

Presentation to Workforce, Labor, and Economic Development Committee

April 1, 2025

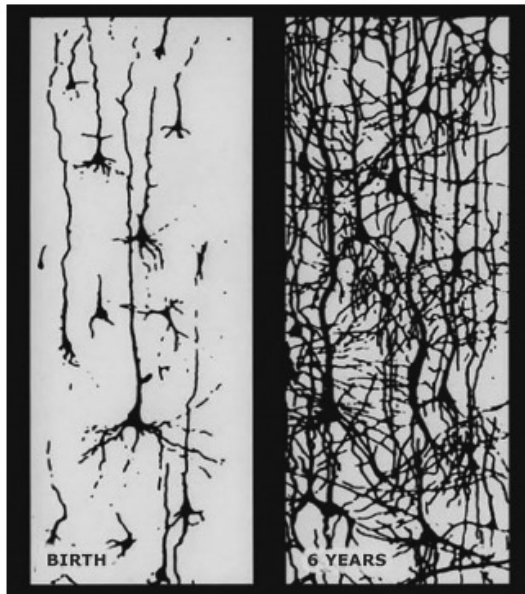
Since 2005, Minnesota's business community has been engaged in solving Minnesota's early learning problem.

Lack of investment in Early Care and Education (ECE):

- Hurts workforce competitiveness
- Makes communities less equitable
- Burdens taxpayers

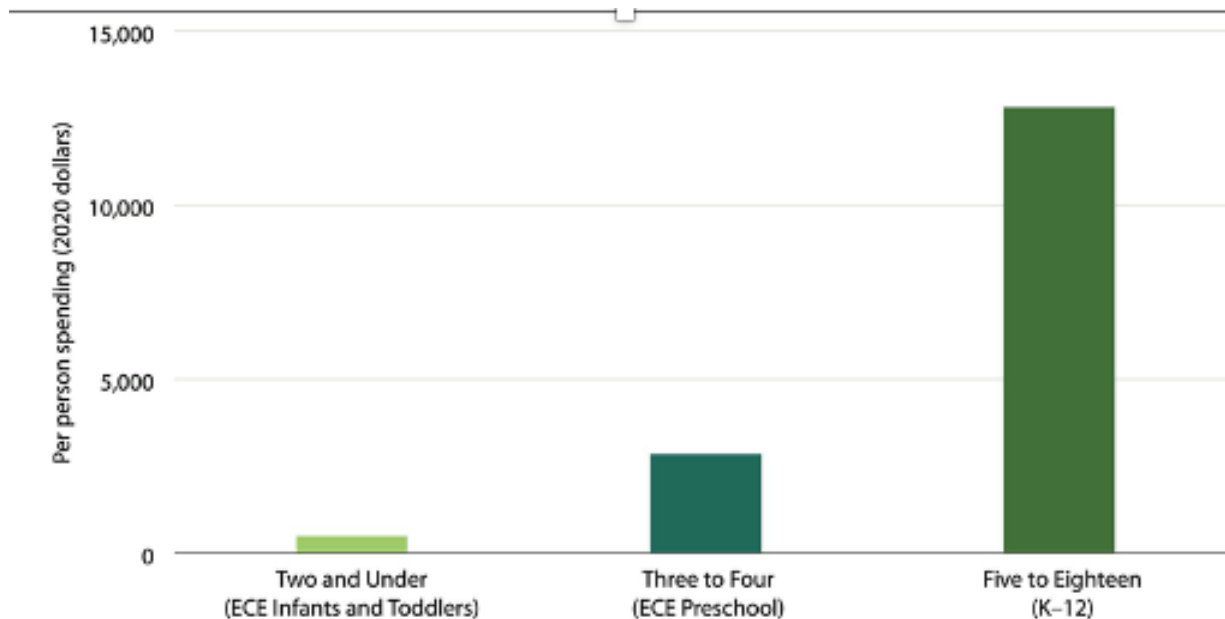
The first years have significant, lifelong importance.

Development of Synapses in the Human Between Brain Birth and Age 6



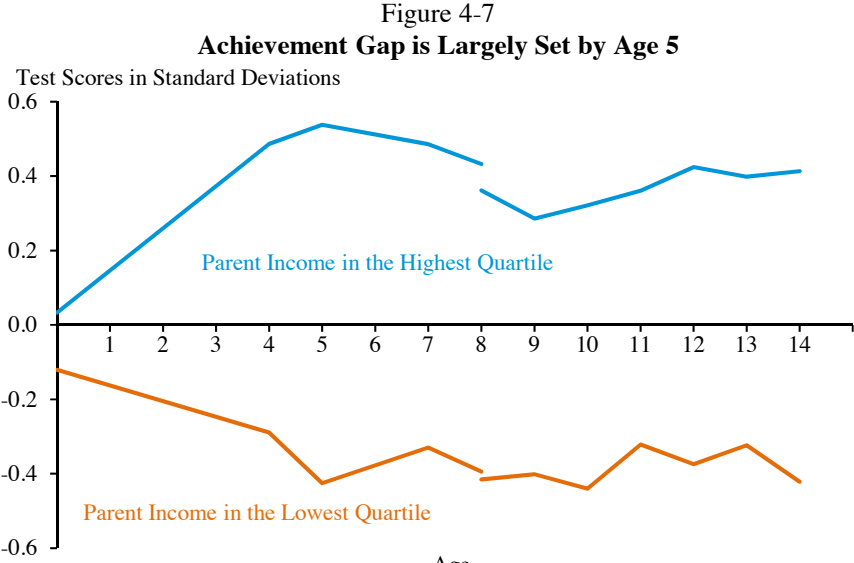
- A child's brain isn't born fully built.
- Brains are constructed through early experiences.
- Healthy development at any stage depends on previous stages.
- Brain development is driven by intensive adult nurture and care.

Yet, we invest very minimally in children prior to age 5.



Davis and Sojourner, *Increasing federal investment in children's early care and education to raise quality, access, and affordability* (May 2021)

This lack of investment has a long-term impact on individual children,

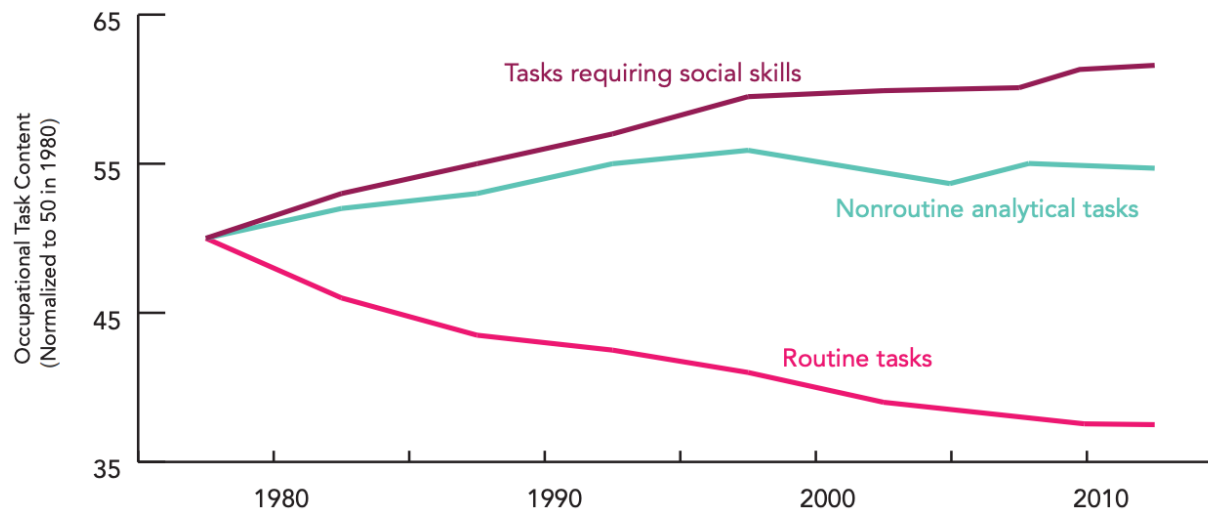


Note: IQ scores are available through age 8. After age 8, math test scores are shown. A three year moving average is used for math scores.
Source: U.S. Collaborative Perinatal Project from Fryer and Levitt (2013) (through age 8); NLSY79 Child and Young Adult Supplement from Cunha et al. (2006) (after age 8); CEA calculations.

Council of Economic Advisors of the President, *CEA Issue Brief: The Disconnect Between Resources and Needs When Investing in Children* (Dec. 2016)

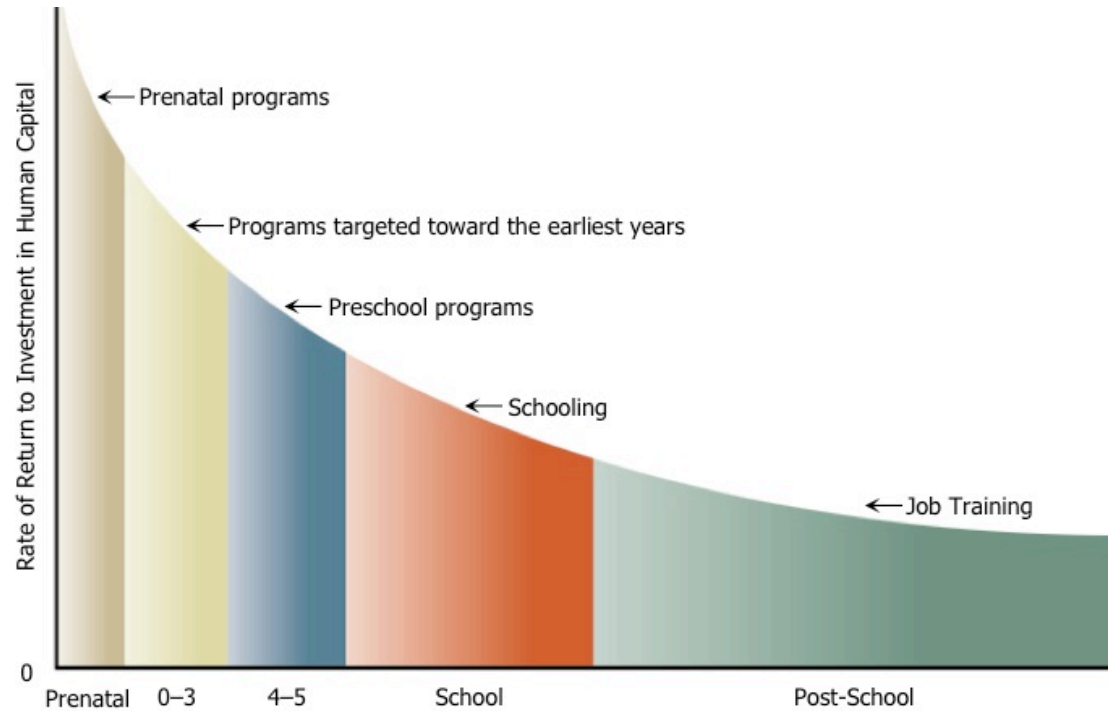
... on employers and our economy,

The Growing Importance of Social Skills in the Labor Market



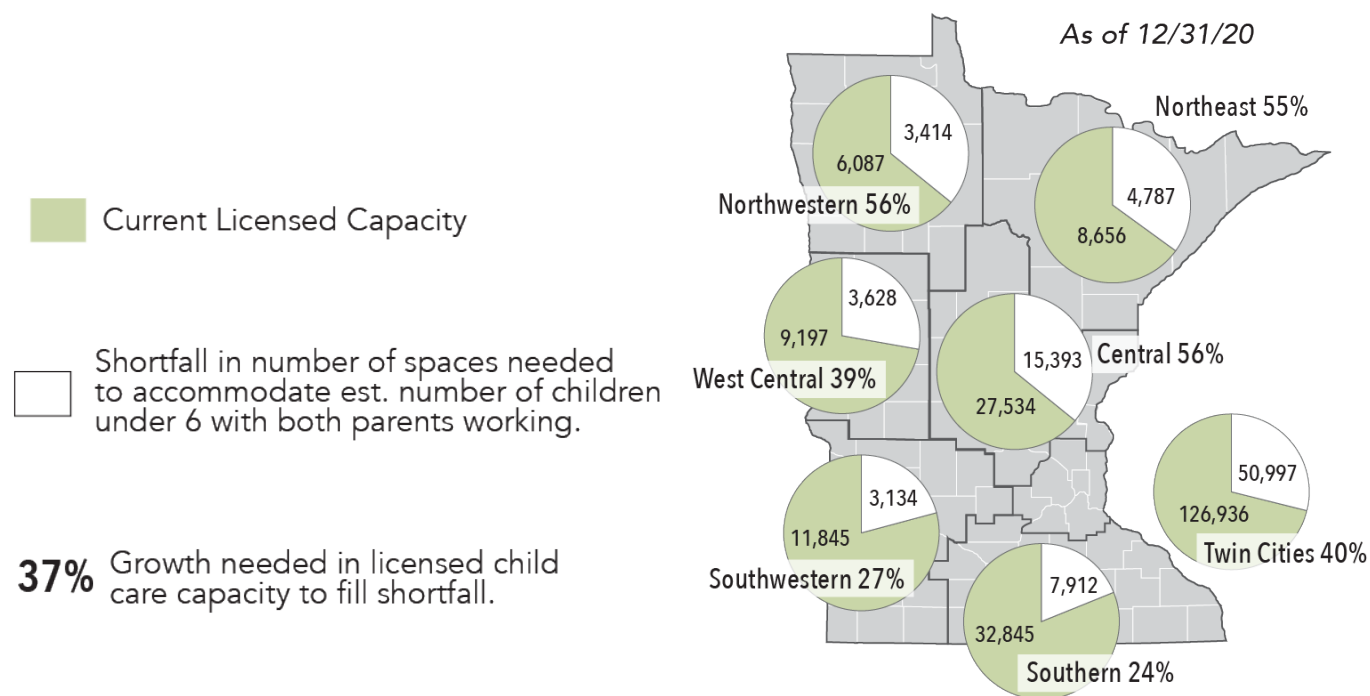
Source: David Deming, *The Growing Importance of Social Skills in the Labor Market*.

... and on taxpayers.



Source: James Heckman, Nobel Laureate in Economics

ECE remains difficult to find in most areas of the state.



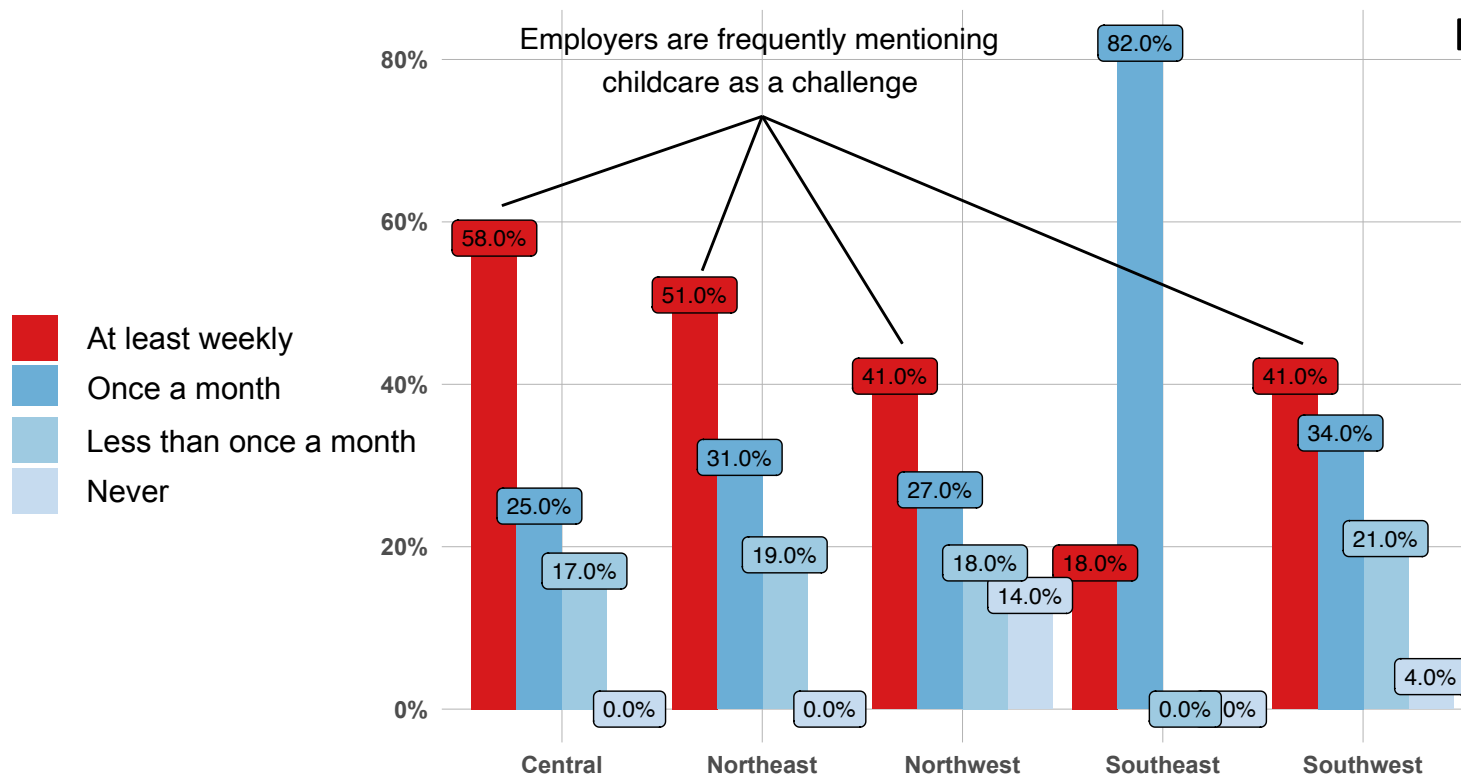
“Child Care in Rural Minnesota After 2020,” Center for Rural Policy & Development, Feb. 18, 2021. data from Minnesota Department of Human Services and U.S. Census

37% Growth needed in licensed child care capacity to fill shortfall.

The lack of ECE is having a significant impact on employers.

How often do employers mention childcare as a barrier to attracting or retaining talent?

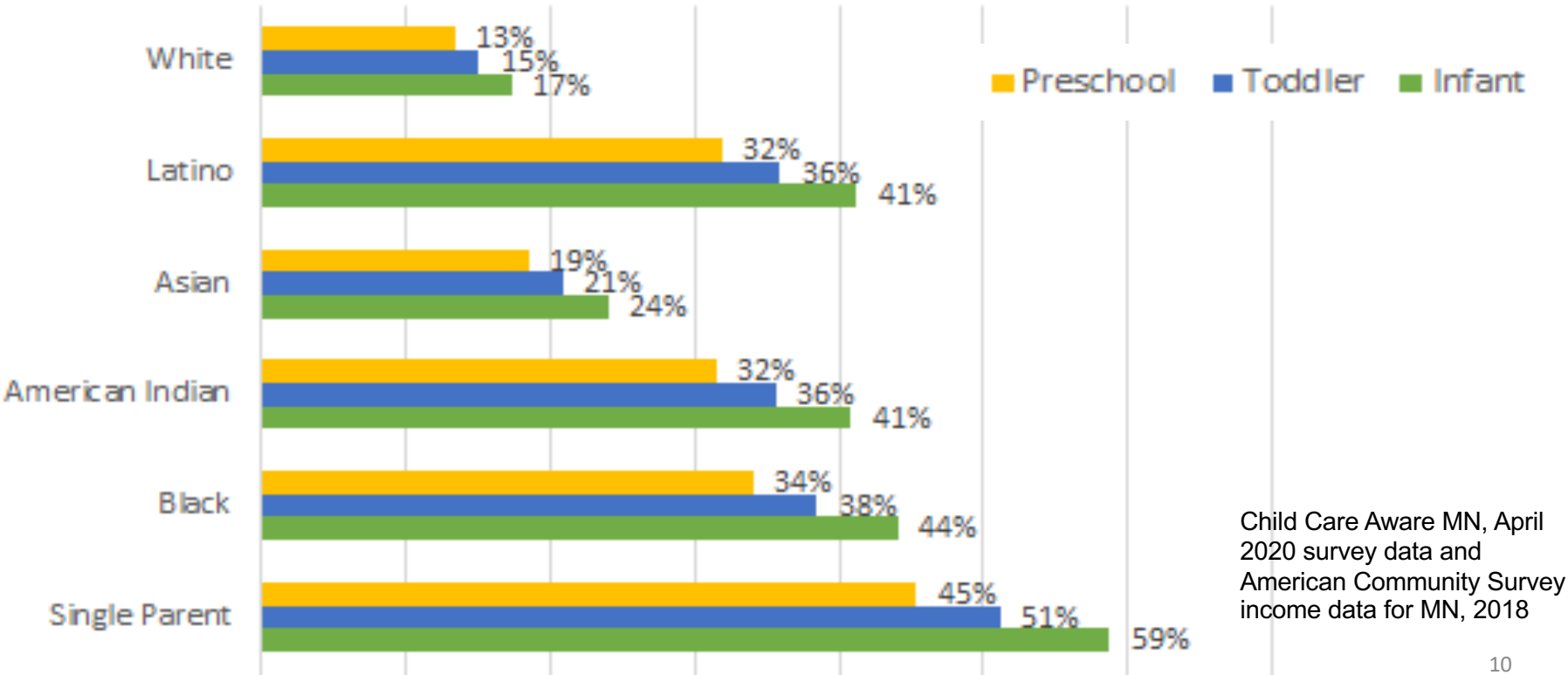
2021 Survey,
Center for Rural Policy &
Development



“Rural Child Care Solutions: From the Ground Up,” Center for Rural Policy & Development, Sept. 13, 2022

Families struggle with the cost of ECE, which further depresses the supply of programs.

Share of Income Needed to Pay for One Child in Center-Based Care



ECE providers are unable to pay wages to attract staff, further compounding challenges to ECE expansion.

Table 6. Twin Cities Metro Area Occupational Employment & Wage Statistics, 2024

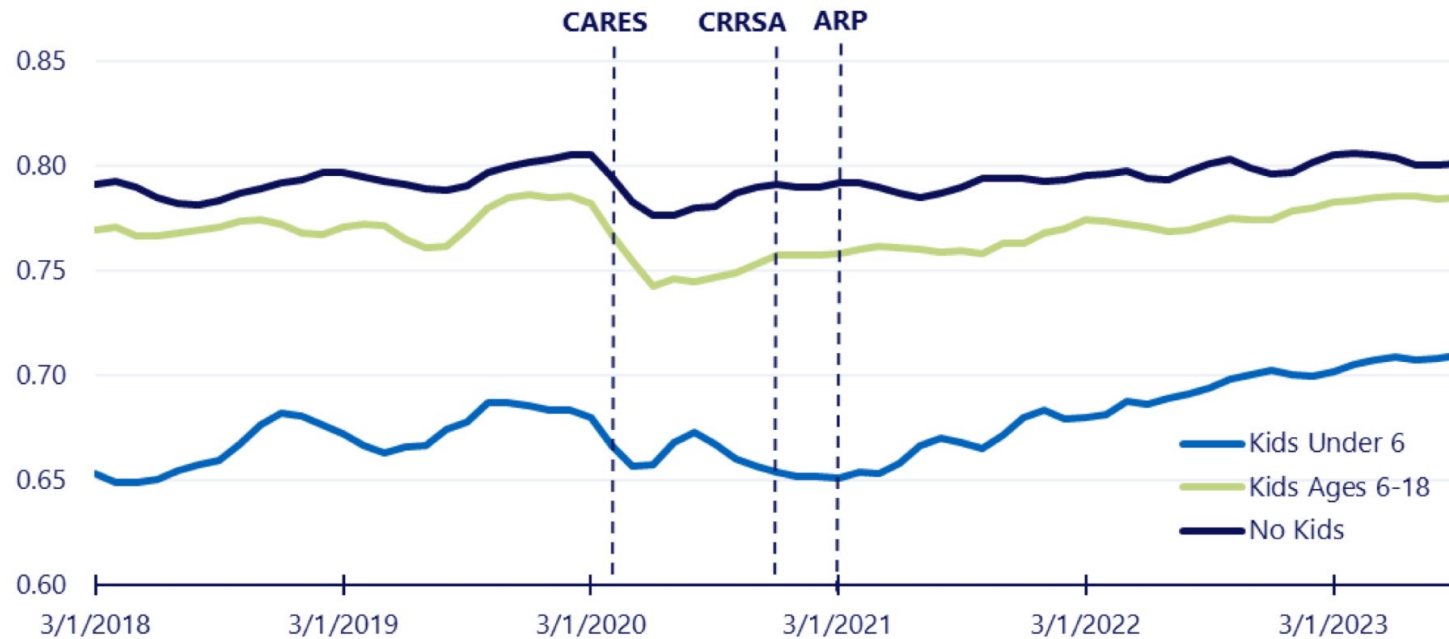
SOC Code	Occupation Title	Estimated Regional Employment	Median Hourly Wage	Estimated Statewide Employment	Statewide Median Wage
0	Total, All Occupations	1,743,500	\$27.78	2,881,100	\$25.22
399011	Child Care Workers	5,750	\$16.74	9,270	\$15.65
252011	Preschool Teachers, Except Special Education	7,160	\$18.84	10,860	\$18.78
119031	Education & Child care Administrators, Preschool & Daycare	900	\$30.61	1,210	\$29.48
211021	Child, Family, & School Social Workers	4,770	\$33.60	8,280	\$33.22
352012	Cooks, Institution & Cafeteria	4,340	\$20.50	8,140	\$19.29
439061	Office Clerks, General	32,970	\$23.42	56,580	\$22.85
111021	General & Operations Managers	44,460	\$51.01	76,670	\$46.78
259045	Teaching Assistants, Except Postsecondary*	17,440	\$41.772	34,600	\$39.415

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

Public investments in ECE accelerate labor force participation.

Maternal Labor Force Participation Rate

3-month rolling average labor force participation rate



Council of Economic Advisers

Source: Current Population Survey; CEA calculations.

Note: Labor force participation rates are calculated using basic monthly CPS data for prime-aged women.

Public investments in ECE are economic development investments with a high public return.



INVESTED IN EARLY
CHILDHOOD YIELDS A
\$16 RETURN

INCREASED

- High School Graduation
- College Matriculation
- Economic Development & Personal Income

DECREASED

- Special Education/Remediation
- Dependence on Social Welfare
- Crime-related Costs & Incarceration Rates