Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

HUMAN SERVICES COMMITTEE

Wednesday, September 9, 2026
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Kyle Davison, Chairman, called the meeting to order at 9:02 a.m.

Members present: Senators Kyle Davison, Dick Dever, Kathy Hogan, Judy Lee, Michelle Powers; Representatives Karen A. Anderson, Mike Beltz, Macy Bolinske, Jayme Davis, Kathy Frelich, Jared Hendrix, Dwight Kiefert, Carrie McLeod, Karen M. Rohr

Members absent: Representatives Nico Rios, Matthew Ruby, Gregory Stemen

Others present: Senator Michelle Axtman
Donna (Sorensen) Rushing, North Dakota School for the Deaf; Rebecca Askins, Tina Bay, Krista Fremming, Kay Larson, and Rachel Iverson Schafer, Department of Health and Human Services; Bill Bauman, Missouri Valley Family YMCA; Maria Neset, Governor's office
Joe Bahr, Allen H. Knudson, and Alyssa Wagner, Legislative Council
See Appendix A for additional persons present.

It was moved by Senator Dever, seconded by Representative Beltz, and carried on a voice vote that the minutes of the May 27, 2026, meeting be approved as distributed.

STUDY OF HOMELESSNESS IN NORTH DAKOTA

Mr. Jonathan Holth, Commissioner, Recovery and Reentry, Governor's office, presented information (Appendix B) relating to the Interagency Council on Homelessness. He reviewed information on aging, homelessness, and transportation needs and the council's goals and recommendations.

In response to questions from committee members, Mr. Holth noted:

- The Governor plans for the council to continue meeting.
- North Dakota received a recovery friendly workplace certification.
- The importance of housing and employment for those leaving incarceration.

Ms. Shawnel Willer, Continuum of Care Coordinator, North Dakota Housing Finance Agency, presented information (Appendix C) on the United States Department of Housing and Urban Development funding for Continuum of Care programs.

In response to a question from a committee member, Ms. Willer noted the Department of Housing and Urban Development funding for fiscal year 2025 was received and fiscal year 2026 funding, starting on October 1, 2027, is pending a court ruling.

STUDY OF ACCESSIBILITY OF GOVERNMENT SERVICES FOR INDIVIDUALS WHO ARE DEAF, HARD OF HEARING, HAVE HEARING DIFFERENCES, OR ARE VISUALLY IMPAIRED

Ms. Donna (Sorensen) Rushing, Superintendent, North Dakota School for the Deaf, presented information (Appendix D) regarding the impacts of language deprivation. She noted:

- Language deprivation is the lack of full access to a natural, understandable language during a child's early years of brain development.
- North Dakota does not mandate newborn hearing screening, but most hospitals conduct testing using the benchmarks of the North Dakota Early Hearing Detection Intervention Program.
- Individuals with hearing differences identified by the screening are provided support and resources under Part C of the federal Individuals with Disabilities Education Act, including possible referral to the North Dakota School for the Deaf.

LEGISLATIVE COUNCIL'S PROGRAM EVALUATION OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES' CHILD CARE SERVICES

Mr. Allen H. Knudson, Legislative Budget Analyst and Auditor, Legislative Council, presented an overview of the Legislative Council's program evaluation of the Department of Health and Human Services' (DHHS) child care services and introduced the program evaluation staff.

Ms. Alyssa Wagner, Program Evaluator, and Mr. Joe Bahr, Program Evaluator, Legislative Council, presented information (Appendix E) and a program evaluation entitled *Child Care Services in North Dakota*. They noted:

- The evaluation period was from July 2021 through June 2025.
- Child Care Assistance Program (CCAP) payments increased from $28 million in fiscal year 2022 to $74 million in fiscal year 2025.
- CCAP applications are being processed in a timely manner.
- Child care capacity slots remained relatively consistent during the evaluation period.
- Child care rate increases outpaced inflation and CCAP participation has increased.
- Provider participation and investment in quality initiatives and child care employees professional development participation increased.
- Workforce participation for parents with children under the age of 6 remained steady.

Ms. Wagner and Mr. Bahr reviewed the following findings and recommendations included in the report:

- DHHS does not consistently document specific, measurable, and time-bound goals and objectives.
- DHHS should more clearly define objectives for child care programs, including the development and use of performance measures, metrics, and baselines for affordability, availability, and quality goals.
- The department should regularly review objectives and goals.
- Sources of information capable of measuring the impact, success, and efficiency of child care programs were found, but in many cases, the information was not available in a format useable for decisionmaking.
- DHHS should improve the quality and usability of information needed to monitor and evaluate established objectives.
- Inconsistencies were observed within DHHS' documentation of the policies and procedures of child care programs. While some inconsistencies reflect changes the department has made to improve processes, the variances impair the ability of the department to communicate clear and consistent information to stakeholders.
- DHHS should standardize the documentation of policies and procedures across child care programs.

In response to questions from committee members, Ms. Wagner and Mr. Bahr noted:

- Responses relating to desired capacity levels of child care providers were from the child care directors not teachers of the child care providers.
- Infant ratios are checked during inspections by DHHS.
- Tribal data was not collected due to limitations of available information.

In response to questions from a committee member, Dr. Rachel Iverson Schafer, Director of Program Administration, Department of Health and Human Services, noted COVID-19 funding was used to waive copay amounts resulting in the increase in CCAP payments in fiscal year 2023.

Ms. Kay Larson, Director, Early Childhood, Department of Health and Human Services, commented (Appendix F) regarding the DHHS response to the child care services program evaluation.

It was moved by Representative Frelich, seconded by Representative Anderson, and carried on a roll call vote that the Legislative Council's program evaluation final report of DHHS' child care services be accepted. Senators Davison, Dever, Hogan, Lee, and Powers and Representatives Anderson, Beltz, Bolinske, Davis, Frelich, Hendrix, Kiefert, McLeod, and Rohr voted "aye." No negative votes were cast.

It was moved by Representative Frelich, seconded by Senator Hogan, and carried on a roll call vote that the committee recommend the Legislative Council consider conducting a limited scope follow-up evaluation of DHHS' CCAP, including the department's budget development process, the effect of the recent policy changes on the budget, and expenditure and utilization reporting for the 2025-27 biennium to date and that the Legislative Council report its findings and recommendations to the Appropriations Committees of the 70th Legislative Assembly. Senators Davison, Dever, Hogan, Lee, and Powers and Representatives Anderson, Beltz, Bolinske, Davis, Frelich, Hendrix, Kiefert, McLeod, and Rohr voted "aye." No negative votes were cast.

Ms. Rebecca Askins, Economic Assistance Director, Department of Health and Human Services, provided information (Appendix G) regarding the CCAP wait list. She noted there are 3,213 children on the CCAP wait list, the department is considering other policy changes to the program, and the growth of the wait list has slowed.

In response to questions from committee members, Ms. Askins noted the slower growth of the wait list may be because parents are no longer applying and are aware of the wait list.

In response to questions from committee members, Dr. Iverson Schafer noted:

- Applicants who have less than 30 percent of the state median income or are experiencing homelessness are given priority on the wait list and all applicants are prioritized by the application date.
- No families have been removed from the wait list.
- The employer-led Working Parents Child Care Relief Program is ending and the Child Care Workforce Program is continuing, but a copayment may be implemented.

Ms. Andrea Pfennig, Vice President, Government Affairs, Greater North Dakota Chamber, provided testimony (Appendix H) on child care and the effect on North Dakota's workforce. She also provided testimony from a child care organization (Appendix I).

Ms. Jana Bruhschwein, Executive Director, Peace Academy, provided testimony regarding the effects of the wait list for the child care workforce benefit. She noted:

- She has five employees receiving the child care workforce benefit and six employees on the wait list.
- The Peace Academy subsidizes the child care costs for the employees on the wait list.

Mr. Bill Bauman, Executive Director, Missouri Valley Family YMCA, provided testimony on child care and the effects of the wait list on CCAP and the child care workforce benefit.

CHILD CARE PROVIDER LICENSING LAWS AND POLICIES

Ms. Victoria Christian, Counsel, Legislative Council, presented a bill draft [27.0221.01000] related to child care licensing and child care assistance prepared at the request of Chairman Davison. She noted the major changes in the bill draft include:

- Condensing the five licensing types into the following three licensing types with a preschool designation:

  Certified child care provider.

  Family and group child care.

  Child care center.

- Allowing a preschool designation for any licensing type.

In response to questions from committee members, Ms. Christian noted:

- Zoning regulations vary by location.
- The age groups are based on federal CCAP rules.
- Administrative rules will need to be updated to align with the statutory changes if approved.

Ms. Larson presented information (Appendix J) on child care provider licensing. She suggested statutory definitions for registered home-based child care, licensed home-based child care, licensed center-based child care, and preschool designation.

REPORTS

Dr. Shauna Eberhardt, Clinical Director, Behavioral Health Policy, Department of Health and Human Services, presented information (Appendix K) on long-term structured residences for individuals with serious mental illness.

In response to questions from committee members, Dr. Eberhardt noted the study was authorized in Section 36 of House Bill 1012 (2025), and there is a need for this level of care for individuals with mental health issues.

Ms. Tina Bay, Director, Developmental Disabilities Division, Department of Health and Human Services, presented information (Appendix L) on the developmental disabilities accreditation study. She noted:

- Most providers spend less than two percent of their annual developmental disability service revenue on accreditation costs.
- Options for accreditation in North Dakota include:

  Maintain current accreditation requirements.

  Make accreditation optional.

  Eliminate the accreditation requirement.

In response to questions from committee members, Ms. Bay noted accreditation considers process, not compliance. She noted accreditation is controlled by North Dakota Administrative Code and does not require a statutory change, and 52 providers of this service are affected.

Ms. Krista Fremming, Interim Director, Medical Services Division, Department of Health and Human Services, presented information (Appendix M) on the basic care study recommendations. She noted:

- The committee, created by the department to assist with the study, included providers from basic care facilities, adult residential and assisted living facilities, North Dakota Long Term Care Association staff, consultants from Eide Bailly LLP and Health Management Associates, and DHHS staff.
- The committee met six times and has no recommended changes to licensing.
- The committee recommends continuing basic care as a Medicaid state plan service, maintaining and refining the current cost-based reimbursement framework, and refining the basic care payment system for greater sustainability and provider accountability for efficiency.
- Alternative approaches be considered to reduce reliance on the basic care system for housing and services for older adults.

Ms. Fremming presented information (Appendix N) on Medicaid Expansion provider rates. She noted DHHS is waiting for clarification from the Centers for Medicare and Medicaid Services on how federal changes to state-directed payment rules may impact Medicaid Expansion.

In response to questions from committee members, Ms. Fremming noted the current maximum Medicaid Expansion payment rate is 145 percent of Medicare payment rates; however, this maximum rate potentially could be reduced if federal changes are made to the program.

Ms. Maria Neset, Chief of Staff to the Lieutenant Governor, Governor's office, presented information (Appendix O) and the annual report (Appendix P) of the Children's Cabinet. She noted the:

- Cabinet has three subcommittees: strategic planning, early childhood, and youth with complex needs.
- Strategic planning subcommittee is focusing on child well-being themes.
- Early childhood subcommittee is focusing on school readiness and is developing a policy.
- Youth with complex needs subcommittee is focusing on regional studies and coordination of efforts.

In response to questions from committee members, Senator Michelle Axtman, Chairman, Children's Cabinet, addressed the focus on school readiness, the lack of data sets with information, and the committee's data collection efforts and its communications with both schools and early childhood care providers.

In response to questions from committee members, Ms. Neset noted the committee is focusing on child care providers helping with school readiness and approximately 90 percent of the 120,000 children in North Dakota attend public schools.

It was moved by Representative Frelich, seconded by Senator Hogan, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and to present the report to the Legislative Management.

It was moved by Representative Frelich, and seconded by Representative Beltz, and carried on a voice vote that the committee be adjourned sine die.

No further business appearing, Chairman Davison adjourned the committee sine die at 3:11 p.m.

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Keith Mantz
Fiscal Analyst

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Victoria Christian
Counsel

ATTACH:16