



First Children's Finance

Minnesota Cost of Care Study Family Child Care Provider Brief

Overview and How to Use This Resource

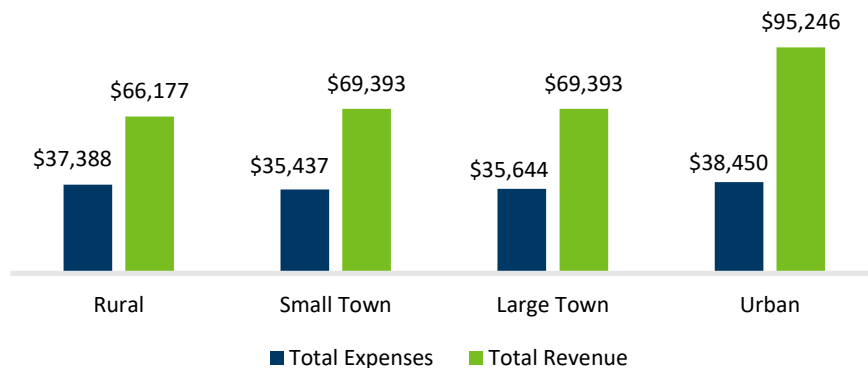
Thank you for your contribution to the [Minnesota Cost of Care Study](#), completed by First Children's Finance (FCF) and the Minnesota Department of Human Services ("the department"). This study would not be possible without the participation of child care programs across Minnesota. Thank you to all who participated in the Cost of Care survey, business interviews, and listening sessions.

FCF knows that sharing business information is a significant request and we do not take it lightly. We wanted to share back some of what we heard from programs across the state. The data on net revenue and average annual costs may be useful as a comparison in your own program planning and budgeting.

The data below reflects average costs seen across surveys and interviews. It will not fully capture the experience or costs of any one program. Your costs will likely be different than those shared below. The data collected in this study reflects costs from 2021. Many things have changed since 2021, including a period of high inflation. Many of the cost values have likely changed since 2021. FCF and the department will be updating this study in the coming years. Please keep an eye out for ways to participate in this update!

Average Program Net Revenue

FCF knows that family child care (FCC) providers are entrepreneurs who make personal business choices that impact their revenue and costs. Decisions around program enrollment, hours worked, and business spending and investment all change the total expenses and revenue that programs experience. The data included below is a statewide average. You can find more information on the assumptions used to model FCC programs in the full report. The figure below shows the average total annual expenses and total annual revenue, by geography.



Average annual costs do not differ dramatically across geography. Instead, the total revenue largely contributes to net revenue differences by geography.

Family child care providers' net revenue is the revenue that remains after all expenses are paid. This revenue represents the take home pay of family child care providers. Net revenue must cover a provider's living expenses, personal and business emergency savings, retirement savings, and business growth. The table below shows the total annual net revenue for a typical FCC provider in the study's cost models, across geographies.

Total Annual Net Revenue	Rural	Small Town	Large Town	Urban
Net Revenue	\$28,789	\$33,956	\$33,749	\$56,796

Average Program Costs

The table below shows some of the average annual costs programs across the state experienced in 2021.

Cost Category	Average Annual Cost	What's Included in this Category?
Annual Contribution to Health Insurance	\$6,576	Average cost for providers who shared they had a monthly health insurance cost.
Advertising	\$167	Costs associated with advertising for the FCC business. May include print ads, online ads, printing flyers, etc.
Vehicle Expenses	\$2,594	Costs associated with running errands and other business-related travel. Does not include costs associated with transporting children.
Equipment	\$2,710	Furniture and materials for exclusive business use (e.g., cribs, desks and chairs, easels, strollers, playground equipment etc.).
Liability Insurance	\$748	Annual cost of liability and accident insurance. Does not include homeowners or renter's insurance.
Banking & Professional Fees	\$704	May include fees from a lawyer, accountant, bookkeeper, payroll service, and tax preparer. Also includes other bank charges or fee.
Office Supplies	\$1,466	Supplies used for managing office tasks including postage, printing, paper, and computers.
Telephone & Internet	\$1,044	Includes landline, cell phone, cable, and internet.
License and permits	\$119	Costs associated with the licensing process. May include background checks, fire alarm inspections, annual inspections, etc.
Food and Food Related Supplies	\$10,046	Programs take a wide variety of approaches to providing food for children in care. This represents an average value from business interviews. Future iterations of the study will collect additional details on food costs to inform more accurate modeling.
Repairs, Maintenance & Cleaning Supplies	\$4,225	Costs associated with repairs and regular maintenance for the location where the business is operated (e.g., cost of professional services for extermination, lawn care, snow removal, repair and maintenance tasks). Also includes household supplies, paper products, cleaning supplies, sanitizing wipes, bleach, hand soap, and other cleaning/disinfecting materials.

Quality Costs

There were also some items that providers reported investing more in as they increased program quality. These annual costs, across Parent Aware participation, include:

Cost Category (average annual costs)	Not Rated	One-Star	Two-Star	Three-Star	Four-Star	What's Included in this Category?
Total Hours Worked per Week	64	64	66	66	67	Includes hours spent providing direct care and hours spent managing the business (e.g., grocery shopping, cleaning, paperwork, training, etc.).
Supplies	\$1,907	\$1,964	\$2,079	\$2,746	\$3,367	Arts and crafts, toys, books, games, consumable materials for children.
Training/Professional Development	\$342	\$344	\$377	\$403	\$462	Cost of annual training provider participates in.
Professional Membership Dues	\$59	\$123	\$123	\$130	\$130	Costs for membership to professional organizations (NAFCC, etc.).
Child Assessment Tool	\$0	\$0	\$0	\$274	\$274	Costs of using child assessments in the program (e.g., AIM Observational Assessment, High/Scope Child Observation Record, etc.).