

The Business Case: Child Care as an Economic Driver for South Dakota

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Business leaders have an acute understanding of the importance of a well-educated workforce to support a strong economy, keep America competitive globally, and ensure a vibrant economy.¹

Investing in high-quality child care has a two generation impact:

- it is a key work support for parents, and
- a setting that promotes the safety and healthy development of young children.

Business leaders know that high-quality child care is the best foundation for human capital – an investment that has both immediate and long-term benefits to children, parents, employers and communities.

South Dakota Young Children

- 49,914 children under age 6 have working parents.

Source: U.S. Census Bureau, 2022 American Community Survey, 1 Year Estimates.

Early Brain Development in Young Children

The research on brain development all points to the importance of a child's earliest years.

In the first few years of life, more than 1 million new neural connections form every second.² This is the period during which the brain is developing the fastest – setting the foundation for all future social, emotional, cognitive, and physical development.³

Both genes and early experiences impact the developing brain, which is why access to high-quality child care can make a life-long difference for a child.⁴

Child Care as an Economic Driver

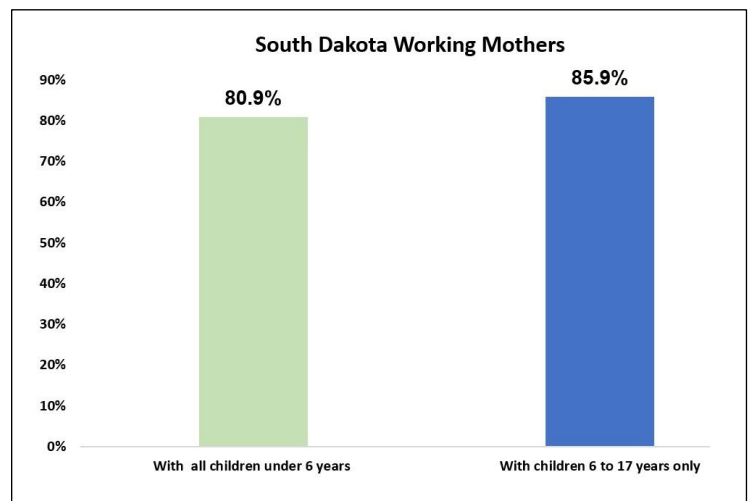
Child care as an industry can be an economic driver. For example, in South Dakota, industry revenue combined with spillover effects (additional spending in the community) has a \$279 million annual impact on the economy.⁵

The child care industry employs over 5,700 individuals supporting an additional 1,200 jobs in other industry sectors across South Dakota.⁶

High-Quality Child Care: Return on Investment

Research from Nobel Laureate economist James Heckman found that high quality early childhood education programs for low-income children can yield a 13% annual return on investment (ROI) through better outcomes in education, health, social behaviors, and employment, reducing taxpayer costs down the road and better preparing America's future workforce for the global economy.⁷

Employers Know Child Care is a Necessity



Source: U.S. Census Bureau, 2022 American Community Survey, 1 Year Estimates

- Employees with safe, reliable, quality child care are less likely to miss days of work due to child care related challenges.

- Employees with safe, reliable, quality child care are more likely to be able to focus on their work without the anxiety of worrying about their children while they are at work.
- Parents with quality child care know that their children are in a safe setting that promotes their children’s healthy development.
- Children who are in a quality child care setting are more likely to start school ready to succeed.

Quality Child Care and Low-Income Families

- Quality child care matters for the healthy development of *all* children with working parents. However, studies show that low-income children benefit the most from quality child care settings.
- Research shows that low-income mothers who are provided state and federal child care subsidies are more likely to work (and work 40 hours per week) than their peers who do not receive assistance.⁸



¹ Committee for Economic Development. [“Unfinished Business: Continued Investment in Child Care and Early Education is Critical to Business and America’s Future.”](#) (2012)

² Harvard University, Center on the Developing Child, <https://developingchild.harvard.edu/science/key-concepts/brain-architecture/>

³ Ibid.

⁴ Ibid.

⁵ Committee for Economic Development, Child Care in State Economies: 2019 Update. <https://www.ced.org/childcareimpact>

⁶ Ibid.

⁷ Dr. James Heckman, University of Chicago, the Lifecycle Benefits of an Influential Early Childhood Program, 2016.

⁸ Marshall, N.L., Robeson, W.W., Roberts, J.R. & Dennehy, J. (2013). [Child Care for Low-Income Families](#). Wellesley Centers for Women.

The South Dakota Challenge

High-quality child care makes it more likely that children will start school ready to learn. Too often, children who start kindergarten without the skills to succeed have great difficulty catching up.

The 2022 National Assessment of Educational Progress 4th grade test scores show that for South Dakota children:

- 57 percent of low income children read below grade level in 4th grade.
- 27 percent of non-low income children read below grade level in 4th grade.

Source: National Center for Education Statistics, 2022 4th Grade Reading Results.

<https://nces.ed.gov/nationsreportcard/subject/publications/stt2022/pdf/2023010SD4.pdf>

It is critical that all children start school with the skills to succeed. The prior early learning experiences of children help make that happen.

Early Learning is a Workforce Investment

Families and employers depend on quality child care:

- for more stability for today’s employees, and
- to lay the foundation for tomorrow’s workforce.