

Everyone's business: The child care crisis in South Dakota

While the pandemic revealed the economy's reliance on childcare workers, it also underscored the industry's inability to compete for workers without raising the cost of childcare. In South Dakota, parents and providers alone cannot absorb those increases.

What can families afford?

\$59,896

median household income
in South Dakota
2020 CENSUS BUREAU



Affordable childcare
threshold = 7% of a
family's income
\$4,192/year/child

US DEPT OF HEALTH & HUMAN SERVICES CC
AND DEVELOPMENT
FUND PROGRAM

For **single income households**
the median income in South
Dakota is **\$39,000** which
means **the gap is even larger.**

2020 BUREAU OF LABOR STATISTICS



For South Dakota Households, **the gap** between **affordable childcare (\$4,192/year)** and the **cost of childcare (\$10k/year/child)** already exists.

73,000 children under the age
of 6 in South Dakota

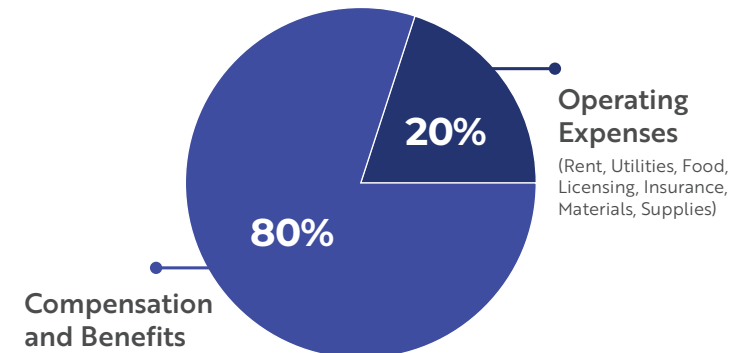


74% have all parents in the workforce
(compared to the national average of 66%)

= 54,020
children in South Dakota
rely on childcare

What's the cost breakdown?

According to 2020 data, families **pay \$3.27/hour/child** or more for care in a licensed center.



What's special about regulated childcare?



The Department of Social Services promotes safe, healthy and caring environments for children by setting safety standards for regulated providers. South Dakota has **800 licensed providers** regulated by DSS.

With annual tuition at \$10K and revenue of **\$3.27/hour/child** the business of childcare is a delicate balance.

Ages 0-2: Child to Teacher Ratio Requirement is 5:1



Ages 3-5: Child to Teacher Ratio Requirement is 10:1



Competition for Workers

For licensed childcare providers **to compete with fast food** starting pay, today's average rate must **increase from \$10.39 to \$18 per hour**.

The gap between tuition costs and affordable childcare in South Dakota would increase. The current tuition is:

\$10,000
per child

\$11,667/year/child

The tuition would increase to

\$15,859
per child

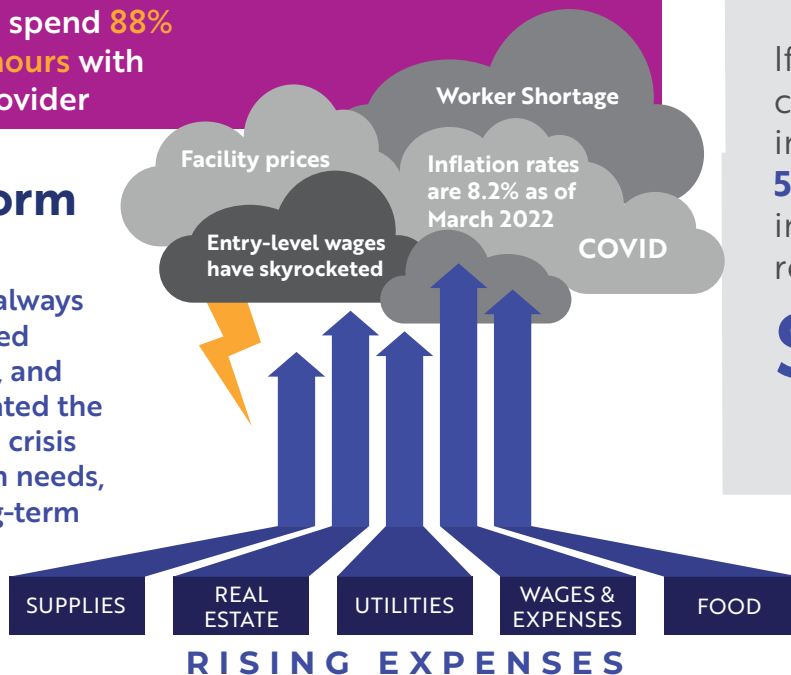
THE GAP IN AFFORDABILITY

\$5,808/year/child

Children ages 0-5 spend **88%** of their daytime hours with their childcare provider

The Perfect Storm is upon Us

The childcare crisis was always looming. COVID, increased competition for workers, and economic pressures created the perfect storm. While the crisis highlights the short-term needs, the system requires long-term systemic solutions.



If childcare wages were competitive, the gap in affordability for the **54,020 children** in South Dakota who rely on care would be

\$636M per year

