

Mobridge/Walworth County

Child Care Landscape Analysis Report



February 2024

Report prepared by:

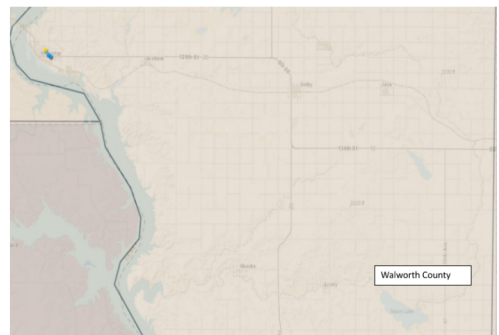


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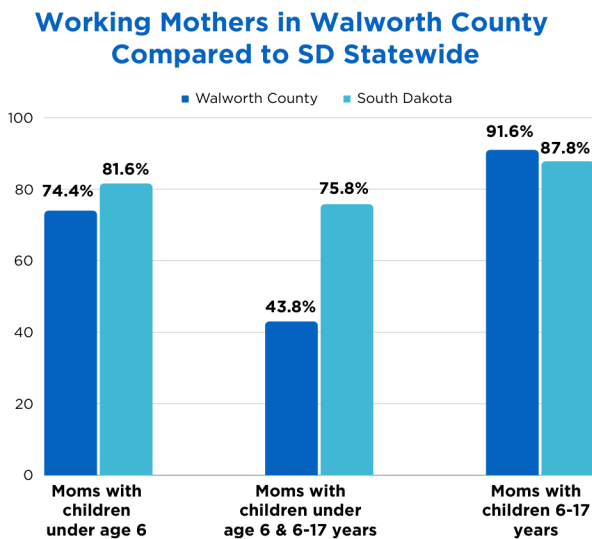
Walworth County Working Parents

Throughout Walworth County, parents are working. However, many face great challenges finding and affording child care. Finding care is difficult because the supply of licensed or registered child care falls far short of meeting the potential need for care (i.e., the number of children in families with all parents working greatly exceeds the number of available slots for child care). Even when care is available, parents struggle with the price.

Because supply and price are both challenges for families, which limit the ability for parents to work, this landscape analysis reviews both challenges. In addition, the report will review current employer supports for child care.

Working Parents in Walworth County

Mothers in Walworth County are working. The rate of mothers of children younger than age 6 who are working is slightly less than the average state rate. While mothers who have children both younger than 6 and school-age children are working at a much lower rate than the statewide average, mothers of school-age children alone are working at a greater rate than the state average.



Source: U.S. Census Bureau, [Table S2301](#) Employment Status, 2022 American Community Survey, 5-Year Estimates

Child Care Problems Impact Parent Earnings and Employer Productivity

Klein Visioneering Group surveyed parents in the greater Mobridge community from December 18, 2023 through January 26, 2024 to assess their child care challenges. More than 100 (102) parents with pre-school and school-aged children responded.

Missing work has economic consequences for families

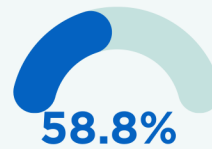
In the past 6 months,



Families lost between

\$446 - \$1,329

depending upon parent wage levels.



of parents reported missing work due to child care challenges.



39.8

Estimated work hours that parents lost.

Source: Greater Mobridge Community Parent Child Care Survey, December 18, 2023 - January 26, 2024

Mobridge's household income is 79% of South Dakota's median household income.

Walworth County Working Parents

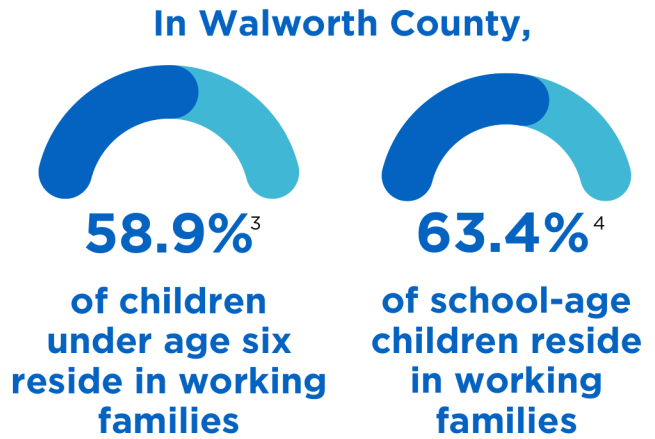
The following chart shows income losses using four variables: income losses if the family has earnings at Mobridge or the county median income level, income losses if the family earns minimum wage, and income losses if the family has earnings at the South Dakota state median income level. For each of these families, the loss in income is significant.

Mobridge Families	Median Earning Over 6 months	Lost earnings past 6 months due to child care
Mobridge Median Income	\$27,434	\$1,050
County Median Income	\$28,849	\$1,104
Minimum wage \$11.20 per hour	\$11,648	\$446
SD State Median Income	\$34,729	\$1,329

Source: Greater Mobridge Community Child Care Survey, December 18 - January 26, 2024; U.S Census Bureau, Table DP03 Selected Economic Characteristics, 2022 American Community Survey, 5-Year Estimates.

Children in Working Families in Walworth County

In Walworth County, there are about 707 children age 13 and younger in families where all parents are working (e.g., both parents in two-parent households are working and either a single mother or single father with children are working). This includes 287 children under age six,¹ and 420 school-age children (ages 6-13).²



Child Care Supply in Walworth County

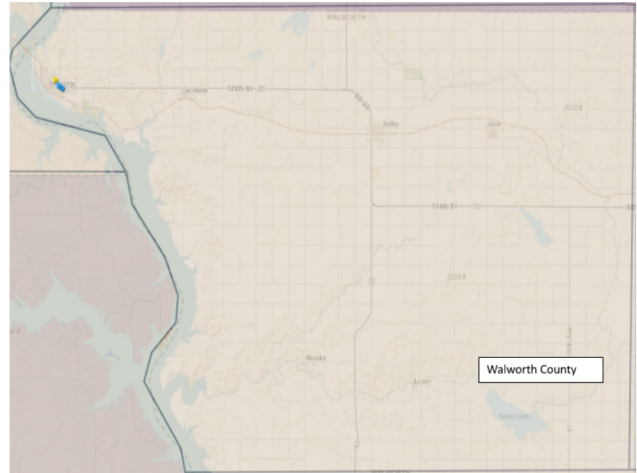
Parents have limited choices in accessing market-based regulated care in Walworth County.

In total, there are 3 regulated programs.⁵

County-wide, there are 2 licensed child care center locations, 1 licensed before & after center, and 0 licensed child care group homes.⁶ Also, there are no registered home-based providers who care for 12 or fewer children.

The capacity across regulated settings in Walworth County for children under 5 could enable 54 children to access care.⁷ The regulated capacity for school-age children in school-age programs is 24 with 1 licensed before and after program.⁸

The gap between the supply and potential need relegates Walworth County to a child care desert for working parents.



The current supply of child care for children under age 6 in Walworth County meets about 18.8% of the need by working parents.⁹

The challenge in reviewing potential need against the supply is that the South Dakota Department of Social Services does not retain regulated capacity data by the age of the child (e.g., School-age care only serves school-age children. However, licensed centers and group homes and registered homes may serve children of varying ages).

However, that could be misleading. For example, the Tiger Kids After School Program (Freeman Davis) is licensed as a child care center because it serves 18 preschool children in a mornings-only pre-k program. Because it is not full day, it is unlikely to meet the needs of working parents.

The current supply of child care specifically for school-age children (e.g., before & after care or afterschool care) meets 5.7% of the need by working parents.¹⁰

Child Care Supply in Walworth County

Nevertheless, with few licensed centers, the gap between the regulated supply of care and the potential demand for care is large.

The U.S. Census Bureau Economic Survey includes estimates of sole proprietors by industry across states subdivided by county.

In Walworth County, there are 17 home-based child care businesses that reported annual revenue of \$372,000.¹¹ It is not possible to know how many children are in their care.

Legally, state law does not require a license until 13 children are in care. Home-based providers caring for fewer children can become registered (which is required if they want to serve children whose care is paid for through the child care subsidy program).



Mobridge Parent Survey Findings

Of the 102 parents who responded to the December 18, 2023 – January 26, 2024 parent child care survey, 69.3% were parents with children under age 5. Over half (57.8%) were parents of school-age children (some could have children in both age groups). About 9.2% of respondents said they had 3 or more school-age children.

Child Care Affordability

In Mobridge, a concern parents raised was the cost of child care. For families with children under age 5, parents reported spending an average of \$12,279 annually (\$1,023 per month). For families with school-age children, parents reported spending \$6,750 (\$563 per month).

The state child care subsidy program offers assistance for applicants with income at or below 209% of the federal poverty level.¹² Parents must work at least 80 hours per month and have a child age 12 or younger (or a teenager incapable of self-care).¹³

A report released by Kids Count South Dakota in January 2024 found that statewide only 7% of eligible young children and 5% of eligible school-age children receive child care subsidy.¹⁴

For families with children under age 5, parents reported spending an average of \$12,279 annually (\$1,023 per month).

Top 3 Child Care Settings Reported by Mobridge Parents:

Under Age 5:

- **27%** of parents use a neighbor/unlicensed care
- **19%** of parents use a licensed center
- **11%** of parents use a relative

School-age Children:

- **20%** of parents said they care for their school-aged child
- **13.4%** of parents use a relative
- **11.3%** of parents use a licensed center

Source: Greater Mobridge Community Child Care Survey, December 18 - January 26, 2024.

In Walworth County, only 2% of eligible children receive child care assistance help (8 children).¹⁵

It could be that the availability of child care assistance needs to have more visibility so that families are aware of it. It could also be that the limited supply of regulated care (a requirement generally for the use of child care subsidy),¹⁶ impacts the ability of families to use child care subsidy within the community (even though they may be eligible for the program).

Families can also use their subsidy with child care providers who are in the process of becoming registered or licensed, and with relatives or in-home providers who meet certain requirements.¹⁷

Mobridge Parent Survey Findings

With regard to **supply**, many parents mentioned the difficulty of finding child care.

In Mobridge, among **102 respondents** there were **253 comments** from parents.

"The biggest challenge related to child care is finding child care in our area. Currently, there are very few options available with a limited number of openings."

"...Price and 18 closed days a year for holidays as we do not get that many paid holidays so I am paying double for those days or losing income for missing work."

"Hours that fit with work schedule with opening and closing times."

"Finding daycare that will take young ages. Plus having them cover the hours I need."

Parents also connected some of the supply challenges with child care staffing shortages. Parents said:

"Expand funding in order to increase capacity of current facilities and supply funding to seek and maintain reliable employees so that centers don't have to close because of a staff shortage;"

"Daycare centers with multiple staff members so closures are unlikely when 1 person is ill (other staff to keep center open);"

"Offer a subsidized state health insurance plan for providers and liability insurance;"

"Help support people who want to go into childcare and those currently working in the field."

Mobridge Parent Survey Findings

Some parents mentioned that child care is not available at the times that they need it. While overwhelmingly, respondents reported working traditional hours, a significant percentage of parents reported wanting care for early in the morning, evenings, and weekends.

Mobridge Survey Findings Nontraditional Hour Care Needs

During traditional work hours between 8:00 am - 6:00 pm	88.0%
Outside of traditional hours (6:00 am - 8:00 am)	26.5%
Outside of traditional hours (6:00 pm - 8:00 pm)	13.3%
Outside of traditional hours (6:00 pm - 10:00 pm)	14.5%
Overnight	15.7%
Weekends (Saturday or Sunday)	28.9%

Source: Greater Mobridge Community Child Care Survey, December 18 - January 26, 2024.

Parents were asked if an afterschool/Friday/summer program would be beneficial for their school-age children. Overwhelmingly, parents of school-age children responded **yes**.



Nearly two-thirds of all respondents wanted more afterschool options*

**Includes families who only have younger children, none of school-age*

Support for Afterschool Programs



Source: Greater Mobridge Community Child Care Survey, December 18 - January 26, 2024.

Parents had a number of comments and made suggestions related to afterschool programs.

- “Affordable summer care for school age children;”
- “Not enough affordable daycare options in Mobridge, so driving to glenham every day for pickup/drop off;”
- “Cost, alternative care when closed, not able to have school-aged child there during summer as it’s at capacity;”
- “Good consistent care. Care when school is closed or outside of school hours;”
- “After school program for free;”
- “Provide the city of Mobridge with a large child care facility for infants, toddlers and school age children. Have a child care facility that does child care after 4 and 5 pm;”
- “Increase availability of high quality daycare and after school programs. Need options for non traditional work schedules;”
- “More options for after-school and summer.”

Mobridge Child Care Provider Challenges

Klein Visioneering Group surveyed child care providers (both licensed and unlicensed) in the greater Mobridge Community. A focus group was held to hear first-hand about provider challenges. Both licensed and unlicensed providers attended the focus group.

Because the survey responses identified enrollment, staffing challenges, waiting lists, and costs as main issues, these were the topics explored in discussion at a focus group session held February 1, 2024.

Providers expressed enrollment challenges due to staffing shortages. Programs both at capacity and not at capacity reported waiting lists. In Mobridge, the waiting lists of survey respondents were comprised largely of families wanting care for infants with a small number of toddlers on waitlists.

Some suggestions were made related to developing relationships with high school guidance counselors to seek more high school students who might be interested in working in child care. Another suggestion was made to include the Child Development Associate (CDA) credential in school district Career and Technical Education (CTE) programs.

Programs reported relying on board members, parents, grandparents, and volunteers to temporarily fill-in when someone calls in sick.

There was interest in a community-based substitute pool for child care to provide temporary help. There was discussion about potentially reaching out to public school superintendents and principals about collaborating with school districts to share substitutes (if the teaching substitute pool is not fully utilized).

Another concern was raised about staff pay and benefits – the full compensation package. There was agreement that health care, dental, and vision benefits could help with recruitment and retention.

The U.S. Bureau of Labor Statistics (BLS) reports that the median hourly wage for individuals working in child care in South Dakota is \$11.97 per hour (about \$24,900 annually).¹⁸ Next to Iowa, South Dakota child care workers earn less per hour than in other nearby states.

State	Hourly Median Wage	Annual Median Wage
Minnesota	\$14.00	\$29,120
Nebraska	\$13.34	\$27,740
North Dakota	\$12.86	\$26,750
Montana	\$12.84	\$26,720
Wyoming	\$11.98	\$24,920
South Dakota	\$11.97	\$24,900
Iowa	\$10.99	\$22,860

Source: U.S Bureau of Labor Statistic (BLS), Occupational Employment and Wage Statistics, Standard Occupational Classification code, Child Care May 2022.

Mobridge Child Care Provider Challenges

Child care wages have increased over the past few years, but have not kept pace with inflation.¹⁹

The low wages paid to child care workers makes recruitment and retention particularly difficult in today's competitive job market.

To grow the supply of child care, there was discussion about strategies that might incentivize more individuals to open home-based child care.

There was agreement that with the state licensing threshold at 13 children, there is little incentive to become a registered provider (unless the provider wants to serve children whose care is paid for with a state child care subsidy).

When asked at the end of the focus group, "What keeps you up at night?" There was agreement among providers that everyone felt like they weren't doing enough and yet they were doing too much.

Setting personal boundaries is hard when your job is caring for children, families, the provider's family, and yourself. "Finding the right balance is tough," said one provider.

Another provider mentioned the report by the Low Income Investment Fund (LIIF), *Too Expensive, and Not Expensive Enough*,²⁰ expressing that "parents are struggling to pay the price of child care, but that price is far short of what it would take to really support quality child care, including paying staff higher wages."

Mobridge provider survey responses suggested below.

- "Funding to help with payroll or employee benefits;"
- "All the start up processes—finding reliable staff, getting the initial license and staying in compliance when it comes to paperwork, currently administration is being done by volunteers which is not sustainable;"
- "More grants available for daycares that aren't licensed. We still serve the community and offer fresh food and quality care. A grant would help me build into my house to assist with more room for operations from day to day and new educational toys."

"Wages are increasing. Food costs are increasing. Something like the stabilization grants would help with the cost without having to pass it on to the parents"

"What keeps me awake at night? Paying staff. Everything has gone up, we don't want to raise our rates. But to pay staff more, our costs will be higher."

"Parents are struggling to pay the price of child care, but that price is far short of what it would take to really support quality child care, including paying staff higher wages."



Mobridge Employer Survey Results

Klein Visioneering Group surveyed employers in Mobridge to gather a baseline related to employee benefits overall and gauge interest in various child care strategies.

Of the 13 employers in Mobridge that responded to the December 18, 2023 – January 26, 2024 employer survey, 38.4% said they had 20 or fewer employees.

Most (92.3%) have been in business for more than 20 years with 7.7% that have been in business for 1-5 years.

Employers were asked about benefits they provide. Retirement benefits were the most frequently offered (92.3%) with health insurance the next most frequently offered benefit (84.6%).

Employer responses to a range of benefits are reflected in the adjacent table.

Employers were asked if they agreed or disagreed that the availability of affordable, quality child care is important to the productivity of their workforce. 92% of employers strongly agreed. Another 7.7% somewhat agreed.

Mobridge Employer Benefits	% Employers Offering Benefit
Health Insurance	84.6%
Health Savings or Spending Account	46.2%
Retirement Benefits	92.3%
Education Benefits	23.1%
Paid Family Leave	61.5%
Flexible Scheduling	30.8%
Telecommuting (Part-time or full-time)	7.7%
Onsite Child Care	0.0%
Subsidized Child Care or Child Care Financial Assistance	0.0%
Company-affiliated or near-site center	0.0%
Dependent Care Flexible Spending Account	30.8%
None of the above	7.7%

Source: Greater Mobridge Community Child Care Survey, December 18 - January 26, 2024.

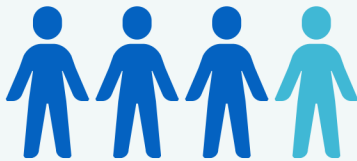
Nearly half (46.1%) of responding employers reported that they periodically survey their employees for feedback related to benefits.

In Mobridge, employers reported that most employees are primarily working onsite (92.3%). Most employees have 2 weeks or more advance notice of their work schedule (76.9%). However nearly one-third (30.7%) of employers said that some of their employees have less than 2 weeks' notice of their schedule.

Mobridge Employer Survey Results

Child Care Challenges Impacting Mobridge Employers

- 27.3% of employers said between 1 and 5% of their employees had quit or reduced hours due to child care challenges.
- 27.3% of employers said between 6 and 10% of their employees had quit or reduced hours due to child care challenges.
- 18.1% of employers said between 11 and 20% of their employees had quit or reduced hours due to child care challenges.
- 9.1% of employers said between 21 and 30% of their employees had quit or reduced their hours due to child care challenges.
- About 18% of employers in Mobridge said they weren't sure why employees left the company.



About three-quarters (76.9%) of responding employers said that some of their employees had quit or reduced their hours in the past year due to child care challenges.

Employer-provided child care tax credit

Over three-quarters of employers (77%) were not aware of the federal tax credit (the Employer-provided child care tax credit, 26 U.S. Code § 45F)²¹, that offers an incentive for employers to help their employees access child care. For the small share that were aware of the credit (23%), none have used it.

Employers were asked about their likelihood to offer new or enhanced child care benefits if a 25% tax credit were available. About one-third (33.3%) said they would be very likely or somewhat likely to do so.

Employers were asked about their likelihood to offer new or enhanced child care benefits if a 50% tax credit were available. About 58.2% said they would be very likely or somewhat likely to do so.

Employers were asked if the state or a locality were to match their monetary support for an employee's child care costs (e.g., \$200 per month per employee to help pay for child care matched by the state or locality), would they be interested in such a strategy? About three-fifths (61.4%) of employers said they would be very likely or somewhat likely to do so.

Conclusion & Recommendations

Conclusion

Access to child care for families in the greater Mobridge community is complicated. First, there needs to be sufficient supply so that all families who wish to use a child care program have access to choices within their community.

Second, the supply of child care that is available needs to be more affordable for families. Both aspects of the child care landscape are important. Utilization of child care subsidy is related to the supply of care (i.e., not just whether families apply and are determined eligible for assistance). The federal employer-provided child care tax credit (which can be used to support onsite child care or to support employees in accessing child care in the community) can only be used to the extent that employees have access to licensed or registered care²² (a challenge in Mobridge).

The need for afterschool programs is in high demand by parents. Mobridge has 1 licensed before and after school program. However, the parent survey showed a high interest in before and after care options with 82% of parents of school-age children responding to the survey in favor of afterschool care.

Parents responding to the survey also mentioned the difficulty in finding child care for infants and toddlers. Parents reported waiting lists. Parents understood that programs are struggling to retain and hire staff. Child care is an important work support for parents. For young children, the earliest years are when the brain is growing the fastest – setting the infrastructure for all future social, emotional, physical, and cognitive development, which impacts school readiness and ultimately school performance.

Quality, affordable child care is important for children, families, employers, and communities. Solutions to child care challenges are interconnected – there is no singular solution, no one-size-fits all approach. However, through multiple strategies it is possible for Mobridge to address child care challenges as a priority.

Conclusion & Recommendations

Recommendations for the County, Employers, and State Policymakers For Mobridge

Supply expansion. Consider offering a \$2,500 - \$3,000 start up grant to home-based providers to offer registered care. There are potentially 17 home-based businesses currently operating without regulation. Registered care can be an important way to ensure that children are in settings that meet minimum health and safety requirements (e.g., safe sleep practices for infants). Regulated care can also serve children in the child care subsidy program. Beyond current home-based businesses offering paid child care services, potentially the availability of a start-up grant may incent new home-based providers to the field.

Child Care Shared Service Projects. There are many shared services projects throughout the country. Although some are operated statewide, most are operated within communities to best meet provider needs in a region.

- **Family Child Care Home Network.** To grow and support registered family child care home providers, consider a family child care network where staff support monthly (evening) zoom meetings. The meetings are an opportunity to reduce the isolation home-based providers often feel, a chance to discuss best business practices, best child development practices and offer an opportunity for learning and discussion – a community of practice for registered home-based providers.

Child Care Workforce. Current child care programs report a waitlist of children even though they may not be operating at capacity. The development of workforce strategies to support the recruitment and retention of staff is important to maximize choices for parents and to help child care providers operate a sound business model.

- **Child care pay.** Canvas local service, retail, and fast-food employers to gather data about their starting wages (and any signing bonuses that may be offered). Develop a wage supplement strategy to support recruitment and retention of the child care workforce.
- **Benefits.** While not a replacement for regular health insurance, telehealth benefits could be implemented in the short-term as a low-cost (\$8/month) health benefit²³ for local child care workers. In an industry that largely does not provide health insurance, this would be a concrete way to give child care workers access to non-emergency medical care that can be done without taking time off from work. Doctors are board certified and can write prescriptions when an in-person visit to a local clinic isn't needed for a diagnosis. In addition to this benefit, Mobridge could advocate for a long-term South Dakota legislative solution: a state pool for child care health insurance similar to Washington D.C.'s [HealthCare4ChildCare Program](#).

Conclusion & Recommendations

Mobridge Recommendations (continued)

- **Child Care Substitute Pool.** Develop a child care substitute system similar to the way that the K-12 teacher substitute system works. Begin by reaching out to area superintendents and principals to see if there could be an opportunity to partner and share the current teacher substitute pool. The requirements to work or volunteer (even temporarily) in regulated child care programs are different from working in public schools. Teachers in the public school substitute pool would need a new background check that meets requirements under state law for child care and would need to meet child care training requirements. Collaborating with the public schools could be an opportunity to share substitutes willing to lean in and meet the child care licensing requirements. Alternatively, other states currently operate child care substitute pools within communities (Montana, New Jersey, Ohio, Oregon, Tennessee, Vermont, and Washington). A non-profit organization takes the lead in advertising for substitutes, interviewing them for the sub pool, processing background checks, and providing orientation and other training to meet state requirements (e.g., CPR and First Aid certification). The nonprofit then partners with child care providers to coordinate substitutes who are cleared and trained. They are not paid employees of the subpool, but are paid by individual providers who use them.
- **Part-time help and growing the field.** There are many high school students who enjoy working with children. Some child care programs reach out to high schools for potential job applicants. The Economic Development Office could partner with child care providers and area high schools to encourage Career and Technical Education (CTE) programs to offer a Child Development Associate (CDA) credential. The CDA covers 13 child development competencies and awards credit for work (and learning) on the job. Expanding interest in obtaining a CDA may be a way to build a pipeline of high-quality child care workers. Exposure and experience in the field could pay-off long-term in expanding the number of individuals who want to pursue a career in child care.

Conclusion & Recommendations

Mobridge Recommendations (continued)

Child care affordability. At 209% of the federal poverty level, child care subsidy eligibility in South Dakota is low (e.g., for a 3-person family, annual income of \$53,964).²⁴

In some states, communities set a higher level of eligibility for the child care subsidy (i.e., supplement the state's program). Mobridge could consider a subsidy supplement that would enable families with income up to 300% of the federal poverty level (about \$77,460 for a family of 3)²⁵ to be eligible for subsidy.

The federal child care law allows states to set eligibility up to 85% of state median income²⁶ (which in South Dakota for a family of 3 would be about \$79,699 annually).²⁷ While this could help families with affordability, the limited supply of licensed or registered care will still be a challenge if not also addressed.

Raise Visibility About the Child Care Assistance Program. It could be that families are not aware of the subsidy program. Mobridge could launch a child care assistance program awareness campaign to ensure that eligible families know that they may be eligible for child care financial help.

Employer Support Matching Grants. In several states, grants are made to match employer contributions to support the child care costs of employees. Mobridge could consider matching grants that would incentivize employers to help employees and make child care more affordable for families. (e.g., In Kentucky, for families between 85%-100% SMI, the state matches employer contributions with a 100% match. For families above 100% SMI, the match declines by 10% for every 20% increase in income up to 180% SMI. Above 180% SMI, the state match is 50%. Matching grants are restricted to licensed care).

Conclusion & Recommendations

Recommendations for Employers

Periodically survey employees. The Mobridge employer survey found that nearly half of employers periodically survey employees related to employee benefits. Every employer could be encouraged to periodically survey employees about their need for employee benefits and also about any challenges with child care.

Federal Tax Credit. Employers could be encouraged to review the Employer Provided Child Care Tax Credit²⁸ to see if it would be helpful to their business and employees. The tax credit is worth 25 percent of expenditures for child care up to \$150,000 annually.²⁹ It can be used for either onsite child care or support for employees to access child care in the community. The credit can only be used if parents are accessing licensed care.³⁰

Employee Scheduling Notice. To the extent possible, employers could be encouraged to implement policies to ensure that employees have at least 2 weeks notice related to their work schedule. It is difficult to arrange child care, but even more difficult for employees on short notice.

Employer Matching Grants. Employers could be encouraged to coordinate and collaborate with Economic Development Offices on the structure of a matching grant program to match employer contributions toward child care for their employees. For example, if an employer offered employees \$200 per month to help make child care more affordable, the county could match the employer's contribution so that the employee has help of \$400 per month as part of an affordability strategy.

Dependent Care Assistance Plans. The Mobridge employer survey found that 30.8% of employers offer Dependent Care Assistance Plans where employees can set aside up to \$5,000 tax-free to be used as reimbursement for child care costs. Employers could be encouraged to review whether DCAPs would help their employees.

Conclusion & Recommendations

Recommendations for State Policymakers

Comprehensive Child Care Modeling Study. Conduct a comprehensive child care modeling study to better understand the true cost of child care (per child) at varying levels of quality by age of children served, setting type, and geography/location. This type of study would build on the narrow cost analysis study conducted by the Department of Social Services in 2022.³¹

Child Care Subsidy Provider Payments. Increase child care subsidy rates aligned with the cost model study once completed. Consider other strategies to expand access to child care based on information obtained through the child care cost study exercise.

Raise Visibility About the Child Care Assistance Program. It is unclear whether the low utilization of child care subsidies by families in South Dakota is related to families not being aware of the subsidy program, the lack of child care supply, the link between low-wage jobs and their likelihood to involve a greater proportion of shift work (i.e., nontraditional hour care is difficult to find), or other reasons.

The Department of Social Services should wage a public information campaign related to the subsidy program to ensure that all parents know about how it may help them access child care.

Increase Child Care Subsidy Eligibility. At 209% of the federal poverty level, child care subsidy eligibility in South Dakota is low (e.g., for a 3-person family, annual income of \$53,964).³² The federal child care law allows states to set eligibility up to 85% of state median income³³ (which in South Dakota for a family of 3 would be about \$79,699 annually).³⁴

Increasing child care subsidy eligibility for families with income up to 300% of the federal poverty level (about \$77,460 for a family of 3)³⁵ would be much closer to the 85% SMI allowed. While this could help families with affordability, the limited supply of licensed or registered care will still be a challenge if not also addressed.

Conclusion & Recommendations

Recommendations for State Policymakers (continued)

Start-up grants to Expand Home-based Care that Meets Registration Requirements.

Consider offering a \$2,500 - \$3,000 start-up grant to home-based providers to offer registered care. There are potentially 2,000 home-based businesses currently operating throughout South Dakota without regulation.³⁶

Registered care can be an important way to ensure that children are in settings that meet health and safety requirements (e.g., safe sleep practices for infants). Regulated care can also serve children in the child care subsidy program. Beyond current home-based businesses offering paid child care services, potentially the availability of a start-up grant may bring new home-based providers to the field.

Staff Pay and Benefits (Telemedicine Benefit). Child care wages in SD are low (\$11.97 per hour). Consider a wage supplement program such as Minnesota³⁷ and Maine³⁸ have implemented to boost wages to better recruit and retain child care workers in the field.

For workforce benefits, Optima Benefits & Payroll offers a telemedicine benefit for \$8 per month for an employee (and her family) to access board-certified doctors 24/7 by video or phone (\$96 annually). Telemedicine combined with teletherapy (mental health counseling) is available for \$14 per month (\$168 annually).

While this benefit is not for emergency services, it offers an opportunity for health coverage with no deductibles and no co-pays. While several shared service projects across the country are offering telemedicine as a child care workforce benefit, the state of Nevada, through its child care workforce registry, is offering the Optima telemedicine benefit to its entire child care workforce.³⁹

Stabilization/operating grants for licensed and registered programs. Child care programs report continued struggles with increasing costs to operate programs. With the child care workforce shortage, programs have waiting lists for care and yet not the staff to enable full enrollment. A stabilization or operating grant for licensed programs should be considered so that providers do not increase rates for parents who are already challenged by the current price of child care.

Conclusion & Recommendations

Recommendations For State Policymakers (continued)

Child care capacity data by age of the child. Many families throughout South Dakota have a hard time finding child care in their community. Currently, the Department of Social Services does not have licensed capacity data by age. If capacity data were available by age, the state and communities could be better positioned to craft targeted strategies (e.g., the expansion of infant and toddler care or school-age care) depending upon what the data shows related to the licensed capacity by age compared to the potential need by age.

Employer Matching Grants. Several states (Kentucky, Michigan, New York, North Dakota, Texas, and Wisconsin) have enacted legislation to offer employers a grant to match their contributions to support employee child care needs. For example, if an employer offered employees \$200 per month to help make child care more affordable, the state could match the employer's contribution so that the employee has the help of \$400 per month as part of an affordability strategy. This would be a partnership between the state, employers, and parents that would help address the affordability of care in many communities.

Child Care Shared Services Projects.

There are many shared services projects throughout the country. Although some are operated statewide, most are operated within communities to best meet provider needs in a region.

- **Family Child Care Home Network.** To grow and support registered family child care home providers, consider several regional family child care networks where staff support monthly (evening) zoom meetings. The meetings are an opportunity to reduce the isolation home-based providers often feel, a chance to discuss best business practices, best child development practices and offer an opportunity for learning and discussion – a community of practice for registered home-based providers.
- **Child Care Center Director Network:** A similar shared services project could operate within regions to support child care center directors, a community of practice for directors. Both groups enable providers to learn, network, and share strategies to address common challenges.
- **Online Shared Resources Platform.** CCA for Social Good operates an online child care resource platform currently operating in 35 states. The platform offers over 2,000 resources for providers. Included within the platform (which can be customized to link to state policies) is Acquire4Hire, a jobs board where directors can post staff positions that automatically appear across 15+ other job sites, including Indeed.com, LinkedIn, Glassdoor, ZipRecruiter, etc. Acquire4Hire could help with the current workforce shortage. The platform also includes discounts on frequently purchased products, business templates, and child development information. Lastly, the platform includes an online family child care toolkit to help family child care providers run their businesses and offer high-quality care.

Footnotes

- 1) U.S. Census Bureau, [Table B23008 Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents, 2022 American Community Survey, 5-Year Estimates](#). Estimates for the number and percentage of school-age children age 5-14 in working families are calculated based on the [Child Population by Age Group in South Dakota by County](#), Kids Count South Dakota and [Children with All Available Parents in the Labor Force by Age by County](#), Kids Count South Dakota.
- 2) Ibid.
- 3) U.S. Census Bureau, [Table B23008 Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents, 2022 American Community Survey, 5-Year Estimates](#).
- 4) Estimates for the number and percentage of school-age children age 5-14 in working families are calculated based on the [Child Population by Age Group in South Dakota by County](#), Kids Count South Dakota and [Children with All Available Parents in the Labor Force by Age by County](#), Kids Count South Dakota.
- 5) South Dakota Department of Social Services, December 2023. Early Learner South Dakota [Child Care Landscape Mapping Project](#).
- 6) Ibid.
- 7) Haden Merkel, Tiger Kids, State Licensed Day Care Center.
- 8) Ibid.
- 9) Kids Count South Dakota, [Licensed or registered child care capacity in South Dakota, 2023](#); U.S. Census Bureau, [Table B23008 Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents, 2022 American Community Survey, 5-Year Estimates](#).
- 10) Kids Count South Dakota, [Licensed before and after school program capacity in South Dakota, 2023](#). Estimates for the number and percentage of school-age children age 5-14 in working families are calculated based on the [Child Population by Age Group in South Dakota by County](#), Kids Count South Dakota and [Children with All Available Parents in the Labor Force by Age by County](#), Kids Count South Dakota.
- 11) U.S. Census Bureau, Census Bureau Economic Survey, [NS1900 NONEMPAII Sectors: Non-employer Statistics by Legal Form of Organization and Receipts Size Class for the U.S., States, and Selected Geographies: 2019](#)
- 12) South Dakota Department of Social Services, [Child Care Assistance Program](#).
- 13) Ibid.
- 14) Kids Count South Dakota, [Child Care Assistance Program: An Opportunity for South Dakota to Improve the Child Care System](#), January 2024.
- 15) Ibid.
- 16) South Dakota Department of Social Services, Child Care Assistance Program, [FAQs](#).
- 17) Ibid.
- 18) U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics, Standard Occupational Classification code, [Child Care](#), South Dakota, May 2022.
- 19) Early Learning Policy Group, LLC, [State Median Hourly Wages for the Child Care Workforce, 2013 - 2022](#).
- 20) Low-Income Investment Fund (LIIF), [Too Expensive, and Not Expensive Enough: Investing in Child Care to Strengthen South Dakota's Economy](#), September 2023.
- 21) The Employer-Provided Child Care Tax Credit, [26 U.S. Code § 45F; Tax Form 8882](#)
- 22) The Employer-Provided Child Care Tax Credit ([26 U.S. Code § 45F](#))
- 23) [Optima Benefits & Payroll Telemedicine and Teletherapy](#) (mental health counseling).
- 24) On January 17, 2024, the U.S. Department of Health and Human Services released the [2024 Federal Poverty Guidelines](#) (which are updated annually). The HHS Office of the Assistant Secretary for Policy and Evaluation [posts a table by varying levels of poverty](#) for ease of use.
- 25) Ibid.
- 26) Child Care and Development Block Grant, P.L. 113-186.
- 27) U.S. Census Bureau, [Table S1903 Median Income in the Past 12 Months \(in 2022 Inflation-Adjusted Dollars\), 2022 American Community Survey, 1 Year Estimates](#).
- 28) The Employer-Provided Child Care Tax Credit, 26 U.S. Code § 45F
- 29) Ibid.
- 30) Ibid.
- 31) South Dakota Department of Social Services, Division of Economic Assistance, Child Care Cost of Care Analysis, Final Report September 2022.
- 32) On January 17, 2024, the U.S. Department of Health and Human Services released the 2024 Federal Poverty Guidelines (which are updated annually). The HHS Office of the Assistant Secretary for Policy and Evaluation [posts a table by varying levels of poverty](#) for ease of use.
- 33) [Child Care and Development Block Grant](#), P.L. 113-186.
- 34) U.S. Census Bureau, [Table S1903 Median Income in the Past 12 Months \(in 2022 Inflation-Adjusted Dollars\), 2022 American Community Survey, 1 Year Estimates](#).
- 35) Ibid.
- 36) Early Learner South Dakota, [Child Care Mapping Project](#), SD Child Care Sole Proprietors (Unregulated).
- 37) Minnesota Department of Human Services, [Great Start Compensation Support Payment Program](#), 2023.
- 38) Maine Department of Health and Human Services, [Early Childhood Educator Workforce Salary Supplement Program](#), 2023.
- 39) Nevada Child Care Registry, [Telehealth Services Benefit Program](#)