

Testimony
68th Legislative Assembly
House Education Committee
House Bill 1298
January 18, 2023
Submitted by: Child Care Aware of ND

Chairman Louser and members of the House Industry, Business and Labor Committee, thank you for the opportunity to provide informational testimony on HB1298. My name is Verla Jung and I live in Jamestown. I am a Start-up and Community Engagement Coordinator for Child Care Aware of North Dakota. Child Care Aware of North Dakota is a nonprofit organization that receives Child Care Development Funds (CCDF) contracted from the ND Department of Health and Human Services Early Childhood Section to provide support to child care providers and programs in the state in the areas of training, coaching and start-up assistance.

I work with new providers and centers who are interested in starting a child care business or organization. We provide guidance and assistance on everything from licensing guidelines to staff handbooks, business plans, etc. and work with providers through the process of starting their program.

Today, I am presenting informational testimony on House Bill No. 1298 relating to proof of liability insurance for early childhood programs. When working with child care programs, we strongly encourage providers to have adequate business liability coverage to protect them against the risks associated with their business. Parents who sign a note indicating that they understand a program does not have this insurance can still sue the program if there is an accident. Anecdotally, we have seen that liability waivers that parents sign promising not to sue do not stand in court and the provider is still liable.

In reviewing the data CCA has collected, ND has 1199 licensed child care programs. Of that number, 748 have stated they carry liability insurance. A total of 164 are centers, 39 preschools and 29 are school-age programs, all of which are required to have liability insurance as required administrative rules. There are an additional 516 licensed as family, group in a home and group in a facility voluntarily participating, making slightly more than 62% of the 1199 programs holding liability insurance.

Our organization wanted to provide testimony today to inform the Committee about some of the barriers that prevent family, group in a home and group in a facility licensed programs from obtaining liability insurance. Speaking with insurance professionals, we found it is becoming rare for a homeowners policy would cover more than 5 children so these providers would need to purchase separate liability insurance to have coverage. Some commercial companies have gotten out of child care insurance due to the risks involved. Options are available but at a higher price. In talking with some insurance companies, we've found that coverage running around \$1,200-\$1,750 annually for home providers. Group policies can run from \$1,100 to \$2,100 with one provider from western North Dakota reported that their liability insurance for group-30 programs recently doubled to \$4,000.

While the investment in liability insurance helps safeguard against the potential for higher costs if a child is injured and to protect against potential litigation expenses, most child care providers in ND have an average of 4% profit at the very best with that number shrinking with workforce and inflation expenses.

There is concern in the field that additional requirements and expenses without financial support will cause more providers to close and further exacerbate the child care crisis in the state.

As a support for providers across the state Child Care Aware of ND wanted to share this information for consideration.