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# South Dakota Child Care Market Rate Report



Prepared by the  
Department of Social Services  
Division of Economic Assistance  
Child Care Services

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# Survey Background

The Child Care and Development Fund (CCDF) provides resources to State, Territory, and Tribal grantees to enable low-income parents to work or pursue education and training so they may better support their families while simultaneously promoting learning and development of their children. The CCDF also provides funding to enhance the quality of child care for all children. CCDF is administered at the state-level by the Department of Social Services, Division of Economic Assistance, and Child Care Services Office.

In order to receive funding, all states must submit a comprehensive State Plan every three years. In addition, CCDF regulations require a market rate survey conducted no earlier than two years before the State plan submission [45 CFR 98.45(c)].

A market rate survey examines fees that child care providers typically charge and parents pay per unit of care (for example, per week or hour) in the priced child care market. The objective in determining the market rate is to understand what the general population is charged for child care services by providers. This information ensures that subsidy reimbursement rates allow CCDF families equal access to the full range of child care available to families not receiving subsidies. See 'Methodology' for detailed information about the survey.

# Methodology

## Survey Instruments and Data Collection Timeframe

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The South Dakota Department of Social Services (DSS), Division of Economic Assistance's Child Care Services (CCS), developed the Market Rate Survey. A survey was created for each provider type: Family Day Care, Group Family Day Care, Day Care Center, and Before and After School Care Programs (combined). The survey was designed to collect rate data and additional information about the Child Care Subsidy program for internal evaluation.

The survey was developed using Survey Monkey, a cloud-based survey tool. Providers received notifications and reminders regarding the voluntary survey using the email address they provided to CCS. If an email address was found to be incorrect during this process, the cause was researched, the email address was updated, and emails were resent. If a provider did not have an email address on file, or if they requested a paper survey, a hard-copy version was mailed along with a postage-paid return envelope.

Survey data were collected from November 3<sup>rd</sup>, 2021, through December 31<sup>st</sup>, 2021.

## Study Population

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All State Licensed or Registered child care providers were contacted to complete the voluntary Market Rate Survey. There were 782 providers surveyed, including 365 State Registered Family Day Care, 47 State Licensed Group Family Day Care, 230 Licensed Day Care Centers, and 140 Licensed Before and After School Care Programs. The DSS Office of Licensing and Accreditation serves as the licensing entity for state registered and licensed providers and retains a complete listing of these providers. Informal, in-home, and relative providers known to DSS are not included in the study population as part of the 'priced' child care market since they are not considered to have an 'arm's length transaction' as part of their child care relationship. State unregulated providers are not included in the study population since DSS does not maintain or have access to a comprehensive universe of these providers.

## Response

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Of the 782 State Licensed or Registered child care providers surveyed, 593 providers completed the survey resulting in a 75.83% percent survey response rate. This includes 283 Family Day Care, 28 Group Family Day Care, 168 Day Care Centers, and 114 Before and After School Care Programs.

## Software

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The data obtained from the survey were analyzed using Microsoft Excel and IBM Statistical Package for the Social Science (SPSS). Providers entered data online, which was exported into an Excel format. Rate data was sent to a contractor for analysis via email; rate tables were generated using SPSS. The contractor exported the SPSS files to an Excel format for emailing purposes.

## **Provider Type Grouping**

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Rates were collected from four types of providers:

- Family Day Care;
- Group Family Day Care;
- Day Care Center; and
- Before and After School Care Programs.

Market rates were collected and calculated for Group Family Day Care and Day Care Center combined. Separate rates were calculated for Family Day Care and Before and After School Care Programs.

## **Age Groups**

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Rates and enrollment were collected for the following age groups:

- Infant/Toddler (4 weeks up to 3 years);
- Pre-school (3 to 5 years); and
- School-age (kindergarten and older).

Rates for the infant and toddler age groups were collected *and* calculated in a single group for statistical purposes. Rates for the pre-school and school-age groups were collected and calculated separately.

## **Geographic Areas**

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Market rates were calculated by blending county responses based on population density (population estimates per U.S. Census Bureau 2020). This method increases the number of responses used to calculate a rate, mitigates validity and confidentiality concerns due to low response, and provides a market rate for counties without a rate response for one or more age groups. County blend areas are:

- Pennington county;
- Minnehaha and Lincoln counties;
- Urban area (population density  $\geq 20$  people per square mile): Brookings, Brown, Clay, Codington, Davison, Hughes, Lake, Lawrence, Union, Yankton; and
- Balance of State (population density  $< 20$  people per square mile): Aurora, Beadle, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix, Clark, Corson, Custer, Day, Deuel, Dewey, Douglas, Edmunds, Fall River, Faulk, Grant, Gregory, Haakon, Hamlin, Hand, Hanson, Harding, Hutchinson, Hyde, Jackson, Jerauld, Jones, Kingsbury, Lyman, McCook, McPherson, Marshall, Meade, Mellette, Miner, Moody, Oglala Lakota, Perkins, Potter, Roberts, Sanborn, Spink, Stanley, Sully, Todd, Tripp, Turner, Walworth, Ziebach.

## **Rate Calculations**

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Child Care market rates were calculated at the 50<sup>th</sup>, 75<sup>th</sup>, and 90<sup>th</sup> percentile; rates were weighted by enrollment to account for the actual number of child care slots rather than the number of child care providers. Using this methodology, a provider caring for 50 children would carry a greater representation in the results than a provider caring for 5 children.

Using the 75<sup>th</sup> percentile as an example: this means *75 percent of the child care slots reported are charged rates at or below the rate at the 75<sup>th</sup> percentile*. Note that the minimum, maximum, and non-weighted averages were also included in the survey results.

### **Family Child Care, Group Family Child Care, and Child Care Center**

Providers reported rate information on an hourly, daily, weekly, or monthly basis. The following methodology was used to bring reported rates to an hourly level:

Providers were asked to report the average number of hours full-time children spend at their facility per week. The overall average hours reported were used to convert respondents' full-time daily, weekly, or monthly rates to hourly ones. These converted rates were then grouped with all reported full and part-time *hourly* rates to complete the data set to be used for analysis.

### **Before and After School Care Programs**

Separate rates were calculated for Before and After School Care programs since they are unique. Providers were asked to provide rate information for before-school care, after-school care, before and after-school care, summertime care, and full-day care for non-school days. Providers were also asked to report the average number of hours per week that children are present during each particular time slot. Therefore, to determine an hourly rate, before-school, after-school, and before-and-after-school rates were divided by the average hours estimated for those time slots.

# South Dakota Child Care Market Rate Survey

## Summary Report

### SURVEY RESPONSE

#### Overall survey response

	#	%
Completed survey	593	75.83%
Reported no longer providing care	2	0.26%
No survey completed	187	23.91%

#### Response by provider type

Provider Type	Total surveyed	Completed survey	Reported no longer provider care	No survey completed	Response Rate
Family Day Care	365	283	0	82	77.53%
Group Family Day Care	47	28	0	19	59.57%
Day Care Center	230	168	0	62	73.04%
Before and After School Care	140	114	2	24	81.43%
<b>Total</b>	<b>782</b>	<b>593</b>	<b>2</b>	<b>187</b>	<b>75.83%</b>

### ENROLLMENT INFORMATION

#### Number of children enrolled by provider type

Provider Type	# Children	Min	Max	Average
Family Day Care	3,062	1	23	11
Group Family Day Care	557	10	32	20
Day Care Center	12,898	4	391	77
Before and After School Care	6,536	10	240	57
<b>Total</b>	<b>23,053</b>			

#### Participation in Child Care Assistance (CCA) program

Provider Type	# children enrolled	# enrolled receiving CCA	% enrolled receiving CCA	# providers with enrolled receiving CCA	% providers with enrolled receiving CCA
Family Day Care	3,062	411	13%	135	47.70%
Group Family Day Care	557	69	12%	15	53.57%
Day Care Center	12,898	1,406	11%	135	80.36%
Before and After School Care	6,536	230	4%	64	56.14%
<b>Total</b>	<b>23,053</b>	<b>2,116</b>			



## PROGRAM OPERATION

### Programs operating at a lower enrollment than desired - overall

	# providers	% providers
Operating with lower enrollment than desired	231	39%
Operating with desired enrollment	359	61%

### Programs operating at a lower enrollment than desired – by provider type

Operating with	Family Day Care		Group Family Day Care		Day Care Center		Before and After School Care	
	#	%	#	%	#	%	#	%
Lower Enrollment	62	22%	16	59%	94	57%	59	52%
Desired Enrollment	221	78%	11	41%	72	43%	55	48%

### The reported reason for operating at lower enrollment than desired

Operating with	Family Day Care		Group Family Day Care		Day Care Center		Before and After School Care	
	#	%	#	%	#	%	#	%
Unable to fill available slots	30	48%	2	13%	12	13%	8	14%
Unable to fill all available staff positions	Na	Na	9	56%	63	67%	43	73%
Reduced due to COVID concerns	18	29%	1	6%	6	6%	2	3%
Other	14	23%	4	25%	13	14%	6	10%

## RATE SETTING

### Which most greatly influences the rate that programs set

Family Day Care	Not at all		Slightly		Moderately		Very		Extremely	
	#	%	#	%	#	%	#	%	#	%
Child care rates in the community	51	19%	46	17%	95	35%	52	19%	31	11%
Operating Costs	26	10%	17	6%	71	26%	94	35%	64	24%
Profit level desired	50	19%	31	12%	113	42%	52	19%	21	8%
Staff salaries and training costs	167	63%	34	13%	30	11%	22	8%	12	5%
Number of children with special needs	196	74%	19	7%	32	12%	8	3%	10	4%
Child care subsidy reimbursement rates	151	57%	30	11%	49	19%	18	7%	16	6%
Parents' willingness to pay	82	31%	29	11%	69	26%	49	19%	35	13%

Group Family Child Care	Not at all		Slightly		Moderately		Very		Extremely	
	#	%	#	%	#	%	#	%	#	%
Child care rates in the community	1	4%	11	44%	7	28%	6	24%	0	0%
Operating Costs	1	4%	4	16%	4	16%	5	20%	11	44%
Profit level desired	3	12%	8	31%	9	35%	2	8%	4	15%
Staff salaries and training costs	2	7%	2	7%	3	11%	7	26%	13	48%
Number of children with special needs	14	54%	5	19%	3	12%	2	8%	2	8%
Child care subsidy reimbursement rates	12	46%	7	27%	4	15%	1	4%	2	8%
Parents' willingness to pay	2	8%	8	31%	7	27%	3	12%	6	23%

Day Care Center	Not at all		Slightly		Moderately		Very		Extremely	
	#	%	#	%	#	%	#	%	#	%
Child care rates in the community	17	10%	27	16%	46	28%	62	38%	13	8%
Operating Costs	4	2%	8	5%	19	12%	63	38%	71	43%
Profit level desired	35	21%	47	28%	45	27%	26	16%	12	7%
Staff salaries and training costs	6	4%	6	4%	22	13%	61	37%	70	42%
Number of children with special needs	95	58%	34	21%	28	17%	6	4%	2	1%
Child care subsidy reimbursement rates	72	43%	36	22%	43	26%	13	8%	2	1%
Parents' willingness to pay	27	16%	20	12%	60	36%	41	25%	18	11%

Before and After School Care	Not at all		Slightly		Moderately		Very		Extremely	
	#	%	#	%	#	%	#	%	#	%
Child care rates in the community	30	27%	17	15%	22	20%	36	32%	6	5%
Operating Costs	11	10%	9	8%	14	13%	39	35%	38	34%
Profit level desired	43	39%	28	25%	35	32%	5	5%	0	0%
Staff salaries and training costs	13	12%	8	7%	15	14%	21	19%	54	49%
Number of children with special needs	63	57%	10	9%	34	31%	2	2%	2	2%
Child care subsidy reimbursement rates	58	52%	15	14%	37	33%	1	1%	0	0%
Parents' willingness to pay	25	23%	14	13%	43	39%	27	24%	2	2%

*For Informational Purposes only*

## Family Day Care Market Rates

***Market rates below are provided for informational purposes only; they do not reflect current or future reimbursement rates for the Child Care Assistance program. Data collected through the survey will be used to establish future reimbursement rates while considering current rates and available funding.***

Data collected through the Market Rate Survey was used to calculate market rates, which were blended by county responses based on population density. This method increases the number of responses used to calculate a rate, which mitigates validity and confidentiality concerns due to the low rate of responses and provides a market rate for counties without a rate response for one or more age groups. Caution should be taken in considering the rate outcomes for age 6 & over due to the low number of rates included in the rate calculations. See Methodology Section (pg. 1-3) for more information.

<b>&lt; Age 3</b>						
<b>County Blend Areas</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>50th Percentile</b>	<b>75th Percentile</b>	<b>90th Percentile</b>
Minnehaha/Lincoln counties	\$2.00	\$5.00	\$3.02	\$2.99	\$3.20	\$3.41
Pennington county	\$2.35	\$3.80	\$3.01	\$2.88	\$3.31	\$3.52
Urban Area (pop. density ≥ 20)	\$1.92	\$5.50	\$2.66	\$2.56	\$2.77	\$3.20
Balance of State (pop. density < 20)	\$2.03	\$4.00	\$2.61	\$2.50	\$2.75	\$3.00

<b>Age 3-5</b>						
<b>County Blend Areas</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>50th Percentile</b>	<b>75th Percentile</b>	<b>90th Percentile</b>
Minnehaha/Lincoln counties	\$1.81	\$5.00	\$2.92	\$2.88	\$3.09	\$3.25
Pennington county	\$2.35	\$3.80	\$2.94	\$2.85	\$3.00	\$3.52
Urban Area (pop. density ≥ 20)	\$1.92	\$5.50	\$2.57	\$2.50	\$2.67	\$2.99
Balance of State (pop. density < 20)	\$1.81	\$3.50	\$2.58	\$2.50	\$2.77	\$3.00

<b>Age 6 &amp; over</b>						
<b>County Blend Areas</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>50th Percentile</b>	<b>75th Percentile</b>	<b>90th Percentile</b>
Minnehaha/Lincoln counties	\$2.85	\$5.00	\$3.58	\$3.20	\$4.50	\$5.00
Pennington county	\$2.50	\$4.00	\$3.06	\$3.00	\$3.25	\$4.00
Urban Area (pop. density ≥ 20)	\$2.25	\$2.75	\$2.44	\$2.50	\$2.73	\$2.75
Balance of State (pop. density < 20)	\$2.45	\$5.00	\$2.97	\$2.73	\$3.00	\$5.00

**Urban Area:**

Brookings, Brown, Clay, Codington, Davison, Hughes, Lake, Lawrence, Union, Yankton

**Balance of State:**

Aurora, Beadle, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix, Clark, Corson, Custer, Day, Deuel, Dewey, Douglas, Edmunds, Fall River, Faulk, Grant, Gregory, Haakon, Hamlin, Hand, Hanson, Harding, Hutchinson, Hyde, Jackson, Jerauld, Jones, Kingsbury, Lyman, McCook, McPherson, Marshall, Meade, Mellette, Miner, Moody, Oglala Lakota, Perkins, Potter, Roberts, Sanborn, Spink, Stanley, Sully, Todd, Tripp, Turner, Walworth, Ziebach

*For Informational Purposes only*

# Group Family and Day Care Center Market Rates

*Market rates below are provided for informational purposes only; they do not reflect current or future reimbursement rates for the Child Care Assistance program. Data collected through the survey will be used to establish future reimbursement rates while considering current rates and available funding.*

Data collected through the Market Rate Survey was used to calculate market rates, which were blended by county responses based on population density. This method increases the number of responses used to calculate a rate, which mitigates validity and confidentiality concerns due to the low rate of responses and provides a market rate for counties without a rate response for one or more age groups. Caution should be taken in considering the rate outcomes for age 6 & over due to the low number of rates included in the rate calculations. See Methodology Section (pg. 1- 3) for more information.

<b>&lt; Age 3</b>						
County Blend Areas	Min	Max	Average	50th Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$3.30	\$7.50	\$4.38	\$4.46	\$4.90	\$5.43
Pennington county	\$2.00	\$4.84	\$3.76	\$3.85	\$4.06	\$4.84
Urban Area (pop. density ≥ 20)	\$2.75	\$4.95	\$3.78	\$3.75	\$4.19	\$4.40
Balance of State (pop. density < 20)	\$1.98	\$4.29	\$3.01	\$3.00	\$3.41	\$3.63

<b>Age 3-5</b>						
County Blend Areas	Min	Max	Average	50th Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$2.42	\$7.50	\$4.05	\$4.18	\$4.31	\$4.93
Pennington county	\$2.00	\$6.71	\$3.59	\$3.63	\$4.40	\$4.40
Urban Area (pop. density ≥ 20)	\$2.50	\$4.82	\$3.42	\$3.41	\$3.74	\$4.06
Balance of State (pop. density < 20)	\$1.90	\$5.00	\$2.95	\$2.85	\$3.19	\$3.63

<b>Age 6 &amp; over</b>						
County Blend Areas	Min	Max	Average	50th Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$4.20	\$4.50	\$4.28	\$4.20	\$4.50	\$4.50
Pennington county	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Urban Area (pop. density ≥ 20)	\$2.50	\$3.50	\$3.13	\$3.00	\$3.50	\$3.50
Balance of State (pop. density < 20)	\$2.00	\$3.70	\$3.00	\$2.88	\$3.19	\$3.50

**Urban Area:**

Brookings, Brown, Clay, Codington, Davison, Hughes, Lake, Lawrence, Union, Yankton

**Balance of State:**

Aurora, Beadle, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix, Clark, Corson, Custer, Day, Deuel, Dewey, Douglas, Edmunds, Fall River, Faulk, Grant, Gregory, Haakon, Hamlin, Hand, Hanson, Harding, Hutchinson, Hyde, Jackson, Jerauld, Jones, Kingsbury, Lyman, McCook, McPherson, Marshall, Meade, Mellette, Miner, Moody, Oglala Lakota, Perkins, Potter, Roberts, Sanborn, Spink, Stanley, Sully, Todd, Tripp, Turner, Walworth, Ziebach

*For Informational Purposes only*

# Before and After School Care Program Market Rates

*Market rates below are provided for informational purposes only; they do not reflect current or future reimbursement rates for the Child Care Assistance program. Data collected through the survey will be used to establish future reimbursement rates while considering rates currently set and available funding.*

Before and After School Care programs are few in number within counties and across the state; approximately 1/3 of all counties (23) reported rates for programs; and just under half of reporting counties (10) had only one provider response. Caution should be taken in considering the rate outcomes due to the low number of rates included in the rate calculations. Methodology Section (pg. 1-3) for more information.

Data collected through the Market Rate Survey was used to calculate market rates, which were blended by county responses based on population density. This method increases the number of responses used to calculate a rate, which mitigates validity and confidentiality concerns due to the low rate of responses and provides a market rate for counties without a rate response for one or more age groups.

County Blend Areas	Min	Max	Average	50th Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$2.01	\$6.08	\$4.23	\$4.02	\$4.58	\$4.66
Pennington county	\$2.41	\$9.25	\$7.12	\$7.63	\$7.63	\$7.63
Urban Area (pop. density $\geq$ 20)	\$1.58	\$4.85	\$2.80	\$2.43	\$3.00	\$3.30
Balance of State (pop. density < 20)	\$0.52	\$7.63	\$2.67	\$1.61	\$2.25	\$4.82

**Urban Area:**

Brookings, Brown, Clay, Codington, Davison, Hughes, Lake, Lawrence, Union, Yankton

**Balance of State:**

Aurora, Beadle, Bennett, Bon Homme, Brule, Buffalo, Butte, Campbell, Charles Mix, Clark, Corson, Custer, Day, Deuel, Dewey, Douglas, Edmunds, Fall River, Faulk, Grant, Gregory, Haakon, Hamlin, Hand, Hanson, Harding, Hutchinson, Hyde, Jackson, Jerauld, Jones, Kingsbury, Lyman, McCook, McPherson, Marshall, Meade, Mellette, Miner, Moody, Oglala Lakota, Perkins, Potter, Roberts, Sanborn, Spink, Stanley, Sully, Todd, Tripp, Turner, Walworth, Ziebach