HUMAN SERVICES COMMITTEE

The Human Services Committee was assigned three studies:

- Section 1 of House Bill 1097 (2025) directed a study of the accessibility of state and local services for individuals who are deaf, hard of hearing, or have hearing differences. The Legislative Management Chairman expanded the study to include services to individuals who are visually impaired.
- Section 1 of House Bill 1119 (2025) directed a study of the laws, administrative rules, and policies relating to child care provider licensing.
- Section 30 of Senate Bill 2014 (2025) directed a study of homelessness in the state.

The Legislative Management assigned the committee the responsibility to receive the following reports:

- A report from the Department of Health and Human Services (DHHS) by October 1, 2026, regarding its plan to establish long-term structured residences, pursuant to Section 36 of House Bill 1012 (2025).
- A report from DHHS by September 1, 2026, of the department's findings and recommendations regarding its study of accreditation requirements and provider costs for serving individuals with intellectual and developmental disabilities, pursuant to Section 49 of House Bill 1012 (2025).
- A report from DHHS regarding direct payments made to licensed child care providers to support high-quality early childhood care for infants and toddlers and the effectiveness of the direct payment program, pursuant to Section 21 of House Bill 1015 (2025).
- A report from the Legislative Council by August 1, 2026, regarding the Legislative Council's findings and recommendations from its program evaluation of DHHS child care services, pursuant to Section 2 of House Bill 1119 (2025).
- A report from the Child Care Services Advisory Committee by June 30, 2026, regarding the committee's review of child care licensing, pursuant to Section 3 of House Bill 1119 (2025).
- A report from DHHS every 6 months during the 2025-27 biennium regarding the number of ineligible children served by the Life Skills and Transition Center (LSTC), pursuant to Section 11 of Senate Bill 2112 (2025).
- A report from DHHS by March 1, 2026, regarding the study of alternatives to placement at LSTC, pursuant to Section 12 of Senate Bill 2112 (2025).
- A report from DHHS by January 31, 2026, and August 31, 2026, regarding progress on the basic care study recommendations addressing the adult residential facility and basic care payment systems and the review of the asset limit for home- and community-based services aged and disabled waiver, pursuant to Section 3 of Senate Bill 2271 (2025).
- A report from DHHS by August 30, 2026, regarding the development of a payment model continuum for basic care, assisted living, and adult residential facilities, pursuant to Section 4 of Senate Bill 2271 (2025).
- A report from DHHS by October 1, 2026, regarding changes to medical assistance reimbursement of psychiatric residential treatment facilities for direct care costs, including the applicable costs related to clinical supervisions, medical directors, engagement of families in care, therapeutic leave days, an administrative cost cap, and progress toward value-based care, pursuant to Section 2 of Senate Bill 2399 (2025).
- A report from DHHS and the steering committee for developmental disabilities system reimbursement project on development activities and status of the project, pursuant to North Dakota Century Code Section 50-06-37.
- A report from DHHS regarding the progress of the Pay for Success Program developed by the department to improve educational, social, or emotional achievements of at-risk children, improve the health of children, and increase participation in the workforce by individuals who qualify for governmental assistance, pursuant to Section 50-06-47.
- A report from DHHS before August 1 of each even-numbered year, regarding provider reimbursement rates under the Medical Assistance Expansion Program, pursuant to Section 50-24.1-37.
- A report from DHHS before August of each even-numbered year on the Tribal Health Care Coordination Fund and tribal government use of money distributed from the fund, pursuant to Section 50-24.1-40(4).
- A report from DHHS on the impact, usage, and costs associated with the family caregiver service pilot project, pursuant to Section 50-24.1-47.

- A report from DHHS describing enrollment statistics and costs associated with the Children's Health Insurance Program state plan, pursuant to Section 50-29-02.
- A report from the Children's Cabinet regarding the activities and findings of the cabinet and other designated working groups on children and family issues, pursuant to Section 54-07-13.
- A report from the Department of Corrections and Rehabilitation (DOCR) regarding the status of the Community Behavioral Health Program, pursuant to Section 54-23.3-10(2)(d)(3).

Committee members were Senators Kyle Davison (Chairman), Dick Dever, Kathy Hogan, Judy Lee, and Michelle Powers and Representatives Karen A. Anderson, Mike Beltz, Macy Bolinske, Jayme Davis, Kathy Frelich, Jared Hendrix, Dwight Kiefert, Carrie McLeod, Nico Rios, Karen M. Rohr, Matthew Ruby, and Gregory Stemen.

STUDY OF ACCESSIBILITY OF GOVERNMENT SERVICES FOR INDIVIDUALS WHO ARE DEAF, HARD OF HEARING, HAVE HEARING DIFFERENCES, OR ARE VISUALLY IMPAIRED

House Bill 1097 (2025) directed a study regarding the accessibility of government services for individuals who are deaf, hard of hearing, or have hearing differences. As part of the study, the committee was directed to:

- Review requirements under the federal Americans with Disabilities Act providing for state and local government entities to communicate effectively with individuals who are deaf, hard of hearing, or have hearing differences;
- Consider challenges or barriers to effective communications for individuals who are deaf, hard of hearing, or have hearing differences when communicating with, including receiving information from and conveying information to, state and local government entities, and identify strategies for improving communication;
- Receive input from the Department of Labor and Human Rights; DHHS; employees of the School for the Deaf; individuals who are deaf, hard of hearing, or have hearing differences; information technology professionals; American sign language (ASL) interpreters; and family members of individuals who are deaf, hard of hearing, or have hearing differences; and
- Consider options for improving access and the availability for behavioral health care.

At the committee's request, the Chairman of the Legislative Management authorized expansion of the study to include individuals who are visually impaired.

Explanation of Terms

Terms relating to the study include:

- **Deaf** - Individuals who were born without hearing or who lost their hearing before oral language was developed. Typically, includes individuals who have learned ASL and use this as their main form of communication.
- **Hard of Hearing** - Encompasses a wide group of people, many who are older adults struggling with hearing loss as they age. This group also may include younger people who have hearing loss related to medical causes. This type of hearing loss may be significant to the point that normal communication is impossible without the assistance of hearing aids or assistive devices. These individuals do not use ASL, and English is their primary language.
- **Hearing differences** - Encompasses groups who do not fit into the other two categories. This may include those people who were born deaf but have no language ability. It also includes individuals who have lost their hearing but have a cochlear implant. They may have good English skills but without the use of the processor, they are legally deaf.

Background

Americans with Disabilities Act - Title II (State and Local Governments)

Title II of the Americans with Disabilities Act requires that state and local governments communicate effectively with people who have communication disabilities. The goal is to ensure that communication with people with these disabilities is equally as effective as communication with people without disabilities. The committee was informed the United States Department of Justice's Americans with Disabilities Act requirements for effective communication provide:

- A person with a vision, hearing, or speech disability can communicate with, receive information from, and convey information to, the covered entity.
- Covered entities must provide auxiliary aids and services when needed to communicate effectively with people who have communication disabilities.

- The key to communicating effectively is to consider the nature, length, complexity, and context of the communication and the person's normal methods of communication.
- The rules apply to communicating with the person who is receiving the covered entity's goods or services as well as with that person's parent, spouse, or companion in appropriate circumstances.
- Covered entities must provide aids and services when needed to communicate effectively with people who have communication disabilities.
- The key to deciding what aid or service is needed to communicate effectively is to consider the nature, length, complexity, and context of the communication as well as the person's normal methods of communication.
- State and local governments, in determining whether a particular aid or service would result in undue financial and administrative burdens, should take into consideration the cost of the particular aid or service in light of all resources available to fund the program, service, or activity and the effect on other expenses or operations. The decision that a particular aid or service would result in an undue burden must be made by a high-level official, no lower than a department head, and must include a written statement of the reasons for reaching that conclusion.

School for the Deaf

The School for the Deaf was established in 1890 by the Constitution of North Dakota and is located in Devils Lake. The school is under the direction, control, and management of the Department of Public Instruction and is an institution for the education of children with severe to profound hearing loss that cannot be served in their local school district. To be eligible for enrollment, a child must be under the age of 21 and must be a resident of North Dakota. Out-of-state students are accepted on a tuition basis. Pursuant to Section 25-07-12, the school may collaborate with public and private entities for the provision of services to individuals who are deaf or hearing impaired. The committee was informed during the 2023-24 school term, there were 24 students in the on-campus program, including 5 enrolled at Devils Lake High School. This total includes 15 students who are residents at the school. The major programs and activities of the school are on-campus education programs, the residential program, media center - information and resources, adult hearing outreach services, parent-infant and school age outreach services, the communications and advocacy department, and technology. Funding for the school for the 2025-27 biennium is shown below.

	2025-27 Appropriation
General Fund	$9,731,555
Other funds	3,171,743
Total	$12,903,298
FTE positions	46.86

North Dakota Vision Services - School for the Blind

The North Dakota Vision Services - School for the Blind (NDVS-SB) opened in Bathgate with 25 residential students in 1908. In 1961, the facility was moved to Grand Forks. In 1991, the school became a division of the Department of Public Instruction. Section 25-06-01 provides NDVS-SB will be maintained in Grand Forks. The 1993 Legislative Assembly, in House Bill 1003, directed the school to discontinue residential services by July 1, 1994, and use the cost-savings to enhance the school's outreach program. The school offers short-term programs for elementary, middle school, and high school students, including summer programs. The school offers services for people of all ages experiencing vision loss, as well as their families. Services include adult services, the braille access center, golden guides, in-service training and presentations, the vision resource center, and a store with accessibility items. The vision resource center served 534 individuals during the 2023-25 biennium and the short-term center-based programs served 119 individuals with short-term programming, 40 for adult week, and 38 with summer programming. Funding for NDVS-SB for the 2025-27 biennium is shown below.

	2025-27 Appropriation
General Fund	$5,844,645
Other funds	1,740,944
Total	$7,585,589
FTE positions	28.75

North Dakota Assistive

North Dakota Assistive is a nonprofit organization designated by former Governor Ed Schafer as the implementing entity for the Statewide Assistive Technology Act Program in 1993. North Dakota Assistive also is the implementing agency for several other state and federal contracts. North Dakota Assistive provides assistive technology devices for individuals of all ages in need of assistance with hearing or vision impairment. North Dakota Assistive's goal is to bridge the gap between ability and disability using assistive technology. North Dakota Assistive provides assistance to individuals at home, in the classroom, in the community, and at work, as well as technology to allow those experiencing the effects of aging to safely remain living in their homes.

Department of Health and Human Services - Vocational Rehabilitation

The Vocational Rehabilitation Program of DHHS assists individuals with disabilities to prepare for, gain, keep, or advance in a job. The program works with community partners and businesses to develop job opportunities. Services are provided to individuals with physical or mental disabilities, including those who are deaf or hard of hearing or have vision impairment.

Testimony Committee Considerations

The committee received information from the Department of Labor and Human Rights on the department's role as a compliance agency including enforcement of the Americans with Disabilities Act. The department seeks opportunities for consistency with effective communication policy, discrimination prevention-related training, and the use of technology.

The committee received information from a representative of the School for the Deaf including:

- Barriers to effective communication and strategies for improvement in communication;
- The lack of ASL interpreters and limited use of assistive technology;
- Information on the impact of language deprivation that involves the lack of full access to a natural, understandable language during a child's early critical years of brain development; and
- North Dakota does not mandate newborn hearing screening, but most hospitals test following the benchmarks of the North Dakota Early Hearing Detection and Intervention Program.

A representative of North Dakota Assistive provided information and demonstrations of equipment for deaf and hard of hearing solutions, including real-time captioning and transcription using a cell phone with applications such as live transcribe or flip writer. The organization works to increase awareness, access, ability, and adaption of tools by North Dakotans to overcome limitations.

A representative of the Department of Public Instruction presented information on special education services to individuals who are deaf or hard of hearing. The department reported inconsistent access to qualified interpreters and captioning across school districts, limited opportunities for interpreter professional development, limited access to teachers for individuals who are deaf or hard of hearing support or services, and limited coordination between health systems and schools. Individualized Education Programs are used to determine the least restrictive environment for an individual's learning.

A representative of DHHS testified that hearing and vision screening is not mandated in law and the department partners with the North Dakota Center for Persons with Disabilities at Minot State University to administer the North Dakota Early Hearing Detection and Intervention Program.

A representative of the North Dakota Center for Persons with Disabilities at Minot State University presented information on the North Dakota Dual Sensory Project and the North Dakota Early Hearing Detection and Intervention Program. The project is a federally funded technical assistance and dissemination grant program to support children and youth with combined hearing and vision loss. It provides individualized statewide support and transitional planning to adult services. The goal of program is to ensure babies are screened for hearing loss early with funding from the federal Health Resources and Services Administration and the Centers for Disease Control and Prevention. The testimony indicated North Dakota is one of three states with no mandated hearing screening or reporting.

The NDVS-SB presented information on the services for individuals with low vision or who are blind. The school has regionally based staff across the state to provide services to individuals and have served 58 infants, 34 preschool age children, 77 elementary age children, 44 high school students, and 140 adults since July 1, 2025.

The committee also received testimony from citizens regarding their experiences with hearing and vision impairment.

Conclusion

The committee makes no recommendation regarding the study of accessibility of government services for individuals who are deaf, hard of hearing, have hearing differences, or are visually impaired.

STUDY OF HOMELESSNESS IN NORTH DAKOTA

Section 30 of Senate Bill 2014 (2025) directed a study of homelessness in the state. The study was required to include a review of data and funding available to address homelessness, an analysis of the use of available funds to identify gaps and potential solutions to address homelessness, and input from homeless program service providers.

Definitions

The federal Department of Housing and Urban Development (HUD) defines homeless in four categories:

- Literally homeless includes an individual or family lacking a fixed, regular, and adequate nighttime residence.
- Imminent risk of homelessness includes an individual or family who will imminently lose their primary nighttime residence, provided that:

  Residence will be lost within 14 days;

  No subsequent residence has been identified; and

  The individual or family lacks the resources or support networks needed to obtain other permanent housing.
- Homeless under other federal statutes includes unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless, but who:

  Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days before the homeless assistance application;

  Have experienced persistent instability as measured by two moves or more during the preceding 60 days; and

  Can be expected to continue in that status for an extended time due to special needs or barriers.
- Homeless include an individual who is fleeing or attempting to flee domestic violence.

Background

The January 2023 North Dakota Point-in-Time count of individuals experiencing homelessness on a single night was 784, with 23 percent unsheltered and 77 percent sheltered. The Point-in-Time count is prepared by the North Dakota Continuum of Care (CoC) organization. The committee was informed the number of homeless individuals is difficult to quantify due to multiple definitions of homelessness, the mobility of the population, rural isolation, and the cyclical nature of homelessness for many individuals and families. In addition, homeless individuals often are reluctant to identify themselves as homeless, and many remain unknown to social workers. There is no uniform method for counting the homeless, instead indirect estimation, single contact census, and capture-recapture studies are used to quantify this population. As of August 2025, DOCR reported 863 homeless individuals on community supervision.

The committee received information on the following agencies and programs providing assistance and services to individuals experiencing homelessness.

North Dakota Housing Finance Agency

The North Dakota Housing Finance Agency (NDHFA) oversees programs to provide financial assistance to facilities and programs within North Dakota to identify sheltered and unsheltered homeless individuals, as well as those at risk of homelessness, and to provide services necessary to help those individuals quickly regain stability in permanent housing after experiencing a housing crisis or homelessness.

North Dakota Interagency Council on Homelessness

The North Dakota Interagency Council on Homelessness is a collaboration of city and state government officials and a representative of the North Dakota Coalition for Homeless People. The council was originally established in 2004 by former Governor John Hoeven by Executive Order 2004-09. The order recognized the need to improve access to mainstream resources critical to individuals and families experiencing homelessness. The purpose of the council, as outlined by the executive order, is to:

- Coordinate state policy and working relationships among state agencies to identify and define issues of homelessness in North Dakota.
- Determine comprehensive and effective collaborative strategies and best practices for preventing and ending homelessness in North Dakota.
- Review and analyze the need for and the availability of resources to address the needs of North Dakotans who are homeless.
- Recommend changes necessary to alleviate or prevent the situation of homelessness, including recommendations to the appropriate state agencies and organizations regarding the effective distribution of resources and access to available services and programs.
- Educate other state agencies, legislators, and the public about the causes of homelessness.

- Solicit input from the faith and advocacy communities, the business community, and consumers regarding policy and program development to identify and define issues of homelessness to develop effective collaborative strategies for preventing and ending homelessness in North Dakota.

Housing Incentive Fund

Senate Bill 2210 (2011), codified as Section 54-17-40, established the Housing Incentive Fund as a special revolving fund at the Bank of North Dakota. The NDHFA may direct disbursements from the fund pursuant to a continuing appropriation from the fund. The NDHFA is required to create an annual allocation plan for the distribution of the fund which must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent Federal Register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at, or below fair market rents as determined by HUD. At least 10 percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. Assistance from the fund may be used for:

- New construction, rehabilitation, preservation, or acquisition of a multifamily housing project;
- New construction, rehabilitation, preservation, or acquisition of a single-family housing project in a developing community or a community land trust project;
- Gap assistance, matching funds, and accessibility improvements;
- Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
- Rental assistance, emergency assistance, barrier mitigation, or services designated to prevent or end homelessness.

The balance in the fund was $7.1 million on June 30, 2025, of which $5.4 million was committed to housing projects. The 2025 Legislative Assembly provided for a transfer of $9.85 million from the General Fund to the Housing Incentive Fund for homeless programs during the 2025-27 biennium, a decrease of $3.9 million from the $13.75 million transferred from the General Fund to the Housing Incentive Fund during the 2023-25 biennium. An additional $25 million is being transferred from the Strategic Investment and Improvements Fund to the Housing Incentive Fund for housing projects and programs during the 2025-27 biennium.

Emergency Solutions Grant

The Emergency Solutions Grant (ESG) is a federal program administered by NDHFA designed to provide financial assistance to facilities and programs within the state to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those persons quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. Grant funds are awarded directly to emergency and homeless shelters and agencies throughout the state to provide activities such as operational expenses and essential services, homelessness prevention, and rapid rehousing. Approximately $486,494 of federal funding was available for the grant program for fiscal year 2025. The NDHFA uses North Dakota Homeless Grant funding to provide a 100 percent match, less $100,000, for the state ESG match funding or $386,494. Up to 60 percent of the federal allocation, or $291,896, may be used for street outreach and shelter operation activities. The state matching funds may be used for any eligible ESG component.

North Dakota Homeless Grant

The North Dakota Homeless Grant is a state program administered by NDHFA designed to provide financial assistance to facilities and programs within the state; to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness; and to provide the services necessary to help those persons quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. The program primarily follows the ESG Program definitions and guidelines. Grant funds are awarded directly to emergency and homeless shelters and agencies throughout the state to provide funds for activities such as operational expenses and essential services, homelessness prevention, and rapid rehousing. State funding totaling $964,667 was available for fiscal year 2025.

Continuum of Care

The North Dakota CoC is an unincorporated organization created to fulfill the responsibilities of the federal Homeless Emergency Assistance and Rapid Transition to Housing Act. The CoC is composed of representatives of public and private organizations that plan for and provide a homelessness response system dedicated to preventing and ending homelessness in the state. The CoC's organizational structure is multitiered to ensure broad input from across the state and among stakeholders, while designating staff and leadership to carry out the specific goals and responsibilities of the CoC. The NDHFA acts as the collaborative applicant for the North Dakota CoC. The CoC geographic area encompasses all 53 counties, cities, towns, and unincorporated areas, as well as the five federally recognized Indian tribes. The

membership of the North Dakota CoC includes individuals and organizations participating in its work through committee or workgroup service and planning, other relevant stakeholders, or those experiencing homelessness (24 CFR subpart B 578.5) who sign an annual membership agreement committing to regular participation and representation at all North Dakota CoC meetings. The CoC membership is required to solicit and vote on the board members. The board members include: one representative from each of the eight planning regions within the state, one person with lived experience, one black, indigenous, and people of color member, one LGBTQIA+ member, and two youth action board members.

In 2023, CoC partners served 6,208 homeless individuals in the state, which is a 35 percent increase from 4,606 people in 2020.

Department of Health and Human Services - North Dakota Rent Help

Due to the expiration of federal funding for pandemic-era rental assistance programs, DHHS has begun decreasing the North Dakota Housing Stabilization Program rehousing services for households experiencing homelessness. The program reduced homelessness services due to the September 2025 expiration of federal funding for pandemic-era rental assistance programs.

Department of Commerce - Consolidated Plan

The Department of Commerce Division of Community Services and NDHFA are designated the lead agencies in developing, implementing, monitoring, and reporting on the achievements of the consolidated plan. The plan is a 5-year outlook of the state's housing and community development needs and resources. The plan establishes strategies and prioritizes the use of housing and community development dollars statewide and by planning region. The Division of Community Services prepares the plan using a participatory process at all levels. The annual action plan within the consolidated plan serves as the state's annual application for federal funds distributed as formula grants from HUD. This plan includes a homelessness strategy.

Department of Commerce - Community Development Block Grant Programs

The primary purpose of the Community Development Block Grant Program, as declared by Congress in Title I of the Housing and Community Development Act of 1974, as amended, is "the development of viable communities, by providing decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income." The eligible housing activities include any activity using Community Development Block Grant funds which involves the acquisition or rehabilitation of property to provide housing considered to benefit persons of low and moderate income to the extent the housing will, upon completion, be occupied by individuals at affordable rents. In addition, a majority of the units in a multidwelling building must be occupied by low- and moderate-income individuals at affordable rents. The chart below is the Division of Community Services estimated allocation of these funds to the state for fiscal year 2025.

Fiscal year 2025 allocation	$3,551,615
Add program income	145,371
Total funding	$3,696,986
Less state administration and technical assistance	210,909
Total allocation available for projects	$3,486,077
Less 10 percent unallocated funds	369,699
Total allocation available - Fiscal year 2025	$3,116,378

DEPARTMENT OF PUBLIC INSTRUCTION

The McKinney-Vento Assistance Act is the primary federal law addressing the education of children and youth in homeless situations. The Act protects the right of homeless children and youth to get to, stay in, and be successful in school while they or their families are homeless.

The law focuses on maintaining school stability, school access, and providing support for academic success for homeless children. The law also requires schools and states to use child-centered, best-interest decisionmaking when working with homeless children and their families to choose a homeless child's school, services, and other needed resources.

The 2024 North Dakota Statewide Housing Needs Assessment report published by NDHFA indicates that during the 2023-24 school year, 2,802 school-aged children were identified as lacking a fixed, regular, and adequate nighttime residence. This represents an increase of 57 percent from the 1,788 children lacking a residence in the 2020-21 school year. Children in foster care who reach a maximum age for services and age out of the program face particularly challenging obstacles. A recent study found at least one-third of young adults experience homelessness within 2 years of aging out of foster care. There are 175 homeless liaison positions located in school districts across the state to assist students.

Housing Choice Vouchers

Housing choice vouchers, formerly known as Section 8, provide assistance payments paid directly to a private landlord. The program assists very low-income families, elderly, and individuals with disabilities to afford housing in the public housing market. The Housing Choice Voucher Program is federally funded by HUD and administered by local public housing agencies. To participate in the program, applicants must meet eligibility requirements primarily based on family size and annual income. Those with incomes below 50 percent of the median-income level qualify for the voucher program if they meet other program requirements. However, 75 percent of the vouchers are to be given to individuals and families below 30 percent of the median-income level to ensure the program helps the most vulnerable first and then expands its assistance to others. Residents generally contribute 30 percent of their income as their portion of rent to the landlord.

Mainstream Housing Vouchers

Mainstream vouchers, also administered by local public housing agencies, may be used similarly as housing choice vouchers. Although the wait time is significantly shorter, mainstream vouchers can assist only nonelderly persons with disabilities who are:

- Transitioning out of an institutional or other segregated setting;
- At serious risk of institutionalization; and
- Homeless, or at risk of becoming homeless.

Testimony and Committee Considerations

The committee received testimony from a representative of NDHFA regarding the programs and solutions available through the agency and the North Dakota Interagency Council on Homelessness which was updated by Governor Kelly Armstrong with Executive Order 2025-08. The NDHFA is the lead applicant for federal funding for the North Dakota CoC and is responsible for coordinating the process with its partners. For the 2025-27 biennium, NDHFA was appropriated $25 million for the Housing Incentive Fund to increase the supply of affordable housing, of which $20 million was allocated for multifamily units and $5 million was allocated to single-family housing. There was $9.85 million appropriated for the North Dakota Homeless Grant Program for the 2025-27 biennium.

The committee was informed the North Dakota Interagency Council on Homelessness has met monthly since January 2026 and plans to continue meeting. The council has identified the following themes:

- Federal rental assistance programs are not sufficient to meet the level of need. Most housing authorities have waiting lists.
- The North Dakota Rent Help Program which received temporary federal funding through the American Rescue Plan Act ended in September 2025 and was serving 800 households per month. The North Dakota Homeless Grant Program is serving 40 to 60 households per month.
- The aging homeless population is a growing concern among emergency shelter providers due to increases in this population.
- There is a statewide lack of available and affordable housing.
- Barriers to renters include credit scores, criminal convictions, rent pricing, application fees, and holding fees.
- The Recovery Housing Assistance Program (RHAP), a state-funded option for individuals seeking recovery services in a safe stable living environment for up to 12 weeks, has positive outcomes and is working well.

The council reported lack of affordable housing continues due to population growth, the cost of living and housing, and availability. There are 61,024 households in the state with incomes under $29,041, for which, at this level of income, an affordable monthly housing cost would be $726 at 30 percent of income.

The council is considering the following recommendations:

- Provide funding for the Housing Incentive Fund at current or increased levels.
- Provide funding for the North Dakota Homeless Grant Program at the current or an increased level to meet demand.
- Support DHHS efforts to expand certified community behavioral health clinics.
- Evaluate access and eligibility maintenance to existing economic assistance programs such as the Supplemental Nutrition Assistance Program and child care assistance.
- Increase landlord engagement and market access including incentives and education.

- Educate homeless providers on best practices, landlord mediation, and economic assistance access.
- Consider increasing funding for RHAP from the 2025-27 biennium level of $1.5 million from the General Fund.
- Support the re-entry housing pilot program and data from the Reentry Housing Task Force.

The committee was informed the CoC receives $3.5 million in federal funding annually through the HUD ESG. The program requires matching funds either from NDHFA or service providers. The federal CoC Program includes Tier 1 funding and Tier 2 funding. Tier 1 projects typically are funded and relate to renewal projects and core system infrastructure while Tier 2 funding is more competitive and includes new projects, expansion projects, and domestic violence-related projects. The CoC is responsible for the annual point-in-time count of homeless individuals, the homeless management information system, coordinated entry, and a communitywide plan to end homelessness. The eligible program components include permanent supportive housing, rapid rehousing, transitional housing, supportive services only, homeless management information system, and CoC planning activities.

The Department of Health and Human Services provided information on reasons North Dakotans have difficulty obtaining housing, which include job loss and unemployment, lack of access to child care restricting employment opportunities, reduction in income or working hours, housing and rent struggles, lack of transportation, home stress, physical or mental health issues, transitioning to the community, debt, and food insecurity. The department reported housing costs should not exceed 30 percent of gross income and housing costs generally are the largest share of most household budgets. The department administers many programs to address situations that can trigger a housing crisis, including RHAP, Free Through Recovery, Community Connect, substance use disorder vouchers, Medicaid, emergency services including the Supplemental Nutrition Assistance Program, Women, Infants, and Children Program, and Low-Income Home Energy Assistance Program, Temporary Assistance for Needy Families Program, and child support along with several other programs. The testimony stated programs at NDHFA and DHHS complement each other by offering services to individuals and families that are experiencing a housing crisis or are homeless.

The committee was informed RHAP, administered by DHHS with state funding, provides up to 12 weeks of an eligible individual's living expenses at an approved recovery housing provider for individuals with a substance use disorder and either on a DHHS public assistance program, enrolled in a behavioral health division substance use disorder or community program, or have household income at or below 200 percent of federal poverty guidelines. The program produced the following results:

- 30 percent of individuals are employed at application with 71 percent employed after participation.
- 88 percent maintain no substance or reduce their substance use while in RHAP.
- 80 percent exited to stable housing.
- Homelessness among participants decreased by 46 percent from program entry to completion.

The committee received testimony from DOCR regarding the transitional services available to individuals leaving incarceration. The key programs and services through institutional and community case management services include release planning, assistance in obtaining forms of identification, Medicaid access, employment, and housing, and the Job Placement Partnership Program with Job Service North Dakota. The DOCR collaborates with DHHS on programs including a comprehensive, collaborative mental health evaluation and release planning intervention program. The testimony indicated transitional facilities provide a structured, supportive environment to help individuals successfully reintegrate into society after incarceration. The committee was informed released individuals experience barriers to housing stability including stigma and community resistance, lack of stable affordable housing, eligibility restrictions and documentation gaps, limited re-entry infrastructure in rural areas, behavioral health and substance use challenges, and lack of transportation. Gaps in services include the lack of a standardized housing referral process, lack of financial assistance for deposits and first month's rent, and a lack of affordable housing options the owners of which are willing to rent to individuals that have been involved in the criminal justice system. The testimony indicated there are 876 homeless individuals on supervised release in North Dakota. According to the testimony, the basic needs of food, clothing, shelter, and transportation must be met for rehabilitative efforts to be successful. Once stability is achieved, the individuals may focus on rehabilitation.

The committee received information from other organizations regarding the study, including:

- Bismarck-Burleigh Public Health provided information on a plan for a community triage center in Bismarck, which will act as a single access point for services to assist people in crisis.
- The Fargo-Moorhead Coalition to End Homelessness and the North Dakota Coalition for Homeless People reviewed the five areas of the homelessness response system: outreach and coordination entry, emergency shelter, supportive housing and rapid rehousing, affordable housing and stabilization, and prevention and diversion.

- The Missouri Slope Areawide United Way, Ministry on the Margins, Native, Inc., and the Grand Forks Housing Authority regarding the services offered and the difficulties in meeting the needs of the individuals who are experiencing homelessness.
- The Bismarck Police Department regarding the impact of homelessness on the roles of law enforcement and challenges faced by police officers.
- Presentation Partners in Housing regarding the organization's programs and services, impact and outcomes related to homelessness programs, and state funding for the programs and services. The program uses the "housing first" approach which focuses on securing housing for individuals and assists the individual to obtain supportive services. The Homeless Prevention and Diversion Program, designed to prevent the loss of housing, diverted 404 individuals from homelessness in 2025.
- The Community Action Partnership of North Dakota on the services available across the state and the roles of the organization. The committee was informed the uncertainty in federal funding has impacted long-term planning and investment, workforce, and program continuity. The organization recommends increasing funding for the North Dakota Housing Grant to align funding with demand, stabilize the funding through multiyear commitments, support rural flexibility, increase funding to meet the actual cost of program delivery, allow flexibility in state-funded programs, and expand housing supply and landlord participation.
- Youthworks on its programs and services, including emergency shelter for 12- to 17-year-old youth and transitional housing for 18- to 24-year-old individuals. The committee was informed an estimated 44 percent of former foster care youth have experienced homelessness.

Conclusion

The committee makes no recommendation regarding the study of homelessness in North Dakota.

CHILD CARE PROVIDER LICENSING LAWS AND POLICIES

Section 1 of House Bill 1119 (2025) directed a study of the laws, administrative rules, and policies relating to child care provider licensing. During the study, the Legislative Council was directed to provide a report on its program evaluation of DHHS child care services. The study was required to include input from DHHS, the Child Care Services Advisory Committee, and child care providers.

Background

The Department of Health and Human Services is responsible for the licensure of early childhood service providers in the state. A license serves as permission to legally operate a child care program and provides basic protection to children receiving services. Chapter 50-11.1 sets the general parameters for child care licensing. North Dakota Administrative Code (NDAC) Article 75-03 further defines the child care licensure framework.

North Dakota Century Code

Chapter 50-11.1 governs early childhood services, defined as "the care, supervision, education, or guidance of a child provided in exchange for money, goods, or other services." Early childhood services do not include foster care, education provided in accordance with Title 15.1, child care provided in connection with an organization for less than 4 hours, classes for religious instruction, summer or day camps for children over age 6 for more than 2 weeks, sports activities, Head Start programs, child care in a medical facility to ill children, or United States Department of Defense family child care certification programs.

Except for onsite child care services for fewer than 10 children per location and which are located in the actual building in which the child's parent is employed, a person may not operate a family child care, group child care, preschool, school-age child care, or child care center unless licensed by DHHS.

North Dakota Administrative Code

North Dakota Administrative Code Article 75-03 outlines seven types of child care providers recognized by DHHS. Among these, the department recognizes and administratively regulates two unlicensed provider types, in-home and self declaration providers. The remaining five types, family, group, center, preschool, and school-age providers, must comply with the statutory requirements of North Dakota Century Code Chapter 50-11.1, in addition to the licensing standards provided in NDAC Chapters 75-03-08 through 75-03-11.1, which outline health, safety, and educational requirements for each operation type.

The following is an overview of child care provider types in the state:

Type of Child Care	Statutory Requirements	Traditional Setting	Age Range (Years)	Number of Children	Food Program Eligibility	Assistance Program Eligibility
In-home NDAC Chapter 75-03-07	No	Private residence	0-11	Up to 5	No	No
Self-declaration NDAC Chapter 75-03-07.1	No	Private residence	0-12	Up to 5	No	Yes
Family NDAC Chapter 75-03-08	Yes	Private residence	0-11	Up to 7	Yes	Yes
Group NDAC Chapter 75-03-09	Yes	Private residence or nonresidential building	0-11	Up to 30	Yes	Yes
Center NDAC Chapter 75-03-10	Yes	Nonresidential building	0-11	19 or more	Yes	Yes
Preschool NDAC Chapter 75-03-11	Yes	Varies	2-5	Varies	Yes	No
School-age NDAC Chapter 75-03-11.1	Yes	Varies	5-11	19 or more	Yes	Yes

All child care operation staff members, except for in-home registrants, are mandatory reporters of suspected child abuse or neglect. Applicants may not have committed or pled no contest to certain criminal offenses. Owners, operators, directors, supervisors, teachers, providers, staff members, household members, and any other individuals in proximity to children in care are subject to criminal history record checks. Additionally, an individual with a significant or serious criminal history may not obtain licensure or employment in early childhood services.

The main provider or supervisor for each license type is required to be over age 18 and must meet specific education and training requirements. An individual over age 14 may provide care for children as a staff member under some license types, with parental consent required for individuals under age 16. An applicant, provider, supervisor, or staff member must be of good physical, cognitive, social, and emotional health, and complete all department required training and orientation. The department may require an applicant, provider, or staff member to prove their physical, cognitive, social, and emotional health, if questionable.

In-Home Child Care

After meeting minimum requirements to ensure proper care, supervision, and protection of children in the applicant's care, an in-home provider may register with the department. An in-home provider may provide early childhood services in a private residence for up to five children through age 11, of which no more than three may be under age 24 months.

Self-Declaration

A self-declared provider does not hold an official license but is authorized to provide care and participate in child care assistance benefits. A self-declared applicant may provide care for up to five children under age 12, including the applicant's own children.

Family Child Care License

Family child care is provided in a private residence by a licensed provider. Family child care providers must complete at least 9 hours of department-approved training annually to maintain licensure. Family child care programs are eligible for food and child care assistance. Licensed family child care providers may care for up to seven children, plus an additional two school-age children. The family provider's own children under age 2 must be included in the total.

A provider with a family child care license may either:

- Care for up to three children under the age of 24 months with additional children over 24 months, plus two school-age children; or
- Care for up to four children under the age of 24 months plus school-age children.

Group Child Care License

Licensed group child care may be provided in a private residence or in a nonresidential building, and programs are eligible for food and child care assistance. Group providers may care for up to 30 children, depending on local ordinance. The group child care provider's children under age 2 must be included in the total. The total number of children who may attend at any given time is based on age, adult-to-child ratios, square footage, and point levels. The provider may care for children totaling 1.34 points. However, ratio requirements must be followed, and a group may not contain more than four children under 18 months of age per provider. Each additional adult counts as 1.0 point. Group providers also may care for children according to the family child care guidelines.

Child Care Center License

Licensed child care centers provide child care in nonresidential buildings and are eligible for food and child care assistance programs. A licensed child care center may care for 19 or more children. The total number of children able to attend at any given time is based on age, adult-to-child ratios, square footage, point levels, and maximum group size. Each adult may care for children totaling 1.34 points while complying with ratio and maximum group size requirements.

Preschool Programs

Licensed preschool programs provide part-time care, with programs permitted to operate up to 3 hours per day. Preschools are eligible for the food program, but do not qualify for child care assistance. Care may be provided in several settings, including schools, churches, and nonresidential buildings. Children ages 2 to 5 years are served by preschool programs. The total number of children able to attend at any given time is based on age, adult-to-child ratios, and square footage.

School-Age Care

School-age programs offer care before and after school, as well as on school holidays and throughout the summer. Programs are offered in a number of settings and qualify for both food and child care assistance. The total number of children able to attend at any given time is based on adult-to-child ratios, square footage, and local ordinances.

Testimony and Committee Considerations

The Department of Health and Human Services provided information regarding child care licensing and the licensing process. The department processes an average of 15 to 17 new licenses per month, 75 to 80 renewals per month, and 250 inspections per month. The department provides resources for new child care providers.

The Child Care Services Advisory Committee was established with 11 members, including 4 legislators and 7 members of the public and DHHS employees. Joint meetings were held with the Early Childhood Advisory Board. The committee met during 2026 and reviewed federal law, state law, administrative rules, and policy.

The committee received the final report of the Child Care Services Advisory Committee on child care provider licensing. The advisory committee met during 2026 and reviewed federal law, state law, administrative rules, and policy. The advisory committee made the following recommendations:

- Streamline licensing into three provider types with a preschool designation.

  Registered home-based child care - A private residence registered to provide early childhood services for up to five children from birth through age 12. This group would be license exempt and receive a certificate of registration.

  Licensed home-based child care - A private residence licensed to provide early childhood services, even if it is not the principal place of residence, for 30 or fewer based on square footage, ratio, group size, and city ordinances.

  Licensed center-based child care - A facility licensed to provide early childhood services for children from birth through age 12 based on square footage, ratio, group size, and city ordinance.

  Preschool designation - A designation awarded by the department to a home- or center-based child care program that meets criteria established by the department for implementing a preschool curriculum and course of study.

- Change the staff ratio and group size. Change the age band for infants from less than 18 months age to 0 through 11 months of age and toddlers from 18 to 36 month of age to 12 through 35 months of age. Continue discussion and consideration of a simplified framework for determining ratio and max group size.
- Change qualifications for teaching staff, supervisors, and directors. Allow staff to qualify for different roles based on a combination of education, work experience, and training and professional development.
- Change training requirements and require additional ongoing training requirements in addition to annual safe sleep training and mandated reporter training.
- Align the age of children served with the Child Care Development Fund.
- Encourage DHHS licensing specialists and vendors with quality coaching staff to collaborate with local municipalities to determine ordinances that apply to the operation of a child care business.

The committee considered but did not recommend a bill draft to change the five licensing types into three licensing types with a preschool designation.

Conclusion

The committee makes no recommendation regarding its study of child care provider licensing and policy.

LEGISLATIVE COUNCIL PROGRAM EVALUATION OF DEPARTMENT OF HEALTH AND HUMAN SERVICES CHILD CARE SERVICES

Background

The committee provided oversight of and received the Legislative Council's program evaluation of DHHS child care services. Section 2 of House Bill 1119 (2025) directed the Legislative Council to consider conducting a program evaluation of DHHS child care services. The evaluation was to include:

- Review and analysis of state and federal laws, administrative rules, and policies related to child care.
- Evaluation of the child care services framework, identifying strengths, challenges, and opportunities, including opportunities to streamline the administrative process, to enhance clarity for providers, and to provide services for more children.
- Consideration of licensing requirements, the federal and state assistance programs available, education requirements for program operators, training and certification requirements for staff members, the number of children in an early childhood program, child-to-provider ratios, and square footage requirements.
- Review and analysis of child care funding sources, expenditures, assistance penetration rates, and the distribution of resources to determine whether the program efficiently and effectively uses and distributes resources to support access to affordable and safe child care.
- Review of recently enacted legislation regarding child care services to determine if the policies have been timely implemented and properly administered, including an analysis of measurable goals, performance data, and options to improve enrollment.

Funding

Funding for child care programs during the 2021-23 and 2023-25 bienniums included:

2021-23 Biennium	General	Federal[1]	Other	Total
Child Care Assistance Program (CCAP) - Base	$2,641,620	$18,228,048	$6,917,975	$27,787,643
Inclusion supports/contracts/quality/quality rating improvement system/infrastructure/contract/consultation	4,066,214	2,551,178	0	6,617,392
Total	$6,707,834	$20,779,226	$6,917,975	$34,405,035

[1]2021-23 amounts exclude COVID-19 related funding.

2023-25 Biennium	General	Federal	Other	Total
CCAP	$33,489,759	$34,360,433	$0	$67,850,192
Quality tiers in CCAP	3,000,000	0	0	3,000,000
Employer-led cost-share program	5,000,000	0	0	5,000,000
Grants and shared services	7,000,000	0	0	7,000,000
Infant/toddler bonus payment	15,000,000	0	0	15,000,000
North Dakota Best in Class Program	12,000,000	0	0	12,000,000
Waterford Upstart Program	2,400,000	0	0	2,400,000
Quality/quality rating improvement system infrastructure contract	3,000,000	0	0	3,000,000
Child Care Aware coaching/startup/referral/contract	500,000	0	0	500,000
Partnerships for care during nontraditional hours	1,800,000	0	0	1,800,000
Inclusion supports contract	1,350,000	0	0	1,350,000
Stipends for workers training (Above & Beyond)	2,000,000	0	0	2,000,000
Total	$86,539,759	$34,360,433	$0	$120,900,192

The committee received information on child care funding and related bills approved during the 2023 and 2025 legislative sessions, including:

- House Bill 1540 (2023), provided $3 million from the General Fund to the Office of Management and Budget for state employee child care benefits and $62.6 million from the General Fund to DHHS for the following:

  $22.0 million for investment in CCAP to serve more working families;

  $15.0 million for enhanced CCAP payments for infant and toddler care;

  $3.0 million, which is considered one-time funding, for quality tiers in CCAP;

$2.3 million for waiving a fee to a family whose income does not exceed 30 percent of the state median income for a family of the same size;

$500,000 for providing CCAP application assistance and outreach;

$5.0 million, which is considered one-time funding, for the employer-led child care cost share program;

$7.0 million, which is considered one-time funding, for grants and shared services;

$1.8 million for partnerships care during nontraditional hours;

$2.0 million for stipends of worker training;

$3.0 million, which is considered one-time funding, for quality infrastructure for providers; and

$1.0 million, which is considered one-time funding, for the streamlining background checks project.

- Senate Bill 2012 (2023) appropriated an additional $14.4 million from the General Fund to DHHS for the Best in Class Program to provide a total of $19.9 million.
- House Bill 1012 (2025):

  Included $11 million in one-time funding to DHHS from the General Fund for direct payments to licensed child care providers to support high-quality early childhood care for infants and toddlers. To receive payments from the direct payment program, a provider may not be receiving a CCAP bonus payment, be licensed in the state, and be enrolled in the Bright & Early ND Program with a 2-, 3-, or 4-star rating.

  Expanded the state's eligibility requirements for child care assistance to include out-of-state residents employed by an early childhood program located in the state and approved for the state's child care assistance child care workforce benefit.
- Senate Bill 2282 (2025) created an employer income tax credit for qualified employee child care contributions. The total credit available for each qualified employer is 50 percent of the taxpayer's aggregate child care contributions paid during the taxable year. Beginning with the 2025 tax year, an employer may claim up to $1,000 in credits against state income tax per employee.

Program Evaluation Scope, Findings, and Recommendations

The committee approved the objectives and scope of the program evaluation of child care services as presented by the Legislative Council, including the following focus areas:

- Availability;
- Affordability;
- Quality;
- Workforce; and
- Administration and policy review.

The committee received the program evaluation final report which identified the following:

- The evaluation period was from July 2021 through June 2025.
- CCAP payments increased from $28 million in fiscal year 2022 to $74 million in fiscal year 2025.
- CCAP applications are being processed in a timely manner.
- Child care capacity slots remained relatively consistent during the evaluation period.
- Child care rate increases outpaced inflation and CCAP participation has increased.
- Provider participation and investment in quality initiatives and child care employees professional development participation increased.
- Workforce participation for parents with children under the age of 6 remained steady.

The program evaluation included the following findings and recommendations:

- DHHS does not consistently document specific, measurable, and time-bound goals and objectives.

  DHHS should more clearly define objectives for child care programs, including the development and use of performance measures, metrics, and baselines for affordability, availability, and quality goals.

- DHHS should regularly review objectives and goals.

  Sources of information capable of measuring the impact, success, and efficiency of child care programs were found, but in many cases, the information was not available in a format useable for decisionmaking.

- DHHS should improve the quality and usability of information needed to monitor and evaluate established objectives.

  Inconsistencies were observed within DHHS documentation of the policies and procedures of child care programs. While some inconsistencies reflect changes the department has made to improve processes, the variances impair the ability of the department to communicate clear and consistent information to stakeholders.

- DHHS should standardize the documentation of policies and procedures across child care programs.

The department acknowledged the findings of the report and indicated the department previously recognized three of the findings and was working on improvements and corrective actions.

Conclusion

The committee requested the Legislative Council consider conducting a limited scope followup evaluation of DHHS' CCAP, including the department's budget development process, the effect of the recent policy changes on the budget, and expenditure and utilization reporting for the 2025-27 biennium to date and that the Legislative Council report its findings and recommendations to the Appropriations Committees of the 70th Legislative Assembly.

REPORTS

Community Behavioral Health Program

Section 54-23.3-10(2)(d)(3) requires annual reports from DOCR regarding the status of the Community Behavioral Health Program.

The department reported the Free Through Recovery Program was established in 2015 to improve health care outcomes and reduce recidivism. The report indicated 9,024 individuals have been served by the program, of which 1,612 currently are participating in the program. The cost of the program averages $404 per month compared to the cost of incarceration in the state penitentiary of $155 per day. Funding was increased in the 2025-27 biennium to serve approximately 2,000 individuals. The report indicated the number of providers has increased and access to services has improved. Many inmates are affected by a history of substance abuse and mental health issues.

Ineligible Children Served by the Life Skills and Transition Center

Section 11 of Senate Bill 2112 (2025) required DHHS to provide a report to the Legislative Management every 6 months during the 2025-27 biennium regarding the number of ineligible children served by LSTC. As of November 18, 2025, the department reported three ineligible referrals were received and one of those was admitted, but that child has since transitioned out of LSTC. At the time, 18 eligible children and no ineligible children were being served at LSTC. The department reported using the following strategies to improve community-based services.

- Inpatient capacity to serve youth needs.
- Ruth Meiers Adolescent Center transformation.
- Partial hospitalization program expansion.
- Behavioral health clinic youth specific services expansion.
- System of Care continuum of services (Bismarck and Devils Lake).

As of May 27, 2026, the department reported two ineligible referrals were received and both were declined. At the time, 20 eligible children and no ineligible children were being served at LSTC. In addition, six children were on a waiting list while continuing to receive crisis stabilization support, provider consultation, and collaborative community-based planning efforts to maintain safety and stability within their home communities whenever possible. The reports indicated the facility continues to focus on expanding capacity and strengthening support for youth with complex needs in the least restrictive setting possible.

Basic Care Study

Section 3 of Senate Bill 2271 (2025) required DHHS to provide a report to the Legislative Management by January 31, 2026, and August 31, 2026, regarding progress on the basic care study recommendations addressing the adult residential facility and basic care payment systems and the review of the asset limit for home- and community-based services aged and disabled waiver.

Section 4 of Senate Bill 2271 (2025) required DHHS to provide a report to the Legislative Management by August 30, 2026, regarding the development of a payment model continuum for basic care, assisted living, and adult residential facilities.

On February 11, 2026, the department reported the study, to date, has included the development of a timeline, a review of the current licensing model, a review of the basic care critical incidents, an overview of the medical regulations and authority, and the basic care and adult residential care payment systems. The department reported licensing standards for assisted living should remain separate from basic care with the intention of not increasing regulation of assisted living. Basic care services are paid under the Medicaid personal care services benefit. Medicaid offers no reimbursement for assisted living in North Dakota, while some states offer financial assistance, but do not have basic care.

On September 9, 2026, the department reported the study committee created by the department included providers from basic care facilities, adult residential and assisted living facilities, North Dakota Long Term Care Association staff, consultants from Eide Bailly LLP and Health Management Associates, and DHHS staff. The DHHS committee met six times and has no recommended changes to licensing. The DHHS committee recommends continuing basic care as a Medicaid state plan service, maintaining and refining the current cost-based reimbursement framework, and refining the basic care payment system for greater sustainability and provider accountability for efficiency. The department asserted alternative approaches should be considered to reduce reliance on the basic care system for housing and services for older adults.

Pay for Success Program

Section 50-06-47 requires DHHS to provide an annual report regarding the progress of the Pay for Success Program developed by the department to improve educational, social, or emotional achievements of at-risk children, improve the health of children, and increase participation in the workforce by individuals who qualify for governmental assistance.

The department reported the program has not been implemented and implementing the program could compete directly with the initiatives of the federal Rural Health Transformation Program. House Bill 1480 (2023) directs the Office of Management and Budget to transfer the unobligated balance of the Pay for Success Fund, which is anticipated to be $2.5 million and any investment earnings, to the Strategic Investment and Improvements Fund on July 1, 2027.

Psychiatric Residential Treatment Facilities

Section 2 of Senate Bill 2399 (2025) required DHHS to provide a report to the Legislative Management regarding changes to medical assistance reimbursement of psychiatric residential treatment facilities for direct care costs, including the applicable costs related to clinical supervisions, medical directors, engagement of families in care, therapeutic leave days, an administrative cost cap, and progress toward value-based care.

The department reported:

- Direct care costs were clarified with training and guidance on correct reporting of supervisor salaries.
- Therapeutic leave days were implemented on January 1, 2026, at $500 per day.
- The administrative maximum increased to 17 percent with the January 1, 2026, rates.

Myers and Stauffer LC, Certified Public Accountants, were retained by the department to study the rate model and value-based purchasing for psychiatric residential treatment facilities. The consultants contracted to:

- Conduct a thorough landscape analysis of the psychiatric residential treatment facility (PRTF) environment including existing practices and policies and rates and costs.
- Create a rate model for PRTF to include value-based purchasing.
- Include a payment mode that is operationally feasible, financially predictable and sustainable, and appropriate for the North Dakota PRTF environment.

The consultants recommended an annual prospective global budget with a value-based purchasing quality performance incentive component be implemented in a multiyear phased approach for North Dakota psychiatric residential treatment facilities. The global budget would be based on historical utilization and financial data from cost report information to provide predictable and stable funding that aligns with the fixed cost nature of PRTFs. The value-based purchasing quality performance component introduces measured accountability over time with pay for reporting that shifts to pay for performance to support long-term alignment with quality and outcomes-based care concepts.

The recommendations require statutory and funding changes to implement; however, cost estimates were not yet available.

DIRECT PAYMENTS TO LICENSED CHILD CARE PROVIDERS

Infants and Toddler Support

Section 21 of House Bill 1015 (2025) required DHHS to report to the Legislative Management regarding direct payments made to licensed child care providers to support high-quality early childhood care for infants and toddlers and the effectiveness of the direct payment program.

The department reported the application form for the new infant and toddler payments was kept brief and communicated to both families and providers using various methods. Through April 2026, bonus payments were provided to 155 CCAP providers caring for 978 children and 167 non-CCAP providers caring for 2,297 children. The providers have used the funds for workforce stabilization and quality improvements. The department anticipates spending $7 million of the $11 million appropriated for the program.

Alternatives to Placement in the Life Skills and Transition Center

Section 12 of Senate Bill 2112 (2025) required DHHS to report to the Legislative Management by March 1, 2026, regarding the study of alternatives to placement at LSTC.

The department reported the study reviewed current system capacity, service gaps, workforce limitations, residential treatment utilization, and opportunities to strengthen North Dakota's continuum of behavioral health care for children and youth.

The study identified the investments made in behavioral health services for youth, including expansion of community behavioral clinics, implementation of evidence-based intensive home- and community-based treatment models, and enhancement of psychiatric residential treatment facility practices. The study found the state's system is not fully aligned across behavioral health, child welfare, juvenile justice, developmental disabilities, education, and health care systems. The fragmentation contributes to delays in treatment access, increased reliance on inpatient and residential settings, and inconsistent diversion opportunities for youth.

The recommendations resulting from the study to address these challenges are:

- Increase behavioral health workforce recruitment, retention, and training capacity.
- Develop youth-specific crisis stabilization and response.
- Enhance rural behavioral health infrastructure through partnerships and telebehavioral health expansion.
- Strengthen care coordination across systems and levels of care.

The report noted that while alternatives to LSTC placement exist, additional system development is necessary to ensure youth with the most complex behavioral health needs can safely remain connected to their families, schools, and communities whenever possible.

Department of Health and Human Services

Developmental Disabilities Payment System Steering Committee

Section 50-06-37 requires DHHS and the DHHS Developmental Disabilities Payment System Steering Committee to report to the Legislative Management regarding the developmental disabilities system reimbursement project on developmental activities and status information for the project.

The department reported a decrease in the total LSTC residential utilization to 48 children, the 1915(c) home and community based services (HCBS) waiver utilization has increased to 6,695, and the HCBS development disabilities providers have increased to 51 as of April 2026.

The department reported the prospective payment system has been operational for over 8 years with available data confirming the system is functioning as designed. The steering committee recommends removing the language requiring a steering committee from Section 50-06-37(5), transition to a broader developmentally disabled stakeholder group, and expand the focus beyond payment structure alone.

Tribal Health Care

Section 50-24.1-40(4) requires DHHS to report to the Legislative Management before August of each even-numbered year on the Tribal Health Care Coordination Fund and tribal government use of money distributed from the fund.

The department reported 2016 federal Centers for Medicare and Medicaid Services guidance allows qualifying Medicaid services provided through Indian Health Services and tribal facilities, including referred services under care coordination agreements, to receive 100 percent federal funds rather than federal funds based on the state's federal

medical assistance percentage. The Legislative Assembly enacted a tribal care coordination law in 2019 and amended it in 2021 and 2025. Current provisions direct 80 percent of the savings to the Tribal Health Care Coordination Fund and 20 percent to the state General Fund.

The department reported the program is fully operational with the Standing Rock Sioux Tribe joining the Three Affiliated Tribes and Turtle Mountain Band of Chippewa Indians in the program. The report indicated the total savings have been $1.1 million with $880,000 provided to the tribes and $220,000 to the General Fund. The funds may be used for 10 essential public health services, development or enhancement of community health representative programs, or public health infrastructure and capital projects. The program has increased federal funding available to North Dakota, supported tribal public health systems, and reduced state Medicaid costs. The report stated the goals of the program are to expand tribal participation, increase provider agreements, and support long-term tribal investments.

Family Caregiver Service Pilot Project

Section 50-24.1-47 requires DHHS to report to the Legislative Management on the impact, usage, and costs associated with the family caregiver service pilot project.

The department reported 75 applications have been approved, no applications are pending, 137 individuals are on the wait list, and 198 applications were denied during the period July 1, 2025, through April 30, 2026. A recent North Dakota Supreme Court ruling required an update to the assessment scoring process for applications in NDAC Chapter 75-02-13 and no applications may be processed until the rule changes become effective. The total funds appropriated for direct service are $7,300,000 for the 2025-27 biennium. Of this amount, $6,328,757 million has been approved for spending, $553,417 is being held for appeals, and the remaining funds for the biennium are $417,826.

Children's Health Insurance Program

Section 50-29-02 requires DHHS to report to the Legislative Management annually describing enrollment statistics and costs associated with the Children's Health Insurance Program state plan.

The department reported during calendar year 2025, program enrollment increased from 5,338 in January to 5,700 in December, an increase of 6.8 percent. The program covers children with family incomes between 152 percent and 205 percent of the federal poverty level. If a family's income is below that level, the child is covered with regular Medicaid and the coverage is the same. The state receives a higher level of federal matching funds of 66 percent under the Children's Health Insurance Program compared to 52.91 percent under regular Medicaid during federal fiscal year 2027.

Long-Term Structured Residences

Section 36 of House Bill 1012 (2025) required DHHS to report to the Legislative Management by October 1, 2026, regarding its plan to establish long-term structured residences for individuals with serious mental illness (SMI).

The department reported North Dakota's public behavioral health system serves a significant population of adults with mental illness, including approximately 38,810 individuals with SMI. Many of these individuals experience co-occurring substance use disorders, housing instability, unemployment, and repeated crises. The report indicated while the public behavioral health system offers a broad continuum of care including outpatient services, crisis response, inpatient psychiatric hospitalization, transitional living facilities, gaps remain for individuals who cycle repeatedly through acute care settings or cannot be stabilized long-term in community-based services. The department has identified a missing "step in care" between intensive community-based services and acute inpatient hospitalization, specifically, structured residential treatment for individuals who no longer benefit from hospital-level care but cannot safely live in community settings. According to the report, a review of other states, including Pennsylvania, Ohio, Minnesota, Texas, and Iowa, revealed many states have codified residential levels of care within statute or administrative rule.

The department recommends codifying a long-term structured residential level of care in North Dakota. The report asserts establishing such a service is expected to strengthen the behavioral health continuum, reduce cycling through crisis and inpatient care, improve stability for individuals with SMI, and support more efficient and equitable use of the overall system of care.

Developmental Disabilities Accreditation Study

Section 49 of House Bill 1012 (2025) requires DHHS to report to the Legislative Management by September 1, 2026, regarding the department's findings and recommendations relating to its study of accreditation requirements and provider costs for serving individuals with intellectual and developmental disabilities.

Report

The department reported the following regarding accreditation for developmental disabilities providers:

- Accreditation goes beyond regulatory compliance to promote quality, person-centered services, and continuous improvement. It is an independent review measured against national standards.
- North Dakota includes the requirement in the Administrative Code, which became part of the quality framework in 1982 during reforms associated with the *ARC v. North Dakota* lawsuit, and provides an external mechanism for quality oversight, continuous improvement, and accountability.
- There are five accrediting organizations with The Council on Quality and Leadership being the preferred accreditor.
- Provider concerns include cost, staff capacity, duplication with state licensing, and service scope.
- Consideration should be given to quality oversight as North Dakota's quality system does not cover all areas, state reviews are limited in scope, accreditation provides more frequent reviews, and the internal developmental disabilities section capacity as the number of providers continue to expand.
- Only four states require accreditation and eight have an optional status.
- An average size organization with 31 to 500 people served will spend $18,000 for quality service accreditation for a 3-year term or $22,500 for a person-centered excellence accreditation every 4 years.
- Three in four providers will spend 2 percent or less of annual service revenue on accreditation.

The report indicated the options available for accreditation are:

- Maintain the current requirements.
- Make accreditation optional. DHHS would need to adjust its internal quality control activities based on whether the provider chose to be certified. Quality assurance processes would need to be modified or developed to address gaps that need to be addressed by the department.
- Eliminate the accreditation requirement. DHHS would need to conduct a comprehensive gap analysis to identify quality functions currently supported through accreditation. Potential changes may include DHHS adjusting the frequency and scope of quality assurance visits and creating new quality assurance processes or monitoring activities. It is estimated it would require an additional FTE to implement the changes.

According to the report, accreditation could not end immediately because:

- Accreditation is contained in the Administrative Code.
- Federal waiver requirements, including accreditation references within the 1915(c) HCBS waiver, would require review, potential amendment, and approval.
- Quality oversight would need to be evaluated and incorporated into DHHS review and monitoring.
- Provider transition would need to be coordinated with accreditation cycles to avoid unnecessary cost, duplication, or gaps in oversight during implementation.

Medicaid Expansion Provider Rates

Section 50-24.1-37 requires DHHS to report to the Legislative Management before August 1 of each even-numbered year, regarding provider reimbursement rates under the Medical Assistance Expansion Program.

The department reported using an actuary to conduct a high-level analysis and comparison of inpatient, outpatient, and professional Medicare and Medicaid rate comparisons using the calendar year 2024 data period. The department also reviewed Blue Cross Blue Shield of North Dakota data for comparison of inpatient and outpatient results to Medicare.

Medicaid Expansion Provider Rates			
Service Category	**Calendar Year 2018 Percent of Medicare**	**Calendar Year 2022 Percent of Medicare**	**Calendar Year 2024 Percent of Medicare**
Inpatient	166.0%	160.5%	177.2%
Outpatient	170.1%	159.6%	150.9%
Professional	175.2%	144.3%	127.7%
Total	170.1%	155.5%	153.2%

Section 29 of Senate Bill 1012 (2025) required managed care organization premium payments to be determined using the assumption that rates paid to providers under the Medical Assistance Expansion Program may not exceed 145 percent of Medicare reimbursement rates paid to providers on January 1, 2025.

Calendar year 2027 premium payments are in development by the actuary in conjunction with DHHS and Blue Cross Blue Shield of North Dakota. The department is seeking clarification from the Centers for Medicare and Medicaid Services on how federal changes to state-directed payment rules may impact Medicaid Expansion as it could potentially reduce the maximum rate.

Children's Cabinet

Section 1 of Senate Bill 2176 (2025) and Section 54-07-13 require the Children's Cabinet to provide an annual report to the Legislative Management regarding the activities and findings of the cabinet and other designated working groups on children and family issues.

Representatives of the cabinet reported the cabinet established core values, vision, and mission statements and strategic goals as follows:

- **Vision** - The cabinet ensures all children are prepared and successful, equipped with the skills, knowledge, and resilience to thrive in an ever-changing world.
- **Mission** - The cabinet collaborates to elevate what works and drives toward a seamless network of services and supports that meet the needs of every child and family.
- **Values** - 360-degree communication, optimism, and accountability.
- **Strategic goals**

  Strengthen foundational elements of the cabinet through the development and communication of a strategic plan.

  Define, measure, and report out on the status of child well-being in North Dakota.

  Identify and elevate promising practices to advance a seamless network of services and support throughout North Dakota.

The cabinet reported it has three workgroups: strategic planning, early childhood, and youth with complex needs. The strategic planning workgroup focuses on child well-being themes; the early childhood workgroup focuses on school readiness and policy development; and the youth with complex needs workgroup focuses on regional studies and coordination of efforts. The cabinet also is focusing on child care providers and school readiness.