

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1227

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1227 creates 3 new income tax credits relating to child care: One for individuals with a dependent child; a second one for child care center employees who attend an approved professional development program; a third credit for businesses that incur expenses to provide child care services.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill creates a new income tax credit for an individual who places a dependent child under the age of 6 in a ND-licensed child care facility that meets minimum quality ratings under a ND Human Services-approved program. The credit is equal a percentage of the maximum available federal child care expense credit. One of 3 percentages applies depend quality rating achieved by the facility.

Section 2 of the bill creates a new income tax credit for an individual who is employed for at least 6 months in a ND-licensed child care facility and achieves a minimum career category ranking through a professional development program approved by the ND Dept. of Human Services. The credit is equal to \$750, \$1,500, or \$2,000, depending on the ranking achieved.

Section 3 of the bill creates a new income tax credit for businesses that incur or pay certain costs to either provide child care for its employees or to support child care resource and referral services. The credit is equal to 100% of the qualifying costs incurred or paid, up to specified maximum amounts.

All three sections of the bill provide for a 5-year carryover of an unused credit.

If enacted, HB 1227 will potentially reduce state general fund revenues. The amount of the reduction, if any, attributable to Sections 1 and 2 of the bill cannot be determined because of the numerous conditions placed on the credits. The amount of the reduction, if any, for Section 3 of the bill cannot be determined because the number of businesses that may incur qualifying expenses and the amount of those expenses are unknowns.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/20/2015

2015 HOUSE FINANCE AND TAXATION

HB 1227

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1227
1/21/2015
22299

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill relating to child care income tax credits.

Minutes:

Attachment #1,2,3,4,5,6,7

Chairman Headland: Opened hearing.

Representative Thomas Beadle: Introduced bill. Reviewed the bill. HB 1227 is one that stems from discussions in the interim economic impacts committee. Section 1 of the bill is what you would see in current federal law which is a child care credit towards parents who have their children in a licensed child care facility. This pegs the federal tax credit and based on how your kids are in different settings it gives you a subsequent state tax credit accordingly. The three tiers reference quality ratings within our facility. This is an incentive for parents to seek out quality child care opportunities. This would provide a little more relief for parents that are seeing an extraordinarily high cost for child care and incentive the quality aspect to go with the child care provisions. Section 2 of the bill is an incentive to the providers themselves. We have a work force shortage especially in child care. This will incentivize employees to get in child care and stay in child care industry. It provides tax credits to the workers in the field based off their level of career success or education or training. Section 3 of the bill is an incentive for businesses to provide child care opportunities for their employees. We want to allow a credit for businesses that either create child care operations or expand operations within their own site for their employees. If they didn't want to have an on-site one then they could partner up with maybe the local YMCA. This would give them the credit for purchasing or acquiring slots at a licensed child care facility within the state. Section 4 of the bill I will defer to counsel here. Section 5 of the bill is the large appropriation that expands the Bright and Early program to allow for state-wide. There are professionals here that can talk about the Bright and Early program. We were going to submit two separate bills; one for the Bright and Early and one for the credits, but since they are directly related in the sense of the rating systems and everything associated we decided to combine those and have one bill.

Representative Hatlestad: You've got ratings listed here. Is there some place where we can find a list of ratings and who does what and what classifies?

Representative Beadle: I'll defer to the experts regarding the full accessibility of that but I know brightnd.org is the website that has the Bright and Early lists. There are lists and classifications listed in there. I know they've been working on providing some information for parents to be able to seek out rated facilities and where they are at.

Representative Hatlestad: Does a daycare center have to publish what rating they have?

Representative Beadle: I don't believe so. The Bright and Early program is an optional program. It's intended as a guideline program so that providers have some direction for how to provide quality level of care.

Representative Haak: In your testimony you eluded to incentivize businesses to have day cares in their building or elsewhere. Could they partner with an individual to create a daycare facility and have a different store front?

Representative Beadle: In section 3 it gives the opportunity to partner with licensed providers elsewhere. I'm not sure how far it goes with the creation of a new one off site. I'm in full support of any amendments if anyone wishes to do so.

Chairman Headland: We'll take support for HB 1227.

Linda Reinicke, Program Director for Child Care Aware in western North Dakota: Provided written testimony in support. See attachment #1. (Ended at 27:30)

Chairman Headland: If the state would move forward with state funded pre-school or I can't remember the proper term for it, to provide for additional space in child care facilities?

Linda Reinicke: It depends on where pre-K is and how it will be delivered across the state. If pre-K happens solely in school systems then I predict it will be somewhat harmful on the child care industry. I'm going to go against existing thought that pre-K will build more child care spaces. It really can't unless pre-K settings get used from 6:30am when the children are dropped off until 5:30pm at night. I believe we need pre-K in such a way that it augments what child care already does and pre-K can strengthen the child care industry by bringing in that educational component into all the child care programs.

Representative Hatlestad: With the loss of the number of daycares, do you do any kind of exit discussion? I'm concerned about state regulations and what affect they play in people deciding to quit.

Linda Reinicke: We try to make follow up phone calls. We find the regulations aren't necessarily a key factor in them closing their business. Providers doing child care in their home is where we see the most turnover.

Chairman Headland: Further testimony in support?

Thomas Hill, Community Impact Director with United Way of Cass-Clay: Provided written testimony in support. See attachment #2.

Linda Sakrismo, YWCA in Fargo: Provided written testimony in support. See attachment #3.

Lisa Bennett, Director of Missouri Montessori in Bismarck: Provided written testimony in support for Carol Enger, Vice President of Public Policy for North Dakota Association for the Education of Young Children. See attachment #4.

Erica Kindem, Coordinator for Bright and Early North Dakota: Provided written testimony in support. See attachment #5.

Dana Bonn, Economic Development and Greater North Dakota Chamber: Provided written testimony in support from Jon Godfread, Vice Chairman Owens President of Government Affairs. See attachment #6.

Representative Boschee: Provided written testimony in support. See attachment #7. I also had the privilege of serving on the interim committee. We spent a lot of time in discussion learning about how child care is delivered and the merits of Bright and Early. We have two different ways in our state government to work with children; we have DHS through child care and DPI with early childhood education. Those two entities have been working together over the last few years to make sure the outcomes through DPI, pre-K, are delivered and fall in line with some of the top levels of Bright and Early. As young people are growing through their child care and entering into pre-K or staying in child care until they go to kindergarten they are receiving the same outcomes. The challenge we have now is to sustain child care and early childhood education and how we grow that throughout the state. The child care tax credits are a model from our colleagues in Louisiana and have proven to be fairly successful for them. We see it as a way that a minimal investment from the state up front is allowing us to benefit families that access this type of care and incentivizes this type of care throughout the state. (Referred to the attachment) This shows the highest challenges that child care providers have undergone throughout the state within a two year period. Bright and Early will incentivize better care and correction of errors we see on these sheets.

Representative Schneider: How important was it to the interim committee to take actions that involved these issues and what happens if we don't act?

Representative Boschee: The interim economic impact committee was challenged looking at child care delivery throughout the state. We looked at housing and transportation issues. Transportation really took the bulk of our focus. I think the biggest thing we learned was that programs like DHS will provide coaching and mentoring to people who want to start child care as a business. One in ten people who contact the department to set up a child care business actually move forward with it. A program like Bright and Early will help those people and hopefully increase the number of interested to become people who actually provide child care in their communities because those resources will be provided through Bright and Early.

Chairman Headland: Is there any opposition? Does the tax department have anything to add?

Matt Peyerl, Office of State Tax Commissioner: We had some conversations with Representative Beadle about a handful of small suggestions to clarify the tax credit computations and so forth but none of that would impact the policy intent of the bill. We will continue working with him on that if the committee desires.

Chairman Headland: Thank you. We will close the hearing on HB 1227.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1227
1/26/2015
22559

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Bruden

Explanation or reason for introduction of bill/resolution:

A Bill relating to child care income tax credits.

Minutes:

No attachments.

Chairman Headland: What are your wishes on this bill?

Representative Klein: The fiscal note doesn't show anything. What am I missing?

Chairman Headland: It is unknown what the fiscal implications will be because of the inability to know how many people will take advantage of the credit.

Representative Froseth: On page 5 section 5 appropriations appropriated out any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$8 million.

Chairman Headland: That is a direct appropriation to the general fund however the fiscal impact will be greater than that if the credits are exercised.

Representative Klein: Made a motion for a Do Not Pass.

Representative Dockter: Seconded.

Representative Schneider: We can probably all agree that we have a quality child care issue in the state. This bill seemed to have broad support with no opposition at all. It promoted licensed child care, enhanced quality of child care, gave incentives for providers to stay in the field, and for businesses to create or maintain child care for employees and expand the Bright and Early state-wide program which has a variety of positive successes so I will vote against this bill.

Chairman Headland: Your point is well taken, however, given the fact of the uncertainty with the expansion of this bill and the cost of it I think I'm going to have to support the do not pass as well.

Representative Trottier: Two months ago I would have voted yes on this with no doubts but today with the circumstances the way they are I'm leery. I'm going to vote for the do not pass as well.

Representative Mitskog: I think this bill had broad support from the industry and the business community. Nationally child care costs and child care challenges are one of the biggest issues. Whatever we can do to support our industry in North Dakota is important. This had support from both the industry and business community. I will support this bill.

Chairman Headland: I can certainly agree that there wasn't opposition to this bill however there are businesses who do childcare without a tax credit. I can certainly understand the need to help individual families with tax credits; however, this bill is much larger than that. I think that it's more than the state may be responsible to do as far as child care goes. Again, I'm going to support the do not pass.

Representative Toman: I tend to agree with you. Giving the businesses those tax incentives isn't going to bring down the cost of child care. I could maybe support section one but it's not bringing down the cost of child care by subsidizing the businesses to do the right thing. If they want those employees then maybe they should already be doing the right thing.

Roll Call Vote: 9 yes 4 no 1 absent
Motion carries for a Do Not Pass.

Representative Klein will carry this bill.

Date: 1-26-15
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1227**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Klein Seconded By Rep. Dockter

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK		✓
VICE CHAIRMAN OWENS	✓		REP STRINDEN		✓
REP DOCKTER	✓		REP MITSKOG		✓
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH	✓				
REP STEINER	✓				
REP HATLESTAD	AB				
REP KLEIN	✓				
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 9 No 4

Absent 1

Floor Assignment Rep. Klein

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

REPORT OF STANDING COMMITTEE

HB 1227: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1227 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

HB 1227

January 21, 2015

HB 1227
1-21-15
#1 p.1

Chairman Headland and Members of the Committee,

I am Linda Reinicke, Program Director for Child Care Aware in western ND. Child Care Aware helps parents find child care, trains child care staff, and provides technical assistance to child care businesses. The ND Department of Human Services contracts with Lutheran Social Services of North Dakota to deliver Child Care Aware services in western ND and Lakes & Prairies Community Action in eastern ND. Our agencies work together to offer consistent services, and I speak on behalf of Child Care Aware of North Dakota.

To put HB 1227 into context of the child care industry, I want to share two things with you today; 1) current child care supply and demand data and 2) information on how various sections of the bill will impact child care.

Child Care Data. Today, in ND, 1,348 licensed child care programs collectively care for 28,873 children. Please note that in child care, the facility becomes licensed, not the individual—a reverse from the school system.

State-Licensed Child Care Programs (2014) <i>Child Care Aware of ND data</i>	Licensed Private Residences	Licensed Facilities	Total
Number of Programs	1079	269	1,348
Licensed Capacity	13030	15843	28,873
Reported Size of Workforce	1403	3316	4,719

Page 2 provides an overview of child care in ND. Page 3, county-by-county child care supply and demand information.

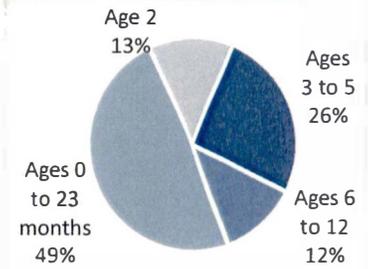
Children Potentially Needing Child Care

	<u>0-2 yrs</u>	<u>3 yrs</u>	<u>4-5 yrs</u>	<u>6-12 yrs</u>	<u>Total</u>
Children in State by Age ¹	27,529	9,324	18,511	58,045	113,409
% of Children Ages 0 to 5 with All Parents in the Labor Force ¹					73.8%
% of Children Ages 6 to 13 with All Parents in the Labor Force ¹					80.9%
Children Ages 0 to 5 potentially needing child care due to parents in workforce					40,883
Children Ages 6 to 12 potentially needing child care due to parents in workforce					46,970
Capacity of state-licensed child care programs (family, group, center, school-age ³)					32,763
Current Child Care Assistance Program Recipients Age 0-13 ¹					4,381
Percent to which supply meets potential demand					37%



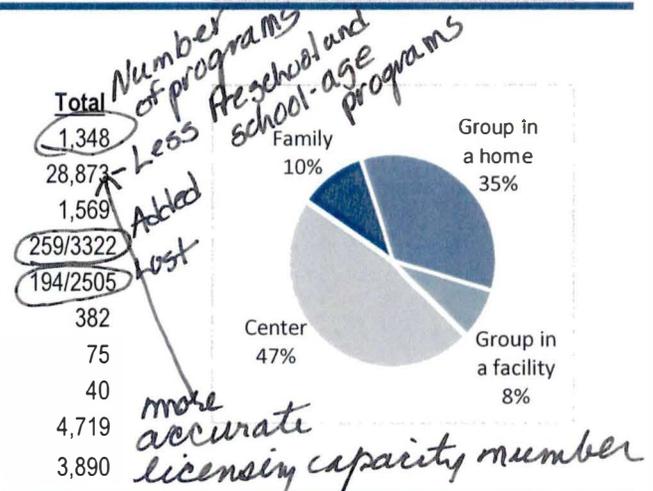
Referral Requests (July 2013 to June 2014, includes Child Care Aware® phone inquiries and internet searches)

Total children needing care as requested through Child Care Aware®	7,198
Ages 0 to 23 months	3,488
Age 2	963
Ages 3 to 5	1,871
Ages 6 to 12	876
Total children needing care before 7:00 a.m.	808
Total children needing care beyond 6:00 p.m.	406
Total children needing care Saturdays or Sundays	343



State-Licensed Early Childhood Program Type and Capacity² (2014)

	<u>Family</u>	<u>Group in a home</u>	<u>Group in a facility</u>	<u>Center</u>	<u>Total</u>
Number of Programs	361	718	112	157	1,348
Licensed Capacity	3,027	10,003	2,239	13,604	28,873
Reported Vacancies ⁴	251	574	188	556	1,569
Providers/Capacity Added	153/1205	62/827	31/617	13/673	259/3322
Providers/Capacity Lost	73/525	98/1251	12/210	11/519	194/2505
Programs open before 7:00 a.m.	82	193	30	77	382
Programs open after 6:00 p.m.	18	35	6	16	75
Programs open on Weekends	10	21	2	7	40
Reported Size of Workforce	382	1,021	503	2,813	4,719
State-licensed school-age programs ³		53	with a licensed capacity of		3,890



Annual Cost of State-Licensed Child Care²

<u>Age of Child</u>	<u>Home-based Programs</u>		<u>Centers and Group Facilities</u>	
	<u>Average</u>	<u>Highest Rate</u>	<u>Average</u>	<u>Highest Rate</u>
Ages 0 to 17 months	\$6,822	\$13,520	\$8,211	\$16,640
18 to 35 months	\$6,653	\$13,520	\$7,915	\$15,080
Ages 3 to 5	\$6,534	\$11,700	\$7,507	\$14,040

www.ndchildcare.org

¹ 2014 ND Kids Count Fact Book

² Child Care Aware® of North Dakota NACCRRAware Database (surveyed between January and June 2014)

³ School-age care numbers reflect programs licensed exclusively as before and after school programs under Early Childhood Services rules. Not all school-age programs are required to be licensed. In addition, many school-age children are enrolled in family/group programs and child care centers.

⁴ 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.

2014 point in time data

#1p.3



Potential Demand for Child Care (2014)

County	Children Ages 0 to 5 (2014 Kids Count)	Children Ages 6 to 12 (2014 Kids Count)	% of Children Ages 0 to 5 with All Parents in the Labor Force	% of Children Ages 6 to 13 with All Parents in the Labor Force	Children Ages 0 to 5 potentially needing child care	Children Ages 6 to 12 potentially needing child care	Capacity of licensed child care	Extent licensed care meets potential demand
Adams	143	150	93.1%	90.1%	133	135	67	25%
Barnes	700	859	74.3%	87.2%	520	749	364	29%
Benson	798	906	54.2%	74.2%	432	672	27	2%
Billings	58	65	86.7%	82.3%	50	53	-	0%
Bottineau	471	483	56.5%	66.5%	266	321	251	43%
Bowman	239	266	88.6%	94.4%	212	251	132	29%
Burke	178	176	72.2%	75.8%	128	133	84	32%
Burleigh	6,703	7,251	81.1%	87.1%	5,436	6,313	4,412	38%
Cass	12,637	12,563	81.0%	85.0%	10,242	10,676	11,816	56%
Cavalier	222	280	74.0%	64.4%	164	180	110	32%
Dickey	390	465	70.4%	84.1%	274	391	322	48%
Divide	134	161	92.9%	78.4%	124	126	69	28%
Dunn	280	301	65.2%	74.9%	183	225	63	15%
Eddy	145	209	81.9%	79.7%	119	167	85	30%
Emmons	190	265	87.1%	97.4%	165	258	114	27%
Foster	202	288	78.0%	81.8%	158	236	76	19%
Golden Valley	132	158	82.7%	87.9%	109	139	75	30%
Grand Forks	5,080	4,688	67.8%	77.2%	3,446	3,619	3,180	45%
Grant	145	146	84.6%	90.9%	123	133	63	25%
Griggs	141	137	70.6%	81.5%	99	112	30	14%
Hettinger	163	183	50.3%	81.5%	82	149	54	23%
Kidder	153	186	78.3%	73.9%	120	137	18	7%
Lamoure	242	338	84.4%	87.7%	204	297	123	25%
Logan	115	145	75.8%	69.6%	87	101	72	38%
McHenry	429	487	55.0%	76.2%	236	371	144	24%
McIntosh	157	194	91.2%	92.5%	143	179	115	36%
McKenzie	743	834	56.8%	73.2%	422	610	171	17%
McLean	565	719	67.6%	75.8%	382	545	231	25%
Mercer	612	679	77.6%	87.2%	475	592	242	23%
Morton	2,260	2,464	80.6%	81.6%	1,822	2,011	1,023	27%
Mountrail	766	811	65.1%	84.0%	499	681	160	14%
Nelson	160	224	78.8%	75.2%	126	169	81	27%
Oliver	117	172	86.9%	77.0%	102	132	18	8%
Pembina	486	591	65.0%	79.2%	316	468	241	31%
Pierce	296	366	81.6%	91.1%	241	333	174	30%
Ramsey	873	941	63.5%	82.8%	554	779	908	68%
Ransom	361	494	69.6%	84.6%	251	418	216	32%
Renville	185	203	65.1%	76.2%	120	155	115	42%
Richland	1,055	1,352	71.3%	74.9%	752	1,012	785	45%
Rolette	1,799	1,849	47.7%	65.7%	857	1,215	170	8%
Sargent	245	337	77.8%	92.2%	191	311	124	25%
Sheridan	43	82	50.0%	74.6%	22	61	18	22%
Sioux	615	683	58.0%	68.8%	357	470	-	0%
Slope	54	59	75.5%	74.0%	41	44	-	0%
Stark	2,151	2,233	73.7%	84.7%	1,586	1,892	830	24%
Steele	115	134	71.6%	77.7%	82	104	39	21%
Stutsman	1,356	1,617	88.1%	82.9%	1,194	1,340	904	36%
Towner	153	152	82.6%	83.1%	126	126	99	39%
Trails	633	672	77.5%	79.4%	490	533	411	40%
Walsh	777	894	81.9%	81.1%	636	725	390	29%
Ward	6,086	5,530	68.0%	77.4%	4,138	4,282	2,303	27%
Wells	272	309	65.1%	69.2%	177	214	99	25%
Williams	2,339	2,294	61.0%	67.4%	1,427	1,547	1,145	38%
TOTAL	55,364	58,045	73.8%	80.9%	40,643	46,895	32,763	37%

3.

In the world of child care, the supply of licensed child care should meet 50% of the demand. On **page five**, the two columns on the right, show the number of spaces the state (and each county) needs to meet 40% and 50%. To move ND's child care supply to 40% of demand, the state must add 3,106 spaces. To meet 50%, 12,096 spaces.

Common business logic would bring us to believe that, if the demand for child care grows, the supply should follow. Unlike other businesses, however, child care doesn't respond to market-driven economics. Thin profit margins (most often less than 5%), inability to secure loans (seen as high risk to lenders), and high-stress for owner/operators all impact growth.

But, I am pleased to report that, in August 2013, the capacity of child care in ND began to rise (rather than falling year after year) and continues to rise today. Over the last 18 months, ND's child care recruitment efforts netted 2,691 new spaces. **See the top chart on page 6.** The trend trajectory shows promise. The upward swing, not coincidental, began shortly after the state expanded child care recruitment and retention efforts in the 2013 Session. Today, ND's child care recruitment and retention tool box includes

1. Child care facility grants
2. Small start-up grants for providers doing child care in their home and for furnishings for larger facilities
3. Program retention grants and consultation
4. Increased child care subsidy to parents
5. Quality assurance initiative with grants and consultation

Each of ND's capacity building tools (grants, consultation, quality assurance, fee subsidies, etc.), when standing alone, carries not a lot of weight. Together, they make sense and build a strong network of support for the child care industry.

Net Change in licensing since 7-1-13

100% supply meets demand
30% goal
40% goal
50% goal

North Dakota Licensed Child Care Capacity Snapshot

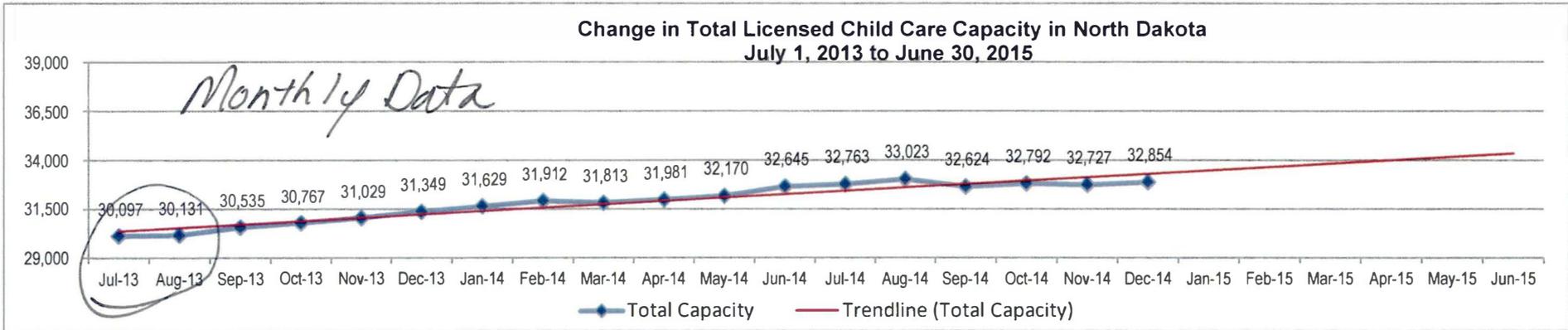
#1 p.5

	July, 2013				December, 2014		Capacity Goals		
	Children Ages 0 to 5 potentially needing child care (NDKC)	Children Ages 6 to 12 potentially needing child care (NDKC)	Capacity of licensed child care (CCA)	Extent licensed care meets potential demand	Net Change in licensed capacity since 7/1/13	extent licensed care meets potential demand	Additional capacity needed to meet 30% of demand	Additional capacity needed to meet 40% of demand	Additional capacity needed to meet 50% of demand
North Dakota	41,647	48,253	30,163	33.6%	2,691	36.5%	-	3,106	12,096
Adams	140	150	66	22.8%	-2	22.1%	23	52	81
Barnes	520	802	272	20.6%	80	26.6%	45	177	309
Benson	450	809	18	1.4%	39	4.5%	321	447	573
Billings	44	46	-	0.0%	0	0.0%	27	36	45
Bottineau	286	371	186	28.3%	68	38.6%	-	9	75
Bowman	207	230	96	22.0%	24	27.5%	11	55	98
Burke	98	141	76	31.8%	8	35.1%	-	12	36
Burleigh	5,684	6,378	3,996	33.1%	236	35.1%	-	593	1,799
Cass	10,306	10,531	11,193	53.7%	687	57.0%	-	-	-
Cavalier	170	259	103	24.0%	-16	20.3%	42	84	127
Dickey	316	416	307	42.0%	5	42.7%	-	-	54
Divide	65	138	67	32.9%	2	33.9%	-	12	33
Dunn	188	214	23	5.7%	28	12.7%	69	110	150
Eddy	112	166	78	28.1%	4	29.5%	1	29	57
Emmons	174	216	103	26.4%	13	29.7%	1	40	79
Foster	175	202	58	15.4%	17	19.9%	38	76	113
Golden Valle	88	141	50	21.8%	30	34.9%	-	12	35
Grand Forks	3,577	4,016	3,055	40.2%	192	42.8%	-	-	550
Grant	126	146	39	14.3%	24	23.1%	19	46	73
Griggs	91	128	87	39.8%	-58	13.3%	37	59	80
Hettinger	69	171	65	27.1%	9	30.9%	-	22	46
Kidder	111	148	18	7.0%	30	18.5%	30	56	81
Lamoure	215	299	134	26.1%	-16	22.9%	36	88	139
Logan	96	136	103	44.4%	7	47.4%	-	-	6
McHenry	217	436	117	17.9%	37	23.6%	42	107	172
McIntosh	163	163	89	27.3%	19	33.1%	-	22	55
McKenzie	418	647	117	11.0%	159	25.9%	44	150	257
McLean	386	575	206	21.4%	98	31.6%	-	80	177
Mercer	453	602	213	20.2%	22	22.3%	82	187	293
Morton	1,965	2,003	989	24.9%	110	27.7%	91	488	885
Mountrail	466	599	140	13.1%	12	14.3%	167	274	380
Nelson	134	180	77	24.5%	6	26.4%	11	43	74
Oliver	117	97	18	8.4%	4	10.3%	42	64	85
Pembina	328	521	250	29.4%	1	29.6%	4	89	174
Pierce	195	350	146	26.8%	28	31.9%	-	44	99
Ramsey	634	836	861	58.6%	21	60.0%	-	-	-
Ransom	265	435	139	19.8%	115	36.2%	-	26	96
Renville	130	168	116	38.9%	-14	34.2%	-	17	47
Richland	917	1,077	787	39.5%	91	44.0%	-	-	119
Rolette	1,059	1,100	143	6.6%	36	8.3%	469	685	901
Sargent	199	303	125	24.9%	55	35.8%	-	21	71
Sheridan	41	69	-	0.0%	17	15.5%	16	27	38
Sioux	395	490	-	0.0%	0	0.0%	265	354	442
Slope	40	32	-	0.0%	0	0.0%	21	29	36
Stark	1,533	1,761	686	20.8%	207	27.1%	95	425	754
Steele	85	121	18	8.7%	21	18.9%	23	43	64
Stutsman	1,248	1,408	811	30.5%	166	36.8%	-	86	351
Towner	134	153	99	34.6%	0	34.6%	-	16	44
Traill	471	630	362	32.9%	70	39.3%	-	8	118
Walsh	641	790	334	23.3%	50	26.8%	45	189	332
Ward	4,026	4,486	2,333	27.4%	-75	26.5%	295	1,146	1,998
Wells	176	276	99	21.9%	0	21.9%	37	82	127
Williams	1,504	1,691	695	21.8%	24	22.5%	240	559	879

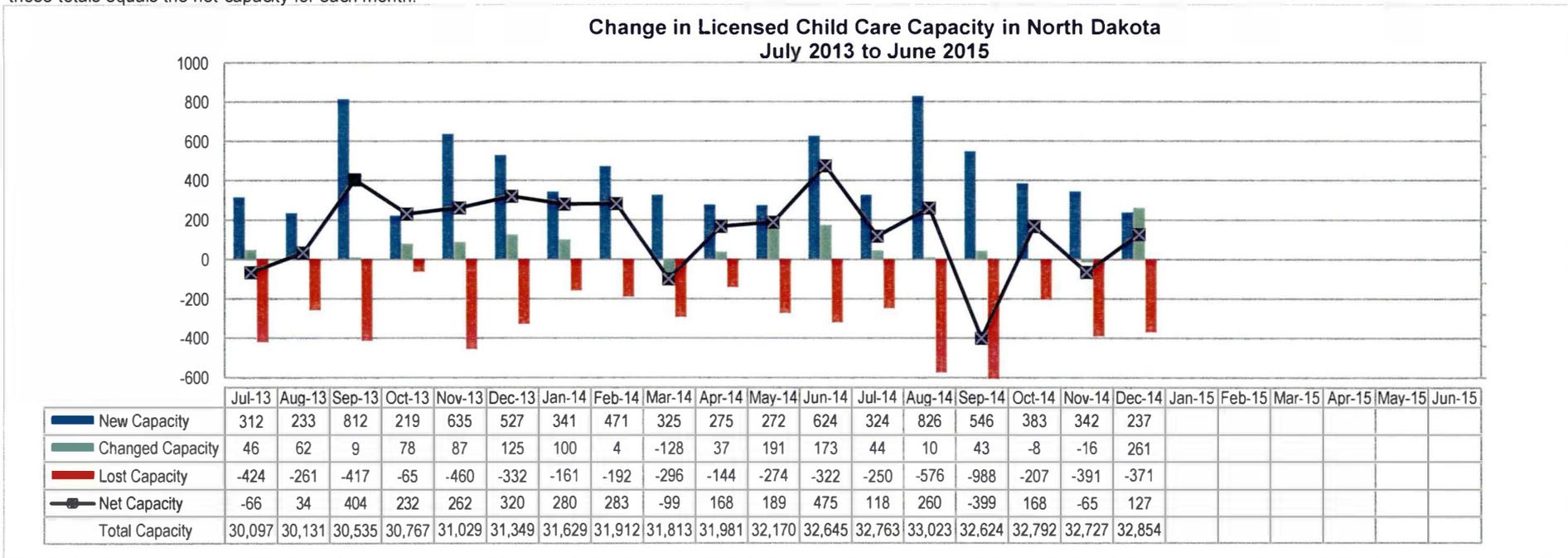
North Dakota Licensed Child Care Capacity Snapshot

as of December 31, 2014

Since July, 2013, total licensed capacity has increased by 2,757 (9.2%). However, 11 counties gained capacity while 18 counties lost capacity during this quarter.



The following chart depicts newly licensed capacity per month, as well as capacity changes within existing licensed programs, and how much capacity was lost due to programs closing. The sum of those totals equals the net capacity for each month.



The chart on the following page documents the potential need for child care in each county, the current capacity of licensed child care, and the % to which that child care supply meets the potential demand. The majority of counties are gaining capacity, with just five counties losing capacity since July, 2013. The Capacity Goals columns (yellow) indicate how many new spots would be needed to meet 30%, 40%, or 50% of potential demand.



#1 p. 6

Business-supported child care credit. Section 3.

Although effective, ND's child care recruitment and retention toolkit remains under resourced financially and cannot keep up with growing child care demands. We see growth but not vigorous growth. This bill invites another funder, businesses, to make stronger commitments to the State's child care recruitment and retention efforts. This bill invites and incentivizes business to help build facilities, furnish programs, support existing programs (building play grounds, etc.), and/or support their employees through child care subsidies or purchase child care spaces.

Income tax credits for child care workers. Section 2.

The toolkit, although fairly complete, lacks a mechanism to address low child care wages, bring new child care workers into the field and keep them committed. The child care workforce shortage and turnover, experienced throughout the state, becomes most apparent in the new Watford City center licensed to care for 190 children. The director lost and replaced 60 employees from September to December. She hires, on average, 3-5 new people every week. If someone applies that looks promising, she hires him or her assuming someone will be leaving shortly. Tax credits for child care employees aim to slow this chaos. Not all employees will be eligible for tax credits—they must make an effort to better their child care skills (most hold a high school degree) by taking training designed by the state specifically for child care providers. Child Care Aware holds records on the training completed by the child care workforce.

Effective 12/31/2014	
Pathway	Participant Count
A	838
B	105
C	30
D	101
E	100
F	12
G	60
H1	146
H2	68
I	34
J	2

1 p. 8

Appropriation for ND's child care quality assurance initiative. Section 5.

To help businesses make sound child care investment decisions, HB 1227 supports the expansion of ND's child care quality assurance initiative, Bright&Early. Like other quality assurance processes, Bright&Early sets standards, assesses a program's ability to meet the standards, and scores the results. But, because 1) providers deal with widgets, not children, and 2) staff, most often, come to the program untrained and 3) programs cannot make the investments they need to become quality assured, consultation and grants play a huge part in building strong child care programs. Businesses can look to Bright&Early quality assurance scores to help them determine if the program, which they intend to support, will be worth their investment.

One word about quality—in child care the word quality doesn't mean the best cribs or the best toys or the best equipped kitchen. It focuses on the "how" child care happens rather than the stuff. Licensing alone does not guarantee a good child care setting. ND's licensing rules address health and safety—nothing more. They don't set the stage for care and education that will help the child be ready for school. And, with 80% of our state's children in some kind of child care 50% of their awake hours during their preschool years (more hours than they will be sitting in desk through grades K-12), that carries huge impact on our children's future learning abilities and our future workforce. There will be testimony given to better explain Bright&Early.

Income tax credits for parents. Section 1.

Finally, to encourage programs to become quality assured, HB 1227 provides tax credits to parents who choose programs successful in Bright&Early. It helps with the astronomical cost of child care (as much or more as one year of college in ND). It also helps them understand what kind of care really happens behind those licensed child care doors. It makes them smart consumers.

#1p9

Although this bill contains a number of parts that address various child care challenges, it won't be the silver bullet that solves the child care crisis. It does, however, set in place another undergirding of support to ND's existing child care recruitment and retention strategies. HB 1227 encourages private financial investment into the industry, builds a stronger consumer voice, builds the workforce and encourages providers to operate sound businesses.

Thank you for your time, Chairman Headland and Members of the Committee. I stand to answer any questions you may have.

Linda Reinicke

lreinicke@lssnd.org

701-226-2510

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#2 p.1



Testimony for HB 1227
Thomas Hill, Community Impact Director
United Way of Cass-Clay
701-237-5050
thill@unitedwaycassclay.org

United Way of Cass-Clay (United Way) has made long-standing investments in our community that support education goals. Our goal is to focus those investments to address root cause drivers of the academic achievement gap among students in poverty and all students. By closing the academic achievement gap we are able to build long-term, sustainable economic growth in our community. By investing early in a child's life, we are investing in the future of the economy of North Dakota.

University of Chicago School of Economics professor and Nobel Laureate James Heckman finds that the highest return on investment to our community comes from investing in quality programs targeted at the earliest years of a child's life. His research demonstrates that targeted investments in quality programming can yield as much as a \$17:1 return on investment (ROI).

Nearly 84% of North Dakota families with children birth to five are dual income earners. This is the second highest percentage in the nation. Each day in Cass County, more than 10,000 children spend their days in child care settings while their parents work. These 365 licensed child care programs vary from small home-based places with 6 or 7 children to large-scale child care centers serving 200+ children per day. In order for parents to have the ability to choose what type of childcare setting is best for their family,

A quality rating and improvement system provides a framework for building a strong early care and education system. A comprehensive QRIS:

- Makes program quality comparable across all early childhood settings
- Creates and aligns program standards with early learning and practitioner standards
- Develops and aligns infrastructure to support quality improvement
- Assesses achievement along a continuum
- Allows for parents to have the ability to *choose* what type of childcare setting is best for their family

From 2010 to 2012, Lakes & Prairies CCR&R partnered with the United Way of Cass Clay to implement a QRIS pilot in Cass County to test the quality standards and measurement process with a minimum of 30 child care programs. The pilot was successful in gaining participation of child care providers, streamlining standards, refining benchmarks, applying a technical assistance model, and evaluating participant satisfaction.

Survey and assessment results of the QRIS pilot indicate that most child care programs would benefit from defined quality standards, assessment of program strengths and areas for improvement, focused coaching, and financial incentives to assist them in their efforts. Key findings included:

- 95% of parents believe their early childhood program should provide them information about how their child is developing and learning.

#2.p.2



- Parents indicate a desire to take part in their child's program, with 80% of parents wanting opportunities to be involved.
- The average ERS observation score was 4.37. A 5.0 on a 7.0 point scale is considered "good quality" by the ERS authors.
- Approximately 27.5% of observed classrooms and home-based programs rated as "good" quality early childhood environments. The remaining 72.5% of early childhood environments can benefit from focused quality improvement.
- Of the 544 children in observed classrooms and home-based programs, 20% are considered to be in "good" quality early childhood environments. Eighty percent (80%) of children spend their day in "inadequate to minimal" quality environments as defined by the ERS.
- 56% of preschool classrooms are meeting children's emotional needs as measured by the CLASS Emotional Support Domain. 44% percent of preschool classroom scores reflect a need for increased emotional support to adequately prepare children for academic achievement.
- 78% of preschool classrooms are providing a low level of instructional support. 22% of preschool classrooms are providing a low-mid level of instructional support. These results indicate a need for higher levels of concept development, quality of feedback and language modeling in all preschool classrooms to adequately equip children with the critical thinking skills necessary to succeed in the 21st century workforce.

The Bright+Early framework provides guidance and coaching to child care programs as they implement processes for child assessments, enabling them to provide accurate outcome information on the children served by their programs.

Additionally, the Bright+Early framework allows United Way of Cass-Clay as a funder, to communicate the value and return on investment made to these programs.

Outcome data from United Way of Cass-Clay community partners who participate in the Bright+Early framework demonstrates that:

- The percentage of students who were "proficient" in Letter Naming **more than doubled** from fall to spring (30-76%)
- 86% of children were meeting or exceeding expectations for social and emotional development-a crucial indicator for child development
- Children in quality programming improved on basic academic skills at twice the rate of children in the comparison group during the time periods measured.

The reports show children from a lower socio economic status are demonstrating similar and in many cases more **growth on age appropriate skills** than their peers from a high socio-economic status which beings to close the academic achievement gap and ultimately prepare all students to be ready, socially, emotionally and academically for Kindergarten.

EARLY CHILDHOOD EDUCATION RESEARCH

- Research shows that 90% of a child's brain development occurs by age five and that investments in quality early childhood programs can have a \$17:1 return on investment (ROI) www.heckmanequation.org
- Children entering kindergarten already show a wide range of skill levels as they begin school.
<http://www.nga.org/files/live/sites/NGA/files/pdf/2013/1310NGAEarlyLiteracyReportWeb.pdf>
- Letter Naming is the strongest indicator of reading success by grade three.
<http://www.reading.org/general/Publications.aspx>
- Kindergarteners who come to school not knowing the letter names of the alphabet are most likely to become struggling readers
<http://www.reading.org/general/Publications.aspx>
<http://www.nga.org/files/live/sites/NGA/files/pdf/2013/1310NGAEarlyLiteracyReportWeb.pdf>
- Research shows that participation in high-quality early care and education programs can increase children's language and literacy skills. www.gearingupnd.org
- School readiness assists children at the kindergarten level to avoid falling behind their peers or struggling to achieve success in school www.heckmanequation.org

Good morning, Mr. Chairman and members of the committee, my name is Linda Sakrismo and I have been operating the YWCA's public child care center in Fargo for 12 years. I support this bill and would like to share the experience I've had as part of the initial Bright + Early pilot and how this bill could help my program.

It is an ongoing struggle to run a good child care program. 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 \$795 per month for a toddler; the annual total of \$9,540 is at least as much as a year of college tuition and is a 5% increase for families. 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. This bill could put more money in the pockets of my families and my staff through tax credits. This could help a family offset a fee increase, and may make the difference for one of my teachers to stay.

As a member of DHS's Bright + Early Advisory Committee, the planning process for Bright + Early has been inclusive and relevant feedback is routinely solicited and modifications made. I am excited about Bright + Early because it has the potential to accomplish so many things.

1. It provides me, as a program director, clear guidance on meaningful standards to support the children and families involved in my program. It told me how those standards can be objectively measured, gave me benchmarks to work towards and track over time.
2. It offers 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 we employ and provided the designated training.
4. It publicly and concisely shows our families how we are supporting their child's school readiness.
5. It gives the center public recognition for the important role we play in supporting the larger workforce and as part of the education continuum.
6. It helps us purchase needed equipment, resources and curriculum that would not otherwise fit in our budget.
7. It hopefully can provide us with another source of revenue that can allow our center to better compensate our staff and keep them with our 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.

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Hi my name is Lisa Bennett and I'm reading this statement on behalf of Carol Enger the Vice President of Public Policy for North Dakota Association for the Education of Young Children (NDAEYC).

The National Association for the Education of Young Children (NAEYC) and the National Association of Early Childhood Specialists in State Departments of Education (NAECS/SDE) believe that early learning standards can be a valuable part of a comprehensive, high-quality system of services for young children. But we caution that early learning standards support positive development and learning only if they:

- emphasize significant, developmentally appropriate content and outcomes;
- are developed and reviewed through informed, inclusive processes;
- are implemented and assessed in ways that support all young children's development; and
- are accompanied by strong supports for early childhood programs, professionals, and families.

These four elements described are included in HB 1227 and NDAEYC is very thankful for the interest shown this legislative session to improving and stabilizing the early care and education system for North Dakota.

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#5 p. 1

Statement of: Erica Kindem, Coordinator, Bright & Early ND

Before the: Committee on Finance and Taxation, North Dakota House of Representatives

January 21, 2015

Chairman Headland, Vice Chairman Owens, and members of the Committee, I am pleased to testify at this hearing to discuss child care and early education. I have the privilege of serving as the Coordinator for Bright & Early North Dakota. Bright & Early is an organized and cost effective framework to sustain child care capacity, develop the child care workforce, prepare children to enter school ready to succeed, and provide valuable consumer information to families.

North Dakota has been working on the creation of a system like Bright & Early North Dakota for 8 years. In 2007, under the direction of the North Dakota Department of Human Services (DHS), a 35 member, cross-sector committee was convened to develop an organized framework and standards to drive quality improvement in child care and early education settings. In 2010, The United Way of Cass-Clay funded a 2 year pilot to test the standards in the 'real world'. In 2013, The North Dakota Department of Human Services (DHS) convened stakeholders to adopt statewide quality standards to be used in Bright & Early.

Last year, licensed child care providers in Burleigh, Cass, Grand Forks, Morton, Ramsey, Stutsman, Ward, and Williams counties were invited to participate. As of December 31, 2014, 124 child care and early education programs serving approximately 4,445 children were enrolled. Beginning January 1, 2015, Bright & Early is available statewide to a limited number of programs. The timing couldn't be better. We have a tremendous opportunity right now. There's more work to do to impact the quantity and quality of child care and early education in North Dakota.

Please see the handout 'Bright & Early Makes a Lifetime of Difference' for information about how Bright & Early works and an overview of the standards.

Our challenge is to make sure every North Dakota child has ACCESS to the kind of quality child care and early education program's we have been talking about. The components are already in place. The appropriation 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. The bottom line is programs want it, kids need it, families depend on it.

Thank you.



Bright & Early Makes a Lifetime of Difference

Child care and early education is at the forefront of national and state policy discussions. North Dakota is not alone in the need for high quality early care and learning opportunities for children birth to kindergarten entry. Consider these statistics:

- 73% (38,814) of North Dakota's children ages 0 to 5 live in households with both parents working.¹ Child care and early education programs serve an important role in our education system.
- Children spend up to 9-10 hours per day in child care. However, only 1 in 5 children in Cass County are enrolled in a demonstrated quality child care setting.²
- Only 34% of North Dakota children are reading at or above proficient levels by the time they enter 4th grade.³ This is an alarming statistic because research reveals income-based differences in children's vocabulary start as early as 18 months.⁴ Children who read proficiently by the end of 3rd grade are more likely to graduate from high school and be successful in the workforce.⁵ Success in 3rd grade begins with a strong foundation in early childhood.

Early Experiences Last a Lifetime

Children have approximately 1,825 days from the day they are born until they enter kindergarten. What happens on this journey lays the foundation for their school and life success. Research by social scientists, neuroscientists, and economists demonstrates that the quality of an early childhood program affects a child's development across a range of skills, including language, math and social skills. The quality of child care and early education impacts school achievement and success in life. Great school years start with great early years – it's that simple.

What is Bright & Early?

Bright & Early is an organized and cost effective framework to sustain child care capacity, develop the child care workforce, prepare children to enter school ready to succeed, and provide valuable consumer information to families.

Build & Sustain Child Care Capacity

Bright & Early rewards programs that demonstrate success, providing revenue to stabilize operations and encourage expansion.

Develop the Child Care Workforce

Bright & Early sets benchmarks for provider/teacher qualifications and provides incentives to meet them.

Prepare Children to Enter School Ready to Succeed

Bright & Early is an avenue to maximize learning in settings where children spend their day.

Provide Consumer Information to Families

Bright & Early translates a program's accomplishments in to one, simple quality rating. Ratings provide an easy-to-use tool for parents to identify child care providers, who go above and beyond, for children in our community.

How Does Bright & Early Work?

Child care and early education programs volunteer to join Bright & Early. When they make this commitment, they have access to a variety of tools to help improve their program.

Standards: Science tells us what young brains need to thrive. Bright & Early standards translate this scientific research into do-able actions. These actions are divided into 4 steps, resulting in a clear 'road-map' for programs to maximize a child's readiness for school.

Technical Assistance: One of the key advantages of Bright & Early is the one-on-one interactions with a trained coach. The coach shares feedback and provides assistance to providers and teachers to meet the standards.

Accountability: Programs gain recognition and resources for DOING good things for children, not just SAYING they do good things for children. In Bright & Early, programs demonstrate how they meet the standards via formal observations.

Revenue: When programs demonstrate they meet the standards, they receive dollars to re-invest into their program to improve their services, retain their staff, or expand their capacity.

Consumer Information: Gives parents an independent, expert resource they can use to identify and compare their early care and education options to find the best fit for their child.

What are the Standards?

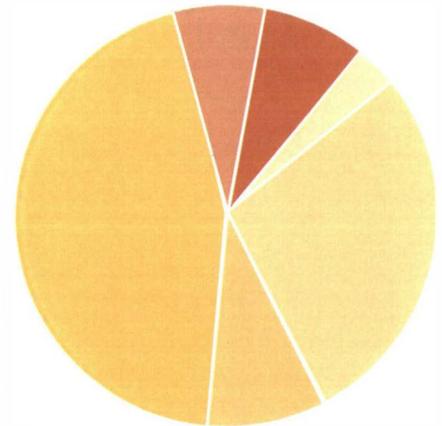
Each level, or 'step,' has a set of criteria that build upon each other to create a child care or preschool program that maximizes a child's readiness for school. Good child care and early education programs combine play with learning. Each child has fun while developing the curiosity, social skills, self-esteem and knowledge necessary to be prepared for school and life.



Quick Facts

- Bright & Early is part of the North Dakota Department of Human Services (DHS) school readiness strategy. Please visit www.brightnd.org/press-room for a press release from DHS.
- Bright & Early launched in 8 counties in 2014. It's available statewide in January 2015 to a limited number of programs.
- As of December 31, 2014, 124 child care and early education programs serving 4,445 children are enrolled.

Investment of \$1,133 Per Child Yields 7-12% ROI



Direct Benefit Costs

- Achievement Awards**
\$500.00 | 44%
- Readiness Grants**
\$100.00 | 9%
- Coaching** (1 unit=18 children)
\$320.00 | 28%
- Professional Development**
\$48.00 | 4%

Administrative Costs

- Data Systems/Administration**
\$90.00 | 8%
- Program Assessments**
\$75.00 | 7%

1. North Dakota Kids Count. 2014. http://www.ndkidscount.org/publications/insights/IOC3_4_December2014.pdf [page 2].
 2. United Way of Cass-Clay. 2011. ECRIS Field Test Report.
 3. North Dakota Early Care and Education Study, 2014. <http://www.dpi.state.nd.us/EarlyChildhoodEduc/ECESstudy.pdf> [page 9]

4. New Research on Early Disparities: Focus on Vocabulary and Language Processing. 2013. http://www.naeyc.org/blogs/gclarke/2013/10/new_research_early_disparities_focus_vocabulary_and_language_processing
 5. Anne E. Cassie Foundation. Early Warning! Why Reading by the End of Third Grade Matters. 2010. <http://www.aect.org/resources/early-warning-why-reading-by-the-end-of-third-grade-matters/>

Success Story

Bright & Early in Family Child Care

Early childhood education is at the forefront of national and state policy discussions. North Dakota is not alone in need for high quality early care and learning opportunities for children birth to kindergarten entry. Only 34% of North Dakota children are reading at or above proficient levels by the time they enter 4th grade¹. This is an alarming statistic, because children who read proficiently by the end of 3rd grade are more likely to graduate from high school and be successful in the workforce. Success in 3rd grade begins with a strong foundation early childhood. With 73% (38,814) of North Dakota's children ages 0 to 5 living in households with both parents working, child care and early education programs, serve an important role in providing these children with a strong start.

Working families tell us they appreciate the warmth and family-like environment found in many family child care programs. They appreciate the flexible hours, the mix of age groups and the comfort of keeping siblings together. Stacey Piechowski is one of 1,079 family child care providers, serving approximately 13,000 children in our state. Over the past 2 1/2 years, Stacey Piechowski has been enrolled in Bright & Early. Over this time period, she has engaged in many quality improvement activities. Here are a few of her achievements:

- Earned her national Child Development Associate Credential to increase her knowledge and skills,
- Used 'readiness grant' dollars to purchase a curriculum and assessment tool (she had not used a curriculum or assessment before, so implementing a curriculum and assessment was a big step!),
- Worked with a coach to improve her overall program quality. This includes her interactions with children. Stacey demonstrated effective adult-child interactions via a CLASSTM observation conducted by a trainer observer. Research shows that children in programs with higher CLASSTM scores make greater academic and social gains than those in programs with lower CLASSTM scores.

Bright & Early translates all of Stacey's accomplishments in to one, simple quality rating. Star ratings provide an easy-to-use tool for parents to find child care providers, just like Stacey, who go above and beyond for children in our community. Starting in April 2015, quality ratings will be available for parents to use in their search for child care and early education.

¹ <http://www.dpi.state.nd.us/EarlyChildhoodEduc/ECEstudy.pdf>, page 9

In Her Own Words

The following is an excerpt from the Bright & Early website (full story and pictures at http://www.brightnd.org/blogdetail.aspx?blog_id=10).

You joined Bright & Early before it was even called Bright & Early (it was a small pilot in Cass county). What motivated you to join?

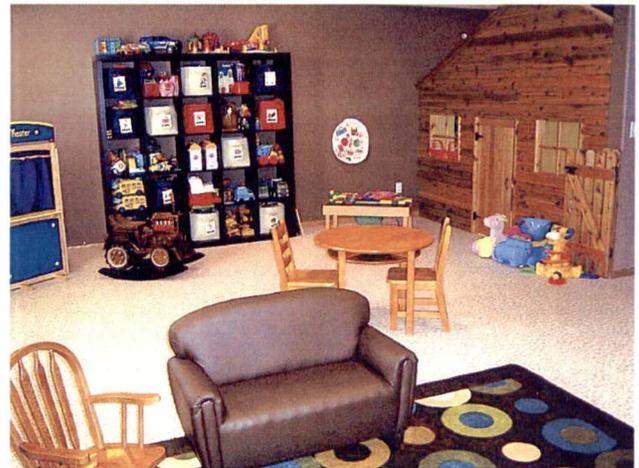
I am always on the look-out for ways to improve and try new things. Any time I see a new childcare program for in-home providers I am all over it! This keeps me up to date on what is new out there. It also shows my childcare families that I am striving to be the best I can be.

What 3 sentences would you say to someone thinking about joining Bright & Early?

- It is a great program and will build your confidence in your own childcare program.
- It may seem scary (all the goals you need to reach) but if you break it down step by step it is doable.
- There are only positive things that will come from reaching any of the goals. Even if you don't finish all the way, you (and your enrolled children) will benefit!

What one word sums up your experience with Bright & Early?

Validating



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Success Story

Bright & Early in Center Child Care

Early childhood education is at the forefront of national and state policy discussions. North Dakota is not alone in need for high quality early care and learning opportunities for children birth to kindergarten entry. Only 34% of North Dakota children are reading at or above proficient levels by the time they enter 4th grade¹. This is an alarming statistic, because children who read proficiently by the end of 3rd grade are more likely to graduate from high school and be successful in the workforce. Success in 3rd grade begins with a strong foundation early childhood. With 73% (38,814) of North Dakota's children ages 0 to 5 living in households with both parents working, child care and early education programs, serve an important role in our education system.

Working families tell us they appreciate center child care settings because of the large staff to support the children and eliminate the need for back up care. They also note the flexible schedules available at centers, which are typically open 10-12 hours daily. Some children thrive in the structured routines typically found in centers. Elim Children's Center is one of 156 center providers, serving approximately 13,000 children in our state. Over the past 3 years, Elim Children's Center has been enrolled in Bright & Early. Over this time period, the team at Elim Children's Center has engaged in many quality improvement activities. Here are a few of their achievements:

- Incorporated the Environment Rating Scale in to their classrooms. A preschool teacher cited the increased time in the day to interact with the children as a major benefit, "I learned that by providing children with various materials and toys in learning centers, I get more time to move around the room and interact with the children. So, instead of spending a majority of my time preparing paperwork, the children receive more one-on-one time from me and display more positive behaviors."
- Used a 'readiness grant' to purchase a research-based curriculum and published assessment tool to monitor children's growth and development.
- Worked with a coach to improve their overall program quality.

Bright & Early translates all of Elim's accomplishments in to one, simple quality rating. Star ratings provide an easy-to-use tool for parents to find preschool and child care options, just like Elim Children's Center, who are preparing children in our community for school. Starting in April 2015, quality ratings will be available for parents to use in their search for child care and early education.

¹ <http://www.dpi.state.nd.us/EarlyChildhoodEduc/ECEstudy.pdf>, page 9

In Their Own Words

(full story at: http://www.brightnd.org/blogdetail.aspx?blog_id=13)

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You've been using the Environment Rating Scale (ERS) for about 6 years. What have you learned from using the Environment Rating Scale (ERS)?

I learned that by providing children with various materials and toys in learning centers, I get more time to move around the room and interact with the children. So, instead of spending a majority of my time preparing paperwork, the children receive more one-on-one time from me and display more positive behaviors.

What 1 tip would you give to another teacher preparing for their Environment Rating Scale (ERS) observation?

Make the Environment Rating Scale (ERS) part of your planning routine. Think about it each week and make changes to your environment. It benefits you and the children!

What curriculum do you use? What do you like about it?

We use the Innovations Comprehensive Preschool Curriculum. I like that I am able to incorporate my own themes into the curriculum while still meeting the ND Pre-kindergarten Content Standards.



Testimony of Jon Godfread
Greater North Dakota Chamber of Commerce
HB 1227
January 21, 2015

Mr. Chairman and members of the committee, my name is Jon Godfread. I am the Vice President of Government Affairs at the Greater North Dakota Chamber, the champions for business in North Dakota. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we support HB 1227.

One of the principle things we hear from our members, second only to housing and infrastructure needs, is the desperate need for daycare across our state. I would venture to guess we are one of the only state chambers in the nation that is investing a considerable amount of time into solving the daycare problem in a state. Over the past 4 years we have gained knowledge of what works and what doesn't work in terms of daycare. Last session we focused on regulations, and learned that many of the regulations are not the issue, and if there is an issue with regulation it's at the local level. We explored the avenue of trying to bring the fix costs of a daycare down by helping pay for the bricks and mortar of a facility. That was moderately successful but didn't provide enough.

We support all sections of this bill, but are not especially tied to the rating system classification in section 1. As long as any rating system is provided and administered by Human Services, we don't have any issues. However, should we need to appropriate additional money to set up another rating system, we feel now is not the time to add on to the rating classifications, we already have a system in place, and they money would be better served going towards a solution such as HB 1227

Section 3 specifically is a section we like. The business supported child care credit is something that we believe can be very successful. We have one success story to talk about a company in Mandan took it upon itself to build a child care facility on its campus to provide child care to its employees. This company then partnered with YMCA who is providing the staffing and management of the child care facility. These 30 spots have opened up an additional 30 spots in the community. This is truly a partnership that works. Our members aren't in the business of child care, nor do they want to be in that business, but what need are employees who can come to work and not worry about where there children are during the day. That is where day care can play a role in helping our workforce issues.

Given the needs across our state, we feel this is an innovative solution that incentives the activity we need, while encouraging partnership across business sectors for the benefit of our economy.

Thank you for allowing me to testify, we would support a DO PASS recommendation on HB 1227. I would now be happy to attempt to answer any questions.

Revocation Notices**September 2012-September 2014**

Cass	inadequate outdoor supervision, ratio violations, unsafe infant sleep, multiple safety violations over 10 year history.
Cass	physical discipline, sleeping while children are present, use of derogatory language around children
Cass	provider's son inappropriately touching child care child
Cass	Provider refused to agree to a restriction of her husband from childcare. Restriction was issued because of criminal history.
Cass	Death of a child related to injury received in child care.
Ward	injury to infant related to lack of supervision
Ward	inappropriate discipline, ratio violations, injury to child not reported
Ward	lack of supervision
Ward	multiple ratio and license capacity violations, lack of supervision
Ward	repeated inappropriate sexual play between children-lack of supervision
Ward	roughhandling child, sleeping while children are in care
Ward	concerns with provider's health, lack of supervision, failure to comply with Intent to Revoke
Grand Forks	violations of license capacity, ratio, supervision, safety hazards present
Grand Forks	Inadequate supervision, sleeping while caring for children
Grand Forks	Inadequate supervision
Burleigh	condition of home-severe sanitation and safety issues
Burleigh	condition of home-severe sanitation and safety issues
Burleigh	condition of home-severe sanitation and safety issues, inadequate supervision
Burleigh	condition of home-severe sanitation and safety issues, failure to submit a background check for household member
Morton	provider charged with assault
Morton	Ratio, Qualifications of staff, failure to comply with Intent to Revoke
Rolette	Multiple outside safety hazards, provider refused to allow inside inspection

Intent to Revoke**September 2012-September 2014**

Ward	multiple ratio violations, concerns with provider's health
Ward	Condition of home-multiple sanitation and safety issues
Ward	Inadequate supervision, mature judgment, provider health concerns
Ward	Condition of home-concerns with provider's health
Burleigh	multiple ratio violations, inadequate supervision
Grand Forks	ratio, infant sleep hazards, failure to submit staff background checks
Grand Forks	Ratio, inadequate supervision
Grand Forks	Duties of director and supervisor, harmful environment
Stutsman	Criminal conviction of provider
Morton	Ratio, Qualifications of staff, multiple safety issues

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