How FCF measures the gap between child care supply and demand

Each year, First Children's Finance completes an analysis of child care supply and demand in Minnesota. This analysis can be used to inform strategic supply building efforts and to track year-over-year progress on the availability of full-day, full-year care that supports working families.

To prepare the statewide and regional reports linked from this page, FCF analyzes population-level data and child care licensing data to estimate both the full-day, full-year child care supply and demand. FCF focuses solely on full-day, full-year care to understand the supply of available care that supports parent and caregiver participation in the workforce and the number of children that are likely to need this kind of regulated child care.

The methodology outline here is utilized to prepare the statewide Supply Demand Gap Analysis. When working with individual communities through our community consultation processes, FCF utilizes a more targeted methodology that also incorporates data on both the supply of part-day, part-year child care and on parent workforce participation.

How FCF Estimates Child Care Demand

Recognizing that not all children under age 5 need formal child care, FCF uses zip code data from the American Community Survey (ACS) 5-year estimates from the U.S. Census Bureau on the number of children under age six with all available parents in the workforce who are likely to need child care. FCF reduces this number by 15% to estimate the number of children aged five and under with all available parents in the workforce.

How FCF Estimates Child Care Supply

To determine the supply of child care, FCF exports data on currently active child care licenses (including both child care centers and licensed family child care) as of June 1 of each year. While many families utilize part-time child care, or even multiple sources of part-time child care, working families generally need child care options that offer full-day, full-year care to support their participation in the labor force. FCF reviews available licensing data to identify and remove those programs that do not offer full-day, full-year care to better assess the gap in supply that meets the needs of working families.

While FCF does receive funding from the Minnesota Department of Children, Youth and Families, because FCF is an independent nonprofit organization and not a state agency, FCF does not have access to data that is not publicly available. In Minnesota, the

capacity of certified child care centers is not publicly available, and thus certified child care centers are not included in the supply estimates. Capacity data for tribally licensed child care programs within the geography of Minnesota is also not public and is similarly not included in FCF's supply data. FCF also removes programs that are designated as offering only school year or summer-only programs. Finally, as this report is designed to estimate the gap in licensed child care, non-licensed or unlicensed programs, such as family, friend and neighbor care (FFN) and unlicensed pre-school or school-based programs are not considered in FCF's determination of child care supply.

To refine the estimate of child care supply, FCF makes a further adjustment to licensed capacity. It is not feasible for a child care program to always operate at 100% of licensed capacity. Unlike schools, where grade level is determined by children being of a certain age at the beginning of the school year, in licensed child care, whether a child is considered an infant, toddler, preschooler or school-aged is determined by their birthday. Thus, child care programs have children moving between age categories/ classrooms throughout the year, creating temporarily open slots across the program. Because of this, as a best practice, FCF considers that 85% of licensed capacity is the functional equivalent of full enrollment. For purposes of these reports, licensed capacity of child care programs is likewise reduced from 100% to 85% to determine child care supply.

If you are interested in exploring FCF's community consultation services, please reach out to us at infomn@firstchildrensfinance.org.

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