

**2013 HOUSE HUMAN SERVICES**

**HB 1422**

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
January 28, 2013  
Job #17820

☐ Conference Committee

Committee Clerk Signature

*Vicky Crabtree*

### Explanation or reason for introduction of bill/resolution:

To provide an appropriation to the DHS for child care stabilization initiate.

### Minutes:

Testimonies #1-9

Chairman Weisz: Opened the hearing on 1422.

Rep. Kathy Hawkens: Introduced and supported the bill. Our young children need a quality place to be. How do we insure that those places the children are going to are good ones? We tried a pilot a few years ago to train people. That is working well. Centers are on the verge of closing. The bill before you is a solution to the crisis. We need a study that looks at child care, early childhood, Head Start, pre-K, K-12 and look at licensing and regulation and look at where it is. I think this is a good bill. We would like another amendment added on, "centers changed to program".

6:00 Chairman Weisz: Regarding the details of the funding, should we ask you or someone else?

Rep. Hawkens: I actually know as we looked at 1500 different scenarios on how we do begin? The smart people can give you a better answer than I can.

Rep. Oversen: Is programs inclusive enough to encompass both in home centers, everything?

Rep. Hawkens: That includes everything.

Rep. Porter: On your study point, do you think this should be a funded study done through DPI and dollar amount you think it should take?

Rep. Hawkens: My wish is it would be a funded study and I don't know how much that would be, but I can find out.

Rep. Porter: Do you have a list compiled of what the state is currently providing in funding program dollars, training, the Dept. of Commerce, components and the whole thing on one spread sheet?

Rep. Hawkens: We could get that to you.

Rep. Porter: Even down to the latch key programs and the whole component as it flows through the state so that we can see all the programs and funding participation that the state and Federal dollars go to?

Rep. Hawkens: The afterschool program would be outside of what we have worked on, but it doesn't mean we can't find it.

Rep. Fehr: If this is funded could it make a difference in our workforce and available workers? Many workers have moved up here to work, but their families are not here. Would it make a difference to those families if they moved to our state?

Rep. Hawkens: Child care has a piece of economic development. I believe it would help quite a bit.

Rep. Frantsvog: Sponsored and testified in support of the bill. I ran across this statistic, "76.7% of ND mothers with children ages 0 to 5 are in the workplace affecting 31,057. This percentage is the second highest in the nation". Another bit of information, "Collectively oil and gas producing counties have 18 child care centers for 1,454 children. Nine of the eighteen centers with the capacity to care for 500 children will close within months if they don't secure significant assistance to stabilize their operation". We have a problem. There is increased cost of goods and services and a need for salaries to recruit and retain employees. There is an increase cost for child care services that have not kept up with the increase in fees. Treat these children with care and respect as they will be filling our seats tomorrow. I urge a Do Pass on HB 1422.

14:16 Sen. Joan Heckaman: From District 23, New Rockford introduced and supported the bill. (See Testimony #1)

16:50 Linda Reinicke: Program Director for Child Care Resource & Referral testified in support of the bill. (See Testimony #2) (Handed in Testimony #3 for Earleen Fietz)

25:26 Chairman Weisz: Why are you allocated in the East \$1500 per child and then the West \$2700 per child?

Reinicke: Because the \$1500 was not including child care providers. There wasn't enough incentive to bring them into the industry so we increased the incentive and marketed that. We were then successful in bringing child care providers and helping them start in their homes.

Rep. Fehr: Programs receiving incentives will receive technical assistance. So this money will not go for operating costs or salary, just too technical assistance? Could you explain that?

Reinicke: \$7 million would go to oil country centers. \$6 million would go to centers through incentive grants in the rest of the state and the technical assistance that would come from our shop would be \$1.6 million.

Rep. Fehr: Is the \$7 million technical assistance? That is how I interpret it from your testimony.

Reinicke: If that is how it reads that was not the intent. The \$7 million goes straight to the program.

Rep. Fehr: What is exactly is being funded? They submit a grant, but is it funded for operations, salaries or whatever they write in it?

Reinicke: The consultants we provide to the centers would help them to determine where the best place is to use those dollars. It could be for any of the above.

Rep. Laning: Looking at the cost of the program, is there in place now a graduated scale or a flat fee?

Reinicke: Currently, the DHS manages the child care assistance program which provides subsidy on a sliding fee scale for low income families. I would defer questions of detail to the DHS.

Rep. Mooney: Walk me through your process and how do you determine how money would be facilitated out?

Reinicke: I'll refer to another colleague.

Rep. Porter: Do you think some of the child care in the state is over regulated and some of the ratios can be adjusted to allow the providers the ability to make more money of a given employee.

Reinicke: We work with these programs we work with policies and procedures and eke out every last dime we can find for them. In the oil country it is beyond what good child care business practices can push back. It is the increased staffing costs and increased food costs. We have looked at budgets. Many centers can refine their business practices and that would be the first step we would take. The second regarding rules and regulations, ND is in the middle of how states regulate child care. The regulations protect children, staff, and owners.

Rep. Porter: You are asking us to pick winners and losers and fund only 27 child care programs where the biggest impact is and fund 40-60 in other areas. How are we going to be assured that we aren't picking winners and losers? Why would we put money into areas of the state that don't need it?

Reinicke: The 27 programs in oil country are centers and large group facilities that are most at risk. The child care programs in those areas have needs. I will defer to my counterpart for the eastern part of the state.



Rep. Porter: In the 27 in oil country, how many are run by non-profits or government entities?

Reinicke: I can't give you an exact number. Maybe 50/50 for profit and others are non-profit. We don't have any government run entities.

Rep. Kiefert: Could you or someone from the group provide a breakdown of what the stabilization incentive grants would curtail?

39:17 Carol Lembke: Director of Child Care Resource and Referral Program serving eastern ND testified in support of the bill. (See Testimony #4)

53:05 Rep. Laning: Do you have any percentage figures on companies that provide a percentage to daycare for their employees?

Lembke: Haven't done a formal survey of businesses.

Rep. Porter: Inside of the bill there are 11 full time equivalent individuals. Do you see those as state employees or where do they exist inside this bill?

Lembke: Under the current child care initiative that effort in dollars is contracted to us from the DHS and we would be in conversations with them who will also let me make those decisions as to how that would play out. Because of statewide coverage I could see it the (inaudible) arena.

Rep. Mooney: You stated this is a pilot program that is currently in existence in Cass Co. Is that a direct correlation as to why Cass Co. shows up as a white spot on the map?

Lembke: I can't say that is definite. Cass Co. has slipped down to 47% because of the influx of children that child care capacity has not kept up with.

Rep. Fehr: I've been told that the regulations required an outdoor facility in places. Is there truth to that and does this or any other planning group looking at regulations and how it impacts the free market?

Lembke: There are some licensing requirements. It does depend on each setting. The DHS has an advisory committee that helps them with regulations made up of members from the industry.

58:03 Linda Skarismo: Operates a child care center at the YWCA in Fargo testified in support of the bill. (See Testimony #5)

1:00:59 Rep. Porter: As a non-profit organization, would it be possible to get your financial statements to see what the margins are inside this industry.

Skarismo: Absolutely. This last year was a tough year for us and luckily we had the (inaudible) money to fall back on.

Rep. Porter: When looking at our licensure requirements and as children get older and we have a ratio of 7 to 1 in the preschool arena, and then later they are in a program that is at the school system where it is 14-20 to 1; are we over regulating the ratios and the industry so that they can't be successful in ND?

Skarismo: Have you ever tried to take care of 8 infants by yourself or 14 three year olds and in the same room and make sure they are safe? I stand firmly in the ratios we have because that's a safe level. For the money it is a great idea, but for safety we need to stick with what we have.

Rep. Anderson: Is there national standards for the ratios or is that just the state?

Skarismo: There are guidelines of 1-3 ratio. The range 1-3 or 1-4 is good range.

1:05 Sherry Wagner: Testified in support of the bill. We only offer \$8-12 an hour and we are getting uneducated people applying and we have to hire them because we can't get others to apply for those wages. Groceries have skyrocketed. Food bills are going up 45% in some places. We will have to start charging \$300 a week if we raise our wages to \$12-15 an hour. Parents can't afford that. Ninety percent of child development is by the time they are five. New hire workers don't understand child development. Our current care givers are burned out and leaving. We won't be in business any longer if it continues like this.

1:11:50 Rep. Fehr: You have a center in Minot and what if you are one of those centers that doesn't get the grant funding, what does that mean to you?

Wagner: If the centers wanted it, they would have access to apply for it. If they don't want to do the work that is needed to be done, then that's not my problem. I'd do the work.

1:13:48 Lavonne Beyerle: Runs three centers. I have trouble finding staff in Minot in a larger city so I had to turn down two requests in smaller cities. Large turnover impacts the children. The learning is stunted this year. I've had a parent that told me he couldn't handle the new rates. When I told him I couldn't give him a break, he said he come up with the money somehow because this place was all the kids knew.

1:19:16 Dalene Dobitz: Director of Tot-Lot Childcare in Bowman testified in support of the bill. (See [Testimony #6](#))

1:23:58 Rep. Porter: On your back page of testimony you go through a math scenario for us. Can you tell us how much of your grocery bill is paid for with other funds or other program dollars through the state or federal government? How many kids are enrolled through human services where there is a partial payment coming from the state of ND?

Dobitz: At this particular time we don't have any children eligible for services. All my parents are paying the full fees. We are no longer on the food program. We are trying to get set up so we can receive funding through the adult and child food program. Few if any of the parents would fit into those guidelines so we could receive the free or reduced rates. It

would come to about 61 cents a day supplement when we become part of that program. A gallon of milk is over \$5. I go through 3-4 gallons of milk per day.

Rep. Porter: In your scenario you talk about someone with two children earning \$10 an hour, would that person qualify for an assistance program or not.

Dobitz: Probably not, but defer to someone else that question.

Bethel Odahlen: From Minot and represent the parents. I was surprised by the lack of places for our children to go to child care when we moved back to ND. I was shocked that I had to pay the same amount of money for daycare as I did in the big city and I make less wages here. The places that were open I felt were not safe for my children. I found a center in Minot that takes good care of my children now.

1:34:20 Janet Bassingwaite: Represented the members of ND Association for the Education of Young Children testified in support of the bill. (See Testimony #7) (Handed out testimony for Paul Ronnigan representing Children's Defense Fund ND (See Testimony #8)

Chairman Weisz: We will conclude this hearing at 2:30 p.m. and we will keep this hearing open. We will recess until 2:30 p.m. this afternoon.

Handed In Testimony

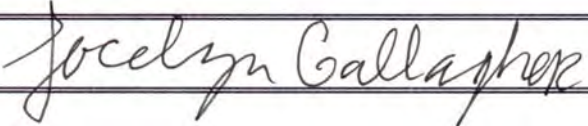
Renee Stromme: (See Testimony #9)

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
January 28, 2013  
17834

☐ Conference Committee



### Explanation or reason for introduction of bill/resolution:

Provide an appropriation to DHS for child stabilization initiative.

### Minutes:

attached testimony 1, 2, 3

**Chairman Weisz:** Reopened the hearing on HB 1422 in the afternoon.

**Mariette Krog, West Fargo:** (1:00- 4:40) (No written testimony) I was a registered provider for over six years, and had a family license moved up to 7 with the help of childcare resource/referral. Then I moved up to a group license of 12. I currently have 7 kids enrolled and two have school. I have three part-time staff. I received an \$1800 grant for start-up costs. I have on my waiting list 11 children which none are from ND. Some of the technical assistance received was at no cost to me and no cost to the state. I'm leasing a building for \$2500 for three years which it is usually \$5000 per month.

**Cal Klewin, Representing the Economic Development Association of ND:** (5:35- 6:12)  
(See Testimony #1)

**Chairman Weisz:** Any questions from the committee for Cal? Further testimony in support of HB 1422? Any opposition? Rep. Mooney has some testimony also in support.

**Rep. Mooney:** Provided a written testimony from Melissa Beach, Economic Development Director for Trail County. It referenced the same things Cal had mentioned on an impact on the economic development level.

**Rep. Porter:** Is there a repository of sorts of the programs that are available right now that we've done through commerce through human services and that we can see a flow chart of everything available for a provider today?

**Jennifer Barry, From DHS:** I could probably get you that. I have numbers in front of me of what we flow through our division.

**Rep. Porter:** I would like to have a better understanding of everything that is available to the programs. I would be interested in is when we are dealing with for profit and non-profit are we talking apples and oranges, do they have same expenses, etc.?

**Jennifer Barry:** You would like a summary of all the services that child care providers have access too, so a summary of services versus dollars available?

**Rep. Porter:** A summary would be ok, but we need to look at the eligibility of requirements for services since not everyone is working with that set of individuals who may or may not be eligible. Inside of our regulations we need to see where we sit in comparison to the region on number of staff versus kids.

**Jennifer Barry:** We have a summary of how we sit compared to other states. We do require 75 square feet per child useable outdoor space. We have outdoor space off site that has been approved by DHS for programs that has a useable facility without adequate outdoor play space.

**Chairman Weisz:** Closed the hearing on HB 1422.



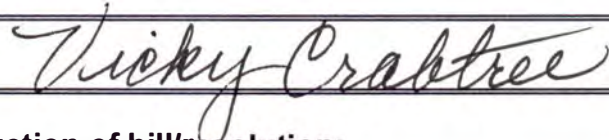
# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
February 11, 2013  
Job #18726

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Provide an appropriation to DHS for child stabilization initiative.

### Minutes:

See Attachment #1

Chairman Weisz: (Tape off for part of meeting.) How did you arrive at the numbers?

Rep. Porter: (See Attachment 1) On the actual group size we are treading new ground. Out of the nine states identified only 4 have a maximum group size. The others have nothing and are based on their square footage that is allowed. In ND, so you are clear on moving that to 30; I wouldn't have a problem of moving that and taking it completely out because it is based on the square footage available and local city ordinances can have a more restrictive ordinance in place than what we do. That number is based on the local building and field codes a lot of the time. Bumping it up by 12 would be a good start to see if it will fix some of the burdens inside of the child care industry.

Rep. Damschen: I would have liked to have seen in Section 2, exemptions as specified as companies operating onsite child care.

Rep. Porter: I think that would be a friendly amendment.

Rep. Damschen: To add, "onsite" to Section 2 of the amendment.

Rep. Porter: I have no problem added that to correct that.

Rep. Mooney: On Section 4, the numbers seem too high and putting children at risk. Don't think throwing numbers out is the right answer.

Rep. Oversen: I think cutting \$13 million is a drastic downsize to childcare. I don't think we should be supporting the amendments as stated.

Rep. Looyen: On Section 4, those are upper limits correct and they don't have to increase the children they take care of do they?

Rep. Porter: No they don't.



Rep. Silbernagel: Most of these perimeters are established by the municipal government also.

VOICE VOTE: MOTION CARRIED

Rep. Fehr: I move a Do Pass as amended and re-refer to Appropriations.

Rep. Anderson: Second.

ROLL CALL VOTE: 12 y 1 n 0 absent

Bill Carrier: Rep. Porter

VK  
2/12/13  
1082

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1422

Page 1, line 1, after the first "to" insert "create and enact a new subsection to section 50-11.1-03 and two new sections to chapter 50-11.1 of the North Dakota Century Code, relating to staffing as group sizes for licensed child care; to amend and reenact subsection 9 of section 50-11.1-02 of the North Dakota Century Code, relating to the definition of group child care; and to"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Subsection 9 of section 50-11.1-02 of the North Dakota Century Code is amended and reenacted as follows:

9. "Group child care" means a child care program licensed to provide early childhood services for eighteen~~thirty~~ or fewer children.

**SECTION 2.** A new subsection to section 50-11.1-03 of the North Dakota Century Code is created and enacted as follows:

A license is not required for onsite child care provided by an employer for the children of employees which is not open to the public.

**SECTION 3.** A new section to chapter 50-11.1 of the North Dakota Century Code is created and enacted as follows:

**Play area regulation.**

The department may not require the recreation areas used by children in a facility licensed under this chapter to be indoors.

**SECTION 4.** A new section to chapter 50-11.1 of the North Dakota Century Code is created and enacted as follows:

**Staffing requirements.**

1. The operator shall ensure that the center or group child care facility is sufficiently staffed at all times to meet the child-to-staff ratios for children in attendance and that no more children than the licensed capacity are served at one time.
2. The minimum ratio of staff members responsible for caring for or teaching children to children in a child care center and a group child care facility and maximum group size of children must be:
  - a. If all children in care are less than eighteen months of age, one staff member may care for five children, a ratio of .20 in decimal form, with a maximum group size of ten children with two staff members;
  - b. If all children in care are eighteen months of age to thirty-six months of age, one staff member may care for seven children, a ratio of .14 in

decimal form, with a maximum group size of fifteen children with two staff members;

- c. If all children in care are three years of age to four years of age, one staff member may care for ten children, a ratio of .10 in decimal form, with a maximum group size of twenty children with two staff members;
- d. If all children in care are four years of age to five years of age, one staff member may care for twelve children, a ratio of .08 in decimal form, with a maximum group size of twenty-five children with two staff members;
- e. If all children in care are five years of age to six years of age, one staff member may care for fifteen children, a ratio of .05 in decimal form, with a maximum group size of thirty children with two staff members; and
- f. If all children in care are six years of age to twelve years of age, one staff member may care for an unlimited number of children."

Page 1, line 5, replace "\$15,425,000" with "\$2,100,000"

Page 1, remove lines 11 through 14

Renumber accordingly

Date: 2-11-13  
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

House Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Porter Seconded By Rep. Fehr

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN WEISZ			REP. MOONEY		
VICE-CHAIRMAN HOFSTAD			REP. MUSCHA		
REP. ANDERSON			REP. OVERSEN		
REP. DAMSCHEN					
REP. FEHR					
REP. KIEFERT					
REP. LANING					
REP. LOOYSEN					
REP. PORTER					
REP. SILBERNAGEL					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

ADD in  
SECTION 2  
"ONSITE"

cut appropriation to \$2,100,000

Voice Vote.  
Motion Carried

Date: 2-11-13  
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

House Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment  
☒ Rerefer to Appropriations ☐ Reconsider

Motion Made By \_\_\_\_\_ Seconded By \_\_\_\_\_

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN WEISZ	✓		REP. MOONEY		✓
VICE-CHAIRMAN HOFSTAD	✓		REP. MUSCHA	✓	
REP. ANDERSON	✓		REP. OVERSEN	✓	
REP. DAMSCHEN	✓				
REP. FEHR	✓				
REP. KIEFERT	✓				
REP. LANING	✓				
REP. LOOYSEN	✓				
REP. PORTER	✓				
REP. SILBERNAGEL	✓				

Total (Yes) 12 No 1

Absent \_\_\_\_\_

Floor Assignment Rep. Porter

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



**REPORT OF STANDING COMMITTEE**

**HB 1422: Human Services Committee (Rep. Weisz, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (12 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). HB 1422 was placed on the Sixth order on the calendar.

Page 1, line 1, after the first "to" insert "create and enact a new subsection to section 50-11.1-03 and two new sections to chapter 50-11.1 of the North Dakota Century Code, relating to staffing as group sizes for licensed child care; to amend and reenact subsection 9 of section 50-11.1-02 of the North Dakota Century Code, relating to the definition of group child care; and to"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Subsection 9 of section 50-11.1-02 of the North Dakota Century Code is amended and reenacted as follows:

9. "Group child care" means a child care program licensed to provide early childhood services for ~~eighteen~~thirty or fewer children.

**SECTION 2.** A new subsection to section 50-11.1-03 of the North Dakota Century Code is created and enacted as follows:

A license is not required for onsite child care provided by an employer for the children of employees which is not open to the public.

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  - b. If all children in care are eighteen months of age to thirty-six months of age, one staff member may care for seven children, a ratio of .14 in decimal form, with a maximum group size of fifteen children with two staff members;
  - c. If all children in care are three years of age to four years of age, one staff member may care for ten children, a ratio of .10 in decimal



form, with a maximum group size of twenty children with two staff members;

- d. If all children in care are four years of age to five years of age, one staff member may care for twelve children, a ratio of .08 in decimal form, with a maximum group size of twenty-five children with two staff members;
- e. If all children in care are five years of age to six years of age, one staff member may care for fifteen children, a ratio of .05 in decimal form, with a maximum group size of thirty children with two staff members; and
- f. If all children in care are six years of age to twelve years of age, one staff member may care for an unlimited number of children."

Page 1, line 5, replace "\$15,425,000" with "\$2,100,000"

Page 1, remove lines 11 through 14

Renumber accordingly

**2013 HOUSE APPROPRIATIONS**

**HB 1422**

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Appropriations Committee Roughrider Room, State Capitol

HB 1422  
2/15/13  
Job 19072

☐ Conference Committee

Committee Clerk Signature

*Meredith Traubert*

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 50-11.1-03 and two new sections to chapter 50-11.1 of the North Dakota Century Code, relating to staffing as group sizes for licensed child care; to amend and reenact subsection 9 of section 50-11.1-02 of the North Dakota Century Code, relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative.

### Minutes:

You may make reference to "attached testimony."

**Rep. Robin Weisz, District 14:** Introduced the bill.

**Chairman Delzer:** What makes up the \$1.6M?

**Rep. Weisz:** That's the 11 FTEs to do the recruitment, training, and retention initiative.

**Chairman Delzer:** Are they supposed to be contract FTEs or FTEs of the Department of Human Services (DHS)?

**Rep. Weisz:** They would be contract FTEs. It also includes the services those 11 are providing.

**Chairman Delzer:** Does it give a list of what those services are?

**Rep. Kempenich:** These staff people, are they going to go out and review their business models, too, so they can try to make some money doing this?

**Rep. Weisz:** That is correct. Part of this is to help them become profitable, or at least break even.

**Rep. Streyle:** Why the 11? And the way to make them profitable is to raise the rate.

**Rep. Weisz:** I don't disagree with you on that. We received a lot of testimony that it was impractical to raise the rates, because in many areas it was already barely affordable. I don't have a breakdown of the 11. It's based on the number of centers that are out there, and the time involved to go visit the centers and do the planning and do the work.

03:30

**Rep. Skarphol:** What were the rates you were hearing about in discussion?

**Rep. Weisz:** A typical rate was \$160-200 per week per child. Rates for region varied from around \$6700 to \$9500.

**Chairman Delzer:** Is that considered 40 hours of daycare, or more than that?

**Rep. Weisz:** In most cases, it's probably 8.5-9 hours per day.

**Rep. Bellew:** Would these inspectors also inspect home based daycares? The bill says 30 or fewer children.

**Rep. Weisz:** This is for group centers, it would not apply to home daycares.

**Rep. Streyle:** Was there discussion on the centers' waiting lists?

**Rep. Weisz:** We did not get into that discussion. They all have waiting lists; it can take up to a year to get into child care. They were less concerned with keeping the amount of kids in the center than serving the clientele they have, that they felt wouldn't be able to afford higher rates.

**Chairman Delzer:** Further questions? Thank you.

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Appropriations Committee Roughrider Room, State Capitol

HB 1422  
2/23/13  
Job #19409

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

To provide an appropriation to the department of human services for a child care stabilization initiative.

### Minutes:

You may make reference to "attached testimony."

**Chairman Delzer:** We'll take up HB 1422. This would appropriate \$1.6 million for technical assistance and shared services, \$500,000 for data collection and evaluation to the Dept. of Human Services for the purpose of child care stabilization initiative. The initiative must provide assistance to stabilize child care operations, recruit and retain a qualified work force and advanced quality child care practice through the implementation and administration of the following programs: the technical assistance and shared services.

**Rep. Hawken:** Obviously I don't love this. There was supposed to be more money and on a per child basis. The technical services are helping with business planning, licensing, and aiding with growth and cash flow.

It would be contracted to child resource and referral. There is one on each half of the state.

**Rep. Skarphol:** Last session we passed some legislation that had some money in it to do recruitment, retention, and what else?

**Rep. Hawken:** Recruitment, retention, and training. That was developing the training modules, running the training modules, and that piece has been eminently successful.

**Rep. Skarphol:** How do we know that?

**Rep. Hawken:** Because they have given you the data collection back on what has happened because of doing that. There are reams of material that they've given you.

**Rep. Skarphol:** It would have been very useful to have some of that information, and time to look at it. I don't have a problem with trying to support child care development. In the bill we have in front of us, can the staffing requirements on the top of page 2 be achieved without the appropriation?

**Rep. Hawken:** That was not part of the original bill, so it is difficult for me to speak to that. Certainly you will need additional people. The original amount of money, you have seen the results of this, they have been handed out. Last session we received detailed information. I would like to see this bill move forward with an opportunity to develop it in a more useful manner. I don't think this is the time to try to amend it. A committee changed all of those numbers that are not professionals. Apparently there is a feeling that more is better as far as the number of children we are going to warehouse. I can't speak too much to this because it isn't the bill I sponsored.

**Rep. Grande:** We're looking at \$800,000 per resource center. When we set up our child care, the resource center helped me with the business plan. She went over all of the diagrams. She drew the playground for us. There are many things they are already doing. Is there a reason we need to infiltrate them with funds?

**Rep. Hawken:** There are a number of additional impacts right now, and one of the pieces there is a new quality standards piece which is supposed to be implemented. In the original bill, the majority of the money would have gone to the western part of the state, and those with the biggest need would have received the dollars first. In the eastern half of the state, it would have been by application. You would have to be picked.

Many of you think of childcare as babysitting; it is not. (09:12) Our economic development people have said that the 20/20 report told us people don't come here with small children without quality daycare.

**Chairman Delzer:** I think we do need to discuss the money. The policy side I don't think we should discuss.

**Rep. Hawken:** The policy side is truly horrible. I would love to change it

**Rep. Grande:** If we're going to say that childcare is important, then I ask that we don't call it "warehousing" any more. When you use that type of word, you diminish what we are trying to accomplish. If this money is going into childcare resource centers, I can personally attest how helpful the resource center was.

**Rep. Kempenich:** Changing the numbers, that's the whole issue that gets brought up is staffing and how to pay for the staffing. Truthfully I was surprised that changing some of these numbers makes these places more sustainable. I think it is a local issue more than state.

**Chairman Delzer:** What about the data collection?

**Rep. Hawken:** Because of this body, in large part, with the amount of money that was in here originally, there is no doubt you would need to prove it was viable money. We have licensure in three different agencies. Could that be placed in one?

**Chairman Delzer:** Is it going to be the same people using the \$500,000 for the data collection as in the \$1.6 for the stabilization?



**Rep. Hawken:** I can't answer that question. It could be, it could not be; I won't be running the program. As with all jobs in that industry those people come and go.

**Chairman Delzer:** You say, Rep. Skarphol, there is a thought to put \$200,000 into DPI?

**Rep. Skarphol:** Rep. Hawken has study language that needs some funding. The study language is passed. She needs the money put in the bill. I told her I would support putting that \$200,000 in for that study because I have been reassured that the study is about finding a way to help those folks help themselves. It is not about giving money for salaries. I will not support funding salaries in childcare, but I will try to help those folks figure out how to make a business work. I am hesitant to move it forward with Section 4. Section 4 could increase costs for everyone which sets out how many people they have to have monitoring a number of children. If this imposes stricter guidelines on them, I am not sure we should include that in this bill.

**Chairman Delzer:** I think it might be a lesser number. This \$500,000 goes to the Department of Human Services. Could \$200,000 of this be used for this study, and would it make sense to be used for that study?

**Rep. Hawken:** The study is a comprehensive study including child care, early childhood education, head start, etc.

**Chairman Delzer:** You want it to go to the Department of Public Instruction?

**Rep. Hawken:** Absolutely. Because of the different pieces in there. That is where a number of us feel it should reside.

**Rep. Kempenich:** Section 4 is what makes this work better. That is the requirements.

**Rep. Grande:** I don't have any consternation with those added areas as long as we are looking for how to streamline and fix this licensure process. The licensure process doesn't work.

**Chairman Delzer:** (17:54) Who is the first one you go to, the Department of Health or the Department of Human Services?

**Rep. Grande:** I went right to the resource people.

**Chairman Delzer:** The reason I asked that is because we have the Dept. of Health the second time. That is an issue where Legislative Management should do a study.

**Rep. Hawken:** That is why the study is in the Department of Public Instruction. We have studied this; we can't do it. We don't have the knowledge base or the expertise. We are not hiring some consultant. This is to be done by North Dakota people.

**Chairman Delzer:** I don't think that study we passed has anything to do with the licensure.

**Rep. Hawken:** It absolutely does. It is a comprehensive look. Health does not have anything to do with it. It is Human Services, DPI, and Commerce.

**Rep. Monson:** How deeply involved are the feds in licensing requirements. Do they fund some of this?

**Rep. Grande:** The Department of Health comes in at the end to do inspections.

**Chairman Delzer:** Should we do anything with the money?

**Rep. Grande:** This came to a forefront with us when the western side of the state was having an issue with trying to find enough day care.

**Rep. Kempenich:** Moved Do Pass

**Rep. Glassheim:** Seconded the motion

**Rep. Skarphol:** We've heard from everyone except the Human Resources Division.

**Rep. Pollert:** We didn't spend a lot of time talking about child care with the Department of Human Services.

**Rep. Hawken:** The Department of Human Services has the TANF money, which provides the assistance for low income families that need help with funding child care. They pay for the children to go to child care. They have part of the licensure.

**Rep. Kempenich:** This board we created a few sessions ago is probably more involved in how regulations get put together. That's where you really need the study.

**Chairman Delzer:** I don't have a problem with that. I still question whether this \$500,000 should be part of that study.

**Rep. Kempenich:** I didn't hear a motion to do that.

**Rep. Brandenburg:** Where does this money end up?

**Chairman Delzer:** It goes into the Department of Human Services, \$1.6 million will be granted or contracted to this group that does the assistance for setting up new child care in both the eastern and western part of the state.

**Rep. Brandenburg:** A group in Edgeley set up a child care facility. They didn't get the money but they had more regulations, more expenses.

**Chairman Delzer:** We also have \$5 million that was in Commerce last time that was supposed to do some of that.

**Rep. Hawken:** That was money that was put in for egress windows and fences. There were a number of communities that utilized some of the dollars between the different

departments. I know Williston ended up taking the help, but putting in their own money because there wasn't any left.

**Chairman Delzer:** It required a local match before you could get it.

**Rep. Streyle:** Minot also had an issue with this. I had a discussion with one of the providers who was thinking about closing. I asked her, "What do you want?" Do you want loans, grants to parents, subsidies? Her comment was "all of the above." We can't raise our rates because the parents can't afford it. They are basing their business model on an emotional decision. For us to come in and say we will help you run your business, it is not our place. We need to stay out of this and let the cities do what they want.

**A Roll Call vote was taken: Yes 14, No 7, Absent 1.**

Do Pass carries.

**Representative Boe** will carry the bill.

**Representative Porter** will carry it out of Human Services.

Date: 2/23/13  
Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422**

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Glassheim

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Rep. Streyle		X
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew		X	Rep. Wieland		X
Rep. Brandenburg		X			
Rep. Dosch		X			
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson					
Rep. Pollert		X			
Rep. Sanford	X				
Rep. Skarphol	X				

Total Yes 14 No 7

Absent 1

Floor Assignment Rep. Boe

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

**REPORT OF STANDING COMMITTEE**

**HB 1422, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)**  
recommends **DO PASS** (14 YEAS, 7 NAYS, 1 ABSENT AND NOT VOTING).  
Engrossed HB 1422 was placed on the Eleventh order on the calendar.

**2013 SENATE HUMAN SERVICES**

**HB 1422**



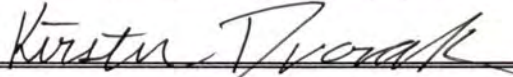
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Human Services Committee Red River Room, State Capitol

HB 1422  
3/11/13  
19696

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative.

### Minutes:

See attached testimony.

**Chairwoman J. Lee** opens the testimony on HB 1422

**Rep. Hawken Dist. 46** Introduces the bill to the committee. See attachment #1, #2. I would like you to amend the bill back to its original form. This was the number one item in the 2012 the need for childcare is number 1 housing is number 2.

**(0:05:52) Senator Larsen:** how many answers to the issues were you given.

**(0:06:04) Rep. Hawken:** I was not part of the 2020 report.

**(0:06:32) Senator Joan Heckaman: Dist. 23** Support HB 1422 in its original form. See attachment #3.

**(0:10:52) Jennifer Berry the Early Childhood Services Administrator with the Department of human Services:** Testified on Engrossed HB 1422 and to propose amendments on behalf of the department See attachments #4, #5,#6. (19:35)

**(0:20:01) TJ Corcoran:** Owner and founder of the Corcoran School. Testified in favor of HB 1422 as amended. See attachment #7

**(0:29:13) Chairwoman J. Lee:** wanted to know if there is a concern with quality of care.

**(0:29:20) TJ Corcoran:** Depends on the credentials, experience and age of the teacher. Being able to pay more and have more experience is a lot more important than the ratio.

**(0:30:53) Linda Reinicke:** Program Director for child care Resource & Referral, a program of Lutheran Social Services in Western ND. Nine centers will close in Ward County this summer without support. See attachment #8, #9

**(0:36:52) Senator Axness:** clarification on location of the centers that would be closing.

**Linda Reinicke:** That is in Ward County alone.

**(0:38:05) DEVER:** clarification of stabilization incentive grant funds and how they are provided.

**Linda Reinicke:** stabilization funds will go to programs in oil country, based on per child head count. They are needing to increase salaries. To get the dollars to stabilize the centers in oil country. A lot have not coming forward especially if you are a private operator. Parents have talked about their need for child care their issues and their inability to pay childcare fees.

**(0:41:34) Senator Dever:** is this a direct subsidy to the center Based on the number of children.

**Linda Reinicke:** People don't like to use the word subsidy but that what it ends up being.

**(0:41:56) Senator Dever:** the reason it's \$27,000 in oil country and \$15000 in others areas is because of costs.

**Linda Reinicke:** yes

**(0:42:08) Chairwoman J. Lee:** there are the same challenges finding workers in child care facilities as we do in basic care, skilled care facilities. There are limits based on what the reimbursement is from the state, in both cases there is a limit that can be paid. As a result of positive economy the pressure on the labor rates has been significant. We do have adapt to adapt to the fact that it's going to cost more for child care, because their worth it, are kids are worth it. Families are going to deal with it.

**Linda Reinicke:** everyone owns the childcare problem, and everyone needs to contribute to the livelihood to childcare to be delivered. When we looked at raising the fees in Minot, would result in fee increases from 48% to 90% for parents.

**(0:45:44)Linda Lembke Director of the Child Care Resource & Referral program serving eastern North Dakota:** Testifies in support of HB 1422 in its original form. See attached testimony. #10

**(0:49:15) Senator Dever:** does an element of QRIS address ratios.

**Linda Lembke:** it dose in the form licensing is the first step in the tiered quality system, so as long as long compliant with licensing; it doesn't go beyond those ratios.

**Chairwoman J Lee.** Asked for comments about the ratios in HB 1422

**Linda Lembke:** I think that parents most of them want their child is safe, the time and attention to their child, so I would think there would be concerns from that perspective. I would agree some programs could accommodate more children, but again if we don't have a way to distinguish that would be very difficult to implement.

**(0:50:48) Senator Larsen:** Commented on losing students when there is an afterschool program that the public schools were taking these kids. We just passed a pre-k legislation will this be a hit additionally. So next session guess what happened. How would that affect you?

**Linda Lembke:** There is a concern with that. I have heard from directors that have large group of 4 year olds, the older the more financially feasible there income is. So when taking oldest age groups that will have financial impact. I think that the QRIS could show which programs are providing school readiness activities that can be communicated to families. With QRIS you know what is going on in different settings.

**(0:52:20) Senator Larsen:** a waiver program would be nice, so a parent could take their child were they wanted it to go. How addressing article 10 section 18 in constitution about giving subsidies to private entities.

**Linda Lembke:** I know that we have private centers for grants.

**Chairwoman J. Lee:** we don't have subsidies childcare other than TANF are we are providing through the Department of Commerce.

**(0:53:39) Linda Lembke:** child care is the parents responsibility and paying for a good portion of that should be their responsibility but the public good in making sure there are choices and making sure that child care is stable and good quality.

Tammy Czapiewski Parent of a 6 month old child that passed away in day care. : believes in a quality rating improvement system. There are 28 states that have a quality rating system.

**(0:55:49) Maarja Krogh:** runs in home child care Angles Among Us in West Fargo, has done child care for over 20 yrs. and associate degree in child development and a CNA: I have an inclusion program with high functioning autism, and I did testify at the house. Explained how many children and teachers that would fit in the committee room. I would tell anyone that they were to up the ratios get a new job. North Dakota has never tried to do quality care it's always quality care. Gave example of child care in Mexico. Supports HB 1422 in its original form. I am expanding my program, I am bringing in a teacher in my home has 4yr degree in teaching; I don't have a problem with money, staff, with ratios. Child Care Resource and Referral helped me my business.

There is a discussion about child care and shortage of child care providers.

**(1:00:25) Beth Odahlen:** A parent. Testifies in favor of HB 1422 in the original form. Called for weeks for child care. The child care that was I was referred to was those with infractions against them, I was able to find a center that my son thrives in. the child care center will close this summer if they do not have assistance. We subsidies wind, agriculture, and these are state representatives that we are trying help nourish, educate in these centers. We have increased the rates at the child care center slowly and steadily over the past 3yrs. Every 4 to 6 months it goes up a little bit. \$400 a week is not doable by anyone I know, even if you are a doctor.

**(1:04:14) Lindsey Auran:** Group child care provider in Minot, for 4yrs. The bills purpose was help child cares afford employees so provide quality care. I get 5 calls a day, I have had the same 12 families for one year I have not had an opening. The bill originally help fund center to get employees and get centers viable it changed significantly to effecting group child cares. Me offering 8.50 an hour is not enticing, to 30 kids in a home were injuries can happen. Just doing this to get a paycheck is troubling to me. I am favor of the original HB 1422. Increasing the ratios is a disaster; I could get burned out if I was watching 25 kids. 1 of my parents works for oil out of 15 families.

**(1:08:16) Rev. Muriel J. Lippert** pastor of Good Shepherd Lutheran Church and West Prairie Lutheran Church in Williston, ND and is in favor HB 1422. See attachment #11, #12.

**(1:11:43) Linda Sakirsol** and Shannon Lang director of child care center. See attachment #13

**(1:12:34) Senator Dever:** if the bill is not restored are you for the bill or opposed to the bill.

**Linda Sakirsol:** If the bill is as is I am against the bill.

**(1:12:50) Chairwoman J. Lee:** for those of you that have spoken that your objection to the bill because of the relaxation standers of numbers.

**(1:13:27) Lisa Bennet:** Director of Missouri Valley Montessori school in Bismarck ND testified in favor original bill HB 1422. National recommendations for infant and child 3 infants to 1 caregiver. Going to 5 would add stress; it would not be in the benefit of our children. A lot of providers would stop providing care if these ratio's went through, one comment that stuck was should we build a big childcare next to our prison, because studies have shown that quality care saves us money in the long run.

**(1:15:10) Libby Claerbout:** a parent that lost child care provider due to staffing. Is in favor of the original bill HB 1422. See attached testimony #14

HB 1422 is closed.



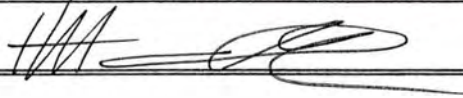
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Human Services Committee Red River Room, State Capitol

HB 1422  
3/18/13  
20097

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative

### Minutes:

Chairwoman J. Lee opens the discussion on HB 1422

There is a discussion about the Ratios in childcare.

**Linda Reinicke** from Child Care Resource & Referral is recognized.

**Chairwoman J. lee** asks about the difference that Ms. Reinicke sees between statute or administration rules. There is a discussion about state regulations and the room size per child. **Senator Larsen** asks about a ideas about operating expenses. There is a discussion about childcare center budgets. Discussion about centers and contracting with local businesses. Discussion about licensing rules and regulation. **Chairwoman J lee:** asks for explanation on recreation areas. **Linda Reinicke** shares her concerns with Childcare staffing in North Dakota with the committee. **Senator Dever:** asked if there was a size of center that would make profit. **Chairman J. Lee** asked about no expenses, could they pay for labor costs.

**Chairwoman J. Lee** discusses about tax credits to business that might collaborate on providing a facility.

**Senator Larsen:** talks about afterschool programs, and pre-k programs in the public schools. There is a discussion about after school programs and licensing.

**Chairwoman J Lee** talks about the childcare ratios

**Senator Dever:** shares that child care belongs in the private sector, and the role of the government in childcare.

There is discussion about how to fix the childcare issues, and a tax credit for businesses.

**Chairwoman J. Lee** closes the discussion.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Human Services Committee Red River Room, State Capitol

1422  
3/18/13  
20102

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative

### Minutes:

You may make reference to "attached testimony."

**Chairwoman J Lee** opens the committee discussion on HB 1422

**Senator Anderson** Discusses HB 1422 and early childhood education, in addition to the requirements within HB 1422.

There is a discussion on early childhood education and child care.

Chairwoman J. Lee closes the committee discussion on HB 1422



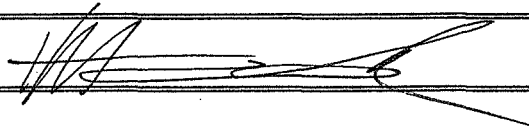
# 2013 SENATE STANDING COMMITTEE MINUTES

Senate Human Services Committee  
Red River Room, State Capitol

1422  
3/19/13  
20194

☐ Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative

## Minutes:

Attachment

Chairwoman J lee opens committee work

Linda Reinicke from Child Care Resource & Referral is recognized.

Discusses ND Licensing standers compared to other states see attachment #15. Ms. Reinicke goes over what a budget of a childcare centers. See attachment #16

Chairman J. Lee closes the discussion.

# 2013 SENATE STANDING COMMITTEE MINUTES

**Senate Human Services Committee**  
Red River Room, State Capitol

HB 1422  
3/26/13  
20508

☐ Conference Committee

Committee Clerk Signature



## **Explanation or reason for introduction of bill/resolution:**

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative

## **Minutes:**

**Chairwoman J. Lee** opens the discussion on HB 1422

There is discussion about HB 1422 and what needs to be done and the tax department.

**Chairwoman J. Lee** talks about the tax credit.

**Senator Anderson** talks about clearly separate childcare and early childhood education.

There is discussion about recommendations for HB 1422

There is a discussion about early child care education, and afterschool programs.

**Senator Dever** discusses parental responsibility and childcare.

**Chairwoman J. Lee** closes the meeting.

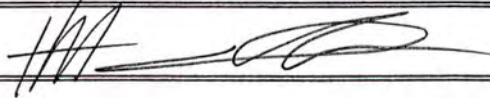
# 2013 SENATE STANDING COMMITTEE MINUTES

Senate Human Services Committee  
Red River Room, State Capitol

HB 1422  
4/1/2013  
20717

☐ Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative.

## Minutes:

**Chairwoman J. Lee** opens the discussion on HB 1422

**Chairwoman J. Lee** discusses about the HB 1422 and the Finance and Tax Committee.

**Senator Dever** asks if this would be amended into a tax bill.

**Ryan Rauschenberger, Deputy Commissioner for the ND Tax Department.** Explains to the committee proposed amendments to HB 1422. **Senator Dever** asks about the federal tax credit and how it works together with HB 1422 proposed amendments. **Chairwoman J. Lee** discusses about the state tax credit and the Federal Tax credit for businesses. There is discussion about the tax credit and proposed amendment. **Senator Anderson** asks for clarification on deductions. **Donnita Wald with the ND Tax Department** is recognized. There is a discussion about deductions for business expenditures. **Senator Dever** asks about Fiscal Note. **Senator Axxess** asks if chamber have been asked about HB 1422 to get business involvement.

**Chairwoman J. Lee** discusses HB 1422 and getting childcare for employees.

**Jennifer Barry with DHS** is recognized discusses HB 1422, and proposed amendments. Attachment #6 **Chairwoman J. Lee** asks about restoring pilot programs. **Chairwoman J. Lee** Asks about the bill for childcare with special needs. **Senator Larsen** asks about the Cass County Pilot Project. **Chairwoman J. Lee** discusses grants for salaries. **Chairwoman J. Lee** asks for clarification on funding for technical assistance. **Senator Dever** discusses funding and special needs childcare. **Senator Axxess** asks clarification about grants. **Senator Axxess** asks about ratios. **Senator Anderson** asks about meeting standards and the time limits. **Chairwoman J. Lee** asks about licensing standards.

**Chairwoman J. Lee** recesses the discussion.

**Vice Chairman Larsen** reopens the discussion on HB 1422

**Senator Anderson** asks for clarification on the process with Finance and taxation.

There is a discussion about the meeting with Finance and Taxation.

There is a discussion about changing ratios.

**Senator Axness** recommends removing the ratios out HB 1422. **Senator Dever** asks about removing section 1.

There is a discussion about amendments and the original language of HB 1422.

**Senator Anderson** discusses about testimony given during the open hearing, and funding.

**Senator Dever** asks about section 5 of Engrossed HB 1422

**Linda Reinicke** from DHS is recognized discusses funding and grants with the committee.

There is a discussion about proposed amendments to Engrossed HB 1422 by **Senator Axness. Attachment #18**

There is a discussion about drawing up a new proposed amendment to Engrossed HB 1422.

**Senator Axness** motions to remove sections to remove the section of HB 1422 up to pg. 2 line 24. From Engrossed HB 1422 Sections 1 through 4.

**Senator Dever** Seconds

There is a discussion on proposed amendment, it's already in rules.

**Amendment passes 5-0-0**

**Senator Anderson** discusses funding in HB 1422

**Linda Reinicke** is recognized. There is discussion about how the funding would be used. **Chairwoman J Lee** reads from the commerce budget. **Senator Anderson** discusses licensing requirements and requirements for grants. **Senator Axness** discusses about the tax credit and the commerce grants.

There is discussion about funding and how much.

**Chairwoman J. Lee** recesses the committee discussion.


# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Human Services Committee Red River Room, State Capitol

HB 1422  
4/1/2013  
20736

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative.

### Minutes:

Chairwoman J. Lee opens the discussion on HB 1422

**Linda Reinicke with DHS.** Discusses the language in HB 1422. Talks about budgets and child care providers.

**Senator Anderson** talks about the targeted grants.

There is a discussion on grants and funding.

**Senator Axness** asks who cut the funding to HB 1422 and where the money would go.

There is a discussion about oil country and the needs across the state.

There is discussion on language HB 1418

**Jennifer Berry** from DHS is recognized. Goes over information provided about grants and childhood services providers. See **attachment 19 #**. **Senator Dever** discusses not spelling out funding for special needs however, it be intended. **Chairwoman J. Lee** asks about amendment taking out section 1.

**Chairwoman J. Lee** shares the committee's consensus on the amendment to remove sections 1 through 4.

There is a discussion on ratio's limits and local ordinances.

There is a discussion about square footage and child care.

There is a discussion about barriers.

**Senator Anderson** discusses changing the number to 24 in ratios.

**Senator Axness** if 18 has been a problem in other cities besides Minot.

**Senator Larsen** asked about providers that are not licensed.

**Senator Anderson** motions to adopt amendment to restore pg. 1 lines 7 through 10 with 24 instead of 30 children.

**Seconds Larsen** seconds

**Motions passes 5-0-0**

**Jennifer Berry** provides information on early childhood bills for the committee **attachment #20**

There is discussion about proposing an amendment for funding.

**Senator Anderson** Motions to amend Section 5 appropriation on .02000 version. Pg. 2 section 5 pursuant to section 50-11.1-14.1. After 2015. Delete "the" 28 all lines 29-31 and on pg. 3 lines 1 & 2.

**Senator Larsen** Seconds

**Senator Anderson** discusses about flexibility in spending.

**Motions passes 5-0-0**

**Senator Axness** asks about the level of funding.

**Senator Larsen** asks about governor's budget and extra funding.

**Chairwoman J. Lee.** Closes the discussion.



# 2013 SENATE STANDING COMMITTEE MINUTES

**Senate Human Services Committee**  
Red River Room, State Capitol

HB 1422  
4/2/2013  
20762

☐ Conference Committee

Committee Clerk Signature



## **Explanation or reason for introduction of bill/resolution:**

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative

## **Minutes:**

Chairwoman J lee opens the discussion on HB1422

There is discussion on HB 1422 proposed amendments.

**Senator Dever** asks about pg. 2 line 30.

There is discussion more discussion on the amendments.

Chairwoman J. lee closes the discussion.

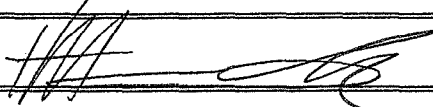
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Human Services Committee Red River Room, State Capitol

HB 1422  
4/2/13  
20782

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative

### Minutes:

Chairwoman J. Lee opens the discussion on HB 1422

**Jennifer Barry DHS** is recognized

**Senator Dever** asks about line 30 in HB 1422.

There is a discussion on line 30 and language of the bill.

**Senator Axness** asks about QRIS in Cass County. **Senator Dever** asks about department of commerce budget.

There is a discussion about the monies in the HB 1422.

There is a discussion about the amount of funding to add back into HB 1422.

**Chairman J. Lee** asks Jennifer about funding for special needs childcare.

**Senator Larson** discusses the funding being specifically special need childcare.

There is discussion amending pg. 2 line 30.

**Senator Larson motions to further amend** pg. 2 line 30 and following pursuant to ND Century Code 50-11.1-14.1 and 50-11.1-18.

**Senator Dever**

**Motions passes 5-0-0**

**Senator Axness** motions to further amend pg. 2 line 29 2.1 million and raise to 5 million.

No second

**Motion fails.**

**Senator Larsen** motions to further amend pg. 2 line 29 2.1 million to 2.6 million.

**Senator Dever** seconds.

**Motions passes 5-0-0**

**Senator Larsen** DO pass as amended and rerefer to Appropriations.

**Senator Axness** seconds.

**Senator Larsen** talks about education, and the future of private daycares.

**Chairwoman J. Lee** discusses private facilities and having good providers.

**Senator Axness** shares that he supports the bill, and about the work that needs to be done.

Do Pass 5-0-0

Chairwoman J. lee will carry.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Human Services Committee Red River Room, State Capitol

HB 1422  
4/3/2013  
20814

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to staffing as group sizes for licensed child care; relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative

### Minutes:

Vice Chairman Larson opens the committee discussion on HB 1422

The Committee discusses proposed amendments. 13.0773.02002 Title .03000

Vice Chairman Larson closes the discussion

April 3, 2013

93  
4-3-13

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

Page 1, line 1, remove "to create and enact a new subsection to section 50-11.1-03 and two new"

Page 1, remove line 2

Page 1, line 3, remove "sizes for licensed child care;"

Page 1, line 10, replace "thirty" with "twenty-four"

Page 1, remove lines 11 through 21

Page 2, remove lines 1 through 24

Page 2, line 26, replace "\$2,100,000" with "\$2,600,000"

Page 2, line 28, after "initiative" insert "under sections 50-11.1-14.1 and 50-11.1-18"

Page 2, line 28, remove "The"

Page 2, remove lines 29 through 31

Page 3, remove lines 1 and 2

Renumber accordingly

Date: 3-20  
Roll Call Vote #: \_\_\_\_\_

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Anderson Seconded By Farr

Senators	Yes	No	Senator	Yes	No
Chairman Judy Lee	✓		Senator Tyler Axness	✓	
Vice Chairman Oley Larsen	✓				
Senator Dick Dever	✓				
Senator Howard Anderson, Jr.	✓				

Total (Yes) 5 No 0

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Reverts

2430 Kids  
30 TO 24 KIDS



Date: 3-20  
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Axel Seconded By Sen. Larsen

Senators	Yes	No	Senator	Yes	No
Chairman Judy Lee	✓		Senator Tyler Axness	✓	
Vice Chairman Oley Larsen	✓				
Senator Dick Dever	✓				
Senator Howard Anderson, Jr.	✓				

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Section 5 - Pg 2

line 1. 2

30-31

Pg 3

1TH

Date: 3-20  
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Sen Larsen Seconded By Sen Axness

Senators	Yes	No	Senator	Yes	No
Chairman Judy Lee	✓		Senator Tyler Axness	✓	
Vice Chairman Oley Larsen	✓				
Senator Dick Dever	✓				
Senator Howard Anderson, Jr.					

Total (Yes) 4 No 0

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

pg 2 code

Date: \_\_\_\_\_  
Roll Call Vote #: \_\_\_\_\_

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

Senate	Human Services	Committee
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☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Sen Arness Seconded By \_\_\_\_\_

[illegible]

Total (Yes) \_\_\_\_\_ / \_\_\_\_\_ No \_\_\_\_\_

Absent + /

Floor Assignment /

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

line 29 pg 2

Raise 5million

Date: 8/4/11  
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By AXNESS Seconded By DEVER

Senators	Yes	No	Senator	Yes	No
Chairman Judy Lee	✓		Senator Tyler Axness	✓	
Vice Chairman Oley Larsen	✓				
Senator Dick Dever	✓				
Senator Howard Anderson, Jr.	✓				

Total (Yes) 5 No 0

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

REMOVE  
SECTIONS 1-4  
1

Date: 3000-4-2  
Roll Call Vote #: 2

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Sen Larsen Seconded By Sen Dever

Senators	Yes	No	Senator	Yes	No
Chairman Judy Lee	✓		Senator Tyler Axness	✓	
Vice Chairman Oley Larsen	✓				
Senator Dick Dever	✓				
Senator Howard Anderson, Jr.					

Total (Yes) 4 No 0

Absent 1

Floor Assignment \_\_\_\_\_

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

Pg 29

2.1 mill to 2.6 mill.



Date: 4-11-2  
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1422

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.0773.02002 Title 03000

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment  
☒ Rerefer to Appropriations ☐ Reconsider

Motion Made By Sen Larsen Seconded By Sen Axness

Senators	Yes	No	Senator	Yes	No
Chairman Judy Lee	<input checked="" type="checkbox"/>		Senator Tyler Axness	<input checked="" type="checkbox"/>	
Vice Chairman Oley Larsen	<input checked="" type="checkbox"/>				
Senator Dick Dever	<input checked="" type="checkbox"/>				
Senator Howard Anderson, Jr.	<input checked="" type="checkbox"/>				

Total (Yes) 45 No 0

Absent §

Floor Assignment sen Lee sen Axness

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



**REPORT OF STANDING COMMITTEE**

**HB 1422, as engrossed: Human Services Committee (Sen. J. Lee, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1422 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "to create and enact a new subsection to section 50-11.1-03 and two new"

Page 1, remove line 2

Page 1, line 3, remove "sizes for licensed child care;"

Page 1, line 10, replace "thirty" with "twenty-four"

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Page 2, line 28, remove "The"

Page 2, remove lines 29 through 31

Page 3, remove lines 1 and 2

Re-number accordingly

**2013 SENATE APPROPRIATIONS**

**HB 1422**

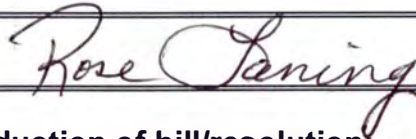
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1422  
April 8, 2013  
Job # 20973

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A bill relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative.

### Minutes:

Testimony attached # 1 - 3

Legislative Council - Lori Laschkewitsch  
OMB - Sheila M. Sandness

**Chairman Holmberg** opened the hearing on HB 1422. All committee members were present.

**Rep. Kathy Hawken, District 46**, introduced and testified in favor of HB 1422.

It was originally called childcare stabilization to handle crisis in childcare in the western part of the state as well as to aid the childcare industry in the eastern part of the state. This budget has been amended. I am glad the Senate Human Service committee brought at least the verbiage back to where we began. The bill is currently at \$2.6 million dollars. We originally asked for \$15 million. Some of the experts in childcare have developed a hand out sheet with a visual graph that will explain what the current budget will do and what an additional \$6 million funding would do.

**Vice Chairman Grindberg:** In department of commerce there was \$5M for childcare in the governor's budget. Is that \$5M still there?

**Rep. Hawken:** It is my understanding that it is not. There are rumors that it was going to go to Housing. I do know if it has been removed from the commerce department. Right now we have no infrastructure money. I would like qualified people in those centers where ever they are. When they did the 20-20 meetings around the state of ND, childcare was #1 and housing was #2. The amendments in the Senate HS committee specified that some of these dollars should go to helping with special needs. It will be for training rather than spaces. There is money to fund a study in the DPI budget on childcare, pre-K, Head Start.

**Vice Chairman Bowman:** The definition of childcare stabilization, what exactly are they getting at? Are we going to help with childcare placement center? Are we funding employees, buying the food, and the diapers?

**Rep. Hawken:** The childcare stabilization is just a term that a group of us came up with. We have centers that are going to close if we don't do something. We subsidize operations in other areas, but for some reason, we cannot get over the thought of including childcare. Had we gotten the money it probably would have gone for all of those things. Since we didn't get all the money we are back to deciding how we make what we have the very best we can.

**Vice Chairman Bowman:** We have a brand new child care center in Bowman. Now we don't have enough money to run it. When I look at the families who take their children there, I think we need a sliding fee scale for those taking their kids there. A sliding fee scale might be an idea to take care of some of these problems.

**Rep. Hawken:** I agree, but to date, that hasn't been used. That is something that will be looked at as the study goes forward.

**Senator Carlisle:** The \$5M in commerce, how close does that mirror this bill?

**Rep. Hawken:** It is totally different. One is bricks and mortar and one is quality employees. The study is in two places and the money is in DPI budget.

**Senator Robinson:** Will someone be able to tell us what the \$2.6M will do.

**Senator Heckaman, District 23,** testified in support for HB 1422 and encouraged the study and the need for more funding. She gave examples. The cost of daycare in Dickinson for 2 children is \$16,000.

(15:45)**Linda Reinicke, Childcare Resource and Referral, DHS**  
Testimony attached # 1 - HB 1422 Budget Comparison  
(Described the comparison chart)

**Vice Chairman Grindberg:** This bill sustains what we had two years ago in the contract for your organization?

**Linda Reinicke:** Our current program is sustained in DOHS or Commerce at \$3.1 last session. This \$2.6M adds on top of that and what it does is add programming and people.

**Vice Chairman Grindberg:** We added technical assistance in prior sessions, so now we're growing technical assistance by another 27%?

(22:00)**Linda Reinicke:** We calculated that we need more staff.

**Vice Chairman Grindberg:** I'd like to see the number of technical assistants and clients currently.

**Linda Reinicke:** We can get that information to the committee.

**Roxane Romanick, Designer Genes of North Dakota**, testified in favor of HB 1422

Testimony attached # 2

Testimony attached # 3 Inclusive Child Care Law

**Bill Shalhoob, Greater ND Chamber of Commerce**, explained some of the amendments from SB 2018. The House removed \$5M in general funding for the childcare facility grant program, they added the Housing incentive fund at \$30M with \$15M in general funds and \$15M in tax credits and then they designated \$3M of the Housing incentive fund for childcare facilities, of which \$400,000 is allocated to early childhood service providers for caring for children with disabilities or developmental delays. The funding would be provided half in general funds and half in tax credits per project bases. That's what happened in SB 2018.

**Chairman Holmberg**: This is still going to be the subject of discussion.

**Chairman Holmberg** closed the hearing on HB 1422.

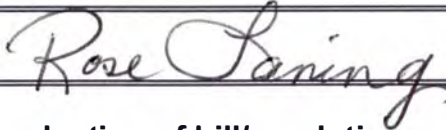
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1422  
April 10, 2013  
Job # 21083

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A bill relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative.

### Minutes:

Legislative Council - Becky J. Keller  
OMB - Lori Laschkewitsch

Testimony attached # 1 - 2

**Chairman Holmberg** opened the discussion on HB 1422. All committee members were present.

**V.Chairman Grindberg** handed out amendment 13.0773.02003 - see attached #1.

He said in the Beyond 20-20 program for the last two years, there was a strong focus on childcare. Many of us scratch our heads and wonder where the right place for the state to be with child care. It's still hard to get our hands around a strategy whether its funding in Human Service budgets from a funding perspective or the Department of Public Instruction to the Department of Commerce. At the end of the day, we should have a strategy. I know the folks in the childcare industry have been advocating that. The legislative management didn't choose the study two years ago, so we have some responsibility as well by not choosing that.

I'm trying to have some intent language that says if go through roughly \$3M presently being expended and \$3M in the governor's budget now and then add another \$2.6M or \$6M, that's a substantial commitment to particular programming - whether it's technical assistants and grants.

I'm going to turn it over the Becky to say at some point, what's the intent of what we're doing here until a more comprehensive study comes so we know exactly what journey we're taking.

**Becky J. Keller, Legislative Council:** This looks like a lot of amendments for just that purpose, but the Senate Human Services committee had already amended the bill and we wanted to keep those amendments so that's why it's so long. Although we did the "in lieu of", we did incorporate their other amendment. The big amendment that we're doing here is the bottom of the page, section 3 - childcare stabilization initiative legislative intent.

It was my intent that this section say that the appropriation that is included in this bill be the final appropriation authorized for the childcare stabilization initiative and I welcome any



suggestions for any additional wording you think should be necessary. It gives the intent that the legislative assembly doesn't want to fund this anymore until a study is done.

**V.Chairman Grindberg** said he's not sure he's comfortable with these amendments and not sure they should act on them. What we're trying to get to is, what is the number that completes the work? And until we know that, it's uncertain what the vote might be here and now - and then two years from now.

**Senator Mathern:** I think part of the struggle is probably more basic - about what are we willing to do. There are people who have told us what the number is. If we provide day care for all children right now on a waiting list in ND, we're talking over \$100M. We have some of that data. I'd encourage that we fund some of this and put in a mandatory study. I

**V.Chairman Grindberg:** It's not a well understood lead. I don't think this legislature will ever get to that level of funding. It gets back to the philosophical debate of what is our role? Is it brick and mortar? Is it subsidizing operations? You take every child in the state that needs day care, every family; we can't assume that the state will assume 100% responsibility. That's just not reality.

**Senator Mathern:** It's just one piece of data that some people would look at. Let's develop a study to make sure that these different partners that you're talking about are required to be involved in the study and come out with a report that we can all live by. It wasn't studied last time to the degree that we thought it should. That could well happen again if we don't have a mandatory study.

**Chairman Holmberg** asked about the status of SB 2244. That provides for a legislative study of the availability and access to child care services and the state's role in assuring available and accessible child care services.

**Becky J. Keller** said it's passed out of the House. The Senate refused to concur so it's in conference committee.

**Chairman Holmberg:** That's not a mandatory study? **Becky J. Keller** said it's a "shall consider studying childcare services".

**Chairman Holmberg** said that encapsulates what is the state's role in assuring available and accessible child care services.

**V.Chairman Grindberg:** When you look at the sheet the Council provided us this morning - see attached #2. When you look at what is under consideration in other programs in the Human Services budget, being what is proposed plus the Human Service budget, there is \$38M in childcare in some shape, form or fashion - general or special funds.

**Senator Mathern:** A lot of that in Human Services cannot be delivered with the bill that we passed this morning. That's another issue.

**Chairman Holmberg:** We don't appear to be ready to do anything today except receive this extra information. We may have time tomorrow. .



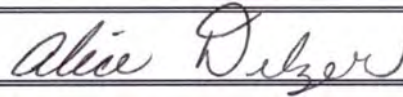
# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1422  
04-11-2013  
Job 21106

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for Licensed Child Care.

### Minutes:

See attached testimony

**Chairman Holmberg** called the committee to order on Thursday, April 11, 2013 in regards to HB 1422. All committee members were present.

Sheila M. Sandness- Legislative Council  
Sheila Peterson - OMB

**Vice Chairman Grindberg:** provided Testimony attached # 1 The Early Childhood Universe submitted by Linda Reinicke, Early Childhood Services, DHS. We will talk about this more this afternoon. I had a discussion with Ms. Reinicke and she put together this document which may shed some light on the subject. In the middle of the page you will see on-going support. Let's start at the top as I understand it. There are efforts in certain bills with facilities for Child Care. Then the trained work force training, which is largely federal funds you will see in the 2<sup>nd</sup> box. And then the 3<sup>rd</sup> is on-going support which ties in that CC (acronym) but you'll see HB 1012 has \$3.15M for discussion that was appropriated a couple of years ago. It actually started 4 years ago and then we sustained it with general funds 2 years ago. It's in the governor's budget again and they're asking for an additional \$6M but in the bill in front of us is \$2.6M and then there's an additional \$400,000, which she will have to answer the question to. And it gets back to one of the points we made yesterday that this funding would reach 45% of the children in the state as I understand it. She would have to verify that. Then you will see the parent subsidies which is all federal, that's all from Human Services, that's federal and then the regulation side as well. Our additional discussion yesterday was on the Pre-K and remember a number of other bills we've dealt with on the Pre-K education side, and so what's she's trying to distinguish is the difference between childcare and then Pre-K or education whether that's supplanting federal funds for Head Start or Gearing Up for Kids in the Classroom, etc. It just helps makes things a little more clearer what the efforts are.

**Chairman Holmberg:** We certainly, now that we have this data, can think about it between now and this afternoon. And the people who know about this will be here.

**Senator Wanzek:** This is helpful. What bill was it that provided a 50% tax credit to employers who would help facilitate or provide a child care program? Couldn't that be added in? I recall discussing it but I don't remember what the bill number was.

**Vice Chairman Grindberg:** We did put some tax credit language into Commerce's budget, SB 2018. I believe that's all been stripped out by the House.

**Senator Wanzek:** I just saw it in HB 1250. It is 1250 with Senate amendments, Section 10, Employer Provided Childcare Credit.

**Chairman Holmberg:** We take that up this afternoon but it does exist then.

**Senator Wanzek:** Can't that be counted as an additional effort we are making to try to help the Childcare?

**Chairman Holmberg:** You would think that it would fall into that category if at the end of the day it's going to increase the child care slots. Any other questions on this? We will come back to this this afternoon. We will close the discussion on HB 1422

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1422  
April 11, 2013  
Job # 21128

☐ Conference Committee

Committee Clerk Signature

*Rose Laning*

### Explanation or reason for introduction of bill/resolution:

A bill relating to the definition of group child care; and to provide an appropriation to the department of human services for a child care stabilization initiative.

### Minutes:

Testimony attached # 1 - 3

Legislative Council - Allen H. Knudson & Adam Mathiak  
OMB - Lori Laschkewitsch

**Chairman Holmberg** opened the discussion on HB 1422. All committee members were present.

Earlier in the day, **Senator Grindberg** handed out a chart provided by **Linda Reinicke** called The Early Childhood Universe - see attached #1.

### **Kelvin Hullet, President, Bismarck Mandan Chamber of Commerce.**

Testimony attached # 2 - Addressing Child Care Needs in North Dakota  
No written testimony.

We met with **Senators Holmberg, Grindberg** and **Bowman** and had some discussions about childcare and where it's at and how do we move forward with the needs in our state.

- 1) How do you bring new facilities online to increase the capacity of childcare?
- 2) Meet the needs of the existing facilities.

They are bringing an outline and if the committee is receptive, they will have an amendment drafted tonight.

**Chairman Holmberg** asked who was at the table in the discussion.

They were:

**Kayla Effertz**, Governor's Office

**Al Anderson**, Commissioner, Dept. of Commerce

**Max Wetz**, Housing & Finance

**Linda Reinicke**, Childcare & Referral, DHS

**Cal Klewin**, Economic Development Association of ND

**Kelvin:** There are \$5M in governor's budget for facilities. In HB 1422 there was another \$2.6 M for things related to child care. We used \$7.6M as a base to bring something forward.

We suggested allocating:

1) \$2.5M to the hub cities, Williston, Dickinson, Minot and Watford City, to address their immediate child care needs. It is up to the political subdivisions in those communities to spend it in the best way.

2) \$3.5M for facilities across the rest of the state, to address:

a. How do we create facilities: Research was done in the interim as to the cost to get a child care facility up and running, about a quarter million dollars. The governor had recommended up to a 70% match, we brought it up to a 90% match to \$225,000 to allow folks to come into the marketplace with the requirement to follow specific guidelines to ensure the money is well spent.

b. How do you help facilities keep doors open: Direct grant assistance, we settled on utility grant assistance so it's going directly to a bottom line cost. (recording segment: 6:55- 7:39)

c. Incentive based approach: Business tax credits and grants for the development of child care facilities. (7:38 -8:52)

**Senator Warner:** Are all of these a stand-alone businesses, anything for home-based ones?

**Kelvin:** For licensed groups and centers as opposed to in home daycare. With the in home daycare facilities if you got into a direct grant assistance program you may have some backlash with things like utilities payments, etc.,

**Senator Warner:** Is the number you gave anywhere near adequate?

**Kelvin:** That is a policy discussion for this committee to take up. We took the existing numbers and used them to come up with the best case scenario on how to address the need of new facilities, keeping them open and incentivizing

**Senator Mathern:** the capital cost of a center would be a fixed number you say \$250 thousand and the daycare folks say \$2.5 M.

**Kelvin:** the \$250 thousand we are using was the childcare facility model that was created in the interim, with minimum standards you need. I believe it was the governor's model program and it was \$250 thousand to utilize it. On a larger context they are going to be much more expensive.

**Chairman Holmberg:** some of the larger scale centers might fall under the category of some business tax credits. It might be from the standpoint of a center in Fargo or Jamestown where you would have a greater chance of getting tax credits than in a smaller community. The need is great in large communities.

**Senator Gary Lee:** Had a couple emails to not support it, in the sense that we're competing with the private market. This affects the existing business that are there trying to do it on their own and have to fund it by themselves.



**Kelvin:** We want to increase the capacity, to help communities struggling with the issue out west where there is such a demand. Some of the existing day cares want to get into the centers

**Senator Gary Lee:** the demand is there, the opportunities exist, why isn't the market building them, like in the hotel industry. Why are we providing the resources instead of them using their own capital? Why aren't these people running this as a business?

**Kelvin:** One of the greatest challenges is to attract and retain help. The competition for labor and the wage scale are such that getting the cash flow seems to be the biggest challenge. We need to help them to strike a balance between providing childcare and capitalism, to balance what the parents can pay and what the daycare center can charge. If we bring the price up to the actual cost, we'll drive it to where parents can't pay. We are trying to find a way to provide day care assistance to parents, that's being done in some other ways, thru federal legislation and other stuff.

**Senator O'Connell:** asked why so much for certain areas and not others. (17:26 - 18:00)

**Kelvin:** We looked at the map that shows the "intensity" of the child care need in western North Dakota and the intensity in other communities, that is why we focus on those areas. A different distribution is a committee decision.

**Chairman Holmberg:** the legislature has studied the heck out of this issue, also the committees. The issue is still not fully understood. Now at the 11<sup>th</sup> hour, we have another proposal. It's unfortunate that it wasn't fully vetted or looked at, in part because we handle child care very piecemeal, we do something here and something there, and then try to figure out how the pieces fit together and that is the frustration folks have.

Committee discussed other bills that have appropriations for child care at what stage they are and an amendment to this bill. (18:41 -23:19)

**Linda Reinicke:** Child Care and Referral, DHS gave background information on child care programs around the state. Testimony attached # 3 Extent Child Care Meets Demand Explained the attachments. Child care is not an industry in which the supply follows the demand, like the hotel industry, it cannot be financed because there is not much of a cash flow, consequently government ends up making grant programs for facilities (showed sample budget). Banks will not give loans to those who have no cash flow. We are already subsidizing child care. We have come into a growing need in the last few years but centers not coming up to meet the need because they are not profitable. (23:29 - 33:12)

Discussion followed regarding source of child care funding in other bills.

**Senator Robinson** if this package is approved, what about the rest of the state? What about the smaller areas?

**Linda Reinicke:** Pointed out to the Committee that in the Early Childhood Universe handout, the yellow and green stripes chart. Green is what is currently in the budget and being used. There is currently money available for child care throughout the state, that they

can access to start the family child care programs or to increase the quality of the program (facilities, etc....)

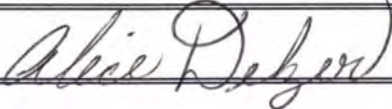
**Chairman Holmberg:** Allen H. Knudson will draft some amendments will email them to us and to Senator Lee, chair of Senate Human Services Committee who will be coming tomorrow to brief us on a floor amendment she will be offering on 1233.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1422  
04-12-2013  
Job # 21135

☐ Conference Committee



### Explanation or reason for introduction of bill/resolution:

A BILL regarding Childcare Moved Do Pass as Amended

### Minutes:

No attachments

**Chairman Holmberg** called the committee to order on Friday, April 12, 2013 at 9:00 am in regard to HB 1422. Roll call was taken. All committee members were present.

Lori Laschkewitsch - OMB  
Allen H. Knudson - Legislative Council

**Vice Chairman Grindberg** presented amendment # 13.0773.02004. I plan to vote for the bill. I thought this should be in everyone's file. (No action was ever taken on this amendment.)

**Senator Carlisle:** Is this amendment based off the scratch notes? That is correct.

Chairman Holmberg: The committee has to decide what to do, if we want to send this to conference committee.

Audio recording starts here.

**Senator Mathern** reminded the committee of the needs this bill would meet. I just wonder if you wouldn't consider on line 10 moving that number to \$6M. There might be some money yet in the commerce bill. It started at \$5M and it is down to \$2 ½M. We would put 6 into this bill that would be specific for daycare. We could move ahead in the negotiation process, knowing that in the final result things are going to be different. If we would take it to conference with at least substance we would have something to negotiate with. It's the 0003 version.

**Chairman Holmberg:** So the bill started at \$15.4M, then it was reduced to \$2.1M and now it is at \$2.6M as it came from the policy committee. If Senator Mathern wants to make a motion to amend the bill because we are just doing the number and because it's getting late I would accept a motion to change \$2.6M to \$6M on line 10 on the first engrossed with Senate amendments.



**Senator Mathern made the motion.**

**Senator Krebsbach I would second that motion.**

**Senator Robinson** commented he was supportive of the amendment and the bill.

**Chairman Holmberg** said the bill would go to Human Services conference committee.

**Chairman Holmberg** said the motion is to change on line 10 from \$2.6M to \$6M.

**Senator Carlisle:** The other way to look at it, what would be wrong with just kicking the bill out and sending it to conference committee?

**Chairman Holmberg** Lets dispose of this one first.

**Senator Mathern:** The only suggestion I would have is that we make the amendment so that there is still a discussion. If we just pass it the way it is, that could be the end of the discussion in this legislative session.

**Chairman Holmberg:** There's more money in it than the House sent. Clearly, if there is \$6M and the house was at \$2.1M there will be conference committee.

**Vice Chairman Bowman:** If we pass it and it goes to conference committee can they amend the policy of it? He was told that they could.

There was additional discussion about the possible scenarios of getting the bill into conference committee. (Ends at 08:15)

**Chairman Holmberg:** Let's call the roll for Senator Mathern's amendment to change the dollar amount on line 10 from \$2.6M to \$6M.

**A Roll Call Vote was taken. Yea: 7; Nay: 6; Absent: 0.**

**Chairman Holmberg:** Now can we have a motion for a Do Pass as Amended?

**Senator Krebsbach Moved Do Pass as Amended. 2nd by Senator Robinson.**

**A Roll Call Vote was taken. Yea: 8; Nay: 5; Absent: 0.**

**Chairman Holmberg:** This goes back to Human Services. **Senator Axness will carry the bill.**

The hearing was closed on HB 1422.

1 of 2  
4/12/13  
TV

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

In lieu of the amendments adopted by the House as printed on page 1071 of the Senate Journal, Engrossed House Bill No. 1422 is amended as follows:

Page 1, line 1, remove "to create and enact a new subsection to section 50-11.1-03 and two new"

Page 1, remove line 2

Page 1, line 3, remove "sizes for licensed child care;"

Page 1, line 10, replace "thirty" with "twenty-four"

Page 1, remove lines 11 through 21

Page 2, remove lines 1 through 24

Page 2, line 26, replace "\$2,100,000" with "\$6,000,000"

Page 2, line 28, after "initiative" insert "under sections 50-11.1-14.1 and 50-11.1-18"

Page 2, line 28, remove "The"

Page 2, remove lines 29 through 31

Page 3, remove lines 1 and 2

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1422 - Department of Human Services - Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Child care stabilization initiative		<u>\$2,100,000</u>	<u>\$3,900,000</u>	<u>\$6,000,000</u>
Total all funds	\$0	\$2,100,000	\$3,900,000	\$6,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$2,100,000	\$3,900,000	\$6,000,000
FTE	0.00	0.00	0.00	0.00

**Department No. 325 - Department of Human Services - Detail of Senate Changes**

	Increases Funding to Child Care Stabilization Initiative <sup>1</sup>	Total Senate Changes
Child care stabilization initiative	<u>\$3,900,000</u>	<u>\$3,900,000</u>
Total all funds	\$3,900,000	\$3,900,000
Less estimated income	0	0
General fund	\$3,900,000	\$3,900,000
FTE	0.00	0.00

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<sup>1</sup> This amendment increases the funding for the child care stabilization initiative to provide \$6 million, all of which is from the general fund. This is a \$3.9 million increase from the House version.

Date: 4-12-13Roll Call Vote # 12013 SENATE STANDING COMMITTEE  
ROLL CALL VOTESBILL/RESOLUTION NO. 1422Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number

*Mather Amendment*  
*change on line 10* #2.6M to #6M  
*of bill*

Action Taken

☒ Adopt Amendment☐ Do Pass☐ Do Pass as Amended☐ Do Not Pass

Motion Made By

Mather

Seconded By

Krebsbach

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	✓		Senator Tim Mather	✓	
Co-Vice Chairman Bill Bowman		✓	Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg		✓	Senator Larry Robinson	✓	
Senator Ralph Kilzer		✓	Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele		✓			
Senator Terry Wanzek	✓				
Senator Ron Carlisle	✓	✓			
Senator Gary Lee	✓	✓			

Total

(Yes)

7

No

1

Absent

Floor Assignment

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

~~Vote~~  
*passed*

Date: 4-12-13Roll Call Vote # 2

# 2013 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1422Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

☐ Adopt Amendment☐ Do Pass☒ Do Pass as Amended☐ Do Not PassMotion Made By Krebsbach Seconded By Robinson

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Senator Tim Mathern	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Co-Vice Chairman Bill Bowman	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Senator David O'Connell	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Co-Vice Chair Tony Grindberg	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Senator Larry Robinson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Ralph Kilzer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Senator John Warner	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Karen Krebsbach	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Senator Robert Erbele	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Senator Terry Wanzek	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Senator Ron Carlisle	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Senator Gary Lee	<input type="checkbox"/>	<input checked="" type="checkbox"/>			

Total (Yes) 8 No 5Absent 0Floor Assignment H.S. [Signature]

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

Senator Apress

**REPORT OF STANDING COMMITTEE**

**HB 1422, as engrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (8 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING).**  
Engrossed HB 1422, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on page 1071 of the Senate Journal, Engrossed House Bill No. 1422 is amended as follows:

Page 1, line 1, remove "to create and enact a new subsection to section 50-11.1-03 and two new"

Page 1, remove line 2

Page 1, line 3, remove "sizes for licensed child care;"

Page 1, line 10, replace "thirty" with "twenty-four"

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Page 2, line 28, remove "The"

Page 2, remove lines 29 through 31

Page 3, remove lines 1 and 2

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1422 - Department of Human Services - Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Child care stabilization initiative		\$2,100,000	\$3,900,000	\$6,000,000
Total all funds	\$0	\$2,100,000	\$3,900,000	\$6,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$2,100,000	\$3,900,000	\$6,000,000
FTE	0.00	0.00	0.00	0.00

**Department No. 325 - Department of Human Services - Detail of Senate Changes**

	Increases Funding to Child Care Stabilization Initiative <sup>1</sup>	Total Senate Changes
Child care stabilization initiative	\$3,900,000	\$3,900,000
Total all funds	\$3,900,000	\$3,900,000
Less estimated income	0	0
General fund	\$3,900,000	\$3,900,000
FTE	0.00	0.00

<sup>1</sup> This amendment increases the funding for the child care stabilization initiative to provide \$6 million, all of which is from the general fund. This is a \$3.9 million increase from the House version.



**2013 CONFERENCE COMMITTEE**

**HB 1422**

# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
April 23, 2013  
Job #21448

☒ Conference Committee

Committee Clerk Signature

*Vicky Crabtree*

### Explanation or reason for introduction of bill/resolution:

Provide an appropriation to DHS for child stabilization initiative.

### Minutes:

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Rep. Weisz opened the conference committee on HB 1422. The Senate made substantial changes to what the House did.

Sen. Anderson: There was quite a bit of information in it on changing the way child care was done and the staff apportion. We heard testimony that they didn't want us to change that. The only number we changed was to say that a facility could go from 18 to 24 and the rules still stay in place. We looked at the different child care provisions in other bills. Appropriations raised it to the \$6 million.

Sen. J. Lee: I'd add that Senator Cook from Finance and Tax, Senator Wardner and Corey Fong met to determine tax credits for businesses. We thought businesses should be partners in this. It was the general consensus that we should move that into a tax bill. The tax credits in businesses should be in HB 1250.

Rep. Weisz: From the House perspective the language we put in the bill was to them more flexibility to become more efficient and control their costs. Is there a specific reason why you changed 30 to 24? We heard in committee that as far as group child care that 30 was not a problem.

Sen. J. Lee: We had a lot of messages and testimony and only one person said he wanted to be able to have more children per staff person. Jumping from 18-30 is an enormous change for the staff.

Rep. Weisz: Even if you don't change the staff ratios, what difference does it make if you go up to 30?

Sen. Anderson: That was a compromise number. The 18 is the break where you have to have additional training for your staff. Moving it to 24 says you don't have to increase your staff training or qualification to go to 24.

Rep. Weisz: Your concern is they have to have more training if it is above 24?

Sen. Axness: With the increase in children and it will take more staff and you will have to be more vigilant at what is going on.

Sen. J. Lee: Twenty-four is larger than any elementary class for a Kindergarten class. We felt it was too big a number.

Rep. Weisz: Let's go into Section 2. From the House perspective we thought it was a good compromise. The language wasn't exactly the way we intended it. The employee and parent of the child is still there if the child needs their meds or whatever. We thought this was a way to address some of the concerns. This allows a business to work with the employees and not have to be licensed as a day care facility.

Sen. Axness: That is the intent of the tax credit in 1250 to get the employers involved whether it was facilitating an onsite location or contracting with another site to provide the care.

Rep. Weisz: This would allow additional flexibility for a business to decide what works for them beyond the tax credit.

Sen. J. Lee: I don't think it is a big deal to have a license.

Rep. Weisz: We looked at it as flexibility for these businesses.

Sen. J. Lee: There is a federal tax credit I think form 8882 that provides tax credit for employers who provide child care. This state one runs in parallel to it. There is a 25% from the feds and 50% from the state for things they purchased to assist the child care.

Rep. Weisz: In Section 3 it should have said outdoors instead of indoors. We were looking at a mall and if they didn't have that outdoor facility they couldn't qualify. We were looking at the flexibility for businesses. Section 4 is where the Senate has issues with the ratio and the staffing. We will have to decide on.

Sen. Anderson: We only heard from one company who wanted to provide child care for other companies in our committee. We heard mostly from people who didn't want the change. That is why we thought to leave all those things in the rules.

Rep. Weisz: Tomorrow we will talk more about the money and tax credits. Meeting adjourned.

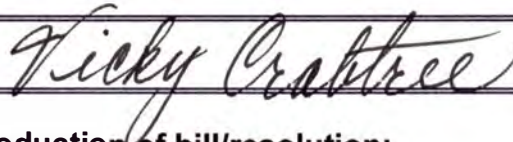
# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
April 24, 2013  
Job #21470

☒ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Provide the DHS with an appropriation for child stabilization initiative.

### Minutes:

Rep. Weisz called the conference committee to order on HB 1422. Section 4 is where the House did change the ratios. I know there is some opposition on the Senate side on those. Page 2, line 23 the language the Senate took out was in subsection f. The House said unlimited. There have been some suggested amendments to the Senate allowing 40 as a group size. Would you be open to some flexibility on that? Did the Senate look at that in general or particularly?

Sen. J. Lee: We looked at all of the rules from the standpoint of not thinking it was right to put them in statute. There is more flexibility if they continue to be in Administrative Rule and changes can be requested. I think the experts in these areas should make the rules. We were more concerned that the whole ratio and staffing requirement issues should remain in Administrative Rule.

Rep. Streyle: Taking a look at the ratios from a business standpoint. I don't know how they can make money with where the ratios are. We are pretty much the same with national average with 6 months and 9 months and then it decouples from the national average. On 18 months, our ration 1 to 4 and the national average is 5.56. We are 38% different than the national average. At 27 months it is a 47% difference. At 3 years, 53% difference. 27 for 4 and 30 for 5. I don't see how they can make money in this. We are so far from the average that we should increase that slightly which would generate more revenue and help with cash flow. Without addressing these issues we are not going to solve the problem.

Sen. J. Lee: The numbers are more important than percentages to me. We need to look at what is an appropriate setting for our children. We can have the stakeholders go back and bring something to Administrative Rules.

Rep. Streyle: Adding one or two slots here would help generate enough revenue and it would still clearly be safe.

Rep. Weisz: We were trying to make this more flexible for the child care providers and making it more accessible.

Rep. Streyle: To address Sections 1, 2 and 3; the group number doesn't mean anything because of the staff ratio. Putting that at 30 you are still bound by the staff rules. To me they could be unlimited. I think 30 is reasonable. Number 2 I don't see a problem with that at all. If an oil company wanted to open a facility, they could quickly do it without going through the license process. Section 3 I don't see why that is contentious either. Why do you have to include an outdoor area? Kids can stay indoors when it is cold. This could along with the staffing address 95% of our problem.

Sen. Oversen: Felt there should be an outdoor area for children and was going to support the Senate.

Rep. Streyle: If we are a parent and comfortable with putting them there, why should we restrict them on Section 2? My Aunt sent me an e-mail and she is a day care provider. She said she loves her job, but she will probably quit in two years and because she is sick of all the bull with regulations and numbers. This is what some of the issues that I have heard from child care providers.

Sen. J. Lee: I feel these places should be licensed.

Rep. Weisz: Would it make a difference to you if the language said it was within the same building?

Sen. J. Lee: No.

Rep. Streyle: I can't imagine anyone in business that would hire sub-par people. We need to put some trust in the businesses.

Sen. J. Lee: If businesses care about their employees why wouldn't they want to be licensed?

Rep. Weisz: I did some research. Federal credit is confusing and a two tier system. I think there is potential to piggyback on that federal credit. We will have another meeting about that.

Sen. J. Lee: I think we could ask Ms. Wald to put some information together for us about the tax credit.

Rep. Streyle: I think the proposal the Chairman is suggesting would take a different tact on it. It would basically be incentive the business to help pay for some of the child care costs and giving them a credit.

Sen. J. Lee: I understand the business community came into Appropriations after we had already had these conversations with the Tax Department and they never had the courtesy to mention it to me. I don't have a lot of interest in knowing what those amendments might be.

Rep. Streyle: I never talked to those people. This is totally separate from that.

Rep. Weisz: We are adjourned.



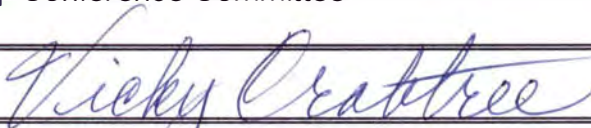
# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
April 24, 2013  
Job #21496

☒ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Provide an appropriation to DHS for child stabilization initiative.

### Minutes:

See Handout #1

Rep. Weisz called to order the conference committee on HB 1422. (Afternoon meeting.) (See Handout #1) I spent 2 minutes with Rep. Belter on 1250. We are not sure what they are doing on 1250. We might need to take up that topic in 1422 before we are done with this; then again maybe not. We will go to policy and the dollars.

Sen. Anderson: I think it would be helpful if we discussed the dollars. We would be willing to go on line 9 in the old bill to increase from 24 to 30 which is one of the things you suggested.

Rep. Weisz: I will ask the Senate if you will go over the increase to \$6 million.

Sen. Anderson: We sent it out at \$2.6 million and Appropriations bumped it up. Sen. Lee can address the specifics.

Sen. J. Lee: We decided to have the \$6 million to be appropriated and leave the allocation to the discretion of the department. We don't have several line items because we are leaving the discretion to the department.

Rep. Weisz: The whole \$6 million goes into the stabilization initiative?

Sen. J. Lee: Yes.

Rep. Weisz: Was there discussion of how the \$6 million would be divided up?

Sen. Anderson: The intention there is, the two items with the \$6 million is the trained child care workforce and the recruitment and retention. Priority given to children with special needs.

Rep. Weisz: The \$2.7 million in governor's budget is going for the workforce training so you would end up with \$7 million in that area? The rest would go into recruitment and



retention? Currently there is \$773,000 goes to the licensing component and \$2.7 million for resources for provides and referral services for parents and data collection. There is \$3.1 for training, technical assistance and centers for child care providers, quality improvement, technical assistance and capacity buildings. The \$3.1 million is currently in 1012. If I'm clear, \$4.3 million of this \$6 million is going to add on to the \$3.1 million and the \$1.7 million would go into recruitment and retention. Is that a fair assessment?

11:00

Rep. Streyle: In 2018 we did put \$400,000 in it at the request of your committee.

Rep. Weisz: That was for the special needs for facilities.

Rep. Streyle: So this is different than the special needs.

Rep. Weisz: Yes.

Sen. J. Lee: There may be a special needs child and the care taker may need some training.

Rep. Weisz: The additional \$2.7 million, what is it buying? You aren't subsidizing anything, you are just doing those bullet points.

Sen. J. Lee: We are eager to have an increase and some members from the western part of the state on that committee who had been concerned about child care shortages in that area. They wanted to be flexible about directing the dollars in the areas that is needed the most.

Rep. Weisz: I'm not asking for details. We are adding almost \$3 million in that area which is a substantial increase and I'm curious, we are only going to provide assistance to half of the facilities under the current proposal that is expanded to all of them.

Sen. J. Lee: I'm sure we could get that information for you.

Rep. Weisz: Did the committee have a discussion on should any of the grants or resources be split east or west?

Sen. J. Lee: We had no discussion about spreading it out.

Rep. Weisz: We didn't have any discussion about that either. The other sheet breaks out \$1.5 million for utility grant and again is that something the Senate looked at?

Sen. J. Lee: No discussion at all.

Rep. Weisz: I don't know if the House has an opposition that it just be one block of dollars. We broke it out. We did have discussion on the data collection and evaluation.

Rep. Oversen: There was \$1.6 for technical assistance and shared services and \$500,000 for data collection and evaluation. I don't remember the discussion.

Rep. Weisz: The original bill provided direct grants and that is where the \$13 million came from. We are directing toward recruitment and training and I am questioning do we need \$7.4 million for recruitment and training?

Sen. J. Lee: It is retention as well and that is extremely important and we need to make sure the workforce is also trained. We are talking 4300 people which is a large number to keep up to speed on this.

Sen. Anderson: When we originally looked at this bill it had significant amount of money in it. We thought it would be better to put in the tax credit and then it was added to HB 1250. We will have to see why Appropriations put more money in.

Rep. Weisz adjourned the meeting.

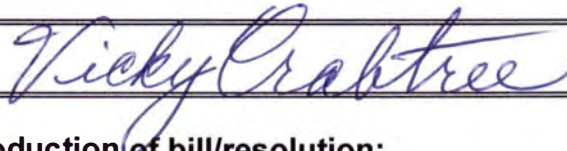
# 2013 HOUSE STANDING COMMITTEE MINUTES

House Human Services Committee  
Fort Union Room, State Capitol

HB 1422  
April 25, 2013  
Job #21513

☒ Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Establish a data base for autism spectrum disorder.

## Minutes:

See Handouts #1-3

Rep. Weisz opened the conference committee meeting on HB 1422. Sen. Anderson would you explain the information you passed out?

Sen. Anderson: Explained handouts. (See Handouts #1 and #2) That is the explanation where the \$6 million is going to be spent.

3:43

Rep. Weisz: They are anticipating adding 12 new centers at \$50,000 each for incentive.

Sen. Anderson: It doesn't mean each will get \$50,000.

4:55

Rep. Weisz: The dollars on the incentive ranges under retention that is per provider, correct?

Sen. Anderson: Correct.

6:32

Sen. J. Lee: Back to the original version had \$15,425,000. It was divided up between oil country and other areas. (Read from bill.) There were no significant changes in that as time went by. Just a little history there. We did not specify what categories each would be in so there would be flexibility for the department.

8:00

Rep. Streyle: You are still not addressing the problem you are only supplementing a little bit of money in without providing more flexibility in the staff to child ratios and some of the other things in Sections 2 and 3. This is just going recruit and they still have a cash flow problem. I don't see where this will help.

Rep. Weisz: I need to look through these numbers to get some sense of where these total dollars are coming from.

Sen. Anderson: The department is focused where the need is.

Rep. Weisz: I would assume there will be some priority toward those that are dealing with special needs.

Sen. J. Lee: Referred to sheets from her folder that talked about why these particular recommended dollars could provide additional expansion and where the assistance would be in building capacity.

Rep. Streyle: Currently can they get a recruitment grant the first year and a retention grant the second year? Or are there guidelines on that?

Sen. Anderson: I can't specifically answer that question.

Rep. Streyle: You are recruiting them to open yet very few can make it.

Sen. Anderson: We might be willing to offer some concessions this afternoon.

Rep. Streyle: I think small movements will immediately open spots.

Sen. J. Lee: I think the real discussion is, is it in Statue or in Rule.

Rep. Weisz: Meeting adjourned.

Handout #3 "Proposed Child Care-Related Funding - 2013-15 Biennium"

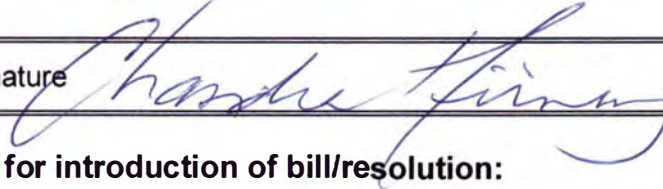
# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
April 26, 2013  
Job 21544

☒ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Provide an appropriation to DHS for child stabilization initiative.

### Minutes:

See Handouts #1 and 2

**Rep. Weisz** called to order the conference committee meeting on HB 1422. Attendance taken; quorum present.

**Rep. Weisz:** We have a set of amendments in front of us. See attachment 1, proposed amendment 13.0773.02006.

0:40 **Sen. Anderson:** Walked through proposed amendment to the first engrossment, amendment 13.0773.02006, attachment #1. I passed out a sheet which talks about the \$6 million, attachment #2.

3:27 **Rep. Weisz:** In Section 4, the changes are effective until the date administrative rules take effect. Any comments or questions on the policy?

**Sen. Anderson:** We had the discussion about whether it should be unlimited on the last section about the children that are older. We did put in your suggestion of the four year.

**Rep. Weisz:** Any comments or questions on the policy changes or the sunset?

4:34 **Sen. J. Lee:** I feel strongly about the right to regulate this being in administrative rules, but I am reluctantly satisfied with this because it would be addressing the changes. They've already planned to review them in the administrative rules. This would indicate what are preferences were at this point, and then we'd be coming back to the next session with the idea of looking at it to see if there has been any impact. I would resist this if it would be permanently in statute. I don't think it would be good to have some things in administrative rules and some in statute. I think all of this is more easily addressed in administrative rules.

5:30 **Rep. Weisz:** This would allow them to make these changes now while they address it in administrative rules, and then it will disappear so there won't again be two separate...



5:48 **Sen. Axness:** The difficulty I have with this amendment is it reverts back to the 2000 version which would keep Section 2. Some of the discussion is that allows for more flexibility, but at what cost? I'm concerned about the child's safety. I struggle with allowing Section 2 back into this bill. I agree with Sen. Lee about the staffing requirements. It seems that adding that language is putting the legislature in charge of something on which we're not the experts.

6:38 **Rep. Overson:** I have a lot of same concerns as Sen. Axness and Sen. Lee. I think the lack of a requirement for licensing for on-site childcare providers is a terrible idea. Even if they choose not to go that route and continue to have a license, allowing them that flexibility to do so is dangerous for children. As well as the ratios, I don't know where the numbers came from, who said they were okay, or who did not say they were okay. If we're going to make these changes, the expectation would be that these are the same numbers that they'll come up with in administrative rules so that we're not flipping back and forth. That might not be the case. The advisory council and the department might come up with different numbers, so then we're going to be making unnecessary changes. I'm resistant to these amendments.

7:39 **Rep. Weisz:** To be clear, we aren't changing the ratios. We're only changing the group sizes here. The current staff ratios that were changed in the House version go back to where they were.

8:00 **Sen. Anderson:** Sen. Berry did give bring us this list of the modifications from people involved in the day care. The modifications did come from people involved in the business.

8:28 **Rep. Weisz:** I can live with the amendment as far as the policy changes. It gives us the flexibility on the group size, and it gives them a couple years to see if there is an issue that may crop up. I'm okay with Section 6, the expiration date. I'm not ready to agree on the amendment with the dollars. To me we're quite close if the policy part seems acceptable. I'm waiting on some amendments regarding the fiscal side, and I hope they are ready this afternoon. Any more discussion on policy changes?

10:30 **Sen. J. Lee:** I am a reluctant consentor to the staffing requirement changes, but I'm going to have to be sweet talked into having significant reductions in dollars as well as the requirement for licensing for employers being thrown away. I think that particular provision has to be part of what stays in play.

11:29 **Sen. Overson:** I question if these ratios will match up correctly with the required square footage per child in the centers that we have in the state and if that is going to create problems for the centers whether or not they'll be able to expand.

**Rep. Weisz:** I would assume that if they want to expand the group size, they obviously have to comply with the square footage. But they don't have to expand, so it would be their decision. It surely doesn't affect them in any negative way because they just would not be able to increase the group size if they don't have the square footage.



12:26 **Sen. J. Lee:** Are you interested in reviewing Sen. Anderson's chart about what the money would be, attachment #2?

**Rep. Weisz:** We certainly can.

13:08 **Sen. Anderson:** Walked through the handout, attachment #2, regarding the HB 1422 budget.

16:00 **Rep. Streyle:** Was anyone able to answer the question on the recruitment? Can they get the recruitment and then the following year get the retention? Are there caps on that?

16:5 **Sen. Anderson:** Once you get through recruitment and get your business stated, you would be eligible for a retention grant. If you got a retention grant in a second or third or subsequent year, it would be because you were expanding or you needed additional equipment for your facility that you did not already have with the original. They would be available for expansion or for new things you were not already doing.

16:53 **Rep. Weisz:** I'll get you the amendments before the next meeting afternoon. We are adjourned.

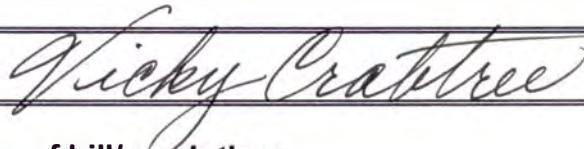
# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
April 26, 2013  
Job #21563

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Provide an appropriation to DHS

### Minutes:

See Handout #1

Rep. Weisz opened the conference committee meeting on HB 1422. (See Handout #1). (Went through handout.) It will add \$1 million on top of the \$3.1 million for the recruitment and retention. That is found in Section C and \$300,000 for the funding of an early childhood services specialist. Section A will increase the child care assistance level up to 85% of the state median income which is approximately 225-250% of the federal poverty rate. It is potentially 100% federally funded. Section B has a contingent appropriation of \$2.5 million in case there isn't all the necessary money needed then they would be able to tap into the second year and the \$2.5 million to continue the program.

Sen. Anderson: Is the eligibility only for Medicaid eligible or could they get child care only and otherwise not Medicaid eligible?

Rep. Weisz: This would strictly be an income level. If they fall into the 85% median income they would qualify for the child care. The \$3.1 million that is currently in the budget would cover the cost of the recruitment and the training portions and we would add an additional \$1 million would go for incentive grants. Then we would add the \$300,000. I don't care if that is part of the pool. The amendments aren't ready yet.

Sen. J. Lee: Is there anything I'm overlooking that we aren't covering?

Rep. Weisz: We still have the \$400,000 in the commerce for the DD and additional \$2.6 in commerce for facility grants. I know there is some opposition on Section 2 so my suggestion would be that we modify that to be a maximum of 10 children on the premises.

Sen. J. Lee: A business can't get liability insurance unless they are licensed.

Sen. Anderson: I have different opinion on that.

Rep. Streyle: I echo that too. Allow them to take care of that.

Rep. Oversen: Where did this concept come from? Were there requests from employers to run unlicensed day care?

Rep. Weisz: I heard from a couple of employers like the idea, but not necessarily do it. I'll get the amendments.

Sen. J. Lee: If we can adopt the changes Sen. Anderson has with changes in the group sizes and what you have here, maybe Legislative Council could it all together.

Rep. Weisz: I'll have them done that way. We are adjourned until Monday.

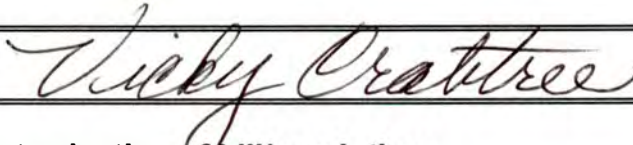
# 2013 HOUSE STANDING COMMITTEE MINUTES

## House Human Services Committee Fort Union Room, State Capitol

HB 1422  
April 29, 2013  
Job #21589

☒ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Provide an appropriation to DHS for a child stabilization initiative.

### Minutes:

See Attachment #1-2

Rep. Weisz called to order the conference committee meeting on HB 1422. There are suggested amendments before you. (See Attachment #1) The DHS has also some amendments (See Attachment #2)

Sen. Anderson: This Section 9, it seems to me that they can't increase the group size if you already have a license in place. Is that correct?

Rep. Weisz: There were some that already were exceeding the new rules that came out in 1999 and so they were grandfathered in. They wanted to make it clear that they were still grandfathered in and not subject to the new levels that we have.

Sen. J. Lee: I want to confirm what I understand from Section 9 which is the Administrative Rules process will end up making sure that these changes aren't in Statute. Does it also mean that the Administrative Rules have to be exactly what we have in Statute right now? I thought we were going to put this in place and then the experts would see if there was anything we hadn't thought about that might affect those changes. It looks to me they are locked into doing what we have in Statute here.

Rep. Weisz: I can understand what your concern is.

Sen. J. Lee: I don't think this says what we wanted it to say.

Rep. Weisz: It says, "shall certify to legislative council the date those rules will take effect and as of that date Section 4 becomes ineffective."

Sen. J. Lee: My question is does that mean they have to put in Administrative Rule what we now have in Statute?

Rep. Weisz: Section 4 becomes ineffective, but yet the above language it doesn't become ineffective until you have adopted the exact requirements of Section 4.

Sen. Anderson: We could change the word "containing" to "considering".

Rep. Weisz: I think the word should say "concerning". The Administrative Rules that are in that requirement in Section 4 (drops sentence). I think containing does imply that it has to be exactly no matter what.

Maggie Anderson: Julie felt we should do that.

Jennifer Clark: (Talked from audience with no microphone.) We thought this would be broadly accepted. (Inaudible)

Sen. J. Lee: So you don't think you need the flexibility in the language to consider the groups size as well?

Jennifer: I'm comfortable with it. (Inaudible)

9:15

Rep. Weisz: The new Section 9 would not need a new expiration date?

Jennifer: (inaudible)

Rep. Weisz: Wouldn't you want that in code?

Jennifer: (Inaudible)

Sen. J. Lee: In the short page of amendments that we have, the section on application is a sentence that would be added after the existing language?

Rep. Weisz: I assume they are going to replace and move the current Section 9 to 10 and then move this up in front of it. Then in the new Section 10 under all the expiration, Section 9 should also go away because it is currently in rule and not in code. So they would want the law also to vanish and become part of the administrative code.

Sen. J. Lee: I'm comfortable with the additional short page of amendment changes and the other amendments as they are put together.

Rep. Weisz: Is there a motion?

Sen. J. Lee: I motion.

Sen. Anderson: Second.

Rep. Weisz: The motion is for the Senate to recede from their amendments and further amend as follows which are the amendments on 2007 plus the changes we just accepted on the short page of amendments.

ROLL CALL: 4 y 2 n 0 absent

April 29, 2013

VK  
4/29/13  
182

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

That the Senate recede from its amendments as printed on page 1687 of the House Journal and page 1413 and 1414 of the Senate Journal and that Engrossed House Bill No. 1422 be amended as follows:

Page 1, line 4, remove "and"

Page 1, line 5, replace "to the department of human services for a child care stabilization initiative" with "; to provide a contingent appropriation; to provide legislative intent; to provide a report to the legislative management; to provide for application; and to provide an expiration date"

Page 1, line 13, remove "provided by an employer for the children"

Page 1, line 14, replace "of employees which is not open to the public" with "services that are located in the actual building in which the child's parent is employed, not to exceed ten children per location"

Page 1, line 18, replace "The" with "If a facility licensed under this chapter has sufficient indoor recreation space, the"

Page 1, line 18, remove "the recreation areas used by children in a facility licensed"

Page 1, line 19, replace "under this chapter to be indoors" with "outdoor play space"

Page 2, replace lines 1 through 24 with:

**"Staffing requirements.**

The maximum group size of children in a child care center must be:

1. For children less than eighteen months of age, the maximum group size is ten children;
2. For children eighteen months of age to thirty-six months of age, the maximum group size is fifteen children;
3. For children three years of age to four years of age, the maximum group size is twenty children;
4. For children four years of age to five years of age, the maximum group size is twenty-five children;
5. For children five years of age to six years of age, the maximum group size is thirty children; and
6. For children six years of age to twelve years of age, the maximum group size is forty children."

Page 2, remove lines 25 through 31

Page 3, replace lines 1 and 2 with:



20

**"SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing child care provider incentive grants pursuant to section 50-11.1-14.1, for the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$300,000, or so much of the sum as may be necessary, to the department of human services for the purpose of funding early childhood services specialists pursuant to section 50-11.1-18, for the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 7. CONTINGENT APPROPRIATION.** If the changes in the eligibility and copay requirements for the child care assistance program as contained in section 8 of this Act require more funding than the amounts appropriated to the department of human services in House Bill No. 1012, as approved by the sixty-third legislative assembly, for the child care assistance program for the 2013-15 biennium, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to the department of human services for the purpose of implementing the changes contained in section 8 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015. If the changes in section 8 of this Act can be implemented within the child care assistance program appropriation appropriated to the department of human services in House Bill No. 1012, as approved by the sixty-third legislative assembly, for the child care assistance program for the 2013-15 biennium, or requires less than the \$2,500,000 provided in this section, up to \$1,000,000 of the \$2,500,000 appropriated in this section may be used by the department of human services to provide child care provider incentive grants pursuant to section 50-11.1-14.1.

**SECTION 8. LEGISLATIVE INTENT - CHILD CARE ASSISTANCE PROGRAM - REPORT TO THE LEGISLATIVE MANAGEMENT.** It is the intent of the legislative assembly that the department of human services change the eligibility requirement for the child care assistance program from fifty percent of the state median income to eighty-five percent of the state median income. Beginning July 1, 2014, if the funding appropriated to the department of human services in House Bill No. 1012, as approved by the sixty-third legislative assembly, and in section 7 of this Act for the child care assistance program is sufficient, the department of human services may reduce copay requirements for the child care assistance program. The department of human services shall report the impact of these changes to the legislative management.

**SECTION 9. APPLICATION.** Section 4 of this Act does not apply to a child care center operator who has maintained a license since before January 1, 1999.

**SECTION 10. EXPIRATION DATE.** Sections 4 and 9 of this Act are effective until the date the administrative rules containing the requirements of section 4 of this Act on maximum group size of children in a child care center take effect. The department of human services shall certify to the legislative council the date those rules will take effect, and as of that date sections 4 and 9 of this Act become ineffective."

Renumber accordingly

# 2013 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: House Human Services

Bill/Resolution No. 1422 as (re) engrossed

Date: 4-29-13

Roll Call Vote #: 1

## Action Taken

- ☐ HOUSE accede to Senate amendments  
☐ HOUSE accede to Senate amendments and further amend  
☐ SENATE recede from Senate amendments  
☒ SENATE recede from Senate amendments and amend as follows

House/Senate Amendments on HJ/SJ page(s) 1687 -

- ☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) 1422 was placed on the Seventh order of business on the calendar

Motion Made by: Sen. J. Lee Seconded by: Sen. ANDERSON

Representatives				Senators			
	Yes	No			Yes	No	
<u>Weisz</u>	✓			<u>ANDERSON</u>	✓		
<u>Streye</u>	✓			<u>J. Lee</u>	✓		
<u>Overseer</u>		✓		<u>AXNESS</u>			✓

Vote Count Yes: 4 No: 2 Absent: 0

House Carrier Rep. Weisz Senate Carrier Sen. ANDERSON

LC Number \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

accept amendments 2007  
and the amendment changes  
from the DHS.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1422, as engrossed:** Your conference committee (Sens. Anderson, J. Lee, Axness and Reps. Weisz, Streyle, Oversen) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1687, adopt amendments as follows, and place HB 1422 on the Seventh order:

That the Senate recede from its amendments as printed on page 1687 of the House Journal and page 1413 and 1414 of the Senate Journal and that Engrossed House Bill No. 1422 be amended as follows:

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human services for the purpose of providing child care provider incentive grants pursuant to section 50-11.1-14.1, for the biennium beginning July 1, 2013, and ending June 30, 2015.

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**SECTION 8. LEGISLATIVE INTENT - CHILD CARE ASSISTANCE PROGRAM - REPORT TO THE LEGISLATIVE MANAGEMENT.** It is the intent of the legislative assembly that the department of human services change the eligibility requirement for the child care assistance program from fifty percent of the state median income to eighty-five percent of the state median income. Beginning July 1, 2014, if the funding appropriated to the department of human services in House Bill No. 1012, as approved by the sixty-third legislative assembly, and in section 7 of this Act for the child care assistance program is sufficient, the department of human services may reduce copay requirements for the child care assistance program. The department of human services shall report the impact of these changes to the legislative management.

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Renumber accordingly

Engrossed HB 1422 was placed on the Seventh order of business on the calendar.

**2013 TESTIMONY**

**HB 1422**

#1

HB 1422  
Senator Joan Heckaman

Chairman and members of the committee:

I am Senator Joan Heckaman from New Rockford and I represent District 23.

I am here today to ask you to support HB 1422 to provide the infusion of funding into an area of much need.

As parents look to child care services across the state for quality child care so they can work, we too as grandparents and legislators should also join forces to provide quality services for our grandchildren and the children of our constituents.

You can go to almost any area of North Dakota and find a need for child care. As legislators, we provide tax relief for many different businesses in this state. That allows those businesses to increase wages and benefits for their employees because of the decrease in taxes. Do we do that for center and home based child care?

You will hear about the importance of this bill for many different reasons. But the bottom line is that this is important to keep our work force strong and viable.

I stand in support of this bill as do families, grandparents, and employers across the state.

I would defer any questions to the experts who follow.

Senator Heckaman



#2

**HB 1422**  
**House Human Services Committee**  
**Monday, January 28, 2013**

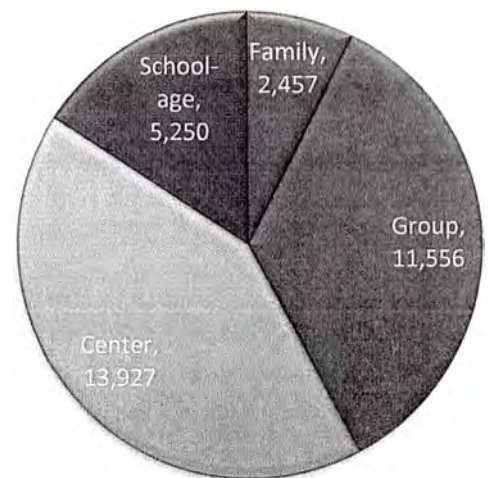
Chairman Weisz and Members of the Committee:

I am Linda Reinicke, Program Director for Child Care Resource & Referral, a program of Lutheran Social Services in western ND. I am here to give a brief overview of ND's child care industry, its challenges, and how HB 1422 can strengthen child care in ND.

**Child Care in North Dakota**

ND has 1,359 licensed providers with the capacity to care for 33,190 children. Licensing levels include

- Family providers (7 children) - 351
- Group providers (18 children) - 811
- Centers (19 or more children) - 153
- School-age care programs - 44



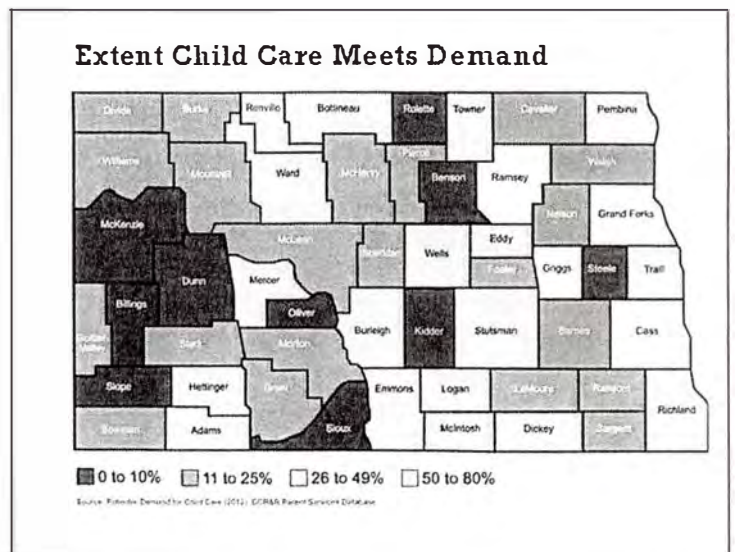
To care for the 33,000 children in licensed programs, the child care industry employs 4,686 workers.

Parents purchasing child care pay, on average, \$6,455 to \$8,066 per year or more than the annual tuition

Even though parents pay significant child care fees, 60% of child care workers make less than \$10.10 an hour. Consequently, center staff turnover averages 44% per year throughout the state. In Minot, one center experienced a 200% turnover. Most centers in oil country must compete with high service industry wages and have been forced to increase their wages in order to recruit and retain workers.

The state's current supply of licensed child care meets only 38% of the demand. To provide adequate options for parents looking for care, industry standards suggest the supply of care should meet 50% of demand.

On the map to the right, the counties colored in red and orange meet less than 25% of the demand. Western ND, in particular experiences a critical shortage of care.



Putting at risk oil country's already fragile child care system, nine centers in the Minot area face closure within months. Increased operational expenses have put the centers into severe deficits (\$180,000 to \$250,000).

Unfortunately, left to its own devices, the supply of care will not grow to meet the demand nor will it become stable without increasing profit margins. However,

- Increasing profit margins by charging more will not work. Increasing child care fees will drive away low- and middle-income parents leaving quality child care services affordable only to upper income families.
- Increasing profit margins by reducing expenses will not work. Child care programs run on a shoe string leaving very few options for reducing expenses. Although staff expenses range from 70-80%, staffing patterns must follow state regulations and maintain staff-child ratios. E.g. one staff person cannot take care of more than four infants, or five toddlers, or seven preschoolers.
- Increasing profits margins by enrolling more children will not work. Child care enrollment must follow state regulations and allow 35 useable square feet per child. Adding more children can only be accommodated by adding square footage (and more staff).

And, unfortunately, circumstances have brewed up the perfect child care storm. Child care staff, normally making minimum wage, leave child care for higher wages at fast food restaurants. To recruit more staff, programs raise salaries and, in turn, to recoup the additional expenses, must significantly raise their rates. Parents, in turn, find themselves in an untenable position. Can they afford to work?

### **Addressing the Child Care Crisis through HB 1422**

The Legislature has, over the last six years, invested in strengthening ND's child care.

In 2007, the Legislature funded on-line training for child care providers.

The 2009 Legislature funded a child care recruitment, training and retention initiative and, in 2011, refunded the initiative. Child Care Resource & Referral, during the past 18 months, conducted 978 on-site visits to 171 new programs and 138 existing programs. Additionally, CCR&R provided 103 on-line courses completed by 43,811 participants and delivered 91 training events (300 hours) attended by 2,135.

Although Child Care Resource & Referral met projected recruitment benchmarks for the past 18 months (report attached), ND's strong economic growth presented challenges to the existing child care industry not anticipated during the 2011 Legislative Session. The current child care challenges require an investment in program operations and in measuring the accountability of programs receive operational funding.

HB 1422 will provide

- Stabilization incentive grants to approximately 27 child care programs in oil country based on an average of \$2,700 per child. Funds will impact 1,300 children. Programs receiving incentives will receive technical assistance but will not be expected to achieve an specific level of program quality for a minimum of two years. Total cost for oil country incentive grants will be **\$7,000,000**.
- Stabilization incentive grants to 40-60 child care programs in other areas of the state that voluntarily participate in the Quality Rating and Improvement System (QRIS). Incentives will average \$1,500 per child and impact 4,000 children. **(\$6,000,000)**
- Assessment, monitoring and consumer awareness. Programs participating in QRIS will be assessed to determine program quality, technical assistance will be available to help programs achieve high quality, and incentives will be tied to the quality rating. Program ratings will be promoted to child care consumers. **(\$325,000)**
- Technical assistance and shared services. Programs receiving stabilization funds and/or participating in QRIS will receive on-site technical assistance and training (7 FTEs) and will have access to shared services in accounting and human resources (4 FTEs). All technical assistance services provide accountability in use **(\$1,600,000)**
- Data collection and an evaluation. Approximately 200 on-site assessments will be conducted **(\$260,000)** requiring the purchase of software and licenses **(\$290,000)**. A full evaluation of the project will be conducted **(\$50,000)**. Total for data collection and evaluation, **\$500,000**

Finally, the availability of quality child care, although good for working parents, businesses, and ND's growing economy, ultimately HB 1422 benefits ND's children. A baby welcomed into child care today will spend up to 12,000 hours in child care, more time than she will spend in elementary school and high school and all of this during her most formative years.

I appreciate the opportunity to present this information. I will stand for any questions.

Linda Reinicke  
Child Care Resource & Referral Director  
Lutheran Social Services of ND  
lreinicke@lssnd.org  
530-2501 (office) 226-2510 (cell)



# Growing Child Care ND

## Progress Report 7/1/11 to 12/31/12

NORTH DAKOTA  
**CCR&R**  
CHILD CARE RESOURCE & REFERRAL

July 2011 – December 2012



## Building a workforce, quality & capacity

The 2011 North Dakota Legislature appropriated \$3.1 million dollars for 2011-2013 to implement activities to train the child care workforce, improve the quality of child care programs, and increase the capacity of child care throughout the state as per 50.11.1-14.1 of the Century Code (below).

The Department of Human Services contracted these duties to North Dakota Child Care Resource & Referral. This serves as an interim report for the first 18 months of activities.

### 50-11.1-14.1.

#### Workforce development - Quality improvement - Technical assistance - Capacity building.

1. The department shall provide voluntary, progressive training opportunities leading to credentials and shall provide supports for the early childhood care and education workforce. The department shall implement a registry to track workforce participation.
2. The department shall implement a voluntary quality improvement process for licensed early childhood facilities. The department may provide a quality incentive payment and a higher reimbursement rate for child care assistance program payments to a participating early childhood facility. The department may provide technical assistance and support to an early childhood facility that applies for quality improvement and may provide financial incentives to an early childhood facility that sustains and increases program quality. The department may contract with a private, nonprofit agency to provide technical assistance under this subsection.
3. The department may provide supports and incentives to build child care capacity, including:
  - a. Technical assistance and support to individuals who want to establish a new program or expand existing capacity to include information on needs assessments, regulatory processes, facility design and furnishings, startup and operating budgets, staffing patterns, curriculum evaluation, and development of business plans.
  - b. Grants to programs with a viable business plan to support early childhood facility development and expansion in areas with a demonstrated need.
4. The department shall coordinate with other state agencies as necessary to implement the provisions of this section.

## Budget Allocation

Funding appropriated for the implementation of the law's child care recruitment, training and retention efforts, known as the Growing Child Care Initiative, have been allocated in three categories:

1. Child care workforce training
2. Program incentives and scholarships to child care programs and individuals
3. Technical assistance to child care programs and individuals (13 program consultants)

Workforce Training - \$281,828 / \$81,676

Program Incentives & Scholarships - \$999,608 / \$92,792

Technical Assistance - \$1,021,300 / \$622,796

■ Spent/Encumbered ■ Remaining in Budget

Figure 1 - 18 Month Spending vs. Budget

## Workforce Training

*Goal: Develop and deliver 120 hours of online training that leads to the Child Development Associate (CDA), a national credential designed specifically for individuals working in early childhood.*

136 hours of CCR&R's online training is provided free of charge and is available on demand at [www.ndchildcare.org](http://www.ndchildcare.org). The high completion rate indicates it to be a popular format choice for child care providers. Training is delivered in competency areas and include topics such as business operations, child development, health and safety, learning environment, and interactions with children. ND CCR&R delivers the training content needed to meet requirements of the Child Development Associate (CDA) national credential.

### Training Delivery: 7/1/2011 to 12/31/2012

Number of Online Courses	Hours of Online Training	Online Course Completions	Face-to-Face Training Events	Hours of Face-to-Face Training	Training Event Attendance
103	331.5	43,831	91	301.5	2,135

### Growing Futures Registry: 7/1/2011 to 12/31/2012

The Growing Futures Professional Development Registry was fully launched this biennium. The goal is to track, support and promote a well-trained and skilled workforce.

Workforce Registrants	Workers with Related Credentials or Higher Education	Registered Trainers	Registered Trainings
1,600 (34%)	308 (19%)	167	1281

### Training Hours by Competency Area

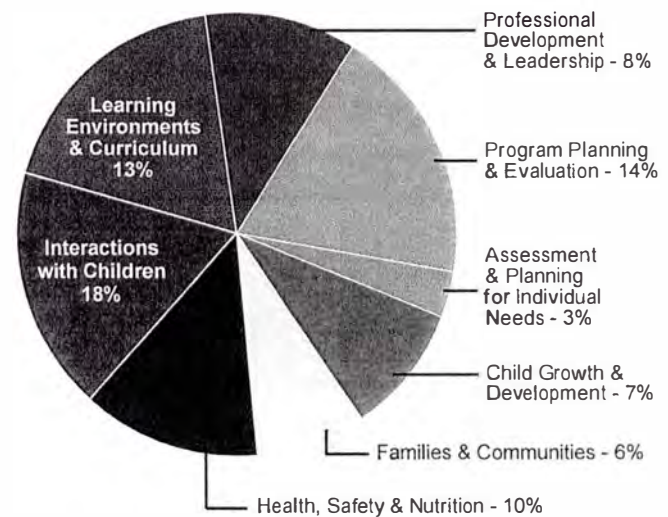


Figure 2 - Source: ND CCR&R Training Database

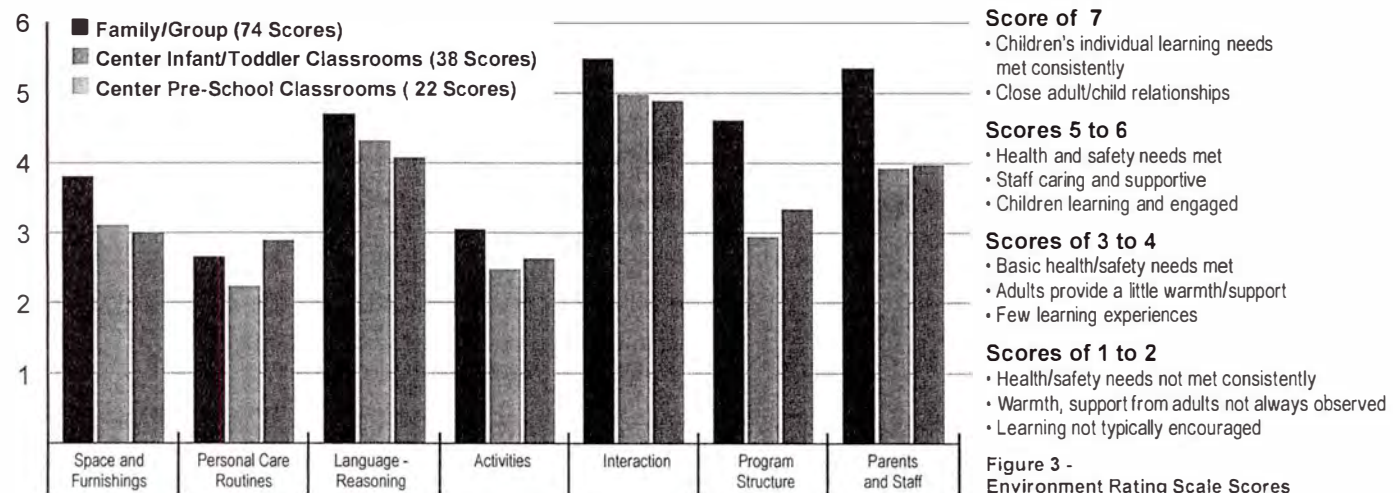
## Quality Improvement / Technical Assistance

*Goal: During the biennium, provide technical assistance and support to 200 family child care providers and 24 centers focusing on business operations, health and safety, learning activities, environments, etc.*

138 child care programs have participated in the retention program from 7/1/11 to 12/31/12, preserving and increasing quality in 3,235 slots. Skilled CCR&R consultants made approximately 976 on-site visits to troubleshoot issues, conduct observations, and work with the operator to make an action plan to strengthen the business. Providers are encouraged to take online training courses related to their action plans. The consultants then help the provider implement what they are learning in the course to achieve goals and improve their caregiving environment.

To identify the program elements to be addressed, CCR&R consultants conduct program assessments using a research-based assessment tool, Environment Rating Scales. The chart below shows average initial scores by category of 134 classrooms or programs in the project. Prior to technical assistance, participating programs average 3.64 on a 7.00 point scale.

To assist program operators with their improvement goals, participants receive incentives averaging \$1,500 for family/group child care and \$9,000 for centers. Dollars are typically spent on items such as learning materials (fine and large motor, dramatic play, art, music/movement, books, blocks, science and math, and multicultural), necessary equipment such as low shelving, and low tables and chairs, diaper changing stations, and cribs/cots.





# Build Capacity

*Goal: During the biennium, add 180 family child care providers and 8 new child care centers.*

283 new child care programs have been added, totaling approximately 3,978 new spaces. 171 programs, through 12/31/2012, took advantage of incentives and technical assistance:

## 161 new home-based child care start-ups

Incentives range from \$800 to \$2,000.

6 new large Group Facilities with incentive range of \$1600 to \$5000.

Typically, programs purchase health/safety items like fire extinguishers, safety gates, and other foundational items such as low, open shelving, cribs or cots, small tables and chairs, high chairs, and materials that promote learning such as books, blocks, dramatic play items, music/movement, or fine and large motor items.

Training includes online courses such as creating contracts and policies, recordkeeping and taxes, and marketing their business, as well as health and safety topics including preventing illness, child care safety, and creating an appropriate environment.

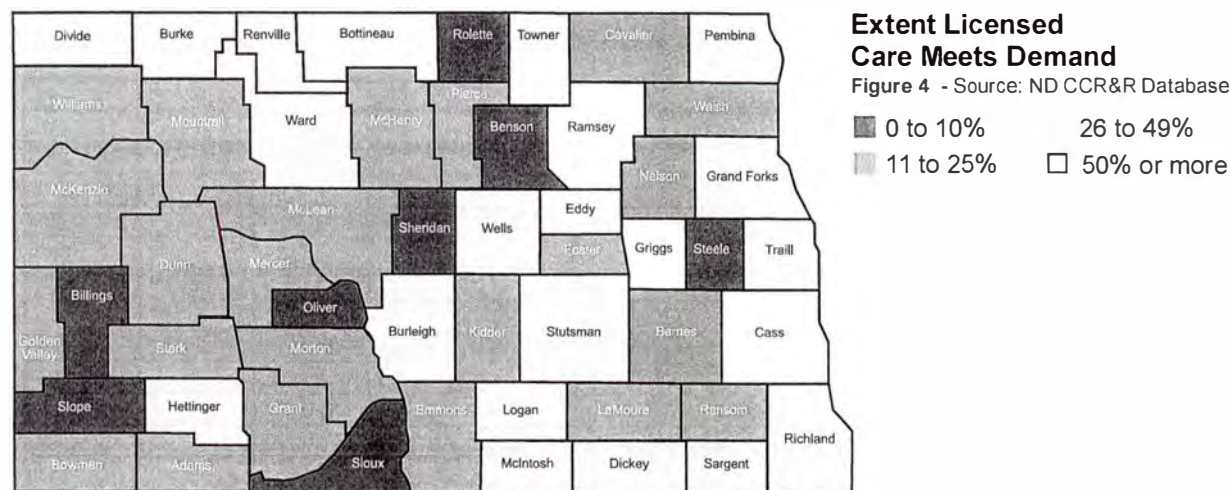
An average of 4 technical assistance visits and numerous check-in contacts were completed to provide guidance to each new operator.

## 4 new child care centers have opened after participating in the center recruitment project, and another 4 are currently working towards start-up.

Incentives of up to \$10,000 help new programs purchase needed furnishings including low, open shelving, cribs or cots, low table and chairs, high chairs, diapering changing stations and learning materials such as books, blocks, dramatic play items, music/movement, and fine and large motor items.

New programs work cooperatively with CCR&R's early childhood, health and business consultants. The early childhood consultant helps the program create policies and procedures, program staffing, select equipment, create environments, choose curriculum, and work with families. The health consultant works with the director on safety audits and assists in creating health procedures and policies, exclusion guidelines, and medication administration protocol. The business consultant assists in developing a sound business plan, a start-up and an operational budget.

Additionally, CCR&R has interacted with 34 communities across North Dakota to address child care. The approach in each community varies to accommodate local leadership, goals and timelines. CCR&R brings current supply and demand data and integrates that with local information to document the potential need, identify compatible child care business models, operational structures, facility identification and design, furnishings and supplies, staffing and training, policy development, marketing and enrollment.



## About Us

North Dakota Child Care Resource & Referral was launched in 1989. We assist families in their search for quality child care, build the knowledge and skills of early childhood professionals and expand the capacity of care to meet community needs.

ND CCR&R's vision for our training division is that every child care provider possesses the knowledge and skills to support children's healthy development and is prepared to provide that care in a quality child care environment.

### CCR&R office locations in western North Dakota

- Bismarck: 888-223-1510
- Minot: 800-450-7801

### CCR&R office locations in eastern North Dakota

- Fargo/Moorhead: 800-941-7003
- Grand Forks: 888-778-3435
- Jamestown: 888-767-0350

[www.ndchildcare.org](http://www.ndchildcare.org)



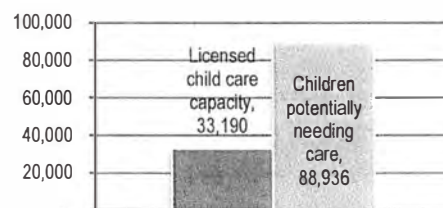
## Growing Child Care Interim Progress (July 1, 2011 to December 30, 2012)

COUNTY	Children Potentially Needing Care	Net Change from 2010 Data	Total Licensed Child Care Programs 12/30/12	Total Licensed Child Care Capacity 12/30/12	Size of Child Care Workforce	New Child Care Programs Added	New Child Care Capacity Added	Unduplicated CCR&R Training Participation¹	Child Care Programs Participating in Retention Efforts	Child Care Capacity Retained	Extent Licensed Care Meets Potential Demand
Adams	280	70	5	66	11	-	-	5	-	-	24%
Barnes	1,187	16	12	297	38	5	56	62	2	25	25%
Benson	1,165	(14)	1	18	1	-	-	17	-	-	2%
Billings	80	6	-	-	-	-	-	-	-	-	0%
Bottineau	608	8	13	158	16	2	25	24	1	7	26%
Bowman	403	40	5	102	9	-	36	12	-	-	25%
Burke	240	63	3	76	7	-	-	13	1	40	32%
Burleigh	11,867	1,557	170	4,830	735	19	432	809	10	370	41%
Cass	20,978	1,600	364	11,018	1,595	83	1,305	2,106	29	929	53%
Cavalier	479	163	6	115	21	1	7	37	2	78	24%
Dickey	722	39	15	301	33	1	7	57	1	18	42%
Divide	193	39	1	60	18	-	-	20	2	36	31%
Dunn	360	14	4	59	5	1	16	14	-	-	16%
Eddy	270	39	6	91	22	1	15	25	2	19	34%
Emmons	381	47	8	94	11	-	-	13	-	-	25%
Foster	375	(15)	4	58	8	1	12	11	2	36	15%
Golden Valley	224	70	3	50	7	-	-	2	-	-	22%
Grand Forks	7,681	(392)	149	3,074	552	47	691	711	12	215	40%
Grant	283	98	4	39	7	-	-	7	-	-	14%
Griggs	212	(17)	6	112	12	2	14	11	2	36	53%
Hettinger	209	43	4	65	8	-	-	10	-	-	31%
Kidder	233	10	2	25	4	-	-	9	-	-	11%
Lamoure	537	161	8	134	15	1	7	25	1	18	25%
Logan	217	31	6	100	14	3	29	12	1	7	46%
McHenry	680	148	8	117	35	1	7	26	-	-	17%
McIntosh	312	75	6	100	8	-	-	14	-	-	32%
McKenzie	942	297	5	117	19	2	17	28	-	-	12%
McLean	1,035	309	13	181	20	1	18	41	1	7	17%
Mercer	876	189	15	220	15	3	32	23	1	18	25%
Morton	4,139	600	52	985	134	6	47	175	4	66	24%
Mountrail	1,043	128	8	140	22	1	18	43	1	39	13%
Nelson	345	89	7	74	13	3	21	13	2	14	21%
Oliver	227	91	1	18	3	-	-	5	-	-	8%
Pembina	851	110	11	250	31	1	7	19	-	-	29%
Pierce	608	161	7	140	17	-	-	22	1	50	23%
Ramsey	1,317	(188)	38	881	105	13	157	117	8	151	67%
Ransom	673	12	8	137	21	2	25	21	3	55	20%
Renville	321	107	4	116	13	-	-	15	-	-	36%
Richland	2,126	33	47	813	117	16	244	115	2	27	38%
Rolette	2,088	(264)	6	143	18	1	18	98	1	70	7%
Sargent	488	49	9	125	11	4	42	13	5	56	26%
Sheridan	97	42	-	-	1	-	-	1	1	-	0%
Sioux	884	108	-	-	-	-	-	4	-	-	0%
Slope	70	19	-	-	-	-	-	-	-	-	0%
Stark	3,132	343	57	720	174	6	62	163	5	189	23%
Steele	203	34	1	18	3	-	-	12	-	-	9%
Stutsman	2,581	283	47	793	106	16	187	131	12	134	31%
Towner	269	91	6	105	13	2	25	20	1	7	39%
Trall	1,056	128	15	333	97	2	14	62	-	-	32%
Walsh	1,317	(43)	16	321	29	6	75	48	2	80	24%
Ward	8,214	(211)	123	2,320	328	17	173	423	10	285	28%
Wells	372	(8)	5	106	9	2	25	13	-	-	28%
Williams	3,063	583	40	655	69	11	112	90	1	36	21%
<b>TOTAL</b>	<b>88,513</b>	<b>6,991</b>	<b>1,354</b>	<b>30,870</b>	<b>4,580</b>	<b>283</b>	<b>3,978</b>	<b>5,767</b>	<b>129</b>	<b>3,118</b>	<b>35%</b>

Figure 5 - Source: ND CCR&R Databases

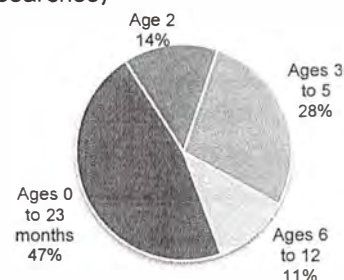
### Children Potentially Needing Child Care

	0-2 yrs	3 yrs	4-5 yrs	6-12 yrs	Total
Children in County by Age <sup>1</sup>	26,985	8,938	17,108	55,303	108,334
% of Mothers with Children Ages 0 to 5 in Labor Force <sup>1</sup>					77.5%
% of Mothers with Children Ages 6 to 17 in Labor Force <sup>1</sup>					86.5%
Children Ages 0 to 5 potentially needing child care due to mother in workforce					41,099
Children Ages 6 to 12 potentially needing child care due to mother in workforce					47,837
Capacity of licensed child care programs (family, group, center, school-age)					33,190
Current Child Care Assistance Program Recipients Age 0-13 <sup>1</sup>					7,340



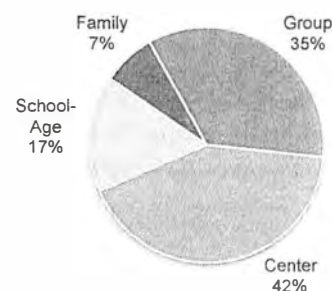
### Referral Requests (July 2011 to June 2012, includes CCR&R phone inquiries and internet searches)

Total children needing care as requested through CCR&R <sup>2</sup>	8,627
Ages 0 to 23 months	4,011
Age 2	1,227
Ages 3 to 5	2,406
Ages 6 to 12	983
Total children needing care before 7:00 a.m.	1,024
Total children needing care beyond 6:00 p.m.	621
Total children needing care Saturdays or Sundays	472



### Licensed Early Childhood Program Type, Capacity, and Enrollment<sup>2</sup> (2012)

	Family	Group	Center	School-Age <sup>3</sup>	Total
Number of Programs	351	811	153	44	1,359
Licensed Capacity	2,457	11,556	13,927	5,250	33,190
Reported Enrollment <sup>4</sup>	1,785	7,680	8,526	1,820	19,811
Reported Vacancies <sup>5</sup>	309	886	1,030	344	2,569
Providers/Capacity Added	154/1083	73/1021	11/899	2/85	240/3088
Providers/Capacity Lost	126/886	156/2120	6/402	3/128	291/3536
Programs open before 7:00 a.m.	78	262	81	21	442
Programs open after 6:00 p.m.	10	43	15	0	68
Programs open on Weekends	7	19	8	0	34
Reported Size of Workforce	338	1,322	2,508	518	4,686



### Annual Cost of Licensed Child Care<sup>2</sup>

Age of Child	Family and Group		Center	
	Average	Highest Rate	Average	Highest Rate
Ages 0 to 17 months	\$6,455	\$16,380	\$8,066	\$15,093
18 to 35 months	\$6,285	\$14,040	\$7,705	\$14,625
Ages 3 to 5	\$6,158	\$11,700	\$7,158	\$13,923

[www.ndchildcare.org](http://www.ndchildcare.org)

<sup>1</sup> 2012 ND Kids Count Fact Book

<sup>2</sup> ND CCRR NACCRRAware Database

<sup>3</sup> School-age care numbers reflect programs licensed exclusively as before and after school programs under Early Childhood Services rules. School-age children are also enrolled in family/group programs and child care centers

<sup>4</sup> Not all programs surveyed reported their current enrollment. Data is based on an approximate 90% response rate.

<sup>5</sup> Vacancies change daily and may not match the location or program characteristics desired by families needing care. A 10% vacancy rate allows families some choice among programs.

#3

## Testimony in support of HB1422 – to stabilize child care in North Dakota

Honorable Members of the House Human Services Committee,

It is well documented that child care centers in oil country are facing critical financial problems. It is also a fact that except for in the largest ND cities, most children in licensed child care in ND are in family or group settings. This is true for the city of Dickinson as well. It is also true that family and group child care facilities in oil country are also facing rising costs and the need to significantly increase rates. Reality is that many parents do not have the disposable income to pay these higher rates which would be necessary for many facilities be they family, group or center to remain operational.

In order to stabilize the current inability of child care supply to meet the child care demand, it is vital that language be added to HB1422 to include licensed family and group child care programs. Centers are simply not financially feasible in most of the smaller communities in ND.

I also support the Quality Recognition & Information System, QRIS. I served on the QRIS statewide planning committee for several years. QRIS has been available to family, group and center licensed facilities in Cass County thru funding provided by United Way. QRIS in Cass County has proven to increase the level of care children in participating programs receive and has been well received by participants and parents as well. Having QRIS piloted in Cass County has enabled the bugs to be worked out. Expansion of QRIS statewide would be a win win situation for stabilizing child care in ND, raising the level of professional in the child care industry, as well as positively benefiting children in care.

I provided licensed child care in our Hettinger home for 26 years and for the past 11 years have been the sole employee at Hettinger's Community Promotions Office. This position has allowed me to understand more clearly the negative impact the lack of adequate child care slots has upon employers and employees.

Although the child care shortage is obviously most acute in oil country, it is a problem being felt elsewhere in the state as well. Hettinger is growing and has a serious child care shortage due to 2 licensed facilities closing in the past 6 months.

Because I am not able to attend the January 28<sup>th</sup> hearing on HB 1422 I am asking that this testimony be submitted to the committee.

Earleen Friez - Hettinger, ND 701-567-3102 email: [bigwhite@ndsupernet.com](mailto:bigwhite@ndsupernet.com)



#4

**TESTIMONY for House Human Services Committee**  
**HB 1422**  
**January 28, 2013**

Mr. Chairman and members of the committee, my name is Linda Lembke. I'm the director of the Child Care Resource & Referral program serving eastern North Dakota. I'm here today to share some information about the Quality Recognition and Information System (QRIS) model, the pilot in Cass County, and how it can be useful in impacting our state's child care challenges. A QRIS is a systematic, organized and cost-effective way to measure, improve and communicate the quality of early education programs. The infrastructure of this model can impact the supply of and access to child care programs, and create system-wide improvements in the stability and quality of all programs in all settings. It provides:

- Defined standards and objective measurements
- An accountability system to impact children's well-being
- Incentives linked to achieving and maintaining standards
- Revenue to keep child care programs in business and boost confidence to expand
- A clear path for program progress with achievable increments
- A network of support for child care professionals
- Framework to drive underserved children to highly effective programs
- User-friendly consumer education tool to improve the information available to families

It begins to address the important role that early childhood plays in the education pipeline.

The QRIS strategy is being implemented in some form in 43 states, including the pilot here in North Dakota. A QRIS has these five elements:

The Department of Human Services has fielded a statewide planning group since 2007 that has shaped a set of research-based quality standards for programs and practitioners, that provide a shared 'road map' for all early childhood programs.

It has worked on an implementation plan and a cost projection for a statewide rollout.

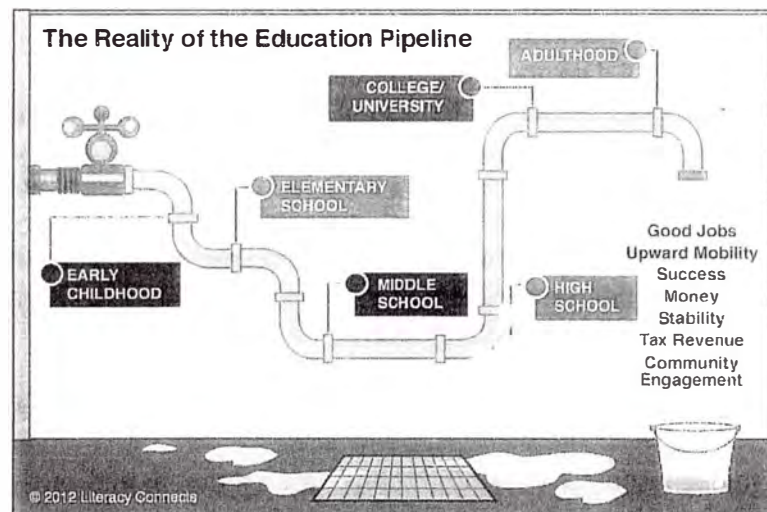
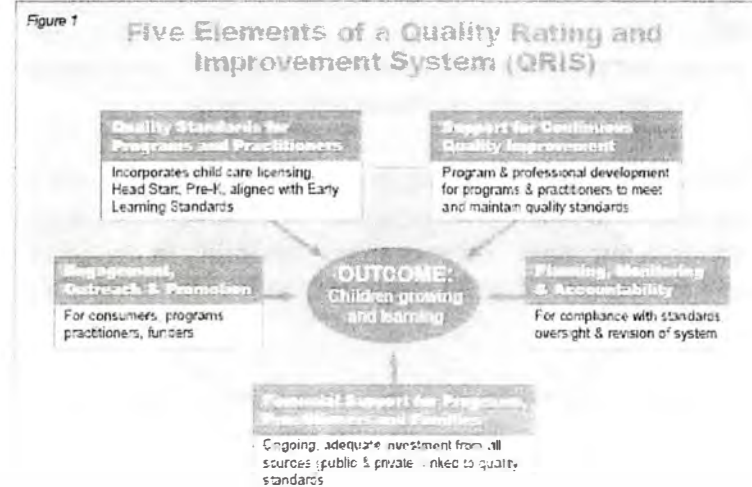


Figure 1



In 2007 and 2009, the legislature and DHS put in place some of the core components needed for this model – a statewide, accessible, no/low cost training system for child care, and a statewide network for technical assistance for health and safety, early childhood programming, and business operations. Incentive dollars up to \$10,000 per program helped bring some needed one-time resources into programs. Additionally, a statewide registry to track training, trainers, and workforce qualifications has been launched.

In 2009, the United Way of Cass Clay stepped forward to fund a pilot to test the quality standards measurements process. Working with 30 volunteering child care programs, we defined benchmarks and data collection processes, conducted on-site observations, reviewed documents, tracked workforce qualifications, provided supportive technical assistance, and compiled satisfaction surveys, personal interviews and focus groups. The pilot reached approximately 10% of children (>900) in licensed child care in Cass County.

Key results include:

- While quality improvement was a motivational factor, financial incentives were necessary to meet standards of quality programming
- 100% of programs indicated that on-site technical assistance was beneficial and necessary to make positive changes
- QRIS benchmarks drive participation in professional development and motivates the workforce to increase their credentials
- 95% of parents want their child care program to provide them information about how their child is developing and learning
- Meaningful data about the environments in which children spend their days can be collected, compiled and tracked over time using reliable tools. For example:
  - 77% of children are in a setting with adults that meet their emotional needs
  - 80% of children spend their day in an insufficient learning environment with access to materials such as books, blocks, science and art supplies
  - 72% of children are not receiving instructional support to prepare them for school, such as language modeling, asking questions, giving feedback, problem solving, or relating learning to the real world.

As the need for more child care capacity in the state increases, the QRIS model can:





1. Provide resources to stabilize child care operations and encourage expansion
2. Supplement parent tuition fees to provide needed revenue to recruit and retain needed staff.
3. Provide common standards for emerging child care programs to follow to ensure support for children's early development and learning

Many of the components are already in place, the funding in this bill provides an increased level of incentive dollars to reach more programs and provide meaningful support to this important business sector in our state. There is ample flexibility in the QRIS model to allow for accelerated supports to high-need programs, such as those in oil country, while maintaining the fidelity of the model.

I would be happy to meet with the committee another time if you would like further details about the model, results, or costs. Thank you for your time this morning.

# Quality Recognition & Information System Solves 4 Challenges in North Dakota

A Quality Recognition & Information System (QRIS) provides a systematic, organized and cost effective way to sustain childcare capacity, develop the childcare workforce, prepare children to enter school ready to succeed, and provide the consumer information.

CHALLENGE 1	CHALLENGE 2	CHALLENGE 3	CHALLENGE 4
<b>Build and Sustain Child Care Capacity</b>	<b>Develop the Child Care Workforce</b>	<b>Prepare Children to Enter School Ready to Succeed</b>	<b>Provide Consumer Information</b>
			
<p><b>QRIS</b> resources support stability for childcare operations and encourage expansion.</p>	<p>A <b>QRIS</b> provides additional revenue to compensate and retain trained staff.</p>	<p>A <b>QRIS</b> provides common standards for childcare programs to follow to support children's early development and learning.</p>	<p><b>QRIS</b> provides families access to information on program quality.</p>

## A Quality Recognition & Information System Provides...

- ✓ Defined standards with measurements
- ✓ A clear path for quality improvement for childcare programs
- ✓ A network of support for child care professionals
- ✓ Incentives linked to achieving and maintaining standards
- ✓ Consumer education tool to improve the information available to families
- ✓ Accountability system to impact children's well-being
- ✓ Revenue to keep child care programs in business to serve the 84% of ND's working families
- ✓ Framework to drive the most underserved children to highly effective programs
- ✓ Avenue to deliver PreK services to children where they already spend their day

Information compiled by ND Child Care Resource and Referral

[www.ndchildcare.org](http://www.ndchildcare.org)



# How a QRIS Works

## 1. Self Study:

Child Care Programs review the standards to identify their strengths and determine goals for meeting standards.

## 2. Become a QRIS Partner:

Child Care Programs opt in to QRIS by becoming a QRIS Partner. Programs are then eligible to receive professional development scholarships and technical assistance.

## 3. Technical Assistance:

Child Care Programs work with a supportive coach. The coach shares ideas and provides resources to meet the standards. Programs don't have to go it alone.

## 4. Official Application:

Child Care Programs submit their application indicating that they meet the standards. An observer is sent to the program to verify, using reliable assessment tools, that the standards are being met.

## 5. Funding:

Programs become eligible for additional revenue to sustain operations and maintain practices that get children ready for school and life.

## 6. Communicate with Families and Stakeholders:

Results are shared with families and stakeholders. Families have access to information about the program in which their child spends the day. Stakeholders have data for measuring the status of the early care and education system in the state.

# Overview of Standards

The standards provide a set of benchmarks along a pathway of ongoing quality improvement. Each childcare program sets their own goals and pace along the pathway.

## Level 1

### Licensing

State licensing sets the requirements to operate legally. Licensing focuses on injury prevention, safe sleep to prevent SIDS, healthy practices, and the safe supervision of children.

*\*Verification by North Dakota Department of Human Services.*

## Level 2

### Learning Environment

Programs have enough toys and materials, so all children can play and discover in an imaginative and creative way. Play during the early years builds big brains, which lead to school and life success!

*\*Verification includes Environment Rating Scale Observation.*

## Level 3

### Teaching

Adults plan engaging activities and intentionally encourage learning, play and fun along the way.

*\*Verification through documentation.*



## Level 4

### Interactions

Adults develop warm, caring relationships with each child. There are 1,892 days from birth until school starts. These adults know every day matters.

*\*Verification includes Classroom Assessment Scoring System Observation.*



## Training & Education

Adults are committed to taking continuing education hours. Just like a nurse needs continuing education, so do those working with young children. Working with young children is science-brain science!

*\*Verification through the Growing Futures Professional Development Registry.*

Good morning, Mr. Chairman and members of the committee, my name is Linda Sakrismo and I have been operating a child care center at the YWCA in Fargo for 10 years. I support this bill and would like to share the experience I had as part of the Early Childhood Rating and Improvement System pilot.

The struggles in running a good child care program are not isolated in oil country. Across the state and even across the nation, a child care business is difficult to manage. We serve families with young children, usually at the beginning of their earning curve, who are paying student loans, have car payments, and are often dreaming of buying a home. Unlike higher education, they haven't had years to plan and save and they don't have access to financial aid. We currently charge \$735 per month for a toddler, the annual total of \$8,820 is at least as much as a year of college tuition. We have regular rate increases each year, which our families must accommodate. However, it's not what we really should be charging if we were to pass on the full cost. With few choices, what we compromise on is the salaries and benefits we offer our staff, leading to high turnover for even the best child care centers.

I am a member of the state QRIS planning committee, participated in the Cass County pilot, as well as a leader in our local child care center director's association. I feel like the planning process for QRIS has been inclusive and that relevant feedback has been solicited and I see it reflected in revisions to standards and modifications to measurements that have been made. I am excited about the QRIS model because it has the potential to accomplish so many things.

1. It gives me, as a program director, clear guidance on meaningful standards to support the children and families involved in my program. It tells me how those standards can be objectively measured, giving me benchmarks to work towards and track over time.
2. It gives me a system of support and technical assistance to tap into to help us meet our goals.
3. It defines a pathway for professional development for the staff that I employ and provides the designated training.
4. It publicly and concisely shows our families how we are supporting their child's school readiness.
5. It gives me public recognition for the important role we play in supporting the larger workforce and as part of the education continuum.
6. It helps me buy needed equipment, resources and curriculum that just isn't in my budget.
7. It hopefully can provide me with another source of revenue that can allow me to better compensate my staff and keep them with my program. Because the most important ingredient in good quality child care is the people. It's time to stop leaving that to chance, and to make this investment that will last a lifetime, and a lifetime, and a lifetime.

#6

# *Tot-Lot Childcare*

502 1<sup>st</sup> St. S. W.  
Bowman, ND 58023  
701-523-4265  
TotLot1@ndsupernet.com

Testimony of Dalene Dobitz  
Director, Tot-Lot Childcare, Inc.  
HB1422  
January 28, 2013

Chairman and members of the committee, My name is Dalene Dobitz and I am the director of Tot-Lot Childcare, a non-profit daycare operating in Bowman. We have been doing business for 12 years as a group facility and following a move to a new location this past November, we became licensed as a Center. To make a long story short, we were given a new building through the generosity of a local oil company owner. From this side of this endeavor, I can tell you that we would still be in our 1976 single-wide trailer, that was in need of major rehab, were it not for this incredible gift. Now that we have this wonderful new facility, we've discovered that our problems are just on a grander scale. Namely-cash flow.

There are the obvious issues of increased overhead equal to the increased building size and maintenance, for example the heating costs have more than tripled and insurance, which has always been an issue, has more than quadrupled. Our biggest concern is daily operating expenses-namely wages and groceries. By becoming a Center, we've increased our enrollment capacity from 18 to 50, with the potential to add another 50 spots in the future. Our problem is that with higher enrollment comes greater staffing needs, which equals more wages, and higher grocery bills.

At this time we are paying \$8.00 per hour with no benefits, and we are just barely break even. This spring, we will be raising our rate for the 4<sup>th</sup> time in 3 years. And this is where our next problem occurs: at our current rate, someone with 2 children earning \$10.00 an hour would bring home less than \$600.00 a month after paying for childcare. Several of my mothers make less than they pay for childcare, they are doing this so that their job will still be there when their children are raised- they are working for their families futures. We need to be affordable to continue filling our enrollment: we need to pay competitive wages to employee and retain necessary staff; and we must operate in the black. At this time we are finding this increasingly difficult, if not impossible to do.

One point that I would really like to stress is that our children are one of our most valuable assets-caring for them in a safe, nurturing, learning environment should be one of our major priorities. The people who care for our children and grandchildren should be more than simply adequate, but for that to happen, we need to be able to pay a competitive-living wage and still keep the rates we charge within the ability of the parents to pay. If you look at the bigger picture, affordable childcare is what gives each of our communities the ability to function, without it there would be a significant decrease in the workforce. Ultimately, making childcare cash flow problems everyone's problem.

While I personally struggle with the ramifications of government assistance to keep childcare viable, I have reached the conclusion that there are few other options. This past year our childcare did 9 different fundraisers, received several generous donations, and still our bottom line continues to recede. Research tells us that we would need an enrollment of 70 children a day @ \$30.00+ per day to break even. Neither of those numbers is feasible at this juncture.

In closing, I would like to share a recent experience of mine. I was interviewing a woman who had glowing references, fantastic experience and great credentials, a definite must hire. When I told that we paid \$8.00 an hour, she literally choked, then commented that "as long as the benefits were adequate, she could probably

make that work”....she ended the interview by telling me that I had ‘wasted her time“

Please give careful consideration to HB1422, as immediate help is needed to begin to fix the childcare crisis in North Dakota.

Thank you, I would be happy to answer any questions. I can also be reached @ 701-523-4265 or [totlot1@ndsupernet.com](mailto:totlot1@ndsupernet.com).

#### 1 EMPLOYEE-4 CHILDREN

10 hours a day x \$8.00 per hour x 22 days per month= \$1760.00 before payroll taxes, etc.

4 children x \$26.00 per day(possible new rates) x 22 days per month=\$2288.00

\$2288.00-\$1760.00=\$528 to pay heating & air, training, groceries ( our grocery bill, with 22 children, currently runs \$900.00+ a month), etc.

..

Mr. Chairman and members of the committee my name is Janet Bassingthwaite. I'm here today representing the 250 members of the North Dakota Association for the Education of Young Children (NDAEYC) in support of HB 1422. As affiliates of the national organization (NAEYC) we are part of the leading membership association working to improving the quality of care and education for children. One system-based way this is successfully being accomplished by colleagues in 25 states and the District of Columbia is through quality rating and improvement systems (<http://www.naeyc.org/policy/StateQRIS>).

It is one of the infrastructure initiatives that NAEYC strongly advocates for because it:

- (1) increases the supply of and access to higher quality early childhood programs,
- (2) creates system-wide improvements in the quality of all programs, including all settings, auspices and ages of children served,
- (3) provides resources to help programs improve and sustain higher quality,
- (4) and creates greater consumer awareness of the importance of program quality indicators and the supply of high quality early childhood programs.

([http://www.naeyc.org/files/naeyc/2011\\_QRIS\\_Statement\\_0.pdf](http://www.naeyc.org/files/naeyc/2011_QRIS_Statement_0.pdf))

On behalf of NDAEYC I ask you to vote for a Do Pass on HB 1422.

Janet Bassingthwaite

NDAEYC- VP Public Policy



**Testimony**  
**House Bill 1422**  
**House Human Services Committee**  
**Rep. Robin Weisz, Chairman**  
**January 28, 2013**

Chairman Weisz, members of the House Human Services Committee, I am Paul Ronningen, representing the Children's Defense Fund – North Dakota. The mission of The Children's Defense Fund Leave No Child Behind<sup>®</sup> mission is to ensure every child a *Healthy Start*, a *Head Start*, a *Fair Start*, a *Safe Start* and a *Moral Start* in life and successful passage to adulthood with the help of caring families and communities.

I am here today to support HB 1422. I have seen the reports from the Governor, Rural Development and other groups who have surveyed our state regarding the current issues. Child care is one of the top two or three needs of these reports, right along housing!

The need is well documented on many levels. I have attached a document from the Minot Center Directors Association outlining some of their hurdles. Also, I would invite each legislator to call a child care provider in their community to see what the waiting list is and what challenges these businesses face. Many waiting lists are a year or more. Also, I would invite legislators to talk to parents of young children to see what their experiences were in trying to obtain a child care slot.

I therefore fully support HB 1422 as a realistic method of maintaining a viable work force in North Dakota while providing a safe, quality child care experience for our young children.

This concludes my testimony, I would be happy to answer any questions.

## **Addressing ND's Child Care Shortage Crisis**

Permission to distribute this document granted by the Minot Center Directors Association

Collectively, oil- gas-producing counties have 18 child care centers that care for 1,154 children. Nine of the 18 centers with a capacity to care for 500 children will close within months if they don't receive significant assistance to stabilize their operations.

The Minot child care centers (and all centers in oil country)

- Face increased operations costs
  - 45% more for food
  - Increased wages to recruit and retain staff to \$13-\$15 an hour.  
Currently, most staff receive minimum wage.
- Experience a high staff turnover rate. One center reports a 100% turnover and another 200%
- Have a difficult time recruiting staff. Four centers in Minot have closed rooms due to staff shortages further exacerbating the child care shortage
- Must regularly introduce new staff to the children and families they serve
- Face severe deficits (\$250,000 annually for a center of 50 children and \$181,000 for a center of 100 children)

The centers have tried to address their budget shortfalls by

- Tightening their belts
- Increasing their fees an average of 14%-15%. Most parents pay all they can
- Dipping into reserves. One center used their entire savings (\$30,000)
- Borrowing from the churches in which they do business and charged food expenses on credit cards

The following myths must be debunked

- The supply will follow the demand. *If the supply increased as demand increased, Minot would not be having this problem*
- Regulations prevent child care from being profitable. *The Minot Center Director Association does not support changing child care regulations. Regulations must be in place to protect children and the staff who care for them*
- Child care directors run child care poorly. *This issue results from the need to increase salaries not an inability to manage finances*
- This problem belongs to parents. *To cover their shortfall, fees must go up 50%-90%. Most parents cannot afford to pay \$300 a week for child care*
- This problem belongs to business. *Although business and ND's economy benefit from child care, a system that distributes support fairly, consistently and to all programs must be put in place*

Testimony on Behalf of  
The North Dakota Economic Security & Prosperity Alliance (NDESPA) and the  
North Dakota Women's Network  
House Bill 1422 – Childcare Stabilization  
January 28, 2013

Chairman Weisz and members of the House Human Services Committee, I am Renee Stromme from Bismarck and am here today representing the North Dakota Women's Network where we work to improve the lives of women through communication, legislation and increased activism. I am also representing the North Dakota Economic Security & Prosperity Alliance. NDESPA is a coalition of citizens and organizations working to build assets for North Dakotans of low and moderate income through public policy change.

It has become increasingly clear that North Dakota is facing a childcare crisis. In October of last year, a Summit was held in Bismarck to define and quantify the problem and begin seeking solutions. In his presentation at that event, NDSU professor Dr. Richard Rathge noted that the growing population of North Dakota necessitates a need for increased childcare capacity. In order to meet the workforce demands in the oil patch – and statewide – workers need access to affordable, quality childcare. HB 1422 is a sound, bi-partisan effort that would begin to address this crisis.

NDESPA supports funding for childcare stabilization for North Dakota, as do many others here today. We can probably all agree that North Dakota is a great place to live and raise a family. We care about our quality of life and we strive to live healthy lives. We want North Dakota to stay that way and, when our children grow up, we want this state to be the place they raise their children. For that to happen, we have to invest in the wellbeing and care of young children. Safe and healthy kids and parents contribute to good communities. And North Dakota communities need a reliable and healthy workforce. Without additional assistance for and availability of quality childcare services, the equation doesn't work.

We can make childcare more reliable and less risky for more North Dakota families by investing in our childcare service system, its quality and the personnel providing these important services.

We urge the committee to pass HB 1422 to make an investment in the young children and families of North Dakota.

Attached to this testimony is a list of NDESPA partners who support this effort.

I would be happy to take questions from the Committee.





North Dakota  
Economic Security  
and Prosperity  
Alliance

**North Dakota Economic Security & Prosperity Alliance  
(NDESPA) Partners  
2013**

**North Dakota Women's Network  
North Dakota Council on Abused Women's Services  
North Dakota Disabilities Advocacy Consortium  
North Dakota Head Start Association  
North Dakota Community Action Partnership**

~~North Dakota~~

**Catholic Charities of North Dakota  
American Association of University Women in North Dakota  
North Dakota Chapter of the National Association of Social Workers  
Childcare Resource & Referral  
Mental Health America of North Dakota  
Children's Defense Fund in North Dakota  
North Dakota Public Employees Association  
Prevent Child Abuse of North Dakota**

***NDESPA works to build and sustain a system of economic security for all North Dakotans through poverty awareness and education, grassroots and community capacity building, research and data development, and promotion of policies and practices to eliminate disparities and obstacles for achieving economic security.***



#1

Testimony of

Economic Development Association of North Dakota

HB 1422

January 28, 2013

Chairman Weisz and members of the committee, my name is Cal Klewin. I am representing the Economic Development Association of North Dakota (EDND).

EDND is the voice of the state's economic development community and provides networking for its 80 members, which include development organizations, communities, businesses and state agencies. Our mission is to increase economic opportunities for residents of the state by supporting primary sector growth, professionalism among economic development practitioners and cooperation among development organizations.

EDND recognizes the dramatic shortage of childcare throughout the state brought on by the extraordinary population growth and employment demands. Businesses repeatedly express concerns that employees are forced to leave jobs because they cannot find child care. Lack of childcare services is also a barrier to employers in attracting new, qualified employees. EDND also recognizes the business side of the childcare issue. Childcare facilities that are unable to operate in a profitable environment are at risk of failure and this compounds to growing a problem.

EDND members feel this legislation is a step in the right direction to addressing this need in communities all across the state. We support this legislation.

Thank you. I would be happy to answer your questions.

#2  
Hatched  
in

HB 1422  
House Human Services  
Monday, January 28, 2013

Chairman Weisz, and members of the Committee. My name is Melissa Beach and I am the Director of Economic Development for Traill County. I am writing in support of House Bill 1422.

Problems related to the operational side of the child care industry are not just a situation in western North Dakota because of oil boom wages. We are feeling that same pressure here in Traill County.

I recently created a business plan for a new child care center in Hillsboro. While debt service is a large expense it does not compare to the cost of staffing. You can no longer pay minimum wage and attract competent, much less qualified, employees. If you pay prevailing wages, the cost for parents becomes a serious issue and in some cases prohibitive. I have a child in child care and I am very fortunate to have the family income that we do, but it still is costly.

We have a number of businesses in Hillsboro who have told me of the inability to recruit and retain employees because there is such a shortage of child care or the cost is too great. No longer can a family survive on a single income and we need both parents in our workforce. Our local medical center, Ag related businesses and several other small businesses are struggling to find employees due to the shortage of care. These businesses have even expressed an interest in assisting child care facilities if possible. Our ability to grow and remain vital as a community is dependent on affordable and accessible child care.

Upon conducting a child care needs assessment in Traill County in the fall of 2012, we found that the two major concerns are cost and availability. When two working parents, with average income or above, are paying \$1,000 per month or more for two full-time children in care, it becomes very difficult for families to even consider an increase in care costs.

I have to add that on my own personal account, I have had difficulty obtaining child care in North Dakota, and have to bring my child, and have reserved a spot for my baby to be born in June, in Minnesota. I certainly would prefer my child be where I live and work, but due to the availability, we have to travel to find care. A major concern for our State, is that once these children are in a Minnesota school district, families may not see the need to send them to school in North Dakota.

As the numbers of young parents returning to North Dakota to work increases it is important for the State to realize we need more than just a job. We want to be part of the workforce and help North Dakota grow. It is well known that affordable housing is an issue and in my experience as an economic developer; child care is right up there

Thank you for your time. I am available to answer any questions if needed.

Traill County Economic Development - 102 1<sup>st</sup> Street SW – Hillsboro, ND 58045  
Melissa Beach, Executive Director – 701.636.3736

# PRAIRIE WEST DEVELOPMENT FOUNDATION

P.O. BOX 784 55 1ST ST. SE BEACH, ND 58621 701-872-3121

Debra Walworth  
Executive Director  
Prairie West Development  
Foundation

President  
Pam Reinerts  
Cedar Canyon Spa  
Medora, ND

Vice President  
Cory McCaskey  
Business Buddy  
Beach, ND

Treasurer  
Cheryl Planert  
Dakota Lights  
Beach, ND

Board Member  
Duane Maus  
First State Bank of Golva  
Golva, ND

Board Member  
Marlene Muruato  
Beach, ND

Deputy Director  
Vanessa Ueckert  
Beach, ND

ECONOMIC  
DEVELOPMENT  
CORPORATION  
FOR  
GOLDEN VALLEY  
COUNTY

THE CITY OF  
BEACH

BILLINGS  
COUNTY

Testimony of

Prairie West Development Foundation

HB 1422

January 28, 2013

Chairman Weisz and members of the committee, my name is Debra Walworth and I am the Executive Director of the Prairie West Development Foundation of Beach.

I am writing in support of HB 1422-the child care stabilization initiative. North Dakota, in some areas is in a great *high* place...#1-place to do business; #2-oil producer in the US; the list goes on.

It is also a *low* time in North Dakota in some areas. One area that is hurting North Dakota across the state, but heaviest in Western North Dakota is the child care crisis. It is crucial at this time, for everyone to recognize the desperate situation young families are in with child care. One of the main issues for child care is the cost of employees for the day care. Wages have to be competitive enough to attract workers, but the necessary fees charged to parents would be so great, parents couldn't afford to have their children in day care. This dire situation covers employment across the board and includes not only wait staff, cooks and maids, but teachers, loan officers, accounting firms, law offices and government offices. Parents that cannot afford daycare stay home. North Dakota has a shortage of workforce and lack of child care only adds to the shortage. Can North Dakota really afford not to deal with the lack of child care and continued shortage of workers?

I am aware that a study resolution will come from this legislative session and I think that is a very good plan. However, what is needed right now is something that will address issues taking place right now, not in two years. We are already four (4) years behind the eight-ball. Although not perfect, I believe 1422 is a good start that provides a band-aid to help overcome the daycare crisis in the short-term.

As North Dakota's economy grows and wealth is created through our diverse economy, it is important to be visionary about the needs our state will face. Child care, at this point in time, may be one of the priorities to be funded and studied in the near future, so the issue can be dealt with in a positive manner.

Email: [prairiewest@midstate.net](mailto:prairiewest@midstate.net)

website: [www.beachnd.com](http://www.beachnd.com)

*This institution is an equal opportunity provider and employer*

# 3  
Housed in

#1

**Proposed Changes to HB 1422**

**Section 1. Appropriation.** There is appropriated out of any moneys in the general fund in the state treasury not otherwise appropriated, the sums of ~~\$15,425,000~~ 2,100,000 or so much of the sum as may be necessary, to the department of human services for the purpose of child care stabilization initiative for the biennium beginning July 1, 2013, and ending June 30, 2015. The initiative must provide assistance to stabilize child care operations, recruit and retain a qualified workforce and advance quality child care practices through the implementation and administration of the following programs;

<del>Stabilization, incentive grants to child care centers</del>	
<del>———— In areas of the state affect by oil and gas development —————</del>	<del>\$7,000,000</del>
<del>———— In other areas of the state —————</del>	<del>\$6,000,000</del>
<del>Assessment monitoring, and consumer awareness</del>	<del>\$325,000</del>
Technical Assistance and shared services	\$1,6000,000
Data collection and evaluation	\$500,000

**Section 2: Exemptions.**

Companies operating child care not open to the public are exempt from licensing laws.

**Section 3: (Administrative Rules currently)** Recreation Areas for use during childcare can be either indoor or outdoor.

**Section 4: (Administrative Rules currently) Maximum group size Proposed Changes**

- 0-18 months from 8-10
- 18-36 months from 10-15
- 3 year olds from 14-20
- 4 year olds from 20-25
- 5 year olds from 24-30
- School age children over the age of 6 unlimited number

**Section 5 Change the Definition Section 50-11.1-02 Definitions**

9."Group Child care" means a child care program licensed to provide early childhood services for ~~18~~ 30 or fewer children



**Lee, Judy E.**

---

**From:** Dori Hardee <dorihardee@yahoo.com>  
**Sent:** Monday, March 11, 2013 6:58 AM  
**Subject:** Lee, Judy E:  
Testimony in Support of house Bill1422, Child Care Stabilization Bill

To: Members of the Senate Human Services Committee

From: Dori Hardee- University Children Center (Grand Forks) Parent

Date: March 11, 2013

Re: Support of House Bill 1422

Dear Committee,

My name is Dori Hardee and my son has attended University Children's Center in Grand Forks for 3 years. In that time, he has grown socially, academically, and personally. As we prepare to register for kindergarten, his readiness far exceeds what the expectations are listed for an incoming kindergarten student. As a parent, I cannot be more excited that my son will begin school with the academic skills necessary to be successful as I am also aware that his confidence and feelings about school will also have positive impacts merely because he is academically prepared. My son is our first-born, and therefore needed the social skills necessary to play appropriately with other kids. Though there have been many "learning moments" he can share, and think of all students in the room regardless of differences; he sees all children with a loving heart. Personally, my son has talked about subjects and things in our house that we have not taught him! I am constantly astonished with the science, geography, and humanity lessons my son discusses.

Sounds like a great 5-year old- we think so- I believe very passionately, that he would not have the academic, social, and personal skills that he has without the University Children's Center. I now believe very firmly that an early childhood foundation will make a monumental difference in the academic progress of kindergarteners. Because of the skills he has learned, he is ready to read, and is interested in "figuring it out". With increased demands on school-aged teachers, I would think that having students that already have demonstrated academic progress would be helpful and eventually allow teachers the time to teach our children so much more.

Early childhood educators are the roots of our educational system. They deserve the supplies, the professional development and the educational tools (assessment, curriculum, technology) to take our children to the next level of learning. I believe that the teachers and staff at University Children's Center taught my son a world of preschool knowledge; but I cannot help but wonder what more he could have experienced if the center were provided with adequate resources. As a mom, an investor, and a taxpayer, I am in support of House Bill 1422 (Child Care Stabilization Act) in its original form of over \$13 million, because I believe in investing in things that give back. Supplying our early childhood centers with adequate funding to support our children and give parents adequate researched-based feedback only seems like logical steps to improve education further than imaginable. Keeping class sizes manageable, just as public schools has mandated, has proven to be more beneficial for the students, the teachers and parents. As a parent, I owe it to my children to give them the best educational opportunities possible. As my second son will begin attending University Children's Center in the fall, I can only do that with your help. Please support House Bill 1422.



Thank you for your time,



Lori Hardee



Sixty-third  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1422**

Introduced by

Representatives Hawken, Frantsvog, Hatlestad, N. Johnson

Senators Heckaman, Krebsbach

1 A BILL for an Act to provide an appropriation to the department of human services for a child  
2 care stabilization initiative.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. APPROPRIATION.** There is appropriated out of any moneys in the general  
5 fund in the state treasury, not otherwise appropriated, the sum of \$15,425,000, or so much of  
6 the sum as may be necessary, to the department of human services for the purpose of a child  
7 care stabilization initiative, for the biennium beginning July 1, 2013, and ending June 30, 2015.  
8 The initiative must provide assistance to stabilize child care operations, recruit and retain a  
9 qualified workforce, and advance quality child care practices through the implementation and  
10 administration of the following programs:

11 Stabilization incentive grants to child care centers:

12 In areas of the state affected by oil and gas development	\$7,000,000
13 In other areas of the state	\$6,000,000
14 Assessment, monitoring, and consumer awareness	\$325,000
15 Technical assistance and shared services	\$1,600,000
16 Data collection and evaluation	\$500,000

## Child Care Stabilization Initiative

To address ND's current child care crisis, fund child care programs to stabilize child care operations, recruit and retain a qualified workforce, and advance quality child care practices. Make special consideration for oil- and gas-producing counties through increased stabilization funds and waivers on program participation.

1. To stabilize the operations of child care, fund stabilization incentives to programs voluntarily participating in a quality improvement and recognition system. Base incentives on factors impacting the cost of providing care to each child to include but not limited to
  - Type of license
  - Child count in the program
  - Age of child
  - Identification of special needs
  - Quality practices and assessment scores

Programs receiving stabilization funds in oil- and gas-producing counties will have four years to comply with quality standards

2. To oversee the state's investment in sustaining child care programs and ensure programs receiving state funds manage quality and viable programs, implement an assessment and monitoring system. Fund marketing of assessment scores to child care consumers
3. Expand child care program technical assistance to include the availability of shared services making available, at a minimum, accounting and human resources services to programs purchasing membership in shared services model. Reduced membership fees will be available to programs volunteering to participate in the stabilization/quality initiative
4. Fund data collection and system evaluation of the stabilization initiative to determine the effectiveness of the state's investment

<b>Stablization funds</b>	
Stabilization incentives for centers	\$ 6,000,000
Stabilization funds for oil country centers/groups	\$ 7,000,000
Sub Total	\$ 13,000,000
<b>Infrastructure</b>	
Assessment, monitoring, consumer awareness	\$ 325,000
Technical assistance and shared services	\$ 1,600,000
Data collection and evaluation	\$ 500,000
Sub Total	\$ 2,425,000
<b>Project total</b>	<b>\$ 15,425,000</b>

## Comparing ND Licensing Standards to Surrounding States

### Number of Children Allowed in a Family Child Care Home

	Number of children in care when regulation begins	Provider's own children included in regulation threshold	Age at which providers' children are no longer counted in enrollment	Maximum # of children allowed under age 6	Number of infants & toddlers allowed with one provider	Total infants (24 months and younger) allowed if no older children present	Maximum number of children allowed if square footage accomodates
North Dakota	6	Yes	12	7	3	4	18
Idaho	7	Yes	NA	NA	NA	NA	12
Iowa	6	Yes	5	6	4	4	
Minnesota	Second Family	No	11	6	4	4	14
Montana	3	No	6	6	3	4	
Oklahoma	1	NA	5	7	2	5	
South Dakota	13	Yes	NA	NA	NA	NA	20
Wisconsin	4	No	7	8	4	4	
Wyoming	3	No	6	10	4	5	

### Staff to Child Ratios for Centers

	6 Months	9 Months	18 Months	27 Months	3 Years	4 Years	5 Years
North Dakota	1 to 4	1 to 4	1 to 4	1 to 5	1 to 7	1 to 10	1 to 12
Idaho	1 to 6	1 to 6	1 to 6	1 to 12	1 to 12	1 to 12	1 to 18
Iowa	1 to 4	1 to 4	1 to 4	1 to 4	1 to 4	1 to 4	1 to 15
Minnesota	1 to 4	1 to 4	1 to 7	1 to 7	1 to 6	1 to 10	1 to 10
Montana	1 to 4	1 to 4	1 to 4	1 to 8	1 to 8	1 to 10	1 to 10
Oklahoma	1 to 4	1 to 4	1 to 6	1 to 8	1 to 12	1 to 15	1 to 15
South Dakota	1 to 5	1 to 5	1 to 5	1 to 5	1 to 10	1 to 10	1 to 10
Wisconsin	1 to 4	1 to 4	1 to 4	1 to 6	1 to 6	1 to 13	1 to 17
Wyoming	1 to 4	1 to 4	1 to 5	1 to 8	1 to 10	1 to 12	1 to 12

### Training Requirements for Family Child Care Providers

	High School Diploma or GED Required	Initial Training Required	Required Hours of Annual Training	CPR Required	First Aid Required	CPR/First Aid Included in Required Hours
North Dakota	No	12	9	Yes	Yes	No
Idaho	NA	NA	NA	NA	NA	NA
Iowa	Yes	5	12	Yes	Yes	No
Minnesota	No	10	8	Yes	No	Yes
Montana	No	4.5	8	Yes	Yes	No
Oklahoma	Yes	4	12	Yes	Yes	No
South Dakota	NA	NA	NA	NA	NA	NA
Wisconsin	3 Clock Hours in Early Childhood Education	45	15	Yes	No	No
Wyoming	Yes	6	15	Yes	Yes	No

## Training and Education Requirements for Child Care Centers

	Education Requirement for Director	Education Requirement for Teacher	Orientation Required	First Aid Required	CPR Required	Fire Safety Required	Annual Training Hours Required
North Dakota	CDA or 4-year degree	High School Diploma	Yes	Yes	Yes	Yes	13
Idaho	Clock Hours in Early Childhood Education	Less than High school	No	No	No	No	4
Iowa	Associates Degree	Less than High school	No	Yes	Yes	No	10
Minnesota	Less than an Associates	State Credential	Yes	Yes	Yes	Yes	40
Montana	Less than High school	Less than High school	Yes	Yes	Yes	No	12
Oklahoma	College Level Director Credential	Less than High school	Yes	Yes	Yes	Yes	20
South Dakota	College Level Director Credential	Less than High school	Yes	Yes	Yes	Yes	20
Wisconsin	Less than an Associates	Clock Hours in Early Childhood Education	Yes	Yes	Yes	Yes	25
Wyoming	Clock Hours in Early Childhood Education	Less than High school	Yes	Yes	Yes	Yes	15

## Criminal Background Checks

	Federal Fingerprints	State Finger Prints	Criminal Record Check	Child Abuse Registry	Sex Offender Registry	Juvenile Record Check
North Dakota	Yes	No	Yes	Yes	Yes	No
Idaho	No	Yes	Yes	Yes	Yes	Yes
Iowa	No	No	Yes	Yes	Yes	No
Minnesota	No	No	Yes	Yes	No	Yes
Montana	No	No	Yes	Yes	No	No
Oklahoma	No	No	Yes	Yes	Yes	No
South Dakota	NA	NA	NA	NA	NA	NA
Wisconsin	No	No	Yes	Yes	Yes	Yes
Wyoming	No	No	Yes	Yes	Yes	No

## Those Required to Have a Background Check in Family/Group Care

	Family Child Care Providers	Adolescents Living in the Home	Family Members over Age 18	Substitutes and Assistants	Exempt Provider Receiving Subsidies
North Dakota	Yes	13	Yes	Yes	Yes
Idaho	NA	NA	NA	NA	NA
Iowa	Yes	14	Yes	Yes	Yes
Minnesota	Yes	13	Yes	Yes	Yes
Montana	Yes	No	Yes	Yes	Yes
Oklahoma	Yes	No	Yes	Yes	Yes
South Dakota	NA	NA	NA	NA	NA
Wisconsin	Yes	12	Yes	Yes	Yes
Wyoming	Yes	No	Yes	Yes	Yes

## Regulatory Enforcement

	Frequency of required inspections per year	Parents Can Access Inspection Report Online	Parents Can Access Complaint Report Online
North Dakota	Twice a year	No	No
Idaho	Once every two years	No	No
Iowa	Twice a year	No	No
Minnesota	Once every two years	Yes	Yes
Montana	Three times a year	Yes	Yes
Oklahoma	Four or more times a year	Yes	Yes
South Dakota	Twice a year	No	No
Wisconsin	Twice a year	Yes	Yes
Wyoming	Four or more times a year	No	No



#3

## HB 1422

Madam Chairman and Members of the Senate Human Services Committee:

I am Senator Joan Heckaman from New Rockford and I represent District 23. I am here today to provide support to HB 1422 in its original form and to present concerns I have for the changes to the bill.

First of all, all of us have heard and continue to hear to concerns about lack of child care across the entire state.

I live in a small town of about 1300 people and we are experiencing the need for additional child care. One of our centers currently has a waiting list of about 20 families looking for child care. In a town of our size, that is considerable.

Early in the session, child care advocates across the state held an informational meeting in the Brynhild Haugland room. If you were there you heard the crisis that exists, not only in child care, but also in Head Start. One presenter reported that money from an oil company built a wonderful facility in the southwestern part of our state. But her problem is that she cannot cash flow the center because of lack of a work force and the wages she must pay to hire staff.

Recently I visited with a young family from Dickinson. They just had their 2<sup>nd</sup> child and their child care bill per month will be \$1400. Both of these young people want to remain in the state. They want to live in Dickinson. They want to be able to go to work and provide services to their employers who need them. But can you imagine paying that every month. Their child care bill will be \$16,800 a year. That makes college tuition look good. But that amount also makes working unaffordable to some. Even a teacher would not make enough to pay for child care if they were a single parent. What about many of our other workers we need on a daily basis. I like to go to get a fast food hamburger. Can you imagine working there and paying \$16,800 for day care?

North Dakota continues to look to our college graduates and the contributions they can make to our state if they remain here. Lack of adequate child care may make moving to another state quite inviting. Let's not let that happen.

Now let's look at the amendments addressing child care capacity. Those amendments need to be removed. I can't imagine allowing any facility to care for an unlimited number of children ages 6-12. Sure that would alleviate some of the problems, but it would also invite MANY MORE problems. And let's look at the first portion of that amendment. I don't know how anyone can support the portion of the capacity amendment permitting 1 person to care for up to 5 children under the age of 18 months. That points to negligence. Recall some of your experiences caring for young children. Could you care for 5 children under the age of 18 months?

So I ask for your careful consideration and deliberation on this bill. There are a number of ways to fix this bill and I'm sure your heads are buzzing right now with ideas. Please accept this challenge and make child care available, affordable, and safe for our children and grandchildren.

I would stand for any questions.

**Testimony**  
**Engrossed House Bill 1422**  
**Senate Human Services Committee**  
**Senator Judy Lee, Chairman**  
**March 11, 2013**

Chairman Lee, and members of the Senate Human Services Committee, I am Jennifer Barry, the Early Childhood Services Administrator with the Department of Human Services (Department). I am here today to provide testimony on Engrossed House Bill 1422 and to propose an amendment on behalf of the Department.

You have before you the Department's proposed amendments. I'd like to go through each section of Engrossed House Bill 1422 and explain the changes that would result from these amendments:

Section 1: The proposed amendments do not make any changes to Section 1. The Department has no concerns with increasing the licensing capacity of group child care programs from 18 to 30. It is important to note that many group child care programs may still be otherwise limited by square footage requirements or by local ordinances.

Section 2: The proposed amendments do not make any changes to Section 2; however, the Department does have some concerns in regard to this section. Section 2 of Engrossed House Bill 1422 exempts from licensing onsite child care provided by an employer for the children of employees. The current language does not require the parents to be working at the site where the child care program is located. There are many employers whose employees are working out of the office or at a remote site, so it cannot be assumed that an employer provided child care program means that parents would be nearby and able to monitor

health and safety while their children were in care. The Department's primary concern is that the Department would not know where care was being provided in these types of settings or if basic health and safety standards were being met, such as having child care staff who had undergone background checks and were trained in CPR, First Aid, and Basic Child Care. The Department is also concerned that Section 2 provides no means to track these types of child care programs. To maintain data on capacity and demand, it would be helpful if the Department knows which employers open unlicensed child care programs and how many children the programs serve.

Section 3: Section 3 of Engrossed House Bill 1422 says the Department may not require recreation areas to be indoors. The Department's licensing rules require a child care facility to have adequate outdoor play space. In previous situations like this, the Department has been flexible in approving outdoor play space which is offsite, such as a nearby park that the children and staff can safely walk to. The proposed amendment clarifies that if a child care facility has sufficient space for indoor recreation, the Department may not require outdoor space.

Section 4: This section of Engrossed House Bill 1422 made changes to the group sizes of children in care and to the staff to child ratios that child care centers and group child care facilities are required to maintain. The proposed amendments remove group child care from the section, because including them within these requirements would make their staffing requirements more restrictive by assigning a maximum group size; currently, there is no maximum group size for group providers. Additionally, the proposed amendments remove the changes in ratio, but keep the increases in maximum group size. Attachment A to my

testimony provides examples of how the increase in maximum group size would impact the staffing of licensed child care centers. Increasing the ratio is not necessary to allow more flexibility in staffing for child care centers, as changes to administrative rules for mixed age groups and the option of a waiver of ratio have already provided some flexibility in staffing. Setting ratio requirements in statute would make those changes to administrative rules ineffective and would remove some of that flexibility. Increasing the maximum group sizes, however, would allow child care center providers to utilize the additional ratio points for a mixed age group more effectively. The proposed amendments do not change the increased maximum group sizes found in Engrossed House Bill 1422, except for the maximum group size for children age six to twelve years. The proposed amendments assign a maximum group size of 40 children to this age group.

Section 5: Engrossed House Bill 1422 contains an appropriation for \$1.6 million in funding for technical assistance and shared services and \$500,000 for data collection and evaluation. The Department understands that this amount was the amount of funding estimated to be needed to administer the \$13 million in child care grants that was included in the original bill. The proposed amendments to section 5 give the Department the ability to administer the funding to help accomplish the objectives found in section N.D.C.C. section 50-11.1-14.1.

Section 6: This is a new section created by the proposed amendments. Section 6 provides an expiration date for Section 4, as of the effective date of the administrative rules adopted to reflect the requirements of Section 4.



This concludes my testimony. I am happy to answer any questions you might have.

**Attachment A  
Testimony  
Engrossed House Bill 1422  
Senate Human Services Committee  
Senator Judy Lee, Chairman  
March 11, 2013**

The information in this attachment is based on the staffing and group size requirements for child care centers and group child cares found in North Dakota Administrative Code chapters 75-03-09 and 75-03-10.

**Current Ratio System for Child Care Centers and Groups**

Age of children	Ratio
0-18 months	1:4 or .25 decimal points
18-36 months	1:5 or .20 decimal points
3 years	1:7 or .14 decimal points
4 years	1:10 or .10 decimal points
5 years	1:12 or .08 decimal points
6-12 years	1:20 or .05 decimal points

Ratios are for same age groups. When mixed ages are in the same group, the group is allotted an **extra .34 decimal points**. This is to afford child care operators some flexibility in staffing based on the belief that children all develop uniquely and that it is appropriate to consider the developmental level of children in a group in addition to their ages.

In addition to ratio, child care centers also have requirements regarding the maximum number of children per age per staff member and maximum group sizes.

**Current Maximum Number of Children per Staff Member and  
Maximum Group Size for Child Care Centers  
(NDAC section 75-03-10-08)**

Age of children	Maximum Number of Children per Staff Member	Maximum Group Size
0-18 months	4	8
18-36 months	5	10
3 years	7	14
4 years	10	20
5 years	12	24
6-12 years	20	40

Example of an appropriate mixed age group:

4 children, 0-18 months =1.00 points

1 two-year-old child =.20 points

1 three-year-old child =.14 points

Total points =1.34. This group is in compliance with 1 staff member because the staff member does not exceed the maximum number of children per age per staff member (4 infants to one staff member) or the maximum group size (4 infants plus one two-year-old child and one three-year-old child is 6 children; this is less than the maximum group size of 8 for infants). By using this formula, a provider is afforded an opportunity for greater flexibility in staffing because they are able to take advantage of the additional .34 in the ratio calculation for a mixed age group.

However, if this group had two staff members, and the group contained:

8 children, 0-18 months =2.00 points

1 two-year-old child =.20 points

1 three-year-old child =.14 points

Total points =2.34, this group would be out of compliance, even though the group is within the acceptable ratio, because the group contains 10 children, and the maximum group size for children age 0-18 months is 8 children. Increasing the maximum group size as provided in Engrossed House Bill 1422 would allow child care centers to better utilize the additional points allowed in child care center rules for mixed age groups.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

Page 1, line 4, remove "and"

Page 1, line 5, after "initiative" insert "; and to provide an expiration date"

Page 1, line 18, replace "The" with "If a facility licensed under this chapter has sufficient indoor recreation space, the"

Page 1, line 18, remove "the recreation areas used by children in a facility licensed"

Page 1, line 19, replace "under this chapter to be indoors" with "outdoor play space"

Page 2, line 2, remove "1."

Page 2 line 2, remove "operator shall ensure that the center or group child care facility is sufficiently"

Page 2, remove lines 3 through 5

Page 2, line 6, remove "children in a child care center and a group child care facility and"

Page 2, line 7, after "children" insert "in a child care center"

Page 2, line 8, replace "a. If all" with "1. For"

Page 2, line 8, remove "in care are"

Page 2, line 8, remove "one staff member"

Page 2, line 9, replace "may care for five children, a ratio of .20 in decimal form, with a" with "the"

Page 2, line 10, replace "of" with "is"

Page 2, line 10, remove "with two staff members"

Page 2, line 11, replace "b. If all" with "2. For"

Page 2, line 11, remove "in care are children"

Page 2, line 12, remove "one staff member may care for seven children, a ratio of .14 in decimal form,"



Page 2, line 13, replace "with a" with "the"

Page 2, line 13, replace "of" with "is"

Page 2, line 13, remove "with two staff members"

Page 2, line 14, replace "c. If all" with "3. For"

Page 2, line 14, remove "in care are"

Page 2, line 14, remove "one staff"

Page 2, line 15, replace "member may care for ten children, a ratio of .10 in decimal form, with a" with "the"

Page 2, line 16, replace "of" with "is"

Page 2, line 16, remove "with two staff members"

Page 2, line 17, replace "d. If all" with "4. For"

Page 2, line 17, remove "in care are"

Page 2, line 17, remove "one staff member"

Page 2, line 18, replace "may care for twelve children, a ratio of .08 in decimal form, with a" with "the"

Page 2, line 19, replace "of" with "is"

Page 2, line 19, remove "with two staff members"

Page 2, line 20, replace "e. If all" with "5. For"

Page 2, line 20, remove "in care are"

Page 2, line 20, remove "one staff member"

Page 2, line 21, replace "may care for fifteen children, a ratio of .05 in decimal form, with a" with "the"

Page 2, line 22, replace "of" with "is"

Page 2, line 22, remove "with two staff members"

Page 2, line 23, replace "f. If all" with "6. For"

Page 2, line 23, remove "in care are"

Page 2, line 23, remove "one staff"

Page 2, line 24, replace "member may care for an unlimited number of" with "the maximum group size is forty"

Page 2, line 30, remove "through the implementation and"

Page 2, remove line 31

Page 3, replace lines 1 and 2 with "pursuant to section 50-11.1-14.1."

**SECTION 6. EXPIRATION DATE.** Section 4 of this Act is effective until the date the administrative rules containing the requirements of section 4 on maximum group size of children in a child care center take effect, and after that date is ineffective."

Renumber accordingly

# North Dakota Childcare Economics & Conclusions

# North Dakota is in crisis

## BUSINESS DEVELOPMENT

### Additional ND Child Care Facilities Needed by 2025

Family/Group @ 12 spaces			Center @ 100 spaces			Total		
Spaces	Facilities	Workforce	Spaces	Facilities	Workforce	Spaces	Facilities	Workforce
12,135	946	1,481	9,200	92	1,472	21,335	1,038	2,953

Child care industry standards recommend the supply of licensed child care should meet 50 percent of the demand. The projected needs for 2025 address 54 percent of statewide potential child care demand. SOURCE: NORTH DAKOTA KIDS COUNT; NORTH DAKOTA CHILD CARE RESOURCE & REFERRAL

## Child care crisis

Demand in ND reaches emergency levels, threatens to impact workforce availability

BY KRIS BEVILL

Studies conducted in the past year by the U.S. Department of Agriculture's Rural Development agency and the state of North Dakota have shown that child care ranks right behind housing in order of importance for the people who live and work in North Dakota. But while the supply and demand aspect of child care in North Dakota is not unlike the state's chronic housing shortage, child care is often overlooked by community leaders and legislators who may not realize the important role child care availability plays in developing a vibrant young workforce, according to child care advocates.

"Nobody really takes ownership of why we need a strong child care system," says Linda Reinicke, Child Care Resource & Referral's western North Dakota program director. "We need it because business needs it, economic development needs it, parents need it and, most importantly, children need it."

CCR&R, a program of Lutheran Social Services in western North Dakota and Lakes & Prairies Community Action Partnership in eastern North Dakota, was created in 1989 to assist families in locating quality child care, to provide training and support for new and existing providers of child care and to expand the capacity of care to meet communities' needs. CCR&R also implements the Growing Child Care Initiative, a state-funded program meant to expand and improve child care availability throughout the state.

The industry standard for licensed child care is to have supply available to meet 50 percent of the demand, based on an assumption that half of the families in need will use licensed care givers while half will utilize family or another informal child

care arrangement. Data compiled by CCR&R in 2012 shows that only three counties in the state currently meet that 50 percent ratio. The majority of North Dakota counties have less than 30 percent of licensed care to meet demand. Data recently compiled by CCR&R shows that 10 new centers, with room for 100 children in each center, need to be added in the oil and gas producing counties of the state by 2015 to help bring the licensed child care capacity up to just 25 percent of the region's demand. CCR&R estimates that an additional 28 group child care facilities and 33 family providers will also be needed in that area by 2015.

Child care shortages are most severe in the oil region of the state, but a strong economy driven by agriculture and oil combined with a growing population have contributed to a statewide shortage of available child care, according to Jasper Schneider, North Dakota director of USDA Rural Development.

"More people live in the state now than ever before in the history of our state and most of the population centers are seeing growth in the double-digits annually," he says. "You've got a hot economy so therefore higher wages, a housing shortage, and the childcare providers sort of get left out of that equation."

Last year, USDA Rural Development began working to improve child care availability where it could, providing a \$300,000 grant to Verendrye Electric to assist in establishing a child care center in Berthold after two existing child care facilities closed. This year, the agency is assisting facilities in obtaining grant funds made available through a national USDA program, offering the potential for child care centers undergoing construction, remodeling or expansion projects to receive up to

\$50,000 toward the project cost.

Bricks and mortar are an important component of expanding child care availability in the state, but staffing is the key issue in need of resolve, according to Reinicke. That issue is starkly apparent in the oil region. In Minot alone, nine child care facilities, accounting for a total of 500 children, are facing closure in the near future despite increased demands for care. Centers there have reduced spending, raised fees and dipped into reserves in an attempt to meet increased operating costs, but the competitive atmosphere for workers has left them no option but to pay workers more than double the typical hourly wage, making operating costs unsustainable.

Reinicke and others say the only viable option to keep much-needed child care centers open is for the state to provide funding to stabilize their operations. Without state support, those centers would need to raise rates by up to 90 percent, resulting in annual child care costs of up to \$14,000 per child for some families, Reinicke says.

State Representative Kathy Hawken recently introduced House Bill 1422 to provide \$13 million over the next two years to stabilize child care centers in the state, \$7 million of which would be directed toward the oil and gas region. Despite an obvious need for support, Reinicke says she is not confident the legislature will approve the financial support, although without it she is certain child care centers will close and the state's workforce will be negatively affected. PB

Kris Bevill

Editor, Prairie Business

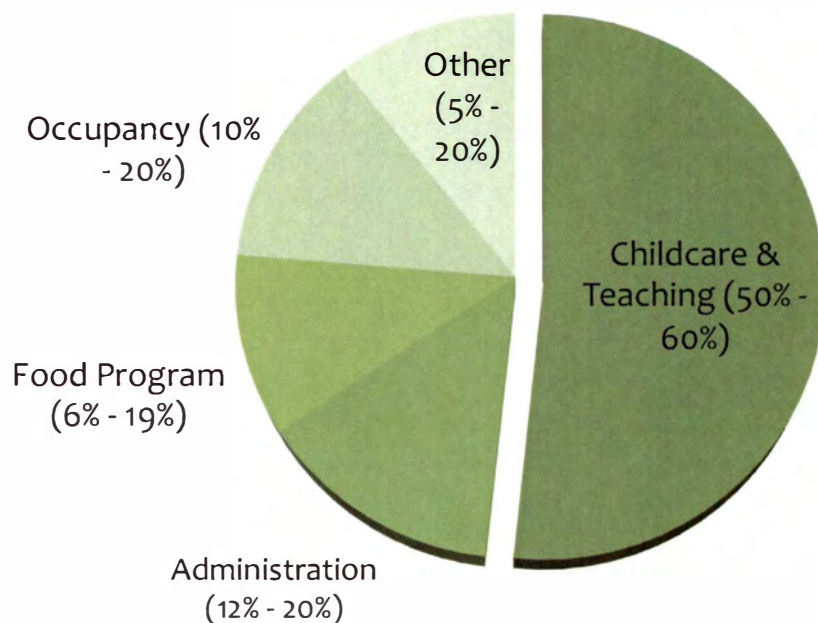
701-305-8561 | kbevill@prairiebusinessmag.com



**Major child care center costs fall into five functional areas.** One way to look at expenses is to categorize them by function. The amount spent on each of the following primary areas will generally fall within the ranges given below.

FUNCTIONAL AREA	RANGE
<b>Child Care and Teaching</b> (teachers' salaries, FICA, health insurance, training, turnover costs, additional staff, classroom equipment)	50% - 60%
<b>Administration and Supervision</b> (administrative salaries, accounting fees, office supplies, phone, licensing fees, advertising, legal fees)	12% - 20%
<b>Food Program</b> (food, kitchen, supplies, kitchen staff)	6% - 19%
<b>Occupancy</b> (rent/mortgage, taxes, maintenance, repairs)	10% - 20%
<b>Other</b> (transportation, field trips, misc.)	5% - 20%

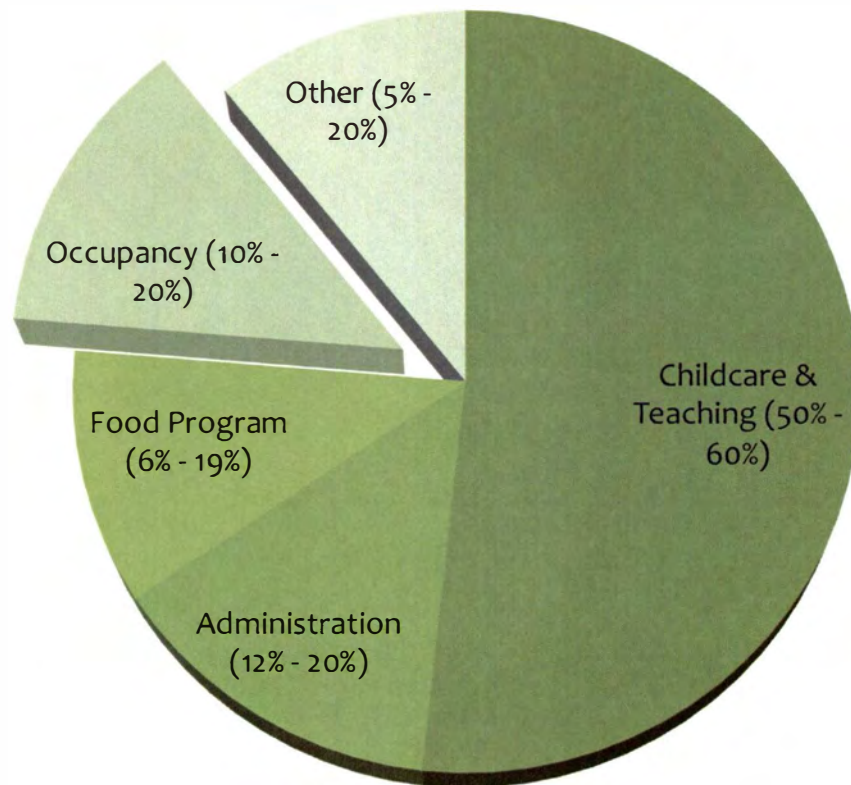
## Child Care Center Operating Budget Sample



## THE CURRENT FOCUS

As it relates to economically incentivizing child care providers to expand into North Dakota, most attention thus far has been placed on the “occupancy” piece of the pie. (i.e. low cost construction financing, interest rate buy-downs, grants, etc.)

While helpful, this provides a comparatively small impact on a center’s overall operating budget.



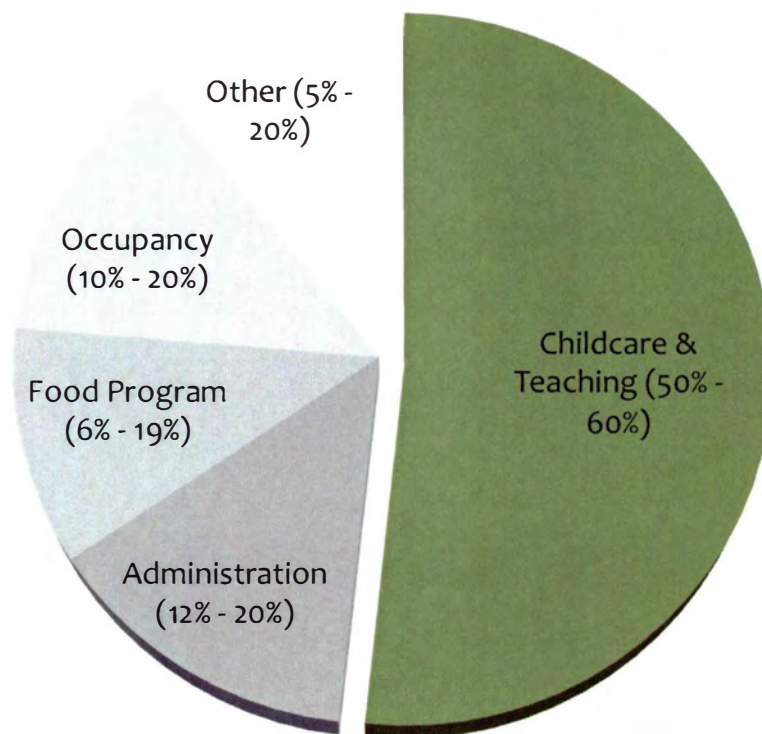


## THE CHALLENGE

Making real, substantive progress towards solving the crisis in the shortage of quality childcare requires addressing the biggest piece of the pie- the total cost of labor.

**This total cost has 2 key components:**

- 1. Labor Rates for Teachers and Child Care Workers.**
- 2. North Dakota Teacher to Student Ratios.**





# The Cost of Labor



## According to 2011 data, North Dakota ranked 38<sup>th</sup> in national childcare labor rates.... but....

CHILDCARE CENTER LABOR RATES BY STATE <sup>1</sup>

	Childcare Workers	Preschool Teachers	Average	Rank
Alabama	\$8.44	\$12.04	\$10.24	41
Alaska	\$11.38	\$14.08	\$12.73	7
Arizona	\$9.60	\$12.23	\$10.92	26
Arkansas	\$8.05	\$12.30	\$10.18	42
California	\$11.41	\$14.66	\$13.04	4
Colorado	\$11.00	\$14.35	\$12.68	9
Connecticut	\$11.19	\$14.45	\$12.82	6
Delaware	\$9.63	\$11.52	\$10.58	34
Florida	\$9.45	\$12.10	\$10.78	28
Georgia	\$8.83	\$11.75	\$10.29	40
Hawaii	\$9.45	\$14.84	\$12.15	13
Idaho	\$8.58	\$9.56	\$9.07	50
Illinois	\$10.58	\$13.62	\$12.10	14
Indiana	\$9.11	\$11.61	\$10.36	39
Iowa	\$9.23	\$12.72	\$10.98	24
Kansas	\$9.13	\$13.76	\$11.45	19
Kentucky	\$8.86	\$12.98	\$10.92	25
Louisiana	\$8.74	\$10.43	\$9.59	48
Maine	\$10.47	\$13.17	\$11.82	17
Maryland	\$10.55	\$13.94	\$12.25	12
Massachusetts	\$11.77	\$15.44	\$13.61	2
Michigan	\$10.38	\$15.08	\$12.73	7
Minnesota	\$9.78	\$14.93	\$12.36	10
Mississippi	\$8.15	\$10.85	\$9.50	49
Missouri	\$9.56	\$11.55	\$10.56	35
Montana	\$8.53	\$11.04	\$9.79	47
Nebraska	\$8.73	\$11.21	\$9.97	45
Nevada	\$9.55	\$11.46	\$10.51	36
New Hampshire	\$9.87	\$13.00	\$11.44	20
New Jersey	\$10.92	\$16.24	\$13.58	3
New Mexico	\$9.12	\$12.35	\$10.74	30
New York	\$11.56	\$15.83	\$13.70	1
North Carolina	\$9.04	\$10.83	\$9.94	46
<b>North Dakota</b>	<b>\$8.38</b>	<b>\$12.36</b>	<b>\$10.37</b>	<b>38</b>
Ohio	\$10.59	\$10.64	\$10.62	32
Oklahoma	\$8.59	\$12.77	\$10.68	31
Oregon	\$10.26	\$11.88	\$11.07	22
Pennsylvania	\$9.70	\$12.31	\$11.01	23
Rhode Island	\$10.83	\$15.21	\$13.02	5
South Carolina	\$8.64	\$12.34	\$10.49	37
South Dakota	\$8.80	\$12.68	\$10.74	29
Tennessee	\$8.56	\$11.68	\$10.12	43
Texas	\$8.75	\$12.83	\$10.79	27
Utah	\$8.96	\$11.05	\$10.01	44
Vermont	\$10.63	\$13.53	\$12.08	15
Virginia	\$10.29	\$13.03	\$11.66	18
Washington	\$10.83	\$13.78	\$12.31	11
West Virginia	\$8.69	\$12.52	\$10.61	33
Wisconsin	\$11.10	\$11.28	\$11.19	21
Wyoming	\$9.96	\$14.08	\$12.02	16

<sup>1</sup>: American Federation of Teachers, 2011

# After adjusting for the market realities of Western North Dakota

## 5 Parts of the Country with Labor Shortages

By SUSANNA KIM  
Dec. 4, 2012 —

abcnews.go.com



### Five Areas in the U.S. That Need More Workers

Friday's jobs report will likely continue to show the troubling picture for low-skill workers, but some regions of the country are in dire need of workers.

In the booming oil country around Minot, N.D., for example, Menards, a home improvement chain, is having trouble filling jobs. Its solution is to fly 50 workers in weekly from its headquarters in Wisconsin, then house the staffers in hotels.

Stephen Bronars, chief economist with Welch Consulting, said the biggest labor shortages, by far, are in North Dakota.

Bismarck's unemployment rate is 2.2 percent, the lowest in the country among metropolitan areas, and Minot's unemployment rate is also low at 2.4 percent. But what may be the lowest rate in the state is the 0.7 percent unemployment rate in Williston, N.D., which is the midst of an energy boom.

"Employment is also growing at retailers, hotels, restaurants and in other industries as well," Bronars said.

Here are five areas in the country with labor shortages:

#### North Dakota

##### Menards Flies Workers to North Dakota from Wisconsin

Menards, based in Eau Claire, Wis., has 270 home improvement stores throughout the Midwest. Its store in Minot, N.D. is the only big-box retailer in the town, which has grown from 36,500 people in 2000 to 41,000 in 2010, the Associated Press reported. "It is very difficult for employers to attract and retain enough workers to meet their demand in virtually all sectors and industries in North Dakota," Bronars said. The store manager, Phil Graef, told the AP the store is the busiest he's seen in the five years since he started there. Last year, the city survived record flooding, but the population has grown because of North Dakota's oil boom. "Everybody has a 'now-hiring' sign in their window," Graef said.



## (western) North Dakota actually ranks #1 in the nation in highest cost of labor

CHILDCARE CENTER LABOR RATES BY STATE <sup>1</sup>

	Childcare Workers	Preschool Teachers	Average	Rank
Alabama	\$8.44	\$12.04	\$10.24	41
Alaska	\$11.38	\$14.08	\$12.73	8
Arizona	\$9.60	\$12.23	\$10.92	27
Arkansas	\$8.05	\$12.30	\$10.18	42
California	\$11.41	\$14.66	\$13.04	5
Colorado	\$11.00	\$14.35	\$12.68	10
Connecticut	\$11.19	\$14.45	\$12.82	7
Delaware	\$9.63	\$11.52	\$10.58	35
Florida	\$9.45	\$12.10	\$10.78	29
Georgia	\$8.83	\$11.75	\$10.29	40
Hawaii	\$9.45	\$14.84	\$12.15	14
Idaho	\$8.58	\$9.56	\$9.07	50
Illinois	\$10.58	\$13.62	\$12.10	15
Indiana	\$9.11	\$11.61	\$10.36	39
Iowa	\$9.23	\$12.72	\$10.98	25
Kansas	\$9.13	\$13.76	\$11.45	20
Kentucky	\$8.86	\$12.98	\$10.92	26
Louisiana	\$8.74	\$10.43	\$9.59	48
Maine	\$10.47	\$13.17	\$11.82	18
Maryland	\$10.55	\$13.94	\$12.25	13
Massachusetts	\$11.77	\$15.44	\$13.61	3
Michigan	\$10.38	\$15.08	\$12.73	8
Minnesota	\$9.78	\$14.93	\$12.36	11
Mississippi	\$8.15	\$10.85	\$9.50	49
Missouri	\$9.56	\$11.55	\$10.56	36
Montana	\$8.53	\$11.04	\$9.79	47
Nebraska	\$8.73	\$11.21	\$9.97	45
Nevada	\$9.55	\$11.46	\$10.51	37
New Hampshire	\$9.87	\$13.00	\$11.44	21
New Jersey	\$10.92	\$16.24	\$13.58	4
New Mexico	\$9.12	\$12.35	\$10.74	31
New York	\$11.56	\$15.83	\$13.70	2
North Carolina	\$9.04	\$10.83	\$9.94	46
<b>North Dakota</b>	<b>\$12.50</b>	<b>\$15.00</b>	<b>\$13.75</b>	<b>1</b>
Ohio	\$10.59	\$10.64	\$10.62	33
Oklahoma	\$8.59	\$12.77	\$10.68	32
Oregon	\$10.26	\$11.88	\$11.07	23
Pennsylvania	\$9.70	\$12.31	\$11.01	24
Rhode Island	\$10.83	\$15.21	\$13.02	6
South Carolina	\$8.64	\$12.34	\$10.49	38
South Dakota	\$8.80	\$12.68	\$10.74	30
Tennessee	\$8.56	\$11.68	\$10.12	43
Texas	\$8.75	\$12.83	\$10.79	28
Utah	\$8.96	\$11.05	\$10.01	44
Vermont	\$10.63	\$13.53	\$12.08	16
Virginia	\$10.29	\$13.03	\$11.66	19
Washington	\$10.83	\$13.78	\$12.31	12
West Virginia	\$8.69	\$12.52	\$10.61	34
Wisconsin	\$11.10	\$11.28	\$11.19	22
Wyoming	\$9.96	\$14.08	\$12.02	17

<sup>1</sup>: American Federation of Teachers, 2011





# Teacher to Student Ratios

## Teacher to Student Ratios by State

	6 months	9 months	18 months	27 months	3 years	4 years	5 years
Alabama	5	5	7	8	11	18	21
Alaska	5	5	5	6	10	10	14
Arizona	5	5	6	8	13	15	20
Arkansas	6	6	9	9	12	15	18
California	4	4	4	6	8	12	12
Colorado	5	5	5	7	10	12	15
Connecticut	4	4	4	4	10	10	10
Delaware	4	4	6	8	10	12	15
Florida	4	4	6	11	15	20	25
Georgia	6	6	8	10	15	18	20
Hawaii	4	4	6	8	12	16	20
Idaho	6	6	6	12	12	12	18
Illinois	4	4	5	8	10	10	20
Indiana	4	4	5	5	10	12	15
Iowa	4	4	4	6	10	12	15
Kansas	3	3	5	7	12	12	14
Kentucky	5	5	6	10	12	14	15
Louisiana	6	6	8	12	14	16	20
Maine	4	4	5	5	7	10	13
Maryland	3	3	3	6	10	10	15
Massachusetts	3	3	4	4	10	10	15
Michigan	4	4	4	4	10	12	18
Minnesota	4	4	7	7	10	10	10
Mississippi	5	5	9	12	14	16	20
Missouri	4	4	4	8	10	10	16
Montana	4	4	4	8	8	10	10
Nebraska	4	4	6	6	10	12	12
Nevada	4	6	8	10	10	13	13
New Hampshire	4	4	5	6	8	12	15
New Jersey	4	4	6	6	10	12	15
New Mexico	6	6	6	10	12	12	15
New York	4	4	5	5	7	8	9
North Carolina	5	5	6	10	15	20	25
<b>North Dakota</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>10</b>	<b>12</b>
Ohio	5	5	7	7	12	14	14
Oklahoma	4	4	6	8	12	15	15
Oregon	4	4	4	5	10	10	15
Pennsylvania	4	4	5	6	10	10	10
Rhode Island	4	4	6	6	9	10	12
South Carolina	5	5	6	8	12	17	20
South Dakota	5	5	5	5	10	10	10
Tennessee	4	4	6	7	9	13	16
Texas	4	4	9	11	15	18	22
Utah	4	4	4	7	12	15	20
Vermont	4	4	4	5	10	10	10
Virginia	4	4	5	8	10	10	18
Washington	4	4	7	7	10	10	10
West Virginia	4	4	4	8	10	12	12
Wisconsin	4	4	4	6	10	13	17
Wyoming	4	4	4	6	10	13	17

NATIONAL AVE RATIO	4.34	4.38	5.54	7.34	10.7	12.66	15.56
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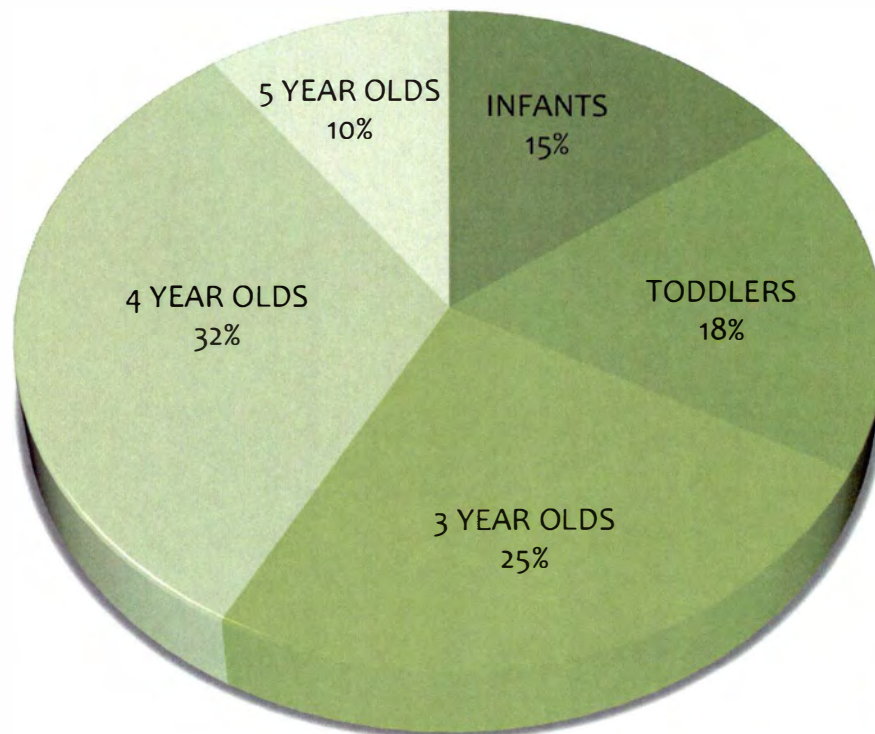


## Market Distribution of childcare capacity:

Because of the low ratios at the younger ages, most childcare centers either:

- a. Don't offer infant/toddler space (i.e. only offer a preschool program), OR
- b. Restrict the total number of classrooms at the younger ages, and weight their total capacity towards the older age groups.

The following distribution accurately reflects the market for center-based childcare:





## Weighted rank order teacher/child ratios by state

WEIGHTING FACTOR	INFANTS		TODDLERS		3 YEARS	4 YEARS	5 YEARS	Weighted Ave	Rank
	7%	8%	9%	9%	25%	32%	10%		
	6 months	9 months	18 months	27 months	3 years	4 years	5 years		
Alabama	-15.2%	-14.2%	-26.4%	-9.0%	-2.8%	-42.2%	-35.0%	-23.1%	43
Alaska	-15.2%	-14.2%	9.7%	18.3%	6.5%	21.0%	10.0%	9.7%	18
Arizona	-15.2%	-14.2%	-8.3%	-9.0%	-21.5%	-18.5%	-28.5%	-17.9%	41
Arkansas	-38.2%	-37.0%	-62.5%	-22.6%	-12.1%	-18.5%	-15.7%	-23.8%	44
California	7.8%	8.7%	27.8%	18.3%	25.2%	5.2%	22.9%	15.7%	10
Colorado	-15.2%	-14.2%	9.7%	4.6%	6.5%	5.2%	3.6%	2.8%	32
Connecticut	7.8%	8.7%	27.8%	45.5%	6.5%	21.0%	35.7%	19.8%	5
Delaware	7.8%	8.7%	-8.3%	-9.0%	6.5%	5.2%	3.6%	3.3%	31
Florida	7.8%	8.7%	-8.3%	-49.9%	-40.2%	-58.0%	-60.7%	-38.7%	48
Georgia	-38.2%	-37.0%	-44.4%	-36.2%	-40.2%	-42.2%	-28.5%	-39.3%	49
Hawaii	7.8%	8.7%	-8.3%	-9.0%	-12.1%	-26.4%	-28.5%	-14.6%	39
Idaho	-38.2%	-37.0%	-8.3%	-63.5%	-12.1%	5.2%	-15.7%	-15.0%	40
Illinois	7.8%	8.7%	9.7%	-9.0%	6.5%	21.0%	-28.5%	6.8%	25
Indiana	7.8%	8.7%	9.7%	31.9%	6.5%	5.2%	3.6%	8.7%	21
Iowa	7.8%	8.7%	27.8%	18.3%	6.5%	5.2%	3.6%	9.1%	20
Kansas	30.9%	31.5%	9.7%	4.6%	-12.1%	5.2%	10.0%	5.6%	27
Kentucky	-15.2%	-14.2%	-8.3%	-36.2%	-12.1%	-10.6%	3.6%	-12.3%	38
Louisiana	-38.2%	-37.0%	-44.4%	-63.5%	-30.8%	-26.4%	-28.5%	-34.4%	46
Maine	7.8%	8.7%	9.7%	31.9%	34.6%	21.0%	16.5%	22.0%	3
Maryland	30.9%	31.5%	45.8%	18.3%	6.5%	21.0%	3.6%	19.2%	7
Massachusetts	30.9%	31.5%	27.8%	45.5%	6.5%	21.0%	3.6%	20.0%	4
Michigan	7.8%	8.7%	27.8%	45.5%	6.5%	5.2%	-15.7%	9.6%	19
Minnesota	7.8%	8.7%	-26.4%	4.6%	6.5%	21.0%	35.7%	11.2%	15
Mississippi	-15.2%	-14.2%	-62.5%	-63.5%	-30.8%	-26.4%	-28.5%	-32.5%	45
Missouri	7.8%	8.7%	27.8%	-9.0%	6.5%	21.0%	-2.8%	11.0%	17
Montana	7.8%	8.7%	27.8%	-9.0%	25.2%	21.0%	35.7%	19.5%	6
Nebraska	7.8%	8.7%	-8.3%	18.3%	6.5%	5.2%	22.9%	7.7%	24
Nevada	7.8%	-37.0%	-44.4%	-36.2%	6.5%	-2.7%	16.5%	-7.2%	33
New Hampshire	7.8%	8.7%	9.7%	18.3%	25.2%	5.2%	3.6%	12.1%	14
New Jersey	7.8%	8.7%	-8.3%	18.3%	6.5%	5.2%	3.6%	5.8%	26
New Mexico	-38.2%	-37.0%	-8.3%	-36.2%	-12.1%	5.2%	3.6%	-10.7%	37
New York	7.8%	8.7%	9.7%	31.9%	34.6%	36.8%	42.2%	29.6%	1
North Carolina	-15.2%	-14.2%	-8.3%	-36.2%	-40.2%	-58.0%	-60.7%	-40.9%	50
<b>North Dakota</b>	<b>7.8%</b>	<b>8.7%</b>	<b>27.8%</b>	<b>31.9%</b>	<b>34.6%</b>	<b>21.0%</b>	<b>22.9%</b>	<b>24.3%</b>	<b>2</b>
Ohio	-15.2%	-14.2%	-26.4%	4.6%	-12.1%	-10.6%	10.0%	-9.6%	36
Oklahoma	7.8%	8.7%	-8.3%	-9.0%	-12.1%	-18.5%	3.6%	-8.9%	35
Oregon	7.8%	8.7%	27.8%	31.9%	6.5%	21.0%	3.6%	15.3%	11
Pennsylvania	7.8%	8.7%	9.7%	18.3%	6.5%	21.0%	35.7%	15.7%	9
Rhode Island	7.8%	8.7%	-8.3%	18.3%	15.9%	21.0%	22.9%	15.1%	12
South Carolina	-15.2%	-14.2%	-8.3%	-9.0%	-12.1%	-34.3%	-28.5%	-20.6%	42
South Dakota	-15.2%	-14.2%	9.7%	31.9%	6.5%	21.0%	35.7%	13.5%	13
Tennessee	7.8%	8.7%	-8.3%	4.6%	15.9%	-2.7%	-2.8%	3.7%	30
Texas	7.8%	8.7%	-62.5%	-49.9%	-40.2%	-42.2%	-41.4%	-36.5%	47
Utah	7.8%	8.7%	27.8%	4.6%	-12.1%	-18.5%	-28.5%	-7.6%	34
Vermont	7.8%	8.7%	27.8%	31.9%	6.5%	21.0%	35.7%	18.5%	8
Virginia	7.8%	8.7%	9.7%	-9.0%	6.5%	21.0%	-15.7%	8.1%	23
Washington	7.8%	8.7%	-26.4%	4.6%	6.5%	21.0%	35.7%	11.2%	15
West Virginia	7.8%	8.7%	27.8%	-9.0%	6.5%	5.2%	22.9%	8.5%	22
Wisconsin	7.8%	8.7%	27.8%	18.3%	6.5%	-2.7%	-9.3%	5.2%	28
Wyoming	7.8%	8.7%	27.8%	18.3%	6.5%	-2.7%	-9.3%	5.2%	28

## THE TOP 8 MOST STRINGENT STATES IN TEACHER TO STUDENT RATIOS

1. New York
2. North Dakota
3. Maine
4. Massachusetts
5. Connecticut
6. Montana
7. Maryland
8. Vermont

**North Dakota ranks #2 in the nation for having the most stringent teacher to student ratios.**





# ND Childcare Operating Model -Detailed-

# VARIABLE ASSUMPTIONS (current ratios)

## CLASSROOM RATIOS & GROUP SIZE

	Ratios (1 to x)	Max Group Size
Infant (0 to 18 months)	4	8
Toddler (18 to 36 months)	5	10
Preschool (3 to 4 year olds)	7	14
Preschool (AM/PM) (3 to 4)	7	14
Pre-Kindergarten (4 to 5 year olds)	10	20
Kindergarten (5+ year olds)	12	24
School Age (before / after school) 6 to 10	15	15
School Age (summer camp) 6 to 10	15	15

## PROJECTED TUITION RATES / ANNUAL UTILIZATION

	Tuition	# of weeks per year	Max hours per week
Infant (0 to 18 months)	\$240	50	50
Toddler (18 to 36 months)	\$215	50	50
Preschool (3 to 4 year olds)	\$190	50	50
Preschool (AM/PM) (3 to 4)	\$100	50	25
Pre-Kindergarten (4 to 5 year olds)	\$190	50	50
Kindergarten (5+ year olds)	\$170	39	50
School Age (before / after school) 6 to 10	\$90	39	20
School Age (summer camp) 6 to 10	\$160	12	50

## LABOR RATES AND ASSUMPTIONS

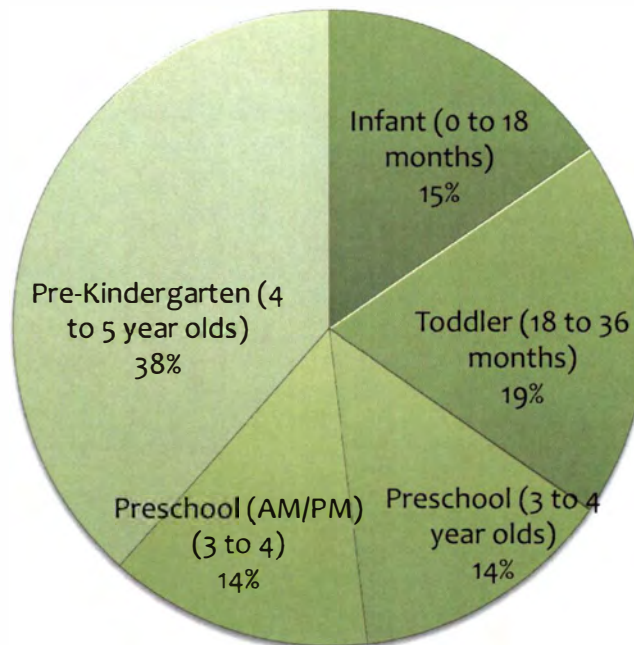
	Salary	12% Load	Benefits/Insur.	Total Annual
<b>FIXED LABOR</b>	<b>SALARY</b>	<b>LOADED</b>		
Director	\$44,000	\$49,280	\$10,000	\$59,280
Assistant / Curriculum Director	\$33,600	\$37,632		\$37,632
Cook	\$33,600	\$37,632		\$37,632
Custodian	\$15,000	\$16,800		\$16,800
<b>VARIABLE LABOR</b>	<b>HOURLY</b>	<b>LOADED</b>		<b>TOTAL HOURLY</b>
Lead Teachers	\$16.00	\$17.92		\$17.92
Assistant / Floating Teachers	\$12.50	\$14.00		\$14.00
Average Cost (1 lead + 1.5 Assistants)	\$14.25	\$15.57		\$15.57

# 104 STUDENT MODEL ASSUMPTIONS

104 student model	# of Classrooms	Total Children	# of weeks per year	Max hours per week	% of Children by Category	Tuition Rate	Max annual revenue	Total Number of Teachers	Teacher Weeks / Year	Max annual Teacher Cost
Infant (0 to 18 months)	2	16	50	50	15%	\$ 240	\$ 192,000	4	52	\$ 161,907
Toddler (18 to 36 months)	2	20	50	50	19%	\$ 215	\$ 215,000	4	52	\$ 161,907
Preschool (3 to 4 year olds)	1	14	50	50	13%	\$ 190	\$ 133,000	2	52	\$ 80,954
Preschool (AM/PM) (3 to 4)	1	28	50	25	13%	\$ 100	\$ 140,000	2	52	\$ 80,954
Pre-Kindergarten (4 to 5 year olds)	2	40	50	50	38%	\$ 190	\$ 380,000	4	52	\$ 161,907
Kindergarten (5+ year olds)	-	-	39	50	#N/A	\$ 170	\$ -	-	40	\$ -
School Age (before / after school) 6 to 10	-	-	39	20	#N/A	\$ 90	\$ -	-	40	\$ -
School Age (summer camp) 6 to 10	-	-	12	50	#N/A	\$ 160	\$ -	-	12	\$ -
	8	104					\$ 1,060,000	16		\$ 647,629

note: AM/PM Preschool is only half day, so the total # of children is halved when calculating the Full Time Equivalents (FTEs)

## Percentage of total capacity by age group / classroom





# 104 STUDENT MODEL OPERATING BUDGET

## EXAMPLE CENTER - OPERATING BUDGET

104 STUDENTS

Line		100%	90%	80%	70%	60%	50%
1	<b>Percent of Capacity</b>						
2							
3	<b>Annual Receipts</b>						
4	Gross Tuition & Fees	Weekly estimate x 52 weeks	\$1,060,000	\$954,000	\$848,000	\$742,000	\$636,000
5	Merchant Discount (Credit Card) Fees	2.35% fee x 25% of payments	\$6,228	\$5,605	\$4,982	\$4,359	\$3,737
6	Banking / Check Drafting Fees	Check printing, drafting, etc.	\$500	\$500	\$500	\$500	\$500
7	Redeemed Parent "Free Time" / Bad Debt	4% of annual receipts	\$42,400	\$38,160	\$33,920	\$29,680	\$25,440
8							
9	<b>Net Receipts</b>		<b>\$1,010,873</b>	<b>\$909,735</b>	<b>\$808,598</b>	<b>\$707,461</b>	<b>\$606,324</b>
10							
11	<b>Fixed Expenses</b>						
12	<b>Fixed Labor</b>						
13	Director	Loaded cost (taxes + any benefits)	\$59,280	\$59,280	\$59,280	\$59,280	\$59,280
14	Assistant / Curriculum Director	Loaded cost (taxes + any benefits)	\$37,632	\$37,632	\$37,632	\$37,632	\$37,632
15	Cook - 3/4 time	Loaded cost (taxes + any benefits)	\$28,224	\$28,224	\$28,224	\$28,224	\$28,224
16	Custodian - 3/4 time	Loaded cost (taxes + any benefits)	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600
17							
18	<b>Building, Lease &amp; Utilities</b>						
19	Building Lease / Debt Load	pulled from variables tab	\$0	\$0	\$0	\$0	\$0
20	Property Taxes	pulled from variables tab	\$0	\$0	\$0	\$0	\$0
21	Property Maintenance / Grass / Snow Removal	\$1000 / month	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
22	Gas & Electric	\$1000 / month	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
23	Water	\$200 / month	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
24	Trash Service	\$200 / month	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
25	Security & Fire Monitoring	\$50 / mo security + \$50 / mo land line	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
26	High Speed Internet	\$350 / month	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
27	IP-based Telephones (center to center connectivity)	2 Admin + 8 Class phones @ \$30/each	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
28							
29	<b>Operational</b>						
30	Liability Insurance	\$5000 / year	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
31	Professional Services	Accounting, Legal	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
32	Annual Licensing Fees	Board of Health, Social Svcs, etc.	\$500	\$500	\$500	\$500	\$500
33	Office Supplies, Paper, etc.	\$75 / month	\$900	\$900	\$900	\$900	\$900
34	Management Software Licenses	\$750 / month	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
35	Color Copier / Network Printer Leases	\$350 / month	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
36							
37	<b>Advertising / Marketing / Promotion</b>						
38	Direct Mail, Adwords, News Paper, Billboards, Radio	\$1500 / month	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
39	Employee Recruiting / Screening	\$250 / month	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
40							
41	<b>Variable Expenses</b>						
42	<b>Variable Labor</b>						
43	Leads, assistants, and floating teachers	Loaded cost (taxes + any benefits)	\$647,629	\$647,629	\$647,629	\$582,866	\$518,103
44	(teacher cost is only variable at specific increments)	variable at 50-70% capacity only					
45							
46	<b>Consumables / Other</b>						
47	Food & Kitchen Budget (food, paper goods, etc)	\$15 per week per child	\$81,120	\$73,008	\$64,896	\$56,784	\$48,672
48	Classroom Equipment Replacement	\$50 / child per year	\$5,200	\$4,680	\$4,160	\$3,640	\$3,120
49	Classroom Consumables (paper, art supplies, etc)	\$40 / month per classroom	\$3,840	\$3,456	\$3,072	\$2,688	\$2,304
50	Staff/Parent Appreciation, Incentives, Holiday Parties	\$300 / month	\$3,600	\$3,240	\$2,880	\$2,520	\$2,160
51	Staff Training	\$150 per teacher	\$3,600	\$3,240	\$2,880	\$2,520	\$2,160
52							
53	<b>Total Expenses</b>		<b>\$964,625</b>	<b>\$954,889</b>	<b>\$945,153</b>	<b>\$870,654</b>	<b>\$796,155</b>
54							
55	<b>Annual Net Profit / or (Loss)</b>		<b>\$46,248</b>	<b>(\$45,154)</b>	<b>(\$136,555)</b>	<b>(\$163,193)</b>	<b>(\$216,470)</b>

# VARIABLE ASSUMPTIONS (HB1422 ratios)

## CLASSROOM RATIOS & GROUP SIZE

	Ratios (1 to x)	Max Group Size
Infant (0 to 18 months)	5	10
Toddler (18 to 36 months)	8	15
Preschool (3 to 4 year olds)	10	14
Preschool (AM/PM) (3 to 4)	10	20
Pre-Kindergarten (4 to 5 year olds)	13	25
Kindergarten (5+ year olds)	15	30
School Age (before / after school) 6 to 10	30	30
School Age (summer camp) 6 to 10	30	30

## PROJECTED TUITION RATES / ANNUAL UTILIZATION

	Tuition	# of weeks per year	Max hours per week
Infant (0 to 18 months)	\$210	50	50
Toddler (18 to 36 months)	\$190	50	50
Preschool (3 to 4 year olds)	\$175	50	50
Preschool (AM/PM) (3 to 4)	\$100	50	25
Pre-Kindergarten (4 to 5 year olds)	\$175	50	50
Kindergarten (5+ year olds)	\$160	39	50
School Age (before / after school) 6 to 10	\$80	39	20
School Age (summer camp) 6 to 10	\$160	12	50

## LABOR RATES AND ASSUMPTIONS

	Salary	12% Load	Benefits/Insur.	Total Annual
<b>FIXED LABOR</b>	<b>SALARY</b>	<b>LOADED</b>		
Director	\$44,000	\$49,280	\$10,000	\$59,280
Assistant / Curriculum Director	\$33,600	\$37,632		\$37,632
Cook	\$33,600	\$37,632		\$37,632
Custodian	\$15,000	\$16,800		\$16,800
<b>VARIABLE LABOR</b>	<b>HOURLY</b>	<b>LOADED</b>		<b>TOTAL HOURLY</b>
Lead Teachers	\$16.00	\$17.92		\$17.92
Assistant / Floating Teachers	\$12.50	\$14.00		\$14.00
Average Cost (1 lead + 1.5 Assistants)	\$14.25	\$15.57		\$15.57

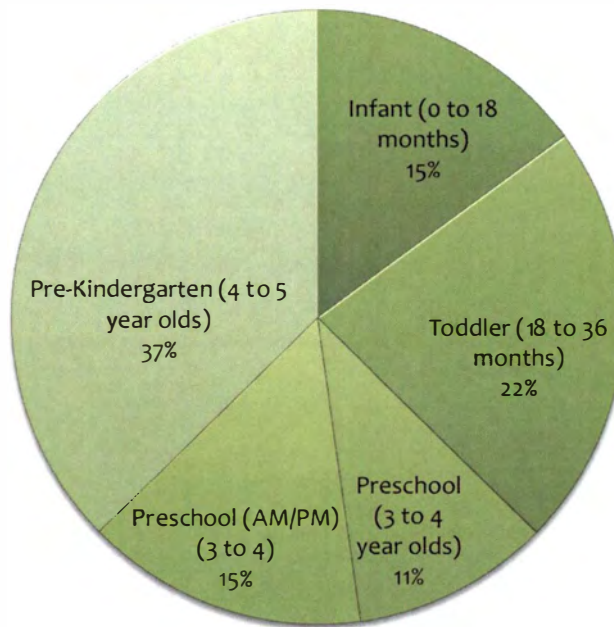


# 134 STUDENT MODEL ASSUMPTIONS

134 student model	# of Classrooms	Total Children	# of weeks per year	Max hours per week	% of Children by Category	Tuition Rate	Max annual revenue	Total Number of Teachers	Teacher Weeks / Year	Max annual Teacher Cost
Infant (0 to 18 months)	2	20	50	50	15%	\$210	\$210,000	4	52	\$161,907
Toddler (18 to 36 months)	2	30	50	50	22%	\$190	\$285,000	4	52	\$161,907
Preschool (3 to 4 year olds)	1	14	50	50	10%	\$175	\$122,500	1	52	\$56,668
Preschool (AM/PM) (3 to 4)	1	40	50	25	15%	\$100	\$200,000	2	52	\$80,954
Pre-Kindergarten (4 to 5 year olds)	2	50	50	50	37%	\$175	\$437,500	4	52	\$161,907
Kindergarten (5+ year olds)	-	-	39	50	#N/A	\$160	\$-	-	40	\$-
School Age (before / after school) 6 to 10	-	-	39	20	#N/A	\$80	\$-	-	40	\$-
School Age (summer camp) 6 to 10	-	-	12	50	#N/A	\$160	\$-	-	12	\$-
	8	134					\$1,255,000	15		\$623,343

note: AM/PM Preschool is only half day, so the total # of children is halved when calculating the Full Time Equivalents (FTEs)

## Percentage of total capacity by age group / classroom

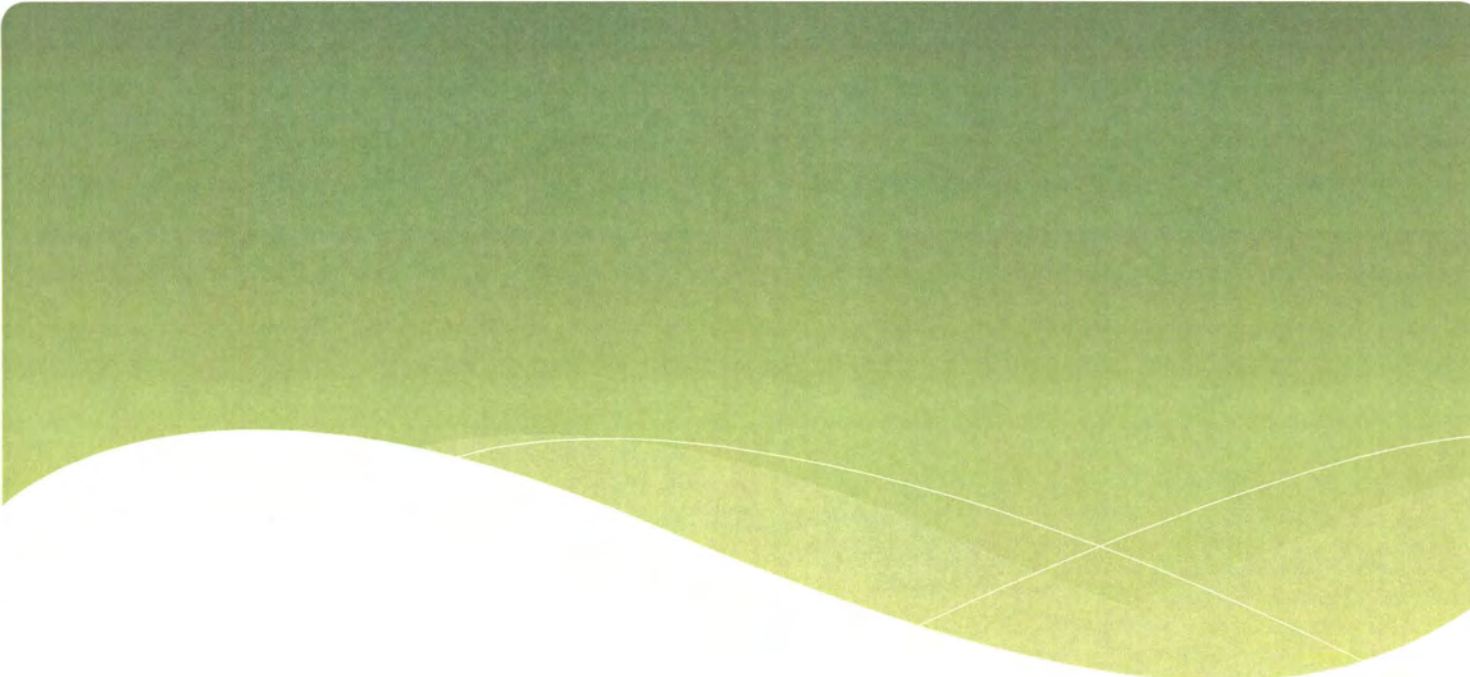


# 134 STUDENT MODEL OPERATING BUDGET

## EXAMPLE CENTER - OPERATING BUDGET

134 STUDENTS

Line	Percent of Capacity	100%	90%	80%	70%	60%	50%
1	<b>Percent of Capacity</b>						
2							
3	<b>Annual Receipts</b>						
4	Gross Tuition & Fees	Weekly estimate x 52 weeks	\$1,255,000	\$1,129,500	\$1,004,000	\$878,500	\$753,000
5	Merchant Discount (Credit Card) Fees	2.35% fee x 25% of payments	\$7,373	\$6,636	\$5,899	\$5,161	\$4,424
6	Banking / Check Drafting Fees	Check printing, drafting, etc.	\$500	\$500	\$500	\$500	\$500
7	Redeemed Parent "Free Time" / Bad Debt	4% of annual receipts	\$50,200	\$45,180	\$40,160	\$35,140	\$30,120
8							
9	<b>Net Receipts</b>		<b>\$1,196,927</b>	<b>\$1,077,184</b>	<b>\$957,442</b>	<b>\$837,699</b>	<b>\$717,956</b>
10							
11	<b>Fixed Expenses</b>						
12	<b>Fixed Labor</b>						
13	Director	Loaded cost (taxes + any benefits)	\$59,280	\$59,280	\$59,280	\$59,280	\$59,280
14	Assistant / Curriculum Director	Loaded cost (taxes + any benefits)	\$37,632	\$37,632	\$37,632	\$37,632	\$37,632
15	Cook - 3/4 time	Loaded cost (taxes + any benefits)	\$28,224	\$28,224	\$28,224	\$28,224	\$28,224
16	Custodian - 3/4 time	Loaded cost (taxes + any benefits)	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600
17							
18	<b>Building, Lease &amp; Utilities</b>						
19	Building Lease / Debt Load	pulled from variables tab	\$0	\$0	\$0	\$0	\$0
20	Property Taxes	pulled from variables tab	\$0	\$0	\$0	\$0	\$0
21	Property Maintenance / Grass / Snow Removal	\$1000 / month	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
22	Gas & Electric	\$1000 / month	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
23	Water	\$200 / month	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
24	Trash Service	\$200 / month	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
25	Security & Fire Monitoring	\$50 / mo security + \$50 / mo land line	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
26	High Speed Internet	\$350 / month	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
27	IP-based Telephones (center to center connectivity)	2 Admin + 8 Class phones @ \$30/each	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
28							
29	<b>Operational</b>						
30	Liability Insurance	\$5000 / year	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
31	Professional Services	Accounting, Legal	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
32	Annual Licensing Fees	Board of Health, Social Svcs, etc.	\$500	\$500	\$500	\$500	\$500
33	Office Supplies, Paper, etc.	\$75 / month	\$900	\$900	\$900	\$900	\$900
34	Management Software Licenses	\$750 / month	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
35	Color Copier / Network Printer Leases	\$350 / month	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
36							
37	<b>Advertising / Marketing / Promotion</b>						
38	Direct Mail, Adwords, News Paper, Billboards, Radio	\$1500 / month	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
39	Employee Recruiting / Screening	\$250 / month	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
40							
41	<b>Variable Expenses</b>						
42	<b>Variable Labor</b>						
43	Leads, assistants, and floating teachers	Loaded cost (taxes + any benefits)	\$623,343	\$623,343	\$623,343	\$561,008	\$498,674
44	(teacher cost is only variable at specific increments)	variable at 50-70% capacity only					
45							
46	<b>Consumables / Other</b>						
47	Food & Kitchen Budget (food, paper goods, etc)	\$15 per week per child	\$104,520	\$94,068	\$83,616	\$73,164	\$62,712
48	Classroom Equipment Replacement	\$50 / child per year	\$6,700	\$6,030	\$5,360	\$4,690	\$4,020
49	Classroom Consumables (paper, art supplies, etc)	\$40 / month per classroom	\$3,840	\$3,456	\$3,072	\$2,688	\$2,304
50	Staff/Parent Appreciation, Incentives, Holiday Parties	\$300 / month	\$3,600	\$3,240	\$2,880	\$2,520	\$2,160
51	Staff Training	\$150 per teacher	\$3,465	\$3,119	\$2,772	\$2,426	\$2,079
52							
53	<b>Total Expenses</b>		<b>\$965,104</b>	<b>\$952,891</b>	<b>\$940,679</b>	<b>\$866,132</b>	<b>\$791,585</b>
54							
55	<b>Annual Net Profit / or (Loss)</b>		<b>\$231,823</b>	<b>\$124,293</b>	<b>\$16,763</b>	<b>(\$28,433)</b>	<b>(\$73,629)</b>
						<b>(\$118,825)</b>	



# HB1422 Childcare Childcare Ratios Impact and Conclusions



# Impact of HB1422 :

- Assuming a 104 child model, 30 more children can be accommodated with 1 less teacher. This is a total of 134 children with 15 teachers for a blended average of 1 teacher for 8.9 children. This approximates the national average.
- North Dakota will drop from #2 to being in the middle percentiles of the states.
- Childcare centers will now be able to cash-flow while setting tuition rates at affordable levels for families.
- The economics of childcare in North Dakota will finally make sense to operators will now increase their footprint across the state. This will make substantive inroads towards solving the childcare shortage crisis.
- The increase of childcare capacity will have significant ripple effects throughout the ND economy.

## Summary

1. The Childcare shortage crisis is getting worse, not better.
2. The cost of labor constitutes the majority of a child care center's operating budget and North Dakota leads the country in the overall cost of labor for center-based childcare.
3. Addressing the shortage in quality childcare will require lawmakers to tackle the largest operating cost facing the industry: the overall cost of labor. And the only substantive way to do so, is through an economic normalization of childcare ratios.
4. HB1422 must become law – in the form passed by the House

# Q&A



# Bio - T.J. Corcoran, MEd, MBA, JD

## Education

- \* MEd - Master of Education– Early Education
- \* JD – Juris Doctor – Licensed Attorney State of Ohio, North Dakota Bar Application approved, pending oath
- \* MBA - Master of Business Administration – Hospital & Health Services Administration, Real Estate, Operations & Logistics Management
- \* BBA – Bachelor of Business Administration – Finance, Real Estate

## Professional Summary

- \* For nearly 13 years TJ owned, operated, managed and served as President of two nationally recognized and accredited childcare centers in southwest Ohio. TJ is also an elected official in his home town of Goshen, Ohio, a township approaching 20,000 residents, where he is a former trustee and currently serves on the Board of Education. In 2012, TJ co-founded The Corcoran School located in Williston, ND. Opened in September, The Corcoran School is a state-of-the-art early education center serving children aged 6 weeks through kindergarten.
- \* Prior to T.J.'s educational industry endeavors, he was an executive at Accenture where his career focused on large-scale systems integration projects in the healthcare, financial services and telecommunications industries. In 2006, T.J. joined forces with a former Accenture colleague and launched TykeTEK, a high-tech startup specializing in innovative hardware and software solutions for the early education industry. Many of the proprietary products developed by TykeTEK are being integrated into The Corcoran School. These include robotic parent-controlled web cameras, hand-held management information systems leveraged by teachers, students and administrators, parent self-service portals and more.

**HB 1422**  
**Senate Human Services Committee**  
**Monday, March 11, 2013**

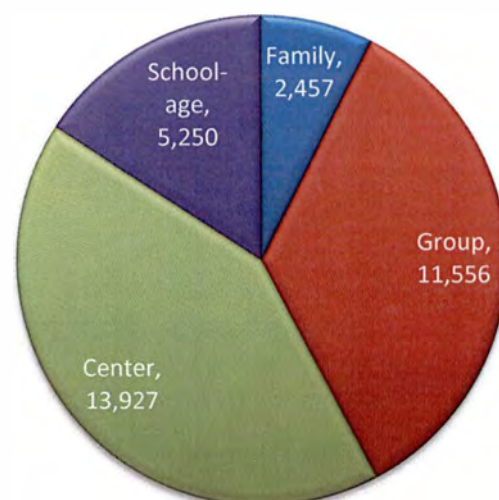
Chairman Lee and Members of the Committee:

I am Linda Reinicke, Program Director for Child Care Resource & Referral, a program of Lutheran Social Services in western ND. At the request of Representative Hawken, I am here to give a brief overview of ND's child care industry and introduce HB 1422.

### Licensed Child Care in ND

ND has 1,359 licensed providers with the capacity to care for 33,190 children.

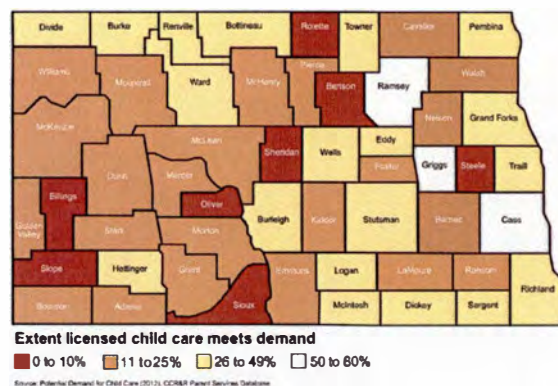
- 351 Family providers (up to 7 children)
- 811 Group providers (up to 18 children) -
- 153 Centers (19 or more children) -
- 44 School-age care programs



The child care industry employs 4,686 workers.

### Child Care Challenges: Parents ask, "Can I find it? Can I afford it? Can I trust it?"

Despite the large number of licensed programs, parents struggle to find child care. Child care industry standards suggest the supply meet 50% of demand. Across ND, the child care supply meets only 38% of the demand and, if one looks at specific counties, counties in western ND struggle to meet 25% of demand. The counties colored in red and orange (see map) meet less than 25% of the demand and must double their capacity to reach the 50% mark.



Many parents struggle to afford child care paying \$6,455 to \$8,066 per year—more than the annual tuition at a state university. Even though parents pay significant child care fees, 60% of child care workers make less than \$10.10/hour and often leave child care jobs for higher paying employment. In 2012, center staff turnover in ND averaged 44% per year. In Minot, one center experienced a 200% turnover. The constancy of staff turnover leads many parents to ask, “Can I trust my child care?”

So, with all the demand for child care, why don't we see child care businesses sprouting up all over the state? Unlike other business sectors, the child care supply does not grow to meet demand. Low profit margins (2-3%) limit business start-up, and traditional business practices used to increase profit margins (charge more, reduce expenses, and/or increase productivity) simply do not work in child care.

- Increasing profits by charging enough to cover the significant salary increases will not work. High fees will drive away low- and middle-income parents
- Increasing profits by reducing expenses will not work. Child care staffing patterns must follow state child-adult ratios
- Increasing profits by increasing productivity (enrolling more children) will not work. Providers must follow state regulations allowing 35 square feet per child

The parent challenges, “Child care... Can I find it? Can I afford it? Can I trust it?” ring particularly true in Minot. Nine centers in Ward County face closure within months due to increased operational expenses, and, although Minot faces a critical child care crisis, child care programs throughout the state struggle with the same issues.

### **Addressing the Child Care Crisis through HB 1422**

The Legislature has, over the last six years, invested in strengthening ND's child care.

In 2007, the Legislature funded on-line training for child care providers. The 2009 Legislature funded a child care recruitment, training and retention initiative and, in 2011,



refunded the initiative. Child Care Resource & Referral, during the past 18 months, conducted 978 on-site visits to 171 new programs and 138 existing programs.

Although Child Care Resource & Referral met projected recruitment and quality improvement benchmarks for the past 18 months (report attached), current child care challenges require a more aggressive investment.

#### **HB 1422 will provide**

- Stabilization incentive grants to approximately 27 programs in oil country based on an average of \$2,700 per child. Funds will impact 1,300 children. Programs receiving incentives will receive technical assistance but will not be expected to achieve a specific level of program quality for a minimum of two years. **\$7,000,000**
- Stabilization incentive grants to 40-60 child care programs in other areas of the state that voluntarily participate in the Quality Rating and Improvement System (QRIS). Incentives will average \$1,500 per child and impact 4,000 children. **\$6,000,000**
- Assessment, monitoring and consumer awareness Programs will be assessed to determine program quality and ratings promoted to child care consumers. **\$325,000**
- Technical assistance and shared services Participating programs will receive technical assistance (7 FTEs) and will have access to shared services in accounting and human resources 4 FTEs). **\$1,600,000**
- Data collection software/licenses and program evaluation. **\$500,000**

Finally, the availability of quality child care, although good for working parents, businesses, and ND's growing economy, ultimately benefits ND's children. A baby welcomed into child care today will spend up to 12,000 hours in child care, more time than he/she will spend in elementary school and high school and all of this during her most formative years.

I appreciate the opportunity to present this information. I will stand for any questions.

Linda Reinicke  
Child Care Resource & Referral Director  
Lutheran Social Services of ND  
[lreinicke@lssnd.org](mailto:lreinicke@lssnd.org) 530-2501 (office) 226-2510 (cell)

# Growing Child Care ND

Progress Report 7/1/11 to 12/31/12

NORTH DAKOTA  
**CCR&R**  
CHILD CARE RESOURCE & REFERRAL

July 2011 – December 2012



## Building a workforce, quality & capacity

The 2011 North Dakota Legislature appropriated \$3.1 million dollars for 2011-2013 to implement activities to train the child care workforce, improve the quality of child care programs, and increase the capacity of child care throughout the state as per 50.11.1-14.1 of the Century Code (below).

The Department of Human Services contracted these duties to North Dakota Child Care Resource & Referral. This serves as an interim report for the first 18 months of activities.

### 50-11.1-14.1.

#### **Workforce development - Quality improvement - Technical assistance - Capacity building.**

1. The department shall provide voluntary, progressive training opportunities leading to credentials and shall provide supports for the early childhood care and education workforce. The department shall implement a registry to track workforce participation.
2. The department shall implement a voluntary quality improvement process for licensed early childhood facilities. The department may provide a quality incentive payment and a higher reimbursement rate for child care assistance program payments to a participating early childhood facility. The department may provide technical assistance and support to an early childhood facility that applies for quality improvement and may provide financial incentives to an early childhood facility that sustains and increases program quality. The department may contract with a private, nonprofit agency to provide technical assistance under this subsection.
3. The department may provide supports and incentives to build child care capacity, including:
  - a. Technical assistance and support to individuals who want to establish a new program or expand existing capacity to include information on needs assessments, regulatory processes, facility design and furnishings, startup and operating budgets, staffing patterns, curriculum evaluation, and development of business plans.
  - b. Grants to programs with a viable business plan to support early childhood facility development and expansion in areas with a demonstrated need.
4. The department shall coordinate with other state agencies as necessary to implement the provisions of this section.

## Budget Allocation

Funding appropriated for the implementation of the law's child care recruitment, training and retention efforts, known as the Growing Child Care Initiative, have been allocated in three categories:

1. Child care workforce training
2. Program incentives and scholarships to child care programs and individuals
3. Technical assistance to child care programs and individuals (13 program consultants)

**Workforce Training - \$281,828 / \$81,676**

**Program Incentives & Scholarships - \$999,608 / \$92,792**

**Technical Assistance - \$1,021,300 / \$622,796**

■ Spent/Encumbered ■ Remaining in Budget

Figure 1 - 18 Month Spending vs. Budget



## Workforce Training

*Goal: Develop and deliver 120 hours of online training that leads to the Child Development Associate (CDA), a national credential designed specifically for individuals working in early childhood.*

136 hours of CCR&R's online training is provided free of charge and is available on demand at [www.ndchildcare.org](http://www.ndchildcare.org). The high completion rate indicates it to be a popular format choice for child care providers. Training is delivered in competency areas and include topics such as business operations, child development, health and safety, learning environment, and interactions with children. ND CCR&R delivers the training content needed to meet requirements of the Child Development Associate (CDA) national credential.

### Training Delivery: 7/1/2011 to 12/31/2012

Number of Online Courses	Hours of Online Training	Online Course Completions	Face-to-Face Training Events	Hours of Face-to-Face Training	Training Event Attendance
103	331.5	43,831	91	301.5	2,135

### Growing Futures Registry: 7/1/2011 to 12/31/2012

The Growing Futures Professional Development Registry was fully launched this biennium. The goal is to track, support and promote a well-trained and skilled workforce.

Workforce Registrants	Workers with Related Credentials or Higher Education	Registered Trainers	Registered Trainings
1,600 (34%)	308 (19%)	167	1281

### Training Hours by Competency Area

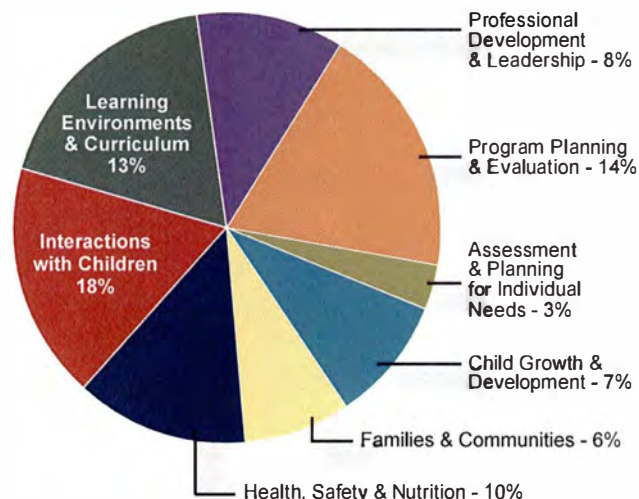


Figure 2 - Source: ND CCR&R Training Database

## Quality Improvement / Technical Assistance

*Goal: During the biennium, provide technical assistance and support to 200 family child care providers and 24 centers focusing on business operations, health and safety, learning activities, environments, etc.*

138 child care programs have participated in the retention program from 7/1/11 to 12/31/12, preserving and increasing quality in 3,235 slots. Skilled CCR&R consultants made approximately 976 on-site visits to troubleshoot issues, conduct observations, and work with the operator to make an action plan to strengthen the business. Providers are encouraged to take online training courses related to their action plans. The consultants then help the provider implement what they are learning in the course to achieve goals and improve their caregiving environment.

To identify the program elements to be addressed, CCR&R consultants conduct program assessments using a research-based assessment tool, Environment Rating Scales. The chart below shows average initial scores by category of 134 classrooms or programs in the project. Prior to technical assistance, participating programs average 3.64 on a 7.00 point scale.

To assist program operators with their improvement goals, participants receive incentives averaging \$1,500 for family/group child care and \$9,000 for centers. Dollars are typically spent on items such as learning materials (fine and large motor, dramatic play, art, music/movement, books, blocks, science and math, and multicultural), necessary equipment such as low shelving, and low tables and chairs, diaper changing stations, and cribs/cots.

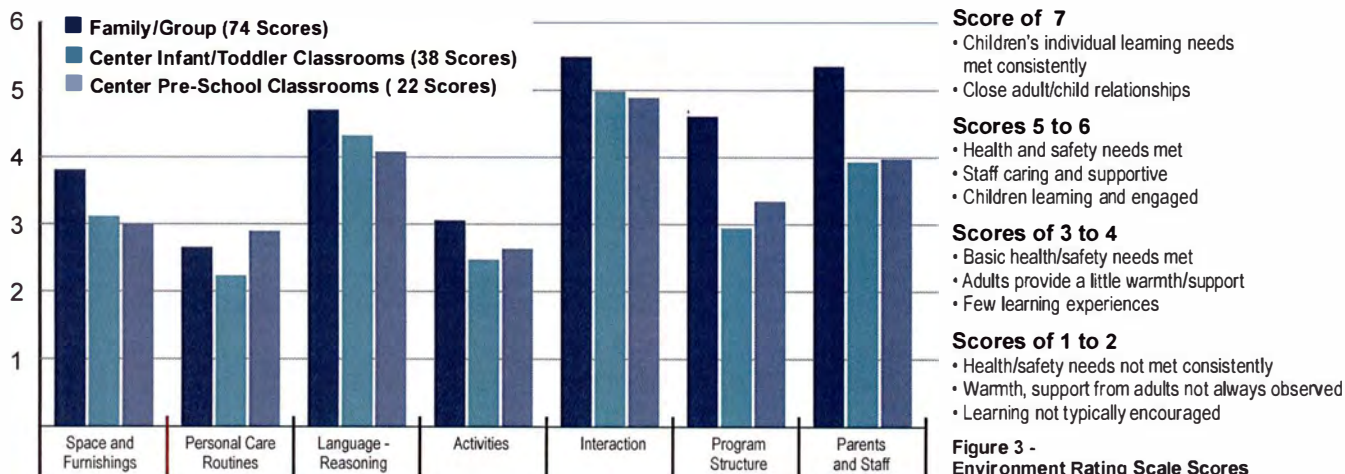


Figure 3 - Environment Rating Scale Scores

# Build Capacity

*Goal: During the biennium, add 180 family child care providers and 8 new child care centers.*

283 new child care programs have been added, totaling approximately 3,978 new spaces. 171 programs, through 12/31/2012, took advantage of incentives and technical assistance:

## 161 new home-based child care start-ups

Incentives range from \$800 to \$2,000.

6 new large Group Facilities with incentive range of \$1600 to \$5000.

Typically, programs purchase health/safety items like fire extinguishers, safety gates, and other foundational items such as low, open shelving, cribs or cots, small tables and chairs, high chairs, and materials that promote learning such as books, blocks, dramatic play items, music/movement, or fine and large motor items.

Training includes online courses such as creating contracts and policies, recordkeeping and taxes, and marketing their business, as well as health and safety topics including preventing illness, child care safety, and creating an appropriate environment.

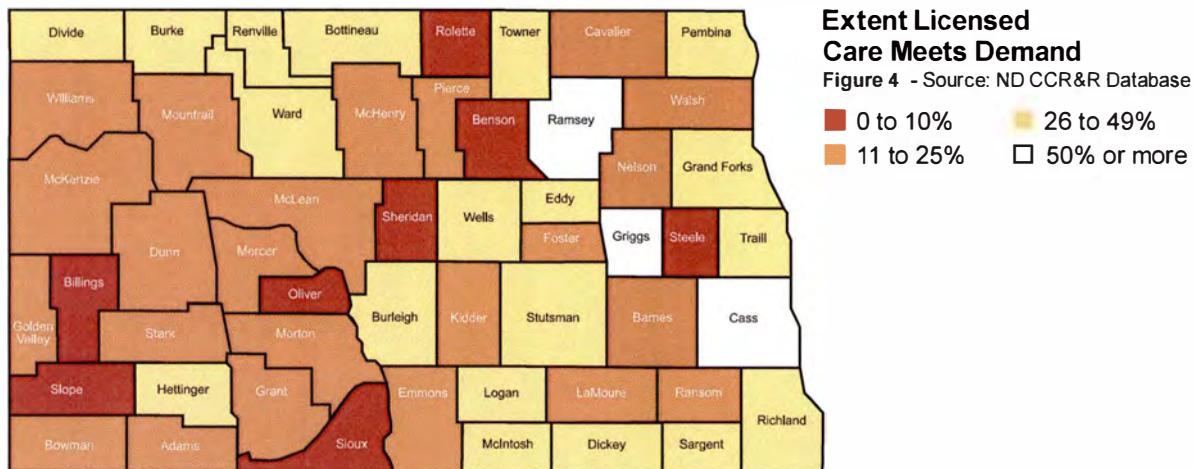
An average of 4 technical assistance visits and numerous check-in contacts were completed to provide guidance to each new operator.

## 4 new child care centers have opened after participating in the center recruitment project, and another 4 are currently working towards start-up.

Incentives of up to \$10,000 help new programs purchase needed furnishings including low, open shelving, cribs or cots, low table and chairs, high chairs, diapering changing stations and learning materials such as books, blocks, dramatic play items, music/movement, and fine and large motor items.

New programs work cooperatively with CCR&R's early childhood, health and business consultants. The early childhood consultant helps the program create policies and procedures, program staffing, select equipment, create environments, choose curriculum, and work with families. The health consultant works with the director on safety audits and assists in creating health procedures and policies, exclusion guidelines, and medication administration protocol. The business consultant assists in developing a sound business plan, a start-up and an operational budget.

Additionally, CCR&R has interacted with 34 communities across North Dakota to address child care. The approach in each community varies to accommodate local leadership, goals and timelines. CCR&R brings current supply and demand data and integrates that with local information to document the potential need, identify compatible child care business models, operational structures, facility identification and design, furnishings and supplies, staffing and training, policy development, marketing and enrollment.



## About Us

North Dakota Child Care Resource & Referral was launched in 1989. We assist families in their search for quality child care, build the knowledge and skills of early childhood professionals and expand the capacity of care to meet community needs.

ND CCR&R's vision for our training division is that every child care provider possesses the knowledge and skills to support children's healthy development and is prepared to provide that care in a quality child care environment.

### CCR&R office locations in western North Dakota

- Bismarck: 888-223-1510
- Minot: 800-450-7801

### CCR&R office locations in eastern North Dakota

- Fargo/Moorhead: 800-941-7003
- Grand Forks: 888-778-3435
- Jamestown: 888-767-0350

[www.ndchildcare.org](http://www.ndchildcare.org)



## Growing Child Care Interim Progress (July 1, 2011 to December 30, 2012)

COUNTY	Children Potentially Needing Care	Net Change from 2010 Data	Total Licensed Child Care Programs 12/30/12	Total Licensed Child Care Capacity 12/30/12	Size of Child Care Workforce	New Child Care Programs Added	New Child Care Capacity Added	Unduplicated CCR&R Training Participation <sup>1</sup>	Child Care Programs Participating in Retention Efforts	Child Care Capacity Retained	Extent Licensed Care Meets Potential Demand
Adams	280	70	5	66	11	-	-	5	-	-	24%
Barnes	1,187	16	12	297	38	5	56	62	2	25	25%
Benson	1,165	(14)	1	18	1	-	-	17	-	-	2%
Billings	80	6	-	-	-	-	-	-	-	-	0%
Bottineau	608	8	13	158	16	2	25	24	1	7	26%
Bowman	403	40	5	102	9	-	36	12	-	-	25%
Burke	240	63	3	76	7	-	-	13	1	40	32%
Burleigh	11,867	1,557	170	4,830	735	19	432	809	10	370	41%
Cass	20,978	1,600	364	11,018	1,595	83	1,305	2,106	29	929	53%
Cavalier	479	163	6	115	21	1	7	37	2	78	24%
Dickey	722	39	15	301	33	1	7	57	1	18	42%
Divide	193	39	1	60	18	-	-	20	2	36	31%
Dunn	360	14	4	59	5	1	16	14	-	-	16%
Eddy	270	39	6	91	22	1	15	25	2	19	34%
Emmons	381	47	8	94	11	-	-	13	-	-	25%
Foster	375	(15)	4	58	8	1	12	11	2	36	15%
Golden Valley	224	70	3	50	7	-	-	2	-	-	22%
Grand Forks	7,681	(392)	149	3,074	552	47	691	711	12	215	40%
Grant	283	98	4	39	7	-	-	7	-	-	14%
Griggs	212	(17)	6	112	12	2	14	11	2	36	53%
Hettinger	209	43	4	65	8	-	-	10	-	-	31%
Kidder	233	10	2	25	4	-	-	9	-	-	11%
Lamoure	537	161	8	134	15	1	7	25	1	18	25%
Logan	217	31	6	100	14	3	29	12	1	7	46%
McHenry	680	148	8	117	35	1	7	26	-	-	17%
McIntosh	312	75	6	100	8	-	-	14	-	-	32%
McKenzie	942	297	5	117	19	2	17	28	-	-	12%
McLean	1,035	309	13	181	20	1	18	41	1	7	17%
Mercer	876	189	15	220	15	3	32	23	1	18	25%
Morton	4,139	600	52	985	134	6	47	175	4	66	24%
Mountrail	1,043	128	8	140	22	1	18	43	1	39	13%
Nelson	345	89	7	74	13	3	21	13	2	14	21%
Oliver	227	91	1	18	3	-	-	5	-	-	8%
Pembina	851	110	11	250	31	1	7	19	-	-	29%
Pierce	608	161	7	140	17	-	-	22	1	50	23%
Ramsey	1,317	(188)	38	881	105	13	157	117	8	151	67%
Ransom	673	12	8	137	21	2	25	21	3	55	20%
Renville	321	107	4	116	13	-	-	15	-	-	36%
Richland	2,126	33	47	813	117	16	244	115	2	27	38%
Rolette	2,088	(264)	6	143	18	1	18	98	1	70	7%
Sargent	488	49	9	125	11	4	42	13	5	56	26%
Sheridan	97	42	-	-	1	-	-	1	1	-	0%
Sioux	884	108	-	-	-	-	-	4	-	-	0%
Slope	70	19	-	-	-	-	-	-	-	-	0%
Stark	3,132	343	57	720	174	6	62	163	5	189	23%
Steele	203	34	1	18	3	-	-	12	-	-	9%
Stutsman	2,581	283	47	793	106	16	187	131	12	134	31%
Towner	269	91	6	105	13	2	25	20	1	7	39%
Trail	1,056	128	15	333	97	2	14	62	-	-	32%
Walsh	1,317	(43)	16	321	29	6	75	48	2	80	24%
Ward	8,214	(211)	123	2,320	328	17	173	423	10	285	28%
Wells	372	(8)	5	106	9	2	25	13	-	-	28%
Williams	3,063	583	40	655	69	11	112	90	1	36	21%
<b>TOTAL</b>	<b>88,513</b>	<b>6,991</b>	<b>1,354</b>	<b>30,870</b>	<b>4,580</b>	<b>283</b>	<b>3,978</b>	<b>5,767</b>	<b>129</b>	<b>3,118</b>	<b>35%</b>

Figure 5 - Source: ND CCR&R Databases

## Budget for 49 Children with Current Average Fees for Ward County

Center Fees				2013 Cost	2012 Cost	Increase	% increase
Classrooms	Ages	# children	Cost/week	Per Child	per Child*		
8 infants	0-18 months	8	\$ 160	\$ 8,320	\$ 8,066	\$ 254	3%
10 toddlers	18-36 months	9	\$ 150	\$ 7,800	\$ 7,705	\$ 95	1%
14 three year olds	3 & 4 years	13	\$ 145	\$ 7,540			
20 four year olds	4 & 5 years	19	\$ 140	\$ 7,280	\$ 6,734	\$ 546	8%
<b>Total children</b>		<b>49</b>					

### Income

Fees at 95% capacity	\$ 354,445
----------------------	------------

### Expenses

Salaries	\$ 415,832
Benefits	\$ 54,000
Occupancy	\$ 42,000
Operating Budget	\$ 68,255
<b>Total Expenses</b>	<b>\$ 580,087</b>

<b>Income over Expenses</b>	<b>\$ (225,642)</b>
-----------------------------	---------------------

### Salaries

Director	\$ 22
Lead Teachers	\$ 15
Assistants	\$ 13
Cook	\$ 13
Janitor	\$ 13

### Benefits\*

Director	In salary calculation
FT staff (9)	\$ 54,000

\*Calculated @\$500/month/staff

Centers in Minot with more than 49 children must install hard wired alarm system and sprinkler system (cost of \$60,000 to 100,000)

## Budget for 49 Children with Increased Fees

Center Fees				2013 Cost	2012 Cost	Increase	% increase
Classrooms	Ages	# children	Cost/week	Per Child	per Child*		
8 infants	0-18 months	8	\$ 300	\$ 15,600	\$ 8,066	\$ 7,534	93%
10 toddlers	18-36 months	9	\$ 275	\$ 14,300	\$ 7,705	\$ 6,595	86%
14 three year olds	3 & 4 years	13	\$ 225	\$ 11,700			
20 four year olds	4 & 5 years	19	\$ 225	\$ 11,700	\$ 6,734	\$ 4,966	74%
<b>Total children</b>		<b>49</b>					

Providers in Stark, Ward and Williams Counties have increased fees 7%-19% over last two years

### Income

Fees at 95% capacity	\$ 596,505
----------------------	------------

### Expenses

Salaries	\$ 415,832
Benefits	\$ 54,000
Occupancy	\$ 42,000
Operating Budget	\$ 68,255
<b>Total Expenses</b>	<b>\$ 580,087</b>

<b>Income over Expenses</b>	<b>\$ 16,418</b>
-----------------------------	------------------

### Salaries

Director	\$ 22
Lead Teachers	\$ 15
Assistants	\$ 13
Cook	\$ 13
Janitor	\$ 13

### Benefits\*

Director	In salary calculation
FT staff (9)	\$ 54,000

\*Calculated @\$500/month/staff

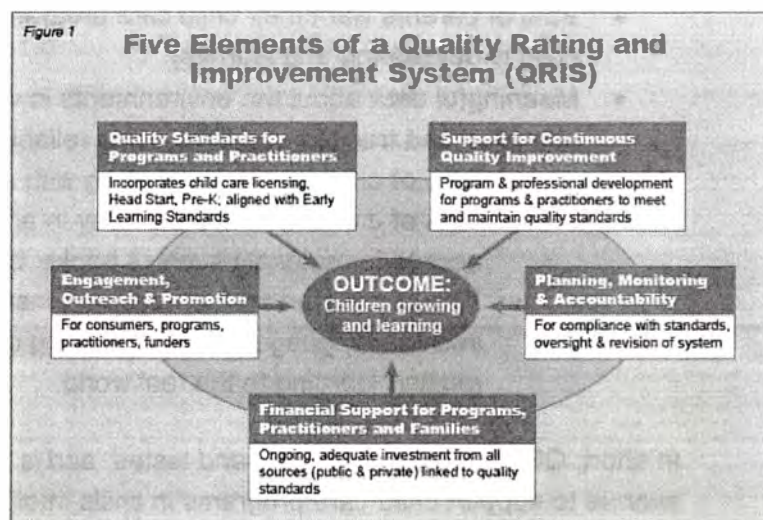


**TESTIMONY for Senate Human Services Committee**  
**HB 1422**  
**March 11, 2013**

Madam Chair and members of the committee, my name is Linda Lembke. I'm the director of the Child Care Resource & Referral program serving eastern North Dakota. I'm here today to share information about the Quality Recognition and Information System (QRIS) model and how QRIS can be implemented through HB 1422.

Forty-three states have implemented QRIS and, although each state designs and delivers QRIS to meet their specific needs, all QRIS have the following base elements

1. Quality standards for programs and providers. Licensing frames the base of these standards with a focus on health and safety. Quality standards focus on learning environments and activities and supportive interactions at the higher levels
2. Technical assistance for continuous quality improvement.
3. Planning, monitoring and accountability. High performing programs qualify for incentive grants. Periodic monitoring ensures actual progress and appropriate use of funds
4. Financial support for programs. QRIS offers a supplement to sustain programming that supports school readiness
5. Engagement, outreach and promotion. QRIS promotes to the consumer (parents and children) the level of quality with a user-friendly a star system



In 2007, the Department of Human Services convened a statewide planning group to identify and approve research-based quality standards for ND programs and practitioners that provide a shared 'road map to quality care' for all early childhood programs.

Based on the ND QRIS model, the group outlined an implementation plan and a cost projection for a statewide rollout. Fortunately, implementing QRIS in ND will be relatively simple. Many core elements already exist. In 2007 and 2009, the legislature and DHS initiated statewide:

- Accessible, no/low cost training system for child care
- Network for technical assistance for health and safety, early childhood programming and business operations
- Incentives ranging from \$1,500 to \$10,000 per program that provided one-time resources
- A registry to track training, trainers, and workforce qualifications

In 2010, the United Way of Cass Clay stepped forward to fund a pilot to test the quality standards measurements process. Working with 30 volunteering child care programs, QRIS planners defined benchmarks and data collection processes, conducted on-site observations, tracked workforce qualifications, provided supportive technical assistance, and compiled satisfaction surveys, personal interviews and focus groups. The pilot reached approximately 10% of children (>900) in licensed child care in Cass County.

Key results include:

- While quality improvement was a motivational factor, financial incentives were necessary to meet standards of quality programming
- 100% of programs indicated that on-site technical assistance was beneficial and necessary to make positive changes
- QRIS benchmarks drive participation in professional development and motivates the workforce to increase their credentials
- 95% of parents want their child care program to provide them information about how their child is developing and learning
- Meaningful data about the environments in which children spend their days can be collected, compiled and tracked over time using reliable tools. For example:
  - 77% of children are in a setting with adults that meet their emotional needs
  - 80% of children spend their day in an insufficient learning environment with limited access to materials such as books, blocks, science and art supplies
  - 72% of children are not receiving instructional support to prepare them for school, such as language modeling, asking questions, giving feedback, problem solving, or relating learning to the real world.

In short, QRIS has been planned and tested, and is now ready to implement and be used as an avenue to support child care programs in crisis in oil country and shore up programs throughout the state. QRIS will:

1. Provide resources to stabilize child care operations and encourage expansion
2. Supplement parent tuition fees to provide needed revenue to recruit and retain needed staff.
3. Provide common standards for emerging child care programs to follow to ensure support for children's early development and learning

Because many of the QRIS components already exist, the funding in this bill increases the incentive dollars to reach more programs and provide meaningful support to this important business sector in our state. There is ample flexibility in the QRIS model to allow for accelerated supports to high-need programs, such as those in oil country, while maintaining the fidelity of the model.





I would be happy to meet with the committee further if you would like details about the model, results, or costs. Thank you for your time this morning.

Linda Lembke  
Director, Child Care Resource & Referral  
[lindal@lakesandprairies.net](mailto:lindal@lakesandprairies.net) or 701-367-3114



# Quality Recognition & Information System Solves 4 Challenges in North Dakota

A Quality Recognition & Information System (QRIS) provides a systematic, organized and cost effective way to sustain childcare capacity, develop the childcare workforce, prepare children to enter school ready to succeed, and provide the consumer information.

CHALLENGE 1	CHALLENGE 2	CHALLENGE 3	CHALLENGE 4
<b>Build and Sustain Child Care Capacity</b>  <p><b>QRIS</b> resources support stability for childcare operations and encourage expansion.</p>	<b>Develop the Child Care Workforce</b>  <p>A <b>QRIS</b> provides additional revenue to compensate and retain trained staff.</p>	<b>Prepare Children to Enter School Ready to Succeed</b>  <p>A <b>QRIS</b> provides common standards for childcare programs to follow to support children's early development and learning.</p>	<b>Provide Consumer Information</b>  <p><b>QRIS</b> provides families access to information on program quality.</p>

## A Quality Recognition & Information System Provides...

- ✓ Defined standards with measurements
- ✓ A clear path for quality improvement for childcare programs
- ✓ A network of support for child care professionals
- ✓ Incentives linked to achieving and maintaining standards
- ✓ Consumer education tool to improve the information available to families
- ✓ Accountability system to impact children's well-being
- ✓ Revenue to keep child care programs in business to serve the 84% of ND's working families
- ✓ Framework to drive the most underserved children to highly effective programs
- ✓ Avenue to deliver PreK services to children where they already spend their day

Information compiled by ND Child Care Resource and Referral

[www.ndchildcare.org](http://www.ndchildcare.org)

# How a QRIS Works

## 1. Self Study:

Child Care Programs review the standards to identify their strengths and determine goals for meeting standards.

## 2. Become a QRIS Partner:

Child Care Programs opt in to QRIS by becoming a QRIS Partner. Programs are then eligible to receive professional development scholarships and technical assistance.

## 3. Technical Assistance:

Child Care Programs work with a supportive coach. The coach shares ideas and provides resources to meet the standards. Programs don't have to go it alone.

## 4. Official Application:

Child Care Programs submit their application indicating that they meet the standards. An observer is sent to the program to verify, using reliable assessment tools, that the standards are being met.

## 5. Funding:

Programs become eligible for additional revenue to sustain operations and maintain practices that get children ready for school and life.

## 6. Communicate with Families and Stakeholders:

Results are shared with families and stakeholders. Families have access to information about the program in which their child spends the day. Stakeholders have data for measuring the status of the early care and education system in the state.

# Overview of Standards

The standards provide a set of benchmarks along a pathway of ongoing quality improvement. Each childcare program sets their own goals and pace along the pathway.

## Level 1

### Licensing

State licensing sets the requirements to operate legally. Licensing focuses on injury prevention, safe sleep to prevent SIDS, healthy practices, and the safe supervision of children.

*\*Verification by North Dakota Department of Human Services.*

## Level 2

### Learning Environment

Programs have enough toys and materials, so all children can play and discover in an imaginative and creative way. Play during the early years builds big brains, which lead to school and life success!

*\*Verification includes Environment Rating Scale Observation.*

## Level 3

### Teaching

Adults plan engaging activities and intentionally encourage learning, play and fun along the way.

*\*Verification through documentation.*



## Level 4

### Interactions

Adults develop warm, caring relationships with each child. There are 1,892 days from birth until school starts. These adults know every day matters.

*\*Verification includes Classroom Assessment Scoring System Observation.*



## Training & Education

Adults are committed to taking continuing education hours. Just like a nurse needs continuing education, so do those working with young children. Working with young children is science-brain science!

*\*Verification through the Growing Futures Professional Development Registry.*



March 11, 2013 Senate Human Services Committee hearing on HB 1422  
9:00 am Red River Room

The Rev. Muriel J. Lippert

- *Resident of Williston, North Dakota*
- *Pastor of Good Shepherd Lutheran Church and West Prairie Lutheran Church (ELCA) in Williston, North Dakota*
- *President, Board of Directors of Little Lambs Childcare Inc., Williston, North Dakota*
- *Member of the Williston Child Care Expansion Planning Design Team*

Good Morning and thank you for your service to our great state of North Dakota where we derive "Strength from the Soil" allowing us to feed, clothe and provide energy to the world.

I appear before you this day to encourage you to pass HB1422 with the amendment that restores the original funding levels. Supporting the growth and development of quality childcare in our state is an incredibly wise choice. "According to research conducted by the Minneapolis Federal Reserve, the annual rate of return on each dollar spent on high quality early care and education is twelve to sixteen percent, with the greatest returns realized among children in low-income families." (Expansion of Quality Child Care in Williston, North Dakota, A Solution-Based Plan page 15)

Little Lambs Childcare Inc. opened on July 30, 2012. It is located in Good Shepherd Lutheran Church in Williston. Good Shepherd owns and operates it, however it is separately incorporated as a nonprofit corporation. Little Lambs is licensed to care for a maximum of 57 children. We provide care for children ages birth through entering kindergarten. As a result of the challenge of finding and retaining qualified staff we are currently caring for 22 children, 8 of whom are infants. I have provided you a sheet of basic facts about Little Lambs Childcare Inc.

As we studied the feasibility of opening a childcare facility in the church we received very helpful guidance from ND Child Care Resource and Referral staff. Once the congregation decided to engage in this work we contacted businesses within the Williston community seeking financial support for start up costs. The business community responded very generously. We needed to do some construction work in the building to meet the various regulations and received a Star Fund grant from the city of Williston to cover that cost. I share this information with you to let you know that many many people and entities in the village of Williston have worked together to make Little Lambs Childcare Inc. a reality and we are tremendously grateful for their support.

We began our list for the spots we anticipated on January 1, 2012. I received calls before that day asking if they could call just after midnight and leave the information on the answering machine. There were two people who did just that. They have infants and the need for care for infants is beyond crisis level. We have had people who anticipated becoming pregnant add their name to the list hoping that by the time they actually got pregnant, had their child and used their parenting leave there would be a spot open for them.

Some people wonder why mothers or fathers don't just stay home with their young children. In a perfect world that would be easy to do but we don't live in a perfect world. We have several children in our center whose families are single parent households as a result of divorce or abandonment by one of the parents or death of one of the parents, some children are lovingly being nurtured by a legal guardian. These parents and guardians are valuable employees at their companies and certainly help to make our community of Williston a better place to live. Quality childcare is a necessity so we can have teachers in our school systems, nurses and other medical professionals in our clinics and hospital, operations managers in businesses, sales staff, bank employees, bread truck drivers and a whole host of other needed workers. This list reflects a few of the jobs done by the parents and guardians of children at Little Lambs Childcare. Eric Bayes, General Manager of Oasis Petroleum in Williston reports the cost of losing employees because of a lack of childcare. "Our internal estimates of the cost to recruit, on board, and train an individual employee is roughly \$50,000." And yes, Oasis Petroleum has given a gift of support to Little Lambs Childcare. The parents of three of our children at Little Lambs work at Oasis.

Providing funding for quality childcare can greatly reduce our need for legal services and prisons in the future. I am friends with the Williams County States Attorney and have said that one of my goals for Little Lambs Childcare Inc. is that as the children we care for grow into adults, none of them will end up in a courtroom being prosecuted by the states attorney, convicted and sent to prison. I believe that it is far better to invest in our children during their formative first years than have to plan to build bigger prisons.

I also ~~want~~ to encourage you to provide funding to develop a program at Williston State College so we can grow our own well-trained staff. It is very difficult to find people who are properly trained to care for children during those critical first five years. There are online classes of varying lengths available however I think it is vitally important to gather students together in a classroom to be able to engage in discussion, share real life work experiences and learn together to be nurturing caregivers in a child care center setting. Having better training and skills will enhance their job satisfaction, potentially decrease staff turnover, and provide much better care for our children.

The first director that we had left at the end of January because she decided she wanted to be a stay at home mom to her soon to be born first child. I had a lot of sleepless nights, worrying about how we would find a person qualified to be our director. The qualifications to serve as a director are listed in the Century Code. I do not object to having those kinds of qualifications, I think they are necessary. Since the state government puts those qualifications into the Century Code, the state government also needs to make provisions at our state institutions of higher education so a person can earn those credentials at the institutions closest to the greatest need for those who would graduate from the programs. In my conversation with Shawn Wenko, assistant director of Williston Economic Development, he said that Williston State College and TrainND is very open to developing the needed programs.

I can report to you that we have found a well qualified person who is currently serving as our interim director and we hope will agree to become our permanent director very shortly. After a meeting with many parents of children being cared for at Little Lambs we have also found and hired additional staff persons, which will allow us to increase the number of children we care for

at our center. This allows me to sleep better at night but it does not adequately address the extreme need for childcare in our community and the precarious nature of the business of caring for our greatest treasure, our children.

In regards to the change in caregiver / children ratios I ask you to consider whether you alone would be willing and capable of caring for quintuplets. How many infants (ages 0 – 18 months) can you fit on your lap. How many can you feed at the same time without propping up bottles. It is against regulations to prop up a bottle for an infant in your care.

As a parent myself there were certainly times when I could have used additional arms and I only had two children who are three and a half years apart in age. One of our infant room caregivers just looked at me with that “You have got to be kidding” look on her face when I asked her what she thought about increasing the caregiver / children ratio.

The next age group, 19 – 36 months would increase from 1 for every 5 children to 1 for every 7 children. Now this age group is loads of fun. They are absolutely delightful to be with as they explore the world around them. But you have to remember that no is one of their favorite words, they learn it from us of course, telling them no, don’t touch this, don’t go there, etc. They have developed into race walkers and runners so it can be a serious aerobic workout spending time with them. They are just learning to play together so you sometimes need the skills of a referee. They are also in the midst of toilet training. They love to play outside in the snow but please picture the caregiver getting seven children into snow pants, boots, mittens, coats, hats because the children have not acquired all the skills necessary for getting dressed in all that gear. I am not sure that one adult can successfully and properly care for seven of them and keep their sanity in the long run.

The three, four and five year olds do become increasingly independent but perhaps you might want to challenge yourself sometime to see how fast you could tie ten pairs of shoes and remember you might first have to make sure that everyone has on their own shoes and not someone elses.

From a business perspective it would certainly help the cash flow to increase the caregiver / children ratios. I think increasing the ratios certainly has the potential to increase stress for the caregivers and the children, it can contribute to increased staff turnover which causes stress on the children. If you leave the increased ratios in place providers and parents could still decide for themselves what is in the best interest of the children.

In closing I want to share with you the story of one of the parents whose child is cared for at Little Lambs Childcare Inc.:

“My name is Patty Desautels and I have a 2 ½ year old boy, Michael. When I was about three months pregnant I started calling daycares to try to arrange a spot for him. I found a list through a neighbor that had 30 daycare providers on it. I called each and every one of them and none of them had any openings. Most of them, however, would put me on their waiting list. To this day I have not received a call from any of them.

Every Thursday afternoon I would look online at the Shopper before the paper edition came out. I wanted to be the first to call if a new daycare provider had an opening. Finally I found one and snatched her up right away. Well, unfortunately, she only did it for about three months and she decided to go back to school. Once again I was desperate for daycare and couldn't find one. I had to quit my job immediately, which was devastating. I didn't know what I was going to do. About a week later my husband got a lead from one of his co-workers of a gal that was doing daycare. She immediately agreed to care for Michael but there was one problem, I didn't have a job. Thankfully she agreed to hold the spot for me until I found employment. Three weeks later I found employment and life was great again..... until her landlord found out she was doing daycare. She was in low income housing and they don't allow tenants to do daycare out of the apartments. Thankfully she was able to talk them into letting her watch Michael and the one other child there until fall when school started. So, once again, I was looking for daycare. I placed ads in the paper every week hoping that someone would be willing to help out a desperate mom. I had to work, there was no option for me to be a stay at home mom. Finally I got a call from a lady who just happened to have an opening. Michael started there and seemed to like it. Unfortunately she was horrible! If we happened to pick Michael up early, unannounced, she would be in the bedroom with the door shut so the toddlers & babies were not being attended to! This happened almost every time!! She actually put a sign up asking us not to come unannounced, to call first so she could have the children ready. Also, the house smelled of cigarette smoke often, fresh smoke. Michael would come home and his clothing would smell of it. I mentioned it to her and she swore she and her husband didn't smoke in the house. Well I knew differently but I had to stay with her daycare until I found someone else.

Finally Little Lambs Childcare opened up!! I got on the list and within a month of them opening Michael got a spot. He loves it there and so do I. It feels great to know he is being taken care of properly. Little Lambs has been a blessing for us.

We need more daycare/preschool centers in Williston. There are so many parents unhappy with their current daycare and so many that want to work but they can't due to the shortage of childcare."



## **Basic Information about Little Lambs Childcare Inc.**

**Little Lambs Childcare Inc.**  
**2517 9<sup>th</sup> Avenue West**  
**Williston, North Dakota 58801**  
**701-774-8919**  
**E mail: [littlelambs@nemont.net](mailto:littlelambs@nemont.net)**  
**[www.willistongoodshepherd.com](http://www.willistongoodshepherd.com)**

**Hours of operation:** 7:30 am – 5:30 pm Monday – Friday

**Cost:** \$170.00 per week

Care for children ages birth through entering kindergarten.

### **Mission Statement:**

Little Lambs Childcare Inc. provides high quality childcare to prepare children for school and life, bringing peace of mind to parents and employers.

### **Vision Statements:**

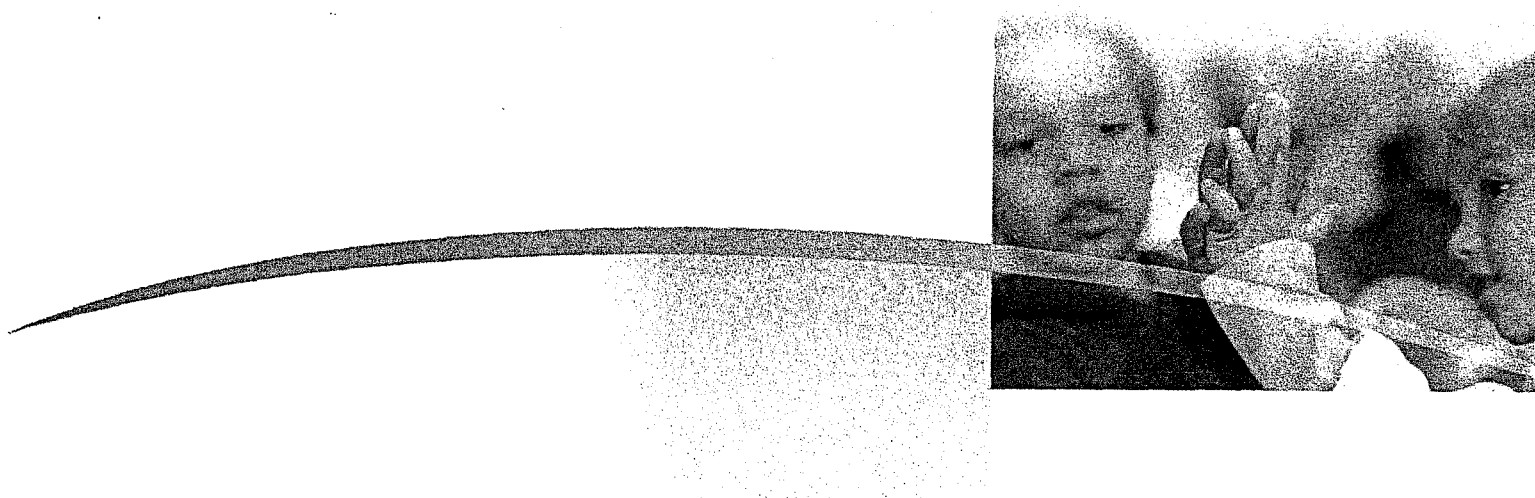
- Children will have consistent relationship with qualified and nurturing adults.
- Children will have a solid foundation for success in school and life.
- Children will have a safe and stimulating environment that encourages exploration and creativity.

### **Values Statements:**

At Little Lambs Childcare Inc. we believe:

- Each person is a beloved child of God and an important part of our community;
- Nurturing the social, intellectual, physical, artistic, emotional and spiritual life builds a solid foundation for success in school and life;
- Preparing children for school begins at birth and is enhanced by consistency in their learning environment;
- Children's lives are enriched when parents/guardians, caregivers, and the community work as partners; and
- Staff that are honored, supported and recognized are key to quality care and success for children.

Little Lambs Childcare Inc. is owned and operated by Good Shepherd Lutheran Church – a congregation of the Evangelical Lutheran Church in America. Little Lambs Childcare Inc. is separately incorporated as a non-profit corporation in the state of North Dakota and has its own board of directors.



## Expansion of Quality Child Care in Williston North Dakota

### *A Solution-Based Plan*

Submitted by:

Tezikiah Gabriel, Regional Director, First Children's Finance

July 19, 2012



212 Third Avenue North, Suite 310  
Minneapolis, MN 55401  
[www.firstchildrensfinance.org](http://www.firstchildrensfinance.org)

*Supporting the Business of Child Care*

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*“A baby welcomed into a center today may spend up to twelve thousand hours in child care, more time than she will spend in all of elementary school and high school. What happens in child care in the enormous amount of time that children spend there? It’s life as we know it: eating, drinking, sleeping, separating from and reuniting with loved ones, growing, changing, learning, falling in and out of love, getting knocked down and picking oneself up, feeling deep distress and then being filled with joy.. The people and place determine whether it is living fully or not, living well or not. Places to live encourage competence, provide comfort, and accept individuality.” – Jim Greenman, Child Care Developer and Advocate, 2001*

## I. Introduction and Background

**Williston needs a solution to its child care problem. It's a community challenge that requires a community response.** Shawn Wenko, Economic Development, knows the issue first hand. In February 2012, Shawn invited a proposal from First Children's Finance (First Children's) for the development of a solution-based plan to expand quality child care in Williston. The charge from Economic Development was clear – *additional study* of the need for child care was unnecessary as business and community members, as well as Williston families, were well aware of the need. The challenge was *how to deal with it* – how to increase the supply and availability of child care to meet the needs of Williston families and employers, and how to do that as quickly as possible. And, with that direction, First Children's developed and submitted a proposal for a solution-based community planning process that was approved by the Williston STAR Board on February 14<sup>th</sup>, 2012, followed by approval by the Williston City Commission on February 28<sup>th</sup>. The planning began immediately and a local Planning Design Team was formed to lead and inform the overall planning process, and assure quality and relevance of the resulting plan. The Planning Design Team had representatives for Economic Development, North Dakota Child Care Resource and Referral (CCR&R), Williams County Social Services and the Church community.

*"We need to know how to get from A to B – we need solutions."  
-Shawn Wenko,  
Williston Economic  
Development*

Given the unique challenges that exist in Williston, a solution-based plan to expand quality, viable and sustainable child care in Williston will need to address three community challenges:

- **Competitive Wages:** *that allow for local low- and moderate-income families to remain in care,*
- **Quality Staffing:** *qualified child care staff that may not currently exist, and*
- **Development, Support and Expansion of Child Care Facilities:** *when land is at a premium.*



## II. The Planning Process

In order to assure *successful implementation* of the Quality Child Care Expansion Plan, First Children's determined a need to conduct a planning process that engages a variety of key Williston Stakeholders. Business and community ownership of the Plan will not only assure a relevant Expansion Plan, but also the support that is needed to successfully implement and support the plan.

Over 70 community members, professionals and business leaders provided input into the expansion of child care planning process. The consultant interviewed 13 business, community and child care leaders in Williston. In addition, over 60 Williston economic development leaders, young professionals, businesses, child care professionals and church representatives attended Round Table discussions.

The initial proposal proposed the result of the planning process would be a 3-5 year *Solution-based Plan to Expand Quality Child Care in Williston*, North Dakota. The *Expansion Plan* needs to include, but not be limited to the following components:

- Child care *Vision*
- The *Need and Demand for Quality Child Care in Williston*
- Child care *Development Approaches and Models*
- 1 – 5 year child care expansion *Goals* (growth of child care spaces each year over the next 5 years)
- *Strategies* to deliver child care through agreed upon *Approaches* and to accomplish the *Goals*
- *Budget and Financing Strategies*
- *Recommendations* for successful implementation

The following plan delivers and expands on those original proposed deliverables.

## III. The Key Findings

Based on our best demographic and trend data to date, and verified in conversations with over 70 community leaders and members, the common themes surfacing as core to expansion of quality child care in Williston are the following:

- *Williston is rapidly growing and is becoming a younger community*
- *Lack of child care is inhibiting business growth, a barrier to attracting workers, and is putting stress on Williston families and employers*
- *Williston wishes to attract not only short-term workers, but those that wish to make Williston their future home*
- *Williston business and community leaders are aware of and committed to expansion of child care and many have taken steps to increase the supply of child care in Williston*
- *There is growing broad-based support for the development of expanded and new child care spaces*

#### IV. The Vision for Quality Child Care in Williston

*The vision for child care in Williston is three fold:*

- All Williston *children* have access to high quality child care that is safe, nurturing and committed to preparing them for school success,
- All Williston *parents* have a variety of quality child care options that are affordable and meet their individual needs and preferences, and
- All quality *child care businesses* are viable and sustainable.

*To accomplish this vision means a focus on and resource commitment to:*

- Bring new and existing programs into a quality initiative,
- Recruitment and development of quality child care professionals,
- Educate parents, businesses, and the community on the value and importance of high quality child care, and
- Provide business development opportunities to assure viability and sustainability of new and existing quality child care programs.

Every parent wants their child to be in a child care setting that not only meets their basic needs for safety and security, but also provides nurturance and prepares that child for school success, which in turn is the best indicator for success in life. Williston parents stressed a concern not only about the availability of child care in Williston, but also about the level of quality in the existing child care options. The late Jim Greenman, child care developer and advocate, stated: "A baby welcomed into a center today may spend up to twelve thousand hours in child care, more time than she will spend in all of elementary school and high school." For working parents, choosing a child care may be one of the most critical decisions they can make as the child care environment has lasting effects on the child in care. Getting *any* child care in Williston is a challenge; options for *quality* child care that meets the needs and preferences of Williston families is even more challenging.

The families and community leaders, as well as business leaders, all want the same thing – quality, affordable child care that meets the needs of families, employers and the community as a whole – not only today, but growing into the future. From the beginning, the charge from Economic Development was to develop a solutions-based plan for expansion of *quality* child care, not just child care spaces.

*"Churches can make an important contribution in meeting the need for quality child care. Using available space to serve the critical needs of our community is part of our calling to be good neighbors. The long-term benefits for the whole community from engaging in this work are really beyond our ability to calculate."*

*-Pastor Muriel J. Lippert*

*Good Shepherd Lutheran Church (ELCA)*

## V. The Need and Demand for Quality Child Care in Williston

*Ask Kathy Molland, day care licenser for Williams County Social Services how the number of day care providers is working out in that county, where phenomenal population growth is matched by rigs drilling and new oil service and retail businesses hard on their heels.*

*"How's that working out? It's not working out. It's beyond critical, it's beyond crisis," Molland said.*

*She fields calls constantly from desperate moms and dads who made the mistake of getting the job first, child care second.<sup>i</sup>*

All stakeholders participating in the planning effort report a dramatic shortage of child care in Williston, particularly infant care and high-quality care.

Repeatedly, throughout interviews and community round tables, business leaders cited specific situations with employees being forced to leave jobs because they could not find child care. That leaves employers with the challenge of trying to attract a new, qualified employee to replace the one that was lost and that prospective new employee will likely also need child care. The business cost of turnover is high. Professional parents participating in the Young Professionals Round Table reported looking for child care months before the birth of their child, and not finding it. In some cases, the lack of child care has factored into young families planning to have a child.

*"There're no openings that they can foresee...It was tight to begin with and it's getting tighter with all the people moving in."  
-Kathy Molland, Williams County Social Services*

*Laurie Reighard owns Safety First Daycare. She watches 14 to 18 children every day. Her next available opening is a year away. "I get calls every day. I don't even take a waiting list anymore because there would be no sense. By the time I could call them back their spot would be filled."<sup>ii</sup>*

An employee survey conducted at a leading Energy Service in Williston stressed the growing need for child care. According to the results of an employee survey that had 175 survey responses, forty five percent of the responding employees are the primary caretaker of children between the ages of zero and five. Sixty five percent of the respondents said that it would be beneficial to have a day care facility available for their children. In addition, forty nine percent of the responding employees noted that they plan on having kids within the next seven years. A wealth of anecdotal data gathered from oil company and other business leaders verify that the need for child care is critical now and will be increasing over the next decade.

*Children are filling up day care centers in western North Dakota and that puts extra pressure on parents whose children have been left out. "Parents not having an opportunity to be choosy with their daycare makes a big difference, picking daycares that they might not normally choose. It's because they're open, not because it's the right fit for me and my family," said Kinder Kids Owner Jennifer Moser.<sup>iii</sup>*

The following factors underlie the current and future need and demand for expansion of quality child care in Williston:

## A. Population Growth

*"Ten years ago Williston, North Dakota was a quiet agricultural town with a population around 12,000. Today, because of oil prices and drilling advancements, Williston is home to America's biggest oil boom and its residents number over 30,000. Home prices are soaring, unemployment is close to zero and people from around the country are flocking here for jobs where the starting pay can easily exceed \$100,000."*<sup>iv</sup>

*"We're very close to the edge. The intensity with which this has come at us is literally unbelievable."*  
-Ward Koeser, Mayor of Williston

Stakeholders informing the planning process all recognize the impacts brought on by extraordinary population growth in Williston. Often referred to as a "population explosion," the growth is difficult to estimate; all community leaders believe that the population numbers to date are likely under-represented. Williston Economic Development has contracted with a group to conduct a population survey that will enlighten and inform the population numbers and projections for growth over the next decade. However, population numbers and impacts are evident in the daily life of Williston community leaders and residents.

In 2010, the population in Williston was approximately 22,000. Williston Mayor Ward Koeser told NBC News that the population of Williston has doubled in the last five years and that it's overwhelmed virtually all of the city's departments.<sup>v</sup>

Tom Rolfstad, Director of Economic Development, in a presentation on June 26, 2012, and based in employment trends, suggested the population in 2013-2015 to be over 131,650 households. He calculated that at a rate of 1.5 persons per household, the total projected population would be 197,475 people. These numbers and the rate of growth are almost unfathomable and further evidence the need for child care.

## B. Business and Job Growth

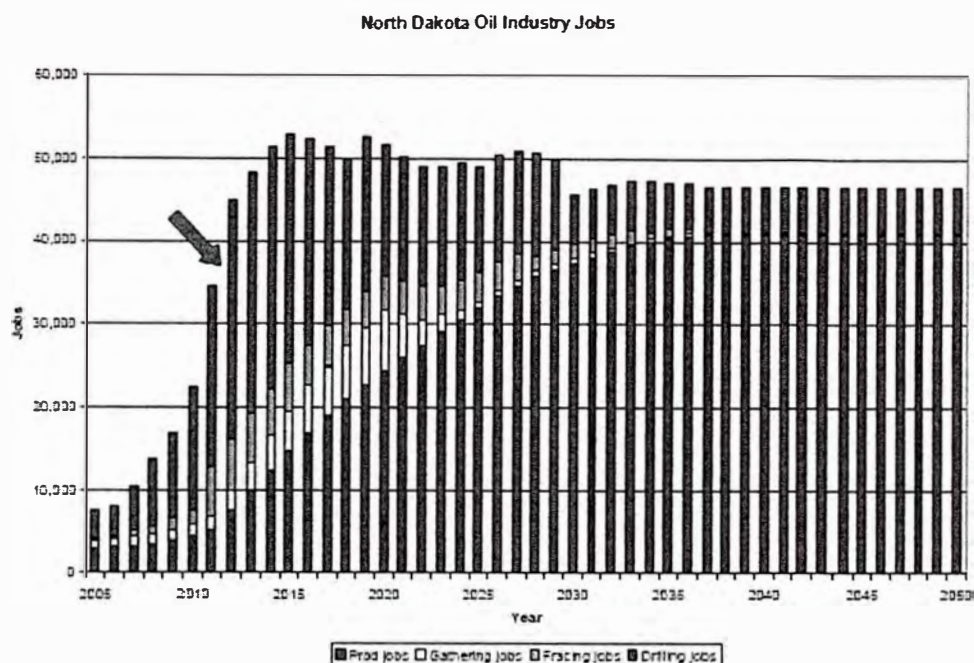
Business and community leaders cite child care, along with housing, as the two highest contributors to the inability to grow businesses, and attract and keep employees. Unlike the oil busts in earlier years, the oil industry in Williston will be active for many years. Tom Rolfstad, Director of Economic Development, states a conservative estimate that the oil production industry is stable through 2050. North Dakota is the second largest oil producer in the United States and is home to over 350 oil companies. According to Brad Bekkedahl, Williston City Commissioner, in 2011 the Average Annual Wage in Williston was \$57,313.00, which was a 20% increase over 2010 and an 80% increase since 2006.<sup>vi</sup>

Mayor Koeser states that the average wage in Williston has risen from about \$32,000 in 2006 to about \$80,000. More than half of Williston's residents now work in oil-related jobs, and the city's unemployment rate is at 1 percent, "which I believe is the lowest in the U.S.," he said. There are some 3,000 unfilled jobs in the city, Koeser said.<sup>vii</sup>

*"Unlike hotels, restaurants and retail, the child care industry does not respond to supply and demand economics. Letting the market forces work to build capacity will not work. Building the supply of child care requires purposeful planning and investments by business, communities and the State."*  
-Linda Reinicke, ND CCR&R



ND Department of Commerce, UND and the ND Oil and Gas Industry statistics cite over 40,000 oil jobs today and that number is likely to climb to over 50,000 by 2015. Tom Rolfstad, Director of Economic Development, cites that 50,000 jobs, using a multiplier of 2.66 means that over the next few years there will be approximately 131, 650 spin-off jobs in Williston.



The oil industry jobs are going to continue to grow, peaking at over 50,000 and stabilizing at the 40,000 mark through 2050, prompting continued business and economic growth. Smart and strategic child care development will continue to be a need to support that growth.

### **C. Williston is becoming a younger community**

*"In addition to extraordinary population and business growth, Williston is becoming a younger community. I think that is exciting! Child care, along with housing, is the highest priority to meet the needs of our younger community. We hope to attract young families that wish to make Williston their permanent home."* – Williston Mayor Koeser, in an interview for this plan.

Birth rates in Williston are growing at a high rate. At Mercy Medical Center in Williston, 526 babies were born in 2011, up 22 percent from 430 births in 2010. Mercy expects to have 600 births in 2012, said Lorrie Antos, Mercy OB department manager.<sup>viii</sup>

The Williston Public School District's Financial Plan verifies that enrollment in grades K-12 will grow from 2,700 students in 2012/13 to almost 4,000 in 2013/14 and grow up to over 7,000 students by the yrs 2016/17. Approximately seventy percent of the new students coming into the district are in grades K-6. These statistics are challenging Williston District Schools.

*"Prior to the recent boom, we averaged about 300 births. This year we will be above 600, and we anticipate nearing 800 in 2013."*  
-Matt Grimshaw, CEO, Mercy Medical Center

In an interview for this plan, Dr. Viola LaFontaine, Superintendent of Williston Public Schools, said, “Seventy percent of the new students coming in are at the lower levels and we’ve added 5 additional kindergarten classes this year. There are many moms giving birth – we recently had 72 children born in one month.”

#### **D. Quality of Life for Williston Residents**

*“Our quality of life has been diminished, not by intent, but by default, as the industry brings its resources to develop their leases.” – Brad Bekkedahl, Finance Commissioner for the City of Williston<sup>ix</sup>*

The child care sector serves two critical community functions. First, it is an economic driver allowing parents of children to work and earn income while at the same time creating jobs. Second, since children attending child care full-time spend between 35-50 hours per week with a caregiver who is not their parent, child care prepares children for school and life at a critical stage of their development.

In short, the child care industry is an essential component of the Williston community infra-structure that keeps businesses growing and keeps parents working. In addition, quality child care contributes to a higher quality of life for Williston residents as it assures that children are experiencing the kind of care that not only is safe and nurturing but prepares them for success and for growing into healthy and contributing future citizens.

Participants in the data gathering for this plan identified concerns related to the quality of life for Williston families and children related to growth in population, and the resulting increased problems with crime, traffic and infrastructure. However, many reported optimism about the future as well – that the prosperity brought by the energy industry to Williston presents a unique opportunity to use the wealth to create a better future community. Key to a positive future includes developing an infrastructure and community assets that will attract families that wish to make Williston their permanent home. Child care plays an essential role in a healthy community eco-system. The expansion of quality child care in Williston can be a catalyst for building a community that is vital, thriving and prosperous.

*“Our residents have endured significant economic, social, and emotional stress these last three years, and the now accelerated pace of impacts have worn many of them down to where they are either leaving voluntarily or being forced out of the community by housing rental increases.”  
-Brad Bekkedahl, Finance Commissioner for the City of Williston*

Child care makes numerous contributions to a state’s quality of life by enhancing the social and intellectual development of the next generation of citizens. In addition, in a child care is an income-generating and job-creating industry.

## **VI. The Key Challenges**

The need and demand for expansion of child care in Williston is clear and the public support is evident, yet there are challenges to getting and keeping quality child care in Williston, including high wages, staff credentialing and the cost of land for new development.

- **The oil industry has driven up wages in Williston.** In the middle of what some community leaders have called a child care crisis, some child care providers have closed classrooms or gone out of business. According to child care professionals attending the Providers Round Table, the

reason for this is the inability to get and keep child care staff. Child care programs are very complex small businesses that typically operate with only a slight profit margin, if any at all. The largest budget item in the child care business operating model typically is staff, followed by facility. This results in child care professionals across the country being at the bottom of the wage scale. According to an American Federation of Workers, A Union of Professionals, 2012 report on Wage Data for Early Childhood Educators, North Dakota ranked 49<sup>th</sup> out of 54 for the lowest wages for child care workers, at \$8.63 per hour.<sup>x</sup> In a 2012 survey of child care staff in North Dakota, the North Dakota Child Care Resource and Referral (CCR&R) reports that out of 55 survey respondents, a majority of child care programs indicated 70% to 89% of annual budget was spent on salaries and benefits. In addition, 13% of the centers reduced enrollment last year due to staff shortages and the average hourly wages for teachers ranged from \$7.79 to \$17.45 and averaged \$9.35. Child care wages cannot compete with other industry wages in Williston and Williston child care professionals report “losing staff to the oil fields and other businesses (even the fast food industry)”. Similar to other industries in Williston, the Williston child care industry needs to provide competitive wages to attract and retain quality child care staff. The best data available suggests a baseline wage of \$15.00 per hour and sign-on bonuses are needed to compete with other available jobs in Williston.

- **There will be a need for qualified staff to fill new positions created by the expansion of quality child care.** Quality child care requires qualified staff that are trained and developed to care for and educate Williston children. The North Dakota CCR&R provides, promotes and supports training for quality child care professionals, and given the number of staff needed, the pace of expansion of child care, and the competition for higher paying jobs, sign-on bonuses and incentives for continued staff development will be needed to get and keep quality child care professionals to care for Williston’s children.
- **Land for new development is scarce and expensive.** According to North Dakota Governor Jack Dalrymple, “Rapid growth in our oil-producing counties has created a growing need for child care services at a time when rising property values are making it more difficult to establish these facilities.”<sup>xi</sup> One strategy for expanding quality child care in Williston is to develop one or more new child care facilities with adjoining child care. This new development is hampered by a lack of affordable land. The need for housing was the highest and first priority to meet the urgent needs of a growing Williston workforce. The development of housing, along with the necessary public amenities (health care, social and recreational) has left Williston with a high level of density in land mass and land prices that are at a premium – certainly out of reach for child care businesses to afford. So, expansion of child care strategies have focused on existing child care sites for child care expansion. Even so, to meet the goal of 610 child care spaces will require some new development. The North Dakota CCR&R has available a turn-key modular child care facility that comes fully equipped to provide quality care in a family group home environment for up to 18 children. These facilities come fully designed and are available to be incorporated into current and new housing and other community development contracts.

## VII. Expansion of Child Care: Key Assumptions

The expansion of quality child care in Williston carries with it some key planning assumptions. These assumptions will guide the implementation of the Expansion Plan for existing and new quality child care in Williston.

- **Commitment to program quality**  
*All child care programs that choose to participate in the child care expansion effort and receive quality incentives and other resources will commit to growing child care quality. This commitment includes training, curriculum enhancement, and other business and classroom standards.*
- **Serve all ages (infants)**  
*There currently exists a critical shortage of infant care and infant care is more costly to provide. Provider participation in the quality expansion effort means a commitment to provide care and to infants, as well as other ages of children.*
- **Meet minimum quality requirements in physical environments (facilities and playgrounds)**  
*There exists a direct link between the quality of the physical environments and quality in the classroom. To the degree possible in existing child care and always in new development of child care, attention will be given to quality child care physical environments – facilities and playgrounds.*
- **Development and expansion of child care needs to accommodate growth over the next 5-10 years and conversion of child care facilities if demand diminishes in 10-15 years**  
*In development and expansion of new child care there needs to be an eye toward allowing room for expansion at the rate of 120 slots per year for the next 5 years, yet looking at space considerations for converting child care facilities into market-rate housing should demand diminish in the next decade.*
- **Support for getting and retaining quality staff and child care sustainability over the long-term**  
*It would be natural to gear all development efforts and financing on meeting the year 1 goal for development of an additional six hundred child care spaces. However, ongoing commitment, focus and resources are needed to assure the expansion of quality, viable and sustainable child care over the course of the next 5 years and beyond, including sustainability stipends for existing child care, whether or not those programs are expanding child care spaces.*
- **New child care development needs to promote community-building**  
*New child care development carries with it an opportunity to use development and design models that build a sense of community and become desirable community assets for the long term.*



## VIII. Child Care Expansion: Quality versus Quantity

Williston needs child care now. Williston parents and children need and deserve high quality child care. Community and business leaders and members voiced the inherent conflict between getting child care up and running as soon as possible and assuring that Williston children have access to quality child care. The budget projections in this plan call for investment in three key areas:

1. Sustainability of currently existing child care programs
2. Investment in infrastructure, including funding for renovation and new child care development
3. Growing classroom quality over time

All three investments are needed to accommodate the expansion and quality of child care programs to serve Williston children. This can be accommodated by focusing resources on developing those 610 new spaces of child care, while getting commitment from existing and new providers to “grow into quality” over the next two to three years. Resources to support the goal of 610 new child care spaces in year 1, with 20% increase in years 2-5 will focus on sustaining currently existing child care and the development of new child care to reach those goals. Child care programs getting support (existing and new) will commit to growing their program quality over time and those quality incentives will help support those commitments. However, at no time will Williston children be left in child care that does not meet minimum standards for health and safety.

*“A high-quality child care system not only benefits children and their families, it also provides benefits to society as a whole due to future cost savings, such as less special education and crime costs, and increased tax revenue from increased parent earnings now and children in the future. Furthermore, businesses benefit when their parent employees access high-quality child care due to reductions in workplace absenteeism and increased productivity. Public and private support for the child care market is necessary because child care businesses and families alone won't capture or pay, respectively, the value society and businesses receive from a high-quality child care system.”*

*– Rob Grunewald, Federal Reserve Bank of Minneapolis*

Quality Rating and Improvement Systems (QRIS) are sweeping across the country and some form of this movement exists in many states. The “quality movement” is based in brain research which provides baseline data about the importance of the first 2000 days of a child’s life and the environmental factors that contribute to healthy child development and preparing children for learning throughout their lifetime. However, there remains a general lack of community awareness about how to define “quality early care and education (child care)” and the benefits -- for children, families and communities.

Several community members, through interviews and round table meetings, voiced a concern about warehousing children and a commitment to developing child care environments that promote the development, learning, and success of children in school and in life. Those environments are found in quality child care. What is high-quality child care? The North Dakota Department of Health defines it in the following ways:

- An environment where children will be safe, healthy and well nourished.

- Where the ratio of children to adults is adequate. For children younger than age 2, four children to one adult is recommended.
- Where children are provided ample space, equipment and developmentally appropriate activities to help them grow mentally, physically, socially and emotionally.
- Where trained and experienced staff provide warm, loving care and work with you and your family to make sure your child learns and grows in the best way.<sup>xii</sup>

Current research has shown that the early years (ages 0-5) are the most sensitive for brain development. Over 90% of brain growth occurs during this period. Once in school, students who receive quality early childhood education are more likely to graduate from high school, own a home and have a job than their peers who did not attend preschool. Young children that spend time in safe and healthy environments that stimulate learning (i.e. quality early care and education programs) are more prepared when they start school and have long term economic, academic and social benefits and reduced costs to individuals and communities later on. According to research conducted by the Minneapolis Federal Reserve, the annual rate of return on each \$1 dollar spent on high quality early care and education is twelve to sixteen percent (12-16%), with the greatest returns realized among children in low-income families.

However, the delivery of quality child care is a *business issue and a business challenge for child care providers*. A commitment to delivering high-quality care that results in quality learning outcomes for children requires significant resources for childcare businesses. The lower classroom teacher-child ratios, purchase of age-appropriate curriculum, teacher training and improved teacher qualifications, physical environment improvements, and more – all result in increased costs. An investment in the sustainability of existing child care providers that are committed to quality is an investment in child care now and as we expand into the future.

## IX. Child Care as a Business Issue

As we look out into the future through the lens of national, state and local social and economic trends, the greatest hope for sustainable child care in Williston, particularly high-quality child care, rests in the community's ability to *develop strong childcare businesses* and to *diversify the dollars going into supporting them* through both *public and private sector engagement and investment*.

The Williston business community has a stake in child care. Businesses, communities and regional economies all benefit from quality child care – there are both short-term and longer-term benefits:

- Employee retention and decreased turnover;
- More productive employees, who know their children are receiving quality care;
- Ability to attract and keep the best employees and a younger workforce;
- Increased employment and career advancement opportunities at growing child care businesses;
- Spin-off jobs as a result of the multiplier effect of child care business development and retention;
- Less remedial expense as children are prepared to be successful in school;
- Sharp reductions in public expenditures on criminal justice, welfare and other remedial services; and
- A well prepared future workforce: the essential bedrock of regional economic growth.

An immediate cost due to the lack of availability of child care is employee turnover. "Studies by American Management Association and others report a range between 25 percent and 250 percent of annual salary per exiting employee. Entry-level, unskilled positions are at the lower end of the cost range, while executive, managerial and sales positions are at the higher end."<sup>xiii</sup> A 2006 article by Saratoga, a service offering of PricewaterhouseCoopers, lists the following turnover costs and consequences:

- *Lost productivity during a vacancy*
- *Diminished productivity of the team and managers who are covering for a vacant position*
- *Diminished productivity of the team and managers who are training the new hire*
- *Increased labor costs due to overtime or contractors needs*
- *Hiring and onboarding costs*
- *More difficult to quantify impacts may include decreased customer satisfaction, increased future turnover and loss of institutional knowledge.*

*Combined, these turnover-related costs represented more than 12% of pre-tax income for the average company.*<sup>xiv</sup>

Williston Energy Services also noted that they were sending employees home on weekends and paying for travel costs and that if those families could take up permanent residence in Williston, that cost could also be saved. There is a quantifiable cost to businesses when child care is not available.

*"It costs our business \$40,000 every time we turn-over an employee [due to lack of child care]."*  
-Community Forum Participant

## **Business Investment in Child Care**

There are several ways for businesses and corporations to invest in child care in a way that meets employee and employer needs and promotes a positive image of their business in the community. Dependent on the individual business or industry's commitment to community development, the support of individual child care businesses and an expanded child care infrastructure in Williston can come in one or more common forms of investment:

- Sponsoring a certain number of child care spaces in a child care of choice (or several child care providers) to be saved for the business or corporations employees
- Funding a child care scholarship fund that assures that employees at all income levels can afford quality child care (tuition reimbursement at some defined levels)
- Business of corporate giving grants/community investment funds
- Donation of space for employee and community child care
- Investment in building that bears the corporate or business name

All contributions, at various levels of support are needed, are recognized as significant, and promote a positive image of the business or corporation providing that gift and that support.

## **X. The Williston Child Care Expansion Goals**

According to the North Dakota Child Care Resource and Referral, industry standards suggest a community's child care supply meet 50% of the demand. Based on conservative population projections, Williston currently meets approximately 30% of the demand for child care in Williston. *Thus, 50% of demand for child care results in the following goals for increasing the supply in Williston:*

- 610 child care spaces in year 1
- 20% increase in years 2-5 = 120 child care spaces per year
- 5 Year Expansion Total = 1090 child care spaces

As resources are secured, the priority will be to:

- Retain and, where interest and opportunity occurs, expand currently existing child care
- Develop new child care in currently existing community facilities
- Invest in new buildings and playgrounds

A commitment to *growing quality over time* will keep quality in the forefront but will not impede progress of accomplishing the aggressive child care goals stated above.



## **XI. Expansion Strategies to Accomplish the Goals**

The year 1 goal of 610 new child care spaces is a challenging yet do-able goal. There exists in Williston a growing awareness and public will in support of expansion of child care. This momentum has been increased through recent media attention and the allocation of statewide and local resources to address the child care shortage. On the other hand, given that the available population data for Williston may be under-reported, the year 1 goal of 610 child care spaces may turn out to be less than what is needed to bring Williston up to 50% of demand. At this time opportunities and prospects for increasing child care spaces in Williston are growing and changing weekly. (see Exhibit A) Some may not materialize at all while others may be ready to open the doors to care for children. The following opportunities to increase child care spaces reflect what is known at *this point in time*. Thus, these projections are best estimates that are constantly changing.

To accomplish the goal of 610 child care spaces with an increase of 20% for the next 2-5 years will take a diversified approach to expansion that covers all opportunities for expansion. The following four strategies project a different number of child care spaces and each strategy is more or less cost-effective. The following strategies reflect the best thinking to date on how to increase child care in Williston in year 1. The strategies are in descending order, based on their cost-effectiveness.

### **Strategy 1: Expand existing childcare.**

*Expansion Goal = 48 Child Care Spaces*

The least costly way to increase the number of child care spaces is to expand the number of child care spaces in existing child care programs. However, the actual budgeted expenses are higher due to stipends to assist in the sustainability of currently existing child care. Sometimes it's a matter of opening up a classroom that was previously closed or expanding into another area of an existing child care. 18 child care providers participated in a Child Care Providers Forum to provide input into this plan. Of those 18, 6 reported interest in expanding their child care if there were some financial support for them to do so. Providers also suggested that "getting the word out" to other providers and area churches could result in a much larger group of child care providers interested in expanding the child care spaces in their site. Based on that information and a quick assessment of potential candidates, it is possible to garner an additional 48 child care spaces in existing child care sites.

### **Strategy 2: Bring a childcare program into existing community facilities.**

*Expansion Goal = 240 Child Care Spaces*

Finding land for building new child care in Williston is a challenge, so the second strategy focuses on existing community facilities that are conducive and agreeable to adding a child care program or transforming existing space into a child care program. There are several opportunities for bringing child care into an existing community facility and they are in various stages of interest, commitment and/or development. These projects and potential projects are quickly changing targets and are quite likely to change in the next six months. For a variety of reasons (lack of land for building, interest in area churches, and costs for remodeling vs. new building) this is likely to be the expansion strategy of choice

in the upcoming year. The projected number of child care spaces below reflects conservative estimates that appear to be do-able, given the current interest and the commitment.

Based on the recent awareness of need, there are certainly other child care companies and providers interested in locating care in existing facilities in Williston, and so it is hoped that the numbers recorded here are under-estimated.

**Strategy 3: Incorporate the development of Family Group Home child care into other development contracts**

*Expansion Goal = 72 Child Care Spaces*

Given that child care demand paces with the demand for family housing, a development and financing strategy is for housing developers in Williston to incorporate a child care group home into planning and development of housing. This could become an additional criteria for development contracts in Williston. The child care modular turn-key model makes development possible and the new family group homes could increase the attractiveness of homes for families that wish to establish permanent residency. Those child care homes might be converted back to single family housing should demand for child care decrease in the next decades. It is hoped that 4 new family group homes, with capacity for 18 children would create 72 new child care spaces. It is important to note that this is an affordable child care development strategy that could attract the new Governor's State funding for child care.

**Strategy 4: Develop new childcare centers**

*Expansion Goal = 250 Child Care Spaces (interest would support a much larger number of spaces but new child care spaces might not occur in the first year)*

This is the most costly strategy for expansion of child care and can take longer than a year. However, it may be difficult to accomplish the aggressive goal of 610 new child care spaces in year 1 without construction of new facilities. These would be larger child care centers that could accommodate 125-250 children or more. This strategy is dependent on finding building sites and the number of additional child care spaces is unknown at this time.

## **XII. Budget and Financing Definitions and Assumptions**

### **Baseline Budget Assumptions**

The primary budget assumption is that Williston needs to **sustain its currently existing child care while increasing the child care supply over the next 5 years**, with the biggest push in year 1 to catch up to 50% current demand (based on best population data to date).

The expansion budget projections are based on the overall goals of **increasing child care spaces by:**

- 610 new child care spaces in year 1
- 20% increase in years 2-5 = approximately 120 new child care spaces per year
- 5 Year Expansion Total = 1090 child care spaces

### **The Budget Category Definitions**

**Sustainability Stipend.** This stipend of \$400 per child care space is for existing and newly developed child care spaces. This is to ensure that the currently existing child care spaces in Williston, as well as those that are developed (goals above), can be sustained thus increasing the net gain of spaces by an additional 500 (approximate number of currently existing child care spaces in Williston). This will also interrupt the current trend of existing child care programs closing classrooms or closing their doors.

**The Quality Incentives.** Quality Incentives support the ability to attract and retain qualified staff for new and existing child care. The Quality Incentives include the following:

- **Sign-on bonuses** of \$1000 to secure the number of new staff needed to staff existing and new child care spaces
- **Wage bonuses** of \$5.00 per hour to bring the baseline salary of child care staff up to \$15.00 per hour so that child care programs can attract and retain child care staff.
- **\*Orientation training** (12 hours per staff) to get child care staff up and running as quickly as possible, particularly in the first year of expansion which is projected at more than twice the number of currently existing child care spaces in Williston
- **\*Annual Staff Development training** (40 hours per year) to develop qualified staff for existing and new child care.

\*The above trainings are provided by the North Dakota Child Care Resource and Referral (CCR&R) and constitute an in-kind contribution to the Williston Child Care Expansion project. This contribution is reflected in the budget and financing documents.

**Infra-structure Development.** The Infrastructure Development includes construction costs for:

- Renovation of existing child care programs to expand child care spaces.
- Renovation of existing community facilities (e.g. churches) to develop new child care spaces,
- Construction of a total of 24 Family Group Homes over the next 5 years, each Family Group Home would have 18 children/child care spaces
- The construction of 3 new child care centers over the course of the next 5 years, each center could house between 125 - 250 children/child care spaces.

### Financing Assumptions

The proposed financing reflected in the following chart is reflects the following assumptions:

- Expansion of child care is a community, regional and state problem, thus a diversified approach to funding is needed to address the challenge of expansion and sustainability of child care.
- The Energy Services industry and the businesses in Williston most benefit from available child care, thus need to carry a higher percentage of the funding.
- Every diversified financing strategy includes philanthropic sources of funding, both foundation support and individual donors. Certainly there will be nonprofit child care programs in the project that could receive charitable funds and that could also provide a tax write-off for donors interested in making a contribution to the expansion project. There also are foundation/grant opportunities in Williston that could contribute to the expansion project, including but not limited to the following:
  - Bethel Lutheran Foundation
  - Catholic Health Foundation
  - Eckert Youth Home
  - WSC Foundation Gaming
  - Williston State College Foundation
  - Basin United Way of Williston
- Even with the public and private support at a reasonable rate, there is a gap in financing year 1, particularly for year 1 as the push to catch up to 50% of current demand. The additional 20% increase of child care spaces in years 2-5 will be less burdensome to finance.
- The actual financing of the child care expansion could look quite differently and the numbers and percentages reflected in the chart are likely to change. The proposed financing is intended to provide perspective on how Williston might finance the expansion effort.
- A feasibility assessment and realistic financing plan will be needed to strategically support expansion.



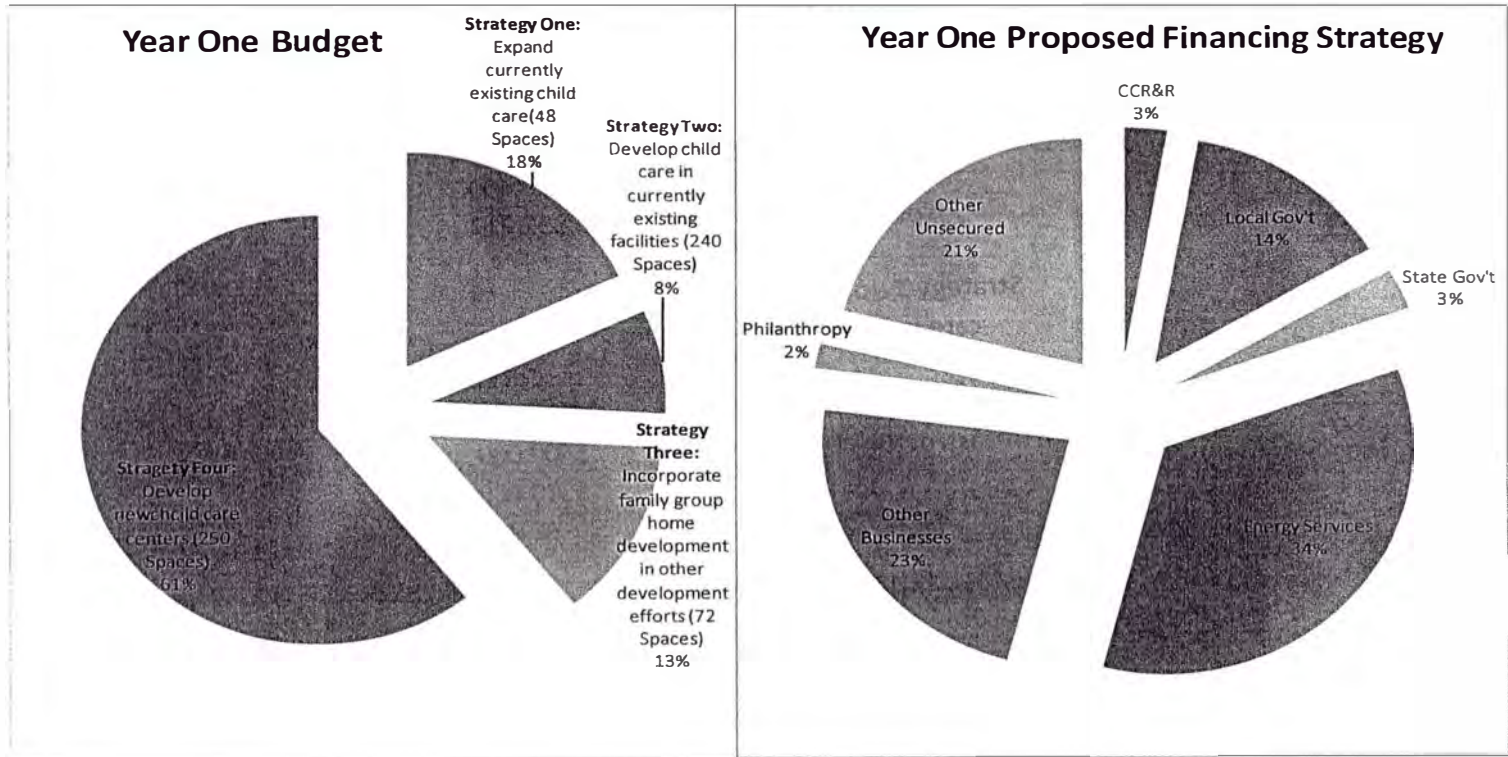
### **XIII. Quality Child Care Expansion – Year 1 Budget at a Glance**

The following is a simple breakdown of the budget for expansion of quality child care in Williston to reach the goal of *610 new quality child care spaces* in **Year 1**.

<b>Strategy One: Expand currently existing child care</b>	
	<b>Costs</b>
a. Sustainability Stipend:	\$960,000
b. Quality Incentive:	\$490,400
c. Infrastructure Development:	\$120,000
Total Costs:	\$1,570,400
Total Costs Per Child:	\$32,717
 <b>Strategy Two: Develop child care in currently existing facilities</b>	
	<b>Costs</b>
a. Quality Incentive	\$280,000
b. Infrastructure Development	\$400,000
Total Costs:	\$680,000
Total Costs Per Child:	\$2,833
 <b>Strategy Three: Incorporate family group home development in other development efforts (e.g. housing)</b>	
	<b>Costs</b>
a. Quality Incentive	\$168,000
b. Infrastructure Development	\$1,000,000
Total Costs:	\$1,168,000
Total Costs Per Child:	\$16,222
 <b>Strategy Four: Develop new child care center</b>	
	<b>Costs</b>
a. Quality Incentive	\$420,000
b. Infrastructure Development	\$4,850,000
Total Costs:	\$5,270,000
Total Costs Per Child:	\$21,080

#### XIV. Quality Child Care Expansion Budget – Diversified Funding

**Total Budget:** 27,873,800  
**Year One Budget:** 8,688,400  
**Years Two-Five Budget:** 19,185,400



**Budget Year One**

Strategy One: Expand currently existing child care (48 Spaces)	1,570,400
Strategy Two: Develop child care in currently existing facilities (240 Spaces)	680,000
Strategy Three: Incorporate family group home development in other development efforts (72 spaces)	1,168,000
Strategy Four: Develop new child care centers (250 spaces)	5,270,000
<b>Total</b>	<b>8,688,400</b>

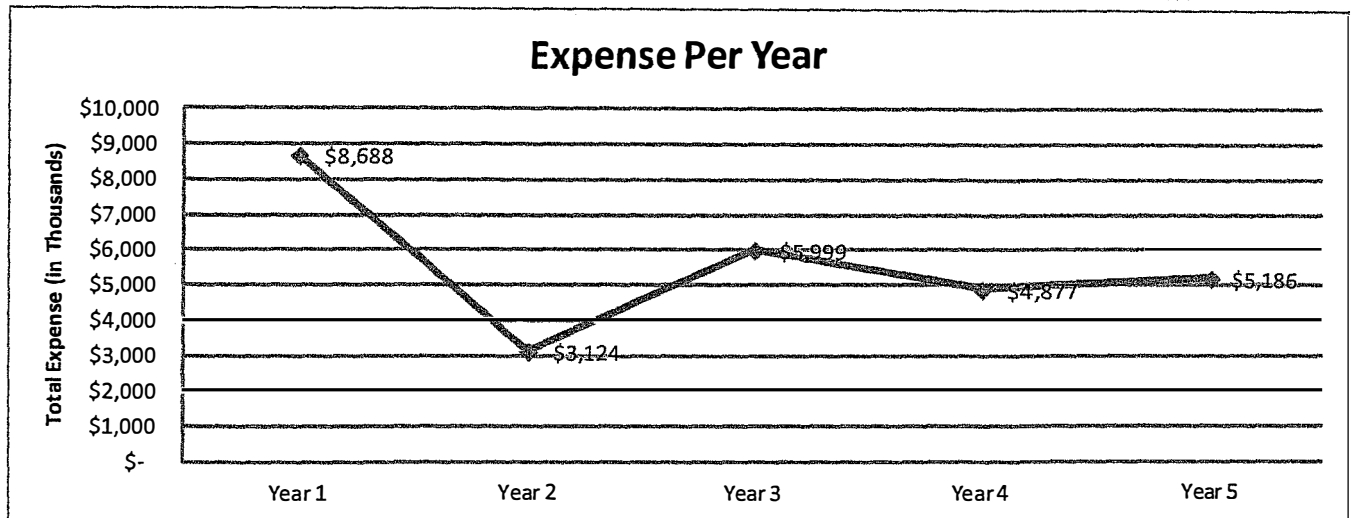
**Stakeholder Investment**

CCR&R	240,000
Local Gov't	1,200,000
State Gov't	250,000
Energy Services	3,000,000
Other Businesses	2,000,000
Philanthropy	150,000
Other Unsecured Funding	1,828,400
<b>Total</b>	<b>8,668,400</b>

**Quality Child Care Expansion Budget  
Expense Overview, Years 1 – 5**

	Strategy One: Expansion	Strategy Two: Renovations	Strategy Three: Group Build	Strategy Four: Center Build	Total
Year 1	\$1,570,400	\$680,000	\$1,168,000	\$5,270,000	\$8,688,400
Year 2	\$1,479,200	\$248,000	\$1,024,800	\$372,000	\$3,124,000
Year 3	\$1,607,200	\$248,000	\$1,136,400	\$3,007,000	\$5,998,600
Year 4	\$1,655,200	\$248,000	\$2,416,000	\$558,000	\$4,877,200
Year 5	\$1,703,200	\$248,000	\$2,676,400	\$558,000	\$5,185,600
<b>Total</b>	<b>\$8,015,200</b>	<b>\$1,672,000</b>	<b>\$8,421,600</b>	<b>\$9,765,000</b>	<b>\$27,873,800</b>

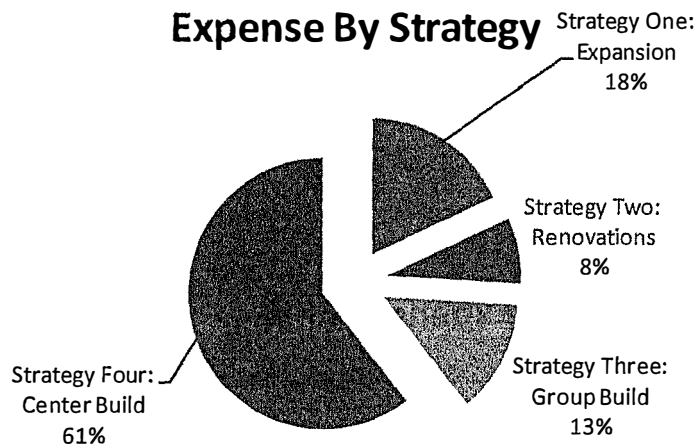
	Strategy One: Expansion	Strategy Two: Renovations	Strategy Three: Group Build	Strategy Four: Center Build	Total
Sustainability Stipends	\$ 5,520,000	\$ -	\$ -	\$ -	\$ 5,520,000
Quality Incentives	\$ 2,375,200	\$ 1,272,000	\$ 2,421,600	\$ 2,490,000	\$ 8,558,800
Infrastructure Development	\$ 120,000	\$ 400,000	\$ 6,000,000	\$ 7,275,000	\$ 13,795,000
	\$ 8,015,200	\$ 1,672,000	\$ 8,421,600	\$ 9,765,000	\$ 27,873,800



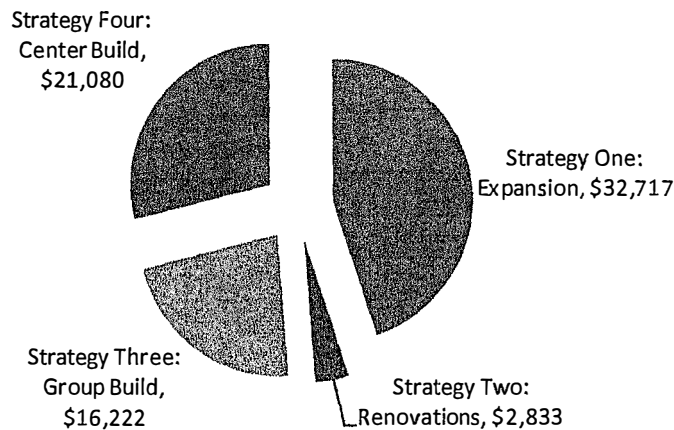
## Quality Child Care Expansion Budget Expense Overview, Year 1

	Strategy One: Expansion	Strategy Two: Renovations	Strategy Three: Group Build	Strategy Four: Center Build	Total
<b>Sustainability Stipend</b>					
Subtotal	\$960,000	N/A	N/A	N/A	\$960,000
<b>Quality Incentive</b>					
Subtotal	\$490,400	\$280,000	\$168,000	\$420,000	\$1,358,400
<b>Infrastructure Devo</b>					
Subtotal	\$120,000	\$400,000	\$1,000,000	\$4,850,000	\$6,370,000
<b>Grand Total</b>	<b>\$1,570,400</b>	<b>\$680,000</b>	<b>\$1,168,000</b>	<b>\$5,270,000</b>	<b>\$8,688,400</b>
Capacity	48	240	72	250	610
Cost / Child	\$32,717	\$2,833	\$16,222	\$21,080	N/A

### Expense By Strategy



### Cost Per Child By Strategy

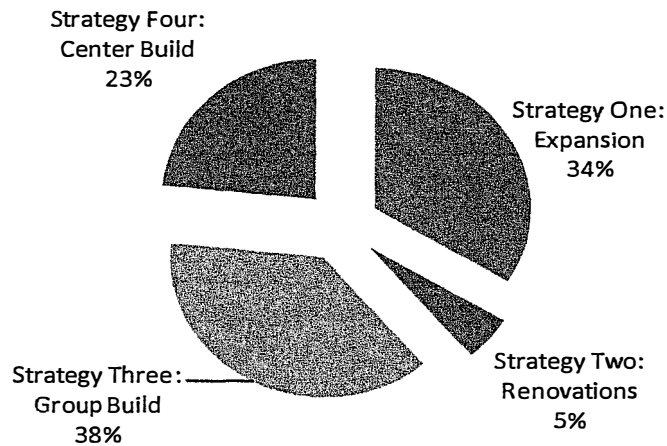




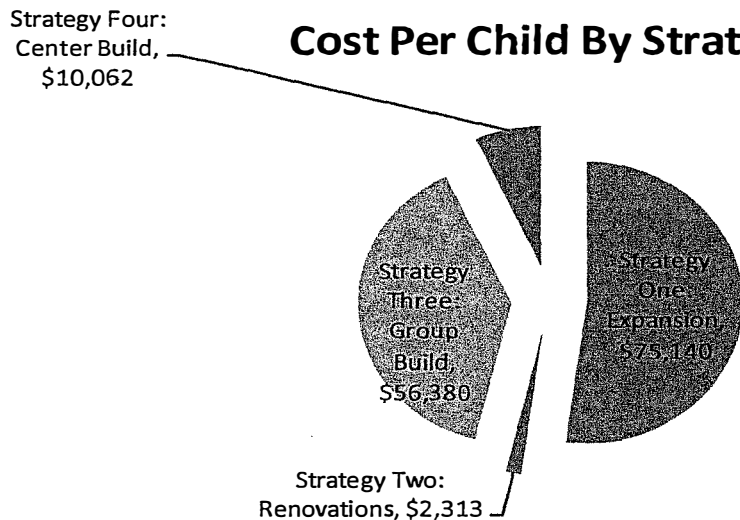
### Quality Child Care Expansion Budget Expense Overview, Years 2 – 5

	Strategy One: Expansion	Strategy Two: Renovations	Strategy Three: Group Build	Strategy Four: Center Build	Total
<b>Sustainability Stipend</b>					
Subtotal	\$4,560,000	N/A	N/A	N/A	\$4,560,000
<b>Quality Incentive</b>					
Subtotal	\$1,884,800	\$992,000	\$2,253,600	\$2,070,000	\$7,200,400
<b>Infrastructure Devo</b>					
Subtotal	N/A	N/A	\$5,000,000	\$2,425,000	\$7,425,000
<b>Grand Total</b>	<b>\$6,444,800</b>	<b>\$992,000</b>	<b>\$7,253,600</b>	<b>\$4,495,000</b>	<b>\$19,185,400</b>
<b>Capacity</b>	<b>86</b>	<b>429</b>	<b>129</b>	<b>447</b>	<b>1090</b>
<b>Cost / Child</b>	<b>\$75,140</b>	<b>\$2,313</b>	<b>\$56,380</b>	<b>\$10,062</b>	<b>N/A</b>

### Expense By Strategy



### Cost Per Child By Strategy



## XV. Budget Detail Assumptions: 5 Year Overview

Note: See Exhibit B – Financial Details

### A. Sustainability Stipend: Total \$5,520,000

This stipend is based on total provider capacity at \$400.00 per child/child care space for existing child care spaces plus newly created spaces over a 5 year period of time. The following costs include program staff for program consultation and administrative staff for administering the stipends (assumed staffed by the North Dakota CCR&R):

	Stipends			Program Consultants		Total per year	
Year 1	1,600	\$ 400	\$ 640,000	3	1	\$ 320,000	\$ 960,000
Year 2	1,720	\$ 400	\$ 688,000	3	1	\$ 320,000	\$ 1,008,000
Year 3	1,840	\$ 400	\$ 736,000	4	1	\$ 400,000	\$ 1,136,000
Year 4	1,960	\$ 400	\$ 784,000	4	1	\$ 400,000	\$ 1,184,000
Year 5	2,080	\$ 400	\$ 832,000	4	1	\$ 400,000	\$ 1,232,000
							\$ 5,520,000

### B. Quality Incentives: Total \$8,558,800

- **Staff Sign-on Bonuses:** 149 new staff X \$1000 each = \$149,000
  - a. 12 new staff to expand existing programs (Strategy 1)
  - b. 20 new staff to support the new child care in existing renovated community facilities (Strategy 2)
  - c. 72 new staff for 24 newly constructed family group facilities, housing 18 children in each home, for a total of 432 children (Strategy 3)
  - d. 45 new staff for 3 new child care centers, each housing 125-250 children for a total of 375 – 750 children (Strategy 4)
- **Wage Bonus/supplemental salary:** 175 new and existing child care staff X \$5.00 per hour X 40 hrs per week X 52 weeks in a year X 5 years = Total: **\$6,978,400**

*\*Numbers are accumulative based on previously existing staff and from point of hire for new staff*

  - a. 8 existing programs to hire and/or retain 38 staff persons (Strategy 1, Years 1-5) = \$1,976,000
  - b. 4 new programs located in existing community facilities to hire and retain 20 staff (Strategy 2, Years 1-5) = \$1,040,000
  - c. 24 New group facilities hire and retain 72 staff (Strategy 3) = \$1,934,400
    - i. Year 1: 4 new family group homes X 12 staff = \$124,800
    - ii. Year 2: 3 new family group homes X 9 staff = \$93,600

- 9 new staff @ \$93,600 + 12 existing staff @ \$124,000 = 20 staff = \$218,400
- iii. Year 3: 3 new family group homes X 9 staff = \$93,000
  - 9 new staff @ \$93,000 + 9 @ \$93,000 + 12 @ \$124,000 = 30 staff = \$312,000
- iv. Year 4: 7 new family group homes X 21 staff = \$218,400
  - 21 new staff @ \$218,400 + 9 + 9 + 12 = 51 staff = \$530,400
- v. Year 5: 7 new family child care homes X 21 staff = \$218,400
  - 21 new staff @ \$218,400 + 21 + 9 + 9 + 12 = 72 staff = \$748,800
- d. 3 child care centers to hire 45 staff (Strategy 4) Total: \$2,028,000
  1. 2 centers for years 1 and 2, \$312,000 for each year = \$624,000
  2. 3 centers for years 3, 4 and 5, \$468,000 for each year = \$1,404,000
- Training: 175 staff are trained to assure qualified staff in new and existing child care programs = \$1,431,400
  - a. 149 new staff receive 12 hours of orientation training @ \$50.00 per hour at a total cost of \$89,400 and a cost per staff of \$600.00.
  - b. 172 new and retained staff receive 40 hours of training per year @ \$50.00 per hour for a total of \$1,342,000 and a per staff cost of \$2000. Accumulative costs are as follows:
    - I. 100 staff for year 1 = \$200,000
    - II. 109 staff for years 1 & 2 = \$218,000
    - III. 133 staff for years 1-3 = \$266,000
    - IV. 154 staff for years 1-4 = \$308,000
    - V. 175 staff for years 1-5 = \$350,000

*\*CCRR provides in-kind contribution for all orientation and training = \$1,431,400*

**Infrastructure development: Total: \$ 13,795,000**

- 8 current family child care providers @ \$15,000 each for a one-time renovation cost of \$120,000 (Strategy 1, Year 1)
- 4 providers interested in bringing child care into existing community facilities for a total average renovation cost of \$100,000 each = \$400,000 (Strategy 2, Year 1)
- 20 Family Group Homes will be constructed @ \$250,000 each = \$6,0000 and 432 child care spaces (Strategy 3)
  1. 4 family group homes (18 spaces in each) in for Year 1 at \$250,000 each for a total of \$1,000,000 and 72 child care spaces
  2. 20 additional family group homes for years 2-5 at \$250,000 each = \$5,000,000, adding an additional 240 additional child care spaces.
- 3 child care centers X \$2,425,000 = \$7,275,000 (Strategy 4)
  1. 2 in year 1, for a total of \$4,850,000 to accommodate 125 – 250 child care spaces in each for a total of 250 – 500 additional child care spaces.
  2. 1 additional child care center in year 3 for an additional 125-250 child care spaces = \$2,425,000

## **XVI. Plan Implementation: Keys to Success**

The following are core elements of a workplan (Exhibit C) to successfully implement the goals to expand child care in Williston. Please note that the workplan that is attached is simply a sample of how the recommendations below might be implemented.

Recommendation #1: Hire a staff person to shepherd the implementation of this plan.

*Note: This staff would be housed with economic development and would use and expand upon the information in this plan to assure accomplishment of the 5 year expansion goals. In addition, the ideal candidate would possess skills and experience in both economic development and child care and be able to work with a wide variety of community, business and child care leaders.*

Recommendation #2: Seek and secure state government, local government, and community opportunities in a diversified approach to financing.

*Note: Accomplishment of the aggressive year 1 goal of 610 new child care spaces is dependent on diversified financing. Child care is a community-wide issue that calls for a community-wide response. It is possible that a Faith-based Community Initiative could provide resources (space and financial). The business and energy services have a stake in a successful outcome and may be interested in creative opportunities for investment.*

Recommendation #3: Conduct a public awareness campaign that promotes the need for child care in Williston, the value and importance of quality child care, and the opportunities to invest.

*Note: The campaign can be directed to the general public, business leaders and parents.*

Recommendation #4: Continue to support existing child care providers while seeking child care development partners, existing facilities and land for construction.

*Note: Williston has a history of child care businesses closing their doors as new child care opens. Thus, the net gain is minimal. In addition, existing child care providers are tired and those much-needed child care businesses are at risk. Keeping Williston's existing child care is necessary for reaching the expansion goals. The governance and management of new child care in Williston has been a historic barrier to expansion. Seek both for- and non-profit businesses that desire to locate new child care in Williston, with a particular emphasis on finding companies that will choose to make their home in Williston.*

Recommendation #5: Continue to tap existing community partners and resources to support and grow child care spaces in Williston.

*Note: A community partnership approach to child care expansion serves in the best interest of expansion efforts. Partnerships include the North Dakota Child Care Resource and Referral, Faith-based community members, business and energy service leaders and others. If staff is hired, that staff would work in partnership with the Governor's Liaison to advance both expansion and quality of child care.*

### **In Closing**

As has been stated repeatedly in this plan and in other public documents, the population and business growth in Williston provides a unique opportunity for community leaders and members to pro-actively create a vital, beautiful and prosperous future community – quality child care is not only necessary but serves as a cornerstone of that effort. The community is aware of the need and is poised to respond.



## **XVII. Acknowledgements**

### **About First Children's Finance**

First Children's Finance (First Children's) was founded in Minneapolis, MN in 1991 and works to stabilize improve and expand high-quality childcare businesses. First Children's Finance is a national nonprofit organization and a certified Community Development Financial Institution (CDFI).

### **Acknowledgments**

First Children's recognizes the following individuals for their wisdom, time and commitment to expansion of child care in Williston. This plan would not have happened without you.

#### ***Child Care Expansion Planning Design Team:***

Pastor Muriel J. Lippert, Good Shepherd Lutheran Church (ELCA)

Kathleen Molland, LSW, Williams County Social Services

Linda Reinicke, North Dakota Child Care Resource and Referral (CCR&R)

Shawn Wenko, Assistant Director, Williston Economic Development

#### ***The Staff of the North Dakota Child Care resource and referral (CCR&R)***

##### ***Community stakeholders who were interviewed:***

- Julie Quamme , Head Start
- Matt Grimshaw, Mercy Hospital
- Darin Krueger, Parks & Recreation
- Senator Stanley Lyson, State Senate
- Mayor Ward Koeser, Williston Mayor
- Judy Vinger, Special Care
- Mary Wegley, Tri County Daycare Association
- Reveena Hegge, Tri County Daycare Association
- Dr. Viola LaFontaine, Public Schools Superintendent
- Jeff Zarling, Dawa Development
- Dr. Raymond Nadolny, President, Williston State College
- Dawn Meyer, Rogy's Learning Place
- Wendy Pettett, Rogy's Learning Place

##### ***Community Roundtable and Community Forum Participants***

- Economic Development and Business Leaders
- Chamber of Commerce Board Meeting
- Young Professionals
- Child Care Providers
- Churches

## XVIII. Data Sources

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- <sup>iii</sup> *Child Care Challenges*, KUMV-TV, Alex Hagan, 15 Jun. 2012 [http://www.kumv.com/News\\_Stories.asp?news=57676](http://www.kumv.com/News_Stories.asp?news=57676)
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- <sup>vii</sup> *Williston, North Dakota Oil Boom Comes With Wealth, Worries*, Huffington Post, James MacPherson, 22 May 2012 [http://www.huffingtonpost.com/2012/05/22/williston-north-dakota-oil-boom\\_n\\_1537985.html?ref=tw](http://www.huffingtonpost.com/2012/05/22/williston-north-dakota-oil-boom_n_1537985.html?ref=tw)
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- <sup>x</sup> *2012 Wage Data for Early Childhood Educators*, American Federation of Workers, A Union of Professionals, 26 Apr. 2012 [http://www.aft.org/pdfs/ece/ece\\_2012WageData.pdf](http://www.aft.org/pdfs/ece/ece_2012WageData.pdf)
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- <sup>xii</sup> *What to Look for in Good, Quality Child Care*, North Dakota Department of Health, May 2000 <http://www.ndhealth.gov/familyhealth/MCH/babyfacts/childcare.pdf>
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*Special thanks to over 70 individuals, too numerous to mention by name but you know who you are, who took the time to voice concerns and provide input and ideas that created the foundation for this Child Care Expansion Plan.*

Good morning Chairwoman Lee and member of the committee, My name is Linda Sakrismo and I have been the director of a child care center in Fargo for 10 years, I am a member of the QRIS planning committee, my center has participated in the Cass County pilot and I am a leader in our local child care center director's association, Area Preschool Advocates. I support HB 1422 as it was originally written and have concerns of the amendments adopted by the house.

The struggles in running a good childcare center are not isolated to Oil Country. Across the state and even across the nation, a child care business is difficult to manage. We serve families with young children, usually at the beginning of their earning curve, who are paying student loans, have car payments, and because of their growing family have a mortgage, too. We currently charge \$820 per month for an infant, the annual total of \$9,840. This is at least as much as a year of college tuition. Consider families with two children, for instance a toddler \$735/month and an infant at \$820/month, the monthly bill would be \$1,555. This is more than many monthly mortgage payments. However, it is not where rates would be if we were to pass on the full operating costs. With few choices to cut costs, teacher salaries and, in some instances little to no benefit packages leads to high turnover for even the best child care centers.

I have heard comments that decision makers would be much more inclined to vote in favor of a bill that targets low income families. I, too, would love to open my doors to more families in need of my program and not worry about how much they can pay because child care assistance will cover their bill, but that amount does not cover the cost, nor will it help retain staff or reduce turnover. Raising rates to cover costs has been done, but if the center does not maintain a capacity level because families can't afford the rates the problem still exists. I believe this is where an idea came to increase ratios and allow more children in centers, that it would produce more revenue. I agree that more revenue is a long term solution, but not at the expense of child safety. In my 15 years in the industry, my experience tells me relaxing ratios is not the answer to creating stability within the child care industry. Ratio increases will compromise the safety of children and place more burden on already stretched staff.

HB 1422 in its original state would benefit child care programs across the state. Investing in the QRIS model that was piloted in Cass County will not only help stabilize child care, it will help families utilizing child care rest assured in the quality of care their child is receiving, and a study to track QRIS' effectiveness. The QRIS model encourages play based environments that prepare children for school readiness and at the same time compensates teachers who teach children in this way. HB 1422 as originally introduced would minimize annual rate increases so those families caught in-between child care assistance and a livable wage can ensure their children are safe, too.

As I have listened to several debates on the early childcare education bills this year, I hear the same comments and concerns. The reality between some of the questions brought forward and the realities working families served across the state each day are very different. Legislators have indicated that HB 1422 will make child care free for working parents, will encourage women to work instead of stay home with their children, will take parenting away from parents, and will disrupt family life such as having dinner together at night as a family. This is not the case. Today, in communities and rural areas across North Dakota, both parents have to work to make a living and in some cases work more than one job. This is reality for so many. According to the 2012 ND Kids Count Fact Book 78% of mothers with children ages 0-5 are in the workforce. That is the reality of the parents who entrust our educated, competent and caring teachers with their children while they are out making a living to provide for their families.

North Dakota has an opportunity to invest in the future. According to the Federal Reserve, the return on investment for early childcare is 7:1; for every \$1 you spend you will get \$7 in return in saving of remedial programs. Prevention is cheaper than intervention. Please return HB 1422 back to its original state and do not relax ratios. Invest in North Dakota's future, our children.



Good morning Senator Lee and members of the committee. My name is Shannon Lang and I am an early childhood director at the YMCA of Cass and Clay Counties at the Fercho Branch in Fargo. I have been an early childhood director for 15 years. Our early childhood program employs 20 full time and part time staff and we have contact with over 100 families from all economic backgrounds. My center is one of eight nationally accredited programs in the state of ND. We participated in the QRIS pilot project in Cass County and I am involved in a local center directors association (Area Preschool Advocates) and also service on the NDAEYC board. I strongly supported the original HB 1422 and sat in on the committee hearing for it. Out of over 2 hours of supportive testimony for the original version of the bill, I was disheartened and shocked at the amendments that were made.

With the amendments in HB 1422, the turnover in early childhood will increase and the quality of care will diminish. Yes a higher teacher to child ratio will give centers more opportunities to increase funds but at the cost of the safety of the children and putting teachers at risk. Turnover is the key contributor to the lack of quality in care. The turnover in staff is extremely difficult on the children and families. The relationships children form with their teachers is core to social and emotional development. High turnover and untrained staff reduces the quality of care that we can offer and puts a strain on the children, families and staff. Low child/teacher ratios lowers staff turnover and allows teachers to respond to the individual needs of children, to give each child ample attention and to create a strong bond, adding to the child's security. Research indicates that children who receive a high quality early childhood experience have better math, language and social skills as they enter school, and as they grow older require less special education, progress further in school, have fewer interactions with the justice system and have higher earnings as adults (Barnett, 1995). We must maintain lower staff-child ratios in the safety and quality of care for children. I have experienced in my own center 60% turnover and it has a detrimental effect on the children that are in the classroom. Parents do not feel comfortable leaving their children with a new teacher and the parents productivity at their work decreases or they are not able to go to work because a classroom enrollment has had to be reduced because lack of staff to care for their children.

With 78% of ND mothers of children ages 0-5 in the workforce (ND Kid Count Fact Book 2012) the reality is that child care is an essential part of the infrastructure of the state. The analysis of the study: *The Lessons Learned: A Review Early Childhood Development Studies (April 2006)* by the Federal Reserve Bank of Minneapolis clearly finds that an investment in early childhood produces a strong return on the dollar. They report, "A review of several methodologically sound early childhood studies shows that high quality childhood development program have generally led to the following:

- *Improvement in child educational performance, including higher test scores, reductions in special education, grade retention, and school drop-outs.*
- *Increases in child high school graduation rates and college enrollment rates.*
- *At least short-term gains in child IQ scores.*
- *Reductions in child juvenile delinquency and criminal activity later in life.*
- *Higher earnings and tax payments by child and parent.*
- *Reductions in welfare use.*
- *Reductions in child abuse.*
- *Larger, more qualified workforce for employers. In the short term, parents who have access to high quality early child care and education programs exhibit lower absenteeism rates from work. In the long term, children attending quality early childhood development programs are more likely to become adults who participate in the workforce with relatively higher rates of productivity”.*

I testified in 2009 on HB1418 regarding high turnover of staff and lack of child care slots for families in the state. Not much has changed in the 4 years since testifying, there is still a shortage of child care throughout the state and turn over in the field is still high. HB 1422 is a band aid to a gushing wound and a long term investment and well thought out plans are needed. Please return HB 1422 back to its original intent and help strengthen the quality of care for ND youngest residents.

14

**NDLA, Intern 02 - Myles, Bethany**

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**From:** Lee, Judy E.  
**Sent:** Friday, March 08, 2013 9:56 PM  
**To:** NDLA, S HMS - Dvorak, Kirsten; NDLA, Intern 02 - Myles, Bethany  
**Subject:** FW: HB 1422- Child Care Stabilization

Copies for books, please.

Senator Judy Lee  
1822 Brentwood Court  
West Fargo, ND 58078  
home phone: 701-282-6512  
e-mail: [jlee@nd.gov](mailto:jlee@nd.gov)

**From:** Libby Claerbout [<mailto:libbyclaerbout@gmail.com>]  
**Sent:** Friday, March 08, 2013 10:11 AM  
**To:** Lee, Judy E.  
**Subject:** HB 1422- Child Care Stabilization

Dear Senator Lee,

We are writing in regards to HB 1422 (Child Care Stabilization), which will be heard by the ND Senate Human Services Committee on Monday, March 11, at 9:00 a.m. Although we are happy that the legislature is attempting to address the child care crisis in North Dakota, we are deeply concerned about the bill's current wording. In particular, we are utterly disappointed with the latest amendments that 1) removed financial assistance that might be available to carry child care centers through this current economic climate, and that 2) loosened licensing regulations that were originally set in place to ensure quality care.

Our family currently underwent the stress of having to scramble to find daycare this past September 2012 when the YWCA Early Learning Center in Minot closed with very short notice, due to the same financial strains that practically every other child care center in Minot is facing right now. At the time, our daughters were 6 months and 2 years old and both of the girls had been attending the YWCA since they were 8 weeks old. Not only was it a heartbreaking adjustment, but the process of trying to locate an alternative provider was equally disheartening. Over a span of five weeks, we repeatedly called every child care center and home provider we could find, and were told over and over that there was either no openings at all, or that we could be added to waiting lists had 50+ children ahead of us. It was crystal clear to us then that the state of child care in North Dakota is way past crisis mode- we are on the verge of melt down. We were lucky to have been accepted into another local child care center at the last minute. But we are scared to death that this lovely facility, with its caring staff, will soon have to close its doors for the exact same reasons that the YWCA closed.

Daycare providers in North Dakota are not granted some sort of financial relief soon, many centers will be faced with the decision of closing its doors or significantly increasing rates. We are both well educated, we both make decent salaries and work hard. We do not live extravagantly, but make efforts to be thrifty and try to save whenever possible. However, we simply cannot afford to pay what could soon be \$2,600 per month

for childcare. It would be terrible if an upper-middle-class family with two well-paid professionals could not afford childcare in North Dakota. Where would that leave individuals who are not as well-off, or who might be raising children without the help of a spouse? The financial aspect of the child care crisis in North Dakota must be addressed, and it is not doing so in the bill's current form.

We are also fervently against the loosening of licensing regulations, especially child:staff ratios. Anyone who has ever looked after a baby knows in their heart of hearts that 5 infants are way too many for one person to care for at once. Blistering diaper rash because little bottoms can't be attended to quickly enough; wailing cries from hungry babies that need to be fed every 2-hours; daily incident/accident reports filed because two teachers couldn't possibly keep fourteen 2-year olds under control. These are the inevitable events that we foresee when thinking about the proposed ratios. North Dakota's children deserve better quality care than this!

We are proud to have been born and raised in North Dakota, and after a decade spent out of state, we returned home because we knew that it would be a good place to raise our family. But with the continuation of this child care crisis, we are starting to think things have changed. We fear that our leaders do not realize that this crisis has far reaching consequences, and it needs to be addressed before it turns into an even bigger disaster. For the sake of our children and our families, for our employers and local businesses, we are asking that you do anything you can to help ensure that HB 1422 is both amended in a way that addresses the above concerns, and that it passes.

Sincerely,

Christopher and Jennifer (Smith) Claerbout

Amelia (2 ½) and Evelyn (1)

209 14<sup>th</sup> Ave SE, Minot

Peace cannot be kept by force,  
it can only be achieved through understanding.  
- Albert Einstein



**Lee, Judy E.**

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**From:** Richter, Vonette J.  
**Sent:** Monday, March 18, 2013 11:09 AM  
**To:** Lee, Judy E.  
**Subject:** FW: 1422 question

Senator Lee,

I assume the section of this bill that you are questioning is the appropriation and whether this falls under the "gift" prohibition in the constitution?

I discussed this section with John Walstad and we agreed that there is nothing in the language of this section to indicate that this would be a gift to daycare providers. There is a presumption that the Department of Human Services would administer these funds in a way that would not be unconstitutional -- such as through a contract, or a grant program.

We also noted that is really isn't clear from the language of this section as to what is to be done with the money being appropriated.

Hope this helps.

Vonette

Vonette Richter  
Counsel  
Legislative Council  
600 E. Blvd. Ave.  
Bismarck, ND 58505  
(701)328-2916  
[vrichter@nd.gov](mailto:vrichter@nd.gov)

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**From:** Knudson, Allen H.  
**Sent:** Friday, March 15, 2013 4:51 PM  
**To:** Richter, Vonette J.  
**Subject:** FW: 1422 question

Allen H. Knudson  
ND Legislative Council  
(701) 328-4231  
[aknudson@nd.gov](mailto:aknudson@nd.gov)

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**From:** Smith, Jim W.  
**Sent:** Friday, March 15, 2013 2:12 PM  
**To:** Knudson, Allen H.  
**Subject:** FW: 1422 question

LEGEND shows you as the drafter on this bill, would you respond or have someone on legal if they actually did the bill? thanks.

## State-by-State Staff:Child Ratios by Age Group

State	Six Months	State	18 Months	State	3 Years	State	4 Years	State	5 Years
Standards	1:04	Standards	1:04	Standards	1:09	Standards	1:10	Standards	1:10
District of Columbia	1:03	Hawaii	1:03	New Hampshire	1:07	Washington	1:08	Washington	1:09
Kansas	1:03	New Jersey	1:03	North Dakota	1:07	Alaska	1:10	Arizona	1:10
Maryland	1:03	Alaska	1:04	Washington	1:07	Arizona	1:10	Delaware	1:10
Massachusetts	1:03	California	1:04	Wisconsin	1:07	Arkansas	1:10	Georgia	1:10
California	1:04	Delaware	1:04	California	1:08	Colorado	1:10	Hawaii	1:10
Connecticut	1:04	Idaho	1:04	Hawaii	1:08	Delaware	1:10	Mississippi	1:10
Delaware	1:04	Louisiana	1:04	Rhode Island	1:08	Georgia	1:10	Oklahoma	1:10
Department of Defense	1:04	Missouri	1:04	Utah	1:08	Hawaii	1:10	Rhode Island	1:10
Florida	1:04	New York	1:04	Colorado	1:09	Kansas	1:10	South Dakota	1:10
Hawaii	1:04	Pennsylvania	1:04	North Carolina	1:09	Michigan	1:10	California	1:12
Illinois	1:04	Rhode Island	1:04	Alaska	1:10	Mississippi	1:10	Colorado	1:12
Indiana	1:04	South Carolina	1:04	Arizona	1:10	New Hampshire	1:10	Idaho	1:12
Iowa	1:04	South Dakota	1:04	Arkansas	1:10	New Jersey	1:10	New Mexico	1:12
Maine	1:04	Wisconsin	1:04	Connecticut	1:10	New York	1:10	North Dakota	1:12
Michigan	1:04	Arizona	1:05	Delaware	1:10	North Dakota	1:10	Tennessee	1:12
Minnesota	1:04	Arkansas	1:05	Department of Defense	1:10	Oklahoma	1:10	Wisconsin	1:12
Missouri	1:04	Connecticut	1:05	Georgia	1:10	Pennsylvania	1:10	New Hampshire	1:13
Montana	1:04	Florida	1:05	Idaho	1:10	Rhode Island	1:10	Texas	1:13
Nebraska	1:04	Kansas	1:05	Kansas	1:10	South Dakota	1:10	Kansas	1:14
Nevada	1:04	Michigan	1:05	Louisiana	1:10	Wisconsin	1:10	Montana	1:14
New Hampshire	1:04	Minnesota	1:05	Michigan	1:10	California	1:12	Wyoming	1:14
New Jersey	1:04	Mississippi	1:05	Minnesota	1:10	Connecticut	1:12	Alabama	1:15
New York	1:04	Montana	1:05	Mississippi	1:10	Department of Defense	1:12	Alaska	1:15
North Dakota	1:04	New Hampshire	1:05	Missouri	1:10	Florida	1:12	Connecticut	1:15
Ohio	1:04	New Mexico	1:05	New Jersey	1:10	Idaho	1:12	Department of Defense	1:15
Oregon	1:04	North Dakota	1:05	New Mexico	1:10	Maine	1:12	Florida	1:15
Pennsylvania	1:04	Utah	1:05	New York	1:10	Minnesota	1:12	Minnesota	1:15
Rhode Island	1:04	Washington	1:05	Oklahoma	1:10	Missouri	1:12	Missouri	1:15
Tennessee	1:04	Alabama	1:06	Pennsylvania	1:10	Montana	1:12	Nebraska	1:15
Texas	1:04	Colorado	1:06	South Dakota	1:10	New Mexico	1:12	New Jersey	1:15
Utah	1:04	Department of Defense	1:06	Tennessee	1:10	Tennessee	1:12	New York	1:15
Vermont	1:04	Illinois	1:06	Texas	1:10	Utah	1:12	Utah	1:15
Virginia	1:04	Iowa	1:06	Vermont	1:10	Vermont	1:12	Vermont	1:15
Washington	1:04	Kentucky	1:06	District of Columbia	1:11	Virginia	1:12	Virginia	1:15
West Virginia	1:04	Maine	1:06	Alabama	1:12	Louisiana	1:13	North Carolina	1:16
Wisconsin	1:04	Maryland	1:06	Florida	1:12	North Carolina	1:13	Pennsylvania	1:16
Wyoming	1:04	Nebraska	1:06	Iowa	1:12	Texas	1:13	Louisiana	1:17
Alabama	1:05	North Carolina	1:06	Kentucky	1:12	Nebraska	1:14	Arkansas	1:18
Alaska	1:05	Tennessee	1:06	Maine	1:12	Wyoming	1:14	Maine	1:18
Arizona	1:05	Vermont	1:06	Massachusetts	1:12	Alabama	1:15	Massachusetts	1:18
Colorado	1:05	Virginia	1:06	Montana	1:12	Maryland	1:15	Indiana	1:20
Kentucky	1:05	West Virginia	1:06	Nebraska	1:12	Massachusetts	1:15	Iowa	1:20
Mississippi	1:05	District of Columbia	1:07	South Carolina	1:12	South Carolina	1:15	Kentucky	1:20
North Carolina	1:05	Georgia	1:07	Virginia	1:12	Iowa	1:16	Maryland	1:20
Ohio	1:05	Oklahoma	1:07	Wyoming	1:12	Nevada	1:16	Michigan	1:20
South Carolina	1:05	Wyoming	1:07	Maryland	1:13	Oregon	1:16	Nevada	1:20
South Dakota	1:05	Indiana	1:08	Nevada	1:14	Kentucky	1:17	Oregon	1:20
Arkansas	1:06	Nevada	1:08	Oregon	1:14	District of Columbia	1:18	South Carolina	1:20
Georgia	1:06	Texas	1:08	Illinois	1:15	Indiana	1:18	District of Columbia	1:21
Idaho	1:06	Massachusetts	1:09	Indiana	1:15	Ohio	1:18	Ohio	1:22
Illinois	1:06	Ohio	1:09	Ohio	1:15	Illinois	1:20	Illinois	1:25
Indiana	1:06	Oregon	1:09	West Virginia	1:15	West Virginia	1:20	West Virginia	1:25



### Center Fee Calculator - Current average rate in Minot area (49 children)

Center Fees				2013 Cost	2012 Cost	Increase	% increase
Classrooms	Ages	# children	Cost/week	Per Child	per Child*		
8 infants	0-18 months	8	\$ 160	\$ 8,320	\$ 8,066	\$ 254	3%
10 toddlers	18-36 months	9	\$ 150	\$ 7,800	\$ 7,705	\$ 95	1%
14 three year olds	3 & 4 years	13	\$ 145	\$ 7,540			
20 four year olds	4 & 5 years	19	\$ 140	\$ 7,280	\$ 6,734	\$ 546	8%
<b>Total</b>		49					

#### Income

Fees at 95% capacity	\$ 354,445
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#### Expenses

Salaries	\$ 415,832
Benefits	\$ 54,000
Occupancy	\$ 42,000
Operating Budget	\$ 68,255
<b>Total Expenses</b>	<b>\$ 580,087</b>

<b>Income over Expenses</b>	<b>\$ (225,642)</b>
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#### Salaries

Director	\$ 22
Lead Teachers	\$ 15
Assistants	\$ 13
Cook	\$ 13
Janitor	\$ 13
<b>Benefits</b>	
Director	
FT staff (9)	\$ 54,000
Calculated @\$500/month/staff	

To increase capacity above 49 children a hard wired alarm system would need to be installed and/or a sprinkler system. (cost of \$60,000 to 100,000).

**Center Fee Calculator - Needed fee increase to be able to retain staff and to remain open. (49 children)**

Center Fees				2013 Cost	2012 Cost	Increase	% increase
Classrooms	Ages	# children	Cost/week	Per Child	per Child*		
8 infants	0-18 months	8	\$ 300	\$ 15,600	\$ 8,066	\$ 7,534	93%
10 toddlers	18-36 months	9	\$ 275	\$ 14,300	\$ 7,705	\$ 6,595	86%
14 three year olds	3 & 4 years	13	\$ 225	\$ 11,700			
20 four year olds	4 & 5 years	19	\$ 225	\$ 11,700	\$ 6,734	\$ 4,966	74%
<b>Total</b>		49					

**Income**

Fees at 95% capacity	\$ 596,505
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**Expenses**

Salaries	\$ 415,832
Benefits	\$ 54,000
Occupancy	\$ 42,000
Operating Budget	\$ 68,255
<b>Total Expenses</b>	<b>\$ 580,087</b>

<b>Income over Expenses</b>	<b>\$ 16,418</b>
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**Salaries**

Director	\$ 22
Lead Teachers	\$ 15
Assistants	\$ 13
Cook	\$ 13
Janitor	\$ 13
<b>Benefits</b>	
Director	
FT staff (9)	\$ 54,000
Calculated @\$500/month/staff	

**Group and center numbers and capacity for oil- and gas-producing counties**

											Annual	Biennium
17 centers with	1,204	capacity	X	90%	participation	X	\$	3,000	average incentive	=	\$ 3,250,800	\$ 6,501,600
40 family/group with	720	capacity	X	25%	participation	X	\$	1,500	average incentive	=	\$ 270,000	\$ 540,000
											<b>TOTAL</b>	<b>\$ 7,041,600</b>

Centers with	60	children	X	\$ 3,000	gives the center	\$ 180,000	per year
Groups with	18	children	X	\$ 1,500	gives the group	\$ 27,000	per year

This formula does not include family child care providers



## Thoughts on HB 1422

HB 1422 will...

- Establish a child care quality rating and improvement system (QRIS)
- Keep 9 programs alive in Ward County
- Provide back-office services (e.g. HR and accounting) and program technical assistance to child care providers

History of ND efforts to establish a QRIS

- Six years in the making.
- Effort lead by the ND Department of Human Services and included child care providers
- The federal Child Care Development Block Grant highly encourages states to establish a QRIS
- Lack of quality of care a concern for early childhood experts (also a national issue leading the Federal Government to ask states to implement QRIS).
- The quality of care in ND not supportive of children's learning. In small project in ND involving 138 providers, average quality of care was 3.64 on a scale of 1-7. To be supportive of children's learning, programs must score a 5.
- QRIS tested in Cass County, funded by United Way
- QRIS would set the stage for children succeeding in Pre-K and/or possible delivery of Pre-K services through child care programs (Pre-K will decrease child care cash flow)
- Initial conversations to include child care in Pre-K efforts already underway with ND DPI

Planning for HB 1422

- Original intent of HB 1422 was to slowly implement QRIS across the (\$6 million in HB 1422)
- Plans did not specifically include support for child care in oil country (\$7 million in HB 1422)
- Funding for oil country included after January parent/provider meeting in Minot
  - See attached child care center budgets
  - See attached oil country program support

Why reinstate the \$13 million

- Without immediate support, nine programs caring for 500 children at risk of closing
- Similar problems growing in Bismarck and into eastern ND
- Without a systemic approach to holding together the ND's child care industry
  - Working parents will struggle to accept jobs, businesses will struggle to find employees, communities will struggle to recruit businesses
  - The quality of child care in ND will remain at below par
- Consider the child care industry as a vital infrastructure that ensures school readiness and ND's businesses to recruit/retain employees. ND cannot do without child care—quality child care

Linda Reinicke 226-2510 or lreinicke@lssnd.org

## **Childcare Tax Credit: Incenting Businesses to Provide On-Site Childcare**

This amendment will offer an income tax credit for businesses that are providing childcare service options to their employees by either 1) directly providing childcare services as part of their business, 2) providing facility space for a childcare business or 3) contracting with a childcare business. 50% of direct and indirect expenses incurred in each of the above qualifying scenarios will be applied to the employers income tax liability.

### **Benefits to the Childcare Industry**

Providing a childcare option to employees creates a powerful recruitment and retention tool for businesses. This amendment is modeled after the federal tax code that provides a 25% tax credit based on direct and indirect expenses. Between the federal and state income tax breaks, an existing childcare business or business that is now providing childcare services may expense for purposes of calculating income for tax purposes, 75% of their direct and indirect childcare expenditures.

This amendment provides an incentive to businesses to simply provide the space and utilities for a childcare business to come on site and provide childcare services. The business will be able to expense the utilities and any rehab that is necessary to create a space suitable for childcare services. The childcare business occupying the space has a much greater opportunity to cash flow with reduced to no facility costs.

Finally, an existing childcare business could quickly increase their bottom line by entering into a contract with another business to retain childcare spots. Childcare businesses would continue to charge competitive rates and also have a reliable additional revenue source.

### **Other Considerations & Bill Features**

This amendment does not provide a credit limit to the amount of credit the business can claim each year. If a limit is proposed, it is recommended to be a maximum per business. A five year carry forward is provided if the credit exceeds the income tax liability in the given tax year. There is no provision to require a certain percentage of employee participation due to the inability, by both employers and the Tax Department to measure the requirement with certainty.

Childcare Resource and Referral and Human Service staff have been consulted on this amendment and see great potential in this tax credit. This tax credit provides a tool for the childcare business to approach businesses to enter into partnerships to expand the number of slots, increase their bottom line and create a reliable revenue source.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

Page 1, line 1, replace the second “and” with a comma

Page 1, line 2, after “50-11.1” insert “, a new subdivision to subsection 7 of section 57-38-30.3, and a new section to chapter 57-38”

Page 1, line 3, after “care” insert “and an employer-provided child care credit”

Page 1, line 4, remove “and”

Page 1, line 5, after “initiative” insert “; and to provide an effective date”

Page 2, after line 24, insert:

“SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

**Employer-provided child care credit.**

1. An employer is allowed a credit against the tax imposed under section 57-38-30 or 57-38-30.3 for providing a qualified child care facility. The amount of the credit under this section is <sup>50%</sup> ~~seventy-five~~ percent of the qualified child care expenditures incurred by the employer. Qualified child care expenditures under this section may not be used in the calculation of any other income tax deduction or credit allowed under state law.
2. For purposes of this section:
  - a. “Employer” means a taxpayer who employs one or more full-time-equivalent employees and whose primary source of income is from a business other than the business of providing child care services.
  - b. “Qualified child care expenditure” means any amount paid or incurred:
    - (1) To acquire, construct, rehabilitate, or expand property:
      - (a) That is to be used as part of a qualified child care facility;
      - (b) For which a deduction under federal law for depreciation (or amortization in lieu of depreciation) is allowable; and
      - (c) That does not constitute part of the principal residence of the taxpayer or any employee of the taxpayer;

- (2) For the direct costs necessary for the operation of the child care facility;
- (3) For the indirect or overhead costs properly attributable to the child care facility, including insurance, utilities, front office salaries, property taxes, legal fees, and advertising; or
- (4) Under a contract with a qualified child care facility to provide child care services to employees of the taxpayer, including any amount paid to the child care facility for additional direct or indirect costs of the facility.

The term “qualified child care expenditure” does not include expenses in excess of the fair market value of such care.

- c. “Qualified child care facility” means a facility the principle use of which is to provide child care assistance to the taxpayer’s employees and that meets the requirements of all applicable laws and regulations of the state and local government in which it is located.

- (1) The term “qualified child care facility” does not apply to a facility which is the principle residence of the operator of the facility.
- (2) A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless:
  - (a) Enrollment in the facility is open to employees of the taxpayer during the taxable year; and
  - (b) Eligibility for enrollment must be offered to all employees on an equal opportunity basis.

- 3. The taxpayer shall claim the total credit amount for the taxable year in which the qualified child care expenditures are made, except depreciated property expenditures shall be claimed in the taxable year in which the property is placed in service. The credit under this section may not exceed the taxpayer’s liability as determined under this chapter for any taxable year.
- 4. If two or more taxpayers share in the qualified child care expenditures, each taxpayer shall be allowed the credit in relation to the respective share paid or incurred by each taxpayer of the total expenditures for the facility in each taxable year.



5. If the amount of the credit determined under this section exceeds the liability for tax under this chapter, the excess may be carried forward to each of the next five succeeding taxable years.
6. A partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3.
7. To receive the tax credit provided under this section, a taxpayer shall claim the credit in the form and manner as may be prescribed by the tax commissioner.
8. It is the intent of the legislative assembly that the credit provided in this section must be liberally construed and interpreted to effectuate the expansion of child care availability in the state.

**SECTION 6.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Employer-provided child care credit under section 5 of this Act.”

Page 3, after line 2, insert:

**“SECTION 8. EFFECTIVE DATE.** Sections 5 and 6 of this Act are effective for taxable years beginning after December 31, 2012.”

Renumber accordingly



## NDLA, S HMS - Dvorak, Kirsten

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**From:** Lee, Judy E.  
**Sent:** Monday, April 01, 2013 11:49 AM  
**To:** NDLA, S HMS - Dvorak, Kirsten; NDLA, Intern 02 - Myles, Bethany  
**Subject:** FW: Child Care Tax Credit  
**Attachments:** Senate Child Care Version with Edits (Apr. 1).docx; HB 1422 (Apr. 1 with Edits).docx

Please provide copies of this message and of the 2 attachments for our committee members for this afternoon.

Senator Judy Lee  
1822 Brentwood Court  
West Fargo, ND 58078  
home phone: 701-282-6512  
e-mail: [jlee@nd.gov](mailto:jlee@nd.gov)

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**From:** Wald, Dee A.  
**Sent:** Monday, April 01, 2013 11:08 AM  
**To:** Lee, Judy E.  
**Subject:** Child Care Tax Credit

Senator Lee,

Attached are both versions of the Child Care Tax Credit, i.e., the version that would amend HB 1422 and the version that was presented to the Senate Finance and Taxation Committee this morning.

Since this morning's hearings, I took the liberty of making some changes to those versions, so you may want to provide those to your committee members. Changes made to the **HB 1422 version** are:

1. Replace "seventy-five percent" with "fifty percent"
2. Added the Department of Human Services reporting requirement that was in the Senate version, and added the reporting deadline of October 1, 2014. (See below)

I made one change to the **Senate version**, and that was to add the reporting deadline of October 14 to the Dept. of Human Services Report requirement.

I know this may cause some confusion, but I wanted to ensure that both Committees were looking at identical versions of the substantive provisions of the tax credit.

Please do not hesitate to contact me if you or others have any questions or additional concerns regarding the tax credit. It was truly a pleasure to work with you on this very important issue impacting our state.

With warmest regards,

Donnita "Dee" Wald  
General Counsel and  
Special Assistant Attorney General  
Office of State Tax Commissioner  
600 East Boulevard Avenue  
Bismarck, ND 58503

1        **SECTION 1.** A new section to chapter 57-38 of the North Dakota Century Code is  
2 created and enacted as follows:

3        **Employer-provided child care credit.**

4        1. An employer is allowed a credit against the tax imposed under section 57-38-30 or 57-38-  
5        30.3 for providing a qualified child care facility. The amount of the credit under this  
6        section is fifty percent of the qualified child care expenditures incurred by the employer.  
7        Qualified child care expenditures under this section may not be used in the calculation of  
8        any other income tax deduction or credit allowed under state law.

9        2. For purposes of this section:

- 10        a. "Employer" means a taxpayer who employs one or more full-time-equivalent  
11        employees and whose primary source of income is from a business other than the  
12        business of providing child care services.
- 13        b. "Qualified child care expenditure" means any amount paid or incurred:
- 14            (1) To acquire, construct, rehabilitate, or expand property:
- 15                (a) That is to be used as part of a qualified child care facility;
- 16                (b) For which a deduction under federal law for depreciation (or  
17                amortization in lieu of depreciation) is allowable; and
- 18                (c) That does not constitute part of the principal residence of the taxpayer  
19                or any employee of the taxpayer;
- 20            (2) For the direct costs necessary for the operation of the child care facility;
- 21            (3) For the indirect or overhead costs properly attributable to the child care  
22            facility, including insurance, utilities, front office salaries, property taxes,  
23            legal fees, and advertising; or
- 24            (4) Under a contract with a qualified child care facility to provide child care  
25            services to employees of the taxpayer, including any amount paid to the  
26            child care facility for additional direct or indirect costs of the facility.

27        The term "qualified child care expenditure" does not include expenses in excess  
28        of the fair market value of such care.

1 c. “Qualified child care facility” means a facility the principle use of which is to  
2 provide child care assistance to the taxpayer’s employees and that meets the  
3 requirements of all applicable laws and regulations of the state and local  
4 government in which it is located.

5 (1) The term “qualified child care facility” does not apply to a facility which  
6 is the principle residence of the operator of the facility.

7 (2) A facility shall not be treated as a qualified child care facility with respect  
8 to a taxpayer unless:

9 (a) Enrollment in the facility is open to employees of the taxpayer  
10 during the taxable year; and

11 (b) Eligibility for enrollment must be offered to all employees on an  
12 equal opportunity basis.

13 3. The taxpayer shall claim the total credit amount for the taxable year in which the  
14 qualified child care expenditures are made, except depreciated property expenditures  
15 shall be claimed in the taxable year in which the property is placed in service. The credit  
16 under this section may not exceed the taxpayer’s liability as determined under this  
17 chapter for any taxable year.

18 4. If two or more taxpayers share in the qualified child care expenditures, each taxpayer  
19 shall be allowed the credit in relation to the respective share paid or incurred by each  
20 taxpayer of the total expenditures for the facility in each taxable year.

21 5. If the amount of the credit determined under this section exceeds the liability for tax  
22 under this chapter, the excess may be carried forward to each of the next five succeeding  
23 taxable years.

24 6. A partnership, subchapter S corporation, limited partnership, limited liability company, or  
25 any other passthrough entity entitled to the credit under this section must be considered to  
26 be the taxpayer for purposes of calculating the credit. The amount of the allowable credit  
27 must be determined at the passthrough entity level. The total credit determined at the  
28 entity level must be passed through to the partners, shareholders, or members in  
29 proportion to their respective interests in the passthrough entity. An individual taxpayer  
30 may take the credit passed through under this subsection against the individual’s state  
31 income tax liability under section 57-38-30.3.

1 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit in  
2 the form and manner as may be prescribed by the tax commissioner.

3 8. It is the intent of the legislative assembly that the credit provided in this section must be  
4 liberally construed and interpreted to effectuate the expansion of child care availability in  
5 the state.

6  
7 **SECTION 2.** A new subdivision to subsection 7 of section 57-38-30.3 of the North  
8 Dakota Century Code is created and enacted as follows:

9 Employer-provided child care credit under section 5 of this Act.”

10 **SECTION 3. LEGISLATIVE MANAGEMENT REPORT.** During the 2013-2015  
11 biennium, the department of human services, with the assistance of the tax commissioner shall  
12 report by October 1, 2014, to an interim committee designated by legislative management, the  
13 impact of the employer-provided child care tax credit on the expansion of child care and on  
14 existing child care providers to continue to provide affordable and quality child care, thus  
15 improving the ability of the state’s workforce to find affordable and quality child care.

16 **“SECTION 4. EFFECTIVE DATE.** Sections 1 and 2 of this Act are effective for  
17 taxable years beginning after December 31, 2012.”

Renumber accordingly



PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

Page 1, line 1, replace the second “and” with a comma

Page 1, line 2, after “50-11.1” insert “, a new subdivision to subsection 7 of section 57-38-30.3,  
and a new section to chapter 57-38”

Page 1, line 3, after “care” insert “and an employer-provided child care credit”

Page 1, line 4, remove “and”

Page 1, line 5, after “initiative” insert “; and to provide an effective date”

Page 2, after line 24, insert:

“SECTION 5. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

**Employer-provided child care credit.**

1. An employer is allowed a credit against the tax imposed under section 57-38-30 or 57-38-30.3 for providing a qualified child care facility. The amount of the credit under this section is fifty percent of the qualified child care expenditures incurred by the employer. Qualified child care expenditures under this section may not be used in the calculation of any other income tax deduction or credit allowed under state law.

2. For purposes of this section:

a. “Employer” means a taxpayer who employs one or more full-time-equivalent employees and whose primary source of income is from a business other than the business of providing child care services.

b. “Qualified child care expenditure” means any amount paid or incurred:

(1) To acquire, construct, rehabilitate, or expand property:

(a) That is to be used as part of a qualified child care facility;

(b) For which a deduction under federal law for depreciation (or amortization in lieu of depreciation) is allowable; and

(c) That does not constitute part of the principal residence of the taxpayer or any employee of the taxpayer;



1           (2) For the direct costs necessary for the operation of the child care facility;

2           (3) For the indirect or overhead costs properly attributable to the child care  
3           facility, including insurance, utilities, front office salaries, property taxes,  
4           legal fees, and advertising; or

5           (4) Under a contract with a qualified child care facility to provide child care  
6           services to employees of the taxpayer, including any amount paid to the  
7           child care facility for additional direct or indirect costs of the facility.

8           The term “qualified child care expenditure” does not include expenses in excess  
9           of the fair market value of such care.

10          c. “Qualified child care facility” means a facility the principle use of which is to  
11          provide child care assistance to the taxpayer’s employees and that meets the  
12          requirements of all applicable laws and regulations of the state and local  
13          government in which it is located.

14               (1) The term “qualified child care facility” does not apply to a facility which  
15               is the principle residence of the operator of the facility.

16               (2) A facility shall not be treated as a qualified child care facility with respect  
17               to a taxpayer unless:

18                       (a) Enrollment in the facility is open to employees of the taxpayer  
19                       during the taxable year; and

20                       (b) Eligibility for enrollment must be offered to all employees on an  
21                       equal opportunity basis.

22          3. The taxpayer shall claim the total credit amount for the taxable year in which the  
23          qualified child care expenditures are made, except depreciated property expenditures  
24          shall be claimed in the taxable year in which the property is placed in service. The credit  
25          under this section may not exceed the taxpayer’s liability as determined under this  
26          chapter for any taxable year.

27          4. If two or more taxpayers share in the qualified child care expenditures, each taxpayer  
28          shall be allowed the credit in relation to the respective share paid or incurred by each  
29          taxpayer of the total expenditures for the facility in each taxable year.

- 1     5. If the amount of the credit determined under this section exceeds the liability for tax  
2     under this chapter, the excess may be carried forward to each of the next five succeeding  
3     taxable years.
- 4     6. A partnership, subchapter S corporation, limited partnership, limited liability company, or  
5     any other passthrough entity entitled to the credit under this section must be considered to  
6     be the taxpayer for purposes of calculating the credit. The amount of the allowable credit  
7     must be determined at the passthrough entity level. The total credit determined at the  
8     entity level must be passed through to the partners, shareholders, or members in  
9     proportion to their respective interests in the passthrough entity. An individual taxpayer  
10    may take the credit passed through under this subsection against the individual's state  
11    income tax liability under section 57-38-30.3.
- 12    7. To receive the tax credit provided under this section, a taxpayer shall claim the credit in  
13    the form and manner as may be prescribed by the tax commissioner.
- 14    8. It is the intent of the legislative assembly that the credit provided in this section must be  
15    liberally construed and interpreted to effectuate the expansion of child care availability in  
16    the state.

**SECTION 6.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Employer-provided child care credit under section 5 of this Act.”

**SECTION 7. LEGISLATIVE MANAGEMENT REPORT.** During the 2013-2015 biennium, the department of human services, with the assistance of the tax commissioner shall report by October 1, 2014, to an interim committee designated by legislative management, the impact of the employer-provided child care tax credit on the expansion of child care and on existing child care providers to continue to provide affordable and quality child care, thus improving the ability of the state’s workforce to find affordable and quality child care.

Page 3, after line 2, insert:

**“SECTION 8. EFFECTIVE DATE.** Sections 5 and 6 of this Act are effective for taxable years beginning after December 31, 2012.”

Renumber accordingly

March 12, 2013

#18

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

Page 1, line 1, remove "to create and enact a new subsection to section 50-11.1-03 and two new"

Page 1, remove lines 2 and 3

Page 1, line 4, remove "North Dakota Century Code, relating to the definition of group child care; and"

Page 1, remove lines 7 through 21

Page 2, remove lines 1 through 24

Page 2, line 26, replace "\$2,100,000" with "\$15,425,000"

Page 2, after line 31, insert:

"Stabilization incentive grants to child care centers:

In areas of the state affected by oil and gas development

\$7,000,000

In other areas of the state

\$6,000,000

Assessment, monitoring, and consumer awareness

\$325,000"

Renumber accordingly

**Implementation of HB 1422**  
**Submitted by Jennifer Barry, Department of Human Services**  
**April 1, 2013**

Grant or incentive dollars appropriated under HB 1422 would be allocated to early childhood service providers, as provided by **N.D.C.C. 50-11.1-14.1**.

Subsection 2 allows a quality incentive payment to be given to providers who participate in a voluntary quality improvement system.

Subsection 3 allows the department to provide technical assistance and grants to programs in areas with demonstrated need. The department would likely prioritize any appropriation of grant dollars to support increased capacity of infant care, care for children with special needs, and care for children with low income families through the existing technical assistance network.

Since 2009, through the Growing Childcare initiative, DHS has tied grants and incentives to training and technical assistance in an effort to promote higher quality childcare and to maximize the support given to the childcare providers. DHS would likely utilize the structure within Growing Childcare to allocate future grant dollars provided by HB 1422. DHS would not necessarily restrict what a provider could utilize the grant or incentive payment for, as long as it was within an identified area of need, and the provider worked through the training and technical assistance program to identify the need and plan how the incentive payment would be used.

**50-11.1-14.1. Workforce development - Quality improvement - Technical assistance - Capacity building.**

1. The department shall provide voluntary, progressive training opportunities leading to credentials and shall provide supports for the early childhood care and education workforce. The department shall implement a registry to track workforce participation.
2. The department shall implement a voluntary quality improvement process for licensed early childhood facilities. The department may provide a quality incentive payment and a higher reimbursement rate for child care assistance program payments to a participating early childhood facility. The department may provide technical assistance and support to an early childhood facility that applies for quality improvement and may provide financial incentives to an early childhood facility that sustains and increases program quality. The department may contract with a private, nonprofit agency to provide technical assistance under this subsection.
3. The department may provide supports and incentives to build child care capacity, including:
  - a. Technical assistance and support to individuals who want to establish a new program or expand existing capacity to include information on needs assessments, regulatory processes, facility design and furnishings, startup and operating budgets, staffing patterns, curriculum evaluation, and development of business plans.
  - b. Grants to programs with a viable business plan to support early childhood facility development and expansion in areas with a demonstrated need.
4. The department shall coordinate with other state agencies as necessary to implement the provisions of this section.



## Early Childhood Bills

Prepared by Jennifer Barry, Department of Human Services

April 1, 2013

### HB 1012- DHS budget

**\$3.1 million** to continue funding the Growing Childcare Initiative, which focuses on workforce development, quality enhancement, and capacity building efforts for early childhood services.

#### 1) Workforce Development

- Growing Futures Professional Development System
  - Online system for trainer and training approval, and which tracks the training and qualifications of the workforce.
- Development of 120 hours of free online progressive training which fulfills the training requirements of the Child Development Associate credential (CDA).
  - The CDA is a national credential recognizing competence of the provider in an early childhood setting.
- Scholarships to cover the costs of the CDA credential and other national credentials.

#### 2) Quality Enhancement

- Home and center providers may enroll in a quality enhancement program.
  - Combines training and onsite technical assistance from a trained consultant as well as monetary incentives to purchase needed supplies and equipment for the childcare program.
- Peer coaching program
  - Experienced, quality child care providers have the opportunity to share their expertise with newly licensed providers.
  - This program involves training and monetary incentives for the peer coach

#### 3) Capacity Building and Recruitment

- Support, including training, technical assistance, and incentive dollars, is available to new family, group and center operators to provide them with the start-up assistance they need to be successful in the childcare business.

**\$50,000** to provide technical assistance to child care providers who care for children with special needs.

**\$142,964 of general funds and \$630,117, of federal funds** for total funds of \$773,081 in 2013-2015 budget to support early childhood licensing

**\$251,448** to support tribal early childhood services.

**\$2,717,399-** federal CCDF funds to support Resource and Referral services, including parent outreach, community engagement, provider support, and early childhood services data collection.

**HB 1422** -As amended, includes a \$2.1 million appropriation to the Department of Human Services for the purpose of a child care stabilization initiative through technical assistance and shared services and data collection.

**SB 2018-** Appropriates \$5,000,000 to the Department of Commerce for a child care facility grant program. This grant program is patterned after the Energy Infrastructure and Impact Office's Childcare Facility Grants pilot program. The Child Care Facility Grant Program will provide grants to cities and counties of up to \$187,500 which would pay up to 75% of the cost of a local infrastructure project to expand child care availability. As amended, this bill also includes a Child Care Facility Loan Guarantee program, expansion of the Housing Incentive Fund program to include addressing child care needs, and a Legislative Management study of child care services.

**SB 2244-**Senate version contains \$500,000 to the Department of Human Services for early childhood services inclusion support services and grants. \$300,000 of the amount is for contracting with early childhood services specialists to provide technical assistance and \$200,000 is for grants to licensed providers that care for children with disabilities or developmental delays. House version contains no appropriation.

**SB 2229-** Senate version contains an appropriation of \$4,683,000 to DPI to provide grants to school districts for the purpose of operating an early childhood program. House version contains no appropriation, but allows the board of a district to dedicate a tax levy of one mill on each dollar of taxable valuation of real property in the district for the purpose of establishing and supporting an early childhood program.

# HB 1422 BUDGET COMPARISON

## \$2.6 MILLION BUDGET

Inclusive child care TA (2244)	\$ 300,000
Inclusive child care grants (2244)	\$ 200,000
QRIS - Getting Ready	
QRIS - Home Providers	\$ 570,000
QRIS - Centers	\$ 1,530,000
	<b>\$ 2,600,000</b>

*yellow*  
↓

## \$6 MILLION BUDGET

Inclusive child care TA (2244)	\$ 300,000
Inclusive child care grants (2244)	\$ 200,000
QRIS - Getting Ready	\$ 370,000
QRIS - Home Providers	\$ 1,530,000
QRIS - Centers	\$ 3,600,000
	<b>\$ 6,000,000</b>

*green*  
↓

## TOTAL IMPACT

### \$2.6 million

### \$6 million

### Difference

	Programs Impacted	Children Impacted	Programs Impacted	Children Impacted	Programs Impacted	Children Impacted
Inclusive child care grants @ \$5,000 ea	40		40		-	
QRIS - Getting Ready	-	-	360	3,600	360	3,600
QRIS - for Home Providers	70	700	185	1,850	115	1,150
QRIS - for Centers	32	2,240	64	4,480	32	2,240
<b>Total Impact</b>	<b>102</b>	<b>2,940</b>	<b>609</b>	<b>9,930</b>	<b>507</b>	<b>6,990</b>
% of Programs/Children in Care	8%	9%	45%	30%	37%	21%

## DISTRIBUTION % APPLIES TO QRIS

Grants for Providers	65%
Technical Assistance	27%
QRIS Tracking and Administration	8%

*Linda Reinicke #1  
HB 1422  
4-8-13*

Testimony on HB 1422  
Senate Appropriations Committee  
April 8, 2013  
Chairman Ray Holmberg

Roxane Romanick 2  
HB 1422  
4-8-13

Chairman Holmberg and Members of the Senate Appropriations Committee:

My name is Roxane Romanick and I am presenting testimony representing Designer Genes of North Dakota. Designer Genes is a Down syndrome support organization consisting of over 200 members across the state of North Dakota, both individual with Down syndrome and their families. I am here in support of HB 1422.

Our organization supports the amendments made to retract the ratios that were set in the House. An increase in ratios does not help support children with Down syndrome and disabilities to access child care in fact in very much will make their child care placements riskier and more vulnerable. We also support the money that is in this bill for recruitment, retention, and training because the activities involved continue to promote a basic foundation for quality child care which increases the possibility of successful child care for children with disabilities and special needs.

Primarily, I'd like to address the amendments for \$300,000 and \$200,000 that addressing inclusive child care. These amendments were sections that were previously in SB 2244, which you already addressed. Designer Genes strongly encourages you to continue your support for these amendments.

These amendments address two distinct services which are needed to support child care providers who have children with special needs in their care or who are planning to support children with special needs.

**Direct Technical Assistance/Inclusion Specialist:** The first service, which was funded at \$50,000 for the 2011-2013 biennium, allowed the Department of Human Services to contract with an entity to provide **direct** technical assistance to child care providers regarding a particular child. The contract for this was given to the North Dakota Center for Persons with Disabilities at Minot State University and a consultant was hired by them. Currently, the governor has \$50,000 in the 2013-2014 proposed budget to maintain this effort. This amendment attempts to strengthen this program by adding at least two more inclusion specialists across the state. The fiscal note discussed in Section 1 of the bill is for \$300,000 for the biennium. Our organization supports this amount and this service.

**Support Grants:** The second service, which was funded in the last biennium by rollover dollars from the Department of Commerce child care grants and loans programs, was available in grants for child care providers to purchase equipment and supplies and/or add to staffing to assist the child care in caring for a child with special needs. The grants were distributed by the Department of Commerce in collaboration with the Department of Human Services. Currently there is no money in the proposed 2013-2015 budget (either in Department of Commerce or



Department of Human Services) for this service. This amendment establishes a grant program that would be managed by the Department of Human Services (as per the language), again that would be used for equipment and supplies, as well as staffing support. The amount stated in this amendment is \$200,000. I ask that you consider restoring the dollar amount in this section to the original \$400,000 that was requested.

I would like to address the availability of other services to meet these same needs:

- Birth to Three: Child care providers are able to participate in the development of an Individual Family Services Plan through ND Early Intervention (Department of Human Services) if the child is identified and is eligible for this service. They can also get assistance from the program if the parent allows this exchange of information. ND Early Intervention is a home and community based service and is able to go directly into a home or child care to address developmental and behavioral issues. Presently the inclusion specialist has helped get children linked up with these services if they are not already eligible and has facilitated communication between ND EI and a child care provider in instances where this had not occurred. It's important to keep in mind that not all children in this age range will be eligible for North Dakota Early Intervention service.
- Ages 3 to Middle School: There is typically no home or community based service for this population of children unless parents are able to convince the local school district to provide services in the natural environment. While children may be identified as needing special education service and have an Individual Education Plan, typically the public school system is not providing services outside of school-based classroom and particularly in a child care setting. This is also true for Head Start, Title 1 preschool, private preschools, etc. Children may also be eligible for a Medicaid waiver program and/or DD Program Management through the Department of Human Services; however there is no specific service that addresses supports needed in child care, typically only the home. This is a population of children that needs more direct consultation or technical assistance from an inclusion specialist. Presently, there is no age limit established with this legislation.
- Presently, there are a few private therapy providers in the state that may be willing to go into a child care setting to assist with programming and environmental modifications, but this is rare and certainly confined to the larger, more urban areas of our state.

Through my work with Designer Genes, I am often in a place of supporting families around a variety of issues. Children with Down syndrome present a myriad of issues that can be perceived as challenging to child care providers, for example delayed developmental skills such as walking or potty training, health problems, behavioral challenges, alternate communication needs, feeding concerns, etc. We often receive questions about how to talk to child care providers about a child's needs or diagnosis. While Designer Genes can be a support, we have no paid staff at this time and have no ability to directly support the child care provider. In general, I can tell you stories of success about how child care providers have risen to the occasion and supported children with Down syndrome in their settings, but I also know that parents worry constantly about those placements and whether they will last. In addition, they

are constantly working to “beef up” the placement with additional information and communication to the provider. While there are many stories of success, there are also stories of rejection and failed placements.

It is our hope that the inclusion specialist program and the grant program will build capacity and will encourage more providers to “take a chance”. We need to get support to providers in some form or another and we need to be realistic about it. Sometimes it takes another hand, equipment, or a home modification to make it work.

In summary, I would ask you to consider restoring the \$200,000 in the amendment relating to the grants to \$400,000 and moving this bill forward with a “Do Pass”.

Thank you for your time.

Roxane Romanick  
Designer Genes of ND President  
P.O. Box 515  
Bismarck, ND 58502  
[romanick@bis.midco.net](mailto:romanick@bis.midco.net)  
701-258-7421

**Inclusive Child Care Law**

**ND Century Code - Chapter 50 - Public Welfare**

**50-11.1-18. Early childhood services inclusion support services and grant program.**

1. The department may establish in collaboration with the department of commerce an early childhood services inclusion grant program for licensed early childhood services providers that provide care for children with disabilities or developmental delays. The grant program must be designed to:
  - a. Increase the number of staff in the adult-to-child ratio to expand supervision and the ability to care for children with disabilities or developmental delays; and
  - b. Assist in modifying or adapting the early childhood services setting as needed to address the health and safety needs of children with disabilities or developmental delays.
2. The department may fund early childhood services specialists to make available technical assistance to early childhood services providers that care for children with special needs or developmental delays. The technical assistance program must be designed to:
  - a. Assist early childhood services providers that request support and information regarding caring for children with special needs or developmental delays;
  - b. Assist early childhood services providers in adapting the program environment and care practices to meet the individual child's needs and to build the early childhood services providers' capacity to serve children with special needs or developmental delays;
  - c. In partnership with the child's parents and health care provider, assist the early childhood services provider in the development or coordination of care plans for children with special needs or special health care needs relevant to the care setting;
  - d. In partnership with the child's parents, foster communication with the team of specialists serving the child to ensure consistency in therapy practices and appropriate approaches;
  - e. Provide classroom training to early childhood services providers to assist the providers in the integration of children with special needs; and
  - f. As requested by the early childhood services providers, conduct one-on-one training at the provider's business to assist the provider in the integration of children with special needs.
3. The department may establish a grant review committee to assist in the development of grant guidelines, the review of applications, and the determination of

awards or denials. The membership of the grant review committee must include representation from each of the following:

- a. The department of human services;
- b. The department of public instruction;
- c. The North Dakota training and information center;
- d. North Dakota child care resource and referral; and
- e. Parents of children with disabilities or at risk for developmental delays.

4. To be eligible for the grant program, the early childhood services provider must:
  - a. Be state-licensed;
  - b. Submit a letter from the provider's county social services office confirming the provider's licensing status;
  - c. Submit a letter from a service provider that provides formal supports to the child confirming an increased funding need to assist the provider in serving the child with disabilities; and
  - d. Work with the child's family and an inclusion or health specialist to complete a care plan appropriate for the child care setting.
5. The department shall give priority consideration to licensed early childhood services providers that care for children with disabilities.
6. For purposes of this section, a child with disabilities or who is at risk for developmental delays includes any child in this state between the ages of birth and twelve years who receives support through either public or private services and includes a child who is in the process of being evaluated for public or private formal support. A child who is at risk for developmental delays includes any child between the ages of birth and twelve years who received foster care services; who has a previous substantiated history as a victim of child abuse, neglect, or domestic violence; who is homeless; who has documented special health care needs; or who has a parent with a significant disability.
7. The department may accept gifts, grants, and donations from any source to assist the department in the establishment and implementation of the early childhood services inclusion support services and grant program. Any gifts, grants, and donations received are appropriated to the department on a continuing basis for the purpose of funding the early childhood services inclusion support services and grant program under this section.



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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

In lieu of the amendments adopted by the Senate as printed on page 1071 of the Senate Journal, Engrossed House Bill No. 1422 is amended as follows:

Page 1, line 1, remove "to create and enact a new subsection to section 50-11.1-03 and two new"

Page 1, remove line 2

Page 1, line 3, remove "sizes for licensed child care;"

Page 1, line 4, remove "and"

Page 1, line 5, after "initiative" insert "; and to provide legislative intent"

Page 1, line 10, replace "thirty" with "twenty-four"

Page 1, remove lines 11 through 21

Page 2, remove lines 1 through 24

Page 2, line 26, replace "\$2,100,000" with "\$2,600,000"

Page 2, line 28, after "initiative" insert "under sections 50-11.1-14.1 and 50-11.1-18"

Page 2, line 28, remove "The"

Page 2 remove lines 29 through 31

Page 3, replace lines 1 and 2 with:

**"SECTION 3. CHILD CARE STABILIZATION INITIATIVE - LEGISLATIVE INTENT.** It is the intent of the sixty-third legislative assembly that the appropriation included in section 2 of this Act is the final appropriation authorized for the child care stabilization initiative."

Renumber accordingly

April 2013

4-10-13  
HB 1422

#2

## CHILD CARE-RELATED FUNDING PROPOSED FOR THE 2013-15 BIENNIUM

The schedule below provides information on proposed funding included in agency budget bills and other bills under consideration by the Legislative Assembly relating to child care and early childhood education during the 2013-15 biennium as of April 8, 2013.

Program Description	General Fund	Special Funds	Total
<b>Agency Budget Bills</b>			
<b>House Bill No. 1012 - Department of Human Services</b>			
Child care grant payments to providers on behalf of eligible recipients for child care services	\$252,686	\$20,645,979	\$20,898,665
Child care provider licensing reviews and revisions of administrative rules for childcare facilities	142,964	630,117	773,081
Child care transition assistance including payments to temporary assistance for needy families (TANF)-eligible recipients for child care services		897,336	897,336
Head Start collaboration providing support to local Head Start programs and is the state's liaison to the federal Head Start agency		198,468	198,468
Early childhood contracts providing training, technical assistance, and professional development for child care providers, maintaining child care provider lists, and recruiting providers	166,221	2,551,178	2,717,399
Grants to child care providers for workforce development, quality improvement technical assistance, and capacity building in accordance with North Dakota Century Code Section 50-11.1-14.1	3,150,000		3,150,000
<b>House Bill No. 1013 - Department of Public Instruction</b>			
Funding for an early childhood care and education study, but does not include study language	200,000		200,000
Grants of up to \$5,000 per classroom to assist schools making safety compliant space available for licensed prekindergarten programs	125,000		125,000
Continuing education grants for preschool teachers	150,000		150,000
<b>Senate Bill No. 2018 - Department of Commerce</b>			
Grants of up to \$187,500 from the housing incentive fund to political subdivisions for new and expanded licensed child care facilities and essential equipment for the facilities		2,600,000	2,600,000
Grants from the housing incentive fund to licensed early childhood service providers that provide care to children with disabilities or developmental delays pursuant to Section 5-11.1-18		400,000	400,000
<b>Other Bills Under Consideration</b>			
<b>House Bill No. 1113 - Department of Commerce</b> - Continues to provide financing to early childhood facilities from the development fund through a continuing appropriation (Approved by both Chambers)		500,000	500,000
<b>House Bill No. 1356 - Superintendent of Public Instruction</b> - Provides an appropriation from the early childhood education fund for early childhood education grants to eligible school districts		2,600,000	2,600,000
<b>House Bill No. 1422 - Department of Human Services</b> - Provides an appropriation for a child care stabilization initiative	2,600,000		2,600,000
<b>Senate Bill No. 2229 - Department of Public Instruction</b> - Provides for a Superintendent of Public Instruction study of early childhood care and early childhood education			
<b>Senate Bill No. 2244 - Legislative Management</b> - Provides for a Legislative Management study of the availability and access to child care services in the state and the state's role in ensuring available and accessible child care services in the state			
<b>Total</b>	<b>\$6,786,871</b>	<b>\$31,023,078</b>	<b>\$37,809,949</b>

HB 1422  
4-10-13

# Growing Child Care ND

Progress Report 7/1/11 to 12/31/12

NORTH DAKOTA  
**CCR&R**  
CHILD CARE RESOURCE & REFERRAL

July 2011 – December 2012



## Building a workforce, quality & capacity

The 2011 North Dakota Legislature appropriated \$3.1 million dollars for 2011-2013 to implement activities to train the child care workforce, improve the quality of child care programs, and increase the capacity of child care throughout the state as per 50.11.1-14.1 of the Century Code (below).

The Department of Human Services contracted these duties to North Dakota Child Care Resource & Referral. This serves as an interim report for the first 18 months of activities.

### 50-11.1-14.1.

#### Workforce development - Quality improvement - Technical assistance - Capacity building.

1. The department shall provide voluntary, progressive training opportunities leading to credentials and shall provide supports for the early childhood care and education workforce. The department shall implement a registry to track workforce participation.
2. The department shall implement a voluntary quality improvement process for licensed early childhood facilities. The department may provide a quality incentive payment and a higher reimbursement rate for child care assistance program payments to a participating early childhood facility. The department may provide technical assistance and support to an early childhood facility that applies for quality improvement and may provide financial incentives to an early childhood facility that sustains and increases program quality. The department may contract with a private, nonprofit agency to provide technical assistance under this subsection.
3. The department may provide supports and incentives to build child care capacity, including:
  - a. Technical assistance and support to individuals who want to establish a new program or expand existing capacity to include information on needs assessments, regulatory processes, facility design and furnishings, startup and operating budgets, staffing patterns, curriculum evaluation, and development of business plans.
  - b. Grants to programs with a viable business plan to support early childhood facility development and expansion in areas with a demonstrated need.
4. The department shall coordinate with other state agencies as necessary to implement the provisions of this section.

## Budget Allocation

Funding appropriated for the implementation of the law's child care recruitment, training and retention efforts, known as the Growing Child Care Initiative, have been allocated in three categories:

1. Child care workforce training
2. Program incentives and scholarships to child care programs and individuals
3. Technical assistance to child care programs and individuals (13 program consultants)

**Workforce Training** - \$281,828 / \$81,676

**Program Incentives & Scholarships** - \$999,608 / \$92,792

**Technical Assistance** - \$1,021,300 / \$622,796

■ Spent/Encumbered ■ Remaining in Budget

Figure 1 - 18 Month Spending vs. Budget



## Workforce Training

**Goal:** Develop and deliver 120 hours of online training that leads to the Child Development Associate (CDA), a national credential designed specifically for individuals working in early childhood.

136 hours of CCR&R's online training is provided free of charge and is available on demand at [www.ndchildcare.org](http://www.ndchildcare.org). The high completion rate indicates it to be a popular format choice for child care providers. Training is delivered in competency areas and include topics such as business operations, child development, health and safety, learning environment, and interactions with children. ND CCR&R delivers the training content needed to meet requirements of the Child Development Associate (CDA) national credential.

### Training Delivery: 7/1/2011 to 12/31/2012

Number of Online Courses	Hours of Online Training	Online Course Completions	Face-to-Face Training Events	Hours of Face-to-Face Training	Training Event Attendance
103	331.5	43,831	91	301.5	2,135

### Growing Futures Registry: 7/1/2011 to 12/31/2012

The Growing Futures Professional Development Registry was fully launched this biennium. The goal is to track, support and promote a well-trained and skilled workforce.

Workforce Registrants	Workers with Related Credentials or Higher Education	Registered Trainers	Registered Trainings
1,600 (34%)	308 (19%)	167	1281

### Training Hours by Competency Area

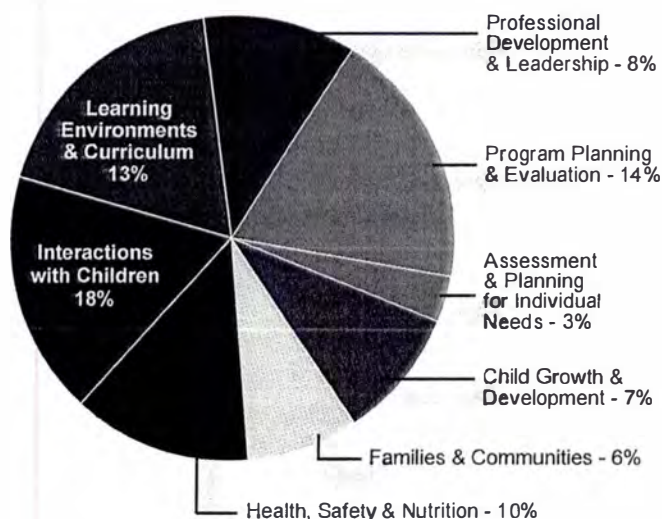


Figure 2 - Source: ND CCR&R Training Database

## Quality Improvement / Technical Assistance

**Goal:** During the biennium, provide technical assistance and support to 200 family child care providers and 24 centers focusing on business operations, health and safety, learning activities, environments, etc.

138 child care programs have participated in the retention program from 7/1/11 to 12/31/12, preserving and increasing quality in 3,235 slots. Skilled CCR&R consultants made approximately 976 on-site visits to troubleshoot issues, conduct observations, and work with the operator to make an action plan to strengthen the business. Providers are encouraged to take online training courses related to their action plans. The consultants then help the provider implement what they are learning in the course to achieve goals and improve their caregiving environment.

To identify the program elements to be addressed, CCR&R consultants conduct program assessments using a research-based assessment tool, Environment Rating Scales. The chart below shows average initial scores by category of 134 classrooms or programs in the project. Prior to technical assistance, participating programs average 3.64 on a 7.00 point scale.

To assist program operators with their improvement goals, participants receive incentives averaging \$1,500 for family/group child care and \$9,000 for centers. Dollars are typically spent on items such as learning materials (fine and large motor, dramatic play, art, music/movement, books, blocks, science and math, and multicultural), necessary equipment such as low shelving, and low tables and chairs, diaper changing stations, and cribs/cots.

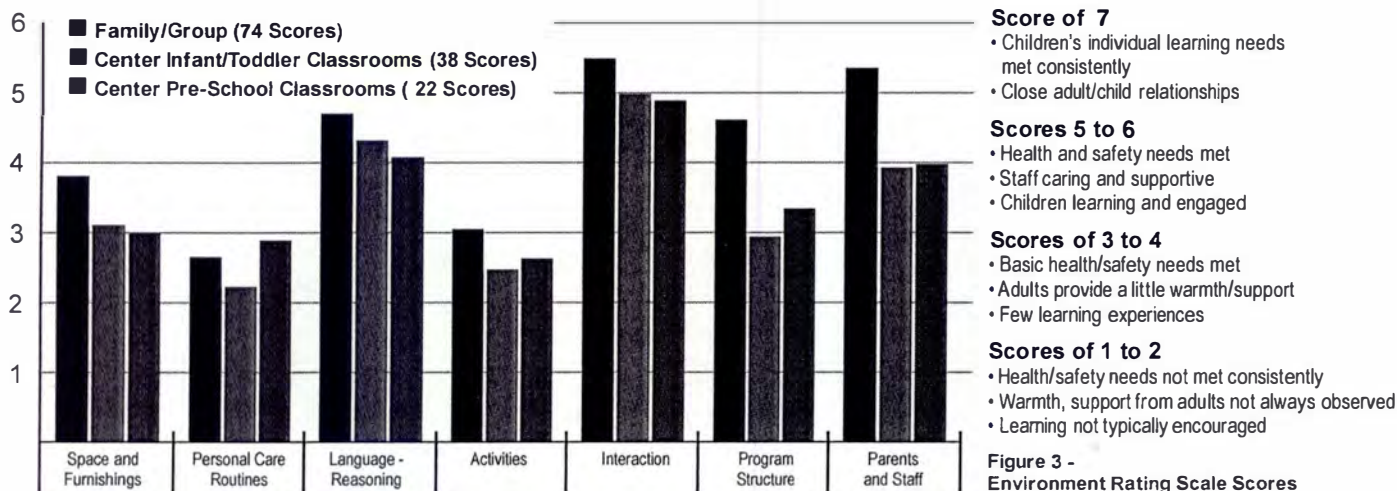


Figure 3 - Environment Rating Scale Scores



# Build Capacity

*Goal: During the biennium, add 180 family child care providers and 8 new child care centers.*

283 new child care programs have been added, totaling approximately 3,978 new spaces. 171 programs, through 12/31/2012, took advantage of incentives and technical assistance:

## 161 new home-based child care start-ups

Incentives range from \$800 to \$2,000.

6 new large Group Facilities with incentive range of \$1600 to \$5000.

Typically, programs purchase health/safety items like fire extinguishers, safety gates, and other foundational items such as low, open shelving, cribs or cots, small tables and chairs, high chairs, and materials that promote learning such as books, blocks, dramatic play items, music/movement, or fine and large motor items.

Training includes online courses such as creating contracts and policies, recordkeeping and taxes, and marketing their business, as well as health and safety topics including preventing illness, child care safety, and creating an appropriate environment.

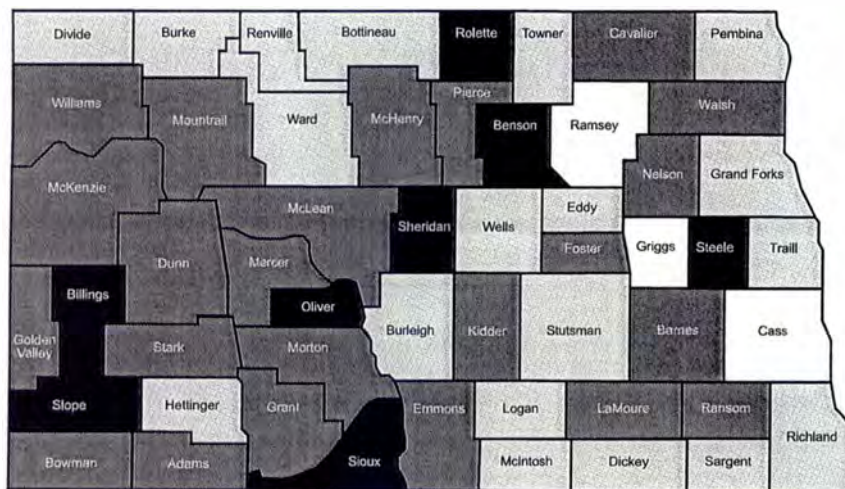
An average of 4 technical assistance visits and numerous check-in contacts were completed to provide guidance to each new operator.

## 4 new child care centers have opened after participating in the center recruitment project, and another 4 are currently working towards start-up.

Incentives of up to \$10,000 help new programs purchase needed furnishings including low, open shelving, cribs or cots, low table and chairs, high chairs, diapering changing stations and learning materials such as books, blocks, dramatic play items, music/movement, and fine and large motor items.

New programs work cooperatively with CCR&R's early childhood, health and business consultants. The early childhood consultant helps the program create policies and procedures, program staffing, select equipment, create environments, choose curriculum, and work with families. The health consultant works with the director on safety audits and assists in creating health procedures and policies, exclusion guidelines, and medication administration protocol. The business consultant assists in developing a sound business plan, a start-up and an operational budget.

Additionally, CCR&R has interacted with 34 communities across North Dakota to address child care. The approach in each community varies to accommodate local leadership, goals and timelines. CCR&R brings current supply and demand data and integrates that with local information to document the potential need, identify compatible child care business models, operational structures, facility identification and design, furnishings and supplies, staffing and training, policy development, marketing and enrollment.



## Extent Licensed Care Meets Demand

Figure 4 - Source: ND CCR&R Database



## About Us

North Dakota Child Care Resource & Referral was launched in 1989. We assist families in their search for quality child care, build the knowledge and skills of early childhood professionals and expand the capacity of care to meet community needs.

ND CCR&R's vision for our training division is that every child care provider possesses the knowledge and skills to support children's healthy development and is prepared to provide that care in a quality child care environment.

### CCR&R office locations in western North Dakota

- Bismarck: 888-223-1510
- Minot: 800-450-7801

### CCR&R office locations in eastern North Dakota

- Fargo/Moorhead: 800-941-7003
- Grand Forks: 888-778-3435
- Jamestown: 888-767-0350

[www.ndchildcare.org](http://www.ndchildcare.org)



## Growing Child Care Interim Progress (July 1, 2011 to December 30, 2012)

COUNTY	Children Potentially Needing Care	Net Change from 2010 Data	Total Licensed Child Care Programs 12/30/12	Total Licensed Child Care Capacity 12/30/12	Size of Child Care Workforce	New Child Care Programs Added	New Child Care Capacity Added	Unduplicated CCR&R Training Participation¹	Child Care Programs Participating in Retention Efforts	Child Care Capacity Retained	Extent Licensed Care Meets Potential Demand
Adams	280	70	5	66	11	-	-	5	-	-	24%
Barnes	1,187	16	12	297	38	5	56	62	2	25	25%
Benson	1,165	(14)	1	18	1	-	-	17	-	-	2%
Billings	80	6	-	-	-	-	-	-	-	-	0%
Bottineau	608	8	13	158	16	2	25	24	1	7	26%
Bowman	403	40	5	102	9	-	36	12	-	-	25%
Burke	240	63	3	76	7	-	-	13	1	40	32%
Burleigh	11,867	1,557	170	4,830	735	19	432	809	10	370	41%
Cass	20,978	1,600	364	11,018	1,595	83	1,305	2,106	29	929	53%
Cavalier	479	163	6	115	21	1	7	37	2	78	24%
Dickey	722	39	15	301	33	1	7	57	1	18	42%
Divide	193	39	1	60	18	-	-	20	2	36	31%
Dunn	360	14	4	59	5	1	16	14	-	-	16%
Eddy	270	39	6	91	22	1	15	25	2	19	34%
Emmons	381	47	8	94	11	-	-	13	-	-	25%
Foster	375	(15)	4	58	8	1	12	11	2	36	15%
Golden Valley	224	70	3	50	7	-	-	2	-	-	22%
Grand Forks	7,681	(392)	149	3,074	552	47	691	711	12	215	40%
Grant	283	98	4	39	7	-	-	7	-	-	14%
Griggs	212	(17)	6	112	12	2	14	11	2	36	53%
Hettinger	209	43	4	65	8	-	-	10	-	-	31%
Kidder	233	10	2	25	4	-	-	9	-	-	11%
Lamoure	537	161	8	134	15	1	7	25	1	18	25%
Logan	217	31	6	100	14	3	29	12	1	7	46%
McHenry	680	148	8	117	35	1	7	26	-	-	17%
McIntosh	312	75	6	100	8	-	-	14	-	-	32%
McKenzie	942	297	5	117	19	2	17	28	-	-	12%
McLean	1,035	309	13	181	20	1	18	41	1	7	17%
Mercer	876	189	15	220	15	3	32	23	1	18	25%
Morton	4,139	600	52	985	134	6	47	175	4	66	24%
Mountrail	1,043	128	8	140	22	1	18	43	1	39	13%
Nelson	345	89	7	74	13	3	21	13	2	14	21%
Oliver	227	91	1	18	3	-	-	5	-	-	8%
Pembina	851	110	11	250	31	1	7	19	-	-	29%
Pierce	608	161	7	140	17	-	-	22	1	50	23%
Ramsey	1,317	(188)	38	881	105	13	157	117	8	151	67%
Ransom	673	12	8	137	21	2	25	21	3	55	20%
Renville	321	107	4	116	13	-	-	15	-	-	36%
Richland	2,126	33	47	813	117	16	244	115	2	27	38%
Rolette	2,088	(264)	6	143	18	1	18	98	1	70	7%
Sargent	488	49	9	125	11	4	42	13	5	56	26%
Sheridan	97	42	-	-	1	-	-	1	1	-	0%
Sioux	884	108	-	-	-	-	-	4	-	-	0%
Slope	70	19	-	-	-	-	-	-	-	-	0%
Stark	3,132	343	57	720	174	6	62	163	5	189	23%
Steele	203	34	1	18	3	-	-	12	-	-	9%
Stutsman	2,581	283	47	793	106	16	187	131	12	134	31%
Towner	269	91	6	105	13	2	25	20	1	7	39%
Trall	1,056	128	15	333	97	2	14	62	-	-	32%
Walsh	1,317	(43)	16	321	29	6	75	48	2	80	24%
Ward	8,214	(211)	123	2,320	328	17	173	423	10	285	28%
Wells	372	(8)	5	106	9	2	25	13	-	-	28%
Williams	3,063	583	40	655	69	11	112	90	1	36	21%
<b>TOTAL</b>	<b>88,513</b>	<b>6,991</b>	<b>1,354</b>	<b>30,870</b>	<b>4,580</b>	<b>283</b>	<b>3,978</b>	<b>5,767</b>	<b>129</b>	<b>3,118</b>	<b>35%</b>

Figure 5 - Source: ND CCR&R Databases

## The Early Childhood Universe

**Goal: All components build a quality early care and education system that 1) fosters learning and development 2) supports economic development**

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	Child Care	Pre-K
Facilities	SB 2018 \$2,600,000 (Commerce) Housing Incentive Fund \$187,500 maximum  SB 2018 400,000 (Commerce) Housing Incentive Fund Grants for providers caring for children with special needs  HB 1113 \$500,000 (Commerce) Low interest loans	HB 1013 \$125,000 (DPI) \$5,000 per classroom
Trained Workforce	HB 1012 \$2,717,399* (DHS) Quality set aside of Federal Child Care Development Block Grant	HB 1013 \$150,000 (DPI) continuing Ed grants
On-going Support	HB 1012 \$3,150,000 (DHS) General Fund  HB 1422 \$2,600,000 (DHS) Includes \$500,000 for inclusive child care General Fund  \$400,000 (DHS) General Fund	HB 1356 \$2,600,000 (DPI) Early Childhood grants to school districts
Parent Subsidies	HB 1012 \$20,989,665* (DHS) Child Care Assistance of Federal Child Care Development Block Grant  \$897,336 (DHS) TANF	
Regulation	HB 1012 \$773,081* (DHS) Quality set aside of Federal Child Care Development Block Grant	

HB1013 \$200,000 (DPI) Study

**\*Same level of funding for at least 10 years**



# The Early Childhood Universe

#1

Goal: All components build a quality early care and education system that 1) fosters learning and development 2) supports economic development

	Child Care	Pre-K
Facilities	<p>SB 2018 \$2,600,000 (Commerce) Housing Incentive Fund \$187,500 maximum</p> <p>SB 2018 400,000 (Commerce) Housing Incentive Fund Grants for providers caring for children with special needs</p> <p>HB 1113 \$500,000 (Commerce) Low interest loans</p>	<p>HB 1013 \$125,000 (DPI) \$5,000 per classroom</p>
Trained Workforce	<p>HB 1012 \$2,717,399* (DHS) Quality set aside of Federal Child Care Development Block Grant</p>	<p>HB 1013 \$150,000 (DPI) continuing Ed grants</p>
On-going Support	<p>HB 1012 \$3,150,000 (DHS) General Fund</p> <p>HB 1422 \$2,600,000 (DHS) Includes \$500,000 for inclusive child care General Fund</p> <p>\$400,000 (DHS) General Fund</p>	<p>HB 1356 \$2,600,000 (DPI) Early Childhood grants to school districts</p>
Parent Subsidies	<p>HB 1012 \$20,989,665* (DHS) Child Care Assistance of Federal Child Care Development Block Grant</p> <p>\$897,336 (DHS) TANF</p>	
Regulation	<p>HB 1012 \$773,081* (DHS) Quality set aside of Federal Child Care Development Block Grant</p>	

HB1013 \$200,000 (DPI) Study

\*Same level of funding for at least 10 years



Addressing Child Care Needs in North Dakota

Kelvin Hallet

#2

HB 1422

4-11-13

Issues:

1. Bringing new facilities on-line to increase capacity to need.
2. Creating opportunities for existing facilities to cash flow.

Child Care Facilities

\$2.5m to "Hub Cities" of Williston, Dickinson, Minot and Watford City  
Administered through the Political subdivisions who decide how to utilize

\$3.5m for facilities in all of North Dakota.

Requirement for utilization of Turnkey or Specific Requirements for Grant

Up to 90% match (\$225k) based on \$250k entry cost

Direct Grant Assistance

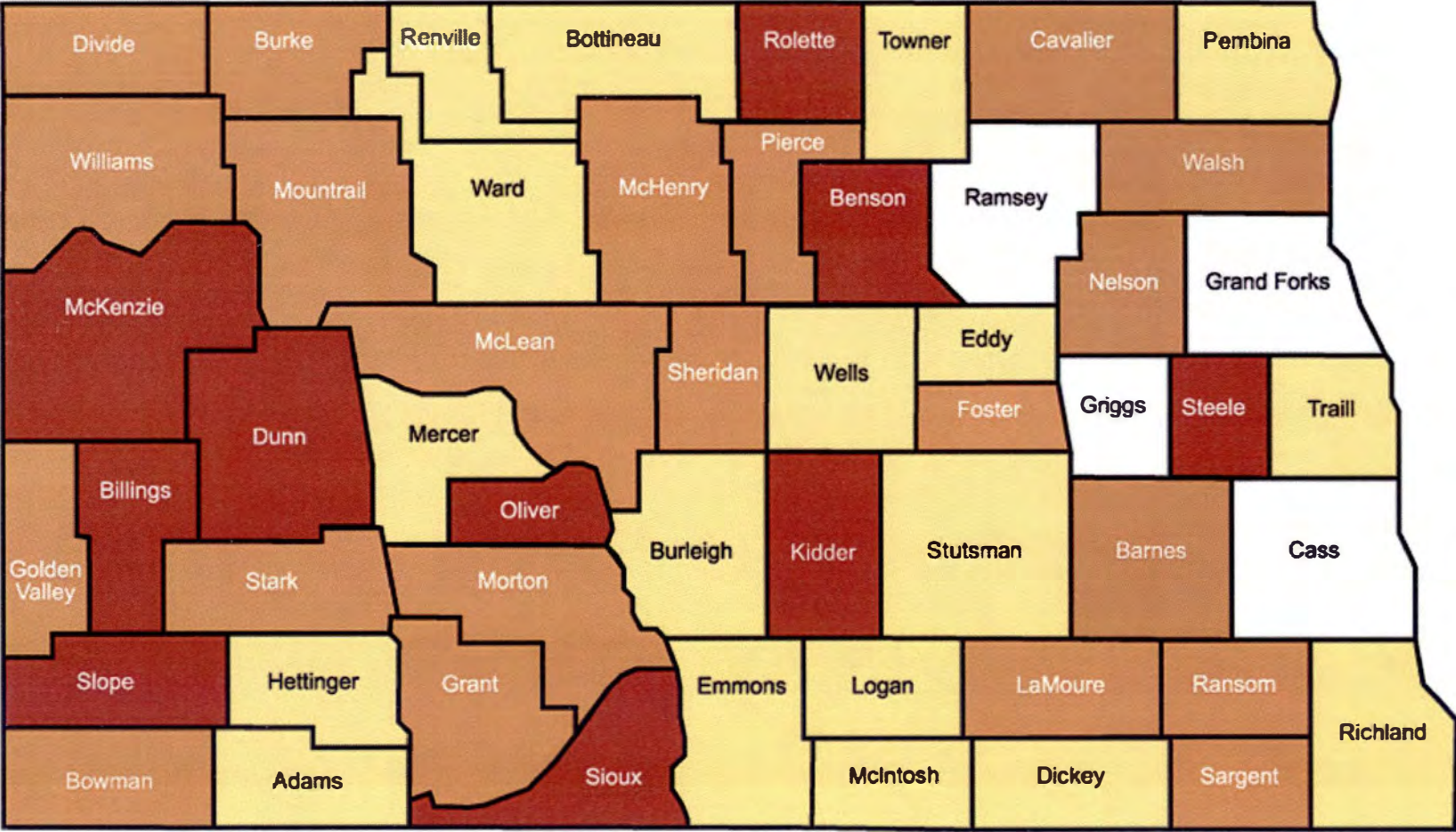
\$1.5m allocated to a Utility Grant Program.

Grant of up to 50% of Heat and Lights

Business Tax Credit for development of child care facilities

Linda Reinicke 3  
HB 1422  
4-11-13

# Extent Child Care Meets Demand



0 to 10% 11 to 25% 26 to 49% 50 to 80%

Source: Potential Demand for Child Care (2012), CCR&R Parent Services Database



**Dr. Richard Rathge, ND Kids Count,  
projected ND's child care supply reaching 54% of demand in 2025  
if the child care supply was increased by 3% on an annual basis**

	Centers			Family/Group			Total All Facilities		
	Spaces	Facilities	Workforce	Spaces	Facilities	Workforce	Spaces	Facilities	Workforce
2008	10,710	128	2,004	14,792	1,236	1,721	25,502	1,364	3,725
2009	12,630	136	2,126	14,541	1,214	1,681	27,171	1,350	3,807
2010	12,801	139	2,212	14,658	1,238	1,708	27,459	1,377	3,920
2011	13,247	142	2,403	14,529	1,226	1,698	27,776	1,368	4,101
2012	13,937	153	2,508	14,013	1,162	1,661	27,950	1,315	4,169
<b>Need by 2025</b>	<b>9,200</b>	<b>92</b>	<b>1,472</b>	<b>12,135</b>	<b>946</b>	<b>1,481</b>	<b>21,335</b>	<b>1,038</b>	<b>2,953</b>



## Ten Year Growth in Oil Counties

Projecting 30% in 2015, 35% in 2020 and 40% in 2025

Aggressive growth needed to bring supply to 50% of demand

	2015 @ 30% Growth	2020 @ 35% Growth	2025 @ 40% Growth
Center spaces	1,634	2,612	1,675
# Center facilities →	16	26	17
Group spaces	1,307	2,090	1,340
# Group facilities →	73	116	74
Family spaces	327	522	335
# Family child care →	47	75	48



## Ten Year Growth in Non-Oil Country Projecting an Annual Growth of 3%

	2015 @ 3%	2020 @ 3%	2025 @ 3%
Center spaces	740	2,068	3,481
# Center facilities	7	21	35
Group spaces	592	1,654	2,785
# Group facilities	33	92	155
Family spaces	148	414	696
# Family child care	21	59	99

# Child Care Crisis in Oil Country

- Nine centers in Minot near closure. Programs
  - Tightened their belts
  - Increased their fees an average of 14%-17%
  - Dipped into reserves and borrowing to make payroll
  - Using credit cards to pay for food
- All programs in oil country face closure or inability to provide quality care due to
  - Inability to recruit and retain staff
    - 50-100% staff turnover (one program in Minot had a 200% turnover)
    - Five infant rooms closed in Minot due to lack of staff
  - Need to increase salaries (from \$8 to \$15 an hour)
- Programs cannot solely depend on parent fees, their primary source of income
  - Parent fees already increased by 14%-17%
  - To accommodate salary increases, must raise fees by 40%-90% (over \$300 a week)
  - Rich parents will be able to pay for quality care. Middle income families forced to choose less-than-adequate care
- Oil country child care can't wait for 2015 study results. Provide gap funding

## Gap Funding for Child Care in Oil Country

	<u>Annual</u>	<u>Biennium</u>
16 Centers @ \$150,000 =	\$ 2,400,000	\$ 4,800,000
40 Groups @ \$ 20,000 =	\$ 800,000	\$ 1,600,000
		<b>\$ 6,400,000 BIENNIUM TOTAL</b>



## Budget for 49 Children with Current Average Fees for Ward County

Center Fees				2013 Cost	2012 Cost	Increase	% increase
Classrooms	Ages	# children	Cost/week	Per Child	per Child*		
8 infants	0-18 months	8	\$ 160	\$ 8,320	\$ 8,066	\$ 254	3%
10 toddlers	18-36 months	9	\$ 150	\$ 7,800	\$ 7,705	\$ 95	1%
14 three year olds	3 & 4 years	13	\$ 145	\$ 7,540			
20 four year olds	4 & 5 years	19	\$ 140	\$ 7,280	\$ 6,734	\$ 546	8%
<b>Total children</b>		<b>49</b>					

### Income

Fees at 95% capacity	\$ 354,445
----------------------	------------

### Expenses

Salaries	\$ 415,832
Benefits	\$ 54,000
Occupancy	\$ 42,000
Operating Budget	\$ 68,255
<b>Total Expenses</b>	<b>\$ 580,087</b>

<b>Income over Expenses</b>	<b>\$ (225,642)</b>
-----------------------------	---------------------

### Salaries

Director	\$ 22
Lead Teachers	\$ 15
Assistants	\$ 13
Cook	\$ 13
Janitor	\$ 13

### Benefits\*

Director	In salary calculation
FT staff (9)	\$ 54,000

\*Calculated @\$500/month/staff

Centers in Minot with more than 49 children must install hard wired alarm system and sprinkler system (cost of \$60,000 to 100,000)

## Budget for 49 Children with Increased Fees

Center Fees				2013 Cost	2012 Cost	Increase	% increase
Classrooms	Ages	# children	Cost/week	Per Child	per Child*		
8 infants	0-18 months	8	\$ 300	\$ 15,600	\$ 8,066	\$ 7,534	93%
10 toddlers	18-36 months	9	\$ 275	\$ 14,300	\$ 7,705	\$ 6,595	86%
14 three year olds	3 & 4 years	13	\$ 225	\$ 11,700			
20 four year olds	4 & 5 years	19	\$ 225	\$ 11,700	\$ 6,734	\$ 4,966	74%
<b>Total children</b>		<b>49</b>					

Providers in Stark, Ward and Williams Counties have increased fees 7%-19% over last two years

### Income

Fees at 95% capacity	\$ 596,505
----------------------	------------

### Expenses

Salaries	\$ 415,832
Benefits	\$ 54,000
Occupancy	\$ 42,000
Operating Budget	\$ 68,255
<b>Total Expenses</b>	<b>\$ 580,087</b>

<b>Income over Expenses</b>	<b>\$ 16,418</b>
-----------------------------	------------------

### Salaries

Director	\$ 22
Lead Teachers	\$ 15
Assistants	\$ 13
Cook	\$ 13
Janitor	\$ 13

### Benefits\*

Director	In salary calculation
FT staff (9)	\$ 54,000

\*Calculated @\$500/month/staff



PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for the creation of a child care facility and assistance program; and to provide an appropriation.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1.**

**Childcare facility and assistance program.**

The department of commerce shall administer a childcare facility and assistance program. For purposes of this section, an "eligible child care facility" means a "child care center" or "group child care" as defined in section 50-11.1-02. The program must consist of:

1. Child care facility construction and expansion assistance grants to hub cities to assist in the construction or expansion of child care facilities. For purposes of this subsection, a "hub city" means a city with a population of twelve thousand five hundred or more, according to the last official decennial federal census, which has more than one percent of its private covered employment engaged in the mining industry, according to data compiled by job service North Dakota.
2. Child care facility construction and expansion assistance grants to eligible child care facilities statewide to assist in the construction or expansion of child care facilities.
3. Child care facility construction and expansion assistance grants to eligible child care facilities in small cities to assist in the construction or expansion of child care facilities. A request for a grant under this subsection must be submitted by a city on behalf of an eligible child care facility. The department may award grants under this subsection for new child care facilities of up to ninety percent of the construction project cost up to a maximum grant of two hundred twenty-five thousand dollars. The department may award grants under this subsection for existing child care facility expansion projects that will increase child care capacity by at least twenty-five percent up to a maximum grant of fifty thousand dollars, subject to the facility providing a dollar-for-dollar match. For purposes of this subsection, an "eligible child care facility" means a child care facility located in a city with a population of less than eight thousand, according to the last official decennial federal census.
4. Utility assistance grants to eligible child care facilities statewide to assist defraying up to fifty percent of the cost of water, sewer, heat, electricity, and garbage services.

**SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$7,500,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of defraying the expenses of the child care facility and assistance program, for the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

Construction and expansion assistance grants - Hub cities	\$2,000,000
Construction and expansion assistance grants - Statewide	\$3,500,000
Construction and expansion assistance grants - Small cities	\$500,000
Utility assistance grants - Statewide	\$1,500,000"

Renumber accordingly

## Employer-Provided Child Care Credit Summary

HB 1422 Conference Committee

- An employer is allowed a credit for qualified childcare expenditures incurred by the employer for providing child care for employees.
  - The credit is 50% of “qualified childcare expenditures”
  - An employer must employ one or more full-time equivalent employees.
  - The employer's primary source of income must be from a business other than the business of providing childcare services.
  
- There are Four Types of Qualified Child Care Expenditures:
  1. Costs To Acquire, Construct, Rehabilitate, Or Expand Property.
    - i. Typically these costs include Depreciable Property as allowed under the federal tax code.
    - ii. The costs must be used as part of a qualified child care facility;
    - iii. The acquisition, construction, rehabilitation or expansion of the property cannot be part of the principal residence of the taxpayer or any employee of the taxpayer.
  2. Direct Costs Necessary For The Operation Of The Child Care Facility. Examples include tables, playground equipment, toys, ovens, and refrigerators.
  3. Indirect or Overhead Costs. Examples include insurance, utilities, front office salaries, property taxes, legal fees, and advertising.
  4. Contract Costs To Hire Another Qualified Child Care Facility. This facility would provide child care services to employees of the taxpayer.
    - The employer can also contract with the facility to pay other costs of the facility such as its overhead costs or direct costs.
  
- The Credit Is Allowed For Costs Incurred For “Qualified Child Care Facilities.”
  - A Qualified Child Care Facility is one that provides child care assistance to the taxpayer's employees.
  - The facility must meet the requirements of all applicable laws and regulations of the state and local government in which it is located.
  - The child care facility must be open to all employees and on an equal opportunity basis.
  
- Five-year carry forward

#1

## House Bill 1422

Recruitment	Actual Outcomes in 2011-2013 (\$3.1M)		\$9.1 M
New family-group providers	190	In 2013-2015, increase incentive levels to better attract more providers	350
New family-group spaces	2,280		4,200
Incentive ranges	\$800-\$2,000		\$5,000
% family/group programs impacted	15%		Estimated 28%
New centers	8		12
New center spaces	600		900
Incentive ranges	\$5,000 - \$9,000		\$50,000
% centers impacted	5%		Estimated 8%

Over last five years, programs accessing CCR&R start-up services maintained 70% retention rate. Those not, 30%. North Dakota loses approximately 200 programs annually.

2,880 Total new spaces created in 2011-2013

5,100 Total new spaces for 2013-2015

Retention	Actual Outcomes in 2011-2013 (\$3.1M)		\$9.1 M
Family-Group providers retained	110	In 2013-2015, increase incentive levels to better retain existing providers	250
Family-Group spaces retained	1,320		3,000
Incentive ranges	\$800-\$2,000		\$5,000
% programs impacted	9%		20%
Centers	24		45
Center spaces retained	1,800		3,375
Center incentive ranges	\$5,000 - \$9,000		\$50,000
% centers impacted	16%		30%

0.489411765

3,120 Total new spaces retained in 2011-2013

6,375 Total new spaces retained in 2013-2015

#### Technical Assistance includes:

Business planning and review	Accommodating children with special needs
Cash flow, fee analysis	Health and safety protocols
Staffing patterns	Human resources (hiring and firing practices)
Debt load	Facility design and space planning
Recordkeeping, contracts	Early learning programming
Board engagement	Training



## House Bill 1422

### 2013-2015 Recruitment

Adding 350 family providers (160 increase over last biennium) and 12 centers (4 increase)

Reaching an estimated 28% of new family child care programs and 8% of new centers

Increasing capacity by 5,100 (44% increase over last biennium)

Family provider start-up incentives increased from \$800-\$2,500 to \$5,000 to better recruit programs

Center start-up incentives increased from \$9,000 to \$50,000

Providers agree to access child care business training and receive on-site technical assistance

### 2013-2015 Retention

Retaining 250 family providers (increase of 140) and 45 centers (increase of 26)

Reaching an estimated 20% of new family child care programs and 30% of centers

Retaining 6,375 spaces. 59% increase over 2011-2013

Family provider start-up incentives increased from \$800-\$2,500 to \$5,000 to better recruit programs

Center start-up incentives increased from \$9,000 to \$50,000

Providers agree to access child care business training and receive on-site technical assistance

*From: Kelvin Dullit  
Bismarck Herald (Lambert)*

April 2013

## PROPOSED CHILD CARE-RELATED FUNDING - 2013-15 BIENNIUM

The schedule below provides information on proposed funding under consideration by the Legislative Assembly relating to child care and early childhood education during the 2013-15 biennium, **as of April 22, 2013.**

Infrastructure	General Fund	Special Funds	Total
HB 1013 - Department of Public Instruction - Grants of up to \$5,000 per classroom to assist schools making safety compliant space available for licensed prekindergarten programs	\$125,000	\$0	\$125,000
HB 1113 - Department of Commerce - Continues to provide financing to early childhood facilities from the development fund through a continuing appropriation	0	500,000	500,000
SB 2018 - Housing Finance Agency - Grants of up to \$187,500 from the housing incentive fund to political subdivisions for new and expanded licensed child care facilities and essential equipment for the facilities	0	2,600,000	2,600,000
SB 2018 - Bank of North Dakota - Expansion of the beginning entrepreneur loan guarantee program to include child care facilities <sup>1</sup>	0	17,762,391 <sup>1</sup>	17,762,391 <sup>1</sup>
SB 2014 - Bank of North Dakota - Provides a transfer from Bank of North Dakota profits to the partnership in assisting community expansion (PACE) fund <sup>2</sup>	0	10,000,000 <sup>2</sup>	10,000,000 <sup>2</sup>
Total infrastructure funding	\$125,000	\$30,862,391	\$30,987,391
<b>Workforce and training</b>			
HB 1012 - Department of Human Services - Early childhood contracts providing training, technical assistance, and professional development for child care providers, maintaining child care provider lists, and recruiting providers	\$166,221	\$2,551,178	\$2,717,399
HB 1012 - Department of Human Services - Grants to child care providers for workforce development, quality improvement technical assistance, and capacity building in accordance with North Dakota Century Code Section 50-11.1-14.1	3,150,000	0	3,150,000
HB 1012 - Department of Human Services - Child care provider licensing reviews and revisions of administrative rules for child care facilities	142,964	630,117	773,081
HB 1013 - Department of Public Instruction - Continuing education grants for preschool teachers	150,000	0	150,000
HB 1250 - Provides a tax credit equal to 50 percent of the qualified child care expenditures, including operations, construction, and overhead	Unknown	Unknown	Unknown
HB 1422 - Department of Human Services - Provides an appropriation for a child care stabilization initiative	6,000,000	0	6,000,000
SB 2018 - Housing Finance Agency - Grants from the housing incentive fund to licensed early childhood service providers that provide care to children with disabilities or developmental delays pursuant to Section 50-11.1-18	0	400,000	400,000
Total workforce and training funding	\$9,609,185	\$3,581,295	\$13,190,480
<b>Low income and welfare subsidies</b>			
HB 1012 - Department of Human Services - Child care grant payments to providers on behalf of eligible recipients for child care services	\$252,686	\$20,645,979	\$20,898,665
HB 1012 - Department of Human Services - Child care transition assistance including payments to temporary assistance for needy families (TANF)-eligible recipients for child care services	0	897,336	897,336
HB 1012 - Department of Human Services - Head Start collaboration providing support to local Head Start programs	0	198,468	198,468
Total low income and welfare subsidy funding	\$252,686	\$21,741,783	\$21,994,469
<b>Studies</b>			
HB 1013/SB 2229 - Department of Public Instruction - HB 1013 provides funding and SB 2229 provides language for a study of early childhood care and early childhood education	\$200,000	\$0	\$200,000
SB 2018 - Provides for a Legislative Management study of the current and potential child care service needs and child care workforce needs	0	0	0

Infrastructure	General Fund	Special Funds	Total
SB 2244 - Provides for a Legislative Management study of the availability and access to child care services in the state and the state's role in ensuring available and accessible child care services in the state	0	0	0
Total study funding	\$200,000	\$0	\$200,000
Total child care-related funding	\$10,186,871	\$56,185,469	\$66,372,340
<sup>1</sup> This amount reflects the total funds available for the beginning entrepreneur loan guarantee program as of March 31, 2013, and the Bank of North Dakota has authority to carry over any unexpended funds.			
<sup>2</sup> This amount reflects the portion of the \$28 million transfer to the PACE fund, which the Bank of North Dakota intends to designate to flex PACE. Child care facility loans could qualify for flex PACE interest buydowns of up to \$100,000 per loan.			

April 25, 2013

4-26-2013  
morning

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

That the Senate recede from its amendments as printed on page 1687 of the House Journal and page 1413 of the Senate Journal and that Engrossed House Bill No. 1422 be amended as follows:

Page 1, line 4, remove "and"

Page 1, line 5, after "initiative" insert "; and to provide an expiration date"

Page 1, line 18, replace "The" with "If a facility licensed under this chapter has sufficient indoor recreation space, the"

Page 1, line 18, remove "the recreation areas used by children in a facility licensed"

Page 1, line 19, replace "under this chapter to be indoors" with "outdoor play space"

Page 2, replace lines 1 through 24 with:

**"Staffing requirements.**

The maximum group size of children in a child care center must be:

1. For children less than eighteen months of age, the maximum group size is ten children;
2. For children eighteen months of age to thirty-six months of age, the maximum group size is fifteen children;
3. For children three years of age to four years of age, the maximum group size is twenty children;
4. For children four years of age to five years of age, the maximum group size is twenty-five children;
5. For children five years of age to six years of age, the maximum group size is thirty children; and
6. For children six years of age to twelve years of age, the maximum group size is forty children."

Page 2, line 26, replace "\$2,100,000" with "\$6,000,000"

Page 2, line 28, after "initiative" insert "under sections 50-11.1-14.1 and 50-11.1-18"

Page 2, line 28, remove "The

Page 2, remove lines 29 through 31

Page 3, replace lines 1 and 2 with:

**"SECTION 6. EXPIRATION DATE.** Section 4 of this Act is effective until the date the administrative rules containing the requirements of section 4 on maximum group size of children in a child care center take effect. The department of human services



shall certify to the legislative council the date those rules will take effect, and as of that date section 4 becomes ineffective."

Renumber accordingly

## HB 1422 Budget

Linda Lembke

218-299-7025

Linda Reinicke

701-226-2501

#2  
4-26-2013  
morning  
HB 1422

Incentives	\$ 5,849,991
Training, Recruitment, and Retention	\$ 3,250,083
<b>Total</b>	<b>\$ 9,100,074</b>

Training, Recruitment, and Retention	Per Year	Amount	Annual	Biennium
Registry coordinator	\$ 73,866	1	\$ 73,866	
Project coordinators	\$ 73,866	2	\$ 147,731	
Health consultants	\$ 73,866	3	\$ 221,597	
Special needs specialists	\$ 73,866	2	\$ 147,731	
Human resource and accounting services	\$ 73,866	2	\$ 147,731	
Business Consultants	\$ 73,866	2	\$ 147,731	
Family child care consultants	\$ 73,866	3	\$ 221,597	
Family child care consultants	\$ 73,866	3	\$ 221,597	
Center consultants	\$ 73,866	2	\$ 147,731	
Center consultants	\$ 73,866	2	\$ 147,731	
<b>TOTAL</b>			<b>\$ 1,625,041</b>	<b>\$ 3,250,083</b>

Pink cells indicate new staff for 2013-2015 biennium.

Expenses per staff person		Annual
Salary		\$ 45,200
Benefits		\$ 11,300
Occupancy		\$ 6,518
Travel to rural communities @ .56 x 800 / mo		\$ 5,376
Subtotal		\$ 68,394
Agency CAP @ 8%		\$ 5,472
<b>TOTAL per staff person</b>		<b>\$ 73,866</b>

DHS contracts with two non-profit agencies to deliver child care resource and referral services. Lakes and Prairies Community Action Program serves eastern ND and Lutheran Social Services of ND serves western ND. Child Care Resource & Referral has offices in Minot, Grand Forks, Fargo, Jamestown and Bismarck.

#1

## Conference Committee Amendments for HB 1422

**SECTION A. LEGISLATIVE INTENT – CHILD CARE ASSISTANCE PROGRAM.** It is the intent of the legislative assembly that the department of human services change the eligibility requirement for the child care assistance program from fifty percent of the state median income to eighty-five percent of the state median income. Beginning July 1, 2014, if the funding appropriated to the department of human services in 2013 House Bill No. 1012 and in section B of this Act for the child care assistance program is sufficient, the department may reduce copay requirements for the child care assistance program. The department of human services shall report the impact of these changes to the legislative management.

**SECTION B. CONTINGENT APPROPRIATION.** If the changes in the eligibility and copay requirements for the child care assistance program as contained in Section A of this Act require more funding than what is appropriated to the department of human services in 2013 House Bill No. 1012 for the child care assistance program for the 2013-2015 biennium, there is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, for the purpose of implementing the changes contained in Section A of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015. If the changes in Section A of this Act can be implemented within the child care assistance program appropriation appropriated to the department of human services in 2013 House Bill No. 1012 for the child care assistance program for the 2013-2015 biennium, or requires less than the \$2,500,000 provided in this section, up to \$<sup>1,000,000</sup>x,xxx,xxx of the \$2,500,000 appropriated in this section may be used by the department to provide child care provider incentive grants pursuant to N.D.C.C. 50-11.1-14.1.

**SECTION C. APPROPRIATION.** There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing child care provider incentive grants pursuant to N.D.C.C. 50-11.1-14.1, for the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION D. APPROPRIATION.** There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$300,000, or so much of the sum as may be necessary, to the department of human services for the purpose of funding early childhood services specialists pursuant to N.D.C.C. 50-11.1-18, for the biennium beginning July 1, 2013, and ending June 30, 2015.

April 26, 2013

#1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1422

That the Senate recede from its amendments as printed on page 1687 of the House Journal and page 1413 and 1414 of the Senate Journal and that Engrossed House Bill No. 1422 be amended as follows:

Page 1, line 4, remove "and"

Page 1, line 5, replace "to the department of human services for a child care stabilization initiative" with "; to provide a contingent appropriation; to provide legislative intent; to provide a report to the legislative management; and to provide an expiration date"

Page 1, line 13, remove "provided by an employer for the children"

Page 1, line 14, replace "of employees which is not open to the public" with "services that are located in the actual building in which the child's parent is employed, not to exceed ten children per location"

Page 1, line 18, replace "The" with "If a facility licensed under this chapter has sufficient indoor recreation space, the"

Page 1, line 18, remove "the recreation areas used by children in a facility licensed"

Page 1, line 19, replace "under this chapter to be indoors" with "outdoor play space"

Page 2, replace lines 1 through 24 with:

**"Staffing requirements.**

The maximum group size of children in a child care center must be:

1. For children less than eighteen months of age, the maximum group size is ten children;
2. For children eighteen months of age to thirty-six months of age, the maximum group size is fifteen children;
3. For children three years of age to four years of age, the maximum group size is twenty children;
4. For children four years of age to five years of age, the maximum group size is twenty-five children;
5. For children five years of age to six years of age, the maximum group size is thirty children; and
6. For children six years of age to twelve years of age, the maximum group size is forty children."

Page 2, remove lines 25 through 31

Page 3, replace lines 1 and 2 with:



**"SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing child care provider incentive grants pursuant to section 50-11.1-14.1, for the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$300,000, or so much of the sum as may be necessary, to the department of human services for the purpose of funding early childhood services specialists pursuant to section 50-11.1-18, for the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 7. CONTINGENT APPROPRIATION.** If the changes in the eligibility and copay requirements for the child care assistance program as contained in section 8 of this Act require more funding than the amounts appropriated to the department of human services in House Bill No. 1012, as approved by the sixty-third legislative assembly, for the child care assistance program for the 2013-15 biennium, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to the department of human services for the purpose of implementing the changes contained in section 8 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015. If the changes in section 8 of this Act can be implemented within the child care assistance program appropriation appropriated to the department of human services in House Bill No. 1012, as approved by the sixty-third legislative assembly, for the child care assistance program for the 2013-15 biennium, or requires less than the \$2,500,000 provided in this section, up to \$1,000,000 of the \$2,500,000 appropriated in this section may be used by the department of human services to provide child care provider incentive grants pursuant to section 50-11.1-14.1.

**SECTION 8. LEGISLATIVE INTENT - CHILD CARE ASSISTANCE PROGRAM - REPORT TO THE LEGISLATIVE MANAGEMENT.** It is the intent of the legislative assembly that the department of human services change the eligibility requirement for the child care assistance program from fifty percent of the state median income to eighty-five percent of the state median income. Beginning July 1, 2014, if the funding appropriated to the department of human services in House Bill No. 1012, as approved by the sixty-third legislative assembly, and in section 7 of this Act for the child care assistance program is sufficient, the department of human services may reduce copay requirements for the child care assistance program. The department of human services shall report the impact of these changes to the legislative management.

**SECTION 9. EXPIRATION DATE.** Section 4 of this Act is effective until the date the administrative rules containing the requirements of section 4 of this Act on maximum group size of children in a child care center take effect. The department of human services shall certify to the legislative council the date those rules will take effect, and as of that date section 4 of this Act becomes ineffective."

Renumber accordingly

#2

Proposed amendments to conference committee amendments to HB No. 1422:

Page 1, line 5, replace "to the department of human services for a child care stabilization initiative" with  
"; to provide a contingent appropriation; to provide legislative intent; to provide a report to the  
legislative management; to provide an application; and to provide an expiration date."

Within the amendments on page 3, lines 1 and 2:

SECTION 9. APPLICATION. Section 4 of this Act does not apply to a child care center  
operator who has maintained a license since before January 1, 1999.

SECTION 10. EXPIRATION DATE. Section 4 of this Act is effective...