level, the wages for Child Care Workers are insufficient to cover the basic needs 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. But 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 the Southwest Balance of 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 Animal Caretakers (\$15.14), Laundry and Dry Cleaning Workers (\$16.45), Retail Salespersons (\$16.58), and Parking Attendants (\$16.74).

Occupational Demand

Overall, there has been a significant demand for Child Care Workers in the larger 23-county Southwest Minnesota planning region. 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 past survey periods 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, and below the median wage for currently employed Child Care Workers. Additionally, 43% of the vacancies were part-time, and 5% were temporary or seasonal. None of these vacant 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).

Table 7. Job Vacancies in Southwest 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	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 [Workforce Service Area 6](#) 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 9.4%.

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 Day Care Services in the state of Minnesota as a whole are 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.

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.

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

Workforce Characteristics

In [Workforce Service Area 6](#), the Child Care Services sector exhibits a notable gender imbalance, with women constituting 90.1% of its workforce as of quarter 3 of 2023. This contrasts sharply with the overall workforce composition where women comprise 51.3% of jobholders across all industries.

The workforce in the Child Care Services industry is less racially diverse compared to all industries. In 2022, 94.2% of workers in this industry were white, whereas 91.4% of workers across all industries were white. Black or African American individuals comprised the second largest racial group in the industry, making up 2.7% of the workforce, while 1.8% of workers identified as Two or More Races and Asian jobholders comprised 1.3%.

Data from [Quarterly Workforce Indicators](#) highlights the age distribution of workers in the Child Care Services industry compared to all industries. The Child Care Services industry in Workforce Area 6 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 less prominently represented, suggesting that Child Care Services may attract or be more suited to younger workers. (Figure 7).

