

# TRUE COST OF QUALITY CHILDCARE

## Economic impacts of childcare in South Dakota



### A failed childcare business model.

Why is the childcare business model failing? Put yourself in the shoes of a childcare provider. If your class allows for a maximum of 10 children, at \$3 per hour, per child for a 9-hour day, that amounts to \$270 per day. If you work five days per week, your income is approximately \$5,850 per month.

That number may sound like a lot, until you think about the costs that go into running a childcare facility. There is overhead, which may include administration, accounting, repairs, depreciation, rent/mortgage, utilities, supplies, training, food, and staff. If you are the owner/proprietor of this business and this is your sole income, how would you make a living AND pay your staff a living wage? Most providers are only paid, on average \$10.92 per hour<sup>1</sup>.



It could work, but at a premium cost to families. Scan the code to learn more about the cost of childcare.

**Parents NEED and WANT to go back to work. Economic recovery depends on working parents.**

### Revenue being produced by the child care field

Child care as an industry can be an economic driver



**\$279 MILLION**  
annual impact on the economy in South Dakota<sup>2</sup>  
Possible industry revenue combined with spillover effects (additional spending in the community)

### The availability of child care is inadequate in South Dakota



The child care industry in SD employs nearly

**5,800**  
individuals<sup>2</sup>



Supporting an additional

**1,300**  
jobs in other industry sectors<sup>2</sup>

Productivity problems cause employers to **lose \$146 million annually** in South Dakota due to child care challenges faced by their workforce.

### 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.**<sup>3</sup>

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 gap in affordability

**\$5,808/year/child**

The tuition would increase to:

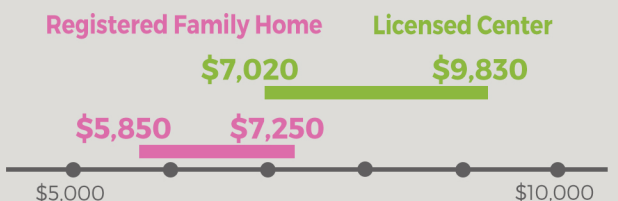
**\$15,859**  
per child

**\$76,826**

Median household income for SD families<sup>4</sup>



### Cost range of infant and toddler child care per year<sup>5</sup>



Email [info@earlylearnersd.org](mailto:info@earlylearnersd.org) for more info

1) U.S. Bureau of Labor Statistics, Occupational Employment and Wage Estimates, 2021 2) Committee for Economic Development, Child Care in State Economies: 2019 Update - [www.ced.org/childcareimpact](http://www.ced.org/childcareimpact) 3) EmBe as part of a Sioux Falls Childcare Collaborative 4) US Census Bureau 5) Department of Social Services Division of Child Care Services, "South Dakota Child Care Workforce and Market Rate Report," Aug. 2019.



South Dakota Association for the Education of Young Children