

Executive Summary: 2024 North Dakota Child Care Assessment

Introduction

In 2023, North Dakota made its first historic investment in child care, allocating \$65.6 million through HB 1540 to address child care accessibility, affordability, and quality. The long-form report provides a mid-biennium assessment of these initiatives, supplemented by survey data from parents, child care providers, schools, and economic development organizations to inform further policy opportunities.

Spending

As of August 2024, 40% of the total appropriation to NDHHS had been spent 54% of the way through the 2023-25 biennium. The below chart summarizes the status of each line item from HB 1540 as of August 2024:

Program	Appropriation (HB 1540)	General Fund + Federal allocation	Spent (as of Aug. 2024)	Percentage Spent (Aug. 2024)
Child Care Assistance Program (CCAP) expansion: invest in more families with children ages 0 to 3	\$22,000,000	\$48,319,826	\$35,344,600	50.26%
Increased CCAP provider payments for infants and toddlers	\$15,000,000		\$4,855,770	32.37%
Increased monthly CCAP payments to providers who are quality rated	\$3,000,000		\$709,504	23.65%
CCAP application assistance and outreach	\$500,000		\$4,024	0.80%
Employer-led child care cost-share program	\$5,000,000	\$9,600,000	\$963,180	6.60%
State of ND employee match child care benefit program	\$3,000,000		\$611,400	20.38%
Eliminate CCAP co-pay for families under 30% state median income	\$2,300,000		\$998,335	43.41%
Stipends for child care workers pursuing additional training	\$2,000,000		\$192,100	9.61%
Grants and shared services	\$7,000,000		\$3,894,230	55.63%
Partnerships for care during nontraditional hours	\$1,800,000		\$460,000	25.56%
Quality infrastructure for providers to become quality-rated	\$3,000,000		\$1,307,245	43.57%
Streamlining background checks	\$1,000,000	\$15,000	\$15,000	1.48%
Total	\$65,600,000	\$57,934,826	\$49,355,388	39.95%

Key Findings

Building on this initial investment in child care, there are significant opportunities to refine the strategy by focusing resources on proven initiatives and leveraging insights gained to date. CCAP programming has been largely successful in supporting many middle-income working families, while infrastructure funding, primarily through the Regional Workforce Impact Program (RWIP), has helped to increase the availability of slots across the state. However, quality metrics, incentives, and related programs remain underutilized.

1. Improved Support for Working Families (Affordability)

The expanded Child Care Assistance Program (CCAP) supports 5,028 children monthly, aiding low-income families. Increased reimbursement rates for infant/toddler care modestly boost provider budgets, while the child care worker benefit program aids recruitment and affordability.

2. Infrastructure Funding Expands Child Care Slots (Accessibility)

The state has allocated \$22.88 million to child care infrastructure, ranking second only to CCAP payments. This includes \$1.2 million in facility improvement and Grow Grants, \$13.31 million from RWIP, and \$6.67 million in NDDF loans, creating nearly 3,500 new child care slots.

3. Quality Care Receives Less Emphasis from Key Stakeholders (Quality)

Quality care is prioritized by licensing administrators, while parents, economic developers, and school officials focus less on advanced metrics as the lack of available slots continues to be the primary focus. Meanwhile, funding for QRIS star ratings and training stipends remains underutilized.

Policy Opportunities

Assessing successful programs and comprehensive data can help the state better enhance child care affordability, access, and quality. Surveys issued to child care providers, education leaders, families, and business and economic development stakeholders from 2024 highlight the need for ongoing adjustments in

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funding, incentives, and provider support to meet the evolving needs of North Dakota's families and workforce.

Continuing and Refining Existing Efforts

1. **Increase Child Care Infrastructure Funding**

Additional grants and loans are needed to expand child care capacity through facility infrastructure including new facilities, expansions, remodeling, and equipment, especially in underserved areas where RWIP funds are nearly depleted. Continued support with business infrastructure through the Share Services Alliance which provides business software and training supports to help providers with the tools and knowledge needed to run a child care organization.

2. **Expand Support through CCAP**

Help alleviate the financial burden for middle-income families who spend a significant portion of their income on child care but do not qualify for assistance.

3. **Enhance Business Engagement and Communication**

Improved dialogue with the business community can increase awareness of child care programs like the working parent child care relief program (WPCCR), encouraging employers to support child care solutions.

4. **Reevaluate Quality Program Incentives**

Reassessing QRIS participation incentives could help address barriers and encourage more providers to pursue quality improvements.

5. **Refine Criminal History Background Check Processing**

Continue to monitor the progress being made on the reduction of processing times for criminal history background checks. Consider additional opportunities for streamlining background checks and reducing the wait time for approval.

New Strategies to Enhance Child Care Services

6. **Strengthen Provider Support with Stipends & Stabilization**

Targeted stipends for infant and toddler care, as well as provider stabilization grants, can help providers stabilize costs and increase capacity, supporting parents returning to the workforce.

7. **Invest in Out-of-School Time (OST) Programs**

Expansion of childcare incentives for school-age youth up to age 12 and additional funding for OST care could address gaps in before and after-school programs for older children.

8. **Introduce Tax Incentives for Business Child Care Support**

Tax incentives may motivate more businesses to offer child care benefits, helping address child care as a barrier to workforce retention and growth.

Conclusion

North Dakota's child care initiatives have made important strides, especially in supporting low-income families and increasing infrastructure needs. However, further adjustments are required to effectively address affordability for middle-income families, expand access to quality care, and engage more providers in quality improvement programs. Access the [full report](#) completed by the GA Group for the South East Education Cooperative.