



Great Start Scholarships are an innovative policy solution for affordable child care

When Minnesotans have affordable child care, children can thrive, families are more economically secure, and employers can find and retain the workers they need. Minnesota has set the goal of ensuring all Minnesota families can find and afford the care that meets their needs, and we need bold action to meet that goal.¹

Great Start Affordability Scholarships are a new policy solution designed to lower monthly child care costs for families across Minnesota. Here's how they could work:

- Families could qualify if they have children under 5 who are not participating in Child Care Assistance or Early Learning Scholarships. Children receiving scholarships would receive them for a 12-month period.
- Great Start Scholarships would reach a wide income range of families. For example, legislation under consideration this year would make scholarships available to families with incomes below 150 percent of the state's median income.² For a family of four in Federal FY 2023, this is an income of \$188,468.
- The amount of Great Start Scholarships would be determined on a sliding scale based on family income, providing more support to families with more modest incomes.
- Great Start Scholarship payments would go directly to a family's child care provider, reducing the amount of the family's monthly child care bill. These payments would be paid prospectively to ensure providers have the upfront resources to care for the children.
- Great Start Affordability Scholarships would use public infrastructure already in place to make it easier for families to apply.

The problem is clear and urgent for families across the state: child care is both too expensive and not widely available enough to meet their needs.

Too many Minnesota families struggle to find affordable child care

Great Start Scholarships are designed to address child care affordability challenges that so many Minnesota families face. The federal government recommends that child care costs not exceed 7 percent of a family's income, and Minnesota has also set that as a goal.³ Following this guideline, only about 6 percent of families in Minnesota can afford infant child care, according to the Economic Policy Institute. Care for an infant and four-year-old combined would cost a median income family more than 37 percent of their income.⁴

In Minnesota, the average cost for an infant in a child care center is more than \$16,000 a year, and for a family child care setting, the average cost is over \$8,500.⁵ For perspective, that means that a year of care for an infant in a child care center is about the same as a year of in-state tuition and fees at the University of Minnesota.⁶

And while the average cost of child care declines as children get older, costs remain out of reach for many. The average cost of child care for a four-year-old is over \$12,000 a year.⁷ The reality is that many families in Minnesota face a heavy financial burden when it comes to child care costs for children of all ages.

Affordable child care is foundational for children to thrive

Great Start Scholarships recognize that investments in quality early learning experiences are an investment in the future of Minnesota's children. Affordable child care offers stable and supportive environments that meet children's health and developmental needs, which are critical in ensuring the well-being of our youngest Minnesotans.⁸

During the first few years of life, children's brains are forming more than a million neural connections a second as they learn from and experience the world around them.⁹ For children, positive early childhood experiences are powerful and can increase their ability to overcome serious hardship, build skills such as behavior regulation, and better become equipped to respond to adversity in the future.¹⁰ Research shows that consistent, quality care can help reduce achievement gaps, increase school readiness, and lead to higher earnings and graduation rates when those children become adults.¹¹

Affordable child care is essential for Minnesota's economy

Great Start Scholarships are a step to strengthen family economic security and build a more prosperous economy for us all. Affordable, reliable child care means that working parents are less likely to experience disruptions and absences in the workplace. When parents are better able to participate in the workforce, the families' economic situation is better, and our economy benefits from greater labor force participation.¹²

Some factors limiting Minnesota's ability to grow include that we already have a high percentage of potential workers in the workforce, and an aging population. Minnesota is currently facing a workforce shortage in which there are more job openings than people searching for jobs.¹³ Businesses identify the lack of affordable child care as a problem as well. In a survey by the Minnesota Chamber of Commerce, 62 percent of respondents ranked affordable child care as a barrier to finding employees.¹⁴

Making sure families can access affordable care means more parents can participate in the workforce, and employers can find and keep the workers they need to keep our economy strong.

Shortage of child care providers means more challenges for families

Great Start Scholarships seek to provide a more reliable funding source for child care providers - businesses that operate with a challenging business model.

A statewide shortage of child care providers is another obstacle to families finding affordable care that meets their needs. First Children's Finance estimates that there is a shortage of about 43,800 child care slots to serve young children in Greater Minnesota and a shortage of 54,400 slots in the metro area.¹⁵ By providing payments directly to child care providers prospectively, Great Start Scholarships can ensure the resources are there to provide care.

Policymakers should pass Great Start Scholarships to build toward a state where all families can afford child care

Child care should be available to all Minnesota families so that families, children, and our state can thrive. It's time to pass Great Start Scholarships to bring down the monthly costs of child care, and work towards a future where all families have the care they need at a price they can afford.

By Jessie Luévano

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- ¹ Great Start for All Minnesota Children Task Force, [Great Start for All Minnesota Children Task Force Final Report](#), February 2023.
- ² [Senate File 3790](#) (Lead author Senator Grant Hauschild) / [House File 3681](#) (Lead author Carlie Kotyza-Witthuhn).
- ³ U.S. Department of Health and Human Services, [Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund \(CCDF\)](#), March 2024.
- ⁴ Economic Policy Institute, [Child care costs in the United States: Minnesota](#), October 2020.
- ⁵ Minnesota Department of Human Services, [Final Report for the 2021 Child Care Market Price Analysis](#), November 2021.
- ⁶ University of Minnesota, [Cost of Attendance](#), 2023.
- ⁷ Economic Policy Institute.
- ⁸ Center on Budget and Policy Priorities and CLASP, [Child Care and Housing: Big Expenses With Too Little Help Available](#), April 2019.
- ⁹ Harvard University Center on the Developing Child, [Brain Architecture](#), Accessed March 2024.
- ¹⁰ Harvard University Center on the Developing Child, [Resilience](#), Accessed March 2024.
- ¹¹ The Brookings Institution, [High-quality early child care and education: The gift that lasts a lifetime](#), November 2021.
- ¹² Center on Budget and Policy Priorities and CLASP.
- ¹³ Minnesota Management and Budget, [February 2024 Budget and Economic Forecast](#), February 2024.
- ¹⁴ Minnesota Chamber of Commerce, [Minnesota: 2030 A Framework for Economic Growth](#), Accessed March 2024.
- ¹⁵ First Children's Finance, [Child Care Needs Summary](#), 2023.