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ROLL NUMBER

DESCRIPTION

4033

2005 SENATE HUMAN SERVICES

SCR 4033

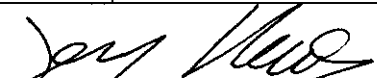

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4033

Senate Human Services Committee

☐ Conference Committee

Hearing Date February 16, 2005

Tape Number	Side A	Side B	Meter #
1	X		3,040-END
Committee Clerk Signature  			

Minutes:

Chairman Lee opened the hearing on SCR 4033, which directs the Legislative Council to study whether enhancing the quality of childcare and increasing access to affordable childcare would favorably impact economic development in the state. All Senators were present.

Senator Mike Every introduced the resolution. See written testimony.

Barb Arnold-Tengesdal, Executive Director of the Voices for North Dakota's Children appeared in support of the resolution. See written testimony.

Chairman Lee- Who has the primary responsibility for child care? What is the government's role?

Barb- The role of government is to help parents be a part of the community and the state. They need to have support systems so they can grow their own personal wealth and that of the state.

This is very important for young families.

Chairman Lee- Every structure pays special assessments costs, including nonprofits and churches. I just wanted to clarify that.

Senator Dever- Is there a shortage of child care availability?

Barb- There is data available that covers each area of the state that will be covered later on in the hearing.

Senator Dever- With the economic impact of child care, does the free market take care of that?

Barb- Its an industry that has very little profit margin, the report goes into detail about that.

Ther market has not taken care of it in several areas.

Linda Reinicke, representing the Child Care Resource and Referral Program Directors appeared with neutral testimony. See attached.

Chairman Lee- Please explain the differences and requirements for infant child care compared to preschoolers child care.

Linda- Licensed child care requires that there are one staff member for every four children, age 2 years and younger. If you care for children from 24-36 months, there is one staff person for every 5 children. For preschoolers, it is one for every 7, kindergarten one for every 12 children, and for school age children it is a 1 to 18 ratio.

Senator Warner- Is there a website?

Linda- Yes, it can be found at www.ndchildcare.org, and access the section on child care data.

There was no opposition to the bill.

Chairman Lee closed the hearing on SCR 4033.

Chairman Lee opened the meeting to discuss the resolution.

Chairman Lee- Linda, I see your are employed by Lutheran Social Services, does the DHS have a contract with you?

Linda- Yes. The Department of Human Services contracts with Lutheran Social Services to run childcare services.

Chairman Lee mentioned that a representative from the Fargo-Moorhead Chamber of Commerce was in yesterday to show his support of exploring the role of childcare and economic development.

Linda- I visited with Job Services recently about the job needs in the Bismarck-Mandan area. An estimate was we need to recruit well over 100 more child care providers to keep up with the demand.

Action taken:

Senator Lyson made a Do Pass recommendation for SCR 4033. Seconded by Senator Dever. The vote was 5-0-0, with Senator Warner being the carrier of the bill.

Date: 2-16-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. *SCR 4033*

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen Lyson Seconded By Sen Rosen

[illegible]

Total (Yes) 5 No 0

Absent

Floor Assignment Am Warner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 16, 2005 3:55 p.m.

Module No: SR-31-3215
Carrier: Warner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4033: Human Services Committee (Sen. J. Lee, Chairman) recommends DO PASS
(5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4033 was placed on the
Eleventh order on the calendar.

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

SCR 4033

2005 HOUSE STANDING COMMITTEE MINUTES

SCR

BILL/RESOLUTION NO. ~~SB~~ 4033

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 3-14-05

Tape Number	Side A	Side B	Meter #
1		x	6.6-20.3
Committee Clerk Signature			

Minutes:

Chairman Keiser: Opened the hearing on SCR 4033

Senator Every: Appeared in support of the bill and also was a sponsor. I've been involved in some child care issues with regard to working families and children of the state and how that might tie into economic development and that is where this resolution has come from. In recent years researchers and policy makers have begun recognizing the important contribution the child care sector makes to a regional economy, in both long and short term across the country states and localities are using regional economic analysis to measure the economic contributions of the child care sector. This resolution simply asks that the legislative council study the impact of child care on the economy of North Dakota so that in the future we can make more meaningful decisions based on significant data. It has long been argued that child care and the impact that it has on our

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number SCR 4033

Hearing Date 3-14-05

families has a tremendous impact on the economy and just this last week there was a study that Richard Radke had reported the impact that higher Ed has on the states economy with in the billions of dollars, I think this would be meaningful and purposeful.

Representative Froseth: This is worded so that Legislative Council has to study it, correct?

Chairman Keiser: Right.

Representative Boe: I move a **DO PASS** on SCR 4033.

Representative Nottestad: I **SECOND** the **DO PASS** motion.

Motion carried **VOTE: 8-YES 6-NO 0-Absent.**

Representative Thorpe will carry the bill on the floor.

Roll Call Vote #: 1 Date: 3-14-05

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HR 4033

House INDUSTRY, BUSINESS AND LABOR Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Boe Seconded By Rep. Nottestad

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman		X	Rep. B. Amerman	X	
N. Johnson-Vice Chairman		X	Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	X	
Rep. D. Dietrich		X	Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth		X			
Rep. J. Kasper		X			
Rep. D. Nottestad	X				
Rep. D. Ruby		X			
Rep. D. Vigesaa	X				

Total (Yes) 8 No 6

Absent (0)

Floor Assignment Rep. Clark

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 14, 2005 12:30 p.m.

Module No: HR-46-4857
Carrier: Clark
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4033: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (8 YEAS,
6 NAYS, 0 ABSENT AND NOT VOTING). SCR 4033 was placed on the Tenth order
on the calendar.

2005 TESTIMONY

SCR 4033

North Dakota KIDS COUNT!

Inform

Volume 2, Number 5, October 2004



Who needs child care in North Dakota?

Child care helps thousands of North Dakota families join the labor force and provide for their families.

- The vast majority of children in North Dakota have parents who are employed.
- In two-parent North Dakota homes, 71% of children under six have two employed parents. Nationally, 53% of children under six in two-parent homes have two employed parents.
- In single-parent North Dakota homes, 78% of children under six have an employed parent. Nationally, 72% of children under six in single-parent homes have an employed parent.
- Parental employment rates are considerably higher in North Dakota than in the U.S., indicating that families' potential need for child care is significant in North Dakota.

Child care involves a continuum of care

This report defines child care as a continuum of care children may receive throughout a day, including early childhood education and preschool experiences.

Child Care Contributes to North Dakota's Economy

In October of 2004, the *Economic Impact of Child Care in North Dakota* report is being released by the North Dakota KIDS COUNT! program. While much has been written about the social and educational benefits of child care, this report outlines the



It's about kids.

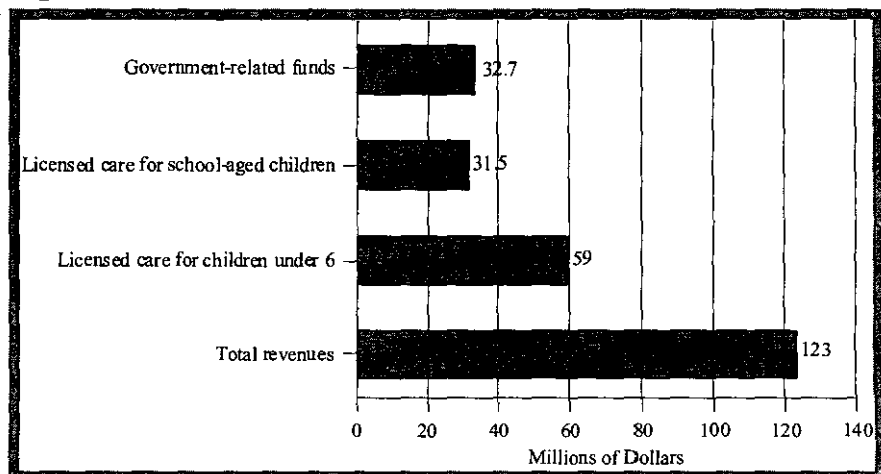
numerous economic contributions of child care to North Dakota. Our data show that child care is a significant industry in North Dakota. Consider:

- More than \$123 million in revenue is generated in the child-care industry. As little as a 1% increase in child-care expenditures would bring more than \$2.28 million to the state's economy (see Figure 3).
- Child care is the tenth largest occupation in North Dakota.
- Over \$743 million of North Dakota's income is generated by families who are reliant on paid child care.

Direct economic contributions of child care to our economy

Revenues from North Dakota's child-care industry are substantial. Licensed child care for children under six years of age generated gross receipts of nearly \$59 million. Child care for school-aged children brought in an additional \$31.5 million. Government funds related to child-care programs, such as the Child and Adult Care Food Program and comprehensive child development programs such as Head Start and Early Head Start resulted in an additional \$32.7 million in revenues to the state. In total, more than \$123 million dollars were directly contributed to the North Dakota economy through the child-care industry (see Figure 1).

Figure 1. Revenues from Licensed Child Care in North Dakota, 2002



Contributions to this issue by:
Dr. Polly Fassinger, Sarah Jenson,
Dr. Richard Rathge, Ramona Danielson

North Dakota KIDS COUNT! *Inform* is a publication of the North Dakota KIDS COUNT! Program at North Dakota State University, an Equal Opportunity Institution, P.O. Box 5636, Fargo, ND 58105; (701) 231-5931; ndkidscount@yahoo.com; URL: www.ndkidscount.org; Richard W. Rathge, Executive Director; Helen Danielson, Coordinator.

Child-Care Workforce

Child care is the tenth largest occupation in the state, employing over 6,000 people.

Unfortunately, child-care workers' wages are relatively low. Child-care workers earn 63% of the median hourly income for North Dakota workers (see Figure 2).

Figure 2. North Dakota Workers' Wages in 2002

Child-Care Workers	
Median Hourly Wage	\$7.06
Mean Annual Wage	\$15,590
All Workers	
Median Hourly Wage	\$11.12

This wage discrepancy occurs even though child-care workers are well educated: about 36% of head child-care teachers have a bachelor's degree and over 90% of child-care teacher assistants have at least a high school degree. In the U.S., about 78% of child-care workers have at least a high school degree.

Child-care job turnover is high in North Dakota. About 60% of child-care teacher assistants have been at their current job less than a year. Nationally, about one-third of child-care workers leave their position each year.

For Sources and Additional Information, View the Complete Report Online at www.ndkidscount.org:

North Dakota KIDS COUNT! 2004. *Economic Impact of Child Care in North Dakota*. Fargo: North Dakota State University.

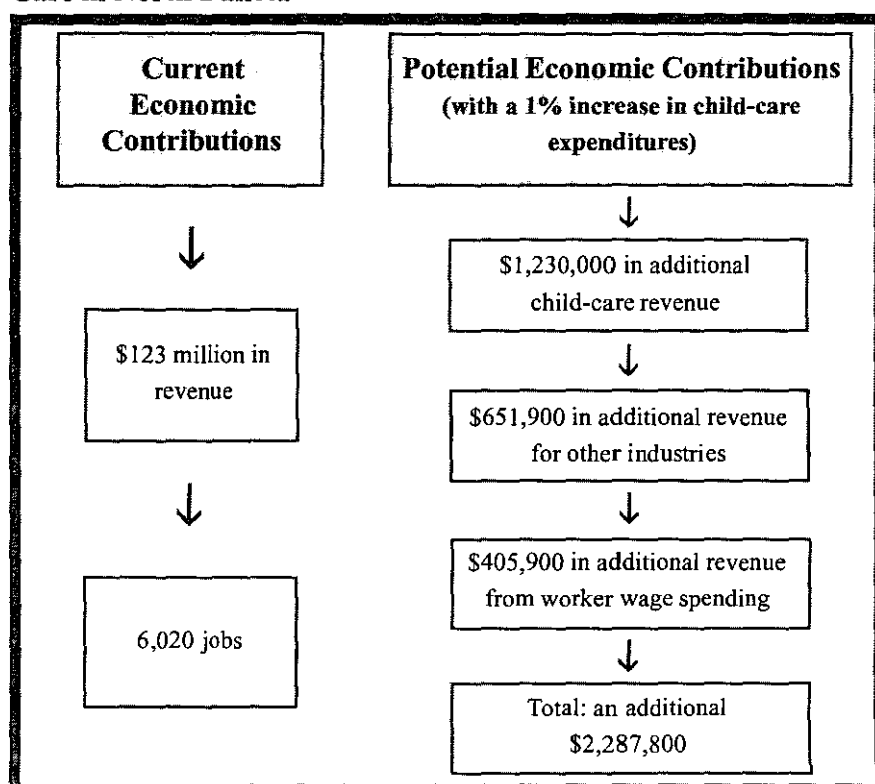
Indirect economic contributions of child care to our economy

Indirect economic effects result when child-care programs and their employees purchase goods or services. This creates new revenues for the state and serves as a catalyst for maintaining or increasing employment in other industries. According to our analysis:

The economic impacts noted here are very conservative because they exclude unlicensed child-care programs.

- Every additional \$1.00 spent on child care in North Dakota creates another \$0.53 in economic activity throughout the state.
- Every 100 new jobs in North Dakota's child-care industry generates an additional 31 jobs in other industries.
- In 2001, the 17,201 North Dakota families who filed for federal child-care tax credit received credits totaling \$6.6 million, which came back to the state as expendable income.
- Each new federal dollar contributed to the child-care industry generates another \$0.86 to the broader North Dakota economy through purchases by child-care programs and spending from wages.

Figure 3. Current and Potential Economic Contributions of Child Care in North Dakota



Madam Chair, members of the committee, for the record, my name is Mike Every, I represent District 23 in the Senate.

In recent years, researchers and policy-makers have begun to recognize the important contributions the child care sector makes to a regional economy in both the short and long term.

Across the country, States and localities are using regional economic analysis to measure the economic contributions of the child care sector.

In North Dakota, we too have struggled with how to gather, present and evaluate information on child care.

There are a variety of reasons why we may struggle with making these decisions.

Lacking information, including the knowledge of where to find it and how to evaluate it when it is acquired.

Inadequate or inaccurate information. This could be, for example, using information that is out-of-date, or biased, just wrong or perhaps there is too much information available, causing us to become paralyzed in our decision-making.

Lacking confidence in our decision-making abilities due to a lack of information, or a belief that we are making poor decisions, or believing that there will be too many consequences, sometimes forces us into not making a decision at all.

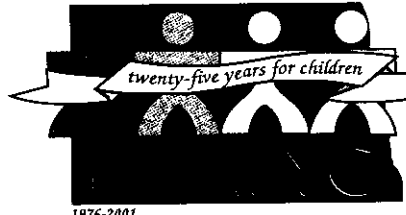
SCR 4033 is designed to help State and local decision makers measure the size of child care as an economic sector. The challenges of analyzing child care as an economic segment and some of the opportunities for regional economic development planning can bring to the child care policy debate should be included. Our hope is that this study will identify a basic set of tools the State and local governments can use in conducting a meaningful economic analysis of child care.

Madam Chair and members of the committee. This resolution simply asks that the legislative council study the impact of child care on the economy of North Dakota so that in the future we can make more meaningful decisions based on accurate and significant data.

I ask for your favorable consideration of SCR 4033

VOICES FOR NORTH DAKOTA'S CHILDREN

Attachment 3



CENTER FOR EARLY CHILDHOOD LEADERSHIP & ADVOCACY

*Sumner
to House*

To: Judy Lee, Chairman, House Human Services Committee

From: Barb Arnold-Tengesdal, Executive Director, Voices for North Dakota's Children

Date: February 16, 2005

Re: Testimony in support of SCR 4033

Voices for North Dakota's Children is a collaborative advocacy effort of early childhood education professional organizations. It is made up of the North Dakota Head Start Association, North Dakota Association for the Education of Young Children, Child Care Resource & Referral Network, Children's Caucus and Early Childhood Higher Education consortium.

Good Shepherd Lutheran Church in Bismarck has a vision. They purchased 28 acres in the northern section of town, and created a plan for a multi-purpose facility and a child care center for 96 children. The congregation took a leap of faith in making the purchase and developing a vision of community outreach that would plant a church in an area that currently has no social services available. As the plans are developing, the church is dealing with significant costs for accessing sewer system, curb and gutter costs, and road access. I begin to wonder, does Lowes, Home Depot, Sam's Club, the transmodal center and other economic development projects deal and pay for the roads, sidewalks, sewer, cable, and other "start-up" costs? Who will care for the children of thousands of new employees? Where will the children go to school?

As we see in the research presented by the NDSU data center in the report the ***Economic Impact of Child Care in North Dakota*** (October 2004), the childcare industry directly affects the economic growth of a community. The success of finding employees will depend on finding reliable, high quality and affordable childcare for parents who have young children and need care while they are working. Economic development efforts will not be successful without community infrastructure to support the needs of employees. Child care is a fundamental component for job development in both rural and urban areas of our state (*A Rural Road: Exploring Economic Opportunities. The Great Plains Collaborative Project- North Dakota Data Center 2001*). North Dakota is second in the nation with two parents working. These families often are piecing together several low wage jobs. Child care can be a substantial expense for these households.

In the past several legislative sessions we've brought forth bills that look at tax credits for businesses, families and with child care needs, and recently this committee looked at drop-in care rules that allow families to work and use emergency care when their regular provider is not available. All these pieces of legislation were an important part of the entire economic development picture in North Dakota. In the past, we've used data and research comparing our state to others that had similar demographics. We now have a report recently released by the NDSU Data Center that examines the impact of which a small investment will have on the entire economy of North Dakota. What we know is:

Child care is a significant industry

- Child care is the 10th largest occupation in North Dakota employing over 6,000 residents
- More than \$123 million in revenue was generated in the child-care industry alone

Child care indirectly contributes significantly to North Dakota's economy

- Every new dollar spent on child care creates an additional \$0.53 in economic activity
- For every 100 jobs created in the child-care industry, 31 other jobs are spun off in other industries

Child care has major effects on North Dakota's economy

- Nearly \$47 million in federal monies were allocated to North Dakota to support children's care and development
- Each additional dollar contributed to child care in North Dakota by the federal government generates \$0.86 more in economic activity throughout the state

Child care increases household income and enables parents to work

- More than 17,000 families rely on paid child care in North Dakota
- North Dakota families using child care earn more than \$743 million annually

The direct, indirect and induced economic impact of the child care industry in North Dakota is monumental. Revenues from child care were comparable to the gross state product generated by coal mining, motor vehicle equipment manufacturing, and insurance agents, printing & publishing and legal services (page 6, Economic Impact of Child Care in North Dakota, 2004).

In Senate Resolution 4033, we are not asking to study a study, but rather create a place for the legislator to examine the policy recommendations made in this report. Lets begin to look at economic development in our state not just from the perspective of how many jobs are created or how much money turns over in a community, but how any new economic development plan affects the children that are in the families who will be employed in these growth industries. Maybe more churches and other non-profits, businesses and national childcare corporations might open their doors to the children who need trained teachers and wonderful places for children during parent work hours. If we start looking upfront at the quality and affordability of child care we will begin to support an industry that has a huge impact on the quality of life families experience as a residents in our state.

I urge your support of SCR 4033.

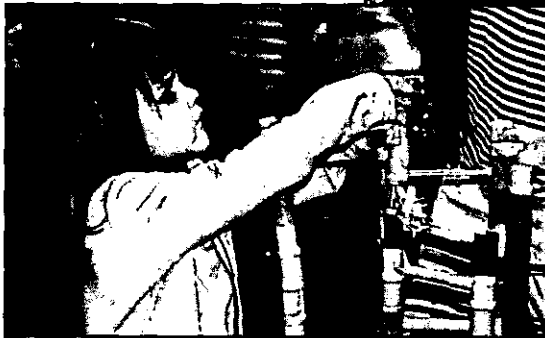
Economic Impact of Child Care in North Dakota

Issued
September 2004

A North Dakota KIDS COUNT! Research Brief

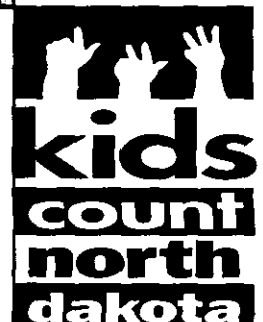
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Forward

This study provides insight into the economic contribution of the child-care industry to North Dakota. In this report we recognize that *child care involves a continuum of care* children may receive throughout a day, including early childhood education and preschool experiences. Much of our data are based on surveys of licensed child-care programs. In North Dakota, child-care programs may be either licensed (in which case, they are reviewed yearly), self-certified (i.e., voluntary registration without yearly review), or uncertified (i.e., operating without informing the state). Because the majority of the data utilized in this report reflect only licensed child-care programs, the *economic impacts noted here are very conservative estimates because they exclude unlicensed (self-certified and uncertified) child-care programs.*

Acknowledgments

We thank Dr. Mildred Warner, Department of City and Regional Planning, Cornell University for her assistance with the input-output modeling and her review of this report. She has been a vital advisor in designing and conducting our analysis. Her willingness to provide technical assistance has been greatly appreciated. We also thank Barb Arnold-Tengesdal of Voices for North Dakota's Children for her encouragement and guidance. Finally, we acknowledge Linda Lembke, Director of Region 5 & 6, North Dakota Child Care Resource & Referral Network, for her important role in coordinating and collecting the survey data from child-care programs. Her commitment and desire to improve child care in North Dakota is an inspiration to us all.

In addition, we would like to acknowledge the following individuals who have contributed to this project by providing data, reviews, insights, and advice.

Linda Rorman
Head Start State Collaboration Administrator
ND Department of Human Services

Allison Dybing
Director
Towner Early Explorers Head Start

Corrine Bennett
Early Childhood Services Administrator
ND Department of Human Services

Bobbi Gitter
Child Care Subsidy Administrator
ND Department of Human Services

Kathy Grafsgaard
Child Nutrition & Food Distribution Director
ND Department of Public Instruction

Kim Jacobson
Child Nutrition & Food Distribution Programs
ND Department of Public Instruction

John Hougen
Director, Public Assistance
ND Department of Human Services

ECONOMIC IMPACT OF CHILD CARE IN NORTH DAKOTA

Child care makes numerous contributions to a state's quality of life by enhancing the social and intellectual development of the next generation of citizens. According to the National Association of School Psychologists, enrollment in high quality child-care programs can enhance children's chances for academic success by helping them develop "increased self-regulation, attention, verbalization, and competence in play and exploration." In addition, benefits for at-risk children include "decreased placement in special education, fewer behavior problems, decreased grade retention, and lower drop-out rate."¹

While much has been written about the social and educational benefits of child care, what do we know about the *economic contributions* of child care to North Dakota's well-being? This report will outline several impacts, including the degree to which child care is an income-generating and job-creating industry that

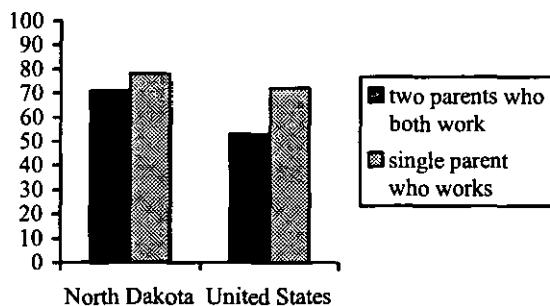
- helps thousands of North Dakota parents join the labor force and provide for their families,
- creates employment for more than 6,000 child-care workers,
- results in annual revenues of more than \$123 million,
- contributes to the state's economy through the purchase of goods and services by child-care programs and their employees and the spin-off of new jobs, and
- provides an important resource for employee recruitment and reduces employee turnover and absenteeism.

In this report, we recognize that *child care involves a continuum of care* children may receive throughout a day, including early childhood education and preschool experiences.

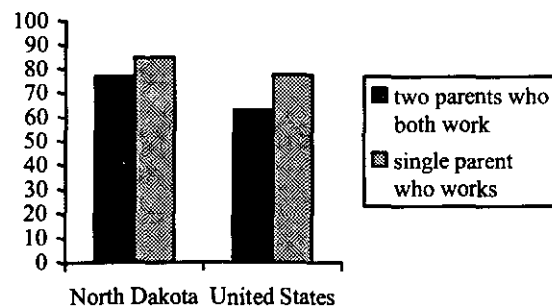
Children with Working Parents

In 2000, 46,413 North Dakota children under six years of age lived with one or both of their parents. In two-parent homes, 71% of children under six had two employed parents. An even larger percentage (78%) of children living in single-parent families had a parent who worked. The vast majority of children of all ages in North Dakota have parents who are employed. These parental employment rates are considerably higher than in the nation as a whole, as shown in the charts below, indicating that families' need for child care is relatively high in this state.

Percent of Children Under 6
Whose Parents are Employed²



Percent of Children 6-17
Whose Parents are Employed



Who Provides Child Care?

Child-care programs are located in either private, for-profit facilities or in non-profit organizations. Approximately 1,630 child-care programs are licensed by the state and undergo yearly review.³ Persons who care for six or more children (or four infants) are required to be licensed.

Type of Licensed Child-Care Programs in North Dakota, 2003³

Program Type	Program Qualities	Number of Programs	Capacity
Family&Group	6-18 children	1,403	13,957
Centers	19 or more children	152	10,974
Preschools	up to 3 hours per day	55	1,211
School Age	before/after school care	20	1,537
TOTAL		1,630	27,679

In addition, because we define child care as a continuum of care, including early childhood education and preschool experiences, we note that 14 federally-funded Head Start and Early Head Start comprehensive childhood development program grantees in North Dakota (including four tribal grantees) provided early childhood care and education for 2,932 preschool children and 421 infants and toddlers in 2003.⁴

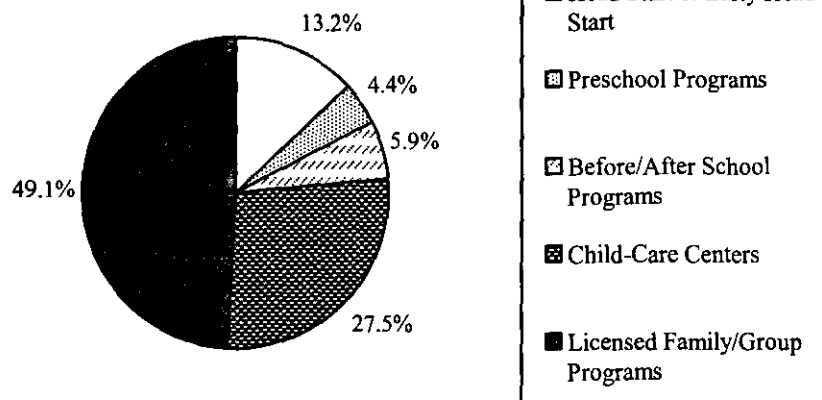
In order to estimate the number of unlicensed child-care programs that exist in the state, we reviewed federal income tax information. These data indicate that there were 3,239 child-care establishments in 2001 in North Dakota that did not have a payroll,⁵ which suggests that 3,239 persons were operating a child-care service alone. By subtracting 1,630 from 3,239, we can infer that approximately one half of the state's child-care programs (N=1,609) may be unlicensed (self-certified and uncertified).

If national data are good indicators of trends in North Dakota, we can assume that about 50% of children under six who have two parents in the labor force or who live with a single parent are cared for by a paid child-care provider.⁶ This would entail about 23,200 North Dakota children. The other half is likely to be cared for by one of their parents (22%) or by a grandparent or sibling (29%).

Type of Program Used by Parents

Information provided by the Child Care Resource and Referral Network and the Head Start and Early Head Start programs enables us to estimate the distribution of children in North Dakota's licensed child care and Head Start settings in 2002-2003. According to these data, almost half (49%) of children were enrolled in licensed family (fewer than 8 children) or group (8-18 children) programs. An additional 27.5% of children were served in child-care centers (19 or more children), 4.4% were enrolled in preschool programs, 5.9% had before/after-school care and 13.2% participated in Head Start/Early Head Start. Most of these children (N=15,163) were under the age of six.⁷

North Dakota Children Enrolled in Licensed Child Care and Head Start Programs, 2002-2003⁷



Of the approximately 7,000 school-aged children enrolled in a licensed program, about half are receiving care in a family or group setting, 31% are in a child-care center, and only 19% are in before and/or after school care programs during the school year. Of course, summer months present a special challenge for working parents with young school-age children.

Affordability of Child Care

Child-care costs vary depending on the type of program used and the age of the child who needs care. Licensed infant care costs in North Dakota range from about \$88 to almost \$100 per week. A family with a median family income for the state (\$43,654 in 1999)⁸ would spend approximately 10% to 12% of their gross earnings on the care of one infant. Of course, costs rise with the addition of siblings.

Average Costs of Licensed Child Care in North Dakota per Child, by Age of Child and Type of Program, 2003⁹

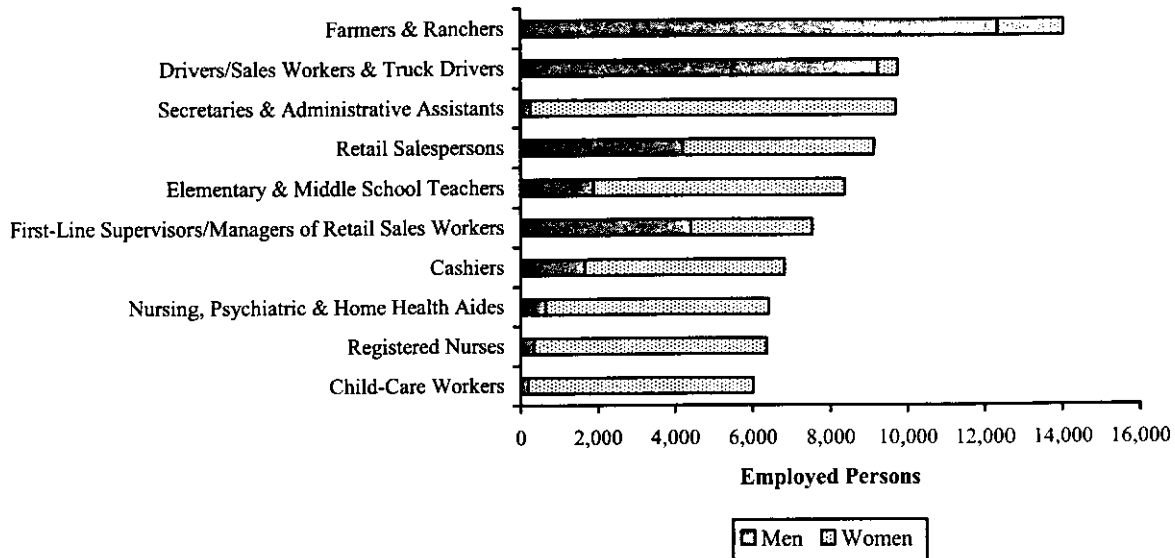
	Age of Child	Average Weekly Rate per Child	Estimated Average Monthly Rate per Child	Estimated Average Annual Rate per Child*
Child-Care Centers				
	0-11 months	\$99.48	\$397.92	\$5,172.96
	12-24 months	\$98.93	\$395.72	\$5,144.36
	24-36 months	\$93.38	\$373.52	\$4,855.76
	3-5 years	\$91.20	\$364.80	\$4,742.40
	K-12 years	\$88.01	\$352.04	\$4,576.52
Family & Group Programs				
	0-11 months	\$87.87	\$351.48	\$4,569.24
	12-24 months	\$87.56	\$350.24	\$4,553.12
	24-36 months	\$85.68	\$342.72	\$4,455.36
	3-5 years	\$84.92	\$339.68	\$4,415.84
	K-12 years	\$84.05	\$336.20	\$4,370.60

*Based on a fifty-two week year.

Employment Generated by Child Care

Child care is a popular occupation in North Dakota. Child-care providers constitute the 10th largest occupation in the state, employing more than 6,000 people. This is similar to the number employed as registered nurses.¹⁰

Top Ten Occupations in North Dakota, by Gender: 2000¹⁰



Income of Child-Care Workers

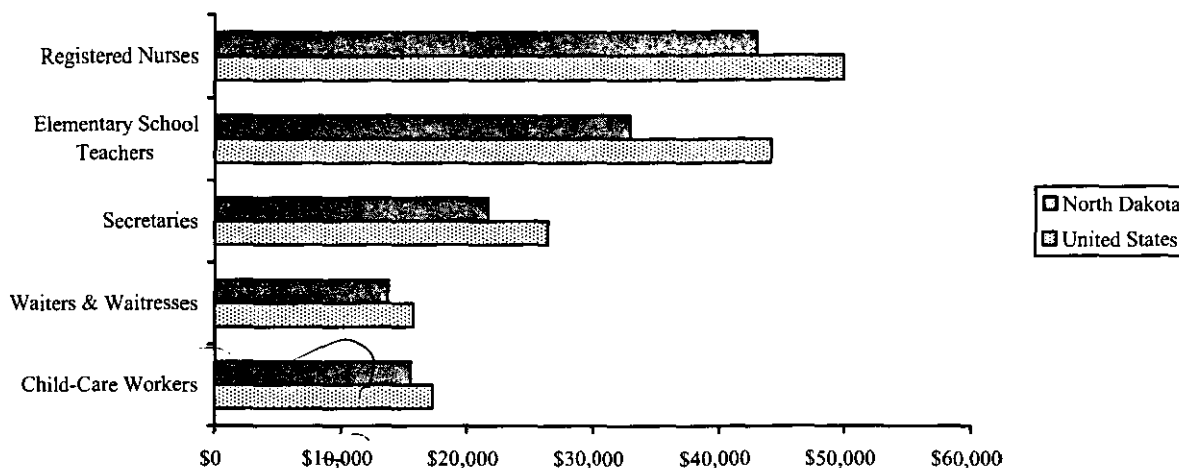
Unfortunately, child-care workers' wages are relatively low in the United States and they are even lower in North Dakota. Child-care workers earn 63% of the median hourly income for workers in North Dakota. These low wages are not a function of a poorly educated work force. Child-care workers are well educated in North Dakota: about 36% of head child-care teachers have a bachelor's degree and more than 90% of child-care teacher assistants have at least a high school degree.¹¹ In the U.S., about 22% of child-care workers have less than a high school degree.¹²

Workers' Wages in 2002¹³

	North Dakota	National
Median Hourly Wage for All Workers	\$11.12	\$13.31
Child-Care Workers		
Average Hourly Wage	\$7.50	\$8.32
Median Hourly Wage	\$7.06	\$7.86
Average Annual Wage	\$15,590	\$17,310
Preschool Teachers, Except Special Education		
Average Hourly Wage	\$8.79	\$10.45
Median Hourly Wage	\$7.95	\$9.26
Average Annual Wage	\$18,280	\$21,730
Educational Administrators (Child-Care Centers/Programs)		
Average Hourly Wage	\$16.74	\$18.84
Median Hourly Wage	\$14.39	\$16.03
Average Annual Wage	\$34,820	\$39,190

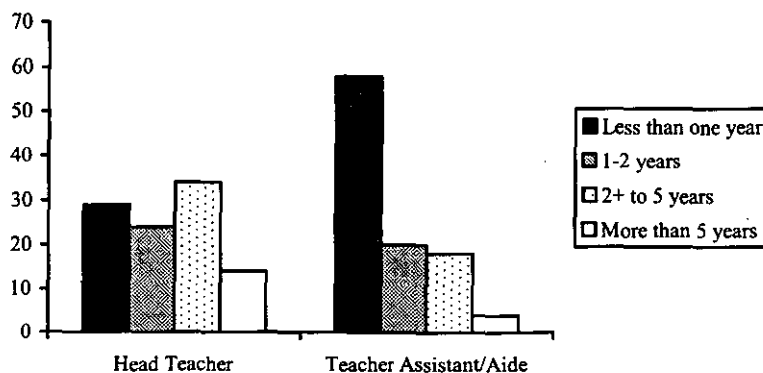
Because child care work is a predominately female-based occupation and the concentration of females in an occupation has been shown to affect wages, we compared the mean annual incomes of several female-dominated occupations. As the chart below indicates, child-care workers earn approximately 72% of the annual income of secretaries and 47% of the annual income of elementary school teachers in North Dakota in 2002.

Mean Annual Incomes of Select Occupations, 2002¹⁴



Unfortunately, one of the ramifications of child-care workers' low wages is relatively high job turnover rates. Nationally, approximately one-third of child-care workers leave their positions each year, usually to find a better-paying job.¹⁵ In North Dakota, about 29% of head child-care teachers in licensed programs have been at their job for less than a year; more than half (52%) have less than two years in the same job. Child-care teacher assistants/aides have even higher turnover in North Dakota: more than half have less than a year's experience (58%) and more than three-quarters (78%) have less than two years on the job.¹⁶ Because stability is important for children and quality child care, the turnover of employees is a serious issue that needs to be addressed. When polled, licensed care programs in the state dominantly indicated that if they had access to more funds, their top spending priority would be increased wages for employees.¹⁷

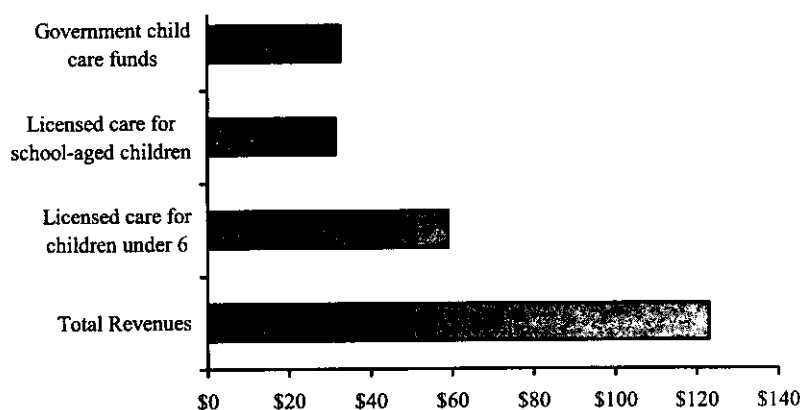
**Length of Time at Current Job
for North Dakota Child-Care Workers in Licensed Programs, 2002¹⁸**



Direct Economic Contributions of Child Care

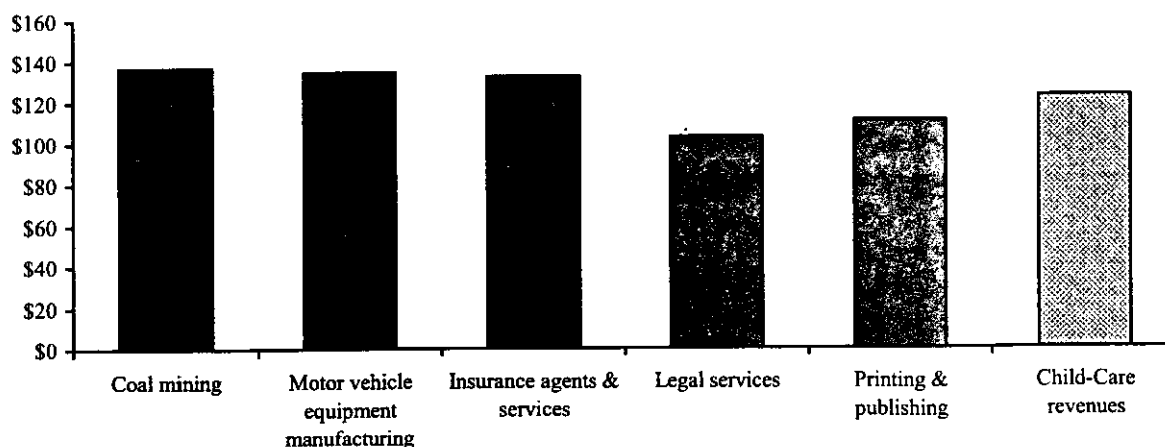
Licensed private-sector child care for children under six in North Dakota generated gross receipts of almost \$59 million in 2003, according to survey data from the Child Care Resource and Referral Network. Care for school-aged children brought in approximately an additional \$31.5 million.¹⁹ Government funds related to child-care programs, such as the Child and Adult Care Food Program, and comprehensive child development programs, such as Head Start and Early Head Start, resulted in an additional almost \$32.7 million in revenues to the state.²⁰ In total, more than \$123 million were directly contributed to the North Dakota economy through the activities of licensed child-care programs. (If we were able to include data from unlicensed programs, these numbers would, of course, grow significantly.)

Revenues from Child Care in North Dakota, 2002 (in millions of dollars)^{19, 20}



In order to gain a sense of the relative contribution of child care to the state's economy, we compared the revenues listed above with contributions to North Dakota's gross state product, a statistic used to indicate the value of goods and services produced in the state. Revenues from child care were comparable to the gross state product generated by coal mining, motor vehicle equipment manufacturing, and insurance agents, brokers and services. Child-care revenues exceeded the contributions of industries such as legal services and printing and publishing.

North Dakota Gross State Product for Select Industries Compared to Child-Care Revenues, 2001 (in millions of dollars)²¹



Direct, Indirect, and Induced Economic Contributions of Child Care

Child-care programs enable other North Dakota businesses and organizations to succeed. They *directly* contribute to the state's economy by generating income and creating jobs. In addition, they enable thousands of parents to earn an income and, ultimately, to spend their wages purchasing North Dakota goods and services.

The *indirect* economic effects of child care result when child-care businesses and their employees purchase goods or services. This creates new revenues for the state and serves as a catalyst for maintaining or increasing employment in other industries. In addition, when employees spend their wages, this *induces* further economic activity and adds to the state's economy.

Estimates of the direct, indirect, and induced effects of child care on North Dakota's economy based on regional economic modeling²² are as follows: every additional \$1.00 spent on child care in North Dakota creates another \$0.53 in economic activity throughout the state. In addition, each new job created in North Dakota's child-care industry generates an additional 0.31 jobs in other industries.

Child care also makes valuable economic contributions to workers and employers that are more difficult to quantify. According to recent research, lack of affordable, quality child care can make it difficult for businesses to attract employees. When employees leave their jobs because of child-care problems, hiring and training costs rise. Moreover, when employees are forced to take time off because of child-care problems, productivity can suffer.²³

Economic Impact of Public Investments

In 2001, 17,021 North Dakota families with children ages 0 to 13 filed for federal child-care tax credit.²⁴ These parents obtained credits totaling \$6.6 million, which came back to the state as expendable income. In addition to this credit, the earning potential of these parents is considerable. A conservative estimate of the total household income for all families relying on child care can be obtained by multiplying the number of families who filed for federal child-care tax credit by the North Dakota median family income. This indicates that more than \$743 million of North Dakota's income is generated by families who are reliant on paid child care.

$\begin{array}{rcl} 17,021 & \text{Working families with child-care tax credit}^{24} & \\ \times \$43,654 & \text{Median family income}^{25} & \\ \hline \$743,034,734 & = \text{North Dakota household income reliant on child care} & \end{array}$
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Federal spending such as Head Start and Early Head Start funding and child-care food programs contribute more than one quarter (27%) of the child-care sector's gross receipts. Our economic analysis indicates that each new federal dollar contributed to the child-care industry generates \$0.86 to the broader North Dakota economy through purchases by child-care centers and spending from wages. This investment has an overall impact on the revenue created in other industries of about \$87 million.

Conclusion

Based on these findings it is clear that the child-care industry plays an important role in North Dakota's economy in many ways:

Child care is a significant industry

- Child care is the tenth largest occupation in North Dakota employing over 6,000 residents
- More than \$123 million in revenue was generated in the child-care industry alone

Child care indirectly contributes significantly to North Dakota's economy

- Every new dollar spent on child care creates an additional \$0.53 in economic activity
- For every additional 100 jobs created in the child-care industry, 31 other jobs are spun off in other industries

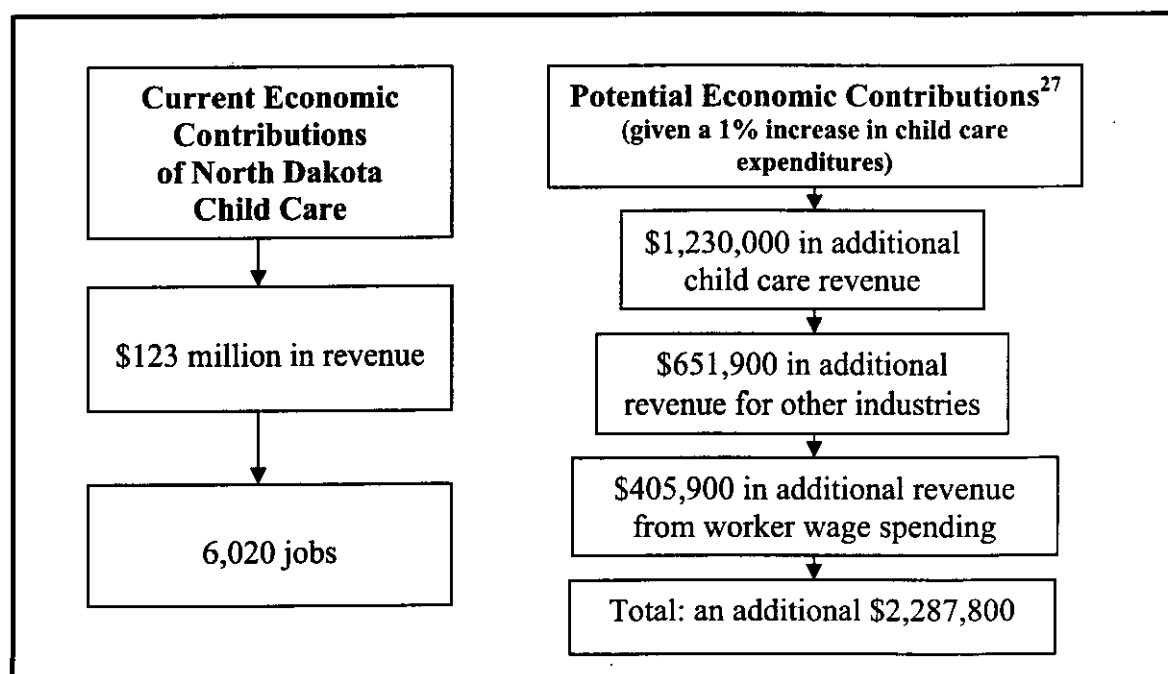
Child care has major effects on North Dakota's economy

- Nearly \$47 million in federal monies were allocated to North Dakota to support children's care and development²⁶
- Each additional dollar contributed to child care in North Dakota by the federal government generates \$0.86 more in economic activity throughout the state

Child care increases household income and enables parents to work

- More than 17,000 families rely on paid child care in North Dakota
- North Dakota families using child care earn more than \$743 million annually

While the economic impact of the child-care industry in North Dakota is impressive, these data only reflect publicly-reported information. A large informal network of child care adds to the magnitude of the child-care industry as an important revenue and job creating segment of North Dakota's economy.



Policy Implications: Quality, Affordable Child Care

Clearly North Dakota's child-care industry plays a significant, vital role in the state's economy. It contributes to state revenues and job growth and enables thousands of parents to remain in the labor force and support their households. Because North Dakota families are heavily involved in the labor force (including having one of the highest rates of multiple job holders in the nation)²⁸ and are employed at much higher rates than families across the U.S., it seems likely that North Dakota residents are more reliant on child care than most Americans.

In light of these trends, what kinds of changes in child care would best serve the needs of this state? First, since such a large proportion of our state's children have working parents, we suggest that **the state is best served by enhancing the quality of child care**. Research on the effects of child care shows that positive outcomes are dependent on high quality child care.²⁹ Maintaining and enhancing the quality of child care in a state with a well-educated child-care workforce should focus on addressing issues of low pay. This will, in turn, help stem the tide of high turnovers.)

In addition, **North Dakota should increase access to affordable child care**. Our evidence indicates that the average family spends between 10% to 12% of their income on child care for one infant in North Dakota. According to The Urban Institute, families in the U.S. with a child under 13 spend an average of 9% of their earnings on child care. Of course, this proportion increases significantly for U.S. low-income families (14%) and poor families (18%). Their recent analysis notes that "even with free help from a relative or participation in a subsidized program, child care is a significant burden for low-income working families, probably ranking third in their budgets after shelter and food."³⁰

Taking Action: Whose Responsibility is it?

Child care is an investment in the future of our state. Greater access to high quality child care will enhance the lives of children, help businesses attract and keep employees, generate increased state revenues, contribute to the strength of our future state workforce, and strengthen the quality of life that North Dakotans currently enjoy. All citizens, including employers, the child-care industry, state and local governments, and parents can be catalysts for policies and programs that could assure a strong future for children in our state.

We encourage **businesses and other employers** to

- *urge the government to implement incentives for employers who support employee child-care plans or benefits and*
- *be a public advocate for increased access to affordable, high quality child care.*

We suggest that the **child-care industry**

- *create partnerships with organizations (such as T.E.A.C.H.) that support the development of high quality child-care personnel,³¹*

- *partner with small business development organizations to help child-care programs gain access to small business assistance and resources,*
- *increase professional development opportunities for child-care workers, and*
- *educate the public about the benefits of high quality child care.*

We recommend that state and local governments

- *utilize federal block grants to develop programs to raise the wages and benefits of child-care workers,³²*
- *institute incentives (such as tax credits and program quality rating systems for parents) that support the development of high quality child-care programs and better paid staff,*
- *pass legislation that encourages businesses to support child-care plans for their employees, and*
- *create incentives for after-school and summer-care programs.*

We encourage parents and the general public to

- *encourage their state and local legislators to support child-care program incentives and tax credits and*
- *raise the issue of access to affordable, high quality child care with candidates for public office.*

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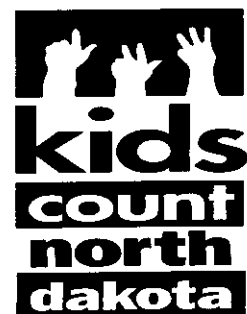
North Dakota KIDS COUNT!

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Senate Human Services Committee
Neutral testimony of Linda Reinicke on SCR 4033
February 16, 2005

Senator Lee and Members of the Committee:

I am Linda Reinicke, Program Director for Child Care Resource & Referral in western ND (employed by Lutheran Social Services of ND). I also represent the Child Care Resource & Referral (CCR&R) Program Directors in Grand Forks and Fargo, Cindy Pic and Linda Lembke. Funded by the Department of Human Services and private foundations, CCR&R:

- Assists parents in their search for child care. Last year, CCR&R helped 3,968 families find care in 2004
- Supports ND's 1,600 licensed child care providers who have the capacity to care for 30,000 children. In 2004, CCR&R's early childhood specialist and nurses responded to 1,495 provider requests for phone and on-site consultation services
- Trains licensed child care providers. Again, in 2004, CCR&R conducted 392 trainings (1,060 hours) attended by 6,112 attendees (duplicated numbers)

If the Legislature proceeds with a child care study, CCR&R can provide state-wide or local data on licensed child care. Here are some examples of our data:

1. We can help identify the demand for child care.
 - The number of families looking for child care
 - The ages of children needing care
 - Hours care is required
 - The type of care families are requesting (center, in-home, school-age)
2. We have exact numbers of the supply of licensed child care.
 - The number and type of providers
 - Their licensing capacity and desired capacity
 - Hours of operation
 - Programming specifics (pet-free facility, smoke-free facility, fenced yard, wheel-chair accessibility)
 - Weekly and monthly child care fees

3. CCR&R can shed light on the quality of the state's licensed programs through:

- CCR&R's statewide program assessment of the quality of infant-toddler care in 90 of ND's child care centers
- Data on all child care providers who have accessed CCR&R training
- CCR&R's Child Care Center Staff Salary and Working Conditions survey
- Retention rates of center staff and in-home providers

Attached are some examples of what we can provide. The first attachment has child care data specific to your county. The second charts trends CCR&R has been following for a number of years.

Again, these are general examples of information that can be made available. As the objectives of the study are better defined, data can be pulled to address the specific questions you may have regarding licensed child care throughout the state or your local communities.

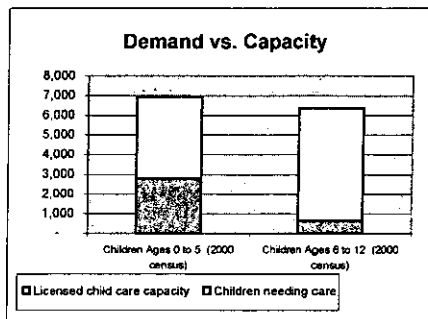
Thank you for your time.

Linda Reinicke
CCR&R Program Director
Lutheran Social Services
530-2501 or 223-1510
www.ndchildcare.org

Burleigh County

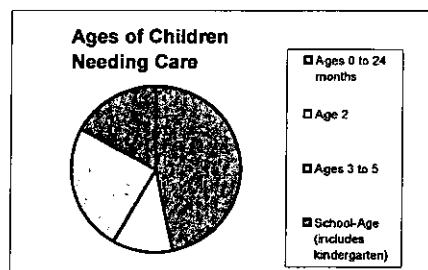
Child Care Profile

Children Ages 0 to 5 (2000 census)	5,240
Children Ages 6 to 12 (2000 census)	6,635
% of Women with Children Ages 0 to 6 in Labor Force	79.5%
% of Women with Children Ages 6 to 17 in Labor Force	86.9%
Children Ages 0 to 5 potentially needing child care	4,164
Children Ages 6 to 12 potentially needing child care	5,766
Capacity of licensed child care for children ages 0 to 5	2,799
Capacity of licensed before and after school programs*	630



B. Referral Requests (July, 2002 to June, 2003)

Total Children needing care	699
Ages 0 to 24 months	326
Age 2	79
Ages 3 to 5	173
School-Age (includes kindergarten)	121
Total children needing care before 7:00 a.m.	81
Total children needing care beyond 6:00 p.m.	80
Total children needing care Saturdays or Sundays	76



C. Licensed Child Care Capacity as of September, 2003

Family/Group		Center		Total Capacity	
Ages 0 to 24 months		Ages 0 to 24 months			
Age 2	Total	Age 2	Total		
Ages 3 to 5	1773	Ages 3 to 5	1026		
School-Age		School-Age	630		
Total	1773	Total	1656	3429	

	Family/Group	Center	Preschool	Head Start	School-Age	Total
Number of Programs	186	18	4	0	2	210
Open before 7:00 a.m.	60	12	0	0	1	73
Open beyond 6:00 p.m.	17	0	0	0	0	17
Open on weekends	6	0	0	0	0	6

D. Average Weekly Cost of Child Care

Family/Group		Center	
Ages 0 to 11 months	\$ 97.18	Ages 0 to 11 months	\$ 112.30
12 to 24 months	\$ 97.16	12 to 24 months	\$ 112.31
Age 2	\$ 95.05	Age 2	\$ 110.09
Ages 3 to 5	\$ 94.33	Ages 3 to 5	\$ 104.94
School-Age	\$ 93.55	School-Age	\$ 94.89

* School-age care numbers reflect only programs licensed as before and after school programs. School-age children are also enrolled in family/group programs and child care centers.

Child Care
Resource and Referral

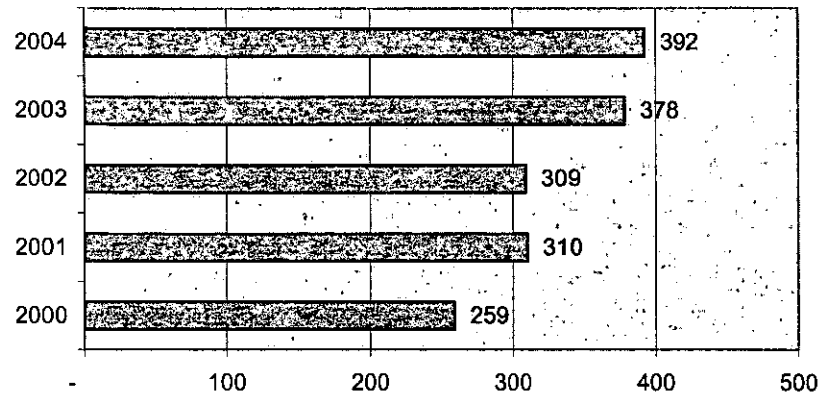
September, 2003

www.ndchildcare.org

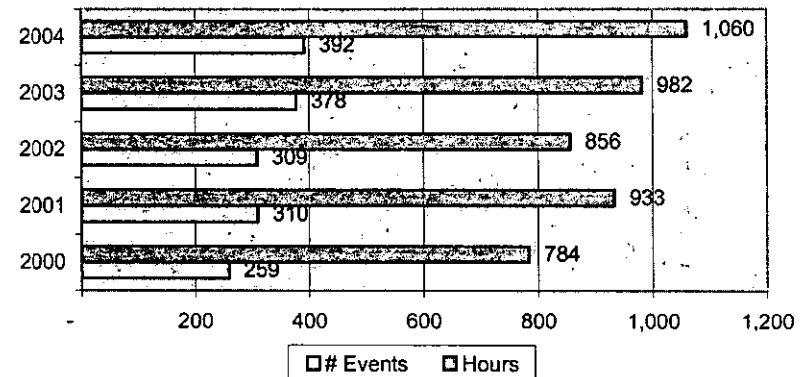
Training Trends

Year	# Events	Hours	Family	Group	Center	SACC	PS	Hd St	Other	TOTAL	Attendance	Attendance
											Per Training	Per Hour
2000	259	784	788	1,336	1,255	43	104	94	137	3,757	15	5
2001	310	933	725	1,565	1,805	62	80	114	172	4,523	15	5
2002	309	856	765	1,508	1,996	73	92	562	104	5,100	17	6
2003	378	982	1,089	1,941	2,116	65	104	292	133	5,740	15	6
2004	392	1,060	1,214	1,861	2,747	16	99	71	104	6,112	16	6
	1,648	4,615	4,581	8,211	9,919	259	479	1,133	650	25,232	15	5

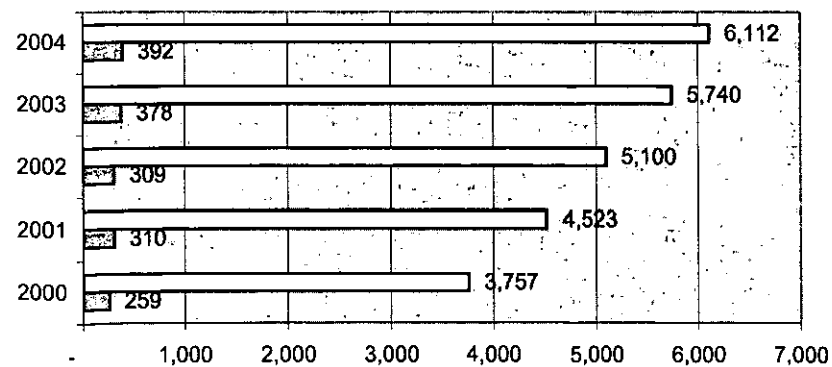
Training Events



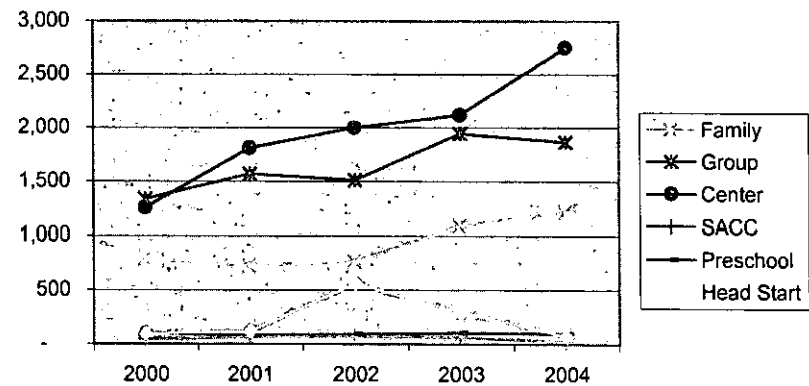
Total Training Events and Hours



Training Events and Attendance



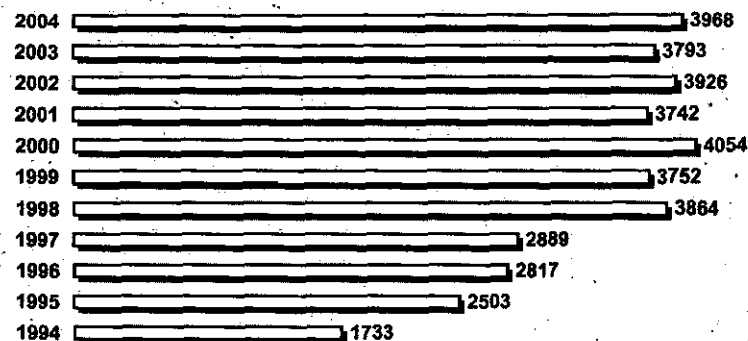
Training Attendance by Provider Type



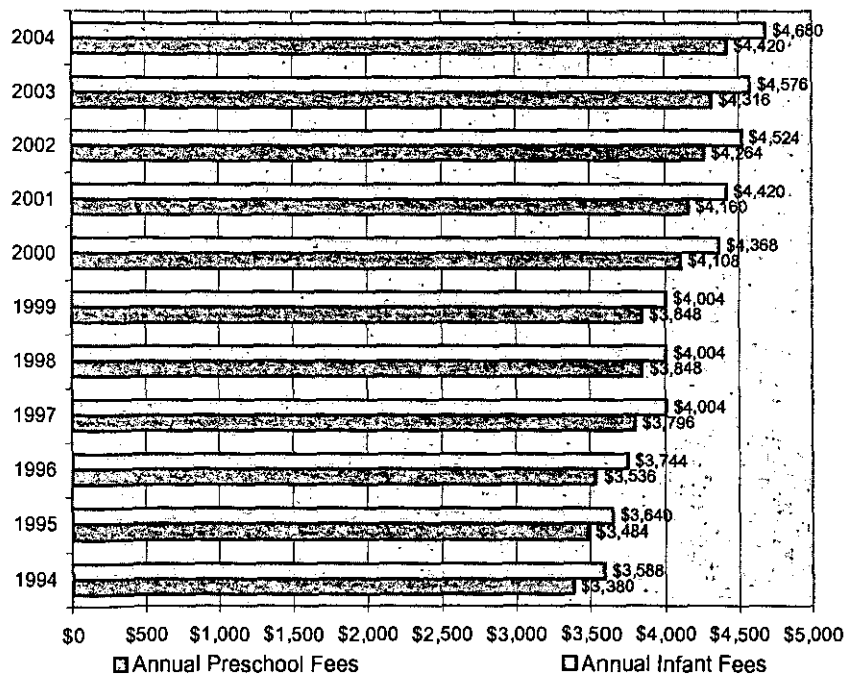
Referral Data Trends

Year	Referrals	Children	Providers	Capacity	IN Week	IN Year	PS Week	PS Year
1994	1733	2532	1976	20,839	69	3,588	65	3,380
1995	2503	3569	1921	25,203	70	3,640	67	3,484
1996	2817	4053	1862	25,452	72	3,744	68	3,536
1997	2889	5767	1885	27,617	77	4,004	73	3,796
1998	3864	5300	1951	29,207	77	4,004	74	3,848
1999	3752	5230	1777	28,593	77	4,004	74	3,848
2000	4054	5762	1670	28,360	84	4,368	79	4,108
2001	3742	5249	1649	28,617	85	4,420	80	4,160
2002	3926	5314	1607	29,209	87	4,524	82	4,264
2003	3793	5200	1577	29,174	88	4,576	83	4,316
2004	3968	4929	1653	30,623	90	4,680	85	4,420

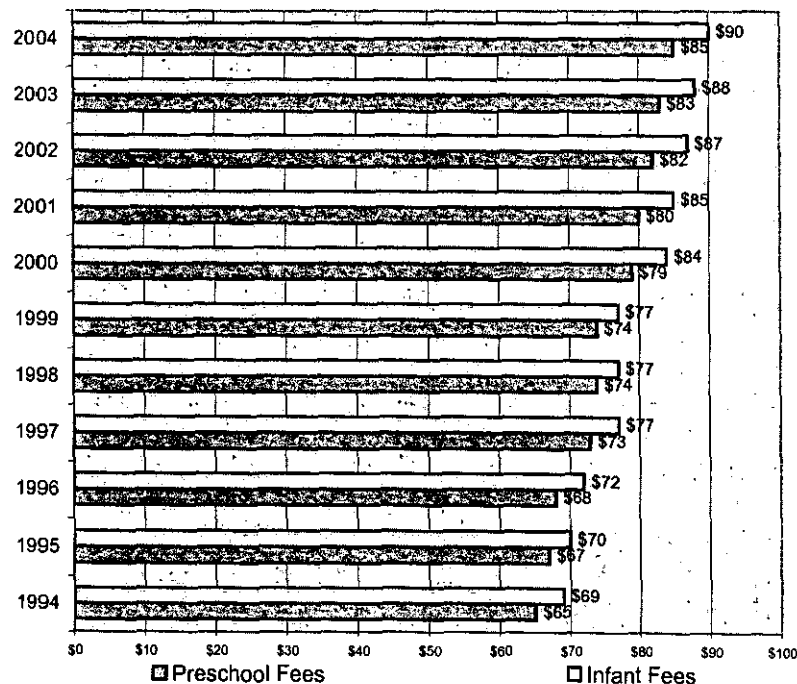
Referrals 1994 - 2004



Annual Child Care Fees in North Dakota



Weekly Child Care Fees in North Dakota



Mister Chairman, members of the committee, my name is Mike Every, I represent District 23 in the Senate.

In recent years, researchers and policy-makers have begun to recognize the important contributions the child care sector makes to a regional economy in both the short and long term.

Across the country, States and localities are using regional economic analysis to measure the economic contributions of the child care sector.

In North Dakota, we too have struggled with how to gather, present and evaluate information on child care.

There are a variety of reasons why we may struggle with making these decisions.

Lacking information, including the knowledge of where to find it and how to evaluate it when it is acquired.

Inadequate or inaccurate information. This could be, for example, using information that is out-of-date, or biased, just wrong or perhaps there is too much information available, causing us to become paralyzed in our decision-making.

Lacking confidence in our decision-making abilities due to a lack of information, or a belief that we are making poor decisions, or believing that there will be too many consequences, sometimes forces us into not making a decision at all.

SCR 4033 is designed to help State and local decision makers measure the size of child care as an economic sector. The challenges of analyzing child care as an economic segment and some of the opportunities for regional economic development planning can bring to the child care policy debate should be included. Our hope is that this study will identify a basic set of tools the State and local governments can use in conducting a meaningful economic analysis of child care.

Madam Chair and members of the committee. This resolution simply asks that the legislative council study the impact of child care on the economy of North Dakota so that in the future we can make more meaningful decisions based on accurate and significant data.

I ask for you favorable consideration of SCR 4033

Who needs child care in North Dakota?

Child care helps thousands of North Dakota families join the labor force and provide for their families.

- The vast majority of children in North Dakota have parents who are employed.
- In two-parent North Dakota homes, 71% of children under six have two employed parents. Nationally, 53% of children under six in two-parent homes have two employed parents.
- In single-parent North Dakota homes, 78% of children under six have an employed parent. Nationally, 72% of children under six in single-parent homes have an employed parent.
- Parental employment rates are considerably higher in North Dakota than in the U.S., indicating that families' potential need for child care is significant in North Dakota.

Child care involves a continuum of care

This report defines child care as a continuum of care children may receive throughout a day, including early childhood education and preschool experiences.

report NDSU Data Report

Child Care Contributes to North Dakota's Economy

In October of 2004, the *Economic Impact of Child Care in North Dakota* report is being released by the North Dakota KIDS COUNT! program. While much has been written about the social and educational benefits of child care, this report outlines the



It's about kids.

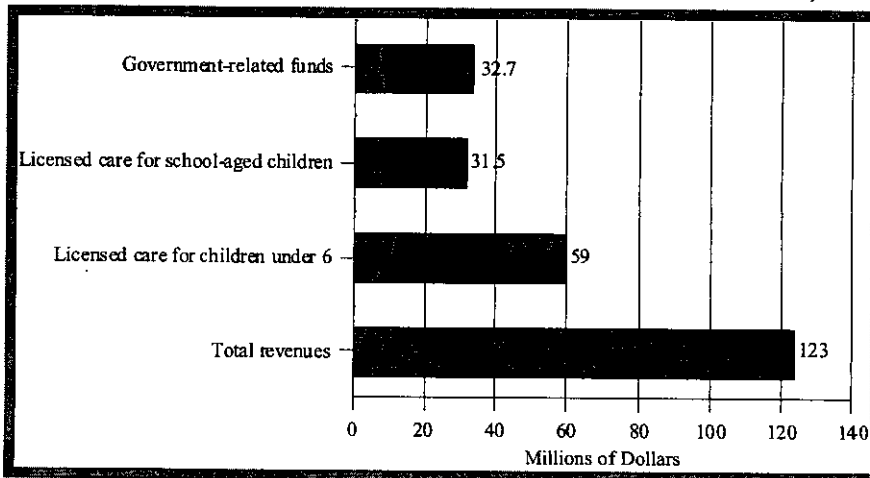
numerous economic contributions of child care to North Dakota. Our data show that child care is a significant industry in North Dakota. Consider:

- More than \$123 million in revenue is generated in the child-care industry. As little as a 1% increase in child-care expenditures would bring more than \$2.28 million to the state's economy (see Figure 3).
- Child care is the tenth largest occupation in North Dakota.
- Over \$743 million of North Dakota's income is generated by families who are reliant on paid child care.

Direct economic contributions of child care to our economy

Revenues from North Dakota's child-care industry are substantial. Licensed child care for children under six years of age generated gross receipts of nearly \$59 million. Child care for school-aged children brought in an additional \$31.5 million. Government funds related to child-care programs, such as the Child and Adult Care Food Program and comprehensive child development programs such as Head Start and Early Head Start resulted in an additional \$32.7 million in revenues to the state. In total, more than \$123 million dollars were directly contributed to the North Dakota economy through the child-care industry (see Figure 1).

Figure 1. Revenues from Licensed Child Care in North Dakota, 2002



Child-Care Workforce

Child care is the tenth largest occupation in the state, employing over 6,000 people.

Unfortunately, child-care workers' wages are relatively low. Child-care workers earn 63% of the median hourly income for North Dakota workers (see Figure 2).

Figure 2. North Dakota Workers' Wages in 2002

Child-Care Workers

Median Hourly Wage \$7.06

Mean Annual Wage \$15,590

All Workers

Median Hourly Wage \$11.12

This wage discrepancy occurs even though child-care workers are well educated: about 36% of head child-care teachers have a bachelor's degree and over 90% of child-care teacher assistants have at least a high school degree. In the U.S., about 78% of child-care workers have at least a high school degree.

Child-care job turnover is high in North Dakota. About 60% of child-care teacher assistants have been at their current job less than a year. Nationally, about one-third of child-care workers leave their position each year.

For Sources and Additional Information, View the Complete Report Online at www.ndkidscount.org:

North Dakota KIDS COUNT! 2004. Economic Impact of Child Care in North Dakota. Fargo: North Dakota State University.

Indirect economic contributions of child care to our economy

Indirect economic effects result when child-care programs and their employees purchase goods or services. This creates new revenues for the state and serves as a catalyst for maintaining or increasing employment in other industries. According to our analysis:

The economic impacts noted here are very conservative because they exclude unlicensed child-care programs.

- Every additional \$1.00 spent on child care in North Dakota creates another \$0.53 in economic activity throughout the state.
- Every 100 new jobs in North Dakota's child-care industry generates an additional 31 jobs in other industries.
- In 2001, the 17,201 North Dakota families who filed for federal child-care tax credit received credits totaling \$6.6 million, which came back to the state as expendable income.
- Each new federal dollar contributed to the child-care industry generates another \$0.86 to the broader North Dakota economy through purchases by child-care programs and spending from wages.

Figure 3. Current and Potential Economic Contributions of Child Care in North Dakota

