

Understanding Licensed Child Care in Minnesota

2016 Issue Brief | Office of the Inspector General - Licensing Division

Healthy and safe child care settings promote child growth and development, stable families, and strong communities. The Department of Human Services (DHS) Licensing Division has a critical role in monitoring and supporting health and safety in approximately 10,600 licensed child care programs in Minnesota. Licensure provides the necessary oversight mechanisms to ensure child care is provided in a healthy and safe environment, provided by qualified people, and can meet the developmental needs of all children in care.

The purpose of this brief is to provide a wide range of stakeholders, including child care providers, families, and policy makers, with an introduction to child care licensing. Additionally, this resource provides data analysis and a brief summary of some of the most notable issues facing licensed child care in Minnesota, including monitoring and oversight activities and the availability of licensed child care in the state. ⁱ

Thousands of Minnesotans Rely on Child Care

There are almost one million children ages birth to 12 in Minnesota, and about 65 percent of those children rely on some form of regular child care arrangement. ⁱⁱ For the majority of families with children in Minnesota, having access to the desired type of care is critical.

Kids in Care

2 out of 3 children are in some type of child care regularly

Families use different types of child care arrangements, including: licensed child care centers; licensed family child care programs; family, friend and neighbor (FFN) care; and school-age care, such as before- or after-school programs. For the approximately 310,000 children ages 0-5 who are in need of child care, licensed care is the most commonly used primary care arrangement. ⁱⁱⁱ

For children ages 0-5, approximately 45 percent live in Greater Minnesota and 55 percent live in the seven-county Metro Area (Figure 1). Child care issues affect thousands of children and families across the state.

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Children in Minnesota

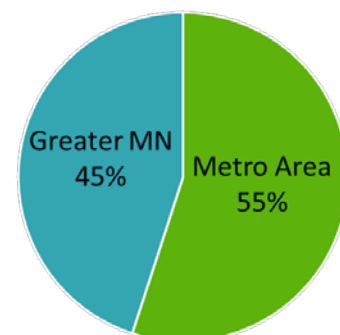
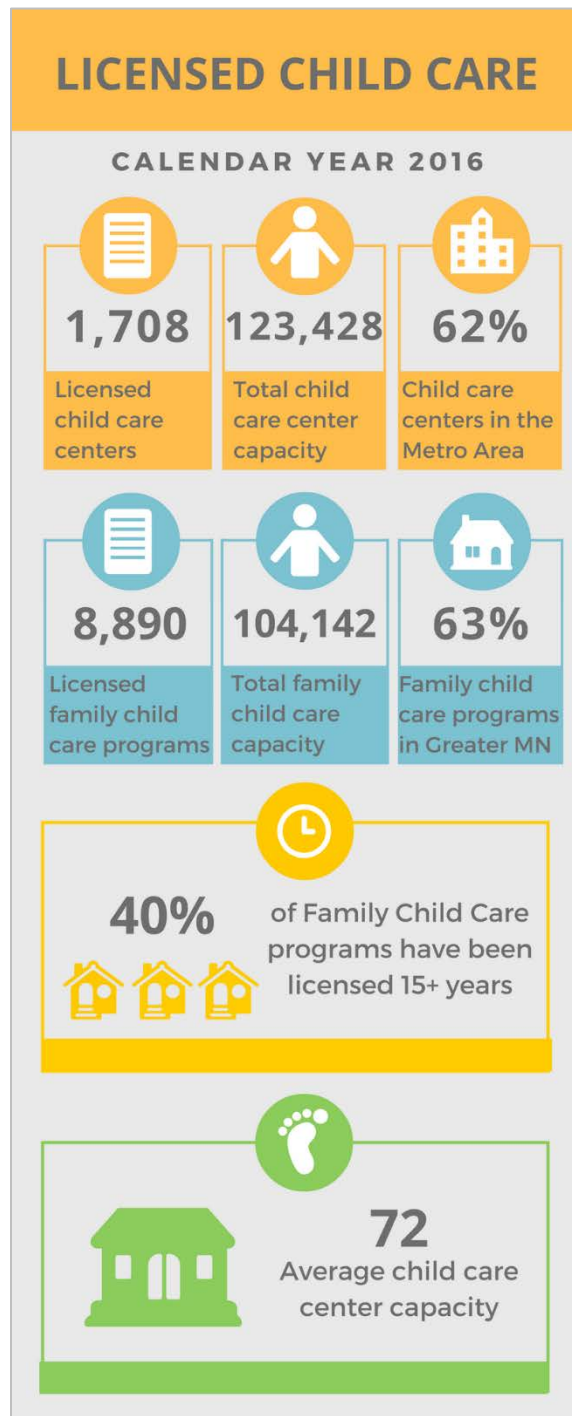


Figure 1: Child Population Ages 0-5

Snap Shot of Licensed Child Care

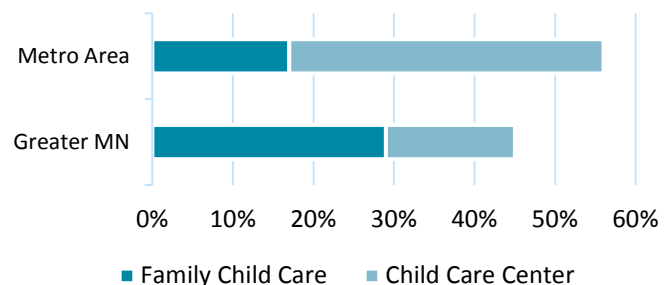
Child care centers and family child care programs are licensed according to Minnesota’s Human Services Licensing Act (Minnesota Statutes, [chapter 245A](#)), unless they fall under an exemption. Licensed child care centers must meet requirements set forth in “Rule 3” (Minnesota Rules, [chapter 9503](#)), and licensed family child care programs must meet requirements set forth in “Rule 2” (Minnesota Rules, [chapter 9502](#)). Licensing standards require programs to provide adequate supervision and opportunities for children to have physical activity and learning, that the physical premises are clean and safe, and that staff and/or caregivers are qualified and have taken trainings on health, safety, and child development.



Total number of licensed child care programs - Over the years, licensed child care programs in Minnesota have consistently served significant numbers of children and families. Across Minnesota in 2016, there were 10,598 licensed child care programs, including both child care centers and family child care programs. During this time, licensed child care programs had the capacity to serve 227,570 children. Licensed programs are not required to report on the total number of children served at any given time, so the number of children actually served by licensed providers is not available.

Licensed capacity by region – Figure 2 below shows that approximately 45 percent of licensed child care capacity is in programs in Greater Minnesota, and about 55 percent of the capacity is in the seven-county Metro Area. This mirrors the distribution of where children live (Figure 1). However, the type of licensed child care programs differ as 63 percent of licensed family child care programs are located in Greater Minnesota, and 62 percent of licensed child care centers are located in the Metro Area.

Figure 2: Statewide Licensed Capacity by Region and Type (CY 2016)



Time licensed - Nearly one-third of child care centers have held their license for less than five years. On the contrary, approximately 40 percent of family child care programs have held their license for more than 15 years.

Monitoring and Oversight

DHS, in partnership with counties, licenses and monitors child care programs and investigates reports of maltreatment. DHS directly licenses child care centers and oversees the county licensure of family child care programs. DHS and the counties are responsible for monitoring and enforcing the rules and statutes governing licensed child care.

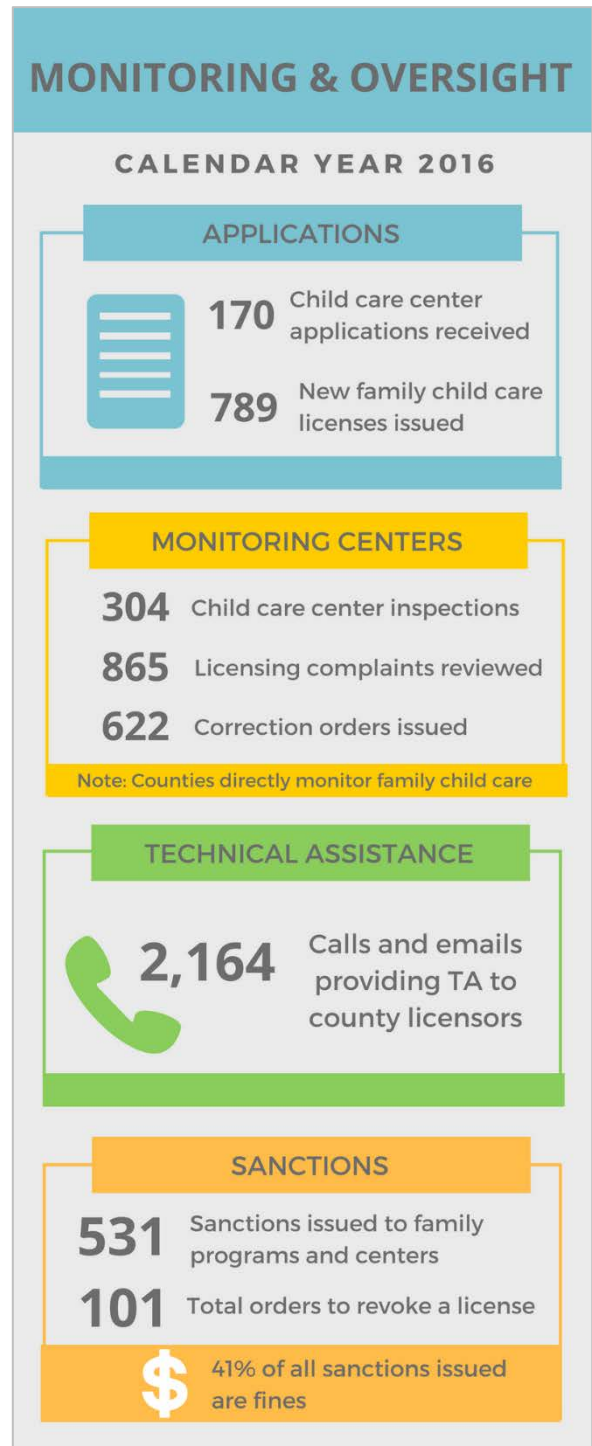
Why licensure matters - Child care licensing requirements protect the health, safety, and rights of children in care by requiring that providers meet minimum standards of care and physical environment. These minimum standards promote safe and nurturing child care environments in approximately 10,600 licensed programs across the state of Minnesota.

Applications - DHS receives and processes license applications for child care centers, and counties receive and process license applications for family child care programs. During the application process, license applicants (both centers and family child care programs) must undergo background studies and have a pre-licensure inspection to ensure the child care program is safe and capable of providing care for children.

Licensing visits - DHS licensors inspect licensed child care centers and the county licensors inspect licensed family child care programs to make sure providers are complying with licensing standards. Each program is inspected prior to being granted a license and has ongoing monitoring visits at least once every two years. Licensors may also visit programs as part of an investigation for alleged maltreatment or licensing violations. Licensors issue correction orders when there are violations.

Sanctions - When there are serious or chronic violations, or maltreatment occurs, sanctions against the license may be issued. Sanctions include a fine, revocation, suspension, temporary immediate suspension (TIS), or conditional license. DHS is responsible for issuing sanctions for both child care centers and family child care programs. For family child care programs, a county recommends an action to be taken against a family child care license, and DHS determines whether the sanction is appropriate. In 2016, 6 percent of child care center licenses had at least one sanction issued against them, and 3 percent of family child care programs had sanctions issued against them.

Supporting license holders and county licensors through technical assistance - DHS licensors work with child care centers on an ongoing basis to provide assistance and answer questions. DHS staff also provide substantial technical assistance (TA) to county licensors throughout the year.



Analysis: Risk of closure and sanctions

Retaining high-quality, licensed child care providers is critical to maintaining the availability of licensed child care in Minnesota. Unfortunately, data shows that a significant portion of family child care programs and child care centers close their licenses within their first four years of licensure. Further, data shows that newly licensed child care centers are the most likely to be issued a sanction during that same time frame.

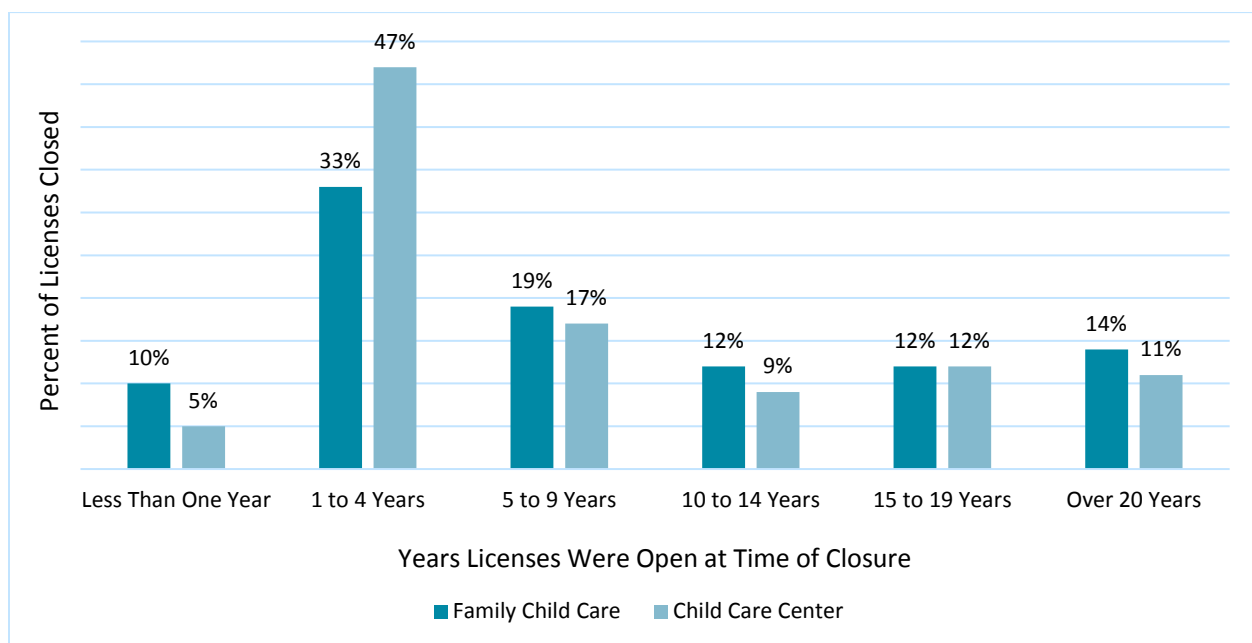
Newly licensed child care programs are the most likely to close their licenses - Figure 3 shows that family child care programs and child care centers are most likely to close during their first four years of licensure. While some turnover is expected, this rate far outpaces closures at other times during active licensure.

Newly licensed child care centers are the most likely to receive a sanction - Analysis of sanctions data from 2012-2016 shows that child care centers that have been licensed for one to four years are the most likely group of license holders to be issued a sanction against their license. They are more than twice as likely to be issued a sanction compared to other centers that have held a license for longer. They account for 65 percent of the conditional licenses issued and 56 percent of the revocations but only 16 percent of the total center licenses.

For family child care programs, license holders that have been open for five to nine years receive the most sanctions – License holders open five to nine years are most likely to be issued a TIS, accounting for 23 percent of all TIS orders issued but 18 percent of the family child care licenses. Programs open for less than a year are also issued a disproportionate share of the TIS orders.

Mature child care programs are the least likely to be issued a sanction - While many programs close their licenses within the first four years of licensure, many family child care programs and child care centers hold their licenses for over 15 years and are able to operate in compliance with licensing requirements. Approximately 40 percent of family child care providers have been licensed for over 15 years, and these mature programs are the least likely to be issued any type of sanction.

Figure 3: License closures by duration of active license (CY 2016)

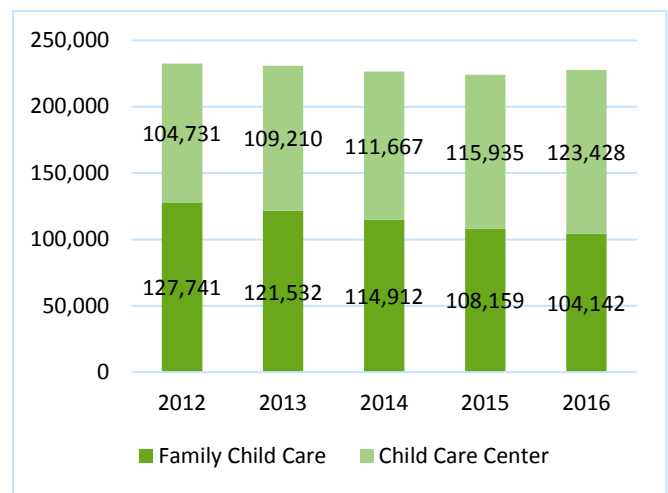
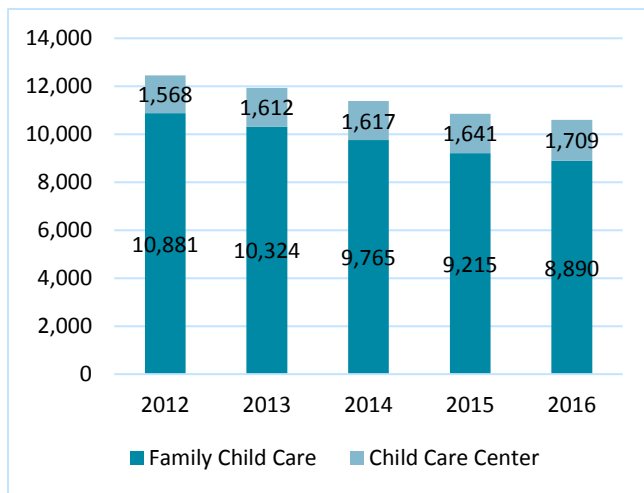


Decreasing Availability of Licensed Child Care

The trends in the number of new programs opening, existing programs closing, and overall capacity changes differ for licensed family child care programs and child care centers, and this affects the availability of licensed child care across the state. As shown in Figure 4, since 2012, there has been an 18 percent net decrease of family child care programs in Minnesota. However, there has been a 9 percent net increase in the number of child care centers. This has resulted in a 2 percent net decline in total licensed capacity (Figure 5). Because there tends to be more family child care programs in Greater Minnesota, that part of the state has been particularly impacted by the family child care program closures.

Newly opened and expanding child care centers have partially offset the statewide decline in licensed capacity from family child care programs closing. About 22 percent of the increase in child care center capacity comes from existing centers increasing their licensed capacity. Nevertheless, the licensed capacity for all child care has changed differentially throughout the state; the Metro Area is the only region to experience a net gain in licensed capacity since 2012.

Figure 4: Number of Licensed Child Care Programs (end of year) Figure 5: Licensed Child Care Capacity (end of year)



These trends illustrate the changing face of child care in Minnesota. The decline in family child care providers is not unique to Minnesota but is occurring across the country.^{iv} Considerations for why family child care programs are in decline include: many providers are reaching retirement age^v or are seeking less demanding, more profitable and family-friendly positions (i.e., the ability to take flex-time or telecommute);^{vi} general workforce shortage in the “caring” professions;^{vii} and young families are slow to homeownership and therefore living in settings not as conducive to starting a family child care business, such as apartments, condos, and townhouses.^{viii}

<div style="display: flex; align-items: center; margin-bottom: 10px;"> + <div> <p>135 New child care center licenses</p> </div> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> - <div> <p>66 Child care center licenses closed</p> </div> </div> <div style="display: flex; align-items: center;"> <p>67% of centers opened in the Metro Area, and there was a net increase in center capacity of 7,493 spaces.</p> </div>	<div style="display: flex; align-items: center; margin-bottom: 10px;"> + <div> <p>789 New family child care licenses</p> </div> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> - <div> <p>1,089 Family child care licenses closed</p> </div> </div> <div style="display: flex; align-items: center;"> <p>Family child care closures account for 94% of total closures and a net decrease of 4,017 spaces.</p> </div>
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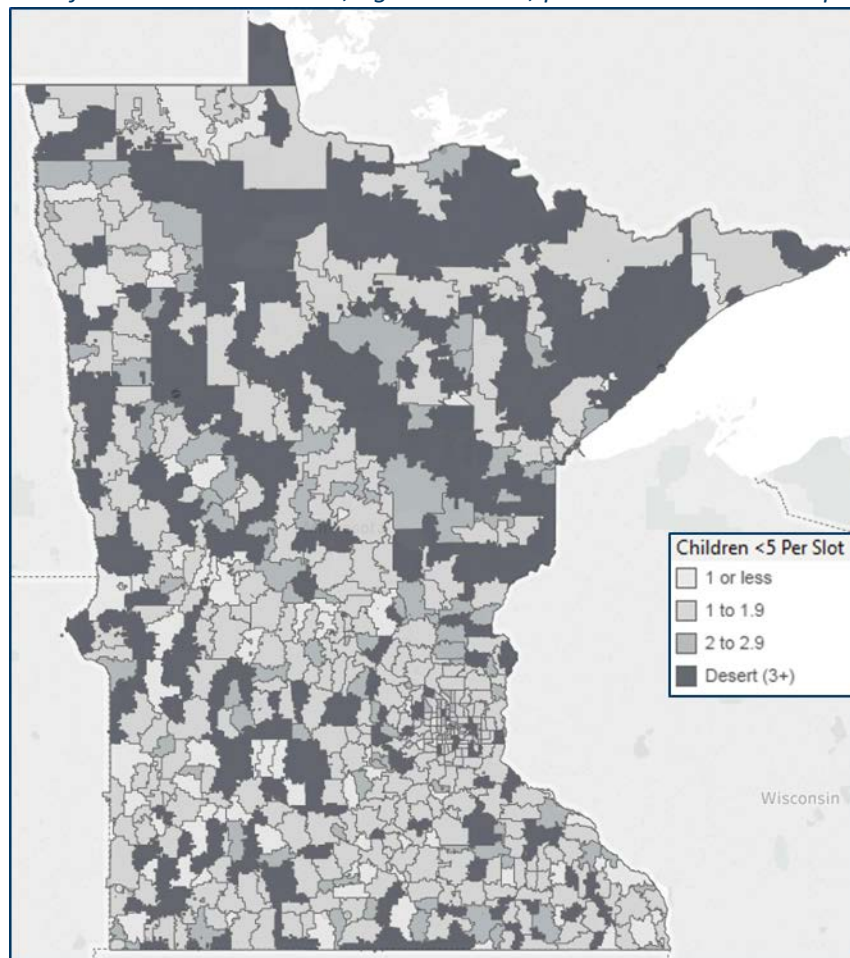
Child Care Deserts across the State

The availability of licensed child care varies across the state, but some parts of the state have a greater need for child care based on the number of children living there. There is currently not enough licensed capacity to meet the potential need, and in some parts of the state children and families live in a child care desert.

A child care desert is an area where there are at least three times the number of children than licensed child care spaces. Currently, there are child care deserts across Minnesota as shown in Figure 6.^{ix} There are concentrations of deserts in the Arrowhead Region and parts of Minneapolis and St. Paul.

- **Across the State** 13% of children under age 5 live in a zip code that is a licensed child care desert.
- **Kids in High Poverty Areas¹** are more than three times as likely to live in a licensed child care desert as kids who live in non-high poverty areas.
- **Metro Area Kids in High Poverty Areas** are the most likely to live in licensed child care deserts – 33% of them live in a licensed child care desert.
- **The Decline in Availability of Licensed Child Care** adversely affects child care deserts which experienced a 15% decline in available care over the last 10 years.

Figure 6: The number of children in Minnesota, ages birth to 5, per licensed child care space, by zip code



¹ A high poverty area is measured as zip codes where at least 20 percent of the children 0-18 are living in poverty as reported in the 2010-2014 American Community Survey 5-Year Estimates.

Looking ahead

The DHS Licensing Division will be implementing a number of changes to enhance the quality of licensed child care. Most notably, the Licensing Division will begin using an electronic checklist during licensing visits in 2017, which will replace the paper monitoring checklist currently used by DHS and county licensors. The electronic checklist will allow the Division to better monitor licensed child care programs over time and get a better understanding of the types of issues that are common across all licensed child care programs. The data from the electronic checklist will help the Division better tailor technical assistance and trainings in the future.

The Licensing Division will also be making a number of changes to its website so that families and child care providers can find the resources they need to be more informed about licensed care and the standards that are in place. The Licensing Division is developing a number of resources that highlight some of the biggest issues and questions regarding licensed child care, including:

- [Ratios and Group Size Requirements in Licensed Child Care](#)
- [Infant Safe Sleep Requirements in Licensed Child Care](#)
- [Emergency Preparedness and Response in Child Care](#)
- [Background Study Requirements for Licensed Child Care](#)
- [County Delegated Licensure of Family Child Care Programs](#)
- [Licensed Child Care Trends \(Years 2005 - 2015\)](#)
- [Licensed Child Care Sanctions \(Years 2011 - 2015\)](#)

For more information:

- The new resources discussed above are available online at mn.gov/dhs/licensing/child-care. These resources are great tools to better understand child care licensure and are for child care providers and families.
- For more information about licensed child care, please visit the DHS website at mn.gov/dhs/licensing/child-care.
- For questions about information included in this brief, please contact Melanie Peterson-Hickey at Melanie.Peterson-Hickey@state.mn.us.

Sources

ⁱ The licensing data used in this issue brief is from the Department’s internal licensing database, Licensing Information System (LIS). The calendar year reflects data as of 12/31/16. This issue brief was first released in January 2017 and was updated in April 2017.

ⁱⁱ Chase, R., Valorose, J. (2010), “Child Care Use in Minnesota: Report of the 2009 Statewide Household Child Care Survey.” Report prepared for the Minnesota Department of Human Services at the Wilder Research, St. Paul, MN.

ⁱⁱⁱ Using the Kids Count Data Center, estimated approximately 420,000 children 0-5 in Minnesota and 74 percent have all available parents in the workforce, leading to an estimate of about 310,000 children needing some type of child care.

^{iv} Family child care brief, Administration for Children and Families, Office of Child Care, https://www.acf.hhs.gov/sites/default/files/occ/occ_fcc_brief.pdf.

^v The Minnesota State Demographic Center states, “The number of Minnesotans turning 65 this decade (around 285,000) will be greater than the past four decades combined.” (<http://mn.gov/admin/demography/data-by-topic/aging/>) (last visited September 23, 2016).

^{vi} Work-life balance and the economics of workplace flexibility, The Council of Economic Advisers (June 2014), https://www.whitehouse.gov/sites/default/files/docs/updated_workplace_flex_report_final_0.pdf.

^{vii} Care Gap: US Facing Shortage of Direct Care Workers, Paraprofessional Healthcare Institute (October 15, 2012) (<http://phinational.org/charts/care-gap-us-facing-shortage-direct-care-workers>).

^{viii} Improving America’s Housing 2015: Emerging Trends in the Remodeling Market, Joint Center for Housing Studies of Harvard University, page 9, http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_improving_americas_housing_2015_final.pdf.

^{ix} Analysis based on Licensing Information System data from October 2016 and 2010-2014 American Community Survey 5-Year Estimates.