



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

March 25, 2025

Re: HB 1012

Chairman Dever and Members of the Senate Appropriations Human Resources Division,

Thank you for the opportunity to testify in support of House Bill 1012 on behalf of the North Dakota Alliance of YMCAs.

Child Care Impacts

The YMCAs are collectively the largest provider of childcare services in the state, serving over 3,200 children in our licensed facilities in Bismarck, Grand Forks, and Fargo. Childcare and early education are fundamental to the well-being of our children and the economic stability of our families—which is all part of the YMCA mission. According to recent studies, about 78% of families with children under 18 have both parents in the workforce. This underscores the necessity of robust childcare services to support these working parents.

We know that quality childcare provides improved employee satisfaction, reduced absenteeism, and increased productivity. Offering child care-related benefits helps attract and retain talent, which is crucial in a competitive job market. For families, accessible and affordable childcare is essential, allowing parents to participate fully in the workforce. This participation not only enhances family income but also contributes significantly to the broader economy.

We believe a true partnership between providers and the state is critical to impacting workforce and youth development.

Child Care Incentives

The state's historical investment in child care programs and funding last biennium provided through the Department of Health and Human Services have significantly helped families manage child care costs and offered providers helpful grants. Additionally, the child care worker benefit program allowing child care workers to receive assistance when they bring their own children to work has been an invaluable resource for the YMCAs in recruiting and retaining staff.

However, despite these important steps, we have yet to scratch the surface of the financial strain child care providers are facing—particularly in classrooms dedicated to our youngest children aged 0-3.

The Reality for Infant & Toddler Care Providers

Caring for infants and toddlers is one of the most resource-intensive services a provider can offer. Strict staffing ratios (1:4 for infants, 1:5 for toddlers), higher operating and wage costs, and

evolving regulatory requirements all contribute to the challenge of keeping these programs financially stable. Our YMCAs are paying on the higher end of wages, up to \$18-22 dollars an hour for infant and toddler staff in some cases, to remain competitive in the market and retain quality employees.

Tuition rates alone, however, cannot offset these costs. Market rates are set based on what families can reasonably pay, not on what providers need to cover expenses. Even with tuition ranging from \$800-\$1,200 per month for infants and toddlers, the reality is that monthly cost approaches \$1,700-\$2,000 per child for staff, supplies, food, insurance, utilities, facility maintenance, cleaning and more. Some YMCA child care programs are losing as much as \$80,000 annually, largely due to the high cost of providing infant and toddler care. Programs that serve only infants are especially hard hit, while others barely break even—even with the more sustainable care of 3-, 4-, and 5-year-olds. These razor-thin margins leave many providers on the brink, with infant care being the most financially unsustainable.

Limited Pricing Flexibility

The U.S. Department of Health and Human Services (HHS) recommends that child care should not exceed 7% of a family's household income to be considered affordable. Yet we understand families spend between 10-20% of their income on child care, with some paying even higher percentages depending on their location and the age of their children.

To understand the real impact, let's break down the typical family's income and expenses. The median household income in Cass County is \$73,742 per year. After taxes and benefits, this leaves a family with \$63,220 in take-home pay, or about \$5,268 per month to cover expenses. Like most families, their income is quickly allocated to necessities (taken from cost-of-living averages, on the lower end):

- Housing (Rent/Mortgage & Utilities): \$1,400
- Household Expenses (Groceries, Utilities, Internet, Phone, etc.): \$1,200
- Car Payment, Insurance, & Health Insurance: \$500
- Gas & Transportation: \$500
- Other Essentials (Clothing, Personal Care, etc.): \$300
- Total Basic Expenses: \$3,900

That leaves \$1,368 before factoring in one of the biggest expenses—child care. For families with young children, child care costs are unavoidable. In Cass County, infant care hovers around \$1,140 per month, with toddler care at \$908 per month. For a family with one infant and one toddler, that's \$2,048 per month. In order to pay for child care, this family has reached into its savings or depending on credit for emergencies, savings, unexpected costs like medical bills, car repairs, or home maintenance, let alone considering family fun.

Monthly child care costs can equal or exceed a mortgage or rent payment. We saw reported just last week in the [North Dakota News Monitor](#), child care expenses rival the cost of a four-year public college degree in at least 38 states—an expense families typically spend years preparing for. Families are pushing the limits of what they can afford or dropping out of the workforce to care for their children. Many middle-income families receive no financial assistance at all and still struggle to afford child care tuition, leaving providers unable to raise rates without pricing families out entirely.

Provider Grant Proposal

As the legislature evaluates the 2023 child care package, we believe there is an opportunity to further support providers and incentivize care for the 0-3 age group with a unique funding stream.

As we've discussed, state regulations in child care aim to protect children, support early learning, and deliver long-term benefits like better education and workforce readiness. These are public benefits—but the financial burden falls mostly on private providers and families. That's not fair or sustainable without public support.

Strict licensing rules and ratios, including low child-to-provider ratios in 0-3 care, limit how many children providers can serve. This disrupts the balance of supply and demand. If the state is regulating the industry and shaping the market this way, it should also help stabilize it through funding.

Providers cannot continue to raise prices, or families will be priced out. But they also cannot (and would not) lower quality because of regulations. That puts them in a tough spot—and only public funding can ease that pressure without sacrificing quality or access.

Child care helps parents work, which strengthens the whole economy. So when the state sets rules that raise costs or limit access, it also has a responsibility to keep the system working—with investment.

Bottom line: If the state wants to guide how child care works for the public good, it also needs to help make the system viable. Otherwise, it's like setting the rules for a game but not providing the equipment to play.

With this, we're asking for a dedicated provider grant and corresponding \$30 million appropriation to directly support child care providers serving infants and toddlers, ensuring sustainability, affordability, and quality in the ecosystem.

We would encourage that this type of grant supports our child care workforce through wages and hiring incentives. Staff costs comprises up to 80% of total costs, depending on the child's age. It should be directed toward the delta between cost and tuition for infant and toddler care, specifically, where operating costs are highest. And it should recognize providers who participate in

the state's Bright and Early quality rating system at a level 2 or higher, to ensure quality measures and support skilled caregivers. **To ensure the grant reaches those who need it most, eligibility should prioritize:**

- **Licensed child care centers;**
- **Providers who serve a significant percentage of infants and toddlers (0-36 mos); and**
- **Programs that are quality rated at a level greater than or equal to a 2 Star rating.**

Conclusion

The state is providing key support for families with limited income to increase child care affordability. It has helped providers with individual infrastructure and quality grants, our YMCAs included. New child cares are opening in desert areas, easing the strain for those in rural communities and where child care offerings are scarce—and we applaud all of those programs. But the assurances that these child cares and others can continue in the current market are slim.

Now we ask you for your efforts to fund the gap with direct support for providers of infant and toddler care.

Thank you for your consideration as we work together to address an issue with a direct impact on workforce development in North Dakota.

Thank you,

Alliance of North Dakota YMCAs

Bill Bauman
Missouri Valley Family YMCA
Bismarck

Bob McWilliams
Altru Family YMCA
Grand Forks

Nick Gray
Minot Family YMCA / Triangle Y Camp
Minot

Steve Smith
YMCA of the Northern Sky
Fargo

THE HIDDEN FOUNDATION OF OUR ECONOMY

CHILD CARE



Affordable and enriching child care is the hidden foundation of North Dakota's economy.

Without it, parents' ability to work outside of the home is dramatically limited. Preschoolers enter the classroom at an academic disadvantage, which widens the opportunity gap. And without it, elementary students spend out-of-school hours lacking structure, guidance and positive role models.

With your help, we can address these challenges and build future generations of North Dakotans from a solid foundation.

THE CHALLENGE IN NORTH DAKOTA

2nd Highest Labor Force

Participation Rate in the United States,** making it **a struggle to recruit and retain skilled workers**. Workers who are caring for our most precious possessions: our children.

\$354 Million Lost

Amount North Dakota's economy loses annually due to child care challenges.*

Two-Generation Workforce

Childcare is a two-generation workforce issue—crucial for our workforce of today and workforce of tomorrow. Only qualified, caring people help build this next workforce. Not machines, animals or Ai.

Childcare Barrier

New residents to the state can help North Dakota thrive. However, childcare is often the barrier that stands between success and stagnation. Additional funding can help bring workforce solutions.

THE Y FUELS NORTH DAKOTA'S ECONOMY

2,113 Employed

Individuals by North Dakota YMCAs. YMCAs are also often the **first employers of young people and build strong, positive work ethics**.

\$25,477,591 Paid

Wages and benefits paid to employees by North Dakota YMCAs.

THE Y'S IMPACT IN NORTH DAKOTA



3,230 Children

were enrolled in YMCA licensed childcare centers statewide including 124 infants, 198 toddlers, kindergarten readiness, and school age.



29,555 Youth

participated in out-of-school-time activities at the Y that focus on holistically fostering the physical, social and emotional development of kids.



\$1.7 Million Scholarship

helped support kids and families from economically disadvantaged backgrounds participate in North Dakota YMCA programs and activities.



20,000+ Meals

served in rural communities to children 18 and under during the summer. Plus 7,000 meals in Fargo to low income areas during the summer.



A SOUND INVESTMENT

There is no other non-profit like the YMCA. By investing in North Dakota's YMCAs and Child Care, you are helping to secure the future of our economy and workforce. Here's how:

- ▶ Enhanced curriculum in Y programs to meet future ND workforce demand
- ▶ Additional YMCA child care staff to increase capacity
- ▶ More efficient recruitment of employees such as faster and more accurate background checks
- ▶ Upgraded practices, equipment and facilities to ensure safety and health of children and staff

I am very thankful for everything that the YMCA has done for me and Kalani. Because of the Y, I didn't have to choose between rent and childcare. I have no doubt that Kalani will be ready for school thanks to all of the help from the Y.

- Nicole, Kalani's mother

We also provide: • Emergency Child Care for Essential Workers • Youth Sports & Enrichment • Meals & Food Distribution • Senior Wellness & Socializing • New American Support • Water Safety & Swimming Lessons • Adaptive Programming • Cancer Survivor Wellness • And So Much More!

ALLIANCE OF NORTH DAKOTA YMCAs

BISMARCK - Missouri Valley Family YMCA
1608 N Washington St | bismarckymca.org

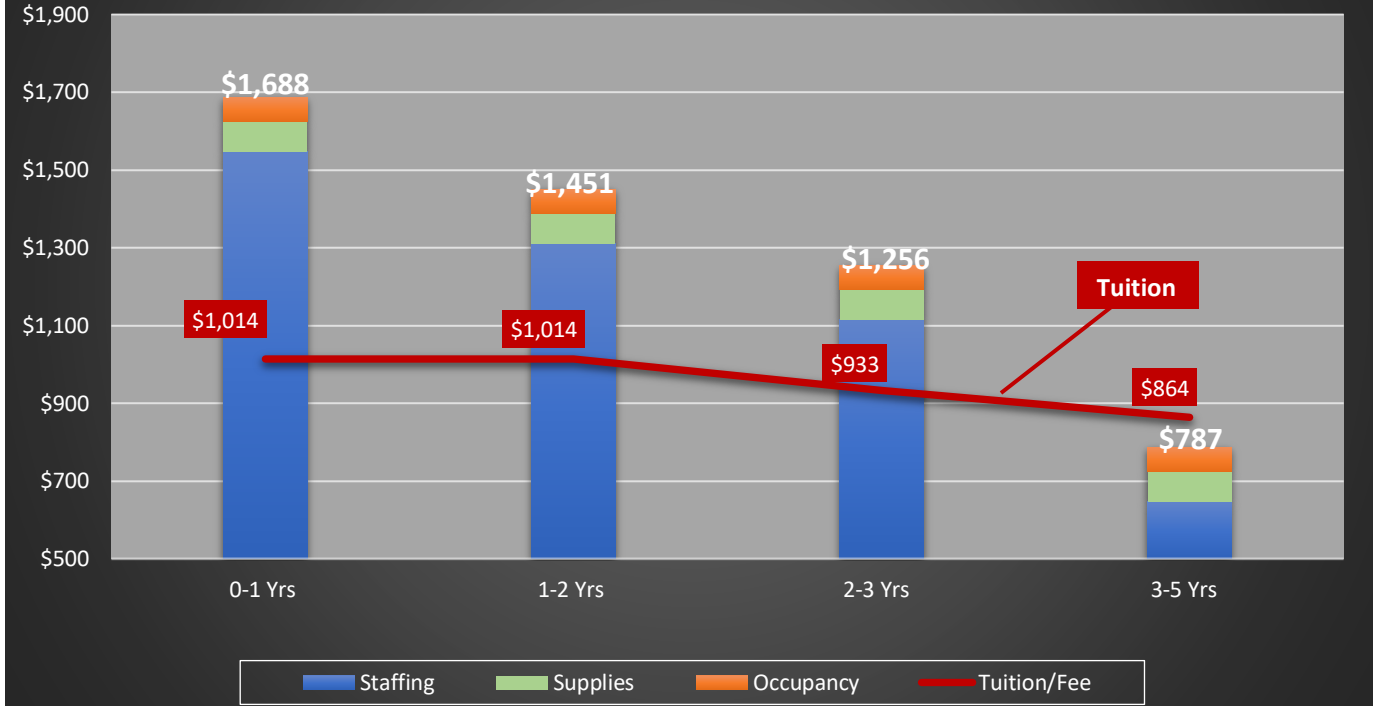
FARGO - YMCA of the Northern Sky
400 1st Ave S & 4243 19th Ave S
ymcanorthernsky.org

GRAND FORKS - Grand Forks YMCA Family Center
215 N 7th St, Grand Forks | gfyymca.org

MINOT - YMCA of Minot North Dakota
3515 16th St SW | ymcaminot.org



YMCA Child Care Center Example Average Monthly Cost Per Child



Income per child:

- **Tuition/Fee:** Current monthly rate charged per child in each age group.



Total monthly cost per child:

- **Staffing:** wages, taxes, benefits, background checks and training. HR, Accounting
- **Supply:** food, learning materials and other supplies.
- **Occupancy:** housekeeping and sanitation supplies, utilities, repairs and IT

* Cost does not include any building/facility lease, debt, interest, deprec cost).

**Data from two Bismarck YDC Centers – full time care only: 324 children, ages 0-5, 2023

