

**Win-win**

Child care touches the lives of every South Dakotan. A vital, \$100.6 million industry with multiple benefits, it spurs economic growth and development — now and into the future.

Investments in quality child care yield high public returns. The child care industry is an essential part of this state's economic development strategy. Integrating child care planning into local, regional and state economic development makes good business sense.

When our kids thrive, we all benefit.

Integrating child care planning into local, regional and state economic development **makes good business sense.**



**For the full report: "The Economic Impact of the Child Care Industry in South Dakota," contact South Dakota KIDS COUNT:**

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*The Economic Impact of the Child Care Industry in South Dakota*

# Child Care Matters

**An Overview**

Prepared by The South Dakota Coalition for Children  
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## Without child care, most South Dakota businesses would be hard-pressed to find enough employees.

Think that's a bit of an overstatement? Consider this: In South Dakota, 73 percent of children under age 6 (42,930) live with a single parent or both parents who are in the workforce.<sup>1</sup>

At 77.5 percent South Dakota leads the nation in the percentage of women in the workforce who have children younger than 6. That compares to 63.5 percent for the United States as a whole. At 47 percent, our state also leads the nation with the highest percentage of children under age 6 in paid child care. That's almost twice the national average of 26 percent.<sup>2</sup>

Parents can't leave their kids alone and they can't bring them to work. Without child care, many formerly bustling workplaces would carry perpetual "Help Wanted" signs.



## Estimated direct effects of the child care industry in South Dakota

- 👉 4,410 jobs
- 👉 Generates \$124.5 million, with multiplier effects of \$177.76 million
- 👉 34,345 children served.

Source: C. Cochran and R. Stuefen, "The Economic Impact of the Child Care Industry in South Dakota," p. 17. South Dakota KIDS COUNT, Business Research Bureau, The University of South Dakota, Vermillion, SD, 2004.

### Population shifts

South Dakota children and their families are on the move. The 2000 U.S. Census makes that abundantly clear. People are leaving rural counties for larger cities.

The child population varies widely from county to county. And while the need for quality child care is critical everywhere, in some parts of the state there simply aren't enough children to support a center for child care and early learning.

Planners must consider those variances on a county-by-county basis.



<sup>1</sup> C. Cochran and R. Stuefen, "The Economic Impact of the Child Care Industry in South Dakota," p. 7. South Dakota KIDS COUNT, Business Research Bureau, The University of South Dakota, Vermillion, SD, 2004.

<sup>2</sup> "State Profiles of Child Well-Being, 2003 KIDS COUNT Data Book," p. 154. The Annie E. Casey Foundation, Baltimore, MD.

<sup>3</sup> Cochran, C. and Stuefen, R., *Ibid.*, pgs. 17, 25-27.

### Economic power

Licensed or registered child care is a significant industry in South Dakota that:

- Generates \$100.6 million in gross annual receipts.
- Creates 4,410 jobs in South Dakota.
- Leverages more than \$11.4 million in federal funds at a rate of \$2.82 for every \$1 of state money.
- Yields \$124.5 million in direct economic activity.
- Produces \$177.76 million in economic activity, with multiplier effects.<sup>3</sup>

The child care and early learning industry makes it possible for businesses to hire workers and it cuts down on worker absenteeism and turnover. It also increases productivity, saving businesses money — and bolstering the state's economy.

High-quality child care is critical to meeting two of South Dakota's greatest needs:

- Making it possible for parents to work and support their family,
- Ensuring that every child enters school ready to learn.

Quality care can set children on a positive path for life that benefits them and society.

Everyone benefits when children get the right start. They become productive learners, workers and citizens. That's as fundamental an investment in the state's infrastructure as roads and buildings.

## Job comparisons — South Dakota

	Average annual wages	Number of workers
Executive secretaries/administrative assistants	\$27,210	2,490
Construction laborers	\$21,840	2,220
<b>Child care workers</b>	<b>\$15,120</b>	<b>2,430</b>

Source: C. Cochran and R. Stuefen, "The Economic Impact of the Child Care Industry in South Dakota," p. 15-16. South Dakota KIDS COUNT, Business Research Bureau, The University of South Dakota, Vermillion, SD, 2004.

### Quality counts

The first three years of life are critical for our children — and ultimately for society.

Research tells us that 85 percent of brain development takes place between birth and 3. Environment can hinder or help this growth. Youngsters thrive in small groups, with low child-to-adult ratios, under the direction of well-trained, well-compensated teachers.

There is no substitute for a loving, consistent caregiver in the infant-toddler years. Research shows that quality early care and education improves emotional stability, academic success and behavior — and that can lower the cost of social services and crime.

And yet, in South Dakota, only 4 percent of local, state and federal investments in education and development occur during those vital early years. At what risk?

Studies show that youngsters who miss out on the basic pre-reading and language skills that develop early may require remedial classes later on.

The cost to society of poor quality child care and early learning is great.

By contrast, the benefits of high quality care and early education pay dividends for decades.