



First Children's Finance

Minnesota Cost of Care Study Child Care Center 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 wouldn't 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 don't take it lightly. We wanted to share back some of what we heard from programs across the state. The data on per-child costs 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 won't 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!

Average Annual Per-Child Costs

The table below shows the average annual per-child cost across age groups and geography for programs who do not participate in Parent Aware. This is different than the average tuition rate that programs charge. Instead, it represents the annual per-child cost for staffing, programming, and space.

Age Group	Rural	Small Town	Large Town	Urban
Infant	\$20,821	\$19,836	\$20,099	\$23,858
Toddler	\$12,775	\$12,211	\$12,361	\$14,509
Preschool	\$9,555	\$9,161	\$9,267	\$10,770

Staffing Costs

Staffing is the largest cost a center has. Across cost models, staffing costs made up 69 to 71 percent of total expenses. FCF explored the benefits offered by centers. Among centers participating in the study:

- 51% offered health insurance
- 41% offer dental insurance
- 32% offer vision insurance
- 46% contribute to employee retirement accounts
- 85% offer employees tuition discounts for the care of their own children
- 46% offer education benefits for staff (ex: tuition support to pursue higher education or CDAs)
- 30% offer mental health supports

The table below shows the average hourly wages for common center staff positions, by geography.

Staff Role	Rural	Small Town	Large Town	Urban
Director	\$23.38	\$20.31	\$21.07	\$26.31
Administrative Assistant	\$17.35	\$17.35	\$17.35	\$19.62
Cook	\$16.40	\$15.89	\$15.89	\$17.31
Accountant	\$20.32	\$17.01	\$17.01	\$22.45
Lead Teacher	\$17.20	\$16.65	\$16.81	\$19.61
Teacher Assistant	\$13.98	\$13.86	\$13.70	\$16.73
Teacher Aide	\$13.54	\$11.95	\$12.69	\$15.09
Substitute	\$17.40	\$17.44	\$17.48	\$20.73

Program Costs

The tables below show the average annual costs that programs across the state experienced in 2021. Some of these costs scale with program size. Table 1 shows per-child costs and the associated annual site-level cost for a child care center with an enrollment of 80 children. Table 2 shows average space-related costs. These costs are shown as both per-square foot costs and at a site level for a center for approximately 6,400 square feet. Table 3 shows the average annual costs for other site-level costs.

Table 1: Average Annual Per-Child Costs

Cost Category	Average Annual Per-Child Cost	Annual Site Level Cost (80 child center)	What's Included in this Category?
Food, Food Prep, & Kitchen Supplies	\$975	\$78,000	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 detail on food costs to inform more accurate modeling.
Classroom Equipment & Furniture	\$118	\$9,440	Furniture and materials for classroom use. Items that cost more than \$100 and are meant to be used for multiple program years (e.g. cribs, desks and chairs, easels, strollers, playground equipment etc.).
Medical Supplies	\$29	\$2,320	First aid kits, masks, gloves, and other personal protective equipment, and other medical items.
Education Supplies	\$102	\$8,160	Arts and crafts, toys, books, games, consumable materials for children.
Child Care Management System	\$22	\$1,760	Cost for a subscription or license for child care management software (e.g. Procare, Kangarootime, Brightwheel, etc.).
Credit Card Processing Fees	\$63	\$5,040	Fees paid for processing credit cards for tuition payments or other payments from families.

Table 2: Average Annual Space Related Costs

Cost Category	Average Annual Per-Square Foot Cost	Average Annual Site Level Cost (6,400 sq. ft. center)	What's Included in this Category?
Rent or Mortgage	\$8.02 (rural) \$6.65 (small town) \$6.97 (large town) \$14.21 (urban)	\$51,328 (rural) \$42,560 (small town) \$44,608 (large town) \$90,944 (urban)	Amount paid in rent or mortgage for the location where the center operates. Includes property taxes for centers who own their space.
Building Insurance	\$1.50	\$9,600	Costs for business or commercial property insurance.
Utilities	\$2.83	\$18,112	The amount paid for utilities including electricity, gas, water, trash/recycling, sewer (etc.) for the center.
Maintenance, Repair, and Cleaning	\$2.68	\$17,152	Costs associated with care and maintenance of the property and building of the center. Includes cost of professional services for extermination, lawn care, snow removal, and repair or maintenance tasks.

Table 3: Average Annual Site-Level Costs

Cost Category	Average Annual Cost	What's Included in this Category?
Office Supplies & Equipment	\$8,000	Costs for office supplies and equipment used in center administration (e.g. computers, paper, postage, ink, etc.). Also includes costs associated with any business software or subscriptions. (e.g., Quickbooks, Microsoft suite, Zoom, etc.).
Liability Insurance	\$5,600	Costs for business liability insurance and accident insurance.
Advertising	\$3,680	Costs associated with marketing or advertising the center. May include costs for photography, graphic design, placing local ads, developing commercials, development and maintenance of center website.
Transportation	\$1,914	Costs for mileage for business-related travel (e.g., errands to purchase supplies for center). Does not include transportation of children.
Telephone & Internet	\$3,142	Costs for landline and/or cell phones, cable, and internet.
Audits & Legal Fees	\$2,320	Costs for external accounting services or consultants. Includes costs to complete audits of financial statements. Any legal fees including regular legal counsel and consultations.
Licensing Fees & Permits	\$942	Costs associated with the licensing process. May include fire alarm inspections and required health and safety equipment to meet licensing standards.
Bank/Finance Charges	\$573	Fees for banking products and other bank charges.
Payroll Processing	\$3,085	Costs for services to process payroll for staff.

Quality Costs

Programs reported investing more in some items as they increased program quality. Programs shared that retaining quality staff was a critical part of high-quality programming. Many of these quality costs are related to staff wages and benefits to support retention. For example, Four-Star Parent Aware-Rated centers:

- Offer higher wages than programs that weren't rated by Parent Aware in their respective geographies. On average, wages were twelve percent higher for directors, five percent higher for lead and assistant teachers, and three percent higher for aides.
- A majority offer health insurance and dental insurance, contribute to staff retirement accounts, and provide education benefits for staff (e.g, tuition support to pursue higher education or CDAs).
- Offer an average of 24 hours of additional paid time off (PTO) compared to unrated programs.

Other quality-related costs are included in the table below.

Cost Category	Not Rated Average Annual Cost	Four-Star Average Annual Cost	What's Included in this Category?
Training Fees (per staff)	\$312	\$382	Cost of training for staff. Does not include cost of staff time.
Curriculum (per child)	\$0	\$61	Costs for curriculum used in the center. (Between the Lions, HighScope etc.)
Family Engagement (per child)	\$0	\$9	Costs for materials for parent nights, open houses, parent trainings, etc. Non-personnel expenses only.
Professional Memberships and Subscriptions	\$267	\$340	Costs for membership to professional organizations (MNAEYC etc.)

Additional quality-related costs impact the cost per child. The average cost per child of operating a Four-Star Parent Aware Rated center is included below. These true costs of quality are not currently supported by the sector or child care system, at large. However, they represent what programs are currently spending. Given the limited revenue available, programs are creative and resourceful in finding ways to continue operating.

Average Annual Per-Child Costs for Four-Star Parent Aware Programs

Age Group	Rural	Small Town	Large Town	Urban
Infant	\$22,818	\$21,742	\$22,032	\$26,100
Toddler	\$14,011	\$13,394	\$13,561	\$15,891
Preschool	\$10,488	\$10,056	\$10,173	\$11,806