



## **Senate Bill 2012**

Senate Appropriations Committee | HR Section  
Senator Dick Dever, Chairman

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**Supporting Working Families | Strengthening Our Workforce**

*An Overview of the ND Child Care Proposal in the 2023-25 Executive Budget Request, February 6, 2023*

NORTH  
**Dakota**  
Be Legendary.

Health & Human Services



# 2023-25 Executive Budget Request for New Investment in Child Care as a Workforce Solution

## A strategy of both comprehensive and targeted investment



### Target investments to ages 0-3

- ✓ Age of highest developmental return for children
- ✓ Period of greatest economic pressure for most young families
- ✓ Critical decision point for individual-level decisions about how/if to rejoin the labor force
- ✓ Focus on working families employed in occupations where compensation doesn't offset the cost of child care needed to enable work



### Embrace an all-of-the-above approach to child care

- ✓ Quality early experiences can happen anywhere.
- ✓ Working families should have meaningful choices about child care.
- ✓ Principles of quality are knowable and transferrable to any setting.
- ✓ Sustainable child care businesses will support more sustainability within the workforce.



### Help working parents provide for their families by supporting employment, training and education goals

- ✓ Benefits are scaled to family need.
- ✓ Employers have meaningful vehicles to remediate child care as a barrier to work.
- ✓ There are opportunities for children who are least likely to have access to quality early childhood experiences.



# Child care is a workforce solution that can make a difference for ND employers



## Affordability

Connect more working families to child care assistance to keep the cost of child care within 7% of household income

**\$27 million** | Helping lower income working parents with child care costs | Public private cost share for employer-provided child care benefit for employees



## Availability

Make it easier for working families to find child care when and where they need it

**\$22 million** | Payments for Infant and Toddler care | Supporting more sustainable operations for child care entrepreneurs | Care during non-traditional hours | Child care worker career pathways | Criminal background checks



## Quality

Help kids realize their potential by supporting quality early childhood experiences

**\$24 million** | Best in Class program | Scholarships and Incentives for child care worker professional development | Connecting child care payments to quality



# Supporting Working Families | Strengthening our Workforce

## ND Child Care Proposal

*SB 2012, 2023-25 Executive Budget Request*

1. Invest in the child care assistance program (\$22M)
2. Extend ND's employer-led child care cost sharing program (\$5M)
3. Increase provider payments for infant and toddler care (\$13M)
4. Streamline background checks and reduce administrative burden (\$1M)
5. Support child care providers with grants, incentives and shared services (\$7M)
6. Create new partnerships for care provided during non-traditional hours (\$1M)
7. Build improved career pathways
8. Expand the Best in Class program (\$16M)
9. Established quality-based tiers in the CCAP payment schedule and quality infrastructure to support excellence in service delivery (\$6M)
10. Reward the completion of above-and-beyond training (\$2M)





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# Included in 2023-25 Executive Budget Request | ND Child Care Proposal

## Invest in the child care assistance program | \$22 million

**Affordability**

Increase the number of families who receive help paying for child care, with special attention on with kids ages 0 to 3. Expand resources available to the state's child care assistance program (CCAP) to make a difference for more families in more industries in more parts of North Dakota.

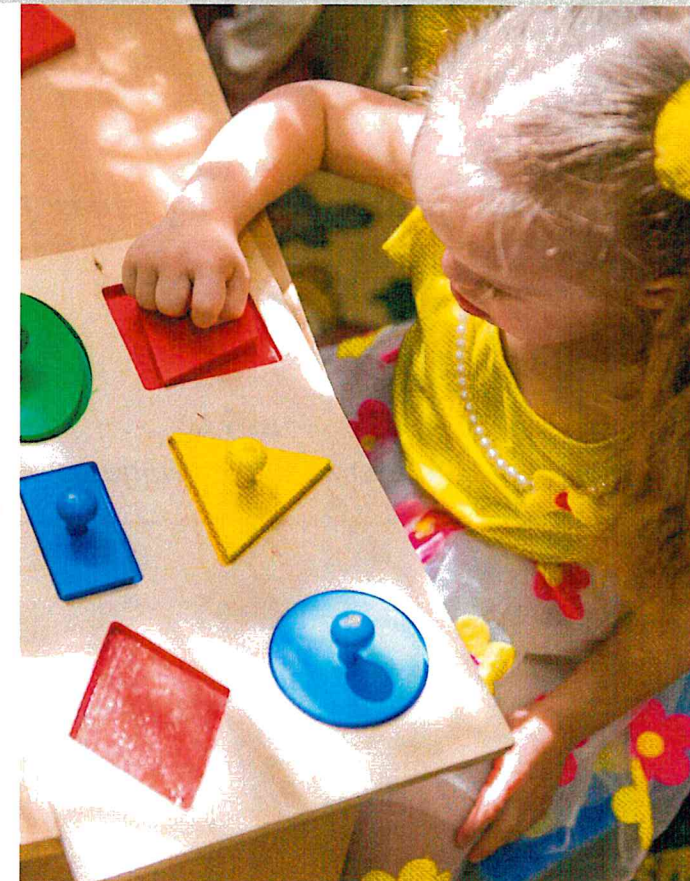
*Grow child care assistance participation to 3,000 children ages 0-3 (\$22 million)*

| Total        | General      | Other |
|--------------|--------------|-------|
| \$22,000,000 | \$22,000,000 | \$0   |

HHS Budget Section: Economic Assistance

| HH Size | <30% State Median Income |                       |                             | 30-40% State Median Income |                       |                             | 50-60% State Median Income |                       |                           | 60-85% State Median Income |                       |                           |
|---------|--------------------------|-----------------------|-----------------------------|----------------------------|-----------------------|-----------------------------|----------------------------|-----------------------|---------------------------|----------------------------|-----------------------|---------------------------|
|         | Monthly Income           | Est Max Hourly Wage * | Monthly Copay (2-3% of inc) | Monthly Income             | Est Max Hourly Wage * | Monthly Copay (4-6% of inc) | Monthly Income             | Est Max Hourly Wage * | Monthly Copay (7% of inc) | Monthly Income             | Est Max Hourly Wage * | Monthly Copay (7% of inc) |
| 2       | <\$1,214                 | \$7.00                | \$13 - \$37                 | \$1215 - \$2427            | \$14.00               | \$73 - \$146                | \$2428 - \$3641            | \$21.01               | \$213 - \$255             | \$3642 - \$5158            | \$29.76               | \$362                     |
| 3       | <\$1,499                 | \$8.65                | \$15 - \$45                 | \$1500 - \$2998            | \$17.30               | \$90 - \$180                | \$2999 - \$4497            | \$25.94               | \$263 - \$315             | \$4498 - \$6371            | \$36.76               | \$446                     |
| 4       | <\$1,785                 | \$10.30               | \$18 - \$54                 | \$1786 - \$3569            | \$20.59               | \$108 - \$215               | \$3570 - \$5354            | \$30.89               | \$313 - \$375             | \$5355 - \$7585            | \$43.76               | \$531                     |
| 5       | <\$2,070                 | \$11.94               | \$21 - \$63                 | \$2071 - \$4140            | \$23.88               | \$125 - \$249               | \$4141 - \$6211            | \$35.83               | \$363 - \$435             | \$6212 - \$8798            | \$50.76               | \$616                     |
| 6       | <\$2,356                 | \$13.59               | \$24 - \$71                 | \$2357 - \$4711            | \$27.18               | \$142 - \$283               | \$4712 - \$7067            | \$40.77               | \$413 - \$495             | \$7068 - \$10011           | \$57.76               | \$701                     |
| 7       | <\$2,409                 | \$13.90               | \$25 - \$73                 | \$2410 - \$4818            | \$27.80               | \$145 - \$290               | \$4819 - \$7228            | \$41.70               | \$422 - \$506             | \$7229 - \$10239           | \$59.07               | \$717                     |
| 8       | <\$2,463                 | \$14.21               | \$25 - \$74                 | \$2464 - \$4926            | \$28.42               | \$148 - \$296               | \$4927 - \$7388            | \$42.62               | \$431 - \$518             | \$7389 - \$10467           | \$60.39               | \$733                     |

\*Assumes single earner, full-time work





# When is child care affordable?

Average monthly cost of care in a Child Care Center compared to affordability standard of 7% of household income



## 1 child (9-month-old)

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Center-based avg  $\$838$   $\longrightarrow$  Household income needed?  $\$143,600$  = combined hourly wage of  $\$69/\text{hr}$



## 1 child (3-year-old)

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Center-based avg  $\$726$   $\longrightarrow$  Household income needed?  $\$124,400$  = combined hourly wage of  $\$60/\text{hr}$



## 2 children (1-year-old and 4-year old)

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Center-based avg  $\$1,564$   $\longrightarrow$  Household income needed?  $\$268,100$  = combined hourly wage of  $\$129/\text{hr}$



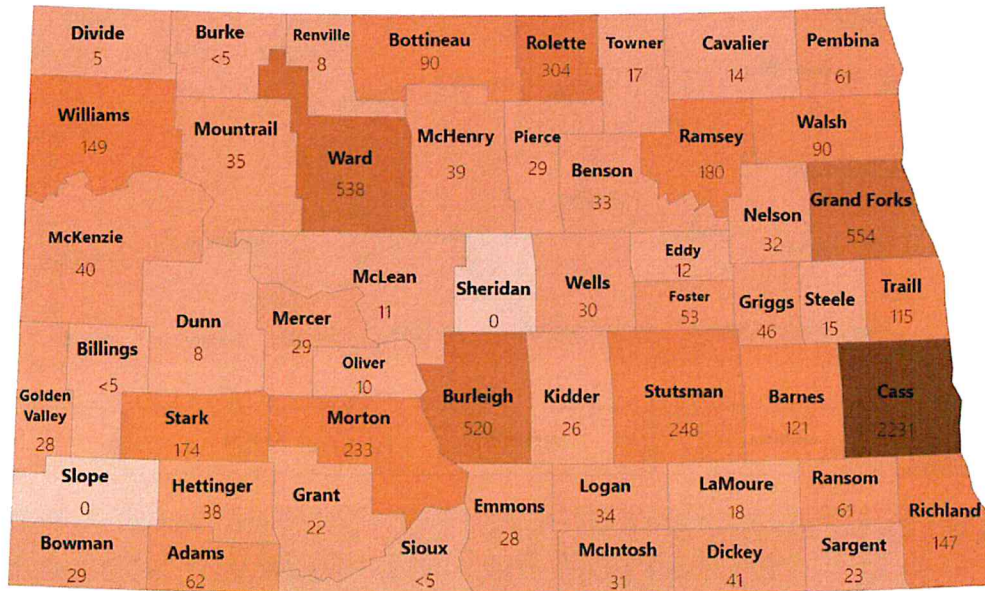
# Number of families who have received help with child care costs from CCAP over the last calendar year

12 month total, Dec 2021-Dec 2022 | Data Dashboard at <https://www.hhs.nd.gov/applyforhelp/ccap>

- Families
- Funding
- Applications
- Providers
- County Investment

Benefit Month

All Selected ▼



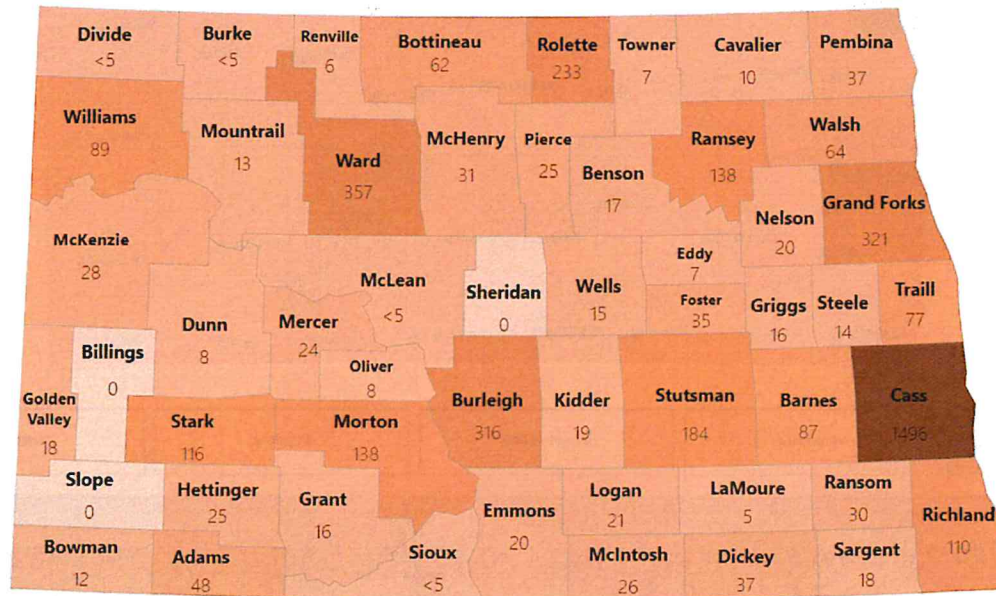
**NOTES:**  
 The map titled "County Investment" offers a county by county picture of the number of working families, or families in education or training programs, who are benefiting from child care assistance. The data is based on the family's county of residence. Of note: if a family moves from one county to another during the selected timeframe, this map will count them as having lived in both counties.  
 The map defaults to show the total served in the most recent 12-month period. The filter can be adjusted to show specific months.



# Number of families who have received help with child care costs from CCAP – November 2022

Data Dashboard at <https://www.hhs.nd.gov/applyforhelp/ccap>

Benefit Month  
202211



**2,739**  
Total Families participating in CCAP in November 2022

*(includes children ages 0-12)*

**NOTES:**

The map titled "County Investment" offers a county by county picture of the number of working families, or families in education or training programs, who are benefitting from child care assistance. The data is based on the family's county of residence. Of note: if a family moves from one county to another during the selected timeframe, this map will count them as having lived in both counties.

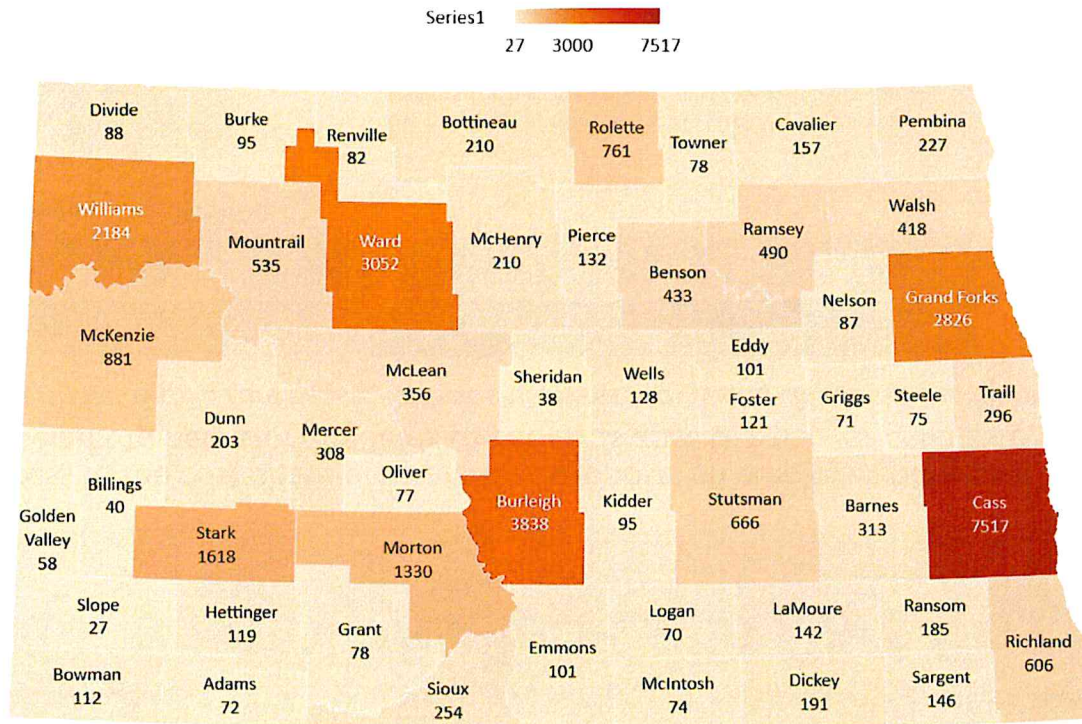
The map defaults to show the total served in the most recent 12-month period. The filter can be adjusted to show specific months.



# 32,000+ children ages 0-5 are likely to utilize some type of child care

32,372 children age 0-5 likely to need child care

Assumes 50% of children will utilize child care of some kind | In 2020 72% of children 0-5 in ND have all parents in workforce



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Included in 2023-25 Executive Budget Request | ND Child Care Proposal

Affordability

Extend Employer-led Child Care Cost Sharing | \$5 million

Expand access to the cost-share program that supports an employer-provided child care benefit to help working families with kids ages 0-3 pay for child care. *Help employers offer a child care benefit to their employees with young children (\$5 million)*

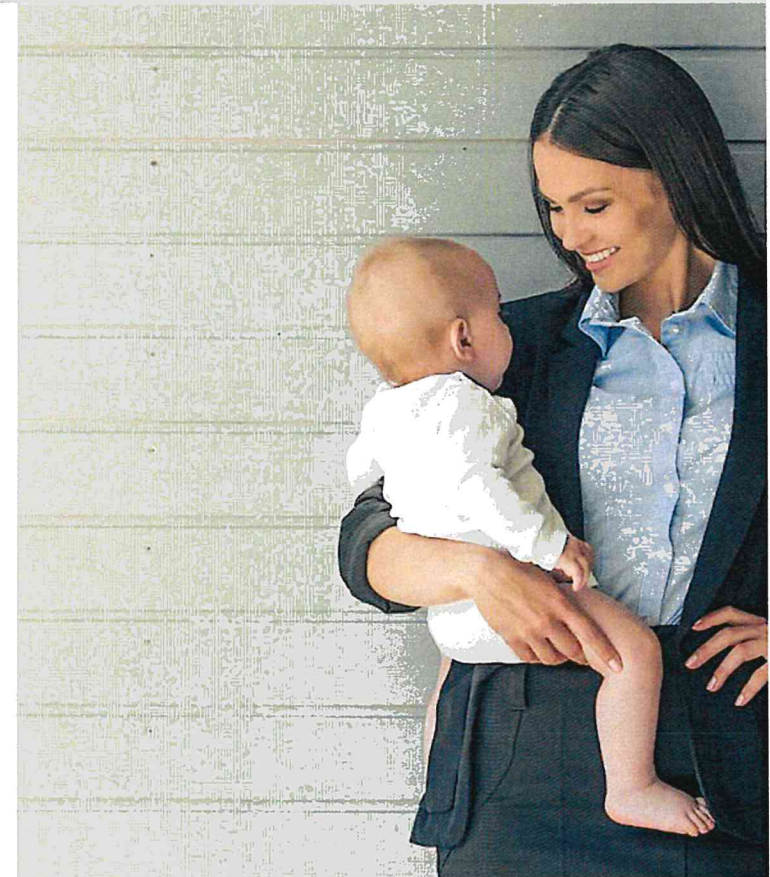
| Total       | General     | Other |
|-------------|-------------|-------|
| \$5,000,000 | \$5,000,000 | \$0   |

HHS Budget Section: Early Childhood

How it works

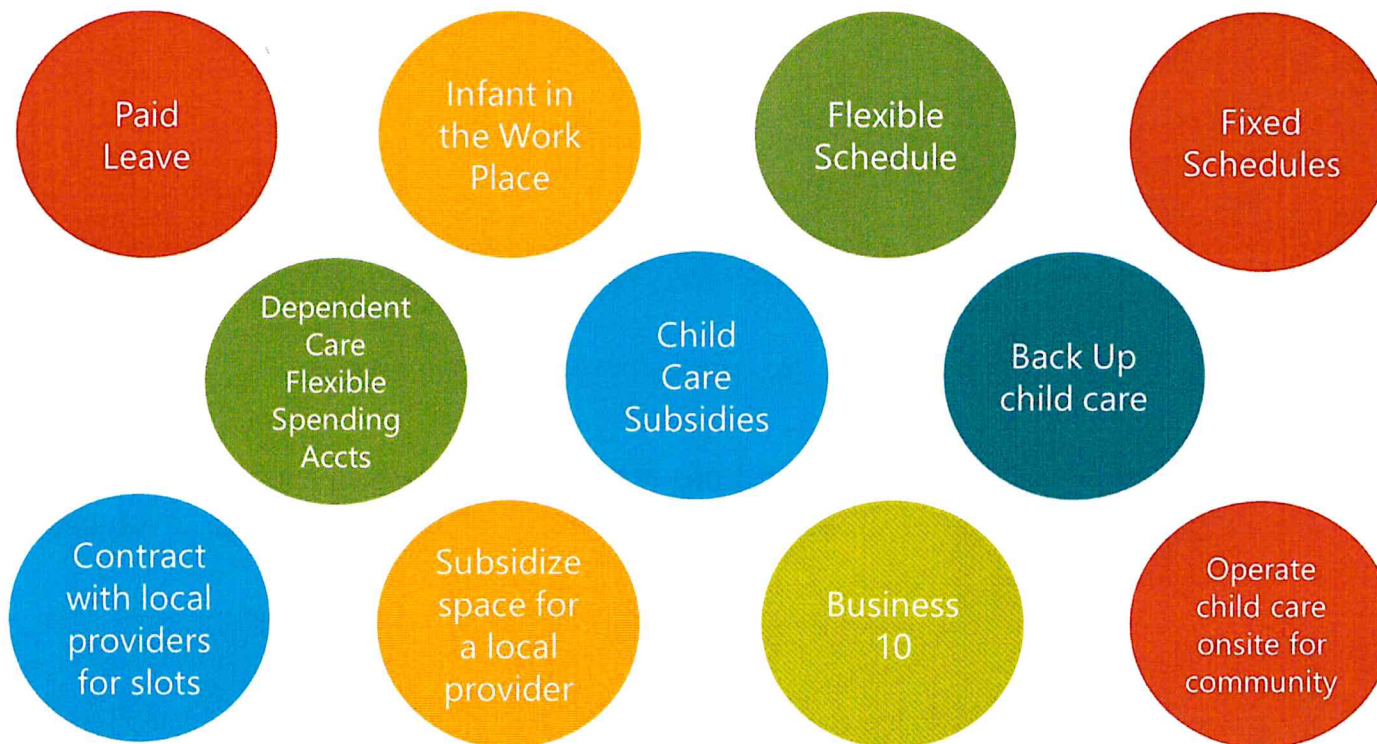
1. Employer Opts In
2. Employee Applies
3. HHS reviews/approves
4. Employer and state each send employee \$300/mo
5. Employee pays child care provider

The cost-sharing model behind this employer-led child care benefit can help make paying for child care more manageable





No single actor alone can make meaningful systems-level change in the macro child care section but, **employers** do **have an important role to play** in helping address the challenge





3

Included in 2023-25 Executive Budget Request | ND Child Care Proposal

Availability

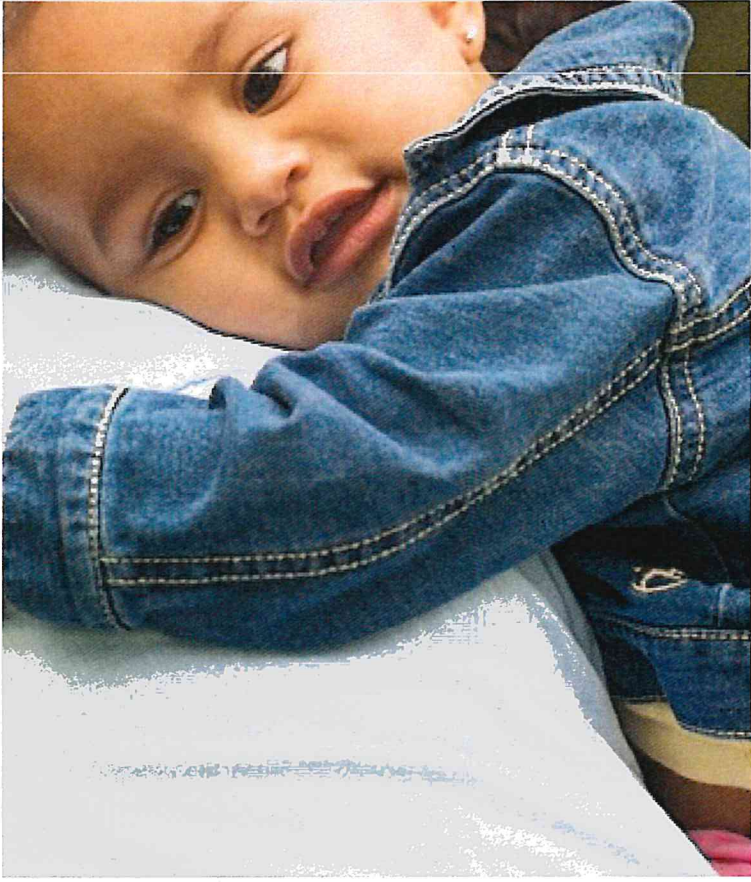
Increase provider pmts for Infant/Toddler Care | \$13 million

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 age 3.

*Increase infant/toddler payment by 25% to make it more feasible for providers to say yes to caring for the littlest North Dakotans (\$13 million)*

| Total        | General      | Other |
|--------------|--------------|-------|
| \$13,000,000 | \$13,000,000 | \$0   |

HHS Budget Section: Economic Assistance





# 3

## Included in 2023-25 Executive Budget Request | ND Child Care Proposal Increase provider pmts for Infant/Toddler Care | \$13 million

### ND Child Care Assistance Program - Summary of Rates / Proposed Rates

| Infant (age 0-35 mo)   |        |        |        |        |          |        |          |
|------------------------|--------|--------|--------|--------|----------|--------|----------|
| License Types          | Min    | Mean   | 50th   | 75th   | Max      | SMR    | Adj SMR  |
| Center (C, E, K, M)    | \$ 595 | \$ 838 | \$ 860 | \$ 913 | \$ 1,890 | \$ 913 | \$ 1,142 |
| Family/Group (F, G, H) | \$ 475 | \$ 672 | \$ 630 | \$ 700 | \$ 1,200 | \$ 700 | \$ 875   |

| Toddler (age 18-35 mo) |        |        |        |        |          |        |          |
|------------------------|--------|--------|--------|--------|----------|--------|----------|
| License Types          | Min    | Mean   | 50th   | 75th   | Max      | SMR    | Adj SMR  |
| Center (C, E, K, M)    | \$ 595 | \$ 798 | \$ 790 | \$ 888 | \$ 1,810 | \$ 888 | \$ 1,110 |
| Family/Group (F, G, H) | \$ 475 | \$ 661 | \$ 600 | \$ 700 | \$ 1,000 | \$ 700 | \$ 875   |

| Preschool (age 36-71 mo) |        |        |        |        |          |        |        |
|--------------------------|--------|--------|--------|--------|----------|--------|--------|
| License Types            | Min    | Mean   | 50th   | 75th   | Max      | SMR    | SMR    |
| Center (C, E, K, M)      | \$ 260 | \$ 726 | \$ 728 | \$ 811 | \$ 1,610 | \$ 811 | \$ 811 |
| Family/Group (F, G, H)   | \$ 475 | \$ 653 | \$ 600 | \$ 680 | \$ 850   | \$ 680 | \$ 680 |

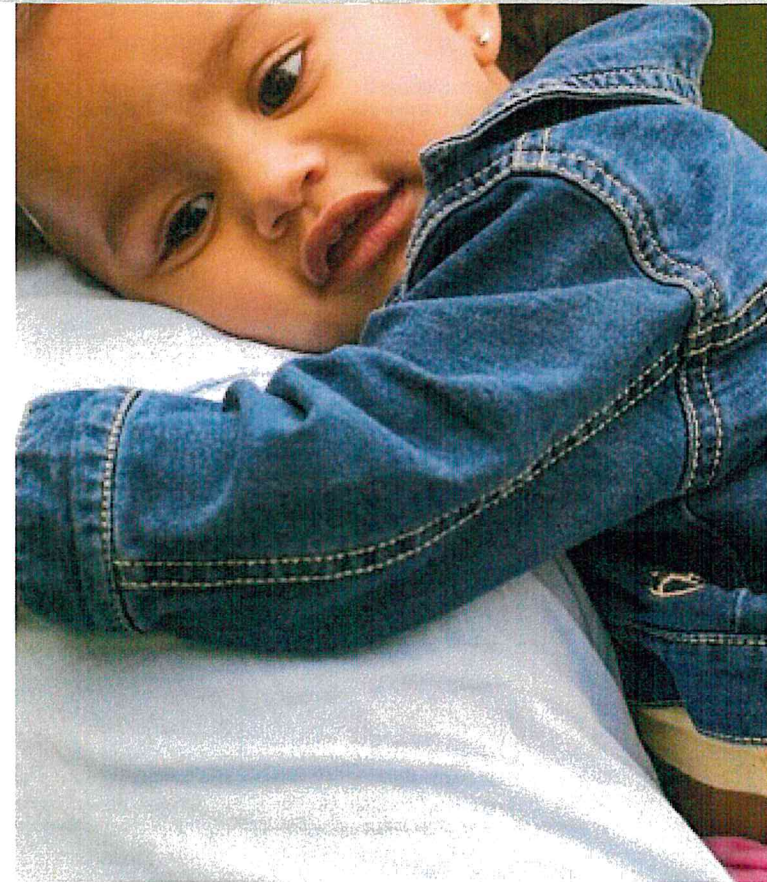
| School Age (age 6-12 yrs) |        |        |        |        |          |        |        |
|---------------------------|--------|--------|--------|--------|----------|--------|--------|
| License Types             | Min    | Mean   | 50th   | 75th   | Max      | SMR    | SMR    |
| Center (C, E, K, M)       | \$ 185 | \$ 539 | \$ 660 | \$ 760 | \$ 1,410 | \$ 760 | \$ 760 |
| Family/Group (F, G, H)    | \$ 220 | \$ 635 | \$ 580 | \$ 660 | \$ 850   | \$ 660 | \$ 660 |

#### SOURCE NOTES

Min, Mean, Max, and Percentile rates from 2021 ND Child Care Market Study

SMR = State Max Rate for ND Child Care Assistance Program (Oct 2022)

Adj SMR = Proposed increase to SMR, included in 2023-25 EC Policy Roadmap

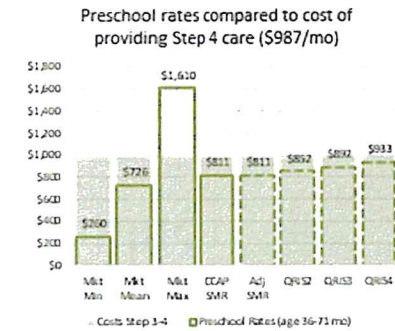
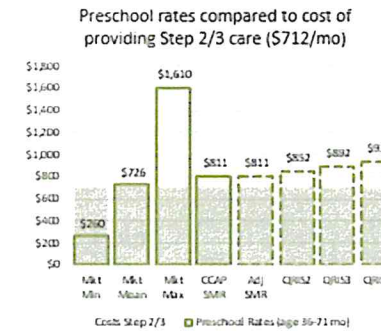
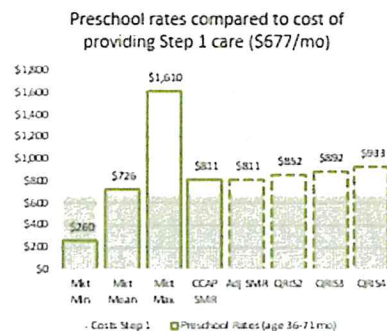
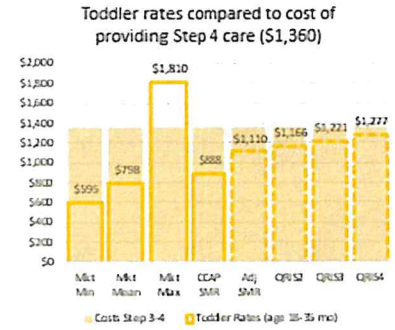
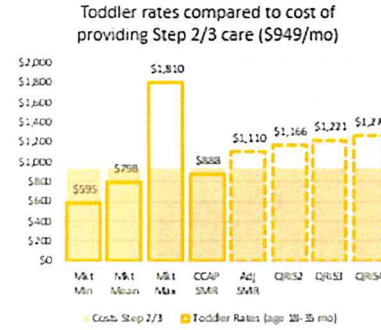
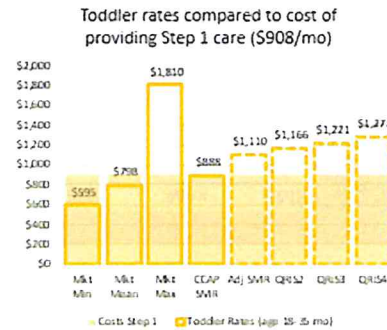
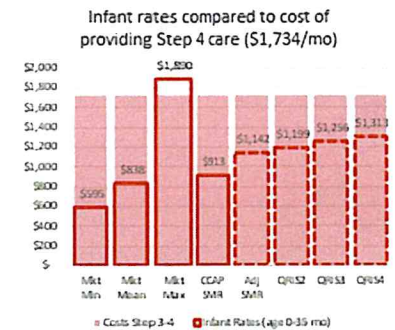
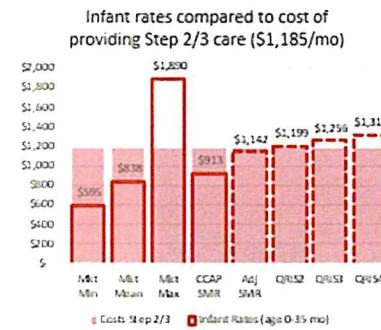
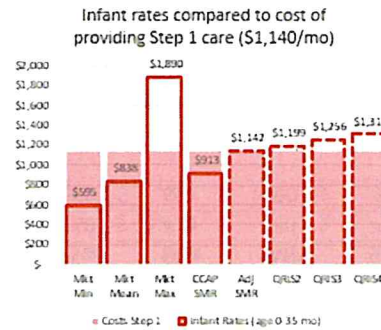




# Covering the Cost of Care?

When the solid line indicating payment rate exceeds the shaded line indicating cost of providing care, child care providers are a step closer to having a sustainable business model (i.e., where revenue exceeds cost).

Source: ND Department of Health and Human Services analysis. Issue Brief | ND Child Care Proposal: A Proactive approach to removing child care as a barrier to work. Jan 2023





4

Included in 2023-25 Executive Budget Request | ND Child Care Proposal

Availability

Streamline Background Checks & Reduce Admin Burden | \$1 million

Streamline, automate and simplify processes and systems that affect the delivery of early childhood services, including background check processes that impact early childhood providers.

Create opportunities for online scheduling, application submission, and requirement document upload, including system supports designed to help applicants complete information correctly which will decrease the time it takes to complete the process.

*Background check process improvements (\$1 million + 1.5 FTE)*

| Total       | General     | Other |
|-------------|-------------|-------|
| \$1,000,000 | \$1,000,000 | \$0   |

HHS Budget Section: Administration





Availability

5

## Included in 2023-25 Executive Budget Request | ND Child Care Proposal Support Providers w/Grants, Incentives & Shared Svc | \$7 million

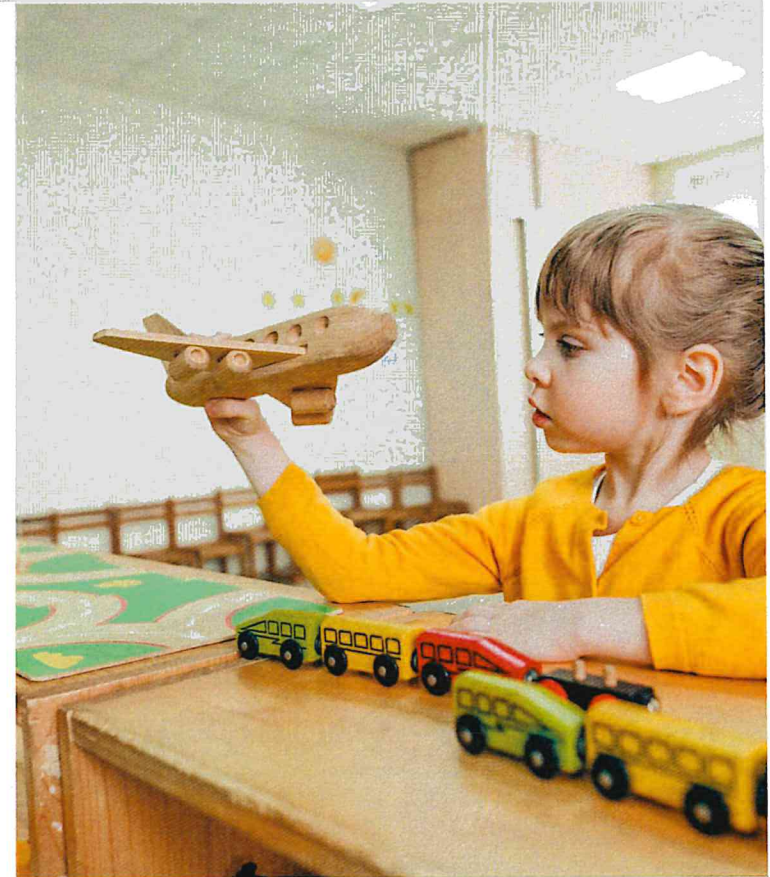
Support a more sustainable, stable child care sector by offering grants, incentives, and shared service resources to child care businesses.

- ✓ Facility
- ✓ Inclusion
- ✓ Quality
- ✓ Start-up
- ✓ Shared Services

*Grants, incentives, and shared service supports to child care programs (\$7 million)*

| Total       | General     | Other |
|-------------|-------------|-------|
| \$7,000,000 | \$7,000,000 | \$0   |

**HHS Budget Section:** Early Childhood



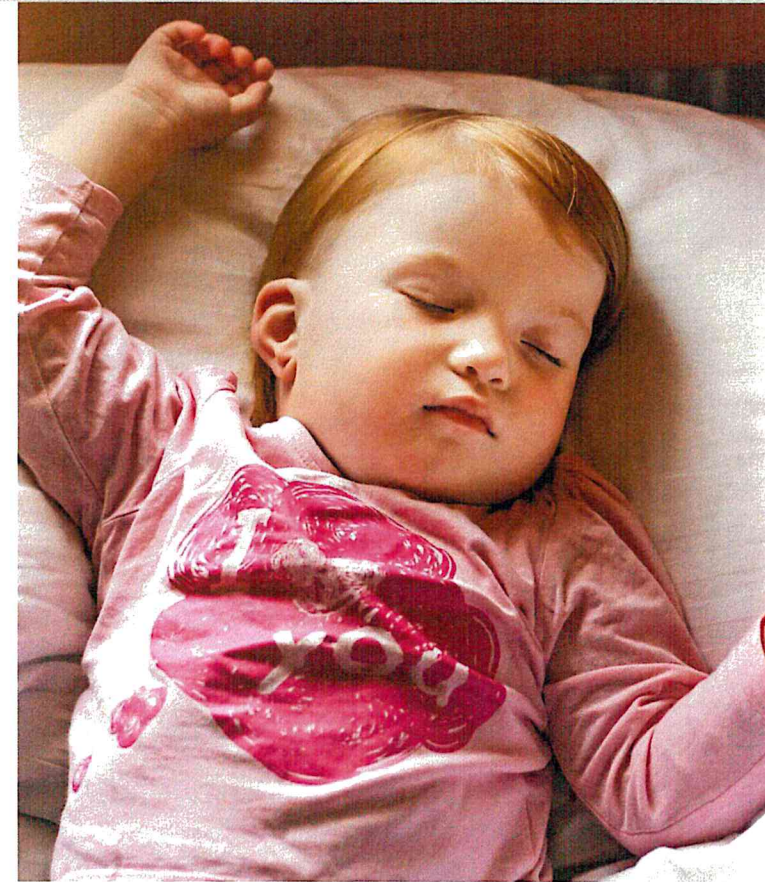


**6** Included in 2023-25 Executive Budget Request | ND Child Care Proposal Availability  
**New Partnerships for Care during Non-Traditional Hours | \$1 million**

Pilot ideas that make child care more available during non-typical hours. Partner with employers to identify creative solutions for working families whose jobs require non-traditional child care solutions.  
*Pilot partnership(s) between employer and child care program (\$1 million)*

| Total       | General     | Other |
|-------------|-------------|-------|
| \$1,000,000 | \$1,000,000 | \$0   |

**HHS Budget Section:** Early Childhood





# 7

## Included in 2023-25 Executive Budget Request | ND Child Care Proposal Build Improved Career Pathways

Availability

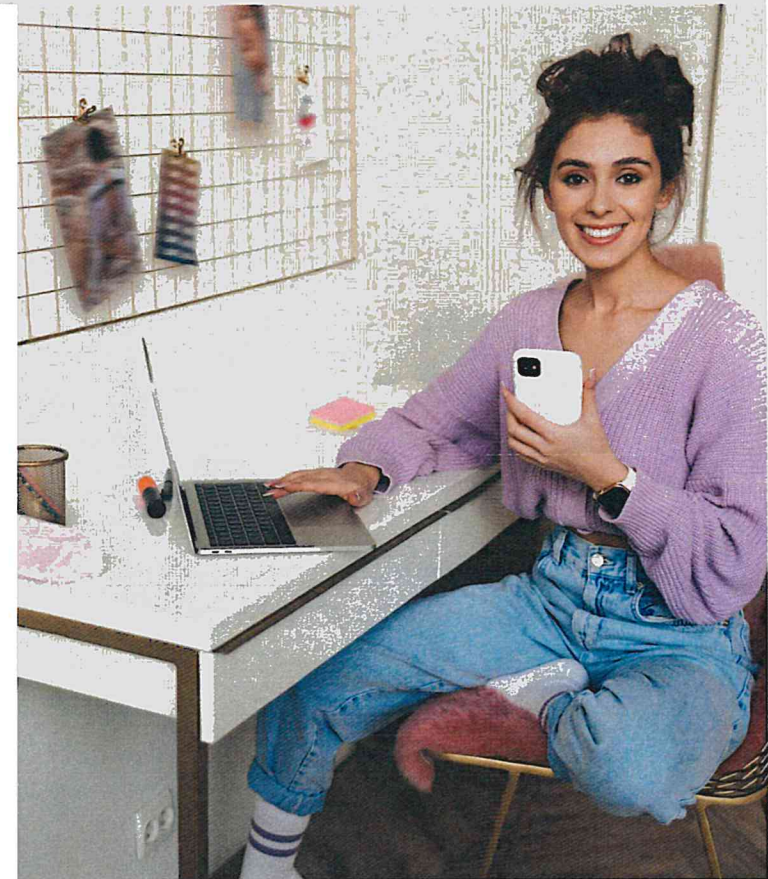
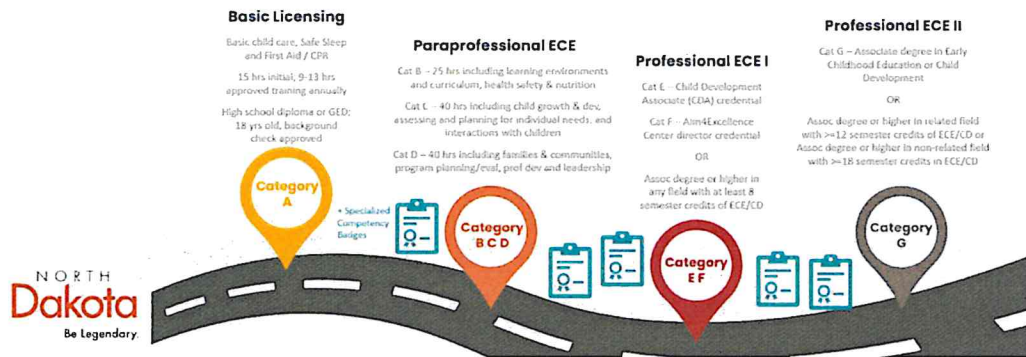
Partner with CTE, K12 and higher education to increase career pathway opportunities for students interested in early childhood careers that offer them on-the-job training in partnership with local child care programs.

Grant funding (PDG) to support collaborations with CTE/DPI

| Total | General | Other |
|-------|---------|-------|
| \$-   | \$-     | \$-   |

HHS Budget Section: Early Childhood

### Early Childhood Career Pathway





# 8

## Included in 2023-25 Executive Budget Request | ND Child Care Proposal Expand Best in Class Program | \$16 million

Quality

Expand access to “Best in Class” experiences for children in the year before kindergarten so both early childhood providers and the families who are interested in participating have the resources and support needed to give kids a chance to grow, explore, and thrive.

*Increase Best in Class access to 1,800 children per year (\$16 million)*

| Total        | General      | Other |
|--------------|--------------|-------|
| \$16,000,000 | \$16,000,000 | \$0   |

HHS Budget Section: Early Childhood

### 2021-22

29 programs  
\*18 small groups  
\*11 large groups

371 kids  
\$2.2M grants\*

### 2022-23

44 programs  
\*29 small groups  
\*15 large groups

546 kids  
\$2.7M grants\*

### 2023-24

79 programs  
\*44 small groups  
\*35 large groups

1,061 kids  
\$5.6M grants\*

### 2024-25

131 programs  
\*65 small groups  
\*66 large groups

1,839 kids  
\$9.6M grants\*

*\* Programs also receive coaching resources and various program supports in addition to grants*





# 8

## Included in 2023-25 Executive Budget Request | ND Child Care Proposal Expand Best in Class Program | \$16 million

Quality

Year 1: Grant based on group size and full-time/part-time status.  
Grants range from \$30,000 - \$120,000

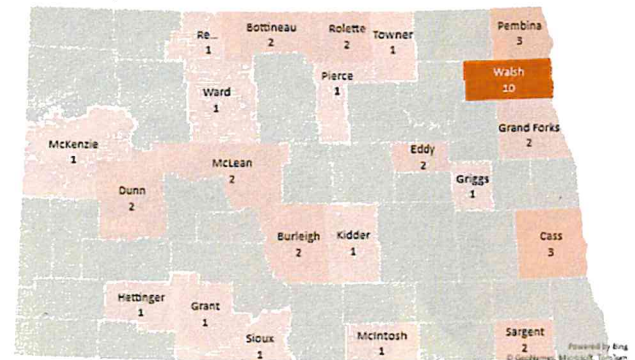
- Group size: *small (8-10) or large (11-20)*
- Full-time, *>=25 hrs/week (100%) or Part-time, <25 hrs/week (50%)*

Year 2: Apply 3 criteria  
Grants range from \$15,000 - \$120,000

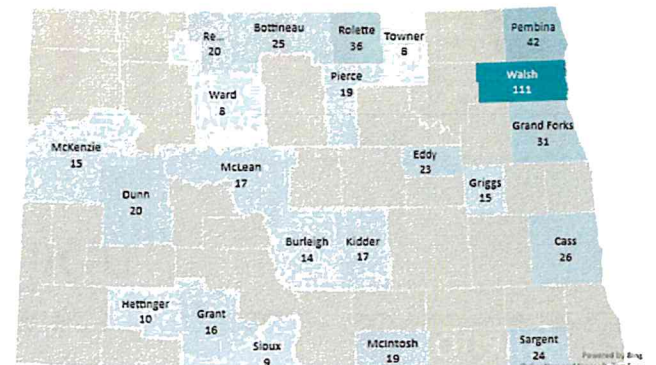
- *Serving low income area (100%)*
- *Tuition-dependent, >=75% of operating budget depending on parent-paid tuition (100%) or Not Tuition-dependent (50%)*

- ✓ Proactive outreach to children and families least likely to access the program
- ✓ Enrollment period preference for children from lower income families and children with disabilities, developmental delays or special needs (50% of program seats)
- ✓ Tuition charge must utilize sliding fee scale based on family income
- ✓ Incorporate family engagement into program and coordinate health screenings for children in program (dental, vision, health)

2022-23 BIC program included 44 groups of children in 23 counties



23 BIC programs served 544 children in 2022-23





Quality

# 9 Included in 2023-25 Executive Budget Request | ND Child Care Proposal Quality-based Tiers in CCAP payment schedule | \$6 million

Increase choices available to working families who participate in the child care assistance program (CCAP) by paying more for care delivered in child care programs that have taken all the steps necessary to validate quality standards.

Apply an increased payment tier based on validated quality rating (ranging from 5-15% over base state max rate). Funding requested would support an estimated 1,600 spaces in quality rated child care settings.

Invest in the infrastructure needed to support child care providers in their quest to continue excellence in delivery of care.

*Build quality-based payments (5-15%) into the child care assistance payment structure and invest in infrastructure to support quality (\$6 million)*

| Total       | General     | Other |
|-------------|-------------|-------|
| \$6,000,000 | \$6,000,000 | \$0   |

**HHS Budget Section:** Economic Assistance \$3M and Early Childhood \$3M





# 9

## Included in 2023-25 Executive Budget Request | ND Child Care Proposal

Quality

# Quality-based Tiers in CCAP payment schedule | \$6 million

### ND Child Care Assistance Program - Proposed Quality Tiers in Rate Schedule

| Infant (age 0-35 mo)   |        | +5%      | +10%     | +15%     |          |        |        |        |
|------------------------|--------|----------|----------|----------|----------|--------|--------|--------|
| License Types          | SMR    | Adj SMR  | QRIS2    | QRIS3    | QRIS4    | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)    | \$ 913 | \$ 1,142 | \$ 1,199 | \$ 1,256 | \$ 1,313 | \$ 57  | \$ 114 | \$ 171 |
| Family/Group (F, G, H) | \$ 700 | \$ 875   | \$ 919   | \$ 963   | \$ 1,006 | \$ 44  | \$ 88  | \$ 131 |

| Toddler (age 18-35 mo) |        |          |          |          |          |        |        |        |
|------------------------|--------|----------|----------|----------|----------|--------|--------|--------|
| License Types          | SMR    | Adj SMR  | QRIS2    | QRIS3    | QRIS4    | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)    | \$ 888 | \$ 1,110 | \$ 1,166 | \$ 1,221 | \$ 1,277 | \$ 56  | \$ 111 | \$ 167 |
| Family/Group (F, G, H) | \$ 700 | \$ 875   | \$ 919   | \$ 963   | \$ 1,006 | \$ 44  | \$ 88  | \$ 131 |

| Preschool (age 36-71 mo) |        |         |        |        |        |        |        |        |
|--------------------------|--------|---------|--------|--------|--------|--------|--------|--------|
| License Types            | SMR    | Adj SMR | QRIS2  | QRIS3  | QRIS4  | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)      | \$ 811 | \$ 811  | \$ 852 | \$ 892 | \$ 933 | \$ 41  | \$ 81  | \$ 122 |
| Family/Group (F, G, H)   | \$ 680 | \$ 680  | \$ 714 | \$ 748 | \$ 782 | \$ 34  | \$ 68  | \$ 102 |

| School Age (age 6-12 yrs) |        |         |        |        |        |        |        |        |
|---------------------------|--------|---------|--------|--------|--------|--------|--------|--------|
| License Types             | SMR    | Adj SMR | QRIS2  | QRIS3  | QRIS4  | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)       | \$ 760 | \$ 760  | \$ 798 | \$ 836 | \$ 874 | \$ 38  | \$ 76  | \$ 114 |
| Family/Group (F, G, H)    | \$ 660 | \$ 660  | \$ 693 | \$ 726 | \$ 759 | \$ 33  | \$ 66  | \$ 99  |

**SOURCE NOTES**

SMR = State Max Rate for ND Child Care Assistance Program (Oct 2022)

Adj SMR = Proposed increase to SMR, included in 2023-25 EC Policy Roadmap

QRIS2 - QRIS4 = Proposed adjustment to SMR for Steps 2, 3, and 4 in ND QRIS





# Approximately 15% of licensed child care spaces in ND have achieved Bright & Early Step 2, 3, or 4

## QRIS: Participation Data

Bright & Early ND is North Dakota's Quality Rating and Improvement System (QRIS). A QRIS is a systematic approach to assess, improve, and communicate the level of quality in early childhood programs. Bright & Early ND was developed to help early childhood programs offer high-quality care that supports each child's learning and development. The North Dakota Department of Health and Human Services (HHS) administers Bright & Early ND as a key strategy for quality improvement. Data is current as of 1/1/2023.

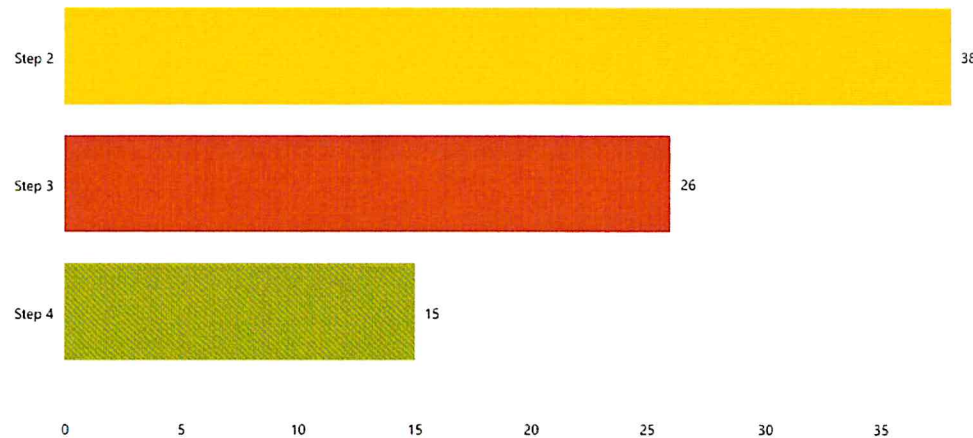
### Geographic Area

All

### Quality Rating

Multiple selections

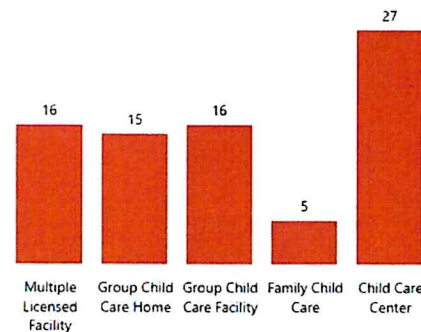
Quality Rated Programs | by step



**78**  
Quality Rated Programs

**5306**  
Licensed Capacity

Quality Rated Programs by License Type



Family and Group Quality Rated Programs

36

Center and Preschool Quality Rated Programs

43



10

Included in 2023-25 Executive Budget Request | ND Child Care Proposal

Quality

Reward the completion of above-and-beyond training | \$2 million

Offer professional development stipends directly to child care workers who complete "above and beyond" training in high priority content areas.

Grants and incentives to child care workers to support quality care (\$2 million)

| Total       | General     | Other |
|-------------|-------------|-------|
| \$2,000,000 | \$2,000,000 | \$0   |

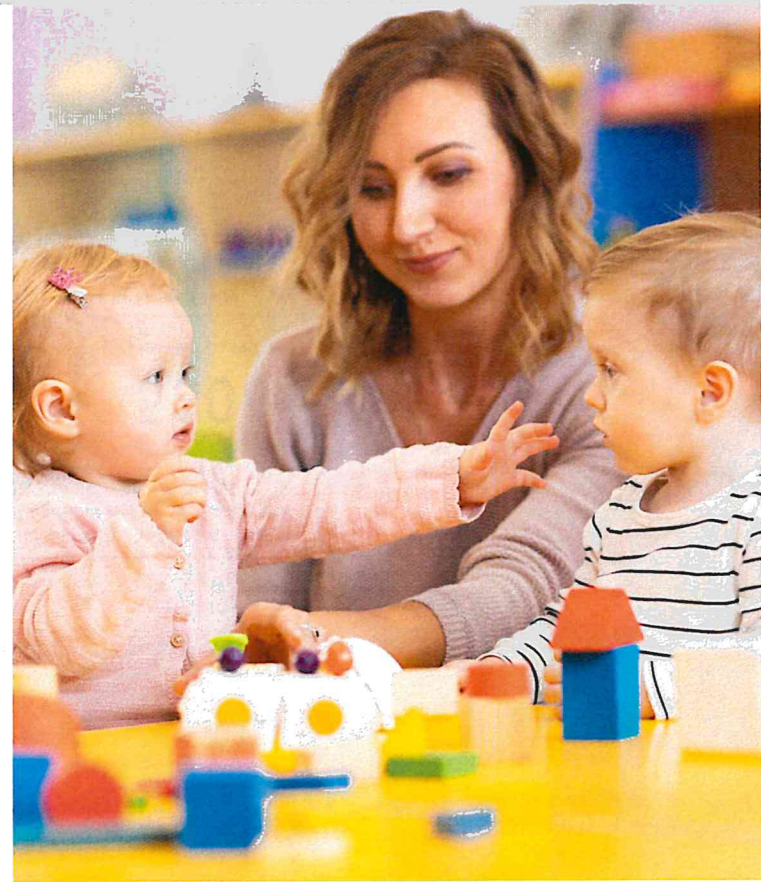
HHS Budget Section: Early Childhood

- GOAL:** Double engagement with high priority professional development topics
- ✓ Grants and incentives to support quality care through high impact professional development
  - ✓ System to acknowledge achievement of topical competencies

9.1%

Child Care workers who have professional preparation in the field of early childhood

Source: Growing Futures workforce registry, Dec 2022





# Household Earnings (annual and hourly) by various eligibility levels

## Families potentially eligible for Child Care Assistance (CCAP)

| HH Size | Federal Poverty Level |             | 30% SMI       |             | 60% SMI       |             | 85% SMI       |             | 100% SMI      |             | 150% SMI      |             |
|---------|-----------------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|         | Annual Income         | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage |
| 1       | \$13,590              | \$6.53      | \$16,704      | \$8.03      | \$33,408      | \$16.06     | \$47,328      | \$22.75     | \$55,680      | \$26.77     | \$83,520      | \$40.15     |
| 2       | \$18,310              | \$8.80      | \$21,840      | \$10.50     | \$43,692      | \$21.01     | \$61,896      | \$29.76     | \$72,820      | \$35.01     | \$109,230     | \$52.51     |
| 3       | \$23,030              | \$11.07     | \$26,988      | \$12.98     | \$53,964      | \$25.94     | \$76,452      | \$36.76     | \$89,940      | \$43.24     | \$134,910     | \$64.86     |
| 4       | \$27,750              | \$13.34     | \$32,124      | \$15.44     | \$64,248      | \$30.89     | \$91,020      | \$43.76     | \$107,076     | \$51.48     | \$160,614     | \$77.22     |
| 5       | \$32,470              | \$15.61     | \$37,260      | \$17.91     | \$74,532      | \$35.83     | \$105,576     | \$50.76     | \$124,220     | \$59.72     | \$186,330     | \$89.58     |
| 6       | \$37,190              | \$17.88     | \$42,396      | \$20.38     | \$84,804      | \$40.77     | \$120,132     | \$57.76     | \$141,340     | \$67.95     | \$212,010     | \$101.93    |
| 7       | \$41,910              | \$20.15     | \$43,368      | \$20.85     | \$86,736      | \$41.70     | \$122,868     | \$59.07     | \$144,560     | \$69.50     | \$216,840     | \$104.25    |
| 8       | \$46,630              | \$22.42     | \$44,328      | \$21.31     | \$88,656      | \$42.62     | \$125,604     | \$60.39     | \$147,760     | \$71.04     | \$221,640     | \$106.56    |

\*2022 State Median Income (SMI) and 2022 Federal Poverty Level (FPL)

"Hourly wage" is calculated by assuming 2080 hours worked per year per annual income range noted.

Multiple wage earners could combine earnings to attain the noted household (HH) income / hourly wage.



## A CASE STUDY

# Understanding the Impact of ND's proposed layered investment in child care assistance from the perspective of both the **Family** and the **Child Care Program**



### The Browns

- Pat, age 22. Dishwasher.  
Earns \$9.25/hr, 40 hrs/wk.
- Terry, age 21. Child Care Worker.  
Earns \$8.25/hr, 32 hrs/wk.
- Mia, 9 months old.  
\$1,070/mo @ child care center.
- Molly, 2 ½ years old.  
\$950/mo @ child care center.

Total gross monthly income **\$2,676**

**30% SMI**

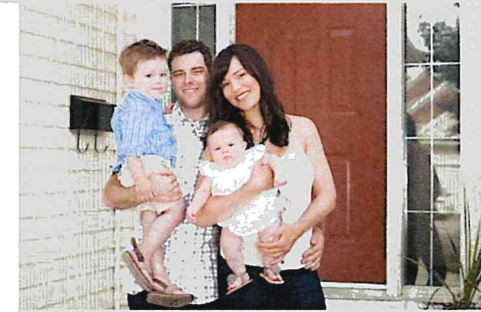


### The Smiths

- Larry, age 26. Concrete laborer.  
Earns \$16.25/hr, 40 hrs/wk.
- Deb, age 23. Grocery Clerk.  
Earns \$10.75/hr, 40 hrs/wk.
- Lily, 9 months old.  
\$1,070/mo @ child care center.
- Ben, 2 ½ years old.  
\$950/mo @ child care center.

Total gross monthly income **\$4,680**

**60% SMI**



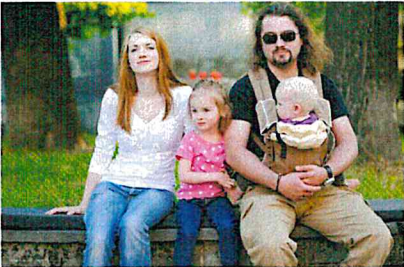
### The Johnsons

- Matt (age 29). Mechanic.  
Earns \$23/hr, 40 hrs/wk.
- Carla (age 26). Pharmacy Tech.  
Earns \$17/hr, 40 hrs/wk.
- June, 9 months old.  
\$1,070/mo @ child care center.
- Artie, 2 ½ years old.  
\$950/mo @ child care center.

Total gross monthly income **\$6,933**

**85% SMI**





# The Browns | Pat, Terry, Mia and Molly

Child Care Expense Owed / Mo: \$2,020

Gross monthly income: \$2,676

Child Care (CC) as % of gross income: 76%

**30%  
SMI**

## Without Child Care Assistance (CCAP)

|       | Rate           | SMR        | Excess Pmt |
|-------|----------------|------------|------------|
| Mia   | \$1,070        | n/a        | n/a        |
| Molly | \$950          | n/a        | n/a        |
|       | <b>\$2,020</b> | <b>n/a</b> | <b>n/a</b> |

|             | Total \$ to CC | CCAP share | Family share |
|-------------|----------------|------------|--------------|
| CC Fee Due  | \$2,020        | \$0        | \$2,020      |
| % of CC fee |                | 0%         | 100%         |
| % of HH inc |                |            | 75.5%        |

## With CCAP (current program)

|       | Rate           | SMR            | Excess Pmt   |
|-------|----------------|----------------|--------------|
| Mia   | \$1,070        | <b>\$913</b>   | <b>\$157</b> |
| Molly | \$950          | <b>\$888</b>   | <b>\$62</b>  |
|       | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$219</b> |

|             | Total \$ to CC | CCAP share     | *Fam share   |
|-------------|----------------|----------------|--------------|
| CC Fee Due  | \$2,020        | <b>\$1,693</b> | <b>\$327</b> |
| % of CC fee |                | 84%            | 16%          |
| % of HH inc |                |                | 12.2%        |

\*Family share: \$219 excess pmt & \$108 co-pay

## With CCAP + Infant/Toddler Payment Increase

|       | Rate           | SMR            | I/T Pmt      | Ex Pmt     |
|-------|----------------|----------------|--------------|------------|
| Mia   | \$1,070        | \$913          | <b>\$228</b> | <b>\$0</b> |
| Molly | \$950          | \$888          | <b>\$222</b> | <b>\$0</b> |
|       | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$0</b> |

|             | Total \$ to CC | CCAP share     | *Fam share   |
|-------------|----------------|----------------|--------------|
| CC Fee Due  | \$2,020        | <b>\$2,143</b> | <b>\$108</b> |
| % of CC fee |                | 95%            | 5%           |
| % of HH inc |                |                | 4.0%         |

Fee to CC: **\$2,251**  
\*Family share: \$0 excess pmt & \$108 co-pay

## With CCAP + I/T Pmt Incr + Quality Tier 3

|       | Rate           | SMR            | I/T Pmt      | QRIS Pmt     | Ex Pmt     |
|-------|----------------|----------------|--------------|--------------|------------|
| Mia   | \$1,070        | \$913          | \$228        | <b>\$91</b>  | <b>\$0</b> |
| Molly | \$950          | \$888          | \$222        | <b>\$89</b>  | <b>\$0</b> |
|       | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$180</b> | <b>\$0</b> |

|             | Total \$ to CC | CCAP share     | *Fam share   |
|-------------|----------------|----------------|--------------|
| CC Fee Due  | \$2,020        | <b>\$2,323</b> | <b>\$108</b> |
| % of CC fee |                | 95%            | 5%           |
| % of HH inc |                |                | 4.0%         |

Fee to CC: **\$2,431**  
\*Family share: \$0 excess pmt & \$108 co-pay

### Net Impact

**To Fam:** \$1,693 lower pmt for CC  
**To CC:** No change

### Net Impact

**To Fam:** \$219 lower pmt for CC  
**To CC:** \$231 increase in revenue (11%)

### Net Impact

**To Fam:** No change  
**To CC:** \$411 increase in revenue (20%)





# The Smiths | Larry, Deb, Lily and Ben

Child Care Expense Owed / Mo: \$2,020  
 Gross monthly income: \$4,680  
 Child Care (CC) as % of gross income: 43%

**60%  
SMI**

## Without Child Care Assistance (CCAP)

|      | Rate           | SMR        | Excess Pmt |
|------|----------------|------------|------------|
| Lily | \$1,070        | n/a        | n/a        |
| Ben  | \$950          | n/a        | n/a        |
|      | <b>\$2,020</b> | <b>n/a</b> | <b>n/a</b> |

|             | Total \$ to CC | CCAP share | Family share |
|-------------|----------------|------------|--------------|
| CC Fee Due  | \$2,020        | \$0        | \$2,020      |
| % of CC fee |                | 0%         | 100%         |
| % of HH inc |                |            | <b>43.2%</b> |

## With CCAP (current program)

|      | Rate           | SMR            | Excess Pmt   |
|------|----------------|----------------|--------------|
| Lily | \$1,070        | \$913          | \$157        |
| Ben  | \$950          | \$888          | \$62         |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$219</b> |

|             | Total \$ to CC | CCAP share | *Fam share   |
|-------------|----------------|------------|--------------|
| CC Fee Due  | \$2,020        | \$1,426    | \$594        |
| % of CC fee |                | 71%        | 29%          |
| % of HH inc |                |            | <b>12.7%</b> |

\*Family share: \$219 excess pmt & \$375 co-pay

**Net Impact**  
**To Fam: \$1,426 lower pmt for CC**  
**To CC: No change**

## With CCAP + Infant/Toddler Payment Increase

|      | Rate           | SMR            | I/T Pmt      | Ex Pmt     |
|------|----------------|----------------|--------------|------------|
| Lily | \$1,070        | \$913          | \$228        | \$0        |
| Ben  | \$950          | \$888          | \$222        | \$0        |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$0</b> |

|             | Total \$ to CC | CCAP share | *Fam share  |
|-------------|----------------|------------|-------------|
| CC Fee Due  | \$2,020        | \$1,876    | \$375       |
| % of CC fee |                | 95%        | 19%         |
| % of HH inc |                |            | <b>8.0%</b> |
| Fee to CC   | <b>\$2,251</b> |            |             |

\*Family share: \$0 excess pmt & \$375 co-pay

**Net Impact**  
**To Fam: \$219 lower pmt for CC**  
**To CC: \$231 increase in revenue (11%)**

## With CCAP + I/T Pmt Incr + Quality Tier 3

|      | Rate           | SMR            | I/T Pmt      | QRIS Pmt     | Ex Pmt     |
|------|----------------|----------------|--------------|--------------|------------|
| Lily | \$1,070        | \$913          | \$228        | \$91         | \$0        |
| Ben  | \$950          | \$888          | \$222        | \$89         | \$0        |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$180</b> | <b>\$0</b> |

|             | Total \$ to CC | CCAP share | *Fam share  |
|-------------|----------------|------------|-------------|
| CC Fee Due  | \$2,020        | \$2,056    | \$375       |
| % of CC fee |                | 95%        | 19%         |
| % of HH inc |                |            | <b>8.0%</b> |
| Fee to CC   | <b>\$2,431</b> |            |             |

\*Family share: \$0 excess pmt & \$108 co-pay

**Net Impact**  
**To Fam: No change**  
**To CC: \$411 increase in revenue (20%)**





# The Johnsons | Matt, Carla, June, and Artie

Child Care Expense Owed / Mo: \$2,020  
 Gross monthly income: \$6,933  
 Child Care (CC) as % of gross income: 29%

**85%  
SMI**

## Without Child Care Assistance (CCAP)

|      | Rate           | SMR        | Excess Pmt |
|------|----------------|------------|------------|
| Lily | \$1,070        | n/a        | n/a        |
| Ben  | \$950          | n/a        | n/a        |
|      | <b>\$2,020</b> | <b>n/a</b> | <b>n/a</b> |

|             | Total \$ to CC | CCAP share | Family share |
|-------------|----------------|------------|--------------|
| CC Fee Due  | \$2,020        | \$0        | \$2,020      |
| % of CC fee |                | 0%         | 100%         |
| % of HH inc |                |            | 29.1%        |

## With CCAP (current program)

|      | Rate           | SMR            | Excess Pmt   |
|------|----------------|----------------|--------------|
| Lily | \$1,070        | \$913          | \$157        |
| Ben  | \$950          | \$888          | \$62         |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$219</b> |

|             | Total \$ to CC | CCAP share | *Fam share |
|-------------|----------------|------------|------------|
| CC Fee Due  | \$2,020        | \$1,270    | \$750      |
| % of CC fee |                | 63%        | 37%        |
| % of HH inc |                |            | 10.8%      |

\*Family share: \$219 excess pmt & \$531 co-pay

## With CCAP + Infant/Toddler Payment Increase

|      | Rate           | SMR            | I/T Pmt      | Ex Pmt     |
|------|----------------|----------------|--------------|------------|
| Lily | \$1,070        | \$913          | \$228        | \$0        |
| Ben  | \$950          | \$888          | \$222        | \$0        |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$0</b> |

|             | Total \$ to CC | CCAP share | *Fam share |
|-------------|----------------|------------|------------|
| CC Fee Due  | \$2,020        | \$1,720    | \$531      |
| % of CC fee |                | 74%        | 26%        |
| % of HH inc |                |            | 7.7%       |

Fee to CC: **\$2,251**  
 \*Family share: \$0 excess pmt & \$531 co-pay

## With CCAP + I/T Pmt Incr + Quality Tier 3

|      | Rate           | SMR            | I/T Pmt      | QRIS Pmt     | Ex Pmt     |
|------|----------------|----------------|--------------|--------------|------------|
| Lily | \$1,070        | \$913          | \$228        | \$91         | \$0        |
| Ben  | \$950          | \$888          | \$222        | \$89         | \$0        |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$180</b> | <b>\$0</b> |

|             | Total \$ to CC | CCAP share | *Fam share |
|-------------|----------------|------------|------------|
| CC Fee Due  | \$2,020        | \$1,900    | \$531      |
| % of CC fee |                | 74%        | 26%        |
| % of HH inc |                |            | 7.7%       |

Fee to CC: **\$2,431**  
 \*Family share: \$0 excess pmt & \$531 co-pay

**Net Impact**  
**To Fam: \$1,270 lower pmt for CC**  
**To CC: No change**

**Net Impact**  
**To Fam: \$219 lower pmt for CC**  
**To CC: \$231 increase in revenue (11%)**

**Net Impact**  
**To Fam: No change**  
**To CC: \$411 increase in revenue (20%)**





# The Smiths | Larry, Deb, Lily and Ben

Child Care Expense Owed / Mo: \$2,020  
 Gross monthly income: \$4,680  
 Child Care (CC) as % of gross income: 43%

**60%  
SMI**

## Affordability

## Availability

## Quality

### Without Child Care Assistance (CCAP)

### With CCAP (current program)

### With CCAP + Infant/Toddler Payment Increase

### With CCAP + I/T Pmt Incr + Quality Tier 3

|      | Rate           | SMR | Excess Pmt |
|------|----------------|-----|------------|
| Lily | \$1,070        | n/a | n/a        |
| Ben  | \$950          | n/a | n/a        |
|      | <b>\$2,020</b> | n/a | n/a        |

|      | Rate           | SMR            | Excess Pmt   |
|------|----------------|----------------|--------------|
| Lily | \$1,070        | \$913          | \$157        |
| Ben  | \$950          | \$888          | \$62         |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$219</b> |

|      | Rate           | SMR            | I/T Pmt      | Ex Pmt     |
|------|----------------|----------------|--------------|------------|
| Lily | \$1,070        | \$913          | \$228        | \$0        |
| Ben  | \$950          | \$888          | \$222        | \$0        |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$0</b> |

|      | Rate           | SMR            | I/T Pmt      | QRIS Pmt     | Ex Pmt     |
|------|----------------|----------------|--------------|--------------|------------|
| Lily | \$1,070        | \$913          | \$228        | \$91         | \$0        |
| Ben  | \$950          | \$888          | \$222        | \$89         | \$0        |
|      | <b>\$2,020</b> | <b>\$1,801</b> | <b>\$450</b> | <b>\$180</b> | <b>\$0</b> |

|             | Total \$ to CC | CCAP share | Family share   |
|-------------|----------------|------------|----------------|
| CC Fee Due  | <b>\$2,020</b> | \$0        | <b>\$2,020</b> |
| % of CC fee |                | 0%         | 100%           |
| % of HH inc |                |            | <b>43.2%</b>   |

|             | Total \$ to CC | CCAP share | *Fam share   |
|-------------|----------------|------------|--------------|
| CC Fee Due  | \$2,020        | \$1,426    | <b>\$594</b> |
| % of CC fee |                | 71%        | 29%          |
| % of HH inc |                |            | <b>12.7%</b> |

|             | Total \$ to CC | CCAP share | *Fam share   |
|-------------|----------------|------------|--------------|
| CC Fee Due  | \$2,020        | \$1,876    | <b>\$375</b> |
| % of CC fee |                | 95%        | 19%          |
| % of HH inc |                |            | <b>8.0%</b>  |
| Fee to CC   | <b>\$2,251</b> |            |              |

|             | Total \$ to CC | CCAP share | *Fam share |
|-------------|----------------|------------|------------|
| CC Fee Due  | \$2,020        | \$2,056    | \$375      |
| % of CC fee |                | 95%        | 19%        |
| % of HH inc |                |            | 8.0%       |
| Fee to CC   | <b>\$2,431</b> |            |            |

\*Family share: \$219 excess pmt & \$375 co-pay

\*Family share: \$0 excess pmt & \$375 co-pay

\*Family share: \$0 excess pmt & \$108 co-pay



### Net Impact

To Fam: \$1,426 lower pmt for CC  
 To CC: No change

### Net Impact

To Fam: \$219 lower pmt for CC  
 To CC: \$231 increase in revenue (11%)

### Net Impact

To Fam: No change  
 To CC: \$411 increase in revenue (20%)



# Child Care's Workforce Challenge

- Child care workers are amongst the **lowest paid occupations** in the state of North Dakota
- **Helping families pay** for the costs of care will create better revenue opportunities for child care programs
- Sustainability within the sector will allow child care businesses the **opportunity to address wage issues**

**Here are the lowest paying jobs for North Dakota.**

Click on the occupation title in the table to see more information about that occupation.



[North Dakota](#)

For help click the information icon next to each section.

## Occupations by Employment Wage



This section shows the occupations with the lowest mean (annual) wages in North Dakota in 2021.

Click a column title to sort.

| Rank | Occupation  | Mean Annual Estimated Wage |
|------|---|----------------------------|
| 1    | <a href="#">Telemarketers</a>   | \$17,030                   |
| 2    | <a href="#">Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers</a> | \$23,450                   |
| 3    | <a href="#">Amusement and Recreation Attendants</a>                                       | \$24,720                   |
| 4    | <a href="#">Ushers, Lobby Attendants, and Ticket Takers</a>                               | \$25,050                   |
| 5    | <a href="#">Gambling Service Workers, All Other</a>                                       | \$25,100                   |
| 6    | <a href="#">Childcare Workers</a>   | \$25,410                   |
| 7    | <a href="#">Ambulance Drivers and Attendants, Except Emergency Medical Technicians</a>    | \$25,450                   |
| 8    | <a href="#">Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop</a>                  | \$25,480                   |
| 9    | <a href="#">Baggage Porters and Bellhops</a>  | \$26,020                   |
| 10   | <a href="#">Fast Food and Counter Workers</a>   | \$26,520                   |

BRIGHT OUTLOOK NATIONALLY



Source: Labor Market Information Center, Job Service North Dakota, OEWS Unit



# Supporting Working Families | Strengthening our Workforce

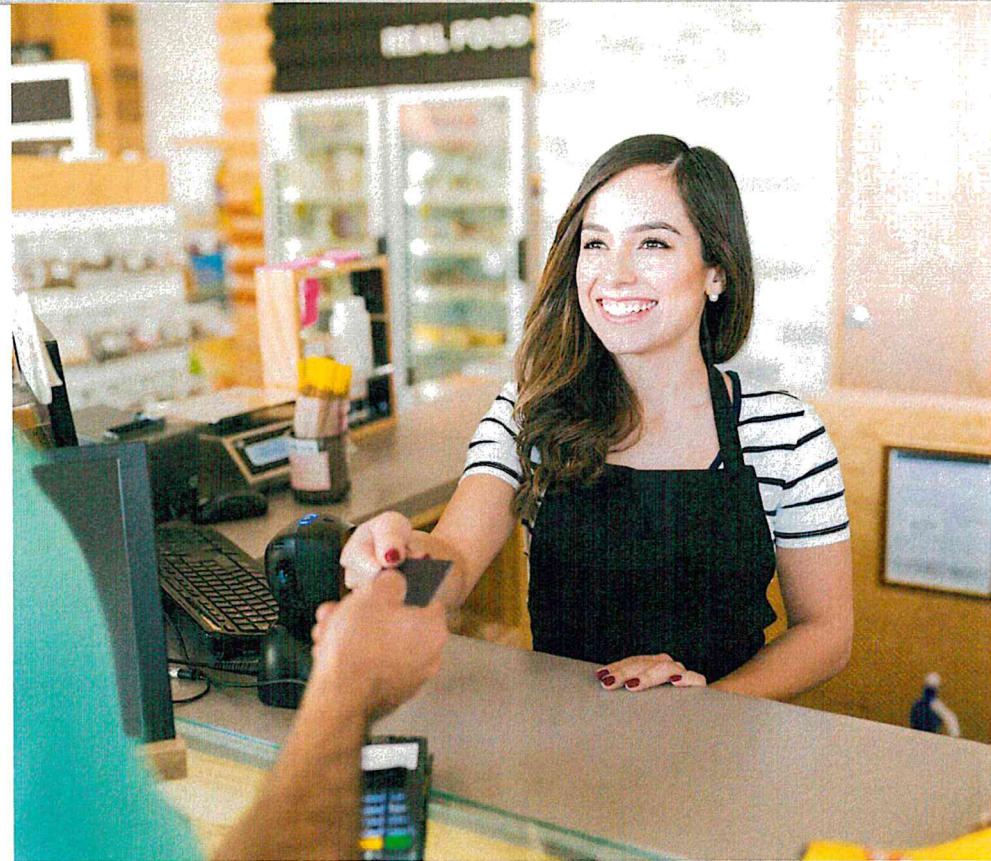
## ND Child Care Proposal | \$73M / 3.5 FTE

|  | Early Childhood    | Economic Assistance | Admin              |
|--|--------------------|---------------------|--------------------|
| 1. Invest in the child care assistance program   |                    | \$22M               |                    |
| 2. Extend ND's employer-led child care cost sharing program  | \$5M               |                     |                    |
| 3. Increase provider payments for infant and toddler care  |                    | \$13M               |                    |
| 4. Streamline background checks / reduce admin burden  |                    |                     | \$1M/1.5FTE        |
| 5. Support child care providers w/grants, incentives & shared svc  | \$7M               |                     |                    |
| 6. Create new partnerships for care provided during non-traditional hours  | \$1M               |                     |                    |
| 7. Build improved career pathways  |                    |                     |                    |
| 8. Expand the Best in Class program  | \$16M/1 FTE        |                     |                    |
| 9. Established quality-based tiers in the CCAP payment schedule & quality infrastructure to support excellence in service delivery | \$3M/1 FTE         | \$3M                |                    |
| 10. Reward the completion of above-and-beyond training   | \$2M               |                     |                    |
| <b>TOTAL</b>   | <b>\$34M/2 FTE</b> | <b>\$38M</b>        | <b>\$1M/1.5FTE</b> |



# Why think about Child Care as a Workforce Solution?

- ✓ North Dakota has more job openings than people to fill them.
- ✓ 47% of ND job openings pay an average starting wage of less than \$25/hour.
- ✓ To thrive communities need workers who want to work in both high-skill-required and low-skill-required jobs.
- ✓ The economic realities of child-rearing affect household decisions about employment.
- ✓ There are 45,000 ND households who have children younger than age 5.
- ✓ 3 of every 4 children households with children younger than age 5 have all parents in the workforce.







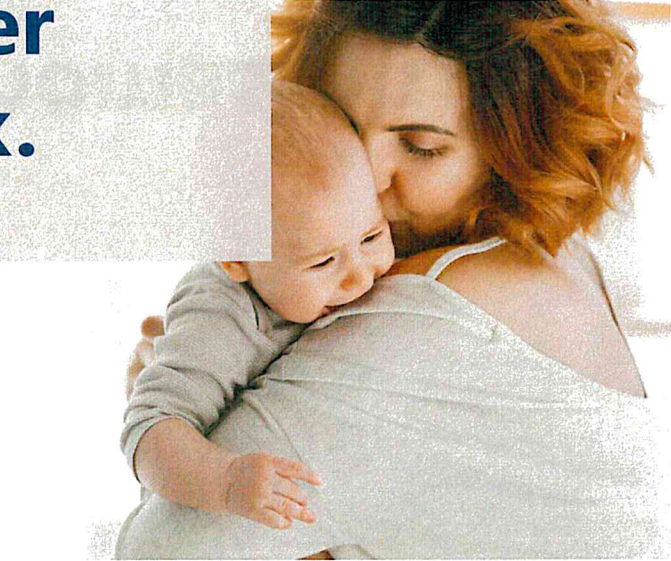
**What is workforce?  
It's workers.**



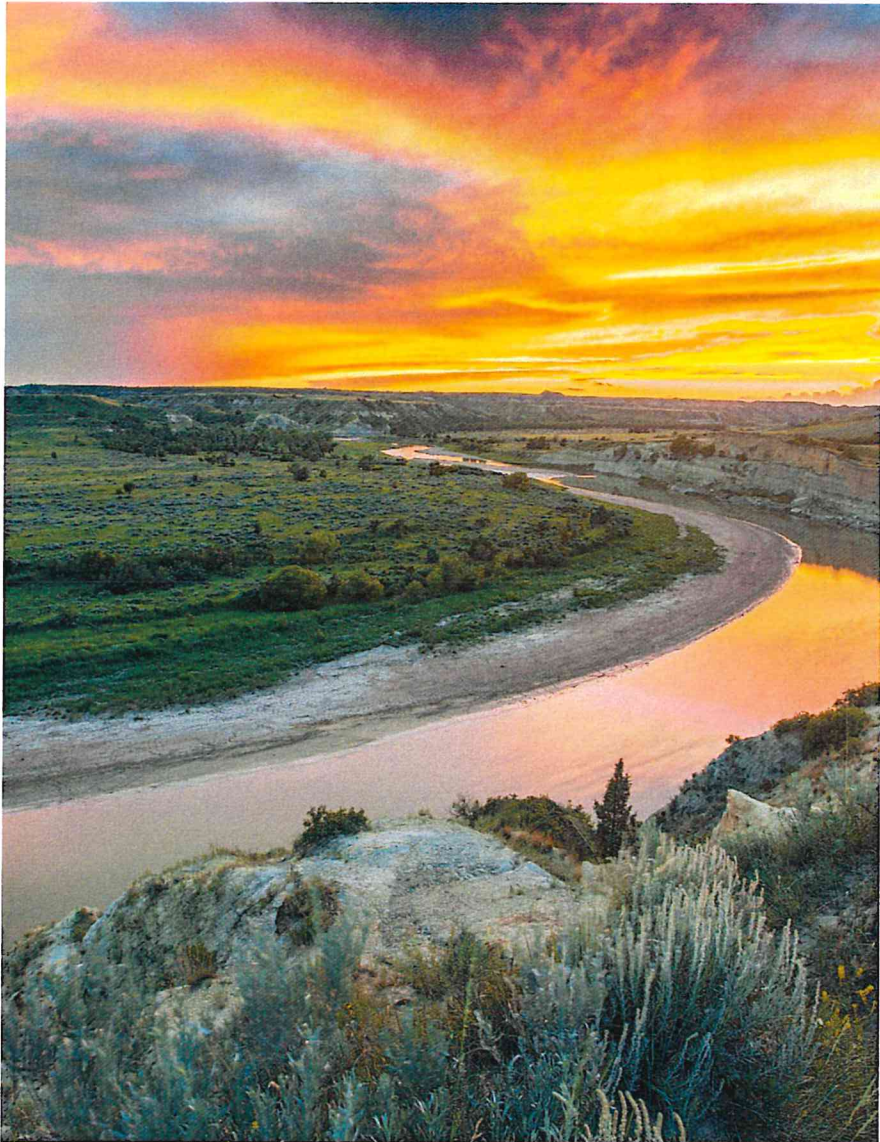




**When quality child care is more affordable, it's easier for parents to work.**







## Contact information

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# Supporting Working Families | Strengthening Our Workforce

## 2023-25 EXECUTIVE BUDGET REQUEST FOR NEW INVESTMENT IN CHILD CARE AS A WORKFORCE SOLUTION

### WHY IS CHILD CARE A WORKFORCE SOLUTION?

By addressing child care issues, we can help relieve workforce pressures across industries. When quality child care is available and affordable, it's easier for parents to work.

### NORTH DAKOTA STRATEGY

Addressing child care as a barrier requires a comprehensive approach that tackles all 3 elements of the child care dilemma: **Affordability, Availability and Quality.**

North Dakota is making quality child care more available and more affordable to more working parents by making an impact investment in young children.

### ND Child Care Proposal:

**\$73 million | 5,000+ children and their families | 700-800 child care businesses**

- ✓ Invest in families with children ages 0-3 and the child care providers who serve them.
- ✓ Grow opportunities for kids in the year before kindergarten.
- ✓ Support sustainability and success of child care entrepreneurs committed to quality.
- ✓ Help working families choose to stay working without forcing them to sacrifice quality experiences for their children.

### QUALITY | \$24 million new investment

Every working parent can be a better employee when they know their child is safe and well-cared for while they're at work.

**Expand Best in Class.** Expand access to "Best in Class" experiences for children in the year before kindergarten so both early childhood providers and the families who are interested in participating have the resources and support needed to give kids a chance to grow, explore, and thrive.

*Increase Best in Class access to 1,800 children per year (\$16 million)*

**Create Quality-Based Payment Tiers for Child Care Assistance.** Increase choices available to working families who participate in the child care assistance program (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.

*Build quality-based payments (5-15%) into the child care assistance payment structure and invest in the infrastructure needed to support providers' continued push toward excellence in delivery of care (\$6 million)*

**Reward Completion of Above-and-Beyond Training.** Offer professional development stipends directly to child care workers who complete "above and beyond" training in high priority content areas.

*Grants and incentives to child care workers to support quality care (\$2 million)*



## AFFORDABILITY | \$27 million new investment

To make child care more affordable, we as a state need to connect more working families with young children to child care assistance.

**Invest in the Child Care Assistance Program.** Increase the number of families who receive help paying for child care, with special attention on with kids ages 0 to 3. Expand resources available to the state's child care assistance program (CCAP) to make a difference for more families in more industries in more parts of North Dakota.

*Grow child care assistance participation to 3,000 children ages 0-3 (\$22 million)*

**Extend ND's Employer-led Child Care Cost Sharing Pilot.** Expand access to the cost-share program that supports an employer-provided child care benefit to help working families with kids ages 0-3 pay for child care.

*Help employers offer a child care benefit to their employees with young children (\$5 million)*

## AVAILABILITY | \$22 million new investment

Make it easier for working families to find child care when and where they need it.

**Increase Provider Reimbursements for Infant/Toddler Care.** 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 age 3.

*Increase infant/toddler payment by 25% to make it more feasible for providers to say yes to caring for the littlest North Dakotans (\$13 million)*

**Streamline background checks and Reduce Administrative Burden.** Streamline, automate and simplify processes and systems that affect the delivery of early childhood services, including background check processes that impact early childhood providers.

*Background check process improvements (\$1 million)*

**Build Improved Career Pathways.** Partner with CTE, K12 and higher education to increase career pathway opportunities for students interested in early childhood careers that offer them on-the-job training in partnership with local child care programs.

**Provide Resources and Supports to Child Care Providers.** Support a more sustainable, stable child care sector by offering grants, incentives, and shared service resources to child care businesses.

*Grants, incentives, and shared service supports to child care programs (\$7 million)*

**Create Partnership(s) for Care during Non-Traditional Hours.** Pilot ideas that make child care more available during non-typical hours. Partner with employers to identify creative solutions for working families whose jobs require non-traditional child care solutions.

*Pilot partnership(s) between employer and child care program (\$1 million)*



# The ND Child Care Proposal



## Expand Child Care Assistance Program (CCAP)

--- Affordable ---

| New Investment | Funding Source | Existing Resources         | Impact   | HHS Budget      |
|----------------|----------------|----------------------------|--|-----------------|
| \$ 22,000,000  | General Fund   |                            | Additional 1,500 kids per month (household income 0-85% AMI) | Econ Assistance |
|                |                | \$ 36,119,826 Federal      | 3,500 kids age 0-12 (household income 0-60% AMI)             | Econ Assistance |
|                |                | \$ 12,200,000 General Fund |  | Econ Assistance |
|                |                | \$ 5,200,000 ARPA          | 500 kids age 0-12 (household income 60-85% AMI)              | Econ Assistance |

## Pay providers more for Infant/Toddler care via CCAP rate schedule

- Availability -

| Investment - New | Investment - EBR | Impact   | HHS Budget      |
|------------------|------------------|--|-----------------|
| \$ 13,000,000    | General Fund     | 25% increase in provider pmt for 2,670 kids ages 0-3 | Econ Assistance |

## Pay for quality by creating quality tiers in the CCAP rate schedule

-- Quality --

| Investment - New | Investment - EBR | Impact   | HHS Budget      |
|------------------|------------------|--|-----------------|
| \$ 3,000,000     | General Fund     | 5-15% incr provider pmt, 1,600 kids in Step 2/3/4 programs | Econ Assistance |

## Cost Share an Employer Child Care Benefit for Working Parents

--- Affordable ---

| Investment - New | Investment - EBR  | Impact   | HHS Budget      |
|------------------|-------------------|--|-----------------|
| \$ 5,000,000     | General Fund      | Child care benefit for 650 working parents (kids ages 0-3) | Early Childhood |
|                  | \$ 9,000,000 ARPA | Child care benefit for 950 working parents (kids ages 0-3) | Early Childhood |

## Expand the Best in Class Program

-- Availability --

| Investment - New | Investment - EBR     | Impact                           | HHS Budget      |
|------------------|----------------------|----------------------------------|-----------------|
| \$ 16,000,000    | General Fund         | 1,800 kids in 130 groups by 2025 | Early Childhood |
|                  | \$ 2,400,000 Federal |                                  | Early Childhood |

## Provide Resources and Supports to Child Care Providers

--- Affordable ---

| Investment - New | Investment - EBR | Impact                 | HHS Budget                   |                 |
|------------------|------------------|------------------------|------------------------------|-----------------|
| \$ 2,000,000     | General Fund     | \$ 300,000 General     | Inclusion Grants             | Early Childhood |
| \$ 1,000,000     | General Fund     | \$ 450,000 Federal/Gen | Quality Grants               | Early Childhood |
| \$ 1,000,000     | General Fund     |                        | Start-up Grants              | Early Childhood |
| \$ 2,000,000     | General Fund     |                        | Facility Grants              | Early Childhood |
| \$ 1,000,000     | General Fund     |                        | Shared Service Grants        | Early Childhood |
| \$ 1,000,000     | General Fund     |                        | Non-Traditional Hours Pilots | Early Childhood |

## Offer Incentives to Child Care Workforce for Above and Beyond Training

-- Quality --

| Investment - New | Investment - EBR | Impact                               | HHS Budget      |
|------------------|------------------|--------------------------------------|-----------------|
| \$ 2,000,000     | General Fund     | 4 - 5,000 child care worker stipends | Early Childhood |

## Streamline the process child care providers use to complete background checks for workers

- Availability -

| Investment - New | Investment - EBR | Impact   | HHS Budget |
|------------------|------------------|--|------------|
| \$ 1,000,000     | General Fund     | Improved experience for 5,500+ child care workers and businesses | Admin      |

## Support Quality Improvement across the early childhood industry

-- Quality --

| Investment - New | Investment - EBR | Impact                   | HHS Budget  |                 |
|------------------|------------------|--------------------------|---|-----------------|
| \$ 3,000,000     | General Fund     | \$ 3,500,000 Federal/Gen | Quality and Start-up Coaches, Program Delivery and Evaluation | Early Childhood |

## Total Investment

- Availability -

| Investment - New | Investment - EBR |               |             |
|------------------|------------------|---------------|-------------|
| \$ 73,000,000    | General Fund     | \$ 69,169,826 | Federal/Gen |







# ISSUE BRIEF



## SUPPORTING WORKING FAMILIES STRENGTHENING OUR WORKFORCE

ND Child Care Proposal: A proactive approach to removing child care as a barrier to work

*January 2023*



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# The ND Approach: A strategy of both comprehensive and targeted investment

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Child Care is an inherently challenging type of business to operate because most of its customers (i.e., working families), on their own, cannot afford to pay what it costs to provide quality care. Which means child care providers have a hard time charging what it takes for them to successfully stay in business and operate a high-quality program. At the same time, we know that **quality child care is essential** for working parents, for employers AND for children.

Eliminating child care as a barrier to work requires an approach that is both comprehensive and targeted at the same time. The ND approach is built on several related public policy principles that can help guide decision making. These principles acknowledge that effecting meaningful change at the macro workforce level will require both a **comprehensive and targeted strategy** that is guided by a clear understanding of where and how we can achieve greatest impact.

- 1) Target investments to ages 0-3.
  - ✓ Age of highest developmental return for children
  - ✓ Period of greatest economic pressure for most young families
  - ✓ Critical decision point for individual-level decisions about how/if to rejoin the labor force
- 2) Focus on working families with young children employed in occupations where compensation can't adequately offset the cost of child care needed to enable work.
- 3) Create opportunities for the children who are least likely to have access to quality early childhood experiences (ex. modest income family, special needs, disrupted family circumstances).
- 4) Embrace an all-of-the-above approach to child care
  - ✓ Quality early childhood experiences can happen anywhere.
  - ✓ Working families should have meaningful choices about child care.
  - ✓ Principles of quality are knowable and transferrable to any setting.
  - ✓ Sustainable child care businesses will support more sustainability within the child care workforce.
- 5) Public investment in child care helps working parents provide for their families by supporting employment and training/education goals.
  - ✓ Benefits are scaled to family need.
  - ✓ Employers have meaningful vehicles to remediate child care as a barrier to work.



## Public and Private Stakeholders and Partners have come together over years to set the stage for action

- Legislators from across the state engaged in numerous local conversations about how child care affects people in their district, gathering ideas for how to make a real difference for working families with young children
- Working group convened with Hunt Institute, involving stakeholders from business, local governments, universities
- Governor-hosted roundtables with both business leaders and child care providers to understand nexus of child care and workforce needs
- Meet and greets with Chambers of Commerce, Workforce Development Council, Industry and Advocacy groups to build awareness and brainstorm ideas and approaches
- Creation of HHS Early Childhood team (after 2021-23 legislative session) to operationalize the state's early childhood experiences approach



## NORTH DAKOTA STRATEGY

Addressing child care as a barrier to work requires a comprehensive approach that tackles all three elements of the child care dilemma: **Affordability, Availability and Quality.**

*Make quality child care more available and more affordable to more working parents by making an impact investment in how we care for young children.*

**\$73 million | 4-5,000 children | 700-800 child care businesses**

- ✓ Invest in families with children ages 0-3 and the child care providers who serve them.
- ✓ Grow opportunities for kids in the year before kindergarten.
- ✓ Support the sustainability and success of child care businesses that are committed to quality.
- ✓ Help working families choose to stay working without forcing them to sacrifice quality experiences for their young children.



The 2023-25 executive budget request includes \$73 million in new funding to move the state's workforce / child care strategy forward.

*Make Child care assistance a reality for more working parents.*

- Grow number of working families who access child care assistance (from 1,500 to 3,000 kids ages 0-3) - \$22 M general fund
- Increase what the state pays for infant / toddler child care to make it more feasible for providers to say yes to caring for the littlest North Dakotans - \$13 M general fund
- Build quality-based tiers into the child care payment structure - \$3 M general fund
- Help more programs achieve quality ratings by investing in infrastructure to support quality, including contracting for more quality coaches and assessors, and evaluating the impact of state investments - \$3 M general fund

*Make an impact-level investment that rewards quality across the early childhood sector.*

- Triple the number of annual Best in Class slots from 550 to 1,800+ - \$16 M general fund
- Help employers offer a child care benefit to young working parents in their workforce via the public-private-partnership cost share program - \$5 M general fund
- Make sure early childhood workers are the best trained in the country, offering grants and incentives to child care workers who go above and beyond to offer quality care - \$2 M general fund
- Support child care entrepreneurs and small businesses with targeted grants to help eliminate child care deserts, support stronger business operations, and grow access to care during non-traditional hours - \$8 M general fund
- Make it as easy as possible for providers to get licensed, stay licensed, and participate in the state's quality improvement system, including streamlining of background check processes - \$1 M general fund



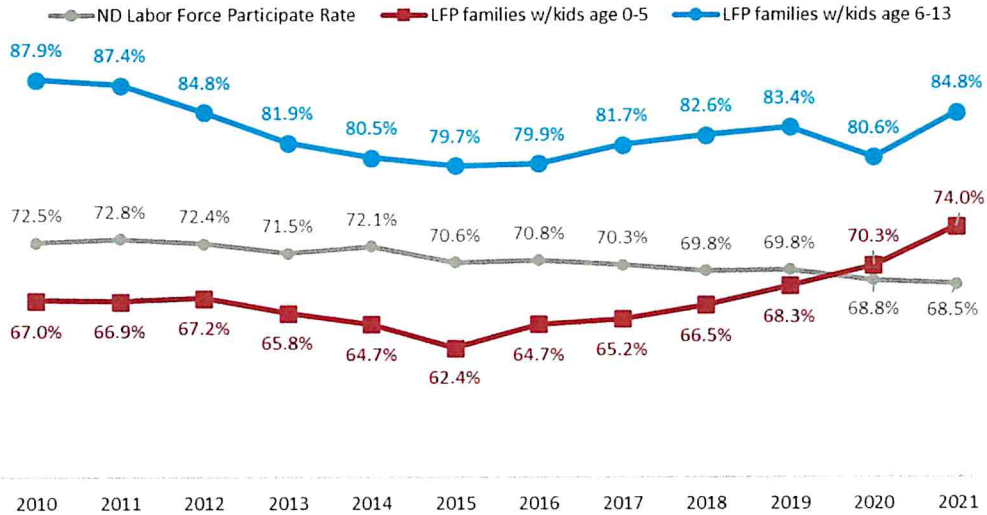
# Affordability

## CONNECT MORE WORKING FAMILIES TO CHILD CARE ASSISTANCE

**Labor Force.** North Dakota has a 68.7% labor force participation rate, consistently one of the highest in the U.S. In fact, in ND parents of young children tend to work at higher rates than the population overall. In 2021 74% of children ages 0-5 had all parents in the labor force. For children ages 6-13 that rate rose to 84.8%.

The percent of ND children ages 0-5 who have all available parents in the labor force has been steadily increasing since 2010

Source: ND Kids Count | US Census American Community Survey | Bureau of Labor Statistics

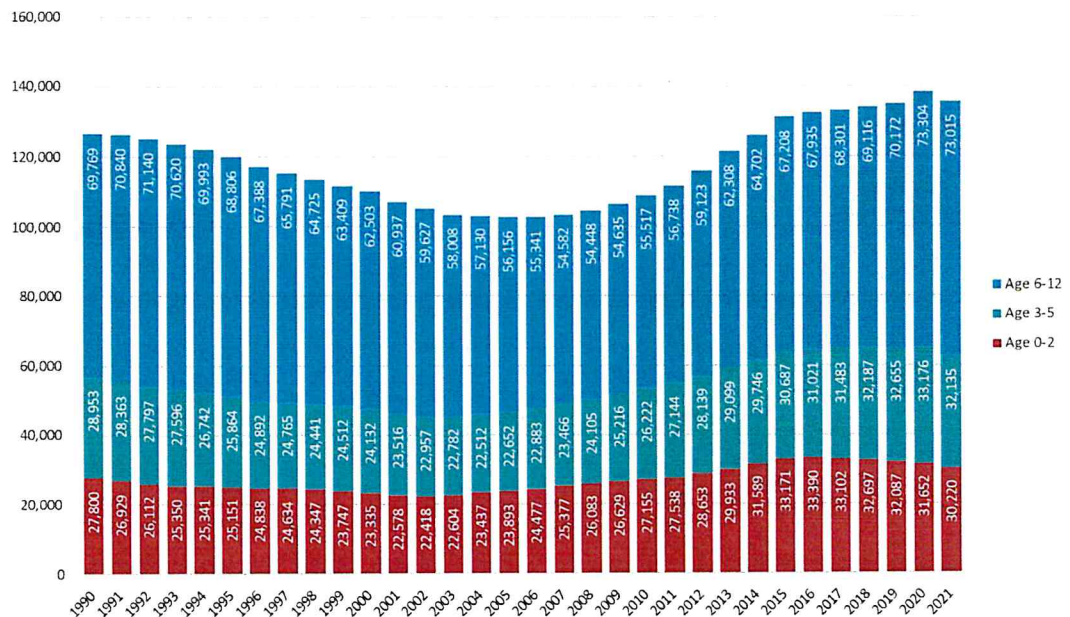


**Age.** North Dakota’s population has also been getting younger in the last several years. Since 2010, the number of children ages 0-12 has grown as a percent of the overall state population and has also grown outright.

**CCDBG.** The federal Child Care and Development Block Grant is the primary federal funding source available to support states’ efforts to provide help to lower income families with the costs of child care.

The number of children younger than age 13 has been increasing steadily since 2010

Source: ND Kids Count | Child population by single age (U.S. Census Bureau)





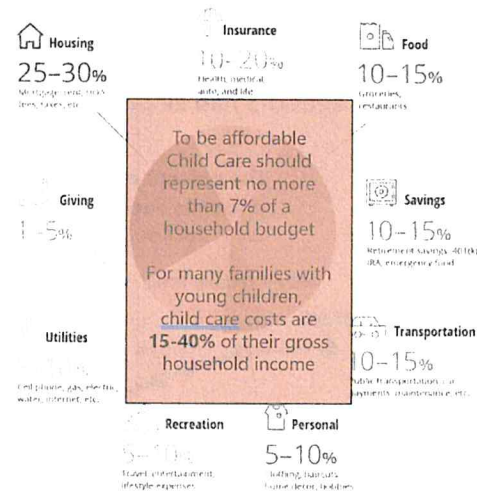
According to a 2019 Report, North Dakota’s program provides help to approximately 7.1% of the North Dakota families who are likely to be eligible for assistance (according to funding levels and guidelines in place at the time).<sup>1</sup>

**Cost.** The October 2021 Child Care Market study conducted for the North Dakota Child Care Assistance program found the average cost of center-based child care for infants (younger than 18 months) to be \$10,056 per year (\$9,576 in group/family settings).<sup>2</sup> For toddlers (children ages 18-35 months), the average annual cost was approximately \$8,000. This means that the cost of tuition for an infant in center-based care is 15% more than the average cost of in-state tuition at the state’s four-year public universities.<sup>3</sup>

Lower, moderate- and middle-income families with young children will struggle with the monthly out-of-pocket cost of child care, regardless of the fact that they are working. A sampling of occupations by average ND wage and number of jobs in wage range serves as a reminder that very few of the most commonly held jobs in our communities pay a wage that makes child care affordable, especially in the years before age 5.

### What is “Affordable”?

The concept of affordability is a relative term. It is relative to the each household’s resources.



| Less than \$15 / hr   | \$15 - \$20 / hour     | \$20 - \$28 / hour    | \$28 - \$35 / hour         | >\$35 / hour        |
|---|------------------------|-----------------------|----------------------------|---------------------|
| Child care worker   | Home health/Pers care  | Carpenter/Constr      | Sales representative       | Engineer            |
| Fast food   | Customer service rep   | Office/clerical       | HVAC installer             | Constr mgr          |
| Waiter/Waitress   | Hair stylist           | Accounting clerk      | Rotary drill operator      | Lineman             |
| Cashier   | Retail                 | Assembler/fabricator  | Wellhead pumper            | Gen/Op mgr          |
| Bartender   | Receptionist/secretary | Maintenance/repair    | HR specialist              | Loan officer        |
| Vehicle/equip cleaner   | Restaurant cook        | Correctional officers | Accountant                 | Lawyer              |
| Hotel clerk   | Preschool teacher      | Auto service tech     | Police                     | Sales manager       |
| Dishwasher  | EMT                    | Lic Practical Nurse   | Real Estate Sales          | Software dev        |
| Laundry/Dry cleaning  | Teller                 | Dental assistant      | PR/marketing specialist    | Veterinarian        |
| Maid/Housekeeping   | Security guard         | Firefighter           | Counselor/therapist        | Pharmacist          |
|   | Nursing assistant      | Social worker         | Child/School social worker | Physician           |
|   | Laborer                | Truck driver          | Registered Nurse           | Dentist             |
|   | Stocker/order filler   | Svc unit op (oil/gas) | Comp network specialist    | Psychologist        |
|   | Landscaping/grounds    | Retail supervisor     | Construction supervisor    | Project <u>mgmt</u> |
|   | Janitor/cleaner        | Pharmacy tech         | Dental hygienist           |                     |
|   |                        |                       | Architectural/mech drafter |                     |
|   |                        |                       | Heavy equip mechanic       |                     |
| <b>48,790</b>   | <b>90,050</b>          | <b>109,930</b>        | <b>73,420</b>              | <b>45,000</b>       |
| # of people employed in a job with average wage of <\$15/hour | 25%                    | 30%                   | 20%                        | 12%                 |
| represents 13% of total jobs                                  |                        |                       |                            |                     |

Source: Job Service ND 2021 Employment and Wages by Occupation dataset | mean wage by occupation; 741,920 jobs included in statewide wage summary

<sup>1</sup> “Inequitable Access to Child Care Subsidies.” CLASP. Rebecca Ullrich, Stephanie Schmit and Ruth Closse. April 2019.  
<sup>2</sup> <https://www.hhs.nd.gov/sites/www/files/documents/DHS%20Legacy/2021-ccap-market-rate-survey.pdf>  
<sup>3</sup> Average in-state tuition for 4-year universities of \$8,734. Source: <https://ndus.edu/cost-to-attend/>



# 1. Invest in the Child Care Assistance Program

*Fund child care assistance program to grow the number of families able to participate*

*GOAL: 3,000 children ages 0-3 by 2025 | FUNDING: \$22 million*

The child care assistance program (CCAP) helps working parents and parents attending education or training programs, to pay for a portion of the cost of child care (see Appendix A for more about CCAP in ND).

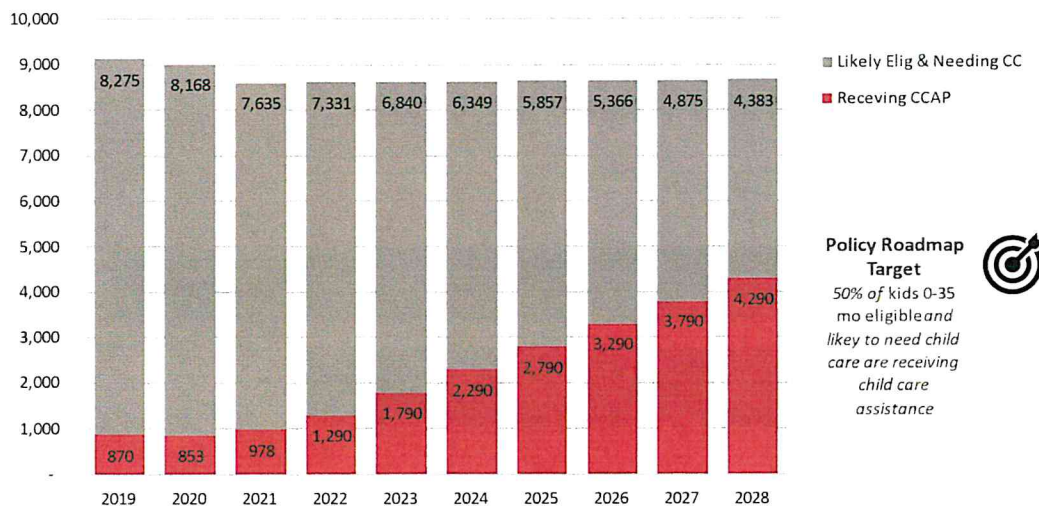
Adding state funds to the state’s existing child care assistance program would essentially allow North Dakota to use its existing program infrastructure to increase the number of working families who receive direct help paying for the cost of child care.

By making child care costs more manageable for people working in occupations that pay modest wages, we can expect to see increased:

- Economic stability for families
- Labor force participation for parents of young children
- Economic productivity for the state’s employers.

By increasing the resources available to the child care assistance program, instead of serving approximately 7-10% of working parents who are eligible for child care assistance, we can expand access to a far greater number of working parents and begin to move the needle on workforce.

With continued investment 50% of eligible children who are likely to need child care could receive some assistance by 2028



**Policy Roadmap Target**  
 50% of kids 0-35 mo eligible and likely to need child care are receiving child care assistance



*ND HHS analysis based on U.S. Census data (ND Kids Count: Population by single age) and Child Care Assistance Program utilization data (SPACES data warehouse)*

**Why this strategy?**

- More working families getting help with costs of child care =*
- Child care businesses have more customers with ability to pay =*
- More stable and reliable payments going directly to child care providers at the beginning of each month*



## 2. Extend ND's Employer-led Child Care Cost Sharing Pilot

*Help employers offer a child care benefit to their employees with young children*

*GOAL: Serve an additional 650 children through 2025 | FUNDING: \$5 million*

In November 2021 the ND legislature authorized HHS to use ARPA funds to pilot a cost-share model that supported an employer-provided child care benefit program. Child Care Relief for Working Parents will give employers a meaningful vehicle to address the child care barrier many of their employees face.

The program creates a state match for employer-funded childcare stipends to employees where household income is no more than 100% of state median income. The maximum state match is \$300 per month, as long as the employee has a child ages zero to three, meets the household income thresholds, and is employed by a business that has opted in to participating in the program.

This matched stipend model offers a flexible and practical way to encourage private investment in child care, while allowing state dollars to serve more working families, and is designed to be a practical employee-level benefit that can be offered by both large and small employers.

The cost-sharing model behind this employer-led child care benefit can help make paying for child care more manageable



### **Why this strategy?**

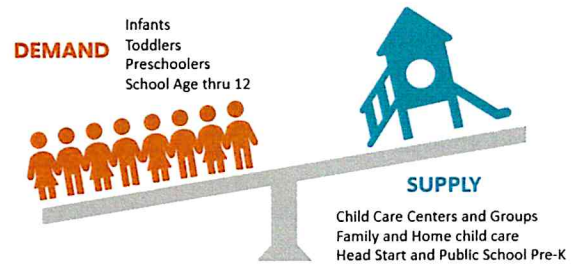
*A shared cost model gives employers a meaningful vehicle to offset child care as a barrier to work for employees who are parenting young children*



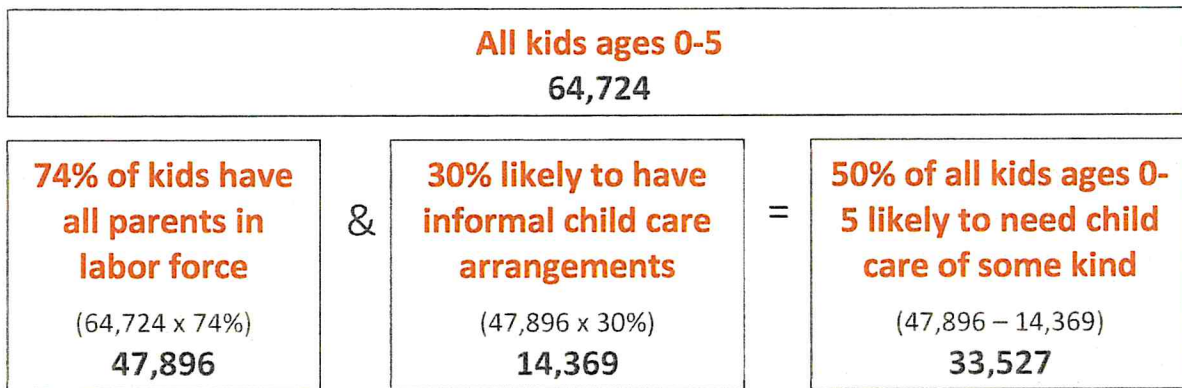
# Availability

*MAKE IT EASIER FOR WORKING FAMILIES TO FIND CHILD CARE WHEN AND WHERE THEY NEED IT.*

Considering the realities of both demand and supply is essential to our ability to address the lack of available child care for working families with young children. While the challenges are real across the age spectrum, the greatest constraints occur when children are younger than age 3, which in child care parlance is referred to as “infant and toddler”. Infants and toddlers account for approximately half of the 65,000 children who are younger than 6 (see Appendix A for data by county).



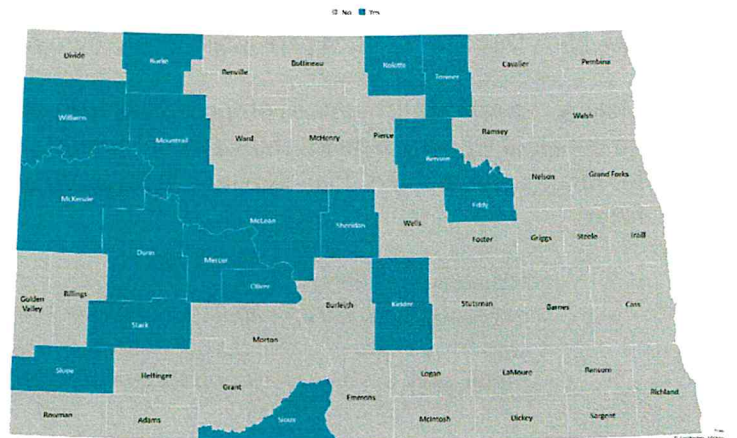
**Demand.** To estimate shortages in the availability of child care, we first need to establish the number of children likely to need some type of child care. While there is no precise measure available, we know that 74% of all children younger than age 5 have all parents in the workforce. We assume that about 1/3 of those children either don’t need child care or are in some type of informal care arrangement made by their families, which means that approximately 33,527, or 52% of the children ages 0-5, are estimated to need formal child care of some kind.



**Supply.** It’s hard to find child care no matter where you live. Across ND, there are 2-3 children for every licensed child care spot that’s available. Even given that reality there are certain areas where availability is even more constrained than others.

A child care desert is a concept that is broadly understood to mean that the shortage of licensed child care slots (as compared to the number of kids who are likely to need child care based on parental workforce participation) is at least 3 to 1. Meaning there are three children who are likely to need care for every one care slot available in the community.

20% of the state’s population lives in a county that was considered a child care desert in 2020



### 3. Increase Provider Payments for Infant and Toddler Care.

#### *Increase infant/toddler child care assistance payment rates*

GOAL: Increase CCAP State Max Rate for Infants and Toddlers by 25% | FUNDING: \$13 million

Child care is a costly and labor-intensive endeavor. This is especially true for the youngest children because quality care requires lower ratios of adults to children. For infants and toddlers, a single adult can only care for 4-5 children (depending on ages in the setting) and still offer the care and attention necessary for their developmental stage.

The federal Child Care Development Block Grant supports the provision of child care assistance for lower income working families. The state's Child Care Assistance Program (CCAP) reimburses child care providers at a rate equivalent to 75% of the going "market rate" in their communities. This market rate is re-evaluated every 1 to 3 years as per federal guidelines via a survey of licensed child care providers.

#### When is child care affordable?

*Average monthly cost of care in a Child Care Center compared to the affordability standard of 7% of household income*



#### 1 child (9-month-old)

---

Center-based avg      Household income needed? = combined hourly wage of  
\$838      →      \$143,600      =      \$69/hr



#### 1 child (3-year-old)

---

Center-based avg      Household income needed? = combined hourly wage of  
\$726      →      \$124,400      =      \$60/hr



#### 2 children (1-year-old and 4-year old)

---

Center-based avg      Household income needed? = combined hourly wage of  
\$1,564      →      \$268,100      =      \$129/hr

To account for the higher relative cost of providing quality care to infants and toddlers, and to encourage child care providers to offer care to the youngest children in our state, the North Dakota Child Care Proposal includes funding to increase infant and toddler provider reimbursements paid to child care providers through the child care assistance program by 25%. (See proposed rates in Appendix B)

Making the rate adjustment as proposed will help assure that the **rate the State pays** child care providers on behalf of working families should be set to more closely approximate the realistic costs of providing care for infants and toddlers. (See Appendix B for more on how costs of providing care compare to payment rates)

#### **Why this strategy?**

*Increasing payments for infant and toddler care directly addresses child care providers' biggest cost gap and reduces out of pocket costs for families who have had to cover fees that exceed the max rate the state can pay through its child care assistance program.*



## 4: Streamline Background Checks and Reduce Administrative Burden

*Make it as easy as possible for providers to get licensed, stay licensed, and participate in the state's quality improvement system.*

*GOAL: Streamline, automate and simplify processes and systems that affect delivery of early childhood services | FUNDING: \$1 million (criminal background check project)*

By building on a model of early childhood experiences that embraces varied settings, the state of North Dakota must pay special attention to thoughtful alignment of rules, processes, and infrastructure across sectors. Reducing administrative burden while still maintaining accountability and upholding quality standards requires thoughtful application of policy and a mindset of continuous improvement.

The following list of items include a series of actions that move us further toward this goal of reduced administrative burden. The list includes both items that are proposed for consideration in the 2023-25 legislative session as well as items that are already in progress or recently completed (Q4 2022).

### Proposed for 2023-25 Legislative consideration

- Remove requirement for separate food/lodging license for Group size 30 or lower
- Streamline criminal background check application and scheduling processes to the greatest extent possible (\$1 million budget request)
- Allow notice of certain documents to be served by electronic means instead of by certified mail.
- Exempt head start programs, and early head start and Best in Class programs from the requirements of chapter 54-44.4.
- Change the requirement from a grant to direct payment for early childhood services inclusion support services to reduce requirements for early childhood services providers to obtain funding.
- Allow for direct monthly payment of child care assistance payments to early childhood providers.

### In Progress / Complete

- Reduce administrative burdens of licensing through implementation of the new Child Care Licensing platform
- Automate routing of submitted documentation with other EC and HHS systems to eliminate need for repeat data entry
- Re-vamp CCAP eligibility portal and processes to ensure more consistency in how Human Service Zones deliver child care assistance
- Include all early childhood options in the Resource & Referral database (licensed child care, Head Start and school-based settings)
- Assure reciprocity wherever possible for trainings and certifications obtained beyond early childhood

#### ***Why this strategy?***

*Reducing administrative burden frees up child care provider staff time to focus on serving children and building their business.*

## 5. Support Child Care Providers with Grants, Incentives and Shared Services

*Support sustainable child care businesses with targeted investments, including a shared services model*

*GOAL: Facility, quality, inclusion, and start-up grants, plus shared service grants and supports for child care businesses | FUNDING: \$7 million*

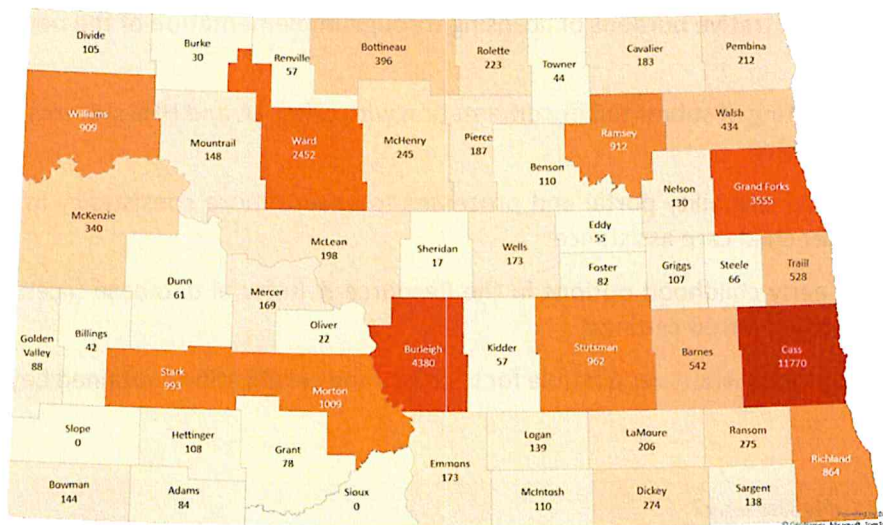
**Grants and Incentives.** ND should continue to support the capacity and stability of the state's child care providers by offering targeted support that can help support health and safety of facilities and offer incentives to programs embarking on a formalized quality improvement journey. Inclusion 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.** Shared services models can allow child care providers to access administrative supports at reduced cost via statewide or regional vendors. While there are a myriad of approaches to consider, by way of example, the state could create a vendor pool that eligible child care businesses could utilize to ensure stronger and more cost-effective business operations, which will ultimately support increased access to quality care.

Eligible services might include, but are not limited to billing and accounting, payroll services, human resources support, website development, technology and IT supports, supply procurement, training and technical assistance, and the provision of employee benefits. The state could create a list of private partners who meet established qualifications designed to assure strengths needed to support child care businesses. Participation in this vendor pool would include access to pre-negotiated rates and service packages.

The state would then provide grants to child care businesses to help cover the cost of shared services, with targeted investments to incentivize child care programs that operate in designated child care deserts, who are actively participating in quality improvement efforts, or who offer care during non-traditional hours.

38,864 child care spots in 1,352 licensed child care programs  
operated by 1,210 small businesses across ND (Jan 2022)



### **Why this strategy?**

*Supporting child care entrepreneurs with targeted business-oriented resources will support more stable and sustainable operations.*

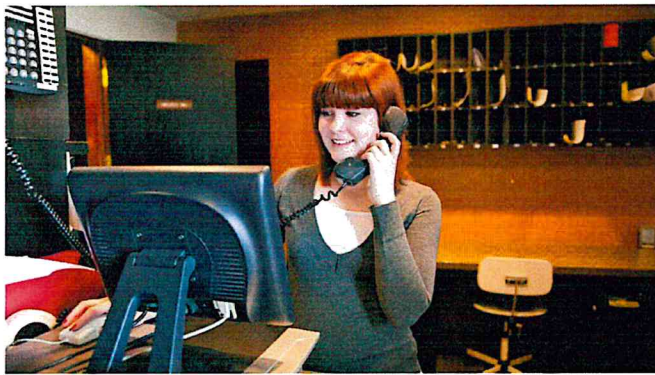


## 6. Create New Partnerships for the Provision of Care during Non-Traditional Hours

*Pilot partnership(s) between employers and child care programs*

*GOAL: 1-2 pilots in place by end of 2025 | FUNDING: \$1 million*

For North Dakotans engaged in shift work outside of the traditional “nine to five” business day, child care can be particularly difficult to access. With access to additional resources, North Dakota DHHS can partner with providers and employers to identify and **pilot strategies to increase access to child care during non-traditional hours**. The specific nature of the pilot projects will be driven by the unique needs identified in each proposal



### ***Why this strategy?***

*Matching supply and demand through targeted partnerships will return real results for employers and their employees who need child care during non-traditional hours.*



## 7. Build Improved Career Pathways

*Make it as easy as possible for people who work in early childhood to chart their own career path in the field*

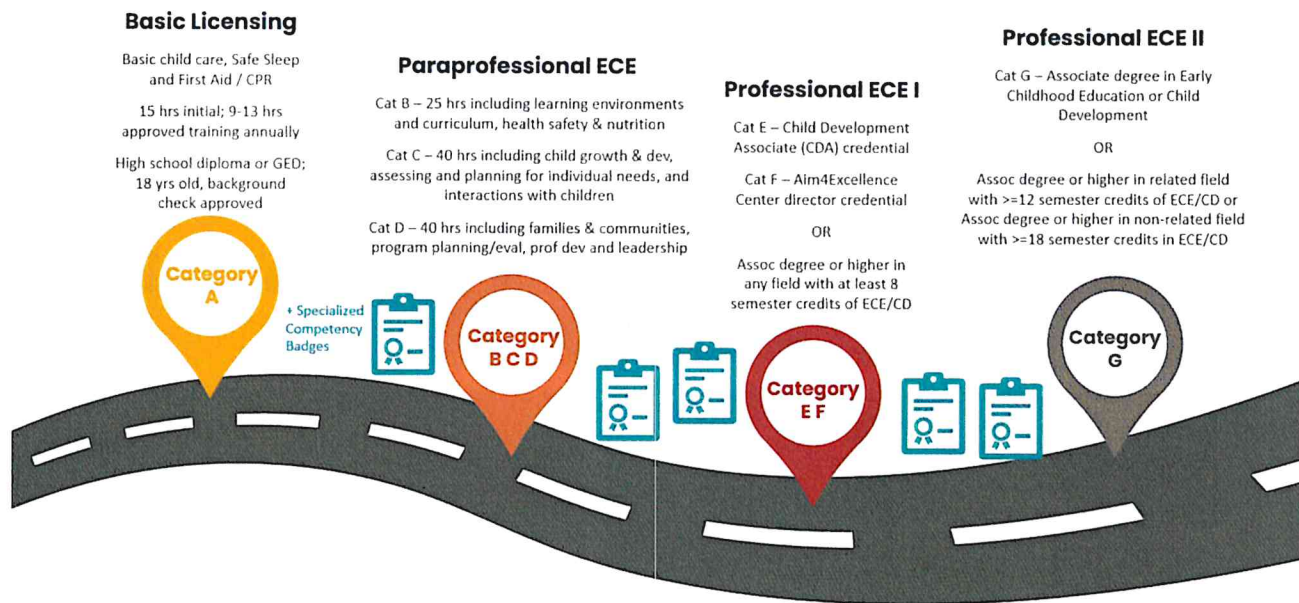
*GOAL: Align the early childhood workforce registry to reflect an expanded career pathway model | FUNDING: N/A (grant funded)*

In order to develop a pipeline of qualified early childhood professionals, HHS could partner with the Department of Career and Technical Education, the Department of Public Instruction, and higher education programs to improve career pathway opportunities for students interested in pursuing careers in the field - including opportunities that might provide them with on-the-job training within local child care programs.

We can also make sure we are doing everything we can to ensure that young people who want to go into **early childhood as a career** have an opportunity through the state's **CTE and public schools** to take courses that prepare them for the work – and that offer them on-the-job training in partnership with local child care programs.

By partnering with CTE and public schools, North Dakota can help young people interested in a career in early childhood get a leg up, building real world credit and on-the-job experience while still in high school.

### Early Childhood Career Pathway



#### Why this strategy?

*Making it easy to pursue a career in early childhood – from entry level to leadership – will create long term sustainability for early childhood providers.*



# Quality

## WORKING PARENTS ARE BETTER EMPLOYEES WHEN THEY KNOW THEIR CHILDREN ARE SAFE AND WELL CARED FOR

Child outcomes associated with early childhood investments are closely linked with program quality.

**What is quality?** For little ones, a good day means that they have a great place to play and caring adults to interact with.

There's a lot that goes in to understanding how children develop and grow. There are strategies that help ensure that a two-year old is having a chance to build curiosity and resilience – all while playing. There are also unique approaches for kids when they are one, or four, or ten. And while the strategies are different, they all point to growth. The snapshot below offers an example of how early childhood professionals think about early literacy skills at various developmental ages.

**Objective 17: Demonstrates knowledge of print and its uses.**  
 A. Uses and appreciates books and other texts

| Not Yet | 1   | 2         | 3  | 4     | 5     | 6   | 7 | 8   | 9 |
|---------|---|-----------|--|-------|-------|---|---|---|---|
|         | <b>Shows interest in books</b> <ul style="list-style-type: none"> <li>Gazes at the pages of a book</li> <li>Brings book to adult to read</li> </ul> |           | <b>Orients book correctly; turns pages from the front of the book to the back; recognizes familiar books by their covers</b> <ul style="list-style-type: none"> <li>Hands teacher book and says, "Let's read Corduroy!"</li> </ul> |       |       | <b>Knows some features of a book (e.g., title, author, illustrator, front and back covers); connects specific books to authors</b> <ul style="list-style-type: none"> <li>Says, "I want to read this Dr. Seuss book today."</li> <li>Says, "Eric Carle wrote this book. He is the author."</li> <li>Selects a book in the library and talks to the librarian about the front and back cover; points out the title page when prompted</li> </ul> |   | <b>Uses various types of books for their intended purposes</b> <ul style="list-style-type: none"> <li>Selects a nonfiction book about insects to identify the butterfly seen on the playground</li> </ul> |   |
|         | 0 – 1 yrs   | 1 – 2 yrs | 2 – 3 yrs  | 3 yrs | 4 yrs | Kindergarten  |   |   |   |

Kindness and caring are a huge part of helping children grow, as are the concepts and strategies that can be learned through early childhood-focused professional development and training.

As a state – we want to make sure that every adult who works with our youngest children feels equipped to give that child the absolute best experience they can. Seeing the child's interests and abilities and helping make sure their environment and experiences give them the best chance possible to grow and realize their full potential.



## 8. Expand Best In Class Program

*The year before kindergarten is a pivotal time in a child's life. In North Dakota we want to make an impact-level investment to make sure that there's a spot in a Best in Class program for every ND child whose family chooses to participate.*

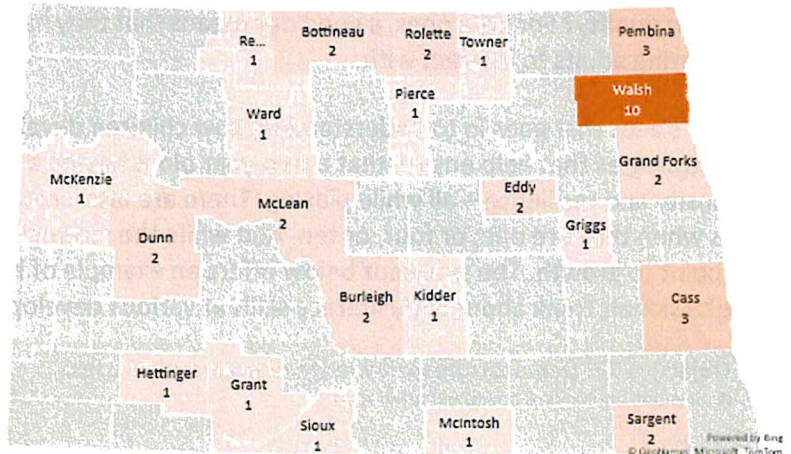
*GOAL: Increase annual Best in Class slots to 1,800 by 2025 | ADDITIONAL FUNDING: \$16 million*

In 2021 the North Dakota legislature authorized policy and funding to pilot a new program designed to provide high-quality early childhood experiences to children in the year prior to kindergarten entry.

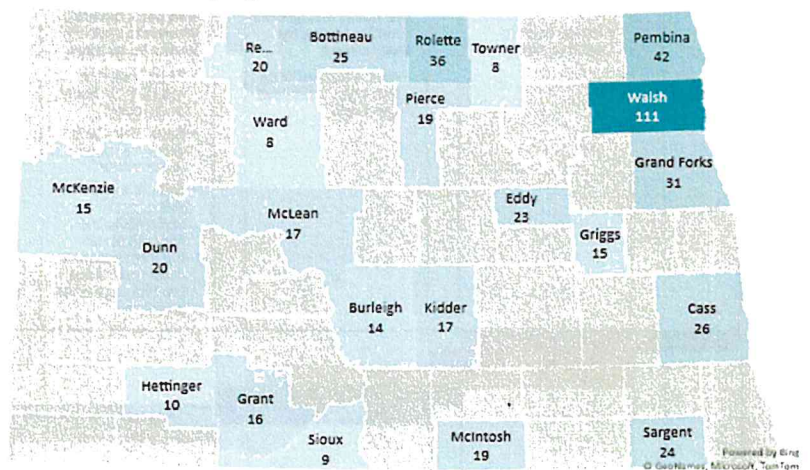
Built on over 20 years of research from similar programs across the country, in its first two years of operation, the *Best-in-Class* (BIC) program has supported programs in 37 communities where a BIC experience was provided to more than 930 North Dakota children.

Expanding annual participation to 1,800 children per year by the end of the 2023-2025 biennium would support high quality early experiences in more than 100 public and private early childhood programs across the state.

2022-23 BIC program included 44 groups of children in 23 counties



23 BIC programs served 544 children in 2022-23



### **Why this strategy?**

*Taking steps to make sure all kids have access to high quality experiences in the year before kindergarten will return both immediate and long-term results.*



## 9. Establish Quality Tiers in CCAP Payment Schedule

*To help make sure that all working parents have a greater ability to choose the quality child care that's right for them, the State can build quality tiers into the child care assistance program payment schedule.*

*GOAL: Build quality tiers into the child care payment structure | FUNDING: \$6 million*

As referenced throughout this document, child care is a major expense for North Dakota families. Because cost and quality are commonly linked, lower-income North Dakota families are often priced out of top-quality programs, limiting parental choice and sub-optimizing developmental and learning opportunities.



There are a lot of great child care providers in ND. It's a fact that if your household income is lower, your ability to choose the best quality care is often limited – it's just not affordable to you, which means that it's out of reach.

This proposal will mean that any child care provider who takes care of a child younger than age 3 and who has taken all the steps necessary to validate the quality standards that they put to work in their program, can receive a higher payment rate. This quality payment boost 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 and at the same time provide higher compensation to programs with verified higher quality care.



### North Dakota Bright and Early Quality Rating Improvement System (QRIS)



**Step 1**  
Health and Safety



**Step 2**  
Space and Materials



**Step 3**  
Activities and Experiences



**Step 4**  
Relationships and Interactions

#### **Why this strategy?**

*Paying for quality acknowledges the extra effort it takes to provide validated quality experiences to kids of all ages and abilities.*

## 10. Reward the Completion of “Above-And-Beyond” Training.

*Grants and incentives to child care workers to support quality care through high impact professional development. Build system to acknowledge achievement of topical competencies.*

*GOAL: Double workforce engagement with high priority professional development topics | FUNDING: \$2 million*

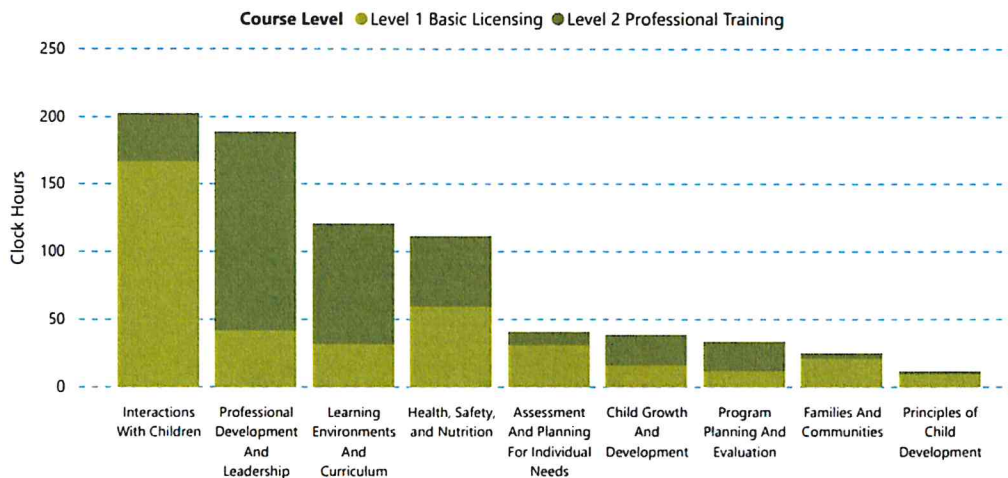
It is difficult for child care programs to schedule time during the paid work day for their staff to engage in training and professional development. Child care programs typically operate 10-12 hours per day and are staffed to interact with and provide care for children during that time. So while basic (required) training may happen during work hours, it is often left to child care staff members to build their credentials and skills outside of paid work time.

We know that children benefit from spending time with caregivers who feel equipped to respond to each child’s unique needs and interests. The overall quality of North Dakota’s child care programs is closely linked to the professional knowledge of the state’s child care providers.

This proposal recognizes the value of the “above and beyond” training that child care workers bring to the jobs they do by offering career development grants and scholarships in high priority early childhood content areas designed to improve quality and increase children’s opportunities to realize their full potential.



**Core Competency and Training Level in Clock Hours**



**Why this strategy?**

*The adults in the room are the most important part of a child’s experience, which means rewarding skill-building in early childhood workforce will pay dividends.*



# ND Child Care Proposal 2023-25 Biennial Investment

## OVERVIEW OF INITIATIVES IN 2023-25 SENATE BILL 2012

|  | ND Child Care Proposal Budget Req | Incl in 2023-2025 Exec Budget Req             | TOTAL 2023-25        |
|--|-----------------------------------|---|----------------------|
| 1. Expand funding for Child Care Assistance Program      | \$22,000,000                      | \$48,319,826 (CCDF/Gen)<br>\$5,200,000 (ARPA) | \$75,519,826         |
| 2. Extend employer child care benefit cost share pilot   | \$5,000,000                       | \$9,000,000 (ARPA)                            | \$14,000,000         |
| 3. Increase provider payments for Infant/Toddler care    | \$13,000,000                      |   | \$13,000,000         |
| 4. Streamline background check processes                 | \$1,000,000                       |   | \$1,000,000          |
| 5. Grants, incentives, and shared services for providers | \$7,000,000                       | \$750,000 (CCDF/Gen)                          | \$7,750,000          |
| 6. Partnership(s) for non-traditional hours care         | \$1,000,000                       |   | \$1,000,000          |
| 7. Create improved career pathways                       | \$0                               |   | \$0                  |
| 8. Expand Best in Class program                          | \$16,000,000                      | \$2,400,000 (ESSER II)                        | \$18,400,000         |
| 9. Create quality-based pmts and quality infrastructure  | \$6,000,000                       | \$3,500,000 (CCDF/Gen)                        | 9,500,000            |
| 10. Reward child care workers' "above & beyond" training | \$2,000,000                       |   | \$2,000,000          |
| <b>TOTAL</b>   | <b>\$73,000,000</b>               | <b>\$69,169,826</b>                           | <b>\$142,169,826</b> |

## Child care is a workforce solution that can make a difference for ND employers



### Affordability

Connect more working families to child care assistance to keep the cost of child care within 7% of household income

**\$27 million** | Helping lower income working parents with child care costs | Public-private cost share for employer-provided child care benefit for employees



### Availability

Make it easier for working families to find child care when and where they need it

**\$21 million** | Payments for Infant and Toddler care | Supporting more sustainable operations for child care entrepreneurs | Care during non-traditional hours | Child care worker career pathways



### Quality

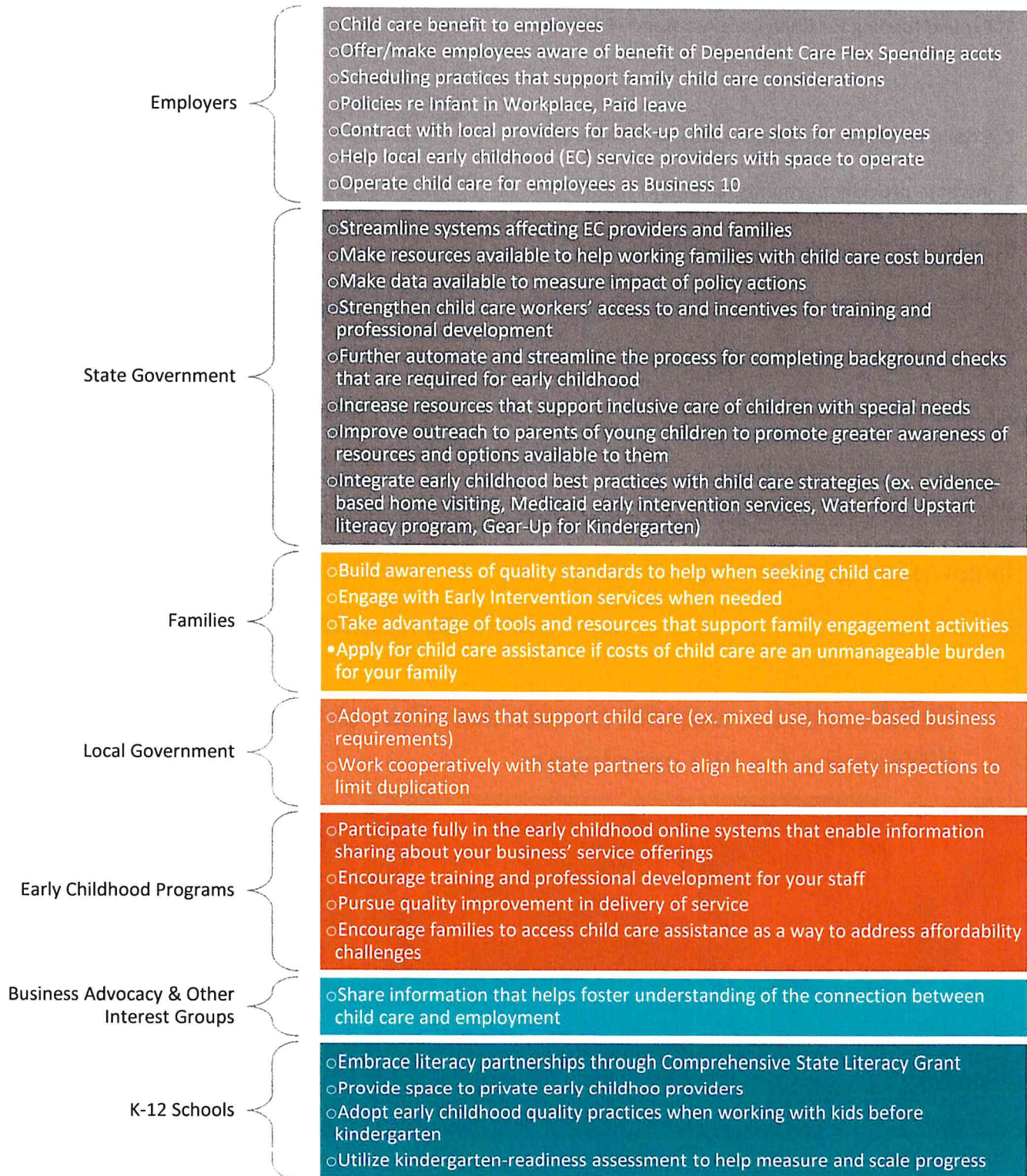
Help kids realize their potential by supporting quality early childhood experiences

**\$24 million** | Best in Class program | Scholarships and Incentives for child care worker professional development | Connecting child care payments to quality



# Stakeholder Opportunities for Impact

No single actor alone can make meaningful systems-level change. If the state of North Dakota is to achieve its goal of removing child care as a barrier to work for as many working families as possible, everyone will have to own a piece of the solution. To spur conversation, this Issue Brief outlines several opportunities for stakeholder impact.





## Child care is a workforce solution

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The absence of affordable high quality child care that is available when and where working parents need it is a challenge for North Dakota employees and employers alike, creating barriers to workforce participation, business productivity, and a thriving state economy.

According to pre-pandemic data reported by the Harvard Business Review, inadequate childcare costs America's working parents \$37 billion a year in lost income and employers \$13 billion a year in lost productivity – with both figures projected to have risen over the past two years.

During a June 2022 employer roundtable discussion hosted by Governor Burgum and former Lt. Governor Sanford, North Dakota business leaders raised common and consistent concerns about the impact of child care on their productivity and bottom lines, with one large employer noting the loss of 13% of its total workforce to child care issues over the past 18-months alone.

Notably, instability in the child care sector takes a particular toll on working mothers, causing them to leave the workforce in disproportionately large numbers since the onset of the pandemic.

Workforce is one of the biggest constraints to economic growth facing North Dakota communities and businesses today.

Making quality child care more affordable and more available to working families is a workforce recruitment (and retention) strategy that will matter to thousands of young families who are choosing where they want to live and work.

- North Dakota consistently has more job openings than people to fill them.
- 47% of North Dakota job openings pay an average starting wage of less than \$25/hour.
- To thrive, communities need workers who want to work in both low-skill-required and high-skill-required jobs.
- The economic realities of child-rearing affect household decisions about employment.
- There are 44,000+ ND households who have children younger than age 5.
- Three of every four households with children younger than age 5 have ALL parents in the workforce.

# 74%

### Parents in workforce

74% of the 44,000+ North Dakota households who have children younger than age 5 likely have at least some need for child care as all available parents are in the workforce

In addition to its power as an immediate workforce strategy, decades of research indicates that quality early childhood experiences set kids up for a better school experience, lower the need for special education, and create a strong foundation for any career they choose to follow.

By addressing child care issues, we can help relieve workforce pressures across multiple industries. When quality child care is available and affordable, it's easier for parents to work.

# Appendix A: About ND's Child Care Assistance Program (CCAP)

North Dakota utilizes approximately \$32 million in federal funding each biennium for child care assistance. About half of that goes to families with children younger than age 3.

**Co-payment.** Families who qualify for child care assistance still pay a portion of their child care costs.

The amount of assistance they receive is scaled to how much their household earns.

The goal is to keep child care more affordable, which means the family share (i.e., co-pay) is capped at 7% of their gross household income.

| HH Size | <30% State Median Income |                       |                             | 30-40% State Median Income |                       |                             |
|---------|--------------------------|-----------------------|-----------------------------|----------------------------|-----------------------|-----------------------------|
|         | Monthly Income           | Est Max Hourly Wage * | Monthly Copay (2-3% of inc) | Monthly Income             | Est Max Hourly Wage * | Monthly Copay (4-6% of inc) |
| 2       | <\$1,214                 | \$7.00                | \$13 - \$37                 | \$1215 - \$2427            | \$14.00               | \$73 - \$146                |
| 3       | <\$1,499                 | \$8.65                | \$15 - \$45                 | \$1500 - \$2998            | \$17.30               | \$90 - \$180                |
| 4       | <\$1,785                 | \$10.30               | \$18 - \$54                 | \$1786 - \$3569            | \$20.59               | \$108 - \$215               |
| 5       | <\$2,070                 | \$11.94               | \$21 - \$63                 | \$2071 - \$4140            | \$23.88               | \$125 - \$249               |
| 6       | <\$2,356                 | \$13.59               | \$24 - \$71                 | \$2357 - \$4711            | \$27.18               | \$142 - \$283               |
| 7       | <\$2,409                 | \$13.90               | \$25 - \$73                 | \$2410 - \$4818            | \$27.80               | \$145 - \$290               |
| 8       | <\$2,463                 | \$14.21               | \$25 - \$74                 | \$2464 - \$4926            | \$28.42               | \$148 - \$296               |

| HH Size | 50-60% State Median Income |                       |                           | 60-85% State Median Income |                       |                           |
|---------|----------------------------|-----------------------|---------------------------|----------------------------|-----------------------|---------------------------|
|         | Monthly Income             | Est Max Hourly Wage * | Monthly Copay (7% of inc) | Monthly Income             | Est Max Hourly Wage * | Monthly Copay (7% of inc) |
| 2       | \$2428 - \$3641            | \$21.01               | \$213 - \$255             | \$3642 - \$5158            | \$29.76               | \$362                     |
| 3       | \$2999 - \$4497            | \$25.94               | \$263 - \$315             | \$4498 - \$6371            | \$36.76               | \$446                     |
| 4       | \$3570 - \$5354            | \$30.89               | \$313 - \$375             | \$5355 - \$7585            | \$43.76               | \$531                     |
| 5       | \$4141 - \$6211            | \$35.83               | \$363 - \$435             | \$6212 - \$8798            | \$50.76               | \$616                     |
| 6       | \$4712 - \$7067            | \$40.77               | \$413 - \$495             | \$7068 - \$10011           | \$57.76               | \$701                     |
| 7       | \$4819 - \$7228            | \$41.70               | \$422 - \$506             | \$7229 - \$10239           | \$59.07               | \$717                     |
| 8       | \$4927 - \$7388            | \$42.62               | \$431 - \$518             | \$7389 - \$10467           | \$60.39               | \$733                     |

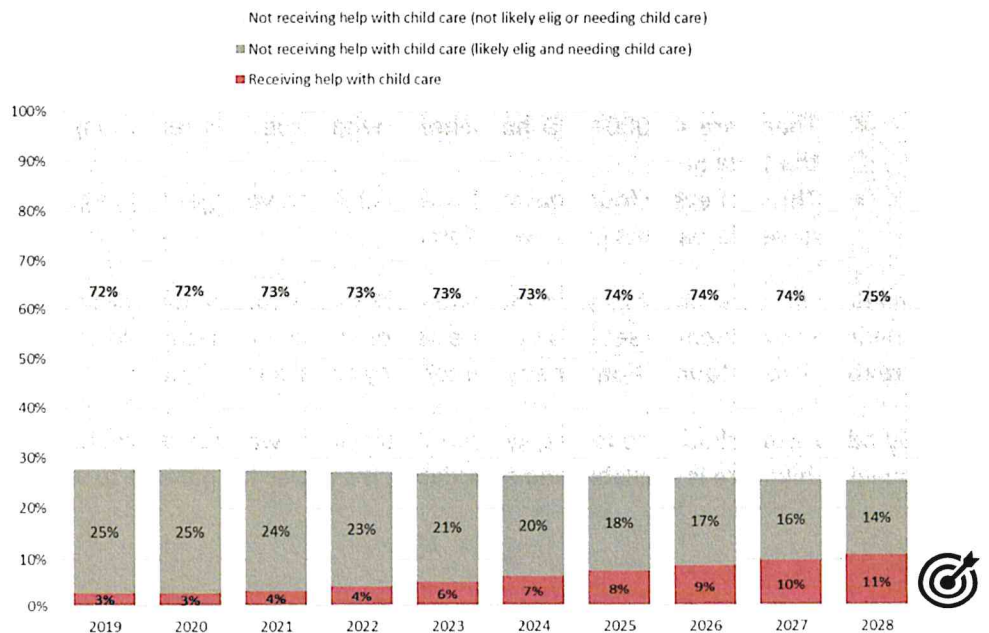
\*Assumes single earner, full-time work

Using federal funds alone, today, fewer than 1 in 10 working families who might be eligible actually receive assistance.

This represents roughly 4% of all families with children ages 0-5.

Those who are receiving assistance from CCAP are employed or in school or an approved training program, they are income eligible, and they have responsibility for a co-pay that is scaled to their income.

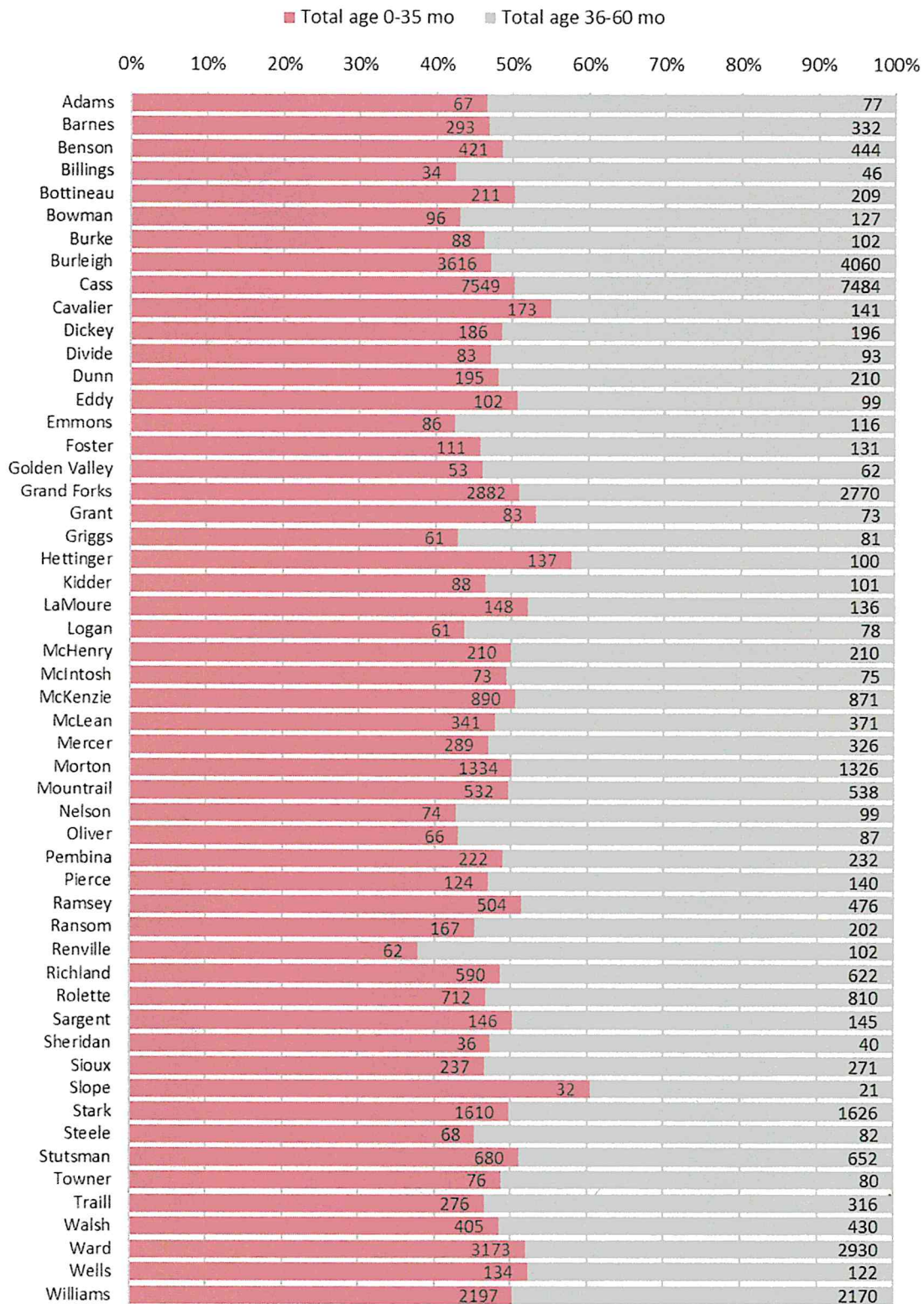
In 2022 approximately 4% of children ages 0-5 lived in families who benefitted from some amount of help with costs of child care





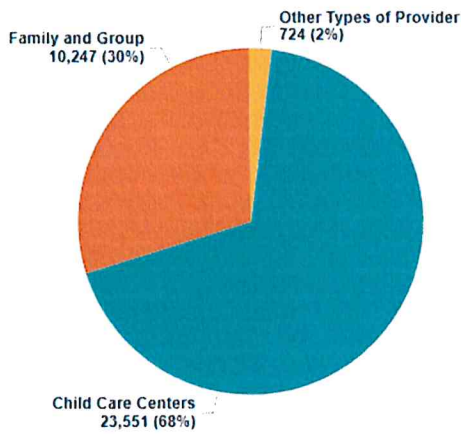
**Ages 0-5.** There are 64,000 kids ages 0-5 in ND. About half are younger than age 3.

Estimates suggest that about 1 in 5 of those children lives in a household that would potentially be eligible for at least some amount of child care assistance, based on their household income.

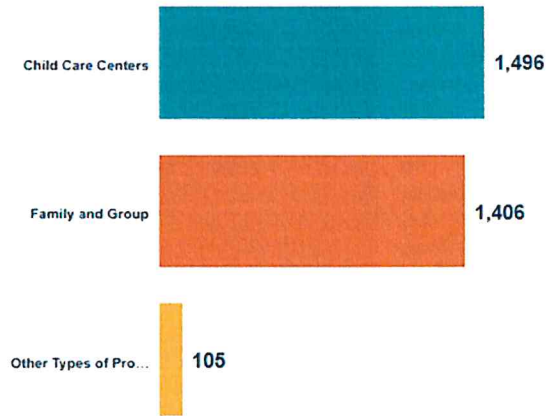


1,224 child care providers were enrolled to participate in the state CCAP program (as of December 2022). Together, these providers represent 34,522 child care spots, which is approximately 85% of all licensed child care spots in the state. 68% of CCAP capacity is in child care centers while 30% is in family, group and home settings.

**Spots available in Child Care programs that have enrolled in CCAP**

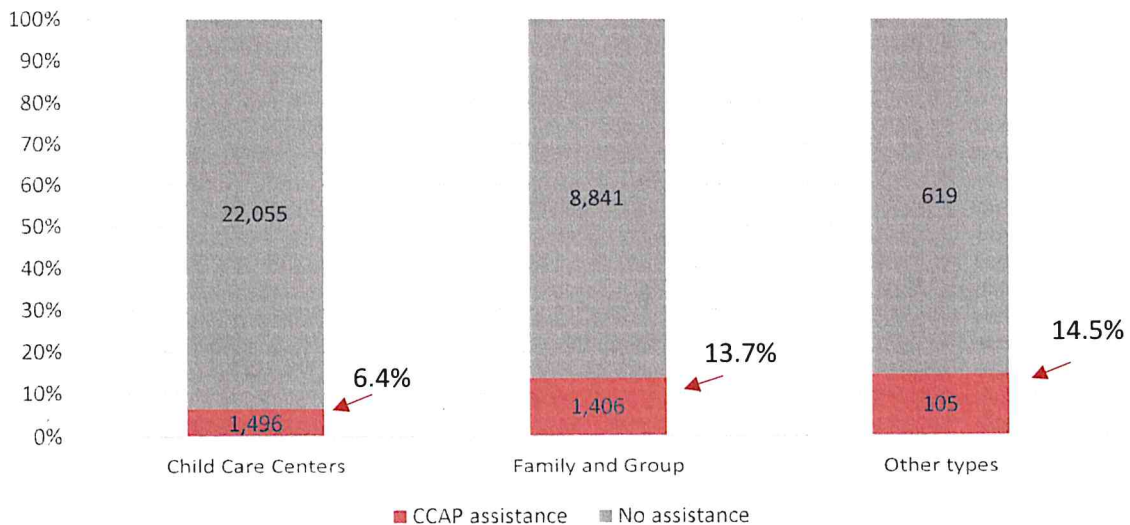


**CCAP-Assisted child care spots**



Usage data shows that only 6.4% of all child care center spaces signed up as eligible to receive CCAP (1,496) have enrolled a child whose family is benefitting from the program. In family and group settings, 13.7% of available spaces (1,406) have enrolled a child whose family is benefitting from CCAP.

8.7% of the 34,522 child care spots registered with the child care assistance program had a child enrolled with assistance (Nov 2022)





## Appendix B: Proposed Adjustments to CCAP Rate Tables

**Increase provider payments for infant and toddler care.** To account for the higher relative cost of providing quality care to infants and toddlers, and to encourage child care providers to offer care to the youngest children in our state, the ND Child Care Proposal includes funding to increase infant and toddler payments to child care providers through the child care assistance program by 25%.

The table below shows the spectrum of market rate child care costs by age of child and type of setting. The current state max rate ("SMR") is set to equal the 75<sup>th</sup> percentile of market rate. The proposal would increase the SMR by 25%, represented in the table as the adjusted state max rate ("Adj SMR").

### ND Child Care Assistance Program - Summary of Rates / Proposed Rates

| Infant (age 0-35 mo)   |        |        |        |        |          |        |          |
|------------------------|--------|--------|--------|--------|----------|--------|----------|
| License Types          | Min    | Mean   | 50th   | 75th   | Max      | SMR    | Adj SMR  |
| Center (C, E, K, M)    | \$ 595 | \$ 838 | \$ 860 | \$ 913 | \$ 1,890 | \$ 913 | \$ 1,142 |
| Family/Group (F, G, H) | \$ 475 | \$ 672 | \$ 630 | \$ 700 | \$ 1,200 | \$ 700 | \$ 875   |

| Toddler (age 18-35 mo) |        |        |        |        |          |        |          |
|------------------------|--------|--------|--------|--------|----------|--------|----------|
| License Types          | Min    | Mean   | 50th   | 75th   | Max      | SMR    | Adj SMR  |
| Center (C, E, K, M)    | \$ 595 | \$ 798 | \$ 790 | \$ 888 | \$ 1,810 | \$ 888 | \$ 1,110 |
| Family/Group (F, G, H) | \$ 475 | \$ 661 | \$ 600 | \$ 700 | \$ 1,000 | \$ 700 | \$ 875   |

| Preschool (age 36-71 mo) |        |        |        |        |          |        |        |
|--------------------------|--------|--------|--------|--------|----------|--------|--------|
| License Types            | Min    | Mean   | 50th   | 75th   | Max      | SMR    | SMR    |
| Center (C, E, K, M)      | \$ 260 | \$ 726 | \$ 728 | \$ 811 | \$ 1,610 | \$ 811 | \$ 811 |
| Family/Group (F, G, H)   | \$ 475 | \$ 653 | \$ 600 | \$ 680 | \$ 850   | \$ 680 | \$ 680 |

| School Age (age 6-12 yrs) |        |        |        |        |          |        |        |
|---------------------------|--------|--------|--------|--------|----------|--------|--------|
| License Types             | Min    | Mean   | 50th   | 75th   | Max      | SMR    | SMR    |
| Center (C, E, K, M)       | \$ 185 | \$ 539 | \$ 660 | \$ 760 | \$ 1,410 | \$ 760 | \$ 760 |
| Family/Group (F, G, H)    | \$ 220 | \$ 635 | \$ 580 | \$ 660 | \$ 850   | \$ 660 | \$ 660 |

#### SOURCE NOTES

*Min, Mean, Max, and Percentile rates from 2021 ND Child Care Market Study*

*SMR = State Max Rate for ND Child Care Assistance Program (Oct 2022)*

*Adj SMR = Proposed increase to SMR, included in 2023-25 EC Policy Roadmap*

**Establish Quality-based payment tiers in the CCAP payment schedule.** In addition to the proposed increase in state max rate for infant/toddler care, the ND Child Care Proposal also includes funding to create quality-based payment tiers within the Child Care Assistance Program. This will support providers in attaining/sustaining higher levels of program quality and expand the ability of working parents to select the best possible care for their children.

The table below shows the current state max rate (“SMR”) and the adjusted SMR as per the proposed infant/toddler payment increase (“Adj SMR”), and then applies an example of what quality-based payment tiers could look like. The columns labeled “QRIS2”, “QRIS3”, and “QRIS4” represent payment increases of 5-15%, based on verified quality rating, by age of child and type of setting. The columns labeled “Diff@2”, “Diff@3”, and “Diff@4” call out the increased payment rate available to a program that has validated quality as per the state’s quality rating improvement system (QRIS), which is known in ND as “Bright and Early”.

### ND Child Care Assistance Program - Proposed Quality Tiers in Rate Schedule

| Infant (age 0-35 mo)   |        |          | +5%      | +10%     | +15%     |        |        |        |
|------------------------|--------|----------|----------|----------|----------|--------|--------|--------|
| License Types          | SMR    | Adj SMR  | QRIS2    | QRIS3    | QRIS4    | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)    | \$ 913 | \$ 1,142 | \$ 1,199 | \$ 1,256 | \$ 1,313 | \$ 57  | \$ 114 | \$ 171 |
| Family/Group (F, G, H) | \$ 700 | \$ 875   | \$ 919   | \$ 963   | \$ 1,006 | \$ 44  | \$ 88  | \$ 131 |

| Toddler (age 18-35 mo) |        |          |          |          |          |        |        |        |
|------------------------|--------|----------|----------|----------|----------|--------|--------|--------|
| License Types          | SMR    | Adj SMR  | QRIS2    | QRIS3    | QRIS4    | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)    | \$ 888 | \$ 1,110 | \$ 1,166 | \$ 1,221 | \$ 1,277 | \$ 56  | \$ 111 | \$ 167 |
| Family/Group (F, G, H) | \$ 700 | \$ 875   | \$ 919   | \$ 963   | \$ 1,006 | \$ 44  | \$ 88  | \$ 131 |

| Preschool (age 36-71 mo) |        |         |        |        |        |        |        |        |
|--------------------------|--------|---------|--------|--------|--------|--------|--------|--------|
| License Types            | SMR    | Adj SMR | QRIS2  | QRIS3  | QRIS4  | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)      | \$ 811 | \$ 811  | \$ 852 | \$ 892 | \$ 933 | \$ 41  | \$ 81  | \$ 122 |
| Family/Group (F, G, H)   | \$ 680 | \$ 680  | \$ 714 | \$ 748 | \$ 782 | \$ 34  | \$ 68  | \$ 102 |

| School Age (age 6-12 yrs) |        |         |        |        |        |        |        |        |
|---------------------------|--------|---------|--------|--------|--------|--------|--------|--------|
| License Types             | SMR    | Adj SMR | QRIS2  | QRIS3  | QRIS4  | Diff@2 | Diff@3 | Diff@4 |
| Center (C, E, K, M)       | \$ 760 | \$ 760  | \$ 798 | \$ 836 | \$ 874 | \$ 38  | \$ 76  | \$ 114 |
| Family/Group (F, G, H)    | \$ 660 | \$ 660  | \$ 693 | \$ 726 | \$ 759 | \$ 33  | \$ 66  | \$ 99  |

**SOURCE NOTES**

SMR = State Max Rate for ND Child Care Assistance Program (Oct 2022)

Adj SMR = Proposed increase to SMR, included in 2023-25 EC Policy Roadmap

QRIS2 - QRIS4 = Proposed adjustment to SMR for Steps 2, 3, and 4 in ND QRIS



**Analysis: impact of proposed rate changes on the gap that exists between the cost of providing care and the revenue available to pay for it.** The charts below compare the costs of providing child care with a variety of different payment rates that either characterize the current market or that represent two elements of the Child Care proposal under consideration in the 2023-25 legislative session.

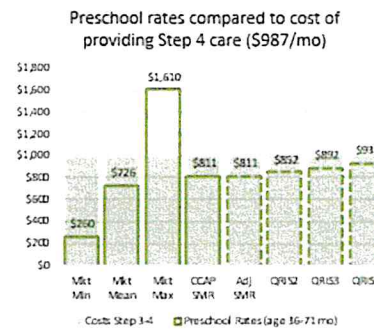
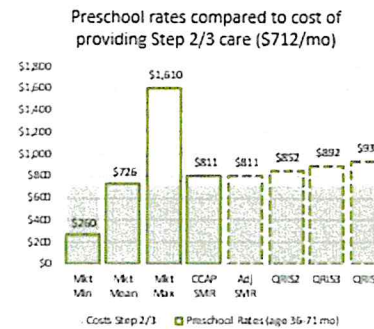
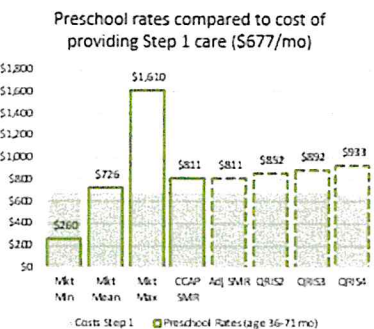
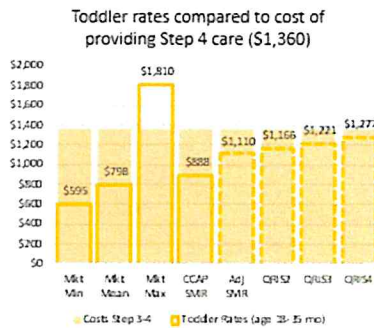
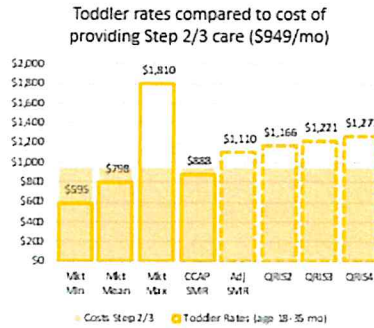
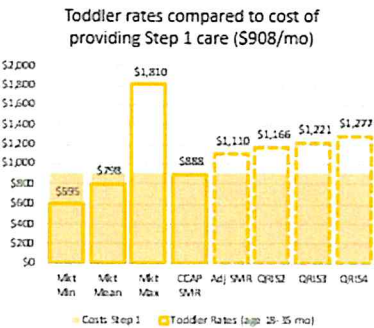
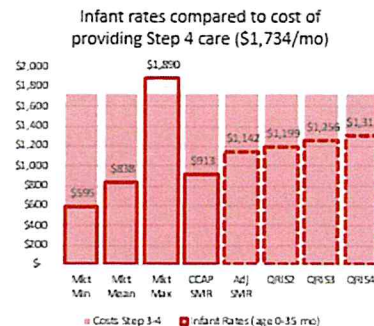
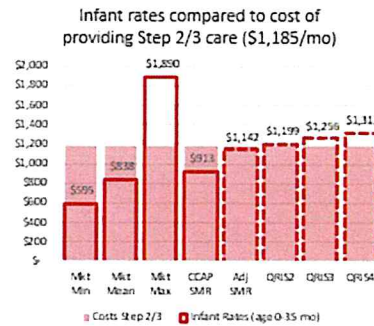
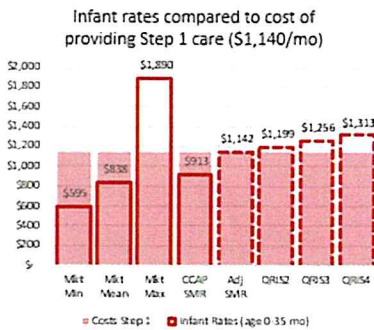
The cost element of the charts below is based on data from Dr. Sam Workman’s June 2021 report, “The True Cost of Child Care”. These estimates of cost are intended to roughly approximate various quality tiers in the current QRIS system by taking into account:

- Step 1: The basics required to operate as a licensed child care in North Dakota
- Step 2/3: Costs associated with going above and beyond health and safety standards with additional space, materials/supplies, and time for staff preparation
- Step 4: Additional investments in staffing, that create parity with compensation available to kindergarten teachers

The payment rates represent the minimum, mean, and maximum rates reported in the Oct 2021 ND Child Care Market Survey, the 2022 state max rate (SMR) for CCAP, and each of the proposed rate adjustments (infant/toddler rate increase = Adj SMR and Quality Tiers in CCAP payment schedule = QRIS2, QRIS3, and QRIS4).



*When the solid line indicating payment rate exceeds the shaded line indicating cost of providing care, child care providers are a step closer to having a sustainable business model (i.e., where revenue exceeds cost).*



## Appendix C: Comparison of the 2022 State Median Income (SMI) and Fed Poverty Level (FPL)

| Families potentially eligible for Child Care Assistance (CCAP) |                       |             |               |             |               |             |               |             |               |             |               |             |
|--|-----------------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| HH Size  | Federal Poverty Level |             | 30% SMI       |             | 60% SMI       |             | 85% SMI       |             | 100% SMI      |             | 150% SMI      |             |
|  | Annual Income         | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage | Annual Income | Hourly Wage |
| 1  | \$13,590              | \$6.53      | \$16,704      | \$8.03      | \$33,408      | \$16.06     | \$47,328      | \$22.75     | \$55,680      | \$26.77     | \$83,520      | \$40.15     |
| 2  | \$18,310              | \$8.80      | \$21,840      | \$10.50     | \$43,692      | \$21.01     | \$61,896      | \$29.76     | \$72,820      | \$35.01     | \$109,230     | \$52.51     |
| 3  | \$23,030              | \$11.07     | \$26,988      | \$12.98     | \$53,964      | \$25.94     | \$76,452      | \$36.76     | \$89,940      | \$43.24     | \$134,910     | \$64.86     |
| 4  | \$27,750              | \$13.34     | \$32,124      | \$15.44     | \$64,248      | \$30.89     | \$91,020      | \$43.76     | \$107,076     | \$51.48     | \$160,614     | \$77.22     |
| 5  | \$32,470              | \$15.61     | \$37,260      | \$17.91     | \$74,532      | \$35.83     | \$105,576     | \$50.76     | \$124,220     | \$59.72     | \$186,330     | \$89.58     |
| 6  | \$37,190              | \$17.88     | \$42,396      | \$20.38     | \$84,804      | \$40.77     | \$120,132     | \$57.76     | \$141,340     | \$67.95     | \$212,010     | \$101.93    |
| 7  | \$41,910              | \$20.15     | \$43,368      | \$20.85     | \$86,736      | \$41.70     | \$122,868     | \$59.07     | \$144,560     | \$69.50     | \$216,840     | \$104.25    |
| 8  | \$46,630              | \$22.42     | \$44,328      | \$21.31     | \$88,656      | \$42.62     | \$125,604     | \$60.39     | \$147,760     | \$71.04     | \$221,640     | \$106.56    |

\*2022 State Median Income (SMI) and 2022 Federal Poverty Level (FPL)

"Hourly wage" is calculated by assuming 2080 hours worked per year per annual income range noted.

Multiple wage earners could combine earnings to attain the noted household (HH) income / hourly wage.