Thank you to these organizations who made this work possible.
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SFCC Report
Call To Action
The connection between childcare, early education, and economic vitality is clear. Investment in childcare means more income for families—for quality food, education, and savings. It means more jobs and inclusive economic growth. It means better futures for children, and more productive working adults. In sum? Everyone wins.

Childcare is a part of the community infrastructure.
Providing affordable, accessible, and quality childcare is essential to the health of a thriving community and has an impact on the local economy similar to that of roads, bridges, and public transportation. Addressing the childcare availability deficit of today is just the beginning. We must also look to the future needs of a growing community in Sioux Falls and include childcare and early learning in the planning and development process in the same way we do with public schools.

Lack of policy support is slowing progress.
Greater public investment is needed to unlock the full economic potential of high quality early care and education. By neglecting the childcare market for decades, the burden of childcare has been primarily placed onto the shoulders of families who are already bearing the weight of child rearing, employment, and other responsibilities at home—despite research showing that the economy has much to gain from a functional and equitable childcare system.
Childcare is a growing workforce issue. Parents are unable to work if they can’t find loving, trusted care for their children. Businesses are not able to run at full speed if their workers don’t have reliable childcare. Communities can’t thrive when families leave because there are no childcare providers or preschools nearby. Further, if providers are unable to increase wages, benefits, and education opportunities for childcare workers, the industry continues to be at risk for failure.

Businesses are important to creating a care-focused culture. Employers are called to create work cultures that value caregiving at every step of the employee life cycle. To support parents and other caregivers, companies must provide adequate flexibility in work schedules, paid family leave, childcare benefits, and mental health and coaching support. Once organizations provide these benefits, managers are asked to provide the education and support that employees need to take full advantage of them.

Moving forward on this important issue will require community collaboration, so that Sioux Falls remains a place where grandparents want to retire, families want to raise their kids and all generations want to unite and thrive together.
The Sioux Falls Childcare Collaborative identified the need for a community-wide initiative focused on finding **solutions to help ease the current childcare crisis.** With the urging of Mayor Paul TenHaken, two coordinators were hired to lead a six-month-long initiative with financial support from the Greater Sioux Falls Chamber of Commerce, Sioux Falls Area Community Foundation, Sioux Empire United Way, Sioux Falls Development Foundation, and Forward Sioux Falls. The coordinators were charged with researching and recommending potential solutions, with consideration of supportive local and state policies, community-level business involvement, and funding opportunities to support and sustain childcare businesses and improve workforce development.

**The goals of the initiative:**

- Build local urgency and better understanding of the childcare industry among employers and policy makers.
- Research best practices and compile possible solutions to the ongoing childcare crisis for consideration by the SFCC business and government working group.
- Develop a strategy for tangible change in two sectors:
  - Policy recommendations for adoption by local and state government officials.
  - Workforce development blueprint that provides sustainable support for childcare industry workers, as well as employees with childcare needs from across the business community.
A Note on Terminology

Childcare workers should be seen and respected as the invaluable people that they are, and sometimes the term “workers” sounds too impersonal to adequately convey the emotional labor and bonding with children and families that is required of and provided by these professionals. For the purposes of this report, the terms “childcare worker,” “childcare provider,” “in-home care provider” or “early childhood educators” are used somewhat interchangeably. It is also important to note that when referencing childcare workers, this includes family childcare providers, as well as individuals working in preschools, childcare centers, and before/after school programs.

Methodology

The initiative coordinators and working group members met on a regular basis between October 2022 and April 2023. Coordinators actively engaged with business leaders, Early Childhood Education support organizations, community partnerships/organizations, state agency partners, childcare providers, and others connected to the childcare system. An extensive review of literature was completed to further understand the systemic challenges of the childcare industry and to identify multi-sector solutions that are being implemented in other communities.
Throughout the project, coordinators completed additional data collection via interviews, surveys, and focus groups. A focus group of in-home care providers was conducted to identify the biggest challenges they face in running a successful business and what kind of support they feel is needed for the business model to be sustainable. Provider interviews with center directors were completed to obtain updated information on the current challenges and reality of providing high-quality childcare.

Additionally, 52 childcare centers were surveyed via email and phone interviews, with a response rate of 54%, to identify the following:

- How many childcare centers are unable to enroll more children (i.e. running under licensed capacity) due to not being able to hire or retain staff?
- How many providers have increased rates in the past year or will be increasing rates in the near future?
- How often do leadership/administration/office staff have to fill in to meet ratio requirements?

Finally, informal rate surveys were completed — one for in-home care providers and another for childcare centers.

- The Helpline Center Child Care Helpline database was used to obtain rates for the in-home care providers, excluding any tuition rates that were posted prior to October 2022. A total of 45 out of 166 in-home care providers in Sioux Falls listed rates, which were then utilized to determine the overall average rate for in-home care providers.
- For childcare centers, rates were collected from the Helpline Center Child Care Helpline (if updated within the past 6 months), and via phone or email for those not listed. Rates were obtained from 31 out of 55 centers that offer full-time care options for children ages 0-6.
Current Statistics That Matter
Sioux Falls has 12,260 licensed slots and approximately 12,904 children with all available parents in the workforce.

64% of childcare centers are unable to enroll to their licensed capacity due to workforce challenges.

10,484 women in the workforce with a child under the age of 6, equal to 9.3% of workforce in Sioux Falls.

3.1% growth rate in Sioux Falls in 2022
6,284 new residents in Sioux Falls in 2022

Median Household Income of Sioux Falls is $66,761

Childcare Tuition is $11,385 per year

A family with one child would need to make $163,429 to "afford" childcare at the current tuition rates.

75% of childcare centers in Sioux Falls are trying to hire childcare workers.

The mean hourly wage for childcare workers in Sioux Falls in May 2022 was $12.34 per hour.

SFCC Report
Background
Access to childcare in America has long been a concern for working parents. There are many factors that contribute to this crisis, including high costs, limited availability, and low wages for childcare workers. Even before the COVID-19 pandemic, the United States was facing a childcare crisis, with many families struggling to afford quality care for their children. According to Child Care Aware of America [1], the cost of childcare in the U.S. is now higher than the cost of in-state college tuition in over half of states, which is true for childcare in Sioux Falls.

## Annual Cost in South Dakota

- **SDSU in state tuition + fees 2022-23** (30 credits/year) = $7,773
- **USD in state tuition + fees 2022-23** (30 credits/year) = $9,392
- **Average childcare tuition/year in Sioux Falls** = $7,785 in-home
- **Average childcare tuition/year in Sioux Falls** = $12,400 center-based

Based on average from local rate survey in Sioux Falls in Nov. 2022-Jan. 2023
Lack of Childcare Availability

The lack of affordable and accessible childcare options in Sioux Falls has become a significant concern for families and local organizations. A study by the Augustana Research Institute for the Sioux Falls Childcare Collaborative in August of 2021 showed that there is a significant shortage of childcare in Sioux Falls, primarily due to the challenge of hiring and retaining workforce in the industry [2]. At that time, the available licensed childcare capacity was 9,723, while there were an estimated 11,876 children in need of care [2]. The shortage has led to long waiting lists for childcare services and left many families struggling to find affordable, high-quality care for their children. This is not only true for children ages 0-5, but also for before and after school care opportunities and is still the case today per results from a recent survey of childcare centers in the Sioux Falls area. Eighteen out of 28 providers (64%) indicated that they are understaffed and therefore not able to enroll to their licensed capacity. Additionally, of those who did not answer the survey, 21/24 (88%) show open job positions listed online, indicating that they are potentially not staffed adequately to enroll at full licensed capacity [3].

75% of childcare centers in Sioux Falls are trying to hire childcare workers.

SFCC Report
Section 3

Lack of Childcare Availability

While the current Sioux Falls shortage is not a direct result of this, it is important to know whether a community has areas that may be considered childcare deserts or may become childcare deserts. This should be a factor in planning for healthy growth and development of Sioux Falls. According to the Center for American Progress, “A childcare desert is any census tract with more than 50 children under age 5 that contains either no childcare providers or so few options that there are more than three times as many children as licensed childcare slots [4].”

In analyzing recent data from the City of Sioux Falls Civic Analytics Division, it could be estimated that there may be six census tracts (12.8%) that can classify as childcare deserts and an additional 11 (23.4%) census tracts have the potential to be classified as deserts based on the estimated number of children living in the area. While these estimates are based on the licensed capacity for the childcare providers in the area, we also know that providers are currently not able to staff to their licensed capacity, further compounding the issue [5].
Childcare Workforce Shortage

Early childhood educators are vital to children's development, and their qualifications and expertise are critical for providing high-quality care and education. However, low wages, lack of benefits, and high turnover rates have created a shortage of qualified early childhood educators [6].

In a recent provider survey, most childcare centers (64%) in Sioux Falls appear to be enrolling below their licensed capacity due to workforce shortages. Additionally, many reported they prefer to enroll fewer children than they are licensed for, as it can be challenging to care for the allotted 12 children at a time. This is supported by data from the Augustana study, indicating that, on average, providers’ desired capacity was about 4% lower than their licensed capacity [2].

According to a report by the Minneapolis Federal Reserve Bank, the national average annual turnover rate for early childhood educators is 30%, which is considerably higher than any other occupation in the United States [7]. What is even more alarming is that the rates in South Dakota are much higher. According to a recent study published by the Department of Social Services, the turnover rate for direct care staff in South Dakota was 88% in 2021 [8].

According to a recent study published by the Department of Social Services, the turnover rate for direct care staff in South Dakota was 88% in 2021 [8].
Childcare Workforce Shortage

One factor contributing to the high turnover rate among childcare workers is low wages. Childcare workers are in the bottom 2% of pay across all occupations nationally [6]. The mean hourly wage for childcare workers in Sioux Falls as of May 2022 was $12.34 (approximately $25,670 annually), which is lower than every single listed occupation for Sioux Falls other than “dishwashers” and “ushers, lobby attendants, and ticket takers,” who had mean hourly wages of $12.28 and $12.32, respectively. For further comparison, fast food workers made $13.18 per hour and housekeeping cleaners made $13.76 per hour on average [9]. This low wage makes a nearly impossible landscape for childcare providers to attract and retain qualified workers, which also impacts the quality of care and education that children receive.

Even further, there is a significant wage gap between early childhood educators and K-12 teachers. On average, early childhood educators earn just 47% of what elementary and middle school teachers earn, despite many having similar levels of education and experience [10]. This wage gap not only makes it difficult to attract and retain qualified early childhood educators, but also contributes to the perception that early childhood education and care is less important than K-12 education. However, we know this is not true as 90% of a child’s brain develops before the age of 5 [11].

On top of poor wages, childcare workers also generally have fewer benefits when compared to other industries. Less than half (47%) of the childcare workforce receives employer-sponsored health insurance, which is much lower than most other industries [6, 12]. We also know that approximately 16% of the childcare workforce is uninsured, and more than 50% qualify for some type of state public assistance program [13, 14].
Childcare Workforce Shortage

The high turnover rate in the early childhood education sector makes it difficult for children to build trusting relationships with their caregivers and undermines the quality of care and learning they receive. **It’s well known that early care and education are interconnected. Decades of research have shown that early brain development is directly influenced by children's everyday interactions with their caregivers.** As children have their needs met through nurturing, caring relationships with caregivers, they establish a sense of safety and security, which then allows them to explore their environments and build the crucial structures and pathways for future social, emotional, language, and intellectual functioning [14, 15, 16].

However, if caregivers are changing frequently, this diminishes the child’s ability to form secure attachments and therefore can significantly hinder their ability to learn necessary self-regulation and coping skills, which can lead to increased behavioral challenges in the classroom. Children in Sioux Falls are spending an average of 33.6 hours per week with caregivers other than their parents, supporting the importance of consistency in caregivers [2].
Childcare Workforce Shortage

These combined facts significantly impact the availability and cost of childcare in Sioux Falls. When childcare centers do not have the staff needed to enroll at their full capacity, it equates to a greater burden of tuition coming from a smaller number of parents. Providers must cover the operating costs of the facility, resulting in increased tuition costs for families and flat profit lines for provider businesses. This losing equation is fundamental to the childcare crisis for families, businesses, and the community.

**Childcare vs. Community Jobs Hourly Wages**

- Childcare Workers $12.34
- Fast Food Workers $13.18
- Maids & Housekeeping Cleaners $13.76
- Animal Caretakers $14.96

Issues in Affordability

The issue of affordability is a significant factor contributing to the childcare crisis in Sioux Falls. According to the report by Augustana Research Institute, the average cost of childcare in Sioux Falls in 2021 was $184 per week — nearly $10,000 per year [2]. Based on recent data collection, the average cost now may be closer to $239 per week for center-based care (78% of available slots) and $150 per week for in-home childcare (22% of available slots) [17].

This high cost is a significant financial burden for many families, particularly those with lower incomes. To qualify for federal childcare assistance available through the South Dakota Department of Social Services, the family income must be at or below 209% of the Federal Poverty Level (FPL) [18]. This is equal to an annual income of approximately $62,700 per year for a family of four. For comparison, the estimated median household income for Minnehaha County is $66,761 [5].
This means a family of four bringing in the median household income would not qualify for any childcare assistance. Yet, if they had two children under the age of 5, the tuition for childcare could cost them approximately $22,770 per year, approximately 34% of their annual income. If the family of four had only one child needing childcare, it would still cost them approximately $11,385 per year (17% of their annual income).

**PERCENT OF INCOME FOR A FAMILY OF 4 WITH 2 CHILDREN IN CHILDCARE**

- Household income $62,720: 36%
- Household income $66,761 (Median for Sioux Falls): 34%
- Household income $90,000: 25%
- Household income $100,000: 21%

**Annual Childcare Cost for 2 children = $22,770**
Issues in Affordability

According to the U.S. Department of Health and Human Services, childcare tuition should cost no more than 7% of the household income to be considered affordable for families [19]. Approximately 63% of families in Sioux Falls with children under the age of 6 do not qualify for state childcare assistance. Of the families who do not qualify for assistance, childcare tuition is unaffordable for approximately 87.3%, assuming they have only one child [20].

Childcare has always been expensive for families, but as the childcare crisis continues and tuition continues to rise, parents are struggling more than ever to keep up. In a nationwide survey, the Bipartisan Policy Center found that 45% of parents have had to tap into an emergency savings fund to afford childcare, and 42% of parents said they have accrued credit card debt to afford childcare [21].
Unsustainable Business Model

The free enterprise system is widely recognized as a powerful engine for economic growth, as competition fosters market efficiency and affordability for consumers. However, the childcare industry has been burdened by a multitude of challenges, including regulatory requirements at the federal, state, and local levels. These regulations mandate criteria such as student-to-staff ratios, minimum qualifications for teachers, and health and safety requirements. Additionally, zoning and building processes must be carefully navigated during the development or expansion of a childcare program, all of which contribute to higher-than-normal costs [22].

Providers have long attempted to compensate for the operating deficit by keeping employee wages low, offering minimal benefits, and relying on profits generated from caring for less costly children, such as those in pre-K or preschool programs. However, despite the high tuition for families and the low wages for childcare workers, many childcare providers still struggle to break even, with personnel expenses accounting for 70-80% of the operating costs for childcare businesses [23].

According to Augustana’s study, 64% of childcare providers in Sioux Falls had an annual deficit [2]. Furthermore, in the narrow cost analysis completed by DSS, only one out of four family childcare providers generated a profit [8]. The cost of providing care has long been higher than what parents can actually afford to pay, and unfortunately, the costs for providers have continued to rise. In a recent survey, 93% of providers reported that they have raised their tuition rates in the past year or plan to raise them in the next few months [3].
In the graph above, the column on the left reflects what the cost of care should be in order to be considered affordable based on the median household income for a family in Minnehaha County. The column in the middle represents the current average cost of care per child in a center-based care facility. And the column on the right represents the estimated cost that tuition would need to be per child for childcare providers to be able to pay all of their teachers $18 per hour.
Impact on Families and Business

The lack of affordable and accessible childcare options in Sioux Falls has significant implications for families and the community as a whole. Approximately 80.2% of children under the age of 6 in Minnehaha County have all available parents in the labor force, which is higher than any state in the U.S. and shows the significant need for reliable, affordable childcare for our local economy to continue to thrive [24].

Parents who cannot afford or gain access to quality childcare are forced to choose between work and caring for their children, which often leads to a reduction in work hours or leaving the workforce altogether. The lack of affordable and accessible childcare options also has broader implications for the community, such as decreased economic growth and productivity, as well as increased social and economic inequality.

The childcare crisis continues to negatively impact businesses. Employers are struggling to retain employees who are unable to find affordable and reliable childcare options. According to a report by Ready Nation, the infant-toddler childcare crisis now costs the U.S. $122 billion in lost earnings, productivity, and revenue every year, which has more than doubled since their last study in 2018 [25]. Their research found that, on average, for every year a child under the age of 3 has insufficient childcare, businesses will lose an average of $1,640 per working parent in reduced revenue and extra hiring costs [25]. Equally important, the study found that of the working parents surveyed, 64% had been late for work or left work early, 58% missed a full day of work, and 53% were distracted at work due to childcare problems, leading to decreased engagement and productivity at work [25].
As a result of childcare problems parents report...

**Lower Effort and Productivity At Work**

- Been late for work: 64%
- Left work early: 65%
- Missed a full day of work: 58%
- Been distracted at work: 53%
- Missed part of the work shift: 44%

**Work Disruptions**

- Been reprimanded by supervisor: 30%
- Quit a job: 26%
- Let go or fired: 23%
- Been demoted to a less desirable position: 17%

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**Ready Nation**

$122 Billion: The Growing, Annual Cost of the Infant - Toddler Child Care Crisis

SFCC Report
Our Community, Today and Tomorrow

The connection between childcare, early education, and health equity is clear. For families, access to childcare has always been a fundamental economic driver: it promotes employment stability, financial security, and opportunity for economic mobility. In turn, financial security promotes the other protective pillars that uphold and uplift health and well-being: housing, nutrition, social connectivity, access to physical and mental health services, and more. To date, however, we as a society have failed to appreciate access to childcare in relationship to these more well-known indicators of social, familial, financial, physical, and mental well-being—a miscalculation that, in the wake of the pandemic, will have long-lasting and multigenerational consequences.

Overall, taxpayers contribute relatively little to infant and toddler care in the United States; however, existing research suggests that they end up paying heavily over time in the form of increased public assistance, remedial education, crime, unemployment, and poor health outcomes [26].

But investments in early childhood development through high-quality childcare can yield an ROI of $8-$16 for every $1 spent [26, 27, 28].
Our Community, Today and Tomorrow

To help our nation and communities create a society in which all people can achieve their full potential for health and well-being across the lifespan, the federal Office of Health and Human Services created a “Healthy People” initiative to support individuals, organizations, and communities. The framework to achieving that vision is led through the five social determinants of health, which includes a strong focus on childcare and early learning.

Some of the Leading Health Indicators among hundreds of objectives within Healthy People 2030 are directly associated with childcare and early learning include:

- Increasing the proportion of young children who participate in high-quality early childhood education programs.
- Increasing the proportion of children who are developmentally on track and ready for school.
- Increasing the proportion of children living with at least one parent who works full time.
- Increasing the proportion of trauma-informed early childcare settings and elementary and secondary schools.

[https://health.gov/healthypeople](https://health.gov/healthypeople)
Over the past few years, there have been efforts to improve the affordability of childcare. South Dakota is one of 13 states that chooses to set its subsidy base reimbursement rates at the recommended 75th percentile, whereas other states set their reimbursement rates lower. The state expanded the eligibility guidelines for childcare assistance in 2019 [29], allowing for more families to qualify for subsidies. South Dakota ranks 16th in the U.S. for highest eligibility guidelines. However, the state continues to use outdated market rate surveys to set its reimbursement rates, which often results in estimates that are lower than the true market rate today.

South Dakota is one of only six states that do not put state funding toward early childhood programming (along with ND, MT, WY, ID, and NH) [30]. The only state funds that are allocated toward childcare from the state budget are the required matching funds to receive the federal Child Care and Development Fund (CCDF) grant funding.
Although South Dakota does not put additional state funding into childcare, the Department of Social Services made an effort to engage parents and providers through a series of listening sessions in 2022 to decide how the American Rescue Plan Act (ARPA) Child Care Stabilization Grant funding should be used. Based on this input, they allocated funding to areas including: supporting the recruitment and retention of the childcare workforce, providing expansion and start-up grants, streamlining and reducing regulations for licensing, and implementing the federally required quality rating framework.

The lack of affordable and accessible childcare options in Sioux Falls has become a significant concern for families and local organizations. Although this community issue is systemic, Sioux Falls cannot wait for solutions to be offered at the state or national level.

This report provides an overview of researched solutions that have been compiled through the work of the Sioux Falls Childcare Collaborative. The provided solutions can be enacted at a local level to provide large-scale impact for Sioux Falls. They are presented for action at three interrelated levels: community, state, and business with the highest impact solutions designated by a blue star while solutions identified as "ACT NOW" are both high impact and easy to implement. The solutions have been designed for incremental implementation, either individually, collectively, or through phases in order to build an infrastructure that effectively and sustainably solves the complex issue of childcare and early learning in Sioux Falls.
Recommendations
Section 4

Recommendations

- Community Level
- State Level
- Business Level
Create an Office of Child and Youth Development

To effectively solve this important community issue will require high levels of collaboration from multiple stakeholders from a variety of sectors. Collaboration will ensure we have a coherent approach to enacting the recommendations made, which involves private-public partnerships led by one overarching entity. **An Office of Child and Youth Development could be the unifying force that oversees the continued work of mobilizing the leading organizations in our community in order to tackle this crisis in a meaningful way.** An Office of Child and Youth Development would include a paid coordinator position to provide leadership in implementing the vision and mission of the Office. This position would plan, organize, and develop strategic methods to meet the childcare needs of the community.

The coordinator would lead stakeholders and organize resources in an integrated effort to enhance the childcare and early learning landscape in the community, including prioritizing childcare as infrastructure in community planning and development. **The coordinator would be in charge of convening an advisory council and stakeholder committees to help guide effective execution of the work.** The advisory council should include representation from the United Way, Community Foundation, Mayor’s Office, Forward Sioux Falls, the Sioux Falls Childcare Collaborative, and other important community organizations and stakeholders.

**Examples of Cities that have created similar offices:**
- San Diego Office of Child and Youth Success [31]
- New Orleans Office of Youth and Families [32]
- Boise Child Care Task Force [33]
- Seattle Department of Education and Early Learning [34]
The Office of Child and Youth Development’s scope of work would include a set of community-wide change initiatives that also offer best practices to secure long-term community impact, as outlined below.

Earn Early Learning Community (ELC) Accreditation

An Early Learning Community (ELC) is an accreditation that a community receives for recognizing the importance of ensuring that young children and their families thrive and working to establish places and policies that promote early learning and child development. There are four building blocks that make up an ELC.

The National League of Cities has developed an ELC Action Guide that highlights the four building blocks of an ELC and action steps within each area, which can serve as a guide for rating community progress. This process of becoming an ELC fits well into the mission of the Office of Child and Youth Development and would be overseen and guided by the coordinator and advisory council.
Earn Early Learning Community (ELC) Accreditation

By creating a community that considers children first in all major decisions, we can improve the access to and quality of early learning environments, therefore decreasing behavioral problems in schools and involvement in the criminal justice system and improving the trajectory of the children who are our future community members and leaders. According to the U.S. Chamber of Commerce Foundation [36], research studies have shown that investments in early childhood education have a direct impact on higher wages later in life, increased tax revenue for communities, more effective public schools, improved public and personal health outcomes, decreased crime, and more educated, skilled workers. Financial investments in early childhood education can result in returns between $8 to $16 per $1 spent [26, 27].
The Best Place for Working Parents® is a competitive designation that recognizes innovation across the top 10 research-backed family-friendly workplace policies. Partner regions receive access to the online self-assessment and scoring for businesses, which allows them to compare their policies to those of businesses of similar size and see if they qualify for the designation, along with a customized logo and webpage, and ongoing support. Support on a community level will provide the opportunity for Sioux Falls employers to be recognized for their investments in childcare and will help to attract working parents to the area. Ideally, recognition as a BP4WP company would be tied to being eligible for Business Incentive grants if they are contributing toward childcare for their employees.
Allocate Revenue Generated from Video Lottery Fee - Ordinance 111.030 to Office of Early Learning and Care

City ordinance 111.030 imposes an additional annual fee of $50 for each video lottery machine for one license per location. Up to 10 machines are allowed for one license and there are approximately 171 separate locations. This generates around $85,500 that is placed in the general fund. This should be allocated to fund the Office of Child and Youth Development as a start to a city-wide investment in caring for the children and families in our community.

Stakeholders with a Central Role

"Policymakers and government officials have a unique opportunity to build out the supply side of the childcare ecosystem by providing public funding, developing supportive policies, and coordinating across agencies."

SFCC Report

Boston Consulting Group
Create a Local Education and Advocacy Campaign

An education and advocacy campaign would provide great benefit to the community to better understand the complex and long-ranging impact of early childhood care and education. With an increase in knowledge and understanding of the issue as well as the importance of this field of work, the community at large and key stakeholders can come together to take educated action to better support working parents and create greater support for the industry as a whole from our community.
Develop a Community Childcare Information Hub and Data Analytics

The Office of Child and Youth Development should lead a coordinated effort to improve our ability to understand the state of childcare in our community through data-informed decision making. One important element would be a bi-annual survey of caregivers, employers, and childcare providers utilizing resources and data from the City of Sioux Falls Civic Analytics Division, Augustana Research Institute, and the Helpline Center. As part of this effort, also create a “one-stop shop” for childcare resources to increase access and ease of resource utilization.

Research conducted by the Augustana Research Institute has provided Sioux Falls with valuable information on the current status of childcare and serves as a solid starting point; however, there is still not an understanding of our community’s needs in several areas. For example, we aren’t able to identify an accurate number of openings available currently based on childcare provider staffing and therefore are not able to determine how many children there are per childcare opening. Additionally, many childcare centers are licensed for more openings than they ever anticipate using for enrollment as licensing capacity is based on building space available, not just classroom space. We also want to assess the average tuition rates for childcare, wages for childcare teachers, the percent of parent income spent on childcare, as well as identifying how many parents are staying out of the workforce due to difficulties with childcare on a regular basis.
Increase Career Pathways to the Profession

Each of the following ideas would help to create a workforce pipeline for the childcare industry. Over the years there has been a decline in the number of individuals going into the field of childcare due to low wages and the difficulty of the job [38].

1. Create a High School Dual Credit Program for early learning and care.
   
   *In process at State level*

   - Allocate funding for high school CTE programs to add courses that would focus on child development and be consistent with the coursework for obtaining a Child Development Associate credential. This could encourage young students to go into childcare and set them up with the necessary training so that when they graduate, they can take the CDA test and go straight into the workforce.

2. Develop apprenticeships and on-the-job training for credit programs at local higher education institutions.

- These programs would allow individuals already working in the childcare field to obtain training while being paid, which could then translate to college credits with a local institution and could be paired with increased compensation for completion of the program.

- See the following programs for more information:
  - California Early Care and Education Pathways to Success [40]
  - Colorado Red Rocks Community College Child Care Innovations Apprenticeship Program [41]
  - Pennsylvania Early Childhood Education Apprenticeship [42]
Increase Career Pathways to the Profession

3. Expand scholarships for individuals entering the profession.

TEACH Grant (Sioux Falls Area Community Foundation)

The TEACH Grant is currently awarded to students pursuing a degree in education who maintain a 3.25 grade point average or higher and sign an agreement to teach in a low-income school for a minimum of four years. This grant could be expanded to include individuals pursuing a degree in Early Childhood Education at a two-year or four-year institution, with the requirement that they sign an agreement to work in a childcare facility for two to four years.

Build Dakota Scholarship

The Build Dakota Scholarship currently is a full-ride scholarship that is awarded to students in a high-need industry program at a South Dakota technical college. It requires that post-graduation students work full-time in the field of study for at least three years in South Dakota. This should be expanded to include Early Childhood Education as it is a high-need industry.
Increase Career Pathways to the Profession

Expansion of these grant opportunities could significantly decrease the cost barrier to obtaining an education in early childhood, while also incentivizing individuals to work and stay in the childcare industry in South Dakota after graduation.

Individuals who have an education in early childhood are more equipped to handle the challenges of working with young children, which in turn will decrease the rates of burnout and turnover in early childhood teaching positions.
Create a Childcare Provider Fund

A Childcare Provider Fund would award grants to providers upon submission of application to be used for hiring/retention or CEU training and staffing costs.

- **Hiring/Retention:** Although hiring and retention are hot topics for businesses in all industries right now, childcare providers really are the workforce behind our workforce. Childcare is essential community infrastructure that is needed so that parents can continue to work. Providing grants that childcare providers could use for sign-on and retention bonuses or advertising and marketing would improve their ability to recruit and retain the skilled workforce that they need to provide additional childcare openings.

- **CEU Training and Staffing Costs:** Childcare providers have annual continuing education training requirements in order to provide safe, developmentally appropriate care. However, childcare providers are limited in the opportunities they have for providing this continuing education as they have to find and pay someone to cover for the teacher in order to stay in-ratio for licensing and safety regulations. If they cannot find someone to cover, they are often paying teachers overtime for their training, which cuts further into the bottom line of the business.
Create and Implement a Shared Service Alliance

Shared Service Alliances bring smaller businesses together to create a centralized infrastructure for operations and business support, accounting, maintenance, and other functions. Funding to create and implement an Early Childhood Education Shared Service Alliance would enable programs to use resources more efficiently and boost quality of services provided.

As we look to others for guidance on best practices, there are at least 33 states that have incorporated a shared services childcare initiative [43]. A key part of these alliances is ensuring that all participating childcare businesses implement and effectively utilize an electronic Child Care Management System (CCMS) that helps to manage day-to-day operations (payroll, attendance, billing, and fee collection) and monitors key business metrics [44]. A Shared Service Alliance not only can assist with cutting costs for providers, but it can also reduce burnout, especially for in-home care providers who may be lacking business acumen or support from others in running a successful business [45].

For more information on how to start a shared service alliance, visit Opportunities Exchange Shared Service Alliance Implementation Guide [46].
Create a Partnership/Program With Startup Sioux Falls

A partnership would connect individuals wanting to start a childcare business with the local startup ecosystem where they would be provided support and education on becoming a successful founder and CEO. This would help to advocate for the profession of early childhood education and incentivize individuals to start their own businesses, which would in turn create additional quality childcare openings for our community.

The program could place emphasis on individuals who would provide 24-hour or back-up care specifically, as this is a large area of need in Sioux Falls. Individuals would be stepped through a childcare-specific curricula and awarded grant money upon acceptance into and completion of the program. The provider would be required to stay open for three to five years; otherwise, required to pay back the grant money awarded. The design and content of this curricula could also serve as a foundation for further opportunities to increase pathways for professional development and business advising.
Create an Upstart Fund

This fund would be designated for training and translation support for immigrant/refugee/multilingual communities to start in-home childcare.

We have a large population of families that cannot find culturally relevant care, which locks one parent out of the workforce to provide childcare. This fund could assist in the translation of regulatory information and licensing paperwork to increase in-home childcare opportunities for these populations. If we can support underrepresented communities in establishing childcare and early learning options, we can better serve the needs of our families and businesses.

Create “Keep the Doors Open” Grants for Providers

This grant opportunity would help childcare providers who have demonstrated that they are facing unforeseen circumstances or are at risk of closing within the next 6-9 months due to financial hardship. Sioux Falls has childcare providers who are not sure if they will be able to stay open in the near future mainly due to challenges with finding and retaining staff. One-time funding could provide the stability to keep their doors open while they establish a longer-term plan for sustainability. This funding could be tied to requirements that the provider work with a business coach and receive ongoing mentorship and guidance to ensure that they are working to achieve long-term sustainability.
Expand Excellence in Education Initiative Grants (Community Foundation) to include Early Childhood Educators

The Sioux Falls Area Community Foundation currently awards grants to local teachers who have innovative ideas for classroom projects. There are limited grant opportunities for teachers in the childcare industry, and these teachers often spend their personal money on teaching materials and supplies. Expanding the eligibility of this grant to include teachers who work in any early childhood education setting (i.e., non-profit, for-profit, in-home) would help to acknowledge the work that these early childhood educators do day in and day out to shape the brains of our future community leaders. A seemingly small grant to implement a new program in their classrooms may have a truly meaningful impact on the morale of a workforce that is often undervalued and underappreciated.
Create a Community Family Scholarship Fund

A Community Family Scholarship Fund would provide a subsidy for families that earn between 209%-350% of the Federal Poverty Level. This fund would utilize a sliding fee scale to determine family eligibility and co-payment rates to provide partial assistance to families who struggle to afford childcare. A fund of $2.5M could potentially provide substantial support to up to 500 families who have children in full-time childcare.

Many families in Sioux Falls struggle to afford childcare, which can ultimately impact their ability to remain in the workforce. Approximately 37% of children under the age of 6 are in families that are at or below 209% of the Federal Poverty Level, and therefore qualify for state childcare assistance. Of the families with children ages 0-5 that do not qualify for state childcare assistance, 79.3% are not able to afford childcare based on the recommended 7% affordability recommended by the U.S. Department of Health and Human Services [20]. There are many families that have decided to have one parent stay home to care for the children because childcare would cost more than what they can make working full-time. This local childcare assistance program would provide financial support to working parents who are having a hard time affording childcare, which will allow them to stay in the workforce or rejoin the workforce.

Similar community-based childcare assistance programs are offered in both Madison, Wisconsin, and Fayetteville, Arkansas.

City of Madison, Wisconsin Childcare Tuition Assistance [47]
Fayetteville, Arkansas Childcare Assistance Program [48]
Section 4: Community Level

Create a Childcare Business Incentive Grant

A Childcare Business Incentive Grant would match funds of businesses that invest in childcare through creating additional childcare openings via investing in or building childcare facilities, or providing childcare stipends/subsidies to their employees. Businesses can further invest in their employees and their communities in order to help make South Dakota a better place to live. This business incentive may be the exact nudge that business leaders need to see the severity of this issue and take the step to begin investing.

North Dakota has created a Working Parent Child Care Relief pilot program to match contributions that employers make towards their employees’ childcare. This program specifically focuses on families with children under 36 months, which is when the cost of childcare is highest. Employers are required to invest at least $300 per child per month as a childcare benefit, and the state will match $300 per month for qualifying employees. Employees can qualify if they have a household income of up to 100% of the state median income (equal to about $8,924/month for a family of 4).

If Sioux Falls implemented a similar pilot program but only required employers to contribute $200 per child per month, an estimated $1.2M annual investment would provide for 500 children and families. For these 500 employees, the annual cost of childcare would decrease by approximately 39% for center-based care and 62% for in-home childcare.
Iowa Gov. Kim Reynolds has created a **Child Care Business Incentive Grant** that awards matching funds to businesses in support of projects that would increase licensed childcare slots, add openings that meet new time/day requirements of employees, or fill currently licensed openings that benefit employees.

[50] Iowa Childcare Assistance Business Incentive Grants

Two County Council members in Montgomery, Maryland, have proposed a **Local Business Child Care Grant Program** that would incentivize small businesses to contribute toward their employees’ childcare costs by matching up to 50% of contributions.

[51] Montgomery, Maryland Business Child Care Grant Program Proposal
Create a Childcare Workforce Recruitment Fund

This fund would cover or subsidize the cost of childcare for individuals who agree to work at a childcare facility for a period of 2 years. Many childcare centers currently offer reduced tuition or free childcare for their employees as a way to recruit staff, which is a significant cost to providers. A fund to pay for the cost of care for these children would help providers to keep costs lower for families and/or to increase their wages for all employees.

For example, one provider shared that they were giving approximately $150,000 worth of free childcare to their employees per year. This is almost equal to the amount it would cost for them to give all of their staff a $3 per hour raise. Another provider shared that if they received a grant to cover the cost of the discounted childcare that they are already providing to their employees, they could raise the wages for all employees by $4.84 per hour or they could increase wages by $2.84 per hour and cut the cost of tuition by $20 per week per child for all of the children enrolled in their program.
350% of the FPL for a family of 4 is equal to a family income of $105,000 per year or $8,750/month.

With two children under the age of 5, the cost of childcare for this family would be approximately $24,800 for center-based childcare or $15,570 for in-home childcare.

This is equal to 23.6% or 14.8% of their annual income, respectively.

A Tri-Share Program shares the cost of childcare equally between the locally funded program, the employer, and the employee/parent. Employees could be eligible if they have an income above 209% of the Federal Poverty Level (FPL), making them ineligible for state childcare assistance, and below 350% of the FPL.

This innovative approach has been implemented in the state of Michigan [52]. The goal of this program is to increase access to high-quality, affordable childcare to working parents by sharing the financial burden. By providing childcare assistance as a benefit to employees, this program also seeks to increase the labor market for employers.
Create a Community-Funded Tri-Share Program

Although this has been implemented on a state-level in Michigan, with multiple financial donors this could be implemented at a local level here in Sioux Falls. For example, to implement a one-year pilot of this program for 150 children, approximately $570,000 would be needed for the community share of this three-part split. To provide this opportunity to 500 children, the cost would be approximately $1,903,000. Providing this type of scholarship program for 500 children would make childcare more affordable and accessible for an additional 6% of the families with children who fall in the affordability gap in Sioux Falls.
Provide Helpline Center Efficiency Funding

Additional funding to the Helpline Center would improve their capability to gather and disseminate ongoing information regarding childcare openings.

Other than knowing the licensed capacity for providers, we have no idea how many openings we actually have available in Sioux Falls at any given time as this is significantly impacted by childcare workforce challenges. If all of the childcare providers in town were able to provide care for all of the spots that they are licensed for, we should have enough openings for all of the children needing care.

However, many childcare facilities have had to close rooms or accept fewer children than their licensed capacity because they do not have the staff to care for them. Although this changes on a daily basis, we do not have a way to easily and accurately track how many childcare openings there are in Sioux Falls.
Ideally, the Helpline would have an easy way for providers to quickly share their vacancies on a daily basis in order to accurately inform other referral sources and parents looking for childcare. Currently, the Helpline Center has a Child Care Helpline that syncs with the Department of Social Services provider database, where parents and community members can look up childcare providers in their region.

This system is only accessible via the website and is not a part of the Helpline App. Providers are encouraged to update their own provider profiles on the statewide software; however, the provider user rate is low as the system is cumbersome and not easily accessible, especially for childcare providers who are busy managing their childcare businesses.
One idea is to create a web app that providers can easily access on their phone to click and update their real-time information. For example, if a provider knows that they have a new staff member who will be done with training next week, which will allow them to open up five infant spots, they could go into the app and select “infant” as an age category, type “5” for the number of openings, and select a start date on their calendar. Ideally, this information would then sync up with the state database so that anyone accessing the Child Care Helpline could have accurate information.

Another idea would be to have a texting system that would send out texts to providers several times a week asking them to reply with the number of openings for infants, toddlers, preschoolers, etc. The Helpline team could then transfer this information manually into the statewide database.

Allegheny County, Pennsylvania, has developed a childcare information management platform that includes a search platform that tracks attendance data through text messaging enabled through artificial intelligence and offers a provider portal. The platform includes options for early learning, before- and after-school care, and summer camps, and serves as a great example of a user-friendly web-based platform that community members can search for childcare vacancies.

Allegheny Childcare Platform [53]
Develop Long-term Investments for Childcare Financing and Real Estate

Financing programs for childcare providers can certainly help address the childcare crisis by providing much-needed financial support to enable the expansion of high-quality childcare facilities and services. Some potential financing programs that could meet the needs of Sioux Falls include:

**Impact Investing**

Refers to investments made with the intention of generating positive social or environmental impact, alongside a financial return. Funding can be made to support new or expanding childcare facilities. Impact investors can fund programs that provide training and support for childcare providers, which can improve the quality of care and help address staffing shortages.

Finally, impact investing can help address the broader societal issues that contribute to the childcare crisis, such as systemic inequalities that disproportionately impact low-income families and families of color. By investing in initiatives that address these underlying issues, impact investors can help create a more equitable society where all families have access to high-quality childcare.
Low-interest Loans

Offering low-interest loans to childcare providers can help them access the capital they need to expand their facilities, purchase new equipment, and hire additional staff. These loans can be made available through banks or other financial institutions, or through government agencies or non-profit organizations that specialize in providing financing to small businesses.

Low Income Investment Fund (LIIF) is a leading national Community Development Financial Institutions (CDFI) Fund that offers low-interest loans and grants to childcare facilities. Learn more: https://www.liifund.org/programs/child-care/
Develop Long-Term Investments for Childcare Financing and Real Estate

A real estate program aimed to help solve the childcare crisis would require a multifaceted approach that involves collaboration between local government, the private sector, and community stakeholders.

1. Providing incentives for real estate developers to include childcare facilities in their projects: This could involve offering tax credits, grants, or other financial incentives to developers who include childcare facilities in new construction or renovation projects.

2. Partnering with existing childcare providers to expand their services: Real estate developers could partner with established childcare providers to open new locations or expand existing ones. Developers could provide financing, real estate, or other resources to support the expansion.
Developing mixed-use properties that include childcare facilities: Mixed-use properties that combine residential, commercial, and community spaces could include childcare facilities as part of their community-focused offerings. This could create a convenient and accessible option for parents who live or work in the area.

Establishing a childcare development fund: A dedicated fund could be established to support the development of new childcare facilities. This fund could be financed through public or private sources and could provide grants or low-interest loans to developers or providers looking to create new childcare options.

Encouraging employers to provide childcare services: Real estate developers could work with employers to provide onsite or nearby childcare services as an employee benefit. This could help attract and retain employees, while also addressing the childcare needs of the workforce.
A statewide Childcare Task Force would develop comprehensive strategies to address childcare issues in a sustainable way. When we look around the nation to see what others are doing, we see countless statewide efforts to address the childcare crisis. All of these efforts are coordinated by a task force or governing entity that guides the research and work to tackle this complex, multifaceted issue. The childcare model is unsustainable as is. If we want to continue to see a growing economy, we need to move forward to establish public-private partnerships that support the childcare industry. In order to do that effectively, we need to convene a Childcare Task Force.

Let’s look to other states to glean from the great work that they’ve been able to do through task forces dedicated to childcare or early childhood education.

- Iowa’s Child Care Task Force [54]
- Nebraska Early Childhood Workforce Commission [55]
- Tennessee Child Care Task Force [56]
- New York State Child Care Availability Task Force [57]
- Kansas Early Childhood Transition Task Force [59]
- Washington Child Care Collaborative Task Force [60]
- Minnesota Task Force on Access to Affordable Child Care [61]
- Illinois Child Care Advisory Council [62]
- Colorado Department of Early Childhood’s Compensation & Benefits Task Force [63]
Create a Childcare Business Incentive Grant

Business incentive grants at the state level could have a larger impact, encouraging businesses to support their employees through family-friendly policies and financial support for childcare, and to support the childcare industry in the community as a whole. See the Community Level recommendation on page 50 for further information.

Revamp Childcare Assistance

1. Allocate ongoing state funds to the Childcare Assistance program.

South Dakota is one of six states that does not contribute any state funding toward Childcare Assistance (CCA) [29]. The current reimbursement rates do not adequately cover the actual cost of providing childcare, which then puts an extra burden on parents to cover the difference in cost between the funded amount and the program cost, which is still more than parents can afford. It also disincentivizes providers from signing up to accept childcare assistance because the providers still need to collect a portion from families and it can be harder to collect. This severely limits the availability of care for low-income families, giving them little to no choice in where they decide to enroll their child. Allocating additional state funding toward the childcare assistance program could allow for increasing reimbursement rates and/or expanding eligibility guidelines.
Section 4: State Level

Revamp Childcare Assistance

2. Change Childcare Assistance reimbursement to be based on enrollment.
South Dakota currently provides childcare assistance reimbursement to providers for children who qualify based on hours of attendance per week. The issue with this model is that childcare programs employ staff and incur expenses based on anticipated enrollment. These costs are set and do not change if a child is present or absent; however, with the current system in place, if a child is sick or absent, the subsidy revenue generated could fluctuate [4]. Shifting to a model of reimbursement based on child enrollment would ensure that providers continue to receive a subsidy to cover their fixed operating costs, therefore providing them with increased financial stability so they can focus on operating a high-quality early childhood program [1, 45, 63, 64].

3. Utilize cost estimation modeling tools to set Childcare Assistance reimbursement rates.
South Dakota currently uses a market rate survey to determine the average price of childcare tuition and set subsidy reimbursement rates. This is an issue because the current market rates for childcare are capped because it is already reaching a rate that is unaffordable for parents. The current reimbursement rates may or may not cover the provider’s actual costs. And if providers were to increase worker compensation to wages that would be competitive with local fast food and retail industries, childcare tuition would have to increase significantly. A cost estimation model is a tool used to calculate the actual cost of providing childcare.
Revamp Childcare Assistance

Utilize cost estimation modeling tools to set Childcare Assistance reimbursement rates continued...

Under this approach, states collect data from providers and develop a model that reflects a more accurate estimate of the true cost to providers for providing childcare that meets the state licensing and quality standards. Incorporating this data into rate-setting policy would ensure that a minimum level of subsidy support is provided regardless of the actual tuition rates that providers are charging parents as this is often limited by what parents can afford and does not account for the actual costs of providing care.

For further information that supports this recommendation see:
- Top 5 Actions Governors Can Take to Address the Child Care Shortage [64]
- Charting the Path Forward for Child Care: Using Cost Modeling to Design New Solutions [65]

On average, families who qualify for childcare assistance pay an additional $88-$104 per month for in-home childcare or $208-$224 per month for center-based care [66].
4. Improve accessibility of Childcare Assistance.

According to research conducted by the Augustana Research Institute, approximately 37% of children under the age of 6 in Sioux Falls qualify for state childcare assistance. However, only **16-19%** of children in Minnehaha County that qualify actually receive childcare assistance. This could be due in part to the challenges with accessibility. One specific issue of note is that families cannot apply for childcare assistance until they have a spot secured with a childcare provider. However, many of these families do not have the financial means to put down a deposit and pay for two to three weeks of childcare out of their pocket while they are waiting for their application to process. Additionally, many lower-income families do not have easy access to a computer and the application is not easily accessible via a mobile device.

Although these challenges may not seem like very big issues, this can be enough for families to give up and decide not to even try to complete the application process, therefore discouraging parents from even trying to receive childcare assistance.
Implement a Quality Enhancement System (in process at state level)

As one of seven states that has not yet implemented a state-wide Quality Rating and Improvement System [29], South Dakota is behind the majority of states when it comes to making sure that we are providing high-quality childcare across the state. Although a pilot program is currently underway, this is something that has been in process for several years, and we need to continue to encourage the state to roll this out statewide and to pair quality ratings to reimbursement tiers.

Create and Fund a State Licensing/Registration Incentive (in process at state level)

A state licensing/registration incentive program would encourage in-home care providers to register at the state level to support quality and access.

South Dakota has the most lenient licensing threshold of any state in the country for family childcare providers. An in-home care provider can have up to 12 children before they are required to register with the state. The next most lenient states, Ohio and Louisiana, allow for seven. In 2018, there were an estimated 2,662 childcare providers in South Dakota; however, only 753 (28%) were licensed or registered with the state [67]. Without requiring state licensing and registration, we lack the ability to measure if children are in safe, healthy, and developmentally nourishing environments. It also limits the data available on the state’s current childcare capacity.
Create Wage Parity

A revised salary system would ensure that early learning professionals are compensated on a scale comparable with K-12 teachers [64]. Evidence suggests that focusing on wages in early education can help stabilize the childcare industry [6]. Below you will find a variety of examples from other states that can be used as guidance.

**Minnesota Early Care Wages Scale** [68]

**North Carolina Early Childhood Compensation Collaborative Model Salary Scale for Early Education Teachers** [69]

In New Mexico, the Early Childhood Education and Care Department provides funding to support pay parity between pre-K educators in community-based settings and pre-K teachers in public school settings. Teachers receive an award equal to the difference between their current salary and the standard salary defined by the state wage scale.

**New Mexico Pre-K Parity for Early Childhood Educators** [70]
Create a Childcare Workforce Retention Fund

This fund could be used to support retention and increase overall compensation for childcare workers. Many childcare providers simply do not have the budget to be able to offer retention bonuses, so this could be a great option to encourage individuals to remain in the childcare workforce for longer periods of time. This would be an interim measure to provide wage supplements to encourage educators to stay in the field; however, it would not address the systemic compensation challenges that providers face.

- The Louisiana Teacher Support Grant program, which awarded grants to center directors or owners to provide stipends, bonuses, and/or wage supplements to their staff [71].

- The Child Care WAGE$ Program, a salary supplement program that provides education-based salary stipends to early care and education providers working with children ages birth to 5 in regulated settings with a goal of increasing retention, education, and compensation. Six states currently offer this program: Arkansas, Florida, Iowa, Tennessee, Nebraska, and North Carolina [72, 73].

- Illinois’ Great START Wage Supplement Program, which provides annual wage supplements based on an individual’s role, setting type, working hours, and educational attainment [74].

- Wisconsin’s REWARD Stipend program, which pays out stipends every six months for educators who have worked at their current employer for three continuous years or have six years of experience in regulated childcare programs [75].

- The Infant/Toddler Educator AWARD$ program, another education-based salary supplement for early educators working with children birth to age 2 [76].
Create a Shared Service Alliance, Including Affordable Health Insurance

A Shared Service Alliance (SSA) would offer shared resources for business efficiencies and effectiveness. Funding to create and implement an Early Childhood Education SSA would enable programs to use resources more efficiently and boost the quality of services provided. At the state level, an SSA should also provide an option for members to have access to an affordable group health insurance plan for themselves or their employees.

In the state of Washington, the Department of Children, Youth, and Families partnered with the state health care exchange (Washington Health Benefit Exchange) and another health navigator organization to create the Washington Licensed Childcare Worker Premium Assistance Program [77]. The program provides individual health care coverage for qualified individuals working in licensed home- and center-based childcare programs. Health coverage is available for those with incomes up to 300% of the Federal Poverty Level.
Provide Property Tax Abatement for Childcare Providers

A reduction or exemption in property taxes for childcare centers or for individuals operating an in-home daycare would decrease the operating expenses for providers and allow them to use these funds elsewhere (i.e., on employee wages or supplies). For example, in 2022, South Dakota Representative Ryan Cwach proposed a property tax reduction for in-home care providers equal to 2% per child enrolled in care [79]. Another example would be to expand the current codified law 10-4 to allow all childcare centers, both for-profit and non-profit, to be eligible for a property tax exemption. Colorado passed a similar law last year which allowed for property used by a tenant or subtenant to operate a childcare center to be eligible for the exemption [80].
Increase Career Pathways into the Childcare Industry

Similar to the local recommendation, it is essential to focus on increasing pathways to the childcare industry at the state level. The following ideas would help to create a workforce pipeline for the childcare industry.

1. Create a High School Dual Credit Program for early learning and care
   (in process at state level)

Allocate funding for high school CTE programs to add courses that would focus on child development and be consistent with the coursework for obtaining a Child Development Associate credential. This could encourage young students to go into childcare and set them up with the necessary training so that when they graduate, they can take the CDA test and go straight into the workforce.

For more information visit https://www.cdacouncil.org/en/high-school-pathways/
Increase Career Pathways into the Childcare Industry

2 Develop apprenticeships and on-the-job training for credit programs at local higher education institutions

These programs would allow individuals already working in the childcare field to obtain training while being paid, which could then translate to college credits with a local institution and could be paired with increased compensation for completion of the program.

See the following programs for more information:

- California Early Care and Education Pathways to Success [40]
- Colorado Red Rocks Community College Child Care Innovations Apprenticeship Program [41]
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Increase Career Pathways into the Childcare Industry

Expansion of grant opportunities could significantly decrease the cost barrier to obtaining an education in early childhood, while also incentivizing individuals to work and stay in the childcare industry in South Dakota after graduation. Individuals who have an education in early childhood are more equipped to handle the challenges of working with young children, which in turn will decrease the rates of burnout and turnover in early childhood teaching positions.

Expand scholarships for individuals entering the profession.

Build Dakota Scholarship

The Build Dakota Scholarship currently is a full-ride scholarship that is awarded to students in a high-need industry program at a South Dakota technical college. It requires that post-graduation students work full-time in the field of study for at least three years in South Dakota. This should be expanded to include Early Childhood Education as it is a high-need industry.
State Grant for Advocacy Campaign
(in process at state level)

Create and fund a statewide campaign that will highlight early childhood education as a career and encourage increased entrance into the field. The early childcare workforce is shrinking, and we need to create increased interest in the field by professionalizing the work that this critical infrastructure industry does. This campaign should focus on the importance of the first five years of a child’s life and the impact that a career in early childhood education can have on the trajectory of children. The state is encouraged to provide this funding to local communities so they can identify the best method for advocacy based on their specific and unique needs.
High-quality, affordable, and accessible childcare has a significant impact on the economic growth and competitiveness of our companies and community. The structure of work and family has fundamentally shifted, and parents today are working outside of the home more than ever before. In most families, it is no longer the case that one parent works and one stays home. When businesses invest in childcare, they see results. Parents who have access to high-quality care are more productive, and businesses that offer childcare and family-friendly policies are better able to attract and retain talent.

Sioux Falls leaders have the opportunity to redefine what it means to be a caregiver in the workplace. Parents, and their families, are counting on enhanced workplace policies to thrive at the office and at home. The following are a set of actions that Sioux Falls can take to support the business community in becoming more family-friendly to support working parents and improve business performance.

Access the Employer Childcare Solutions Toolkit for more information and guidance to becoming more family-friendly. This comprehensive toolkit was created as a part of the childcare initiative and developed specifically for local area businesses.

https://siouxfallsthrive.org/childcare-report-2023
Become a Designated Family-Friendly Business

Create a movement in the business community to develop more family-friendly practices in the structure, culture, and leadership of local workplaces. Such an effort would further support the caregiving needs of working parents, enhance the ability to attract and retain talent, strengthen the local economy, and boost community thriving.

Provide an education and awareness campaign to local businesses.

Improve an organization’s awareness of resources and actions that can be taken to support working parents and positively impact childcare and early learning in the community. Design an education program that takes business managers and leaders through a step-by-step process to becoming more family-friendly through direct support and resource access to childcare. Encourage businesses to implement relevant and defined support strategies within their organization and strive to become recognized for such efforts.

SFCC Report
Key Actions for Family-Friendly Business

The following options are highlighted as part of the education and development of more family-friendly workplaces. These options are of significant support to the needs of working parents as proven, high impact strategies for businesses of any size and industry.
Sioux Falls employers and employees should be aware of local resources, such as the Child Care Helpline, and encourage parents to contact them to find childcare. Additionally, employers should be aware of the qualifications for state Childcare Assistance and should refer employees who may qualify to our local Department of Social Services office for additional information.

Educate employees on local resources for childcare.
Contract with a third-party company to assist employees in finding childcare.

Third-party intermediaries can help manage employer subsidy programs, facilitate back-up care options, and manage partnerships with childcare providers.

Examples of third party intermediaries include: KinderCare, Care.com, TOOTRiS, WeeCare, and Bright Horizons.
Reference more information on this important element of support for working parents from the US Chamber of Commerce in their employer guide, *Employer Guide to Childcare Assistance and Tax Credit*.

**Offer and educate employees on the Child and Dependent Care Tax Credit.**

In addition to providing flexible savings accounts and monetary support, employers can assist their employees in understanding and taking advantage of tax credits. Some employees, especially new parents, may not know about the Child and Dependent Care Tax Credit: [Child & Dependent Care Tax Credit (CDCTC)](https://www.irs.gov/taxtopics/tc069)
First Interstate Bank in Sioux Falls offers a child care assistance program where they grant employees $1,500 per child, with a max of $4,500 per year to cover some of the employee’s costs associated with caring for their children.

Additionally, Pioneer Bank and Trust offers each of their employees $5,000 towards childcare with 27 staff taking advantage of the program, costing about $135,000 per year; however, the success in retaining those 27 staff greatly outweighs the cost of having to recruit, hire, and train to replace them. 

Partner with a Childcare Organization to Provide On-Site Childcare

Starting and running a successful childcare business is a specific, unique business model, therefore creating a partnership with a childcare provider to develop and manage an on-site program is highly recommended. A partner organization can help provide the needed funding to cover the initial cost of creating an on-site facility and importantly, manage the significant ongoing cost of running a high-quality childcare facility. One example of this type of partnership in the local area is Black Hills Energy.

Black Hills Energy in Rapid City has partnered with their local YMCA to help manage their on-site childcare program for employees. Reference a highlight of their program in the U.S. Chamber of Commerce’s Childcare Solutions for Working Parents.
State and Local Resources

Thrive, Sioux Falls Childcare Collaborative
siouxfallsthrive.org/sfcc

HelpLine, Child Care HelpLine
www.helplinecenter.org

DSS and Child Care Assistance
dss.sd.gov/childcare/childcareassistance

South Dakota Early Learners
www.earlylearnersd.org
References
References


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References


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References


References


References


References

Appendix
Childcare Collaborative Membership List

Bishop O’Gorman Catholic Schools
Boys & Girls Clubs of the Sioux Empire
Celebrate Church
Center for Prevention of Child Maltreatment
Central Church
Children’s Health Initiative (Sanford FIT)
EmBe
Encompass Mental Health, LLC
Family Child Care Professionals of South Dakota
Helpline Center
Hope Care
Kelsey’s Little Penguins Day Care
Kids Inc.
Kidstop
Lil Friends Educare
Little Tykes University
Lutheran Social Services of South Dakota
Mike’s Mini Monsters

Mrs. Karen’s House Childcare and Preschool
Peace Lutheran Church
Pitter Patter Playhouse
Sanford Children’s CHILD Services
Several In-Home Childcare Providers
Sioux Empire United Way
Sioux Falls Hope Coalition
Sioux Falls Lutheran Schools
Sioux Falls School District
Sioux Falls YMCA
Siouxland Libraries
South Dakota Afterschool Network
South Dakota Parent Connection, Inc.
South Dakota Public Broadcasting
South Dakota State University
Southeast Technical College
Truks – n – Trykes
University of South Dakota
This toolkit helps leaders and business owners discover their options and find key resources for supporting working parents with childcare needs.
The best time to start is now.

Moving forward on the important issue of childcare and early learning will require community collaboration, so that Sioux Falls remains a place where grandparents want to retire, families want to raise their kids and all generations want to unite and thrive together.

To achieve our goals of educating bold and ambitious children, we must invest in enriching quality early childcare and learning.

~ Stacey Abrams