

Senate Workforce Development Committee
SB 2301
January 26, 2023

Chairman Wobbema and Committee Members, the Community HealthCare Association of the Dakotas (CHAD) is pleased to present written testimony for SB 2103. CHAD is a non-profit membership organization serving as the primary care association for North Dakota and South Dakota.

First, I would like to share a little background on the health care organizations we are talking about and their reach in North Dakota. Community health centers are non-profit, community-driven primary care clinics with a special designation of Federally Qualified Health Center (FQHC). Each clinic provides high-quality primary and preventive care to all individuals, with or without insurance and regardless of their ability to pay. North Dakota has five community health centers located in 19 communities with 21 delivery sites. They serve approximately 36,000 primary and behavioral health care patients and nearly 13,000 dental patients.

Community health centers are in rural and urban North Dakota. In rural communities, the community health care clinic supports a community's ability to retain local health care options and support access to health care where rural Dakotans live and work. Health centers also make important contributions to their local workforce and economy, generating local jobs as well as substantial cost savings for the overall health care system. Often a "main street anchor" of their communities, health centers in North Dakota employed 369 full-time workers and generated an economic impact of more than \$90 million in the year 2021.

In a recent survey, community health center employees and leaders in North Dakota identified lack of child care as one of the top four societal challenges impacting their organizations. Access to affordable child care is essential for parents to stay in the workforce and an important element of recruiting health care workers to our local communities, ultimately enabling health centers to deliver quality primary care services in areas of the state that need it most. For those reasons, our member health centers support efforts to address the root causes of the child care crisis in North Dakota.

On average, working families in North Dakota spend 13 percent of their family budget on infant care. At the same time, child care businesses struggle to stay open and are often left with little choice but to pay their workers low wages. The median wage across North Dakota for a child care worker is \$11.19 per hour, barely hovering above the poverty level for a family of three¹. In addition, North Dakota needs about 10,000 more child care slots to meet the demand for children ages 0 to 5 with working parents. The state needs at least 1400 more child care workers to staff these additional slots. To staff these additional slots, the state needs at least 1400 more child care workers.

¹ <https://livingwage.mit.edu/states/38>

The North Dakota Child Care Action Alliance (NDCCAA) estimates that to supplement the wages of current workers and the anticipated need for additional workers to earn a living wage requires a \$150 million annual investment². In its current form, SB 2103 would bring about a \$1 - \$2 increase for child care worker compensation. While this incremental increase is important, it is not a living wage and is unlikely to address the root causes of the child care crisis adequately.

Thank you for allowing CHAD to testify in support of SB 2103 and to raise the need for additional monthly supplemental payment support for child care providers to adequately compensate wages and benefits for child care workers. Ensuring that child care businesses can stay open and that child care workers earn a living wage is critical to building and maintaining a local health care workforce that can serve the needs of our communities.

² Equation used to arrive at the estimated \$150M fiscal need:

- To go from \$11 per hour (median child care worker wage) to \$21 per hour (living wage), increase in \$10 per hour.
- Convert to yearly stipend: $\$10 * 40 * 52 = \$20,800$
- Workforce current + estimated = 7,000 (5,546 + 1400)
- $\$20,800 * 7000 = \mathbf{145.6M \text{ annually}}$