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# South Dakota Child Care Market Rate Report



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, 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. Refer to the Survey Methodology section 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), in consultation with ICF International, developed the Market Rate Survey. Surveys were created for Registered Family Day Care and Licensed Child Care Programs (i.e., Licensed Child Care Programs serving 20 or less children, Licensed Child Care Programs serving 20 or more children, and Before and After School Care Programs). The survey was designed to collect rate and enrollment data, and additional information about the Child Care Subsidy program for internal evaluation.

Providers had the ability to start the survey and return to it at a later time, picking up from where they left off. Additional validations were programmed into the survey for questions related to their rates to ensure the provider entered the correct rate. Additionally, over 50% of the submitted data received an extra level of review.

The survey was developed using Voxco, an online 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.

Each survey link was unique to the provider's program. Multisite locations also received a list of all survey links unique to each location to facilitate the opportunity to coordinate responses across all locations. In addition to the weekly reminder emails, providers also received phone calls to encourage them to complete the survey, and assist in completing the survey.

Survey data was collected from March 7, 2024 – April 8, 2024.

## 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 772 providers surveyed, including 351 State Registered Family Day Care, 299 Licensed Child Care Programs, and 122 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 772 State Licensed or Registered child care providers surveyed, 563 providers completed the survey resulting in a 72.93% percent survey response rate. This includes 239 Family Day Cares, 225 Licensed Child Care Programs, and 99 Before and After School Care Programs.

## Software

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The data obtained from the survey was exported from Voxco into the Statistical Analysis System (SAS) for analysis. The data that providers entered into the survey were exported into SAS that the contractor, ICF, then analyzed.

## Provider Type Grouping

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Rates were collected from four types of providers:

- Family Day Care;
- Licensed Child Care Programs serving 20 or less children;
- Licensed Child Care Programs serving 20 or more children, and
- Before and After School Care Programs.

Market rates were collected and calculated for Licensed Child Care Programs serving 20 or less children and Licensed Child Care Programs serving 20 or more children 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 (Birth up to age 1);
- Toddler (1 to 2 years);
- Preschool (3 to 5 years, not yet attending Kindergarten); and
- School Age (Kindergarten and Older).

Rates for all age groups were collected and calculated separately. Rates are rounded to the nearest \$0.05.

## 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 50th, 60th, 75th, and 90th 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 75th percentile as an example: this means 75 percent of the child care slots reported are charged rates at or below the rate at the 75th percentile. Note that the minimum, maximum, and non-weighted averages were also included in the survey results.

### Family Child Care, and Licensed Child Care Programs

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 rates. 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.

# South Dakota Child Care Market Rate Survey Results

## Summary Report

### SURVEY RESPONSE

#### Overall survey response

	#	%
Completed survey	563	72.93%
Reported no longer providing care	12	1.55%
No survey completed	197	25.52%

#### Response by provider type

Provider Type	Total surveyed	Completed survey	Reported no longer providing care	No survey completed	Response Rate
Family Day Care	351	239	7	105	68.09%
Licensed Child Care Programs	299	225	2	72	75.25%
Before and After School Care	122	99	3	20	81.15%
<b>Total</b>	<b>772</b>	<b>563</b>	<b>12</b>	<b>197</b>	<b>72.93%</b>

### ENROLLMENT INFORMATION

#### Number of children enrolled by provider type

Provider Type	# Children	Min	Max	Average
Family Day Care	2,684	1	29	12
Licensed Child Care Programs	14,463	6	370	66
Before and After School Care	6,093	11	208	62
<b>Total</b>	<b>23,240</b>	<b>1</b>	<b>370</b>	<b>42</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	2,684	369	13.75%	148	62.98%
Licensed Child Care Programs	14,463	1,842	12.74%	192	88.48%
Before and After School Care	6,093	357	5.86%	75	75.76%
<b>Total</b>	<b>23,240</b>	<b>2,568</b>	<b>11.05%</b>	<b>415</b>	<b>75.32%</b>



*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 and over due to the low number of rates included in the rate calculations.

<b>&lt; Age 3</b>							
<b>County Blend Areas</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>50th Percentile</b>	<b>60<sup>th</sup> Percentile</b>	<b>75th Percentile</b>	<b>90th Percentile</b>
Minnehaha/Lincoln counties	\$2.10	\$5.30	\$3.50	\$3.50	\$3.70	\$3.80	\$4.00
Pennington county	\$0.85	\$4.75	\$3.00	\$3.15	\$3.25	\$3.55	\$3.80
Urban Area (pop. density ≥ 20)	\$2.00	\$4.75	\$2.80	\$2.75	\$2.75	\$2.95	\$3.40
Balance of State (pop. density < 20)	\$1.75	\$4.00	\$2.85	\$2.85	\$2.95	\$3.15	\$3.40

<b>Age 3-5</b>							
<b>County Blend Areas</b>	<b>Min</b>	<b>Max</b>	<b>Average</b>	<b>50th Percentile</b>	<b>60<sup>th</sup> Percentile</b>	<b>75th Percentile</b>	<b>90th Percentile</b>
Minnehaha/Lincoln counties	\$2.10	\$4.20	\$3.35	\$3.40	\$3.40	\$3.70	\$4.00
Pennington county	\$2.65	\$4.00	\$3.20	\$3.15	\$3.15	\$3.40	\$3.90
Urban Area (pop. density ≥ 20)	\$2.10	\$4.15	\$2.90	\$2.85	\$3.00	\$3.15	\$3.25
Balance of State (pop. density < 20)	\$1.35	\$4.50	\$2.80	\$2.75	\$2.85	\$3.00	\$3.25

<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>60<sup>th</sup> Percentile</b>	<b>75th Percentile</b>	<b>90th Percentile</b>
Minnehaha/Lincoln counties	\$2.10	\$4.00	\$3.40	\$3.40	\$3.40	\$3.40	\$3.80
Pennington county	\$2.65	\$4.75	\$3.50	\$3.60	\$3.60	\$3.70	\$4.75
Urban Area (pop. density ≥ 20)	\$1.80	\$3.70	\$2.75	\$2.75	\$2.75	\$3.00	\$3.20
Balance of State (pop. density < 20)	\$0.60	\$4.15	\$2.75	\$2.80	\$2.95	\$3.15	\$3.80

**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

# Licensed Child Care Programs 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 and over due to the low number of rates included in the rate calculations.

< Age 3							
County Blend Areas	Min	Max	Average	50th Percentile	60 <sup>th</sup> Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$2.00	\$10.30	\$5.80	\$5.90	\$5.95	\$6.25	\$6.50
Pennington county	\$3.70	\$5.80	\$4.55	\$4.45	\$4.60	\$4.80	\$5.15
Urban Area (pop. density ≥ 20)	\$3.20	\$5.60	\$4.50	\$4.70	\$4.70	\$4.75	\$5.60
Balance of State (pop. density < 20)	\$1.65	\$5.10	\$3.50	\$3.45	\$3.80	\$3.90	\$4.25

Age 3-5							
County Blend Areas	Min	Max	Average	50th Percentile	60 <sup>th</sup> Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$1.90	\$9.80	\$5.25	\$5.25	\$5.40	\$5.65	\$6.15
Pennington county	\$2.85	\$5.50	\$4.10	\$4.10	\$4.25	\$4.35	\$5.05
Urban Area (pop. density ≥ 20)	\$2.05	\$5.40	\$4.05	\$4.00	\$4.10	\$4.55	\$4.75
Balance of State (pop. density < 20)	\$0.55	\$5.05	\$3.40	\$3.45	\$3.70	\$3.85	\$4.15

Age 6 & Over							
County Blend Areas	Min	Max	Average	50th Percentile	60 <sup>th</sup> Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$1.80	\$6.70	\$4.40	\$4.25	\$4.45	\$4.60	\$5.90
Pennington county	\$3.50	\$6.15	\$4.05	\$3.90	\$3.90	\$4.45	\$4.60
Urban Area (pop. density ≥ 20)	\$2.75	\$4.75	\$3.65	\$3.60	\$3.80	\$3.90	\$4.15
Balance of State (pop. density < 20)	\$1.70	\$5.35	\$3.20	\$3.25	\$3.35	\$3.70	\$3.90

**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 (22) reported rates for programs; and just under half of reporting counties (11) 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. Refer to the Survey Methodology Section (pgs. 3 - 5) 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	60 <sup>th</sup> Percentile	75th Percentile	90th Percentile
Minnehaha/Lincoln counties	\$1.90	\$7.70	\$6.10	\$6.50	\$6.50	\$6.70	\$7.30
Pennington county	\$3.35	\$6.80	\$5.85	\$5.50	\$5.50	\$6.80	\$6.80
Urban Area (pop. density $\geq$ 20)	\$0.65	\$4.65	\$3.40	\$3.45	\$3.65	\$4.10	\$4.25
Balance of State (pop. density < 20)	\$0.40	\$5.40	\$2.70	\$2.40	\$2.50	\$3.85	\$5.40

**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