



# NORTH DAKOTA HOUSE OF REPRESENTATIVES

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## Representative Emily O'Brien

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## COMMITTEES:

Appropriations  
Human Resources Division

April 24, 2023

### House Bill 1540

### Senate Appropriations

### Senator Brad Bekkedahl, Chairman

Chairman Bekkedahl and members of the Senate Appropriations Committee:

I am Representative Emily O'Brien, from District 42, in Grand Forks, North Dakota.

This past fall, a group of legislators and representatives from the Executive Branch announced a framework for legislation to address the availability, affordability, and quality of child care services in North Dakota, which has been a major barrier to workforce participation.

Speaking from personal experience, four years ago, my first daughter came to work with me every day for 6 months. There were waiting lists to get into any child care center or in-home provider – whether or not they had a license and fees just to be put on a waitlist. Five months ago, I had my second daughter. Luckily, I communicated with our in-home child care provider that we would be expecting our second child and needed to know if there would be a spot available coming November. With two children, I pay \$20,000+ annually for our in-home child care. This amount does not include when daycare is closed, whether paid or unpaid days noted in the contract. Unpaid days require my partner or me to take work off – which results in a loss of money that could have been made, or we scramble at the last minute to find a babysitter and end up paying \$100+ per day. For example, late Thursday evening last week, I was notified that daycare would be closed Friday due to our provider's household catching norovirus. It is difficult for an individual like me, serving during the legislative session, 275 miles away from home, to drop what I am doing to be home to provide care for our children. I am grateful to have a small village back home that helps pick up the pieces, but not everyone has options.

There have been a handful of proposals brought forward that resulted from many months of work and discussions with child care providers, business leaders, legislators, and other key stakeholders – all to whom I give credit too.

Hearing from constituents, one of the top priorities this session is addressing our workforce crisis. This child care proposal will aid in addressing that crisis.

I am going to begin on Section 4 of the bill – Sections 1-3 will be acknowledged in Section 5.

#### **Section 4**

Provides for the North Dakota Department of Health and Human Services to provide reports to the Legislative Management regarding the status of the early childhood programs managed by the department.

#### **Section 5 – Subsection 1**

Provides for an appropriation of \$22,000,000, which provides benefits to a family whose income is less than seventy-five percent of the state median income for a family of the same size. We heard from countless interviewees that the CCAP for families is not just a help, it is a necessity. This appropriation will impact 1,800+ additional children receiving child care assistance each month.

#### **Section 5 – Subsection 2**

Provides an appropriation of \$15,000,000, which would incentivize the availability of child care for infants and toddlers whose families receive child care assistance by increasing the rate the state pays for children younger than 3. An estimated 2,080 would be impacted.

#### **Section 5 – Subsection 3**

Provides an appropriation of \$3,000,000 for the creation of quality-based tiers for childcare assistance. This increases the choices available to working families who participate in the child care assistance program, which would impact 1,600 children.

#### **Section 5 – Subsection 4**

Provides an appropriation of \$2,300,000 – waiving the co-pay fee to a family whose income does not exceed thirty percent of the state median income for a family of the same size. The policy from Section 1 – Subsection 4 and Section 2 – Subsection 2, would accompany this appropriation. An annual market study and cost study would allow the department to consider more comprehensively the cost of providing child care when setting payment rates utilized as the basis for payments in the child care assistance program. This change in legislation will impact 2,200 working families.

#### **Section 5 – Subsection 5**

Provides an appropriation of \$500,000 for advertising and sign-up assistance.

### **Section 5 – Subsection 6**

Provides an appropriation of \$5,000,000 for the purpose of employer-led child care cost-share program. This program creates a state match for employer-funded child care stipends to employees where household income is no more than one hundred percent of the state median income. The maximum state match is \$300 per month, as long as the employee has a child ages zero to five, meets the household income thresholds, and is employed by a business that has opted into participating in the program. The goal is to serve an additional 650 children through 2025.

### **Section 5 – Subsection 7**

Provides an appropriation of \$7,000,000 that will support a sustainable, stable child care sector by offering grants, incentives, and shared service resources to child care businesses. Inclusion grants will support providers whose endeavor to provide quality child care experiences for children with special needs. Start-up grants will support entrepreneurs who are entering the business of child care, with enhanced resources available to programs that are starting up or expanding in designated child care deserts. These grants will serve 200+ child care providers. The shared services model grants will support 750+ grants to child care providers to access administrative support at a reduced cost via statewide or regional vendors.

### **Section 5 – Subsection 8**

Provides an appropriation of \$1,800,000, creating new incentives for the provision of non-traditional care. The creation of 2-4 pilot partnership(s) between employers and child care programs. For North Dakotans that are engaged in shift work outside of the traditional “eight to five” business day, child care can be challenging to access. The specific nature of the pilot projects will be driven by the unique needs identified in each proposal.

### **Section 5 – Subsection 9**

Provides an appropriation of \$2,000,000 for the purpose of stipends for worker training. This will provide grants and incentives to child care workers to support quality care through high-impact professional development. Child care programs typically operate 10-12 hours per day and are staffed to interact with and provide care for children during that time. While basic and required training may happen during work hours, it is often left to the child care staff members to build their credentials and skills outside of paid work time. The goal is to provide training stipends for 1,200 and 1,800 child care workers pursuing above-and-beyond training.

### **Section 5 – Subsection 10**

Provides an appropriation of \$3,000,000 for the purpose of quality infrastructure for providers. The proposal invests in the infrastructure needed to support child care providers in their quest to continue excellence in delivery of care. Many child care providers are interested in becoming quality rated but to do so requires coaching and technical assistance resources to help support child care providers as they work to infuse even more quality practices into their work.

### **Section 5 – Subsection 11**

Provides an appropriation of \$1,000,000 from the general fund for the purpose of streamlining background checks. This has been an ongoing conversation with solutions to make it as easy as possible for providers to get licensed, stay licensed, and participate in the state's quality improvement system. 9,000+ child care-related background checks can be completed more quickly and efficiently.

### **Section 6**

Provides an appropriation of \$3,000,000, or so much of the sum as may be necessary, to the North Dakota Office of Management and Budget for the purpose of state employee child care benefits from the biennium beginning July 1, 2023, and ending June 30, 2025.

In Senate Bill 2012, Section 45 – there is a legislative management study regarding the early child care programs and child care services to identify major needs and systemic approaches to stabilize child care infrastructure.

This total child care proposal is \$65,600,600 of general fund dollars. The executive budget recommendation was \$73,000,000, and the Senate sent over several proposals totaling \$113,426,307.

House Bill 1540 has consolidated the majority of the child care proposals that have been introduced from House Bills, Senate Bills, and the Executive Recommendation. Credit is due to Senator Hogan, Senator Kreun, Representative Weisz, the Department of Health and Human Services, and many others that I may be forgetting for all of the teamwork that has gone into this vital piece of legislation and appropriation to address North Dakota's workforce crisis and child care needs.

Thank you, Chairman Bekkedahl and members of the Senate Appropriations Committee. I will stand for any questions.

**North Dakota Child Care Assistance Program**  
**Sliding Fee Schedule**  
**Effective October 1, 2022**

LL - Lower Income Limit  
 UL - Upper Income Limit  
 SMI - State Median Income

HH Size	Level 1 (10% of State Median Income)			Level 2 (20% SMI)			Level 3 (30% SMI)			Level 4 (40% SMI)			Level 5 (50% SMI)			Level 6 (60% SMI)			Level 7 (85% SMI)			HH Size
	LL	UL	Copay (2.0%)	LL	UL	Copay (3.0%)	LL	UL	Copay (4.0%)	LL	UL	Copay (6.0%)	LL	UL	Copay (7.0%)	LL	UL	Copay (7.0%)	LL	UL	Copay (7.0%)	
1	\$0	\$464	\$10	\$465	\$928	\$28	\$929	\$1,392	\$56	\$1,393	\$1,856	\$112	\$1,857	\$2,320	\$163	\$2,321	\$2,784	\$195	\$2,785	\$3,944	\$277	1
2	\$0	\$607	\$13	\$608	\$1,214	\$37	\$1,215	\$1,820	\$73	\$1,821	\$2,427	\$146	\$2,428	\$3,034	\$213	\$3,035	\$3,641	\$255	\$3,642	\$5,158	\$362	2
3	\$0	\$750	\$15	\$751	\$1,499	\$45	\$1,500	\$2,249	\$90	\$2,250	\$2,998	\$180	\$2,999	\$3,748	\$263	\$3,749	\$4,497	\$315	\$4,498	\$6,371	\$446	3
4	\$0	\$892	\$18	\$893	\$1,785	\$54	\$1,786	\$2,677	\$108	\$2,678	\$3,569	\$215	\$3,570	\$4,462	\$313	\$4,463	\$5,354	\$375	\$5,355	\$7,585	\$531	4
5	\$0	\$1,035	\$21	\$1,036	\$2,070	\$63	\$2,071	\$3,105	\$125	\$3,106	\$4,140	\$249	\$4,141	\$5,176	\$363	\$5,177	\$6,211	\$435	\$6,212	\$8,798	\$616	5
6	\$0	\$1,178	\$24	\$1,179	\$2,356	\$71	\$2,357	\$3,533	\$142	\$3,534	\$4,711	\$283	\$4,712	\$5,889	\$413	\$5,890	\$7,067	\$495	\$7,068	\$10,011	\$701	6
7	\$0	\$1,205	\$25	\$1,206	\$2,409	\$73	\$2,410	\$3,614	\$145	\$3,615	\$4,818	\$290	\$4,819	\$6,023	\$422	\$6,024	\$7,228	\$506	\$7,229	\$10,239	\$717	7
8	\$0	\$1,231	\$25	\$1,232	\$2,463	\$74	\$2,464	\$3,694	\$148	\$3,695	\$4,926	\$296	\$4,927	\$6,157	\$431	\$6,158	\$7,388	\$518	\$7,389	\$10,467	\$733	8

**State Provider Rates**

**Allowable Monthly Maximums for Full Time Care--Category One**  
 (25 or more hours per week)

Provider Type Provider Codes	Infant (Birth to 17 months)	Toddler (18 months to 2 years)	Preschool (3-5 years)	Other (6 up to 13)
<b>CENTER</b> C, E, K, M	<b>\$913.33</b> \$228.33 (weekly)	<b>\$888.00</b> \$222.00 (weekly)	<b>\$811.00</b> \$202.75 (weekly)	<b>\$760.00</b> \$190.00 (weekly)
<b>LICENSED FAMILY/GROUP</b> F, G, H	<b>\$700.00</b> \$175.00 (weekly)	<b>\$700.00</b> \$175.00 (weekly)	<b>\$680.00</b> \$170.00 (weekly)	<b>\$660.00</b> \$165.00 (weekly)
<b>SELF-DECLARED/ TRIBAL REGISTERED</b> S, R	<b>\$462.00</b> \$115.50 (weekly)	<b>\$429.00</b> \$107.25 (weekly)	<b>\$420.20</b> \$105.05 (weekly)	<b>\$407.00</b> \$101.75 (weekly)
<b>APPROVED RELATIVE</b>	<b>\$367.50</b> \$91.87 (weekly)	<b>\$346.50</b> \$86.62 (weekly)	<b>\$338.10</b> \$84.52 (weekly)	<b>\$325.50</b> \$81.37 (weekly)

**Allowable Monthly Maximums for Part-Time Care--Category Two**  
 (Less than 25 hours per week)

Infant (Birth to 17 months)	Toddler (18 months to 2 years)	Preschool (3-5 years)	Other (6 up to 13)
<b>\$900.00</b> \$225.00 (weekly)	<b>\$824.00</b> \$206.00 (weekly)	<b>\$565.75</b> \$141.43 (weekly)	<b>\$535.25</b> \$133.81 (weekly)
<b>\$700.00</b> \$175.00 (weekly)	<b>\$700.00</b> \$175.00 (weekly)	<b>\$615.00</b> \$153.75 (weekly)	<b>\$540.00</b> \$135.00 (weekly)
<b>\$277.20</b> \$69.30 (weekly)	<b>\$257.40</b> \$64.35 (weekly)	<b>\$252.12</b> \$63.03 (weekly)	<b>\$244.20</b> \$61.05 (weekly)
<b>\$220.50</b> \$55.12 (weekly)	<b>\$207.90</b> \$51.97 (weekly)	<b>\$202.86</b> \$50.71 (weekly)	<b>\$195.30</b> \$48.82 (weekly)

State provider rates will be rounded down when the rate is not a full dollar amount

Allowable Maximum for Registration fees

Provider Type: C, E, K, M, F, G, H - \$150 per calendar year