The Child Care & Development Block Grant (CCDBG) is the primary federal grant program that allows states to provide child care assistance to low-income working families with children under age 13. The majority of these funds serve children 6 years or younger, with the remainder supporting care for older children during out-of-school time.

Subsidies help remove barriers to affordable, high-quality child care, whether in center- or home-based settings. They give working parents the ability to access quality care and choose the type of care that works best for them. The majority of funds go directly to providing early learning experiences, but states can also use the funding to:

- Recruit and retain a well-qualified, fairly compensated, and effective workforce
- Support continuous quality improvement
- Meet the child care needs of families working nontraditional hours

### CCDBG by the Numbers in South Dakota

- **72,932** Children Under 6
- **72%** Population Under 6 with All Parents in the Workforce
- **2,346** Children Ages 0-6 Served by CCDBG and Mandatory Funds
- **834** Providers Accepting CCDBG Subsidies
- **69%** Children Currently Served by CCDBG Who Are Under the Age of 6
- **$21,241,485** CCDBG and Mandatory Funds
- **$2,768,908** CCDBG State Match
- **$135,333,418** CCDBG COVID-Relief Allocations: CARES | CRRSA | ARPA (CCDF + Stabilization)
- **$0** TANF Transferred to CCDBG

### Income Eligibility

Given CCDBG is a federal block grant, state Lead Agencies have the flexibility to design their own subsidy programs in compliance with established eligibility and quality requirements and may choose to set their own additional requirements.

The Lead Agency in South Dakota is the South Dakota Department of Social Services.

Families that meet income eligibility and work/job training/education requirements can apply to the Lead Agency for a subsidy. Many families are required to pay a copay, but states may waive those requirements. Families who receive a subsidy may choose any participating child care provider, including center-based care (including faith-based programs), home-based care, and in-home care.

In South Dakota, eligibility is capped at 54% of State Median Income (SMI). This means that a family of 3 is eligible for a subsidy if they make: $3,031 or less per month ($36,372 per year).

### How CCDBG Funds Flow

Using an established federal formula, states, territories, and tribal entities receive grant awards from the Department of Health and Human Services, Administration for Children and Families (ACF).

- **Parents**
  - Families can use vouchers to help cover the cost of care if a provider/program agrees to accept them.

- **Providers**
  - Grants and contracts represent agreements between the subsidy program and child care providers to designate slots for subsidy-eligible children.

In South Dakota, **39%** of children ages 0-6 are eligible for a CCDBG subsidy under federal rules on average each month. However, **91%** of these children are not served due to insufficient federal funding.
Throughout the pandemic, there was strong bipartisan support for federal relief funding to keep the child care sector afloat. CCDBG was the primary mechanism for providing this relief to child care providers and ensuring access to child care for thousands of working families through CARES, CRRSA, and ARPA.

As of December 31, 2022:
- 705 child care programs in South Dakota received American Rescue Plan Stabilization support, impacting up to 42,500 children.
- Providers in 83% of South Dakota counties have received funds, including:
  - Most common use of funds: Personnel costs and keeping programs staffed.
  - Most common use of funds: Rent and mortgage payments, typically their largest operating expense.

Federal pandemic relief funding, which buttressed an already struggling child care market, expires in September 2024. As this temporary funding expires, Congress must come together to strengthen and invest in our federal early learning and care programs so families can access the reliable, high-quality, affordable child care they depend on.

South Dakota reimburses at the federally recommended reimbursement rate. Higher payment rates are critical in supporting providers to stay financially afloat and provide high-quality learning experiences. They also help low- and middle-income working families afford quality child care.

### CCDBG in COVID-19 Relief

Families with very low incomes and families receiving TANF are exempt from copayments.

### Provider Reimbursements

ACF recommends that Lead Agencies set provider reimbursement rates at the 75th percentile of the market rate. This is the price the lowest 75% of child care programs included in the market rate survey reported charging.

However, market rates often do not reflect the actual costs of providing high-quality care as programs must charge what families can afford in order to fill slots. Therefore, there is a significant gap between how much providers are reimbursed and how much it costs to provide care. Find answers to the most frequently asked questions about provider reimbursement rates here.

### Provider Reimbursement Rates in South Dakota

<table>
<thead>
<tr>
<th>In percentiles of market rate</th>
<th>Center-Based</th>
<th>Home-Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Toddler</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Preschool</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

South Dakota reimburses at the federally recommended reimbursement rate. Higher payment rates are critical in supporting providers to stay financially afloat and provide high-quality learning experiences. They also help low- and middle-income working families afford quality child care.

American Rescue Plan Act Spending Spotlight

Funds have been used to stabilize and support the early childhood sector, including: increasing payroll/salaries; strengthening employee benefits; assisting with rent, utilities, facility maintenance or improvements; and providing mental health support for children/families and employees.

Federal pandemic relief funding, which buttressed an already struggling child care market, expires in September 2024. As this temporary funding expires, Congress must come together to strengthen and invest in our federal early learning and care programs so families can access the reliable, high-quality, affordable child care they depend on.

### CCDBG in COVID-19 Relief

- In South Dakota, a family receiving a CCDBG subsidy pays between $5 and $424 out-of-pocket per month.
- Families that don't receive subsidies pay significantly higher costs.

For instance, center-based infant care ranges in price from $483 to $671 per month.

Find more information on child care prices by age and care setting in your state or county here.