

Testimony in Support of North Dakota Senate Bill 2306 with Proposed Amendments

Presented by: Kevin Cross Owner, The Learning Tree Childcare & Preschool

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Chairperson Wobbema and Members of the Senate Workforce Development Committee,

My name is Kevin Cross, and I am an owner of The Learning Tree Childcare & Preschool, a facility serving 180 children with a staff of 50. I am testifying today in support of Senate Bill 2306, which aims to address the ongoing workforce shortage in childcare by providing much-needed monthly incentive payments to providers based on enrollment. However, I would like to highlight key concerns, potential unintended consequences, and propose modifications to ensure its long-term effectiveness.

1. The Challenge of Long-Term Viability

SB 2306 provides temporary financial relief, but it does not establish a long-term funding guarantee. As a business owner, I am responsible for making fundamental, long-term decisions regarding wages, hiring, and retention. If this program is discontinued in future legislative sessions, providers who increased wages based on these payments could face a financial cliff, forcing them to reduce wages or lay off employees.

Proposed Amendment:

- Implement a multi-session funding commitment or a structured phase-out plan in case the program is discontinued, allowing providers time to adjust instead of facing abrupt financial losses.
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2. Automatic 90-Day Disqualification for Correction Orders is Overly Punitive

While I understand the need for compliance and accountability, SB 2306 automatically disqualifies providers from receiving funding for 90 days if they receive a correction order for any reason. This is problematic for several reasons:

- Correction orders vary widely in severity. Some involve minor administrative issues, such as paperwork errors, that have no impact on child safety but would still result in financial disqualification.
- Remediation timelines can be up to 60 days. If a provider is already following the mandated correction process, why penalize them further for an additional 90 days?
- The anonymous reporting system allows for potential abuse. In North Dakota, anyone—including disgruntled employees, parents, or even competitors—can file a complaint at any time, triggering an inspection. This means a provider could face frequent random inspections, increasing the likelihood of minor infractions and potential loss of funding through no real fault of their own.

Proposed Amendments:

- Introduce a tiered penalty system instead of an automatic 90-day disqualification:
 - Minor administrative violations (e.g., paperwork issues): No funding penalty.

- Moderate infractions (e.g., facility maintenance delays): Warning and must be corrected within the required timeframe; repeated violations result in penalization.
 - Serious violations (e.g., safety-related issues): Immediate penalty.
 - Implement an appeals process so providers can dispute unfair correction orders before losing funding.
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Conclusion

SB 2306 is a step in the right direction for supporting North Dakota's childcare workforce. However, the current wording of the bill introduces potential unintended consequences that could ultimately put providers in financial distress in the future. By addressing the long-term viability of the program and reforming the correction order disqualification process, this bill can truly be a sustainable solution for childcare providers and families across North Dakota.

I urge the committee to consider these amendments to ensure that SB 2306 is fair, effective, and practical for the long-term success of the childcare industry.

Thank you for your time and consideration. I am happy to answer any questions you may have.