

The Child Care & Development Block Grant (CCDBG) is the primary federal grant program, appropriated by Congress, that provides low-income families access to safe, quality child care while parents work or go to school. In states, territories, and tribal nations (collectively referred to as “states” in this resource) CCDBG is combined with mandatory funding through the Child Care Entitlement to States (CCES) and referred to as the Child Care and Development Fund (CCDF). CCDF is awarded to State Lead Agencies by the Administration for Children and Families (ACF) at the Department of Health and Human Services (HHS) using a funding formula. To receive these funds, states must meet federal oversight and accountability requirements designed to protect children’s health and safety and ensure program integrity.

## CCDBG BY THE NUMBERS

**\$28,391,191** Federal Funding (CCDBG & Mandatory)<sup>1</sup>

**\$6,716,642** State MOE & Matching Funds<sup>2</sup>

**64%** Percentage of children served by CCDBG that are 5 and under<sup>3</sup>

**11%** Percentage of eligible children 5 and under served by CCDBG at current funding levels (1,920 of the 17,975 who are eligible)<sup>4,5</sup>

**710** Number of child care providers accepting CCDBG subsidies<sup>6</sup>

## FINANCIAL IMPACT

CCDBG subsidies help families in South Dakota with lower incomes afford child care.

**Without CCDBG** Average cost of center-based infant care<sup>7</sup>  
**\$719** per month/**\$8,632** per year

**With CCDBG Subsidy** Maximum copayment for care, family of 3<sup>8</sup>  
**\$41** per month/**\$492** per year

**Savings** With CCDBG, families save approximately<sup>9</sup>  
**\$678** per month/**\$8,140** per year

## CCDBG ELIGIBILITY IN SOUTH DAKOTA

Eligibility for CCDBG is primarily determined by household income and work status.

### Employment

A parent(s) must be employed or participating in an education or training program.



Of children 5 and under (**49,738 children**) have all available parents in the workforce.<sup>10</sup>

### Income

According to federal rules, household income must be at or below 85% of State Median Income (SMI), though states are permitted to set lower income limits.

**67% OF SMI** Where the state caps CCDBG eligibility.<sup>11</sup>

**\$53,976 OR LESS** Annual income eligibility for a family of 3, or \$4,498 per month.<sup>12</sup>

### Prioritized Populations

States have latitude on who receives subsidies but must prioritize children in protective services, from very low-income families, with special needs, or experiencing homelessness.<sup>13</sup>



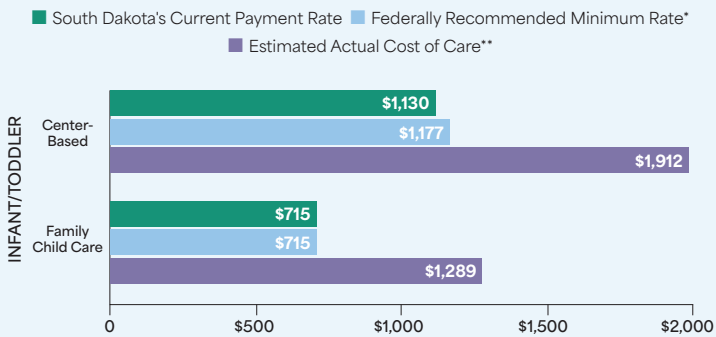
## DEEPER DIVE INTO POLICY

### PAYMENT PRACTICES

State lead agencies set child care provider payment rates. Most states use a **market rate survey** to align rates with the prices providers in a geographic area charge private-pay families. In doing so, rates often fail to reflect providers' actual costs, as many only charge what parents can afford to pay. When rates are too low, providers may be forced to make tradeoffs that affect program quality and availability.

Some states are beginning to shift to **cost estimation modeling** as an alternate method to set provider payment rates. These models consider market prices and the actual expenses carried by providers, such as staffing, supplies, and facilities. Cost estimation allows states to set more informed payment rates that better reflect the real cost of care.

### SOUTH DAKOTA: SUBSIDY PAYMENT RATES AND THE COST OF CHILD CARE<sup>14</sup>



\*The federal government recommends payment rates are set at the 75th percentile or higher of the most recent market rate survey.

\*\*Determined using Prenatal to Five Fiscal Strategies' 50-State Child Care Cost Model, using Caring for Our Children for ratio and group size data, and wage data from the U.S. Bureau of Labor Statistics. Results will vary based on the model and the inputs selected.

**South Dakota uses a market rate survey.**<sup>15</sup> Child care centers serving infants and toddlers with subsidies are paid **59% of what it costs** to provide quality child care for those children.<sup>16</sup>

Adequate payment rates help attract more providers to participate in CCDF, support higher quality care, and expand families' child care choices.

### ENROLLMENT OR ATTENDANCE

Payment methods impact provider stability. **South Dakota pays all child care providers based on authorized enrollment.**<sup>17</sup> This method aligns with generally accepted payment practices in the private market and better reflects the fixed costs of child care.

### QUALITY

Federal law requires states to meet federal oversight and accountability regulations that protect children's health and well-being and ensure program integrity. States must then establish their own licensing standards to ensure children are in safe, quality settings, and they are given significant flexibility to do so. As such, state standards vary widely across the country.

#### South Dakota Teacher Qualifications<sup>18</sup>

Educator requirements are central to program quality, as knowledgeable, well-trained caregivers create healthier, safer, and more stimulating learning environments that support children's development, school readiness, and long-term success.

#### Teacher minimum requirements

In most states, there are multiple pathways to qualification. One example in South Dakota:

- AGE: 18
- EDUCATION: None
- PRIOR WORK EXPERIENCE: None

Lead Agencies must conduct comprehensive background checks for all staff members of child care providers that are licensed, regulated, or registered with the state, regardless of whether they receive CCDF funds.

#### South Dakota Teacher-Child Ratios<sup>19</sup>

Teacher-child ratios are crucial for safety as well as ensuring high-quality and individualized interactions. Providers receiving CCDF funds must adhere to ratios set by the state.

#### Licensed Center-Based Care

INFANT	1:5
TODDLER	1:5
PRESCHOOL	1:10

Scan or click the QR code for full references and links.

