South Dakota’s economic recovery depends on the availability of child care for working parents.

At the same time, the impact of COVID-19 has led to widespread child care program closures. Programs that are open are experiencing low child enrollment (compared to pre-COVID) and increased operating costs (related to social distancing for public health purposes and the increased cleaning and sanitization requirements also related to addressing public health needs).

Solutions are needed that address business stabilization and operating support to ensure that parents in South Dakota have access to a variety of child care options to ensure that our state is on the road to economic recovery.

The child care industry employs nearly 5,800 individuals supporting an additional 1,300 jobs in other industry sectors across South Dakota.¹

**COVID Impact on Child Care**

Child care has long been a fragile economic model. Parents struggle with the cost of child care, particularly those with more than one child, and program directors are stretched to offer a quality setting based on what the market will bear, not what it actually costs to provide quality care. Within the child care industry (child care centers and home-based providers), about 80% of industry revenue is supported by parent fees,³ which makes the business model particularly sensitive to an economic disruption, let alone a public health pandemic.

The unemployment rate in South Dakota is back where it was pre-COVID. However, there are still 3,800 parents not working because they are caring for children not in school or child care.⁴ More than 25,000 working parents have had child care problems in the last month.⁵

**Pre-COVID**

**South Dakota Children in Working Families**

- 50,420 children under age 6 had working parents.
- 63,428 school-age children (ages 6-12) had working parents

Source: U.S. Census Bureau, 2019 American Community Survey, 1 Year Estimates.

For parents with young children under age six, access to child care is the pathway back to work.

It is also possible depending upon school district plans for 2021-2022 (e.g., in-person days, remote online learning days, or alternating schedules), that elementary school-age children will need child care at greater levels to cover the hours that they would normally be at school depending upon the duration of the pandemic.

**Child Care as an Economic Driver**

Child care as an industry can be an economic driver. For example, in South Dakota, industry revenue combined with spillover effects (additional spending in the community) has a $279 million annual impact on the economy.²

**COVID Impact on Child Care Programs**

- 1 out of every 4 South Dakota providers closed or were only open for essential personnel due to COVID
- 1 out of every 3 providers served less than half of their total enrollment

In addition to the over 800 regulated child care programs in South Dakota, more than 2,000 home-based child care programs caring for up to 12 children operate without regulation.

These providers are paid by parents to care for children and struggle with the cost of gloves, masks, disinfectant, sanitizer, and other materials related to promoting the safety of children in these unprecedented times.
Employers Know Child Care is a Necessity

For parents with children of any age, access to child care is the pathway back to work as South Dakota seeks to gain pre-COVID employment levels.

Real-time Census Data Shows Decline in Income

COVID-19 has not only taken a toll on the health of South Dakota residents but also on the income of households. The U.S. Census Bureau Household Pulse Survey, which is designed to measure key variables of economic well-being, has released weekly survey data by state since April of 2020.

The percentage of families with children who have experienced a decline in income is much greater than the percentage of households without children who have had a decline in income. Yet, child care is expensive – a challenge as parents head back to work.

South Dakota Cost of Child Care

- The annual cost of center-based and large group family child care homes for infants and toddlers: ranges from $8,320 in urban areas to $6,240 in rural areas – with the annual cost in Minnehaha and Lincoln counties at $8,736.

Source: SD Child Care Workforce and Market Rate Report, August 2019. SD Department of Social Services Division of Child Care Services.

SD Households with Difficulty Paying Bills in the Last 7 Days


Child Care Supports 2 Generations

Child care is a work support for parents. However, for many children, it is also an early learning setting.

- 28,698 children under age 3 (82%) in SD have working parents.
- 50,420 children under age 6 (73.8%) in SD have working parents.

Numerous research studies show that the earliest years are when the brain is developing the fastest – setting a foundation for all future learning (social, emotional, and cognitive development).

All children are the future of our state, the next generation of parents, workforce, and leaders. Brain development during a child’s earliest years is connected to school readiness and impacts a child’s life-long trajectory. This is why all child care settings are important to healthy child development.

Early Learner South Dakota is working to support a list of home-based child care providers so that all providers can receive information related to safety and child development activities.

Email info@earlylearnersd.org for more information.

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2 Ibid.
3 Ibid.
5 U.S. Census Bureau, Household Pulse Survey, September 29 – October 11, 2021. Table 2. Childcare Arrangements in the Last 4 Weeks for Children Under 5 Years Old, by Select Characteristics