



NORTH DAKOTA HOUSE OF REPRESENTATIVES

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COMMITTEES:

Appropriations
Human Resources Division

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House Bill 1540

House Appropriations – Human Resources Division

Representative Jon Nelson, Chairman

Chairman Nelson and members of the House Appropriations – Human Resources Division Committee:

I am Representative Emily O’Brien, from District 42, in Grand Forks, North Dakota.

This past fall, a group of legislators and representatives from the Executive Branch announced a framework for legislation to address the availability, affordability, and quality of child care services in North Dakota, which has been a major barrier to workforce participation.

Speaking from personal experience, four years ago, my first daughter came to work with me every day for 6 months. There were waiting lists to get into any child care center or in-home provider – whether or not they had a license and fees just to be put on a waitlist. Five months ago, I had my second daughter. Luckily, I communicated with our in-home child care provider that we would be expecting our second child and needed to know if there would be a spot available coming November. With two children, I pay \$20,000+ annually for our in-home child care. This amount does not include when daycare is closed, whether paid or unpaid days noted in the contract. Unpaid days require my partner or me to take work off – which results in a loss of money that could have been made, or we scramble at the last minute to find a babysitter and end up paying \$100+ per day. For example, late Thursday evening last week, I was notified that daycare would be closed Friday due to our provider’s household catching norovirus. It is difficult for an individual like me, serving during the legislative session, 275 miles away from home, to drop what I am doing to be home to provide care for our children. I am grateful to have a small village back home that helps pick up the pieces, but not everyone has options.

There have been a handful of proposals brought forward that resulted from many months of work and discussions with child care providers, business leaders, legislators, and other key stakeholders – all to whom I give credit too.

Hearing from constituents, one of the top priorities this session is addressing our workforce crisis. This child care proposal will aid in addressing that crisis.

To go through the bill:

Section 1 – Subsection 4

The department already has the authority to establish rules for the administration of the child care assistance program – this bill would add in the language “to be adjusted annually based on information from a market study and a cost study,”

Section 2 – Subsection 2

Would add “2. The sliding fee schedule established by the department may not charge a fee to a family whose income does not exceed thirty percent of the state median income for a family of the same size.”

The policy from Section 1 – Subsection 4 and Section 2 – Subsection 2, would accompany the appropriation in Section 5, Subsection 4. for a total of \$2,300,000. An annual market study and cost study would allow the Department of Health and Human Services to consider more comprehensively the cost of providing child care when setting payment rates utilized as the basis for payments in the Child Care Assistance Program (CCAP). This change in legislation will impact 2,200 extremely low-income working families, who will no longer have a co-pay requirement for child care.

Attached in your packet, you will find the North Dakota Child Care Assistance Program Sliding Fee Schedule.

Section 3 – Subsection 1. a.

Changes the income eligibility for child care assistance from eighty-five percent of the state median income to seventy-five percent of the state median income for a family of the same size. This would become effective July 1, 2025.

Section 4

Provides for the North Dakota Department of Health and Human Services to provide reports to the Legislative Management regarding the status of the early childhood programs managed by the department.

Section 5 – Subsection 1

Provides for an appropriation of \$22,000,000 from the general fund, which provides benefits to a family whose income is less than seventy-five percent of the state median income for a family of the same size. We heard from countless interviewees that the CCAP for families is not just a help, it is a necessity. This appropriation will impact 1,800+ additional children receiving child care assistance each month.

Section 5 – Subsection 2

Provides an appropriation of \$15,000,000 from the general fund, which would incentivize the availability of child care for infants and toddlers whose families receive child care assistance by increasing the rate the state pays for children younger than 3. An estimated 2,080 would be impacted.

Section 5 – Subsection 3

Provides an appropriation of \$3,000,000 from the general fund for the creation of quality-based tiers for child care assistance. Increase choices available to working families who participate in the CCAP by paying more for care delivered in child care programs that have taken all the steps necessary to validate quality standards. A system with quality payment tiers puts working families with more modest incomes on par with families who are better able to afford the higher cost of the highest quality care. The 5-15% increase in monthly CCAP payment for providers who are Quality rated would impact 1,600 children.

Section 5 – Subsection 4

As discussed previously, it provides an appropriation of \$2,300,000 as described in Sections 1 and 2 – waiving the fee to a family whose income does not exceed thirty percent of the state median income for a family of the same size.

Section 5 – Subsection 5

Provides an appropriation of \$500,000 from the general fund, for advertising and sign-up assistance.

Section 5 – Subsection 6

Provides an appropriation of \$5,000,000 from general funds for the purpose of employer-led child care cost-share program. This program creates a state match for employer-funded child care stipends to employees where household income is no more than 100% of the state median income. The maximum state match is \$300 per month, as long as the employee has a child ages zero to five, meets the household income thresholds, and is employed by a business that has opted into participating in the program. The goal is to serve an additional 650 children through 2025.

Section 5 – Subsection 7

Provides an appropriation of \$7,000,000 from general funds that will support a more sustainable, stable child care sector by offering grants, incentives, and shared service resources to child care businesses. Inclusion grants will support providers who endeavor to provide quality child care experiences for children with special needs. Start-up grants will support entrepreneurs who are entering the business of child care, with enhanced resources available to programs that are starting up or expanding in designated child care deserts. Shared services models can allow child care providers to access administrative support at reduced cost via statewide or regional vendors. The goal is

to serve 200+ child care providers to receive grants (facility, start-up, inclusion, quality) and 750+ shared service grants.

Section 5 – Subsection 8

Provides an appropriation of \$1,800,000 from general funds, creating new incentives for the provision of non-traditional care. The creation of 2-4 pilot partnership(s) between employers and child care programs. For North Dakotans that are engaged in shift work outside of the traditional “eight to five” business day, child care can be difficult to access. The specific nature of the pilot projects will be driven by the unique needs identified in each proposal.

Section 5 – Subsection 9

Provides an appropriation of \$2,000,000 from general funds for the purpose of stipends for worker training. This will provide grants and incentives to child care workers to support quality care through high-impact professional development. Child care programs typically operate 10-12 hours per day and are staffed to interact with and provide care for children during that time. While basic (required) training may happen during work hours, it is often left to the child care staff members to build their credentials and skills outside of paid work time. The goal is to provide training stipends for 1,200 and 1,800 child care workers pursuing above-and-beyond training.

Section 5 – Subsection 10

Provides an appropriation of \$3,000,000 from the general fund for the purpose of quality infrastructure for providers. The proposal invests in the infrastructure needed to support child care providers in their quest to continue excellence in delivery of care. Many child care providers are interested in becoming quality rated but to do so requires coaching and technical assistance resources to help support child care providers as they work to infuse even more quality practices into their work.

Section 5 – Subsection 11

Provides an appropriation of \$1,000,000 from the general fund for the purpose of streamlining background checks. This has been an ongoing conversation with solutions to make it as easy as possible for providers to get licensed, stay licensed, and participate in the state’s quality improvement system. 9,000+ child care-related background checks can be completed more quickly and efficiently.

Section 6

Provides an appropriation of \$3,000,000, or so much of the sum as may be necessary, to the North Dakota Office of Management and Budget for the purpose of state employee child care benefits from the biennium beginning July 1, 2023 and ending June 30, 2025.

Section 7

As mentioned previously, Section 3 of this Act becomes effective July 1, 2025.

House Bill 1540 has consolidated the majority of the child care proposals that have been introduced from House Bills, Senate Bills and the Executive Recommendation. Credit is due to Senator Hogan, Senator Kreun, Representative Weisz, and the Department of Health and Human Services for all of teamwork that has gone into this vital piece of legislation and appropriation to address North Dakota's workforce crisis and child care needs.

Thank you, Chairman Nelson, and members of the House Appropriation – Human Resource Division Committee. I will stand for any questions.

North Dakota Child Care Assistance Program
Sliding Fee Schedule
Effective October 1, 2022

LL - Lower Income Limit
 UL - Upper Income Limit
 SMI - State Median Income

HH Size	Level 1 (10% of State Median Income)			Level 2 (20% SMI)			Level 3 (30% SMI)			Level 4 (40% SMI)			Level 5 (50% SMI)			Level 6 (60% SMI)			Level 7 (85% SMI)			HH Size
	LL	UL	Copay (2.0%)	LL	UL	Copay (3.0%)	LL	UL	Copay (4.0%)	LL	UL	Copay (6.0%)	LL	UL	Copay (7.0%)	LL	UL	Copay (7.0%)	LL	UL	Copay (7.0%)	
1	\$0	\$464	\$10	\$465	\$928	\$28	\$929	\$1,392	\$56	\$1,393	\$1,856	\$112	\$1,857	\$2,320	\$163	\$2,321	\$2,784	\$195	\$2,785	\$3,944	\$277	1
2	\$0	\$607	\$13	\$608	\$1,214	\$37	\$1,215	\$1,820	\$73	\$1,821	\$2,427	\$146	\$2,428	\$3,034	\$213	\$3,035	\$3,641	\$255	\$3,642	\$5,158	\$362	2
3	\$0	\$750	\$15	\$751	\$1,499	\$45	\$1,500	\$2,249	\$90	\$2,250	\$2,998	\$180	\$2,999	\$3,748	\$263	\$3,749	\$4,497	\$315	\$4,498	\$6,371	\$446	3
4	\$0	\$892	\$18	\$893	\$1,785	\$54	\$1,786	\$2,677	\$108	\$2,678	\$3,569	\$215	\$3,570	\$4,462	\$313	\$4,463	\$5,354	\$375	\$5,355	\$7,585	\$531	4
5	\$0	\$1,035	\$21	\$1,036	\$2,070	\$63	\$2,071	\$3,105	\$125	\$3,106	\$4,140	\$249	\$4,141	\$5,176	\$363	\$5,177	\$6,211	\$435	\$6,212	\$8,798	\$616	5
6	\$0	\$1,178	\$24	\$1,179	\$2,356	\$71	\$2,357	\$3,533	\$142	\$3,534	\$4,711	\$283	\$4,712	\$5,889	\$413	\$5,890	\$7,067	\$495	\$7,068	\$10,011	\$701	6
7	\$0	\$1,205	\$25	\$1,206	\$2,409	\$73	\$2,410	\$3,614	\$145	\$3,615	\$4,818	\$290	\$4,819	\$6,023	\$422	\$6,024	\$7,228	\$506	\$7,229	\$10,239	\$717	7
8	\$0	\$1,231	\$25	\$1,232	\$2,463	\$74	\$2,464	\$3,694	\$148	\$3,695	\$4,926	\$296	\$4,927	\$6,157	\$431	\$6,158	\$7,388	\$518	\$7,389	\$10,467	\$733	8

State Provider Rates

Allowable Monthly Maximums for Full Time Care--Category One
 (25 or more hours per week)

Provider Type Provider Codes	Infant (Birth to 17 months)	Toddler (18 months to 2 years)	Preschool (3-5 years)	Other (6 up to 13)
CENTER C, E, K, M	\$913.33 \$228.33 (weekly)	\$888.00 \$222.00 (weekly)	\$811.00 \$202.75 (weekly)	\$760.00 \$190.00 (weekly)
LICENSED FAMILY/GROUP F, G, H	\$700.00 \$175.00 (weekly)	\$700.00 \$175.00 (weekly)	\$680.00 \$170.00 (weekly)	\$660.00 \$165.00 (weekly)
SELF-DECLARED/ TRIBAL REGISTERED S, R	\$462.00 \$115.50 (weekly)	\$429.00 \$107.25 (weekly)	\$420.20 \$105.05 (weekly)	\$407.00 \$101.75 (weekly)
APPROVED RELATIVE	\$367.50 \$91.87 (weekly)	\$346.50 \$86.62 (weekly)	\$338.10 \$84.52 (weekly)	\$325.50 \$81.37 (weekly)

Allowable Monthly Maximums for Part-Time Care--Category Two
 (Less than 25 hours per week)

Infant (Birth to 17 months)	Toddler (18 months to 2 years)	Preschool (3-5 years)	Other (6 up to 13)
\$900.00 \$225.00 (weekly)	\$824.00 \$206.00 (weekly)	\$565.75 \$141.43 (weekly)	\$535.25 \$133.81 (weekly)
\$700.00 \$175.00 (weekly)	\$700.00 \$175.00 (weekly)	\$615.00 \$153.75 (weekly)	\$540.00 \$135.00 (weekly)
\$277.20 \$69.30 (weekly)	\$257.40 \$64.35 (weekly)	\$252.12 \$63.03 (weekly)	\$244.20 \$61.05 (weekly)
\$220.50 \$55.12 (weekly)	\$207.90 \$51.97 (weekly)	\$202.86 \$50.71 (weekly)	\$195.30 \$48.82 (weekly)

State provider rates will be rounded down when the rate is not a full dollar amount

Allowable Maximum for Registration fees

Provider Type: C, E, K, M, F, G, H - \$150 per calendar year