

2009 SENATE HUMAN SERVICES

SB 2225

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2225

Senate Human Services Committee

Check here for Conference Committee

Hearing Date: 1-19-09

Recorder Job Number: 7219, 7237

Committee Clerk Signature

*Mary K Monson*

Minutes:

**Senator J. Lee** opened the hearing on SB 2225 to establish a state grant program for child care. There is a fiscal note of \$3,500,000.

**Rep. Boucher**, District #9, introduced SB 2225 and spoke in favor of it. He supports the bill for a couple of reasons. (1) The legislative policy position. It showed up as a part of an appropriations bill and felt it was appropriate to separate some of the material out and get some of the policy aspects into the committees knowing it will go back to appropriation.

(2) Child care is a critical part of the community infrastructure.

**Shane Goettle** – Commissioner, ND Department of Commerce – Spoke in favor of SB 2225. See attachment #1.

**Senator Erbele** asked who the approving agency for the grant process would be.

**Mr. Goettle** said they felt all decision making should be local. For that reason, they think the applicant should Economic Development Corporations – although not all towns have them.

There are also regional councils that cover eight regions in the state. They could serve as an applicant or Job Development Authorities, or Chamber of Commerce could.

**Senator Marcellais** didn't see anything for tribal organizations under eligible organizations.

**Mr. Goettle** said they could be added. There are some economic developers on the reservations themselves. The regional councils also serve the reservations. They are covered by the organizations listed.

**Senator Dever** asked how the \$3,500,000 was arrived at.

**Mr. Goettle** said it was the result of some brainstorming in terms of looking at the number of day care providers in the state and trying to make sure there was enough resources to spread the dollars around and take care of some critical capital needs.

**Senator Dever** asked if there were other programs that work with these organizations.

**Mr. Goettle** replied that they work with these organizations all the time and hear about these issues from these organizations.

**Senator Dever** understands that sometimes day care centers go out of business, change their name and reopen under a new name. Would there be any kind of controls in place to prevent that.

**Mr. Goettle** replied that if they go out of business for any reason they would need to repay those funds. The idea is to deploy the funds and make sure they are able to provide services for at least a 2 year period.

**Senator J. Lee** stated that there have been closings of day care centers because of lack of solid business plans and asked if they are reviewing business plans.

**Mr. Goettle** - Yes.

**Senator J. Lee** asked whether the liability is personal or corporate if a day care opens, folds, and reopens under another name. How will that be handled?

**Mr. Goettle** addressed that in two ways (1) Business plans are required to be submitted and need to be bedded locally first. (2) They are accustomed to working with organizations throughout the state and the accountability legislation has claw back provisions in it.

**Senator J. Lee** emphasized that this is a business and needs to be treated like a business.

**Mr. Goettle** agreed.

**Senator Heckaman** thought there was a confusing statement in his testimony concerning the eligible use of funds.

**Mr. Goettle** said the business plan would have to come forward and they would have to see that the business model works. They are clear on the program that they are not going to subsidize salaries, cost of foods and daily expenses. It is one time funding and this will help with some of those onetime expenses.

**Denise Spanjer**, Director of the ND Rural Development Council and the Center for Technology & Business spoke in favor of SB 2225. Attachment #2 with chart of some of the process that might be used (#2a).

**Senator J. Lee** What is rural?

**Ms. Spanjer** Any community besides the big four.

**Senator J. Lee** asked if they figure the big four can do it on their own.

**Ms. Spanjer** I think they have more resources.

**Senator J. Lee** There's no limitation in the bill?

**Ms. Spanjer** No

**Barb Arnold –Tengesdal**, President, New Horizon Children's Center Board testified in support of SB 2225. Attachment #3 includes pictures of what a child care center would look like.

**Senator Dever** asked if they would have thought to go to any of the agencies (Economic Development Corporations, Regional Councils, Job Development Authorities, Chambers of Commerce) for this project.

**Ms. Tengesdal** stated they are a member of their Chamber of Commerce. They already have commitments from a local business that when they open if they give them 10 spots for their

employees they would make a corporate donation. The Chamber of Commerce is absolutely the best way to be a part of the community.

**Senator Dever** asked if they would expect that to take care of the match.

**Ms. Tengesdal** Absolutely not. She's hoping the pool of money becomes larger for ND to have. She thinks the \$3,500,000 would be the state match for the extra federal dollars and maybe the Commerce department would have a bigger pool.

**Blake Crosby**, Manager of the Business Center -ND Child Care Resource and Referral, testified in support of SB 2225 (attachment 4) and concurred with everything that was previously said.

**Senator Dever** Do you think that \$3,500,000 is the right number or do you think we could expand that by changing the match.

**Mr. Crosby** We need a basis to start. Of course we'd like to see as much money as possible in the pool. Hopefully down the road there would be additional funds set aside for it or the matching requirements would change. My biggest concern would be cash flow.

He then addressed applications and the state wide application process.

**Charlotte Bedlion**, Co director of Char's Day Care Center, Bottineau ND, testified in support of SB 2225. She wanted to make it clear that she and her husband could never have opened their day care center without the help of the EDC. It was about a 6-8 month process.

They have approximately 15 kids every day. They have been told they are technically a "center" but are only allowed 15 children. Eighteen is the state limit.

**Senator Dever** asked how helpful the Dept. of Human Services or any other state agency might have been.

**Ms. Bedlion** said the only agency that helped them was the EDC.

**Linda Jagielo**, Early Childhood Services Administrator for ND, offered to help find out why the center is only allowed 15 children.

**Bryon Quigley**, Director of Mountrail County Social Services, felt it was important to (1) keep it available for the home day cares that are currently out there so when they need new equipment they can apply for funds and get them without going through a big business plan. (2) add schools to the list of those who can apply (3) not subsidize rates.

**Senator J. Lee** asked Mr. Goettle about the possibility of schools being of a part it.

**Mr. Goettle** replied that they are not limiting the kinds of facilities so felt that schools would be a permissible recipient of the grant funds.

**Senator J. Lee** then asked if it was available to existing programs to upgrade or expand.

**Mr. Goettle** said it would as long as they are licensed and meet the requirements of the state.

**Dan Polasky**, Operator of a child care center in Grand Forks, had some concerns that the moneys would go towards startups in the areas that are adequately served by existing providers. He stated that the problem is not adding new providers but sustaining the current ones.

A short discussion followed on review of existing capacity as well as demand. This is why it should be driven locally. Public meetings were discussed as part of the process. Also discussed were footage requirements for each child and staffing problems.

**Linda Reinicke**, Child Care Resource & Referral Program Director in western ND and Lutheran Social Services of ND, provided neutral data. See attachment #6.

**Senator Dever** asked how the quality of standards would be initiated.

**Mr. Reinicke** said they could have a discussion with the Dept. of Human Services to establish another level of quality of standards for programs. They have seen that child care providers come and go. Sometimes the licensing standards aren't enough to shore up that business as

a quality business. She was concerned with the money being handed over just to establish more child care programs.

**Senator Pomeroy** asked if a star program would help.

**Ms. Reinicke** replied that HB 1418 establishes a quality rating system for child care providers. She could see these two bills dovetailing very nicely.

**Senator Marcellais** asked how she could recommend improving the service in Rolette County.

**Ms. Reinicke** said the Child Care Resource & Referral and Social Services have worked with the tribal entities to establish and shore up the tribal licenses. There needs to be more assistance to bring in more people to do consulting and mentoring of child care providers of the reservations.

There was no opposing testimony

The hearing on SB 2225 was closed.

Additional testimony submitted after the hearing (attachment #7).

#### **Job #7237**

**Senator J. Lee** opened SB 2225 for discussion.

There was discussion that this is a onetime funding, there are matching funds and has a business oversight (goes through the EDC). These things made this more comfortable for the committee.

**Senator Marcellais** moved a **Do Pass and Rerefer to Appropriations**.

**Senator Heckaman** seconded the motion.

Roll call vote 6-0-0. **Motion carried.**

**Carrier is Senator J. Lee.**

**FISCAL NOTE**  
 Requested by Legislative Council  
 04/27/2009

Amendment to:           Engrossed  
                                   SB 2225

1A. **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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,820,000			
<b>Appropriations</b>			\$1,820,000			

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill directs the Department of Commerce to establish a program to provide matching grants to child care providers and allows the ND Development Fund to provide loans or grants to licensed child care providers for infrastructure or equipment.

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 5 appropriates \$1,250,000 to the ND Development Fund to provide loans or grants to child care providers as outlined in Section 2; Section 6 appropriates \$500,000 to the Department of Commerce to provide grants to child care providers as outlined in Section 3; and Section 7 appropriates \$70,000 to the Department of Commerce to cover administrative expenses associated with the two programs.

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.*

Based upon the appropriations contained in the bill, \$500,000 will be expended for matching grants to child care providers; \$1,250,000 will be expended for loans or grants to licensed child care providers; and \$70,000 will be expended for administrative costs associated with the programs.

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 is also included in the executive budget or relates to a continuing appropriation.*

This bill appropriates \$500,000 to the Department of Commerce for matching grants to child care providers and appropriates \$1,250,000 to be deposited in the North Dakota Development Fund to provide loans or grants to the licensed child care providers for infrastructure and equipment. It also appropriates \$70,000 to the Department of

Commerce for expenses associated with administering these two programs. The executive budget included \$3,500,000 in Senate Bill 2018 for a grant program to child care providers.

<b>Name:</b>	Justin Dever	<b>Agency:</b>	Department of Commerce
<b>Phone Number:</b>	328-7258	<b>Date Prepared:</b>	04/27/2009

**FISCAL NOTE**  
**Requested by Legislative Council**  
04/10/2009

Amendment to:           Engrossed  
                                  SB 2225

1A. **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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,750,000			
Appropriations			\$1,750,000			

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill directs the Department of Commerce to establish program to provide matching grants to child care providers for technical assistance and allows the ND Development Fund to provide loans or grants to licensed child care providers for infrastructure or equipment.

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.*

There may be additional costs to administer this new grant program, however these costs will be covered in the Department of Commerce's existing budget.

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.*

Based upon the appropriations contained in the bill, \$500,000 will be expended for technical assistance grants to child care providers and \$1,250,000 will be expended for loans or grants to licensed child care providers.

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 is also included in the executive budget or relates to a continuing appropriation.*

This bill appropriates \$500,000 to the Department of Commerce for technical assistance grants to child care providers and appropriates \$1,250,000 to be deposited in the North Dakota Development Fund to provide loans or grants to the licensed child care providers for infrastructure and equipment. The executive budget included \$3,500,000 in Senate Bill 2018 for a grant program to child care providers.

<b>Name:</b>	Justin Dever	<b>Agency:</b>	Department of Commerce
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Phone Number: 328-7258

Date Prepared: 04/13/2009

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/15/2009

Bill/Resolution No.: SB 2225

**1A. 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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$3,500,000			
Appropriations			\$3,500,000			

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill directs the Department of Commerce to establish a grant program to provide matching grants to develop new child care programs, expand existing programs, and provide technical assistance.

**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.*

There may be additional costs to administer this new grant program, however these costs will be covered in the Department of Commerce's existing budget.

**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.*

Based upon the recommended appropriation contained in Senate Bill 2018, \$3,500,000 will be granted for the development of new child care programs, expansion of existing programs, and the providing of technical assistance.

**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 is also included in the executive budget or relates to a continuing appropriation.*

\$3,500,000 is appropriated in Senate Bill 2018 as part of the executive budget recommendation for this grant program.

<b>Name:</b>	Justin Dever	<b>Agency:</b>	Department of Commerce
<b>Phone Number:</b>	701-328-7258	<b>Date Prepared:</b>	01/16/2009

Date: 7-19-09

Roll Call Vote #: 1

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2225

Senate Human Services Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended  Rerefer to Appropriations

Motion Made By Sen. Marcellais Seconded By Sen. Heckaman

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee, Chairman	✓		Senator Joan Heckaman	✓	
Senator Robert Erbele, V.Chair	✓		Senator Richard Marcellais	✓	
Senator Dick Dever	✓		Senator Jim Pomeroy	✓	

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator J. Lee

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

**REPORT OF STANDING COMMITTEE**

**SB 2225: Human Services Committee (Sen. J. Lee, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2225 was rereferred to the Appropriations Committee.**

2009 SENATE APPROPRIATIONS

SB 2225

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 01-28-09

Recorder Job Number: 7951

Committee Clerk Signature

*Alex Delzer*

Minutes:

**Chairman Holmberg** called the committee hearing to order at 9:00 a.m. in reference to SB 2225 in regards to a state grant program for child care. Roll call was taken. All committee members were present except Senator Fischer. Both Senator Mathern and V. Chair Grindberg were called out to other hearings. The fiscal note was passed out to the committee. The money in this bill is appropriated in Department of Commerce budget. We are not appropriating the money in this bill. The money is in SB 2018.

**Shane Goettle**, Commissioner of the ND Department of Commerce testified in favor of SB 2225 and provided written testimony # 1 in support of the bill. He will touch on the Allocation, Eligible Organizations, Eligible uses of the Funds, and Limitations. There may be a start up amount. The grant converts to a loan that would have to be paid back if requirements (such as the time allotment) have not been met. (08.30)

**Chairman Holmberg** said we have had issues with cash in versus in kind and is constantly on the burner when it comes to Centers of Excellence, what assurances do we have here that your statement matching funds must be in the form of cash and the statute says matching funds. How do we know that that's not going to slip back into the whole issue of in kind?

**Shane Goettle** said that the only thing they would have is his word and his testimony today that they could hold him to. He said they didn't want to get into in kind.

**Chairman Holmberg** asked if there was better language that we could have used.

**Shane Goettle** said that would be ok.

**Chairman Holmberg** asked Becky to work on some language for the committee. This bill came to us as a separate bill it was part of 2018. I would be much more comfortable if it said cash, the statute doesn't say that.

**Senator Warner** said he was alarmed at the 10% for administration fees. He said for a state agency it seemed high. Explain what you would be doing with that large of cut.

**Shane Goettle** said that part of this is that it is a new program. There may be costs at the local level. He said they need to make a serious effort to market this program. He didn't think we would use it all, but they gave themselves some room to work with this program. Travel, workshops, demonstrations, assistance in business plans, a lot of administrative questions that we are trying to figure out.

**Senator Lindaas** do you see any size limitation being set up, unit of how many children in the facility.

**Shane Goettle** said I had that discussion with the governor's office and my staff; we did not go that direction to make any type of size limitation. Daycares needs across the state vary so much. There are concerns about availability as well as quality. It is about expanding access.

**Senator Seymour** when this came to fruition did you look at other states to see if there are any models.

**Shane Goettle** we are aware that other states approach this in various ways. We are a smaller state we had a lot of impute and we can deliver programs more efficiently. We want to be flexible and any place where there is a need.

**Senator Christmann** two questions; any consideration to the fact that this is likely to be competitive for those who have done daycare in their home for years.

**Shane Goettle** we are aware of people who are not licensed doing a good job, no threat to those, if we use public funds we have to meet criteria set by the state. I do think some of the communities think they have enough childcare providers in the area. Make sure they get a fair hearing at the local level, simply expand services where they are needed.

**Senator Christmann** would this work, build a \$100,000 facility and the state pays 75% I pay 25% then wait two years and sell for \$50 or \$60 thousand.

**Shane Goettle** said if someone is able to build this facility and able to sell the building in two or three years I don't see a problem with that

**V. Chair Bowman** if this is one time funding we implement the program and give them all this money. What if someone wants to get in two years from now? They ask why we aren't entitled. There is pressure to continue. It could skyrocket. I am not saying I don't like the bill but I am looking at the long term commitment we will have to the private sector in this bill.

**Shane Goettle** said with onetime funding it is recognition that this is a pressing issue across the state. This bill is proposed to address this biennium a need we have seen across the state, if you have a surplus we might come forward again, but if you don't then the program could be cut. In response to Senator Christmann question, selling the childcare facility in terms of getting cash, not likely to happen very often. We have not put limitations on that, if we think someone is profiting at the expense of the state. Maybe this needs to be discussed.

**Chairman Holmberg** what is the business of the government getting into this business.

**Shane Goettle** I didn't think it was appropriate to subsidize, the role of the state is to providing the infrastructure to the facilities we have across the state. Primarily in the west where the oil industry is up, the market response takes time, framing this as an infrastructure program.

**Li nda Reincke**, Child Care Resource and Referral Program Director in western North Dakota and employed by Lutheran Social Services of ND testified in favor of SB 2225 and provided

written testimony # 2 in support of the bill. Her testimony shared data compiled concerning the child care profiles. She explained this document and that it was county specific data. (29.43)

**Senator Robinson** the counties I represent, Barnes and Ransom I would like that information.

**Linda** It will be emailed to him.

**JoAnn Brager**, Vice President of Public Policy for the ND Association for the Education of Young Children testified in favor of SB 2225 and provided written testimony # 3 in support of the bill. Her testimony expresses the strong support the economic investment in ND.

**Jack McDonald** on behalf of YMCA of North Dakota is in the child care program and strongly supports this bill. In almost every community there is a shortage of child care. He urged a do pass.

**Chairman Holmberg** are there YMCA in small communities or just large?

**Jack McDonald** said there were just five in the state and Jamestown has the smallest one. (33

**Jeb Oehlke** testified in favor of SB 2225 and provided written testimony # 4

**Chairman Holmberg** does your organization go along with the amount requested. He asked Shane to explain the FTEs. Discussion followed on FTEs and administrative costs.

**Denise Spanjer**, Director of the ND rural Development Council and the Center for Technology and Business testified in favor of SB 2225 and provided written testimony # 5 in support of the bill. She emphasized in her testimony the lack of availability of child care. (47.01) urged to pass it with a Do Pass.

**Blake Crosby** Manager of the Business Center for Child Care Resource and Referral testified in favor of SB 2225 and provided written testimony # 6 in support of the bill. His testimony listed the challenges for the child care industry. (44.25) He also answered a previous question about private businesses having child care on site, he said most do not do that because it is not affordable and insurance risks.

**Senator Mathern** a follow up a business plan you suggested to put together. I find many child care facilities close because there isn't enough money. How do we expect a nonprofit organization to support it? It is important but is there a more pressing problem like families not having the money to pay the bill. How will this bill address that?

**Blake** if we can take some of the cost pressure off the child care business by using this grant to help them, whatever they need, that frees up some of that cash flow immediately and long term, that frees them up to use the revenue from the parents for their expenses.

**Senator Mathern** said that people can't pay what it costs. They can't hire people in this economy. Does that give them another day or week to operate?

**Blake** I think it works in the long term by taking off the initial upfront cash flow pressure. We are a low wage state, part of the situation is due to a lack of business plan, they almost self impose upon themselves what they think the parents can pay. There are lot of childcare providers at the low end. They need to become better business people.

**Paul Ronnigan**, social workers State Coordinator for the Children's Defense Fund (CDF) testified in favor of SB 2225 and provided written testimony # 7. He shared the current child care crises. (51.61)

**V. Chair Grindberg** asked a philosophical question, the feedback I have received; we have a fair amount of child care discussion in our local media. The feedback I have received is divided. Help me address all the concerns.

**Paul Ronnigan** there will be competition, there will be individuals who already are in the business and it is working and they will be asking why they should step into the neighborhood. The bottom line is we are not supporting quality childcare for our kids and families today.

**Senator Bowman** when you mention the one time funding and you say we really need this to

help childcare providers then we move forward with assistance from the government, where do they get to the point where they will help themselves.

**Paul Ronningan** look at some of the other bills in front of you considering child care, there are other models that might be more supportive for the parent economically. Congress will be pressed to assist low income families.

**Chairman Holmberg** one of the hurdles this session, read the papers every day what is going on in the economy, most of us know that is a truthful statement but sometimes comes back next time concerning the one time funding. We will be committing ourselves to the future.

**Paul Ronningan** said the Legislatures he has talked to have been more than clear about the one time funding. If there is a need in the future, mood of the legislature can be funded or not funded. He said he came 30 years ago for money so we could move forward in child care.

**Senator Mathern** asked where this money goes, how many organizations will be working in child care, I was not aware that Child Care Resource Referral had a manager. Is it possible to move this money right to the child care resource referral system?

**Paul Ronningan** answered that this bill brings in the Commerce Department. We do work with business plans and providers; economic development brings in a different group of folks. Could it be allocated? Yes. Would you lose some of the expertise? It is possible.

**Eric Aasmundstad**, representing himself testified in OPPOSITION to SB 2225. It bothers me the government involved in competitive business made by the local match. There is a bill around this building that will fund this local match using subdivision mills. The state shouldn't be in competition with these businesses. There are many places individuals can go for help now. A child care is a business, you have to manage, and there are all kinds of programs in the public today. I don't see the need for the state to build another system to do that. If you are making a onetime expenditure for facility, this is a subsidy. My wife and I are very fortunate to

have 3 bright kids that all went to day care. We faced all the challenges that parents face with daycare. We made it through. It was just part of personal responsibility.

He testified in opposition of the bill

Chairman Holmberg closed the hearing on SB 2225.

# 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2225

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: February 18, 2009

Recorder Job Number: (no audio available)

Committee Clerk Signature

*Rose Loring*

Minutes:

**Chairman Holmberg** opened the discussion on SB 2225.

**V. Chair Grindberg** moved Do Pass on SB 2225.

**Senator Krebsbach** stated there is an amendment .0101 that has not been acted on.

Motion withdrawn.

Discussion followed and changes made.

**Senator Krebsbach** moved to accept the amendment.

**Senator Fischer** seconded.

**Voice vote – motion carried.**

**V. Chair Grindberg** removed motion.

**Senator Warner** seconded.

**A Roll Call vote was taken. Yea: 10 Nay: 4 Absent: 0**

**The bill goes back to the Human Services.**

90810.0101  
Title.

Prepared by the Legislative Council staff for  
Senate Appropriations  
January 28, 2009

PROPOSED AMENDMENTS TO SENATE BILL NO. 2225

Page 1, line 8, after "funds" insert "in cash"

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2225

Page 1, line 8, replace "one dollar" with "\$1" and after "of" insert "cash"

Page 1, line 9, replace "three dollars" with "\$3"

Renumber accordingly

Date: 2-18-09

Roll Call Vote # 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2225

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number ~~0101~~ - changed now have new Amend

*voice yes*

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Sen Krebsbach Seconded By Sen Fischer

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman			Sen. Aaron Krauter		
Sen. Bill Bowman, VCh			Sen. Elroy N. Lindaas		
Sen. Tony S. Grindberg, VCh			Sen. Tim Mathern		
Sen. Randel Christmann			Sen. Larry J. Robinson		
Sen. Tom Fischer			Sen. Tom Seymour		
Sen. Ralph Kilzer			Sen. John Warner		
Sen. Karen K. Krebsbach					
Sen. Rich Wardner					

Total Yes \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

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

Date: 2-18-09  
 Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2225

Senate Senate Appropriations Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Grindberg Seconded By Warner

Representatives	Yes	No	Representatives	Yes	No
Senator Fischer	✓		Senator Warner	✓	
Senator Christmann	✓	✓	Senator Robinson	✓	
Senator Krebsbach	✓		Senator Krauter	✓	
Senator Bowman		✓	Senator Lindaas	✓	
Senator Kilzer		✓	Senator Mathern		✓
Senator Grindberg	✓		Senator Seymour	✓	
Senator Wardner	✓				
Chairman Holmberg	✓				

Total Yes 10 No 4

Absent 0

Floor Assignment ~~Grindberg~~ goes back to Human Services

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

*9 Feb*

**REPORT OF STANDING COMMITTEE**

SB 2225: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). SB 2225 was placed on the Sixth order on the calendar.

Page 1, line 8, replace "one dollar" with "\$1" and after "of" insert "cash"

Page 1, line 9, replace "three dollars" with "\$3"

Renumber accordingly

2009 HOUSE HUMAN SERVICES

SB 2225

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2225

House Human Services Committee

Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: #10480

Committee Clerk Signature

*Marly K. King*

Minutes:

**Chairman Weisz:** Opened the hearing for SB 2225.

**Blake Crosby:** I am the Manager of the Business Center for Child Care Resource and Referral.

Testimony attachment # 1.

I would also like to add that I just came from the Senate Human Service Committee Hearing Meeting there is a bill 1418 that also provides some money for child care. Senator Lee and the committee ask that we get together with SB 2225 and HB 1418 so we are all rolling in the same direction. SB 2225 is the bricks and mortar bill. HB 1418 is a bill that is centered around recruitment, training, retention and capacity building.

**Chairman Weisz:** Can you give us some more specific information on how you arrived at 3 and ½ million for the program and how many centers you are looking at?

**Blake Crosby:** I am unable to give you this information, but I am certain that someone from the Department of Commerce could as this is an initiative from the Governor.

**Rep Conrad:** I see that it is for new child care center and expanding existing child care center.

It is that right?

**Blake Crosby:** Yes. There may be a provider that is certified and may want to become licensed.

**Rep Conrad:** They do have to expand the numbers?

**Blake Crosby:** I am certain that is the intention.

**Shane Goettle:** Commissioner of the North Dakota Department of Commerce.

Testimony attachment #2

Something that is not in my written testimony is that about the infrastructure for example, is that if the money goes into a building in a small town we would take some kind of security interest or lean of some sort. We wouldn't want someone to create a child care facility for two years and then up and sell the building. We would want to carry the lean for five years. If it would be sold for private use we would want to recover that amount of money.

On the other hand if it is community based child care facility we aren't concerned quite as much.

Any grants in excess of \$25,000 right now as the program is put forward would be required to abide by the North Dakota Business and Senate Accountability Legislation which you passed two sessions ago.

**Chairman Weisz:** Questioned that there was not an updated FN since the Senate cut the bill down to \$2,000,000.

**Shane Goettle:** Correct

**Rep Conrad:** My question is about an in-kind match that could be quantified?

**Shane Goettle:** We did have thought of in-kind match and thought the easiest way would be to look at the community that raised the funds. But it becomes much harder to quantify this.

**Rep Conrad:** In Minot we have Job Corp and they have done a wonderful job and are very well supervised. In a small community they will have difficulty to have some of these opportunities.

**Shane Goettle:** If that is what the committee's wishes are we will work with that but I would like to see the Legislative's intent.

**Chairman Weisz:** You are proposing this as a onetime fund and only are needed for one biennium and then all will issues will be taken care of?

**Shane Goettle:** This is a onetime proposal funding largely because we are (inaudible) and because of the pressure we see now.

**Rep Frantsvog:** One of the things I didn't see or hear is some type of needs based rating. What I am talking about is Needs Based as the needs for child care in one area might be greater in one area than others.

Is there going to any kind of rating system that would tell you what areas or communities might go to the top of the list.

In the area of Rugby they were planning pregnancies around day care providers.

**Shane Goettle:** Let me step back a minute because talking about this program and construct the public purpose of this program:

1. Making Child Care available.
2. Increase quality of existing facilities to make sure we retain the Child Care we now have.
3. Improving quality of the Child Care by adding things such as playground equipment, security fence ect.

**Barb Arnold-Tegesdal:** President of New Horizon Children's Center Board.

Testimony attachment # 3

**Rep Porter:** On the last page and last paragraph of your testimony it states that the grant will reduce the cost of care. Where is that in the bill and how is that guaranteed to the tax payer of North Dakota?

**Barb Arnold-Tegesdal:** The start up costs is very expensive. By reducing it out of the business form that we have. We would not have to take out as big a business loan to start with.

**Rep Porter:** We do know what the charges are at the YMCA. Are you saying you are going to charge less than that?

**Barb Arnold-Tegesdal:** We were planning to do an endowment for low income families. We would like to make it affordable for low income families for sure for toddler care.

**Rep Potter:** Is the match situation going to be difficult for you?

**Barb Arnold-Tegesdal:** I don't believe it would be with the fund raising we have done and have worked on this plan for 4 years. It may be more difficult for some care centers than ours.

**Jack McDonald:** I am here in behalf of the YMCA of North Dakota. We are in the Child Care Day Care business. We are in favor of anything that improves the quality and availability of Child Care.

**Rep Conrad:** Would you welcome drop-ins other those using your facilities?

**Jack McDonald:** That would have to be a decision of the facility.

**Jeb Oehlke:** Lobbyist for EDND. Our support is for this bill because it will stimulate growth in rural North Dakota.

**Rep Potter:** Would the 1 to 3 match in the rural area would be difficult to raise?

**Jeb Oehlke:** It may be difficult to get the maximum grant from the state. I doubt if the rural area would need the maximum grant.

**Rep Potter:** So a smaller amount than the one to three is possible?

**Jeb Oehlke:** The board of the EDND has not addressed that with me.

**Rep Potter:** The bills of HB 1418 and SB 2225 have similar lines. Do you know of anything about putting these two bills together?

**Shane Goettle:** I haven't looked at HB 1418 in great detail. I have had a couple of discussions about that possible. But our staff has not looked at this as how they would work together. Our emphasis is for the infrastructure.

**Rep Porter:** We are kind of hearing from you that this will be serving the underserved area. Hearing from others we are going to have completing business against existing businesses in Urban places as Bismarck/Mandan, Minot etc. How will this money in this program going to be pushed out so that those areas demonstrate the need for additional completion and that we will not be using state funds to run other organizations out of business.

**Shane Goettle:** One of the reasons we want to use local economic organizations, Job management etc. is because it can be a concern. We want that to be air at the local level.

**Rep Porter:** What if the Community can't air that out?

**Shane Goettle:** That can happen. One of the things we want is that the local decision to be decisive. I think that would be our respond.

**Rep Conrad:** I heard there is Stimulus money available. Is part of this package?

**Shane Goettle:** The Stimulus money is available for Human Services for low income families but not available for infrastructure spending and equipment.

**Chairman Weisz:** Closed the hearing on SB 2225.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

House Human Services Committee

Check here for Conference Committee

Hearing Date: March 16, 2009

Recorder Job Number: 11044 (RECORDER 4:37)

Committee Clerk Signature

Minutes:

**Chairman Weisz:** Let's take up 2225, child care.

**Rep. Hofstad:** Motion Do Pass and rerefer to appropriation.

**Rep. Frantsvog:** Second.

**Roll Call Vote:** 8 yes, 4 no, 1 absent, Rep. Holman.

**MOTION CARRIED DO PASS.**

**BILL CARRIER:** Rep. Frantsvog

Date: 3-16-09

Roll Call Vote #:

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2225

House HUMAN SERVICES Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Hofstad Seconded By Rep. Frantsvog

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN ROBIN WEISZ		✓	REP. TOM CONKLIN	✓	
VICE-CHAIR VONNIE PIETSCH		✓	REP. KARI L CONRAD	✓	
REP. CHUCK DAMSCHEN	✓		REP. RICHARD HOLMAN	A	
REP. ROBERT FRANTSVOG	✓		REP. ROBERT KILICHOWSKI	✓	
REP. CURT HOFSTAD	✓		REP. LOUISE POTTER	✓	
REP. MICHAEL R. NATHE		✓			
REP. TODD PORTER	✓	✓			
REP. GERRY UGLEM	✓				

Total (Yes) 8 No 4

Absent 1

Bill Carrier Rep. FRANTSVOG

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

DO PASS Re-refer  
to APPROP

**REPORT OF STANDING COMMITTEE**

SB 2225, as engrossed: Human Services Committee (Rep. Weisz, Chairman) recommends **DO PASS** and **BE REREFERRED** to the Appropriations Committee (8 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2225 was rereferred to the Appropriations Committee.

2009 HOUSE APPROPRIATIONS

SB 2225

# 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2225

## House Appropriations Committee

Check here for Conference Committee

**Hearing Date:** March 19, 2009

**Recorder Job Number:** 11293

Committee Clerk Signature	<i>Ellen LeTang</i>
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Minutes:

**Chm. Svedjan:** This is the state grant program for child care. Again, this is coming from House Human Services.

**Rep. Weisz:** This came from the governor's budget. It was taken out and made a standalone bill that has to do with what I call construction grants for child care providers. The Senate trimmed the FN which showed 3 ½ million but that not in the bill any more, it's down to 2 million. What this program does is helps the providers with new construction, renovation, egress, fencing and those types of things. It provides 1:3 matching grants. The testimony was that it would be limited to a max of \$100,000 per provider. That is what the Commerce Department was proposing and this is a new program.

**Rep. Hawken:** I've spent many sessions working on child care. This is not where I'd put the money but this is a piece. I was assured by the Commerce Department that some of the money could go toward Business Plans and Business Plans for child care are way different. I'm not sure what to believe coming out of the department but this could be used for communities like Ashley and communities who are losing population because they don't have childcare. I don't see this as building new buildings. This could be wonderful. I hope we will pass this bill and hopefully what Commerce said they will do, they will actually do.

**Rep. Delzer:** This came out of the Governor's budget. The commerce department currently has 2 million dollars in there. Government Ops has not had any discussion of what level we think that should be added. I don't see anything in here that defines anything with the except that it can only go to government agencies. It doesn't say anything about private. It also says they must do it. It does not say anything about 2832 doing it under administrative rules. We have not dealt with this in Commerce yet.

**Rep. Williams:** As I look at this bill, I'm curious, the word "cutting edge" was used again. Has this been tried in other states or is this a first time for anybody?

**Rep. Weisz:** There was no testimony in our committee from the standpoint as to whether this was done in other states. It's a new program for us and the commerce commissioner made it clear to us that this will fund buildings as well as renovate. They would require business plans but they didn't give any indication that the money could be used to pay for the business plan. You had to have a business plan before you could qualify for the funds.

**Rep. Onstad:** A lot of times there is some planning dollars that work for that and some federal dollars. The funds have dried up. Even though this is a small piece, in the past there have been some programs and they have gone away.

**Chm Svedjan:** I had earlier raised question that this could be taken up here. I was advised that we would proceed with this. I'm hearing that we ought to match this up with 2018.

**Rep. Delzer:** If you want to take this up now, I could propose two small amendments to take care of it now. Just change the shall to may on line four and on line five after "job development authority", put in private individuals.

**Rep. Hawken:** If we're going to amend it, then I would like to see a line in there that business plans contracted through Child Recourse and Referral added as well.

**Chm. Svedjan:** Given what I'm hearing, I think this should go to Government Operations and match it up with 2018.

**Rep. Weisz:** There was a rationale as to why it doesn't say private individuals. The Commerce Department did not want to get into the business of actually having to determine the money is going to go to private providers.

**Chm. Svedjan:** I would ask you to work with Rep. Delzer and Rep. Hawken and any others. I'm going to halt the discussion on the bill 2225.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 3/20/09

Recorder Job Number: 11323

Committee Clerk Signature

*Nancy L. Gerhardt*

Minutes:

Chairman Delzer opened the discussion on Senate Bill 2225.

Chairman Delzer: First off I think we should have a discussion on whether or not we think the program is viable, whether we should be putting general fund money into that program. The governor put in 3.5 million, the senate took it down to 2 million and it's setting in 2018.

Representative Kempenich: Is this building building?

Chairman Delzer: This is supposed to be for infrastructure, playgrounds, and buildings whatever. The discussion they had before us down there sounded like they thought they'd cap it at \$100,000. It's got a 3 to 1 match in here, 1 dollar to every 3 dollars of state. I was concerned about it not listing private people, but they said the way it would work is commerce wanted contract with the locals, to let the locals decide if it was private or not. I think somewhere in there you should say private entities can get this money.

Representative Berg: I feel really strong about this area and my big concern is, whenever you talk child care, you can fill a room, and if you look at the room it will all be people who are receiving a salary through some public entity. My fear with these programs quite frankly is when they request an application and they do grants, the people that are taking care the majority of our children, simply don't have time to sit down and fill out a grant application.

What's going to happen is those entities that have a full time staff and grant writers are going to write the grants. They're going to get the money. They are also have people very good at raising private sector money and so they have people of influence on their board supporting their daycare. I like the fact that this is going to infrastructure. One of the things that struck me is, what we ought to do is look at this like we do some of our PACE money. For our primary sector companies, we have a PACE program and a growth fund, that helps bite out interest and do things. I think 2 million bucks or a million bucks would probably leverage 20 million dollars if it were more as a buy down program. From my perspective maybe a \$100,000 cap is a good idea. That will probably keep it spread out more, and someone's not going to come in and take the whole chunk. You have got to approach this with the assumption that every daycare out there now has playground equipment, they have their stuff.

Chairman Delzer introduced the students in the audience and explained the bill and discussion to them.

Representative Kaldor: I'd like a little clarification from OMB on the actual intended use for these funds. I was under the impression it may not necessarily be just for info structure, but it could be for business planning to start a daycare where there might not be one.

Tammy Dolan, OMB: That is my understanding as well. While it could be used for existing daycares as well, but, in a town or city where there was no daycare or there was a need for expanded or newer daycare, yes, it could be used for planning to get a daycare off the ground.

Representative Kempenich: I think this is a valid point about this practice. I would like to see some language put in there that is a little broader than just government entities.

Chairman Delzer: Do you think that it should be worded so that the Commerce has to work with the private individuals, or is it OK to have some language in there to say the development

corps. Regional councils job development authorities must work with private individuals.

That's quite a difference.

Representative Kempenich: Yes it is. Most of the daycares out there right now in the rural areas are private. I think larger towns in this state look more organized.

Chairman Delzer: One of the problems that we have is that the privates may not have the knowledge of the program or resource.

Representative Kaldor: Maybe there's some ways to help deal with that, one of them with the cap. That cap could help in that regard. The other thing is that if you put this in such a way that the EDC's, or Regional Councils, or Job Authority, I would certainly hope that those entities would be very interested in assisting a private daycare access some funds.

Chairman Delzer: I would too if we could word that.

Representative Kaldor: I don't know how to word it. The other thing I want to say, is I want to dovetail with Rep. Berg's idea of a PACE program. That would leverage a lot more help. The big concern with childcare is, in some of these areas where we've had a lot of economic growth, the childcare availability hasn't kept pace with the growth. I don't want to see the big, well organized or well funded programs get more money.

Tammy Dolan, OMB: I did hear some of the testimony that was in the Senate. That was a concern when Commissioner Goettle presented his testimony. That is why they would actually work with some of these regional, local, groups to assist some of the private individuals in putting together packages so they could get money.

Chairman Delzer: Do we have any desire to switch this over to the Bank of North Dakota

Representative Berg: I think we need to some legislative intent so they know how to evolve.

The way the PACE program works is that someone would come in for some kind of loan and ½

the interest, whatever they negotiate with their local bank, is picked up. I am just thinking that it might be a way.

Chairman Delzer: Philosophically I don't know if I support General Fund money going to daycares. One of the things I have some real concerns about supporting all the people out there working 2 jobs. We don't support the parents what have 1 parent stay home and raise their kids. As far as a fund where they are borrowing from it I think that's the best idea I've heard.

Representative Kaldor: As I was thinking through this, it might be good also to have a loan program for info structure, improvements and things like that, where you're buying tangible goods. And maybe those smaller grant program to help those private individuals who want to start a program for those areas in need. They could bet a small grant for business planning they wouldn't otherwise be able to do, and maybe some technical advice.

Chairman Delzer: Most of the private ones are in small towns where it's taking care of 4 or 5 kids.

Representative Kaldor: From an economic development perspective, I don't disagree, if 1 parent could get paid well, that would be a perfect world. I do think the availability of child care is not always easily available and certainly not affordable for them. I do think the availability of childcare is also a part of the economic development picture and ensuring we have a workforce available in the state of ND.

Chairman Delzer: I think what we should do is Rep. Berg & Kaldor & Kempenich be in a sub-committee. You may want to call the bank.

Representative Berg: Rather than recreate a program, the reason this is before us, like it is, is because it is effecting our work force in ND. We've got a shortage in our work force in ND. It might be simpler to go to the development fund and allow them to consider daycares as a

primary sector. In the Development Fund, take what money we have here, and put it in the fund for daycare. I am just thinking that might be a way to deal with this in a system that is tested and proven. The other thing that is critical is this business planning. There's a need for some grants for some of these people.

Chairman Delzer: I think that is not, we do have the option of changing this bill so it will go for conference or the other issue is it's in commerce which certainly will go to conference. You could change this bill to do what you said.

Representative Meyer: Is there any other bills out there?

Chairman Delzer: There is Representative Hawkin's bill for training of the daycares but I don't think that affects this.

Representative Kaldor: That doesn't change this.

Representative Berg: I think we're putting something like 8 million in there or something.

Chairman Delzer: I don't think it's a shortage of money.

Representative Berg: I can check those numbers out.

Chairman Delzer: We could possibly in the bill put \$500,000 if we thought we needed to.

Representative Berg: I guess it gets back to what is the number.

Chairman Delzer: The Governor's said \$3.5 million and the Senate took it down to \$2 million

Representative Berg: We would have some in so they wouldn't scream from the development fund. This is really their initiative.

Representative Glassheim: Is this meant to build? It would help them to have less to pay out in debt service. The biggest problem is the cost of operations. This is then going to people developing them, rather than to people using them, which is where the pressure comes. They

can't charge enough to make ends meet.

Chairman Delzer: This was not going for operating. This is for the infrastructure or the development plan.

Representative Glassheim: I'm wondering A) is that our business: B) how many are you going to help: C) is there any limit of how much you can get for each one? The main problem in making daycares profitable in the private sector, whether it's nonprofit or for profit, is they can't charge enough. If you want to spend 2 million dollars, I wonder if tax breaks wouldn't be a better way to get more money into the daycare system.

Chairman Delzer: Tax breaks have been defeated many, many times.

Representative Glassheim: I don't know if this will get you much more daycare.

Representative Berg: Let me take a stab at some of those questions. 1) People can't afford daycare, it's too expensive. 2) They can't afford to hire people to work in daycare, because wages are too high. My point is over the last 4 years, the average salary in ND has gone up by \$5,000 a year. Both of those things are kind of good things. We are in a growing economy. More people are coming. There's more people going to work because there's good economic jobs. When they say that they cannot charge enough, that's a little bit, B.S. They are going to charge as much as they can to fill their daycare. It's a supply and demand thing. There's a big cry in Fargo that we can't find employees. We need this government program to get more employees to Fargo. I know a guy I respect quite a bit and he said: "Don't waste any money on that, the bottom line on that is employers need to pay people more. Once they start paying people more, they will fill those vacancies." The reason you're hearing the screaming from the business sector is because they're having to raise salaries 5 & 6 & 7% a year and pay full medical to get these employees. But, they're making a lot of money. What I'm saying from my perspective is the concept of they can't charge enough. You're always going to hear that, but I believe it rings hollow, because if you went back and tracked these, they've been

charging more every year and maintaining full capacity. What I think the most important thing is, if we do something, it should be something that's fair and accessible to everyone. The fear I had with a big chunk of money for people to get grants is it would be sucked up and it wouldn't be available for everyone. I think the market will take care of itself as this evolves. Daycares will have to pay more to the people working there, but they can do it because they are going to charge more. They can charge more because people's incomes are higher, and it is more valuable for them to have daycare because they're getting this higher income.

Representative Glassheim:

Representative Meyer: Just to throw out the women's perspective here. So many of the people using daycare are single women. They don't have any choice. The daycare providers are pretty good because they look at this person, who \$50 means whether the kids and she can eat the rest of the month. It's different from other cases because it primarily involves women. We're paid substantially less for the same job, other than in here. It would be a wonderful deal if women could stay home and raise their children. The vast majority of women would like to do that, but the economics Rep. Kaldor stated just aren't there so often. Maybe they should be, but they're not. Then you have a whole different component of these young mothers on TANF, you can't just turn around as a daycare and say, "We're not hitting our bottom line, we're going to charge you." Then basically, if this woman can't afford the daycare she just can't use it.

Chairman Delzer: We are getting a little off track with the bill that we have here. The way it came here from the Governor's office was info structure, building plans, the way it's before us.

We are having the discussion before us of whether it should go to the development fund and be alone compared to grant.

Representative Kaldor: Representative Hawkin's bill probably deals with what we are discussing. This piece of legislation really doesn't necessarily make daycare more affordable, doesn't make any of the things we would like to see. I am not so sure that it will have the impact that it should have. I would agree the dollars that are put in here may not get allocated in a way that would be most strategic or beneficial. I don't know exactly how to solve that. I think it is a worthy purpose. I like the idea of making daycare a primary sector eligible entity. It is part of employment. People need to work and if they don't have any alternatives they need someone to take care of their kids. It's part of the process. That would actually create leverage for more opportunity in the development of daycares where they are needed.

Chairman Delzer: We do have another option. If we wanted to expend the 2 million dollars, you could split half it, adjust this in such a way that you put \$100,000 cap on there and say 50% of it has got to go to privates, 50% has got to go to nonprofits, and of that whole 100%, 75% of it needs to be info structure. Split the 50/50 so that \$250,000 could go for building plans, the rest would have to go for info structure. Then you could also put in the idea of putting some money into the development fund and creating the private sector loan. It would create it to a point where you would be going to a loan situation for the future to cover everybody. You'd have a small amount for grants, and then sunset that at a point.

Representative Kaldor: Just a question I am assuming that this legislation does in a way sunset.

Chairman Delzer: I would have to look at 2018. The development fund, in our answers from Shane, on 2018 is attachment "g" of the last set of answers. It shows it to have a predicted balance at the end of the biennium of 7 million 81 thousand. This is not sunset. This is the

whole language. There is no language in 2018. No, it is sunset, ending June 30, 2011.

Representative Dosch: I think my only issue with putting it in the Development Fund, and some of it might be good for that, and I think classifying daycare as a primary sector business would help. Do we really think that someone who needs 5, 10 thousand dollars to remodel, are they going to go through the fund and fill out a loan and go through all that hassle so they can get a 2% rather than a 5% loan? Are we creating a whole bunch of obstacles? I think we need to change the match amount to 50/50, keeping it simple. We need to change the match amount. I'm not sure the state should have \$3 in a project vs. \$1 in a private sector. I think it should at least be a 1 to 1. Keep it simple. Maybe it could be administered by the development fund. That's a good idea, but the intent would be they have a different set of guidelines and we try to keep it a draft program to make it clean and easy. Otherwise I don't think these small independents are going to go through the hassle to save a couple % in interest.

Chairman Delzer: What I think we will do is hold this. You think about what you want to do with it. We'll have to have a discussion about it right away on Monday because we will have to get rolling on it. We'll stand in adjournment until Monday.

# 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/3/09

Recorder Job Number: 11734

Committee Clerk Signature

*Nancy H. Gerhardt*

Minutes:

Chairman Delzer opened the discussion on Senate Bill 2225.

90810.0206

Representative Kaldor explained the amendment.

Chairman Delzer: Is that a normal option of the development fund to have grants?

Representative Kaldor: Actually the development fund is eligible to make grants, but only with those local authorities participating. Normally they would make loans.

Chairman Delzer: But under this, what you are trying to do is put a million and a half out there for grants.

Representative Kaldor: Yes, a million and a half dollars would be put into the development fund for that purpose, for the grant purpose.

Chairman Delzer: Did you have any discussion about making it, say half of that? I don't believe it should be just grants, I think they should also have to be borrowing at the same time. Or, what kind of match do we have in here?

Representative Kaldor: We retained the match.

Chairman Delzer: That is the appropriation in Section five?

Representative Kaldor: Yes. It was our hope we would create a broad range of options.

However, when we were in discussions on this there was uneasiness with making childcare facilities a primary sector entity. They don't fit the strict definition of primary sector. This fits a little bit more in keeping with what the original mission was, to provide these grants, but it ties it up a little better. It is a lower amount than what was in the original Governor's budget. It is lower than what was in the senate proposal as well. We want to get local communities engaged. They need to have some ownership in this as well. If this can help facilitate a loan from a bank for a facility, property, maybe some equipment, most banks are reluctant to make these kinds of loans. With the development funds participation this make it more likely they will be able to get some financing in that way. It is just for this biennium. The grants under section 3 are for the 2009 -2011 biennium. They don't go on after that. We have an expiration day of

July 31, 2011.

Chairman Delzer: Why July 31<sup>st</sup>?

Representative Kaldor: I'm not sure; I'd have to ask council. Continued explaining section four.

The July 31<sup>st</sup> expiration date has been used recently in the event this legislation would be continued in the next legislative assembly. If this same bill was introduced again next time, what that July 31<sup>st</sup> allows is for the next piece of legislation to not require an emergency clause. Because of the next piece of legislation would become effective on August 1<sup>st</sup>. By going to July 31<sup>st</sup> of 2011 it would not need an emergency clause.

Chairman Delzer: Representative Kaldor what's your definition of matching grants under section 2?

Representative Kaldor: The development fund has authority to determine what those matching grants would be. If they look at a project and decide it should be a 1 for 1 match, they can do

that. If they decide it could be a 2 for 1 I'm assuming they could do that as well. They have as much latitude as they do under their current programs where their financing primary sector business development.

Representative Dosch: In sec. 3 when it requires a 1 to 3 match, what are we talking about there?

Representative Kaldor: The applicant would make \$1 available for every \$3 available from this grant application. The idea here is, this is the same language in the original bill, and we're focusing primarily on technical assistance and business planning. Some of these entities may not have the dollars necessary to do a comprehensive business plan. We want to make sure they do that first. We're providing a stronger match on that end than we would do in any other place.

We want to make sure they do due diligence, that they develop a plan that's actually fundable and bankable.

Chairman Delzer: If someone wanted to open a childcare center could convince their local entity to put up \$1,667, they could come get the \$5,000.

19:18

Representative Berg: They could be eligible for the \$5,000, yes.

Chairman Delzer: It doesn't have to be private dollars?

Representative Berg: No, that's not listed in here. I suppose it could be a locally EDC, it could be (inaudible)

Chairman Delzer: The same is true under section 2?

Representative Berg: I believe that would be correct.

Chairman Delzer: Is there any more questions on whether or not we understand what the amendment does?

Representative Berg: On sec. 2 it seems like we may have a double standard there. We're saying money can be used for development funds for a child hood facility licensed. Then we say money could be used for matching grants to these other entities. I'm trying to think that through, if I'm a person that has a daycare in a community, and our development corporation wants to build a daycare, are they getting different incentives than I'm getting? Part of the whole purpose here was that commerce would look at areas that have a work force shortage or there's real needs for daycare. I think it's important to have a level playing field, that if it's a private entity they can receive the same benefits as some government entity. Am I reading sect. 2, right? Is there a reason we would give a city authorized development corporation a grant and we wouldn't do that for another childcare facility.

Chairman Delzer: If we do grants I do think we need some sort of limit.

Shane Goettle, Commissioner: Section 2 is actually the language that authorizes the primary sector. The first sentence is about loans and the development fund, right now, has the authority to do grants to county and city authorized development corporations and job development authorities. They've actually only exercised that authority once. 25% of the development fund is out in the form of equity, and 75% of it is out in the form of loans. The authority has always been there, but it hasn't been exercised much. In the history of the development the board hasn't been all that excited about developing any kind of grant program because the loan and equity has been pretty successful. We didn't want to blur childhood facilities with primary sector businesses. We pulled it out and used the same language. The only thing we added was regional councils. There are many communities with childcare needs without ADA's or development corporations that would cover them. By partnering with these entities that we're already working very closely with anyway, they would help us identify what

their true needs are as opposed, if there is some sort of grant component with this. We are willing to try to make a loan program work.

Representative Berg: It says, moneys in the general fund may be used to providing financing to early childhood facilities licensed under \_\_\_\_\_, I would suggest moneys also may be used to provide financing for county authorized programs for acquiring leasing or remodeling. We use the same money rather than grants, we use provide financing for those entities.

Representative Kaldor: the only concern I would have about that, the problem with that might be that it's a local JDA or a county development corporation, whatever it might be, and they might help a private individual set up a daycare. If they're willing to provide a matching grant, or grant the development fund can grant why would we want to prevent that? What if it was coupled with other financing? Originally when we were looking at making this eligible for

primary sector definition, then they were eligible for both loans and grants. When we remove them or do not define them as primary sector, then we have to redefine what they are eligible for. I think when you start getting into granting it's more difficult to manage.

Chairman Delzer: If we do grants I think we should seriously consider some sort of limit on the grant amount, especially if you are putting this into a loan position.

Representative Kempenich: Let me correct one error in the way you're reading this here. The grants do not go to the county authorized or city authorized corporations. They would have a business they are working with. This authorizing language, at least the way we intended it, was not to have regional councils developing daycares or economic development organizations developing daycares themselves. They would be involved with the financing or coming up with the money to do one in that community or region they serve.

Chairman Delzer: The way you've got it worded they would be eligible for that if they wanted to do that.

Shane Goettle, Commissioner: What we intended the language to be was that we can pool our money together with money they may be coming up with, and have them, the money might go directly to them so they can strike the arrangement.

Representative Berg: This is where I have the problem. Again you have a community that needs daycare, and there's an individual in the private sector that says I'd like to do it, and job development yes we want to do it. You may have a competing thing. If you're out here trying to do your own thing, we'll buy down your interest 2 or 3%. My only deal is it should be the same.

Representative Kaldor: The local development corporation might be assisting in financing a private daycare.

Representative Berg: That's how I see this happening. You have an operator, that's a private operator in this facility that's owned or financed by one of these entities.

Chairman Delzer: It looks like we got a little more thinking to do on this one.

Representative Kempenich: If I'm reading this right, I think in the top part it refers to the development fund may be used for private financing. The money may be used to make matching grants to moneys. The money is what comes out of the regional planning council. It wouldn't come out of the development fund would it?

Chairman Delzer: I still have a problem with the amount that we are appropriating.

Representative Kempenich: Do you have some rules or something that

Chairman Delzer: First of all the arrangement here isn't that city development corporation, child development authorities, the regional councils would own anything. They would be involved in financing it. It might be financing a publicly owned day care, it might be a nonprofit, it might be a for profit. This was not intended to get them in the business of building a facility and then leasing it out to an operator.

Chairman Delzer: Shane on the top line your moneys in the development fund, can you currently do grants on that side?

Shane Goettle, Commissioner: Actually we can, but we've only exercised that authority once in the history of the fund.

Chairman Delzer: The only thing you're talking about doing anything with child care is with the appropriation of the section 4.

closed the hearing.

Shane Goettle: Commissioner – That is correct.

Chairman Delzer: You're not talking about doing anything with the existing 7 million dollars in the development?

Shane Goettle: No, in fact I told Rep. Kaldor if it had to compete with that money we would go with primary sector entities, unless we had a separate pool.

Chairman Delzer: What's wrong with doing it that way? That's what we were originally talking about when we started talking about this was putting it in the development fund so that money would be available for loan programs or whatever.

Shane Goettle: I've balked at calling childhood facilities primary sector because our definition of primary sector is an entity that directly attracts wealth from outside our borders and brings it into the state. While you can argue childhood facilities help facilitate that, they in and of themselves don't bring in wealth from outside the state.

Chairman Delzer: I have some real concerns about the full appropriation and moving that into the development fund. I think what we will do committee members are sitting on this until Monday morning. We'll have to do some decisions on Monday morning.

Rep. Kempenich: Why don't we get a breakdown on the utilization of the development fund?

Chairman Delzer: You have that in your folder.

Rep. Keldor: I could visit with Jennifer Clark. She drafted the amendment. There's a lot of confusion when we read this. Grammatically what the sentence after 50.-11.1 – the sentence that says, "money also may be used to make matching grants to county authorized or city authorized development corporations." What they're talking about there is matching what they do in some scope. If they make a grant to a private individual, the development fund has the ability to match their grant to that entity. Not that they are extending the money to the development corporation.

Chairman Delzer: I have a little problem with the fact that we're leaving it up to them to decide. I think if we are going to say this we should put some restrictions on the level of the grant, look at that certain amount of the grant have to go for private and a certain amount is available for public. That's not in here.

Rep. Kempenich: Do you have some rules or something that you do have for the development fund?

Chairman Delzer: You're building this all to handle this million and a half appropriation here. If that was spent you would not access any of your money out of the development. We will take this up again Monday morning. We will stand adjourned.

# 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **2225**

House Appropriations Committee  
Government Operations Division

Check here for Conference Committee

Hearing Date: **6 April 2009**

Recorder Job Number: 11757

Committee Clerk Signature



Minutes:

**Chairman Delzer opened the discussion of Senate Bill 2225.**

**Representative Kaldor** presented and explained amendment 90810.0207. These amendments reflect the discussion we had last Friday. The pertinent changes are under section 2. This clarifies that the monies that may be extended through either a grant or a loan other than section 50 of statute would be to match grants or loans made by those other entities: county authorized or city authorized development corporations, GDAs, and regional planning councils. Everything else is the same until you get to the very last sentence and that is amended to reflect our discussion about half of this going to non-profit early childhood facilities and half going to public entities. It has the same requirement as the business planning in section 3. **I move this amendment.**

**Representative Berg: I second.**

So in section two, the way you would understand this, is that the money provided to childhood facilities would be more in terms of financing similar to a PACE or low interest loan, etc. The only grants available would be to those government entities that are on a mission to create day-care facilities. Is that the way that reads?

**Representative Kaldor:** No, the grants or loans would be directed to a childcare facility who may be providing some of their own money but who is also receiving grants or loans from one of those entities. It doesn't go to the individual unless there is local participation.

**Representative Berg:** So grants can either flow either way. It could flow through a

**Representative Kaldor:** I believe so yes. That is the intent. When I brought this to Jennifer Clark on Friday, I thought that the language was pretty clear but this would allow it to go directly to a child facility but they would have to have participation from one of those other organizations.

**Chairman Delzer:** So if a private wanted to do this they could not apply unless they convinced their local JDA to provide a grant or loan for the same amount.

**Representative Kaldor:** That's exactly right. They would have to get the support of the locals. The reason we want that is if this is important to the community and a licensed private day care provider come applying for a grant or loan on this program we would definitely want their community to be supportive of the measure. It will be more likely to be a viable economic concern if they do so.

**Chairman Delzer:** They could grant the whole \$1.5 million if they wanted to?

**Representative Kaldor:** The Department of Commerce would be limited—now I better take a second look here because the last sentence says that the awards under this subsection are limited to \$100.0 per award.

**Chairman Delzer:** Not to one entity but they could grant the whole \$1.5 million.

**Representative Kaldor:** In one biennium yes.

**Chairman Delzer:** There's no requirement that part of it be loans.

**Representative Kaldor:** No.

**Chairman Delzer:** So that is the assumption then is that anything that we appropriate in 4 will be for grants.

**Representative Kaldor:** I don't know that I would assume it would be for grants only. I would think they would be encouraging loans.

**Chairman Delzer:** You said they would use the normal development fund for the loans.

**Representative Kaldor:** Yes, most often those are extended through loans.

**Chairman Delzer:** So what happens to money that is in here that is not used?

**Representative Kaldor:** I believe it would stay in the development fund.

**Chairman Delzer:** See I have a problem with that.

**Representative Kaldor:** You want it to revert back to the General Fund?

**Chairman Delzer:** Yes. If not used by the end of the biennium, it should revert.

**Representative Kaldor:** I do not have a problem with that.

**Representative Berg:** My only concern is then as you get towards the end of the biennium; it's going to all flow out. It might flow out in ways that aren't as consistent with what we are trying to develop.

**Chairman Delzer:** If you leave it there it's going to go out anyway.

**Representative Berg:** If a criteria is set up where there is a private sector match and there is a criterion put in place and people don't access all the money but its working, when we get to the end of the biennium and if the money is going back to the GF, that criterion might be changed just to get the money out. The big picture is to move away from a lump sum in grants and then at the end of the day, those day care facilities that have grant writing facilities have all of the money and we really haven't helped the majority of those small private day cares. I

think that is our objective with this amendment. Unless there is some incentive for someone who is putting this program together if they are going to lose the money, it's going to get spent.

**Representative Kaldor:** I have to agree with Representative Berg. The other thing is because of the expiration date of the act, one other thing we have to consider is if it looks like this hasn't worked by the time the next Legislative Assembly occurs they can alter this including the money.

**Chairman Delzer:** They could but the section 4 is to be directly deposited to the Development fund.

**Representative Berg:** Maybe that we say that if it is not spent it goes into the Development Fund.

**Chairman Delzer:** That is what it says.

**Representative Berg:** That's going to help a lot of other things driven by Commerce.

**Chairman Delzer:** They have a continuing appropriation on the Development Fund. There's roughly \$7.0 million in there.

**Representative Berg:** If in fact if they have better uses for the money in other areas in the Development Fund, it's not just going to flow out to day care.

**Chairman Delzer:** The problem to me is if we are in good shape next year there is nothing wrong with having the million if it's not spent sitting in the Development Fund. If we are short money to fund the GF it would be better it came back at that time to the GF if not used.

**Representative Kempenich:** If there is no money spent we usually find a place for it.

**Representative Dosch:** Until we find out exactly how this program will work and how things will flow, I guess I would like to further amend the amendments before us in Section 4 and 5 to change \$1.5 million to \$1.250.000 and in Section 5, change \$500.0 to \$250.0

**Chairman Delzer:** You are offering a substitute amendment with those dollar figures.

**Representative Kempenich:** Second

**Chairman Delzer:** It's only a two year deal. To do this particular thing again we would have to reauthorize. The \$250, I would see that going back to the GF. The \$1.25 million would stay in the development fund if this motion passes.

**Representative Kaldor:** I'm going to resist the motion on the basis of the need. While we may not know exactly what the need is but the Governor's budget in this area had over \$3.0 million. The Senate reduced it significantly. This would be another reduction.

**Chairman Delzer:** I understand what you are saying but I am going to support this substitute motion. If you look at it even with our split and the \$100.0 cap you would have 6 under each side of public and private available.

**A voice vote was taken. The amendment (90810.0207 with dollar amount changes) was accepted.**

**Representative Kempenich:** I will run this up the pole if you want that and say that under section 4 any unexpended funds go back to the GF. **(Further Amend)**

**Vice Chairman Thoreson: Second.**

**Representative Berg:** I think we should leave that with the development fund. If they make some of this money available as loans, there will be revenue coming in to the Development Fund from day care facilities. I'd rather not have a department have a use it or lose it mentality. I'd rather have them know if they make appropriate decisions they haven't lost the money and it may be carryover.

**Chairman Delzer:** There is an expiration date on sections 1 and 2 of the bill which is the authorization for this.

**Representative Berg:** My thought was that this was financing and so to some degree that expiration. . .we can leave it in there by hopefully there will be revenue coming in from these loans they are making. I would like to see that reused on more childhood facilities.

**Representative Kaldor:** Just to add my concurrence to Representative Berg, he has stated the obvious. I don't know if makes a difference from our perspective because we will be evaluating this when we come back in 2011 and I would definitely want the Development Fund to have the flexibility and the understanding that they shouldn't be racing to push this money out at the last minute. I will resist the motion.

**A voice vote was taken: The amendment failed.**

**Chairman Delzer:** If we are not going to do that, we should consider putting some sort of reporting requirement on this. I don't know if it should come to the next appropriations committee or if it should come before the Legislative Council.

**Representative Kempenich:** Reading these end dates, I'm guessing they are going to have to come forward to reauthorize the whole thing again. We can put a report requirement in for the 62<sup>nd</sup> Legislative Assembly.

**Representative Berg:** It wouldn't hurt to have midstream some report come to the budget section.

(Unstructured discussion of quarter/years/date for reporting.)

**Representative Berg:** I move a report be made in the second quarter of '10 to the budget sections on the use of sections 2 and 3.

**Representative Kaldor:** Second

**A voice vote was taken: The amendment was adopted.**

**Representative Kaldor:** I move a do pass on SB 2255 as amended.

**Representative Berg:** Second.

**A roll call vote was taken: Yes: 6, No: 1, Absent: 1 (Glassheim)**

**Representative Kaldor will carry the bill.**

# 2009 HOUSE STANDING COMMITTEE MINUTES

SB 2225

House Appropriations Committee

Check here for Conference Committee

Hearing Date: April 8, 2009

Recorder Job Number: 11782

Committee Clerk Signature

*Nancy L. Gerhardt*

Minutes:

Chm. Svedjan turned the Committee's attention to SB 2225.

Amendment .0208 (Attachment A) was distributed.

Rep. Kaldor explained amendment .0208. Section 2 spells out how the dollars are to be distributed to the facilities. Section 3 is for technical assistance. Section 6 is the appropriation of \$250,000. Section 4 is reporting to the Budget Section. Section 5 is the \$1.250 million appropriation that relates to Section 2. I would move amendment 0208.

Rep. Berg: 2<sup>nd</sup>.

Rep. Hawken: (7:45) Why don't you guys like kids? You have in your email today a comment about childcare. This is one of the pieces for economic development which I think is why the Governor put money in the Commerce Department. Childcare cannot be market based. The customer base is not the same. The business plan is key. There should be way more money and not limited to \$5,000 in that component because that is where the home-based day center can get the help they need to move forward. We just said \$400,000 to do a database thing. Moving all of the loan piece into the development fund, if it was adding to it, would be great. They chose not to do that. That could have perhaps been eligible for job training dollars to increase the capabilities of the people who actually run these centers. I know I'm not going to change anyone's mind. We are losing young couples and we would continue to. I would like to

see a few people stand up and say "yes these are important, yes we do need to fund them" and "no, and we are not going to give all the money for the Y" this is for the smaller places.

We do not need to build new facilities. Ashley has a daycare, but they don't have anyone to run it, they don't have a business plan, and they might need to reconfigure it. That would be helpful. I've said my peace but I hope you will think about the fact that this could make a difference for our state.

Rep. Berg: I take exception to that a little bit. We are moving daycare to a level that we've over the years refined in Commerce to help expand faculties and help them function. In this debate there are two separate issues. What we are doing is gearing this toward small daycares. For \$1,500 on their part there's going to be a \$5,000 match. I'd take a look at the bill as it came over from the Senate. It has nothing. This builds on successes that we have had. The way this

bill is drafted all the benefits a primary company gets they will receive those and more under this bill. The development fund can literally do anything with these funds to help make them work. I think this moves daycare and connect it with workforce needs in areas where we want to attract people and provide care for their young children so they can do what they want to do and be involved in the growth of our economy.

Rep. Hawken: (13:30) The mom and pop daycare doesn't have \$1500. I don't disagree that having them there is fine. But having the loan value at 50 percent makes it totally out of their realm. The original bill was at 25 percent. That was perhaps doable. I would like to further amend, or add ....

Chm. Svedjan: Let's first consider the amendments that are in front of us and then if there are any further amendments I will accept those.

Chm. Svedjan: Rep. Kaldor, did you look at the potential application of stimulus dollars?

Rep. Kaldor: I think we asked that question of Mr. Goettle. It's my impression that there is no provision in the stimulus dollars for this particular grant.

Chm. Svedjan: If you would proceed with your question.

Rep. Kaldor: (15:10) I admire the passion of Rep. Hawken and don't disagree that this needs a lot of emphasis. On the grant application, if a local entity wanted to come forward and say I will be happy to start a daycare in Mayville, they could go to the local EDC and that \$1,500 could come the local entity.

Rep. Hawken: That's not for the business plan.

Rep. Kaldor: That's for the business plan as well.

Rep. Kaldor: That \$1,500 would be available from a local entity. The match requirements for the 1 million 250,000, it's undetermined what they could be. The development I think this is a structure that maybe if it was funded differently or more adequate, this is the beginning of a positive structure to ensure we have child care for our workforce.

Rep. Hawken: (17:26) The development corporation piece where the money goes to, it does not go to Commerce. The other comes through Commerce. That's the way I read this. The stimulus money, there is in fact \$3.640 but it cannot be used for this kind of thing at all. That money can be used for training. It does not fit here.

Rep. Delzer: (18:31) Rep. Kaldor and Rep, Berg worked hard on this with Commerce. There was reluctance on Commerce to do that. There is \$7 million in the development fund.

Rep. Hawken moved to further amend to increase \$250,000 to \$500,000 for business planning grants in Section 6.

Chm. Svedjan: Any further discussion? On the motion to adopt amendment 0208 to SB 2225 I'll take a voice vote. All in favor say Yea -- Opposed Nay -- 1 Motion carries, the amendment is adopted.

Rep. Hawken: I would like to further amend to add the sum of \$500,000 for the business planning grants in sect. 6 of the bill.

Chm. Svedjan: You are proposing to double what is shown on.....

Rep. Hawken: Yes, and the other piece of that would be they could go up to \$10,000.

Chm. Svedjan: The motion to further amend is to increase from \$250,000 to \$500,000 the amount shown in sect. 6, and in sect. 3 to increase the maximum amount awarded from \$5,000 to \$10,000.

Rep. Hawken: Yes Sir.

Chm. Svedjan: Is there a 2<sup>nd</sup> to that motion.

Rep. Meyer: 2<sup>nd</sup>.

Chm. Svedjan: 2<sup>nd</sup> by Rep. Meyer. Any discussion?

Rep. Delzer: I'm not going to support this. I think this section worked pretty hard on this. I think this was pretty much the decision that came in conjunction with congress of where it should be. I think it's better the way it is.

Rep. Meyer: We have a critical need in our area but we need the funding to make it work.

Rep. Kroeber: (21:47) I served on the Day Care Committee in Jamestown for 2 years. They cannot make this work without the cash flow. It's too high for the young people to make it work and if they can't make it work, they will go elsewhere. This is a modest increase and I think this is one that we should approve.

Rep. Kaldor: (22:49) I'm o.k. with this amendment.

Chm. Svedjan: Any further discussion? Seeing none, on the motion to further amend increasing in sect. 6 \$250,000 to \$500,000 and in sect. 3, increasing the \$5,000 award to \$10,000. All in favor of that motion say Yea – Opposed – the chair is uncertain. We will take a roll call vote:

Vote: 13 Yes      11 No      1 Absent      Motion carries, that amendment is adopted.

We now have the amended bill before us, what are your wishes?

Rep. Kaldor: I'll move a Do Pass As Amended.

Chm. Svedjan: A Do Pass As Amended. Is there a 2<sup>nd</sup>?

Rep. Dosch: 2<sup>nd</sup>.

Chm. Svedjan: 2<sup>nd</sup> by Rep. Dosch. Any further discussion? Seeing none we will take a roll call vote on a Do Pass As Amended on SB 2225.

Vote: 14 Yes      10 No      1 Absent      Carrier: Rep. Kaldor      Motion Carries

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2225

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 10-30.5-02 of the North Dakota Century Code, relating to the North Dakota development fund; to amend and reenact subsection 1 of section 6-09.14-01 of the North Dakota Century Code, relating to eligibility under the partnership in assisting community expansion program; to establish a grant program for early childhood facilities; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Subsection 1 of section 6-09.14-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Business" means a corporation, limited liability company, partnership, individual, or association providing child care or involved in manufacturing, processing, value-added processing, and targeted industries as defined by the Bank of North Dakota.

**SECTION 2.** A new subsection to section 10-30.5-02 of the North Dakota Century Code is created and enacted as follows:

Moneys in the development fund may be used to provide financing to early childhood facilities licensed under chapter 50-11.1. Moneys also may be used to make matching grants to county-authorized or city-authorized development corporations, job development authorities created under chapter 11-11.1 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility.

**SECTION 3. DEPARTMENT OF COMMERCE - GRANTS FOR CHILD CARE PROVIDERS.** During the biennium beginning July 1, 2009, and ending June 30, 2011, the department of commerce shall establish and implement a grant program to provide matching grants to North Dakota child care providers. A recipient of a grant under this section shall use the grant funds for technical assistance, which may include the development of a business plan. To receive a grant under this section, an applicant shall establish the applicant has available \$1 of matching funds for every \$3 of grant funds. The matching funds must be in cash and may come from private or public sources, or from a combination of private and public sources. A grant awarded under this section may not exceed \$5,000 per recipient. The department may not award more than half of the amount of the funds appropriated for grants under this program to nonprofit early childhood facilities and public early childhood facilities.

**SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,500,000, or so much of the sum as may be necessary, to the department of commerce for deposit in the North Dakota development fund for the purpose of providing financing to child care providers, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the department of commerce for the

purpose of providing child care provider grants under section 3 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 6. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31, 2011, and after that date are ineffective."

Renumber accordingly

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2225

House House Appropriations- Government Operations Committee

Check here for Conference Committee

Legislative Council Amendment Number 90810.0207

Action Taken Adopt Amendment

Voice Vote

Roll Call Vote

Motion Made By Representative Kaldor: Seconded By Representative Berg:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

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

Absent \_\_\_\_\_

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

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

**HAD A SUBSTITUTE MOTION**

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2225

House House Appropriations- Government Operations Committee

Check here for Conference Committee

Legislative Council Amendment Number 90810.0207+ \$ amount changes

Action Taken Sub motion with changes

Voice Vote

Roll Call Vote

Motion Made By Representative Dosch: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

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

Absent \_\_\_\_\_

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

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

**Amendment Adopted**







April 6, 2009

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2225

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 10-30.5-02 of the North Dakota Century Code, relating to the North Dakota development fund; to amend and reenact subsection 1 of section 6-09.14-01 of the North Dakota Century Code, relating to eligibility under the partnership in assisting community expansion program; to establish a grant program for early childhood facilities; to provide a report to the budget section; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Subsection 1 of section 6-09.14-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Business" means a corporation, limited liability company, partnership, individual, or association providing child care or involved in manufacturing, processing, value-added processing, and targeted industries as defined by the Bank of North Dakota.

**SECTION 2.** A new subsection to section 10-30.5-02 of the North Dakota Century Code is created and enacted as follows:

Moneys in the development fund may be used to provide financing to early childhood facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or loans to match grants or loans made by county-authorized or city-authorized development corporations, job development authorities created under chapter 11-11.1 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility. The corporation may not award more than half of the amount of the funds appropriated to provide financing under this subsection to nonprofit early childhood facilities and public early childhood facilities. An award under this subsection may not exceed one hundred thousand dollars per award.

**SECTION 3. DEPARTMENT OF COMMERCE - GRANTS FOR CHILD CARE PROVIDERS.** During the biennium beginning July 1, 2009, and ending June 30, 2011, the department of commerce shall establish and implement a grant program to provide matching grants to North Dakota child care providers. A recipient of a grant under this section shall use the grant funds for technical assistance, which may include the development of a business plan. To receive a grant under this section, an applicant shall establish the applicant has available \$1 of matching funds for every \$3 of grant funds. The matching funds must be in cash and may come from private or public sources, or from a combination of private and public sources. A grant awarded under this section may not exceed \$5,000 per recipient. The department may not award more than half of the amount of the funds appropriated for grants under this program to nonprofit early childhood facilities and public early childhood facilities.

**SECTION 4. REPORT TO THE BUDGET SECTION.** The department of commerce shall report to the budget section during the second quarter of calendar year 2010 on the status of the financing provided to child care providers under section 2 of this Act and the grants to child care providers under section 3 of this Act.

**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,250,000, or so much of the sum as may be necessary, to the department of commerce for deposit in the North Dakota development fund for the purpose of providing financing to child care providers, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing child care provider grants under section 3 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 7. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31, 2011, and after that date are ineffective."

Renumber accordingly

Date: 4/8/09  
 Roll Call Vote #: 1

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2225**

**Full House Appropriations Committee**

Check here for Conference Committee

Legislative Council Amendment Number .0208

Action Taken Adopt Amendment .0208

Motion Made By Kaldor Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

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

Absent \_\_\_\_\_

Floor Assignment Voic. Vote - carries

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

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2225

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 10-30.5-02 of the North Dakota Century Code, relating to the North Dakota development fund; to amend and reenact subsection 1 of section 6-09.14-01 of the North Dakota Century Code, relating to eligibility under the partnership in assisting community expansion program; to establish a grant program for early childhood facilities; to provide a report to the budget section; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Subsection 1 of section 6-09.14-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Business" means a corporation, limited liability company, partnership, individual, or association providing child care or involved in manufacturing, processing, value-added processing, and targeted industries as defined by the Bank of North Dakota.

**SECTION 2.** A new subsection to section 10-30.5-02 of the North Dakota Century Code is created and enacted as follows:

Moneys in the development fund may be used to provide financing to early childhood facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or loans to match grants or loans made by county-authorized or city-authorized development corporations, job development authorities created under chapter 11-11.1 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility. The corporation may not award more than half of the amount of the funds appropriated to provide financing under this subsection to nonprofit early childhood facilities and public early childhood facilities. An award under this subsection may not exceed one hundred thousand dollars per award.

**SECTION 3. DEPARTMENT OF COMMERCE - GRANTS FOR CHILD CARE PROVIDERS.** During the biennium beginning July 1, 2009, and ending June 30, 2011, the department of commerce shall establish and implement a grant program to provide matching grants to North Dakota child care providers. A recipient of a grant under this section shall use the grant funds for technical assistance, which may include the development of a business plan. To receive a grant under this section, an applicant shall establish the applicant has available \$1 of matching funds for every \$3 of grant funds. The matching funds must be in cash and may come from private or public sources, or from a combination of private and public sources. A grant awarded under this section may not exceed \$10,000 per recipient. The department may not award more than half of the amount of the funds appropriated for grants under this program to nonprofit early childhood facilities and public early childhood facilities.

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**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,250,000, or so much of the sum as may be necessary, to the department of commerce for deposit in the North Dakota development fund for the purpose of providing financing to child care providers, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing child care provider grants under section 3 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 7. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31, 2011, and after that date are ineffective."

Renumber accordingly

Date: 4/8/09  
 Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2225

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

*further  
amend*

Action Taken increase \$250K to \$520K to bus. planning grant  
 Motion Made By Hawken Seconded By Meyer  
*in Section 6 of Bill. - up to \$10,000 (Art. 3)*

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich		✓			
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein		✓			
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert		✓	Rep. Ekstrom		
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt		✓	Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland		✓			

Total (Yes) 13 No 11

Absent 1

Floor Assignment Vote Vote - ~~maintain~~ maintain

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

Date: 4/8/09  
 Roll Call Vote #: 3

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2225**

**Full House Appropriations Committee**

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken DPAA

Motion Made By Kaldor Seconded By Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich	✓				
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein		✓			
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert		✓	Rep. Ekstrom		
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt		✓	Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland		✓			

Total (Yes) 14 No 10

Absent 1

Floor Assignment Kaldor

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

**REPORT OF STANDING COMMITTEE**

SB 2225, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 10 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2225 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 10-30.5-02 of the North Dakota Century Code, relating to the North Dakota development fund; to amend and reenact subsection 1 of section 6-09.14-01 of the North Dakota Century Code, relating to eligibility under the partnership in assisting community expansion program; to establish a grant program for early childhood facilities; to provide a report to the budget section; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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**SECTION 7. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31, 2011, and after that date are ineffective."

Renumber accordingly

2009 SENATE HUMAN SERVICES

CONFERENCE COMMITTEE

SB 2225

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

Senate Human Services Committee

Check here for Conference Committee

Hearing Date: April 20, 2009

Recorder Job Number: 12015

Committee Clerk Signature

*Mary K. Moulton*

Minutes:

Senator Erbele called the meeting of the conference committee to order. All members were present. (Senators Erbele, Dever, Heckaman, Representatives Berg, Kempenich, Kaldor)

Senator Erbele said this is a bill to establish a grant program for child care. He asked someone from the House to explain their amendments.

Representative Kaldor said amendment .0209 was added in the House. He reviewed each of the sections. The bill as it came from the Senate was a direct grant. The House tried to find a way to make child care facilities eligible for the kinds of financing plans that would be available to primary sector type businesses. Originally their amendment made it a primary sector business but they changed it. They made child care provision eligible for the financing plans. Section 2, makes them eligible for PACE loans. The second part goes into grants and other loans. Child care facilities would be eligible for development fund financing to the extent they could find local entities to support them such as development corporations, job development authorities and planning councils. There would have to be a community buy in. The development funds can also extend grants so they would also be provided that opportunity.

The purpose would be for acquiring, leasing, remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility. These funding

resources are to be awarded on a 50/50 basis with half the funds awarded to nonprofits and the other half to for profit facilities. The cap of a grant or loan under this program would be \$100,000 per award. Section 3 provides a grant program to provide technical assistance and business plan development to a child care facility. It allows for a \$10,000 grant, the facility has to provide \$1 for every \$3 from the grant and they have to prove their ability to do that. These grants would also be awarded on a 50/50 basis, nonprofit and for profit. Section 4 is a reporting section. Section 5 is the appropriation for section 2 and is \$1.25M. Section 6 is the appropriation for section 3 and is \$500,000.

Senator Dever asked about the PACE loans.

Representative Kaldor said it stands for Partnership to Assist Community Expansion.

Senator Erbele reviewed the various PACE programs.

Representative Berg said the program has proven itself to work very well for someone who wants to get some infrastructure. The bill did not have any money when it came over so the House added \$1.7M. There was a fiscal note; it was in the Commerce Department budget. The House combined the appropriation with the bill. Senate Appropriations changed it from \$3.5M to \$2M.

Senator Heckaman asked about section 6, why is the language not included in section 5.

Representative Kaldor said the appropriation for section 6 relates to the program in section 3.

Senator Heckaman said she understands that, why doesn't it say the appropriation in section 5 is for the program in section 2?

Representative Kaldor said it is understood that is the purpose of the appropriation, it refers to the development fund and the funds are restricted for this purpose.

Representative Berg said because child care is so important to our state in the long term it is important to use a proven system so we have an infrastructure in place. He discussed the

benefit for business planning and facility development for day cares. Even if the owner of the day care changes their mind down the road, the facility is in place so that someone else could take over. It is appropriate under the Department of Commerce because they can identify areas of the state with need. There is a lot of flexibility at this point.

Senator Erbele asked if there are any administrative costs to consider. Is there a need for a percentage of each of the programs for administration?

Representative Berg said part of the barrier to our state's growth is insuring adequate child care for young families. This is a priority of the Commerce Department. Administration does not need to be addressed in this bill, that is part of the function of the Commerce Department.

Representative Kempenich said section 2 puts responsibility on the local community. It will be locally driven. It will not take a lot of man power.

Representative Berg said they did not hear administrative cost was a concern.

Senator Heckaman asked if there are any stimulus funds that would be suitable.

Representative Kaldor said no stimulus funds fit this program.

Senator Erbele asked Shane Goettle how he sees the program from his end.

Shane Goettle, Commerce Department, said he sent an email to Representative Kaldor and Representative Berg. The Commerce Department absorbed the program. He would like room for administrative expenses so they could put together a brochure, perhaps hold some community forums. If the state doesn't step up and promote it, he doesn't know that it will get done. They will be smaller applications than they typically receive. He would like the flexibility to use a portion of the funds for administrative expenses; he recommended 5% and is not sure they would use it all.

Representative Kaldor said Child Care Resource and Referral works with the same entities that are likely to apply. Is there anything that could be done to collaborate with them to aid in the marketing side?

Shane Goettle said they are eager to collaborate and promote the program. They have not calculated into their own budgets that additional work. The Commerce Department testified in the Senate and House on the bill but they were intending to use some of the funds for administrative expenses, he neglected to bring it up.

Representative Berg clarified Commerce needs \$88,000 to administer the program.

Shane Goettle said they will only use what they need, he likes to have a little flexibility.

Representative Berg said it is most appropriate to deal with administrative cost in the Commerce Department budget. He has not seen where we have taken an appropriation for a new program and earmarked a portion for administration.

Shane Goettle said it is a new program, they are being asked to do more with the same number of people. Sometimes they like to contract some of that out and he would like to have that flexibility.

Senator Dever said it appears the language provides specificity to what was originally in the bill. Some of the money will be used for loans rather than grants.

Representative Kaldor said it could be, if the business plan makes for a bankable loan, the PACE program would allow for the interest to be bought down and make it more economical. It could be loans or grants. They are usually not profitable enterprises. They were looking for ways to leverage the dollars.

Representative Kaldor said he will do a little research on Child Care Research and Referral and how they would interplay with this. They function in the same arena and they know the players.

Senator Erbele adjourned the meeting of the conference committee.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

Senate Human Services Committee

Check here for Conference Committee

Hearing Date: April 22, 2009

Recorder Job Number: 12138

Committee Clerk Signature

*Mary K Monson*

### Minutes:

Senator Erbele called the meeting of the conference meeting to order. All members were present.

Representative Kaldor said he wanted to investigate the potential cooperation with entities already involved in child care planning and development. He met with Child Care Resource and Referral and Shane Goettle on the issue. He is satisfied they will definitely work together to insure we do not reinvent the wheel and create an environment with competing interests. They will work very well together. The issue of administrative expense flexibility came up at the meeting. Shane Goettle has an amendment. Representative Kaldor emphasized how critical collaboration is. Child Care Resource and Referral has already developed some very good materials on the development of business plans and providing technical resources and assistance. Other entities will also provide it but CCRR is an integral part of the process. This will differ from other programs in that we cannot expect returns right away because it is a complicated business and it is not always easy to generate a return. The amendments assure the local EDC's, job development authorities and the regional councils will be involved so there is community buy in.

Representative Kaldor moved the Goettle amendment, seconded by Senator Dever.

Representative Kaldor said they would not necessarily use the full 5%, that is a limit.

Senator Erbele said a lot of the grants will be for smaller amounts and some of the work would need to be farmed out.

Senator Heckaman said she is comfortable when it says up to 5% and with the corroboration with CRR, they probably will not use the whole 5%. She is comfortable with the amendment. She would like to see more money in it but this is a place to start.

Representative Berg said he doesn't have a problem putting \$25,000 in section 6. The amendment is taking funds from the money that is going to help infrastructure. 5% of the \$1.2M is \$70,000. The \$1.2M is not being used for a new program, it is an existing model. He wants to be sure they have adequate money to do this but this is not a lot of extra effort. The whole program fits into what we are trying to accomplish in Commerce. This bill was pulled out of the executive budget as a standalone bill. He assumes there was some thought at that point regarding administrative needs.

Senator Erbele asked if he thinks there will be some waste spending.

Representative Berg said there are no estimates of the needed man hours to administer the program. No one knows that.

Representative Kempenich said the admin money would pay for another child care facility, it would total \$95,000.

Senator Dever said one of the highlights of his legislative career is the creation of the Commerce Department. They conduct themselves in an entrepreneurial manner which is their mission. He has confidence they are not going to spend any more on administrative costs than necessary. They aren't asking for FTEs.

Senator Heckaman asked for clarification for the appropriation in section 5. It is her understanding it is not for existing programs.

Shane Goettle, Department of Commerce, said it is a new program. It is dedicated money in the development fund for the purposes described in section 2.

Representative Berg apologized for not being more clear. The existing programs we have are PACE and the Bank of North Dakota Development Fund which can do a broad range of things. His vision is we are not setting up a new financial model. We are using this money in a manner similar to what we have done with primary sector businesses in the past. The objective is to leverage on the success of those other programs and use this money in the same manner for the development or expansion of day care facilities.

Senator Heckaman clarified he was referring to the mechanism to move the money through the program.

Representative Berg said yes.

Representative Kempenich said the administrative costs, some would be for promotion, and it would not be driven from the bottom up. Where would the need come from?

Shane Goettle said promotion is just one item. In the development fund, the way it is structured now, could receive a lot of requests for small loans. They have less than a handful of folks that do the credit analysis on the applications. In a lot of cases, they will be smaller loans than what they typically do in the business world. He envisions farming some of the packaging of the deals down to their partners, regional councils, and offer some administrative fees. The larger deals have substantial returns and that is how they cover their costs to the development fund.

Senator Erbele asked the definition of a small deal.

Shane Goettle said there is a section for grants for business planning and technical

assistance. If there is a provider that needs a security fence so they can expand their operation, that would be a few thousand dollars. It is not going to be something that needs to

be done with the staff at the development fund. Commerce can farm some of that out. It would save staff time for larger deals which is customarily what they do at the development fund.

Representative Berg said he would like to get a complete amendment package on the table before voting.

The motion failed 4 – 2. (Representative Kempenich and Berg were the no votes.)

Representative Berg said he understands what we are talking about here and is more comfortable putting a dollar amount on the bill for administration rather than taking it from the funds.

Senator Erbele asked if he was speaking about section 5.

Representative Berg said he is speaking to implementation of this section by the Commerce Department, sections 5 and 6. He is not going to make a motion right now but his thought is to add \$50,000 for admin for the Department of Commerce. He does not like funding a program then taking the money from the program for staff. He has spent a lot of time thinking about this and is excited about the potential. With section 3, there is a 3/1 match, it is focused on planning and technical assistance. He thinks 70% of the child care throughout North Dakota is very small operations. They don't need a fancy written plan or technical assistance, they maybe need a fence or some other infrastructure. It is important for everyone to have a plan but on this small scale, the plan does not need to be at the level of a multimillion dollar child care facility. On the smaller grants, they don't need the planning but could access matching amounts on a smaller level.

Representative Kaldor said he can identify with what Representative Berg is suggesting.

There is a lot of flexibility in this section. Some facilities may need a brand new business plan, some may need a revision to incorporate adding a bathroom or a fence. They may still need a

little technical assistance. Day cares, whether in a home or other facility, before they make an investment they should be sure it is appropriate for their facility. It is good to have a second set of eyes to look at it. Hopefully, the department would not suggest that every grant recipient would get the full \$10,000 grant.

Representative Berg said another component is qualified centers' access to matching funds. Would we allow that?

Representative Kaldor said it will have to go through the vetting process with the development fund. It is within the realm of possibility.

Representative Kempenich asked if Representative Berg was interested in opening this up a little more on section 3.

Representative Berg said this is the core 80%. Their subcommittee had the small grants at \$5000 and it was changed to \$10,000 by the full committee. That is 50 day cares if they max it out.

Representative Kempenich said \$10,000 with existing day cares would take care of a lot of problems.

Representative Berg said the grants should be awarded appropriate to their size.

Senator Heckaman said she is concerned that not more than half the funds can be awarded to nonprofit or public facilities.

Representative Berg said the thought process was some of the larger facilities in our larger towns are probably profitable. We are trying to spread this across the state. Someone who is well organized could use up a lot of this money in a hurry.

Senator Heckaman suggested they change the wording. This doesn't spread it out across the state.

Representative Berg said a majority of day cares are run by a single individual or maybe two and they are extremely busy. Who is going to do the paperwork and grant writing? There is a very good day care system in Fargo. Some are large with a lot of financial support, even the nonprofits. There needs to be balance. The home day cares should not be stacked up against the Y. That is the intent.

Representative Kaldor said he supported the concept in their subcommittee for the reasons Representative Berg mentioned. At the time he was not fully aware of the resources of that CCRR provide. They reach out to over 1500 child care entities. He is less concerned that the language is needed as long as we know they are working with the Department of Commerce. We do not want all this funding to go to a handful of day cares.

Senator Erbele asked if Representative Berg would be coming back with some other language for section 3.

Representative Berg said he would like to work on it.

Senator Erbele asked if he was willing to go with a dollar amount rather than a percentage for admin. How would we address that?

Representative Berg said he would prefer to put a dollar amount in for implementation in a separate appropriation section.

Senator Dever said there could be more appropriate terminology than nonprofit/public.

Representative Kaldor said when the language was drafted it said half the funds would go to private, for profit facilities, and the other half for nonprofit and public facilities. He went around and around with legislative council on the issue. That is the intent.

Representative Berg said there is no perfect amount, at least it says we want to look at a balance.

Senator Erbele adjourned the meeting of the conference committee.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2225

Senate Human Services Committee

Check here for Conference Committee

Hearing Date: April 24, 2009

Recorder Job Number: 12188

Committee Clerk Signature

*Mary K Monson*

Minutes:

Senator Erbele opened the meeting of the conference committee. All members were present. Representative Kaldor distributed amendment .0211. It has three primary modifications. 1. In conversations with Shane Goettle they determined the applications may be more than half from private day cares so the language at the end of section 2 was changed to give them some flexibility and to assure the funds are distributed fairly among for profit, nonprofit and public early childhood facilities. 2. Because of the committee's discussion of small infrastructure grants that may not require a business plan such as adding a fence or a bathroom, in section 3, item 2 it allows up to \$5000 grants for small infrastructure needs. They retained the other business plan and technical assistance grants of \$10,000 per recipient as in the original version. 3. Section 7 is added which appropriates \$50,000 for the Department of Commerce for administration of the two grant programs.

Representative Berg said they discussed with Council when there is no need for technical assistance or business planning the facility would be eligible for the small infrastructure grants. It looks like the amendment puts them all on the same level.

Representative Kaldor said he has the same concern on page 1 number 2.

Representative Kempenich said the "or" separates it.

Representative Berg restated his intent with the amendment. If whoever monitors the program recognizes a facility does not need a business plan then they could go ahead and use it for infrastructure. The small infrastructure grant could be denied if those monitoring the program determine the facility is in need of a business plan. A facility can get the small infrastructure grant if they have a plan and they don't need a fancy plan.

The committee discussed the language of the section.

Representative Berg asked that the minutes reflect the intent of the conference committee.

The committee expects before someone gets an infrastructure grant that they have a plan in place.

More discussion of the language in this section.

Representative Berg said to be clear in the minutes if someone rents a house and says they are going to start a day care and applies for a \$5000 grant and the house is only rented for a month and they don't have proper training or the technical expertise, they would be denied an infrastructure grant. We don't need to put it in statute that we need some fancy plan but at least we know the infrastructure is being used in a manner that long term will help a facility that will be used.

Representative Kaldor said Commerce has rule making authority for the grant programs.

Senator Dever said it is an inherent part of the process.

Representative Kaldor said if an existing day care provider has a business plan, has implemented their business plan and they decide they need a change in a bathroom or something like that, they could probably seek a small grant by showing evidence of their experience without restarting the business plan process.

Senator Heckaman said the amendments are a great improvement to the bill. She likes the removal of the half and half. She has a concern on section 6.

Senator Erbele asked Shane Goettle to come to the podium to answer questions and give a brief overview of his opinion of the amendments.

Shane Goettle, Department of Commerce, said he clearly understands the amendments. They will have some standards for the program that require some long term expectations of continuing to provide a public benefit. It is inherent in what is expected of them in the administration of the program.

Representative Berg said a legislator told him the Commerce Department has much tighter criteria than we would ever put in. He complimented Shane Goettle on that.

Shane Goettle said he has a question on section 3, subdivision 2. Infrastructure is now included in this section. Infrastructure might be interpreted to be just real estate improvements. He clarified that sometimes what they need is playground equipment.

Infrastructure means improvement to the real estate as well as necessary equipment.

Representative Berg said they were thinking small things.

Senator Erbele agreed. It would include furnishings necessary for the health, safety and well being of the children.

Representative Berg said it is up to the department's discretion. We want the minutes to show we intend for the Commerce Department to use flexibility when defining infrastructure and present a more clear definition two years from now.

Shane Goettle said that is helpful. He appreciates the addition of administrative expenses.

Senator Heckaman asked what their involvement with CCRR has been in the past. Will you continue to have them help design the program?

Shane Goettle said more involvement with them has just come up this session because this is a new program. He has a long relationship with a staff member (12.27). CCRR is in a unique position to really help identify where the most acute needs are. Where are the waiting lists the

longest? In some parts of the state, day care openings are affecting family planning decisions. CCRR knows where these areas are. They will be valuable in promoting the program. They may have a role in the screening process, too. Because of the limited dollars, we want the funds to go to the highest need areas.

Senator Erbele said CCRR has a lot of experience and resources.

Shane Goettle said they want information on how acute the need is in the community.

Senator Heckaman said she would like some reassurance that they will be on the top level of the Commerce Department's connection rather than the last level.

Shane Goettle said yes, in fact they will be in both places.

Senator Heckaman asked if Shane Goettle looked at the document from Linda Reinecke (14.38).

Shane Goettle said he looked at it briefly and they have had a number of conversations about it. They have not discussed contracting directly.

Representative Kaldor said we originally tried to allocate the dollars half profit and half nonprofit. Another element brought to his attention is we might want to base our grants on program type. For the record, they describe family child care homes, independent child care centers, and sponsors of child care centers. He received a couple of emails concerning in home care. There was concern that they would be eligible and considered for the grant.

Shane Goettle said if they are licensed, it is a judgment about what helps expand the access to child care in a particular community. In some communities that would be home based care.

They would want to look at their operating history, their presence in the community, and their plans for longevity in the community. If it helps them expand their in home care, that is

something they would permit. They want to be sure it is a going concern for some time.

Representative Berg said with the \$50,000, does the Commerce Department have flexibility to use those funds to contract someone?

Shane Goettle said yes.

Representative Berg said he sees interfacing with the CCRR in putting this together and possibly compensating them for their effort and also seeing CCRR doing physical evaluation of facilities and coming back to the fund with a day care as a partner to apply for a grant.

Shane Goettle said that is one model. Representative Berg is describing using CCRR in a needs assessment role and bringing those players to the table that have the needs.

Representative Berg said he would like to add \$20,000 to the \$50,000 for a \$70,000 total and adopt the amendments. There is an opportunity here and he wants to show some good faith from this committee that they appreciate all the work the people involved in child care are doing.

Representative Berg moved to the House recede from its amendments and adopt amendment .0211 with the funding in section 7 at \$70,000, seconded by Senator Dever.

The motion passed 6 – 0. Senator Heckaman will carry the bill to the Senate floor.

Representative Kaldor will carry the bill to the House floor.

Senator Erbele dissolved the conference committee.

Date: 4-20-09

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

**2009 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES**

**BILL/RESOLUTION NO. SB2225** as (re) engrossed

Senate Human Services Committee

Check here for **Conference Committee**

- Action Taken
- SENATE accede to House Amendments
  - SENATE accede to House Amendments and further amend
  - HOUSE recede from House Amendments
  - HOUSE recede from House amendments and amend as follows

Senate/House Amendments on SJ/HJ pages(s) \_\_\_\_\_ -- \_\_\_\_\_

**Unable to agree**, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

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

Senators				Y	N	Representatives				Y	N
				e	o					s	o
				s						s	
Senator Erbele	P					Rep. Berg	P				
Senator Dever	P					Rep. Kempenich	P				
Senator Heckaman	P					Rep. Kaldor	P				

Vote Count \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ Absent

Senate Carrier \_\_\_\_\_ House Carrier \_\_\_\_\_

LC NO. \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

Date: 4-22-09

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

**2009 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES**

**BILL/RESOLUTION NO. SB2225** as (re) engrossed

Senate \_\_\_\_\_ **Human Services** \_\_\_\_\_ Committee

Check here for **Conference Committee**

- Action Taken
- SENATE accede to House Amendments
  - SENATE accede to House Amendments and further amend
  - HOUSE recede from House Amendments
  - HOUSE recede from House amendments and amend as follows

Senate/House Amendments on SJ/HJ pages(s) \_\_\_\_\_ -- \_\_\_\_\_

**Unable to agree**, recommends that the committee be discharged and a new committee be appointed.

*Amendment*

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

Motion Made By Rep. Kaldor Seconded By Sen. Dever

Senators				Y	N	Representatives				Y	N
				e	o					s	o
				s							
Senator Erbele	P			✓		Rep. Berg	P				✓
Senator Dever	P			✓		Rep. Kempenich	P				✓
Senator Heckaman	P			✓		Rep. Kaldor	P			✓	

Vote Count 4 Yes 2 No 0 Absent

Senate Carrier \_\_\_\_\_ House Carrier \_\_\_\_\_

LC NO. \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

*Failed*

93  
4/24/09  
1 of 2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2225

That the House recede from its amendments as printed on pages 1285 and 1286 of the Senate Journal and pages 1326 and 1327 of the House Journal and that Engrossed Senate Bill No. 2225 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 10-30.5-02 of the North Dakota Century Code, relating to the North Dakota development fund; to amend and reenact subsection 1 of section 6-09.14-01 of the North Dakota Century Code, relating to eligibility under the partnership in assisting community expansion program; to establish a grant program for early childhood facilities; to provide a report to the budget section; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Subsection 1 of section 6-09.14-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Business" means a corporation, limited liability company, partnership, individual, or association providing child care or involved in manufacturing, processing, value-added processing, and targeted industries as defined by the Bank of North Dakota.

**SECTION 2.** A new subsection to section 10-30.5-02 of the North Dakota Century Code is created and enacted as follows:

Moneys in the development fund may be used to provide financing to early childhood facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or loans to match grants or loans made by county-authorized or city-authorized development corporations, job development authorities created under chapter 11-11.1 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility. In providing financing under this subsection, the corporation shall ensure funds are distributed fairly among for-profit early childhood facilities, nonprofit early childhood facilities, and public early childhood facilities. An award under this subsection may not exceed one hundred thousand dollars per award.

**SECTION 3. DEPARTMENT OF COMMERCE - GRANTS FOR EARLY CHILDHOOD FACILITIES.**

1. During the biennium beginning July 1, 2009, and ending June 30, 2011, the department of commerce shall establish and implement a grant program to provide matching grants to North Dakota early childhood facilities.
2. A recipient of a grant under this section shall use the grant funds for technical assistance, a business plan, or infrastructure. A grant awarded under this section for infrastructure may not exceed \$5,000 per recipient and a grant awarded under this section for technical assistance or a business plan may not exceed \$10,000 per recipient.

- 3. To receive a grant under this section, an applicant shall establish the applicant has available \$1 of matching funds for every \$3 of grant funds. The matching funds must be in cash and may come from private or public sources, or from a combination of private and public sources.
- 4. In making awards under this program, the department shall ensure funds are fairly distributed between for-profit early childhood facilities, nonprofit early childhood facilities, and public early childhood facilities.

**SECTION 4. REPORT TO THE BUDGET SECTION.** The department of commerce shall report to the budget section during the second quarter of calendar year 2010 on the status of the financing provided to early childhood facilities under section 2 of this Act and the grants to early childhood facilities under section 3 of this Act.

**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,250,000, or so much of the sum as may be necessary, to the department of commerce for deposit in the North Dakota development fund for the purpose of providing financing to early childhood facilities, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing early childhood facility grants under section 3 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 7. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$70,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering sections 2 and 3 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 8. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31, 2011, and after that date are ineffective."

Renumber accordingly

Date: 4-24-09

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

**2009 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES**

**BILL/RESOLUTION NO. SB2225** as (re) engrossed

Senate Human Services Committee

Check here for Conference Committee

- Action Taken
- SENATE accede to House Amendments
  - SENATE accede to House Amendments and further amend
  - HOUSE recede from House Amendments
  - HOUSE recede from House amendments and amend as follows

Senate ~~House~~ Amendments on ~~SJ~~HJ pages(s) 1285 -- 1286

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

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

Motion Made By Rep. Berg Seconded By Sen. Dever

Senators				Y	N	Representatives				Y	N
				e	o					s	o
				s						s	
Senator Erbele	P			✓		Rep. Berg	P			✓	
Senator Dever	P			✓		Rep. Kempenich	P			✓	
Senator Heckaman	P			✓		Rep. Kaldor	P			✓	

Vote Count \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ Absent

Senate Carrier Sen. Heckaman House Carrier Rep. Kaldor

LC NO. 90810 . 0212 of amendment

LC NO. \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

**REPORT OF CONFERENCE COMMITTEE**

**SB 2225, as engrossed:** Your conference committee (Sens. Erbele, Dever, Heckaman and Reps. Berg, Kempenich, Kaldor) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1285-1286, adopt amendments as follows, and place SB 2225 on the Seventh order:

That the House recede from its amendments as printed on pages 1285 and 1286 of the Senate Journal and pages 1326 and 1327 of the House Journal and that Engrossed Senate Bill No. 2225 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 10-30.5-02 of the North Dakota Century Code, relating to the North Dakota development fund; to amend and reenact subsection 1 of section 6-09.14-01 of the North Dakota Century Code, relating to eligibility under the partnership in assisting community expansion program; to establish a grant program for early childhood facilities; to provide a report to the budget section; to provide an appropriation; and to provide an expiration date.

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2. A recipient of a grant under this section shall use the grant funds for technical assistance, a business plan, or infrastructure. A grant awarded under this section for infrastructure may not exceed \$5,000 per recipient and a grant awarded under this section for technical assistance or a business plan may not exceed \$10,000 per recipient.

3. To receive a grant under this section, an applicant shall establish the applicant has available \$1 of matching funds for every \$3 of grant funds. The matching funds must be in cash and may come from private or public sources, or from a combination of private and public sources.
4. In making awards under this program, the department shall ensure funds are fairly distributed between for-profit early childhood facilities, nonprofit early childhood facilities, and public early childhood facilities.

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**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,250,000, or so much of the sum as may be necessary, to the department of commerce for deposit in the North Dakota development fund for the purpose of providing financing to early childhood facilities, for the biennium beginning July 1, 2009, and ending June 30, 2011.

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**SECTION 7. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$70,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering sections 2 and 3 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 8. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31, 2011, and after that date are ineffective."

Renumber accordingly

Engrossed SB 2225 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

SB 2225

**Department of Commerce Testimony on SB 2225  
January 19, 2009, 9:00 A.M.  
Senate Human Services  
Red River Room  
Senator Judy Lee, Chairman**

**Shane Goettle – Commissioner, ND Department of Commerce**

Good morning, Madam Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce.

I am here today to speak in favor of SB 2225, a bill that will provide substantial grant dollars to child care businesses across the state.

SB 2225 proposes placing responsibility for this grant program in the Department of Commerce, so I thought I would outline for you how we envision administering this program.

Let me begin by stating constituency is here from communities across the state. We have hosted several community forums and also heard directly from economic developers about some of the most pressing issues faced in our economy. One of those issues which keeps surfacing is the availability of safe, high quality child care.

Today I intend to address four issues concerning the Department of Commerce’s proposed administration of this program: allocation, eligible organizations, eligible uses of the funds, and some proposed limitation.

**Allocation:** Governor Hoeven has proposed \$3,500,000 for this program for the biennium. We propose that up to 10% or \$350,000 be available to administer and manage the program. The North Dakota Department of Commerce, Division of Community Services will be responsible for administering and marketing the program.

**Eligible Organizations:** We propose that to access these dollars, local economic development corporations, regional councils, job development authorities, chambers of commerce be enlisted to prepare and submit applications of behalf child care providers in the communities they represent. The recipients of the funds will ultimately be the childcare providers. The childcare providers will be required to be licensed by the state of North Dakota and all employees will be required to complete and pass the “CareCheck Registry” administered by the Department of Human Services.

**Eligible Uses of the Funds:** This program is proposed as one-time funding and should be directed to one-time needs of childcare providers. The program should not be used to subsidize salary or operational expenses, but rather should be directed at uses such as real estate, furniture, fixtures, equipment, business plans and other one-time expenses that strengthen program quality or program start-up. This will help daycare providers focus their business model on using incoming revenue to cover operational expenses, while tapping this program to address some critical capital needs. In the long run, this should enable daycare providers to lower or eliminate debt service and improve their cash position.

At a minimum, we have proposed that one dollar of matching funds from other public (non-state) or private sources will be required for every three dollars received from this program. The matching funds must be in the form of cash. If the childcare facility is contained within a primary residence, only those eligible costs associated with the childcare operation will be permitted. All the funds will be provided in grant form.

**Limitations:** We proposed limiting maximum cumulative funds awarded per facility to \$100,000 for the 2009-2011 biennium. All grant applications will require a completed business plan. Refinancing of existing debt will not be an eligible use of program funds. We propose that all grant proceeds will be required to be repaid if the recipient's license is revoked, suspended or if there is any violation of law that prevents the facility from operating within two years of the receipt of funds. In addition, if the childcare facility ceases operation within two years of receipt of funds for other reasons, all grant proceeds might be required to be repaid. Any grants in excess of \$25,000 will be required to abide by the North Dakota Business Incentive Accountability legislation.

Madam Chairman and members of the Human Services Committee, I ask for your support of SB 2225. That concludes my testimony and I am happy to entertain any questions.



Testimony on SB 2225  
January 19, 2009  
Senate Human Services Committee  
Senator Judy Lee, Chairman

Madam Chairman, members of the committee, thank you for this opportunity to support Senate Bill 2225.

My name is Denise Spanjer; I'm the director of the ND Rural Development Council and the Center for Technology & Business.

In October, we launched a series of Child Care Roundtables beginning in Rugby. We convened state, federal and faith-based resource partners to assist families, child care businesses and employers with child care business development in the region.

Senate bill 2225 invests in local solutions for many of the problems we heard there.

For example:

- MTI has the business to put on another shift, but they can't hire and keep many employees after 5 p.m. because child care is not available. The local manager said MTI is willing to financially support their employees' child care costs, but it is just not available.
- Availability of child care is so tight in Rugby that potential parents find out when child care providers have openings for babies prior to getting pregnant.
- Scheduling staff is so complicated that it takes a mathematical formula with percentages for different ages of children.
- One licensed child care provider chose to become unlicensed to avoid all the hassle with regulators. She says regulations are not uniformly enforced and are often contradictory across fire, building and health codes.
- Great things happen when people are introduced to new options. For instance, members of the Bottineau County Daycare Providers Association attended the Roundtable. Before leaving the meeting, Pierce County Child Care Providers were already organizing to learn how to take online classes, schedule their continuing education requirements, create an availability list and mentor new child care businesses.

All the successful child care business examples we've seen have been locally grown and based on local need. Local leaders, their economic development folks and their regional partners like the Small Business Development Centers and Regional Councils want to support local business development. Nobody knows communities and businesses like they do.

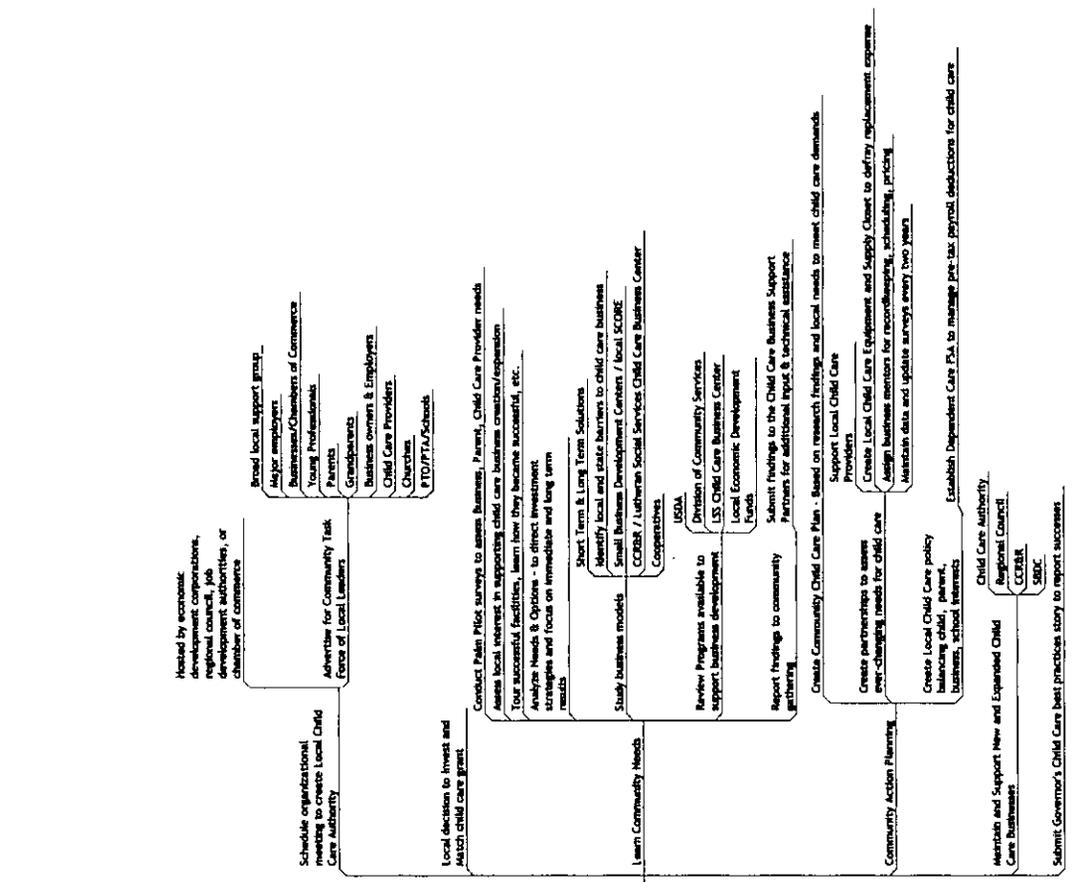
With these new Child Care Grant Program resources, we can help community leaders move forward quickly to assess their child care challenges, prioritize their needs and establish local entities similar to housing authorities to meet local demand for safe, high quality child care.

Our next roundtable is scheduled for Hazen on Wednesday, Jan 21 from 6:30 to 8:30 p.m. You'll all welcome to attend.

I have a number of e-mails from rural community leaders supporting this legislation and will submit it with my testimony.

Thank you for the opportunity to support this bill.





Assisted by economic development corporations, regional council, job development authorities, or chamber of commerce

Adviser for Community Task Force of Local Leaders

Assist local support group

- Major employers
- Business/Chambers of Commerce
- Young Professionals
- Parents
- Grandparents
- Business owners & Employers
- Child Care Providers
- Churches
- WTO/PFA/Schools

Conduct Pilot Pilot surveys to assess Business, Parent, Child Care Provider needs

Assess local interest in supporting child care business creation/expansion

Your successful facilities, learn how they became successful, etc.

Analyze Needs & Options - to direct investment strategies and focus on immediate and long term needs

Short Term & Long Term Solutions

Identify local and state barriers to child care business

Small Business Development Centers / local SCORE

COEHR / Lutheran Social Services Child Care Business Center

Cooperatives

USDA

Division of Community Services

US Child Care Business Center

Local Economic Development

Local Economic Development

Submit findings to community partners for additional input & technical assistance

Create Community Child Care Plan - Based on research findings and local needs to meet child care demands

Support Local Child Care Providers

Create Local Child Care Equipment and Supply Closet to defray replacement expense

Assign business mentors for recruiting, scheduling, pricing

Maintain data and update survey every 100 years

Establish Dependent Care FSA to manage pre-tax payroll deductions for child care

Review Programs available to support business development

Report findings to community partners

Create partnerships to assess ever-changing needs for child care

Create Local Child Care policy balancing child, parent, business, school interests

Child Care Authority

Regional Council

COEHR

SDC



# CHILDREN'S CENTER

Date: January 19, 2008

To: Judy Lee, Chairwomen, Senate Human Services Committee

From: Barb Arnold-Tengesdal, President, New Horizon Children's Center Board

Re: Testimony in support of SB 2225

The New Horizon Children's Center is a non-profit 501-C3 organization founded for the purpose of providing a high quality early learning environment in order to benefit children, families and the community. The center will be licensed for 28 infants and toddlers and 44 preschool aged children. Our goal of raising \$12,000 to complete the design of both the indoor and outdoor learning environments for the New Horizon Children's Center, was achieved. The design created by the Shultz & Associates from Fargo, ND. The design includes a warm and nurturing infant/toddler wing with three classrooms, a crib room, parent welcoming area and outdoor play space sized perfectly for children 0-3 years of age. The preschool wing includes two large classrooms with a connecting loft for dramatic play, a block area and lots of vinyl flooring for creative arts activities. The outdoor environment for older children includes tunnels, tricycle paths, a babbling brook for water play, triple deck playhouse and garden area. The entire school has been carefully created to work with children with disabilities. In addition, the space can be transformed into 10 classrooms for a growing Sunday school program.

The children's center board continues to work with the Good Shepherd Church Council to find ways to create a partnership that can make this dream a reality. Focusing on our mission statement, we seek to develop a quality program that supports:

- children's growth and development in creative and thought provoking curriculum
- families seeking to grow strong in their connections to a faith community
- the unmet needs of infant/toddler care and high quality pre-K
- respect for the environment with policies and a facility design that support recycling and land use in natural play settings. We hope to be one of the first designated "green" child care centers in the state.

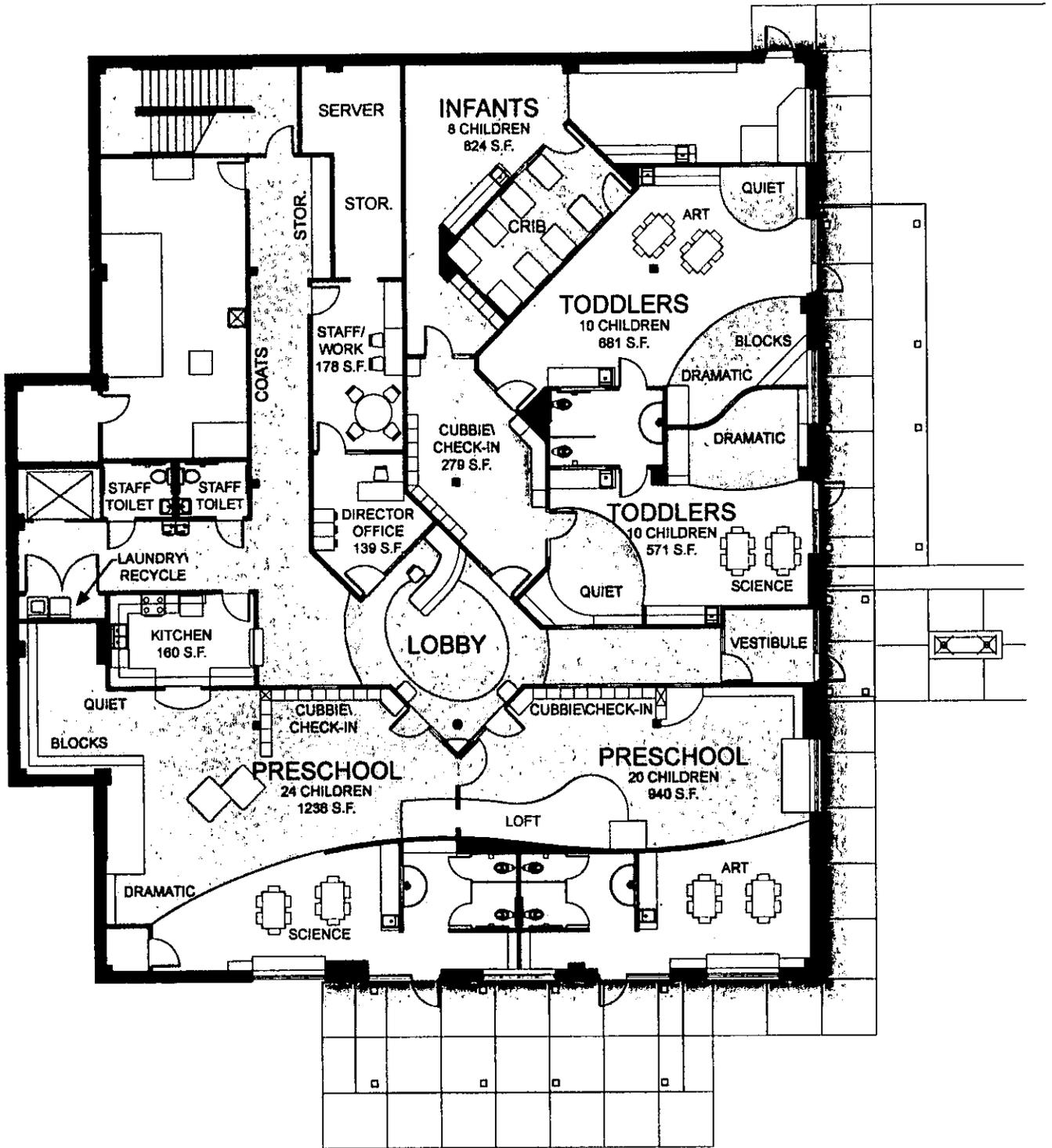
We realize there are many obstacles to raising the needed funds in this tough economic time. We are hopeful that this important project will collectively gather the support it needs to move this dream to the reality of a school for children. We believe the passage of SB 2225 and the prospect of federal support through the economic stimulus package that is targeted for vote within the first 100 days of the new administration will be critical to building this center without having to put the program at high economic risk at the start-up of it's running. We believe SB 2225 will be important in building the capacity for additional child care in our community and critical for increasing economic stability of families seeking child care that is affordable. A grant system will reduce the costs of care that will be passed along to taxpayers and stimulate the child care industry with employment, and quality facilities. Please consider a vote in support of this bill.

Barb Arnold-Tengesdal  
President

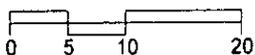
Attachments:

Design plans

NIEER - Federal Early Childhood Policy guide for the first 100 days



**Good Shepherd Lutheran Church Childcare**



  
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## **FEDERAL EARLY CHILDHOOD POLICY GUIDE FOR THE FIRST 100 DAYS**

**Steve Barnett and Ellen Frede, NIEER Co-directors**

### **Introduction**

As the president-elect and Congress develop an economic recovery plan to address the worst economic downturn since the Great Depression, it is important that they attend to the impact on young children and their families. Immediate changes in federal early care and education policy must be part of an effective plan to help get the economy back on track. Why?

- A major goal of the economic recovery plan will be job creation. For families with young children, going back to work also requires that they be able to find affordable child care.
- If parents are forced to use poor quality child care, young children will be harmed with negative consequences for their learning and development.
- New investments in high-quality child care and early learning programs will directly stimulate the economy and produce long-term economic returns.

Unfortunately, current trends in federal and state early care and education policy are directly the opposite of what is needed to support economic recovery and job creation. Federal investments have failed to keep up with inflation over several years. States are actually cutting back on child care subsidies. This decreases the availability of affordable child care. And, neither federal or state policies promote the quality needed to ensure that children's learning and development are enhanced rather than harmed by child care and other preschool programs.

If the economic recovery plan is to help rather than harm young children, the new administration and Congress will have to move quickly in the first 100 days to make significant changes across a wide range of federal early childhood programs and to reverse the damaging steps many states have already begun to take.

### **Recommendations**

- Invest in early learning programs that provide child care as part of the economic recovery plan up to \$19 billion *over two years*:
  - \$15 billion in grants to states to construct new early care and learning facilities for 1 million more children.
  - \$1 billion in start-up funds to adequately equip new classrooms.
  - Up to \$3 billion in matching grants to states to raise quality and increase enrollment for early learning programs that provide child care.

- Increase the Child Care and Development Block Grant (CCDBG) by at least \$500 million to restore purchasing power, expand access to child care access, and improve quality.
- Increase Head Start/Early Head Start appropriations by at least \$1 billion to provide cost-of-living increases, expand coverage and fund collaborations with state programs.
- Create a presidential Early Learning Council to coordinate major federal programs for early learning and child care and to facilitate federal-state cooperation.

## Background

The new president must coordinate new child care and early learning policies across many different federal and state agencies including Education, Human Services, Agriculture, Health, and Treasury. A brief overview of key federal and state policy landscape is as follows:

- Major federal programs by Department with funding levels for *children under age 5*:
  - Head Start (HHS): \$6.9 billion (includes \$700 million for Early Head Start)
  - Child Care Subsidies (HHS): \$4.9 billion (with state reallocations)
  - Child Care Food Program (USDA): \$1.3 billion
  - Tax Credits (Treas.): \$2.5 billion
  - DOD Child Care (DOD): \$300 million
  - Title I (ED): spending on preschool estimated at \$400 million (out of \$14 billion)
  - Early Reading First (ED): \$112 million
  - Even Start (ED): \$66 million
  - Preschool Special Education (ED): \$374 million
  - Early Intervention for infants and toddlers with disabilities (ED): \$436 million
- Major state programs by Department with funding levels for *children under age 5*:
  - State Pre-K(ED, or ED & HHS jointly): \$5 billion (not including local school share)
  - Pre-K Special Education (ED): \$5 billion (including local school share)
  - Early Intervention (Dept. varies): \$2 to \$3 billion
  - Child Care Subsidies (HHS): \$2.4 billion plus
- Funding for Head Start and direct child care subsidies has not kept up with inflation. The economic downturn is having serious negative consequences with state budget cuts for child care and early learning programs now anticipated in most states.
- The 110<sup>th</sup> (2007-2008) Congress introduced 402 bills with provisions relating to child care and 101 bills relating to preschool. Federal Head Start reauthorization was completed last year, but the major direct child care subsidy program has not been reauthorized since 2002.

## Key Details

### The Economic Recovery Package

- Programs that simultaneously provide child care and improve children's learning and development ultimately pay back taxpayers for their costs. If programs provide quality education and child care,

new facilities and expanded services will provide short-term economic stimulus *and* increase economic growth *at no long-term cost to the taxpayer*. Multipliers for child care are 1.91 for total output (91 cents in additional economic activity on top of each dollar of federal investment) and 1.50 for employment (1 additional job created for every two new jobs created by federal investments in child care). Providing quality early education to every child at ages 3 and 4 alone could increase GDP by 3.5 percent over the long term. This is important because these types of investments that increase long-run productivity enable the country to pay down the debt incurred to pay for the economic recovery plan.

- Programs that improve early learning and development decrease school failure, increase economic productivity, and decrease crime and delinquency. In the long-term, this raises earnings and government revenues and decreases the costs of education, social services, and the criminal justice system as well as the drag on the economy from crime.
- Programs that provide child care (while delivering a good education) increase parental employment and earnings in both the short-term and long-term. Child care subsidies lower the cost of work and are particularly effective at increasing the employment of low-income workers. Each dollar of child care subsidies generates more additional hours of work than a dollar in increased wage subsidies. Free child care is estimated to increase the labor supply of all women with children by 10 percent with larger impacts on low-income single mothers. Effects on lifetime earnings are even larger as women pay a high price in lost future wages for time out of the labor force. Making more reliable child care available also benefits the economy. Business loses \$3.5 billion annually from disruptions in child care. One in five parents reports missing work because of child care problems.
- Without an influx of federal funds and incentives for states to maintain spending rather than cut back, inadequate access to high-quality child care and early learning programs will hinder efforts to put parents of young children back to work and force parents to use poor quality child care in order to take jobs. Government spending on child care and early learning is already inadequate and becoming worse as states announce cutbacks and the federal government continues to underfund its programs. There is mounting evidence that the poor quality of much subsidized care is already harming the development of young children, which will reduce their future productivity and increase the future costs of education, health care, and the criminal justice system. Steps must be taken in the first 100 days of the new administration to increase access to quality programs so that parents do not have to make tradeoffs between employment and their children's future.

• Construction of classrooms for 1 million additional children birth to age 5 is feasible over the next two years. Facilities account for only about 10 percent of the costs of pre-K and child care, but because they are up-front they can pose a serious barrier to expansion. The economic downturn presents an opportunity because many states have plans for early childhood facilities construction ready to go, but put on hold due to the economic downturn. Construction of new facilities for child care, Head Start, and pre-K are a sensible part of an economic stimulus package.

- Every new classroom needs materials and equipment. To adequately equip an early learning program the start-up cost per classroom is \$20,000. This money is an immediate stimulus to the economy with purchases of furniture, toys and playground equipment, which have long-term educational and economic benefits. If the federal government provided these start-up funds for 1 million new places the cost could amount to \$1 billion over two years.

- 
- A new federal grants program should offer to match existing and new state funding for early learning programs that provide child care in order to turn around state policies over the next two years. These grants would require states to spend the funds on programs that meet basic standards for providing high-quality early learning experiences and meet parent's child care needs. Funds could be used to raise quality in existing programs, expand enrollment, and better meet parents' needs for child care by increasing the length of the program day or providing wrap-around care. To receive funds, states would have to integrate state pre-K, child care, and Head Start.

### **Presidential Early Learning Council**

- The president should immediately create a new Early Learning Council (ELC) to coordinate federal policy and work with the states. The ELC would have the job of ensuring that policies are coordinated to improve young children's learning and development, facilitate parental employment, and improve the economy. It would ensure policy coordination from birth through elementary school and across programs in each age range: (up to age 3) parental leave, home visitation, Early Head Start, early intervention, and child care; (ages 3-4) Head Start, state pre-K, preschool special education, federal education programs, and child care; and (ages 5-8) after school, child care, and K-3 education programs.
- Require states to have a comprehensive 0-5 plan for early care and education, and set aside part of the new federal funds for 0-3. This includes 3-year-olds who have much less access than 4-year-olds to quality early learning programs.
- Create data systems that work across Departments (at state and local levels). The federal government does not know how many children ages 0-5 receive each type of service, cost per child for each service, or how much each funding stream contributes to each type of service.



### **State Pre-K and Child Care**

- New federal matching funds for state expenditures on pre-K and child care programs as part of the economic recovery plan should: improve learning and development, increase parental employment and earnings, and benefit the economy. Eligible state programs would: (1) set a timetable for serving all 3- and 4-year-olds; (2) establish uniform standards that apply to all early learning programs; (3) incorporate and coordinate pre-K, Head Start and child care; (4) develop a process for continuous improvement of teacher preparation, professional development, and practice; and, (5) create a birth through age 8 state early learning plan. Maximum cost to the federal government over two years could be limited to \$3 billion.
- Standards and quality vary greatly across state pre-K programs. States should be required to set out a time table for fully implementing higher standards and for improving classroom practice including: licensed teachers with adequate salaries, reasonable class sizes and ratios, qualified assistant teachers, inclusion of children with special needs, effective education of Dual Language Learning (e.g., Spanish and English) children, better teacher preparation, a continuous improvement cycle at state and local levels including benchmarks for observed classroom quality, integrated data systems across early learning programs, and a state Early Learning Council or other mechanism to coordinate, if not integrate, child care and early education policies across departments of state government.

## Head Start

- Head Start has been flat-funded for years. An increase of \$1 billion in federal funding over current levels is required just to make up for the failure to keep up with inflation since FY 2005. This will allow Head Start to address a need for a cost-of-living increase and salary increases to accommodate required increases in teacher qualifications. A series of reports have indicated that better information on Head Start operations and resource allocation is needed to determine more precisely how much funding Head Start needs in the future.
- Head Start has been found to be more effective than many other early learning programs, but it still falls short of producing the gains disadvantaged children need. Stronger gains in learning and development are achieved when teachers are better prepared and better paid. Increased Head Start funding together with federal matching grants can address this issue.
- Head Start must respond to changing circumstances. Head Start now serves disadvantaged children in isolation from their more advantaged peers. The rationale for this isolation is that Head Start provides more comprehensive services than other programs. However, other programs and the public schools now provide many of the same services. Also, studies find that children benefit from being educated with a broader cross-section of their peers, and many parents choose programs open to all children over Head Start. This suggests that Head Start should be better integrated with child care and pre-K.
- Integration of Head Start with the larger early learning system is more complex than simply absorbing it into state pre-K or child care. Head Start standards are higher than those of some state pre-K programs, and child care licensing standards often are far below those of Head Start. Many states have little infrastructure to support the improvement of program quality. In most states Head Start carries nearly the entire burden of education for disadvantaged 3-year-olds. State Early Learning Councils should include Head Start.

## Early Head Start and Home Visitation (0-3)

- Programs working with very young children and their parents have great potential, but this potential remains mostly unrealized. Research on Early Head Start (EHS) has found a diverse set of small benefits that must be increased if the program is to accomplish its goals. Past studies through age 3 and age 5 have not produced consistent findings regarding the most effective approaches. A common misunderstanding regarding EHS is that there are three models: home visiting, center-based, and mixed, with the mixed programs most effective. In fact, mixed programs tend to use home visiting with some families and center-based with others, rather than deliver a balanced mix to all. The mixed programs were not more effective at age 5 follow-up. Expansion of EHS should be done with systematic variation in well-defined models that are rigorously studied to identify the most effective approaches for continuation and expansion.
- Home visitation programs for children under age 3 are popular, but most fall short of their goals for improving children's learning and development. The Nurse-Family Partnership has been most consistently effective. Research to develop and identify additional effective models and to identify procedures for ensuring that results are consistently obtained when programs operate on a large scale would be extremely valuable. Existing programs could be funded to test and develop improved models in a national planned variation study.



## Child Care Subsidies

- Subsidized child care today has, at best, small positive effects on early learning and development. There is mounting evidence of negative effects on children—reducing school readiness and increasing the obesity problem. This situation can be reversed by increasing payments and directing subsidies to higher quality child care. Coordinating child care subsidies with Head Start, state pre-K, and school-age programs with higher standards will also help. In addition, the federal government should strongly incentivize or require states to limit redetermination of eligibility so that children can complete at least one school year when a child care program serves as a child's primary early learning program. An immediate increase of \$500 million for the CCDBG would offset losses due to inflation and be a first step toward quality improvement, which together with the matching state grants program could increase both access and quality.
- Over the long-term, we need to reform the system of direct subsidies and tax credits to provide a more equitable and effective approach to investing in early care and education. One approach would be to replace existing tax credits with early learning savings accounts modeled after 529 college savings plans. Parents could use these tax-free accounts to pay themselves for parental leave and to pay for child care. These accounts would stimulate private savings through matching federal credits paid on a sliding scale with income rises. The funds could be used for paid parental leave as well as high-quality child care and early learning programs.

## Special Education

- 
- Federal funding for early intervention birth to age 3 and preschool special education has failed to keep up with inflation and the rising numbers of children enrolled in these programs. This has imposed a steadily increasing financial burden on state and local government. Increased funding for both IDEA Part B and Part C could relieve some of this burden and provide financial incentives for increased integration of preschool special education services with pre-K and child care. Parents of children with special needs have greater difficulty securing adequate child care than do parents generally. Finally, the federal government has imposed on states an approach to assessment of children's learning and development that has significant problems and is not coordinated with efforts in Head Start and state pre-K programs. This approach should be revised in the context of overarching policies on assessment across all early learning programs. Federal and state Early Learning Councils should seek to better integrate special education policy with other early childhood policies.

This guide was developed by NIEER (Dr. Steve Barnett and Dr. Ellen Frede, co-directors) to inform the incoming administration about immediate changes needed in federal child care and early learning policies for children under age 5.

SB 2225

Senate Human Services Committee

Monday, January 19, 2009

Chairman Lee and members of the committee:

My name is Blake Crosby. I work with North Dakota Child Care Resource and Referral as the Manager of the Business Center. The Business Center compiles and disseminates information on starting and operating a viable child care business, primarily through the website, ndchildcare.org. *Do the numbers*

I am here in support of SB 2225. *EDNO* If adopted, this bill will give communities struggling to build, expand or stabilize child care capacity an opportunity to partner with the state.

Child care is a complex business to run. Parent fees are the primary source of ~~income~~ <sup>revenue</sup> for child care programs. When expenses increase, programs must pass that increase on by asking financially-strapped parents to pay more. Additionally, very low profit margins limit program start-up and long-term stability.

This past year, CCR&R launched a limited child care project that can form the discussion around this bill and may serve as a model for the implementation of the bill. With private foundation funding, CCR&R implemented the Child Care Growth Fund project funding five child care centers across the state to enhance their business operation. Each center was required to write a comprehensive business plan, present that plan to a local business advisory council for approval, and proceed to take steps to implement the plan.

The primary challenges faced by these programs included:

- *Unstable* Stable cash flow driven by food and energy increases and enrollment fluctuation
- *Inability to service debt* Facility improvement especially in the area of energy utilization + conservation.
- Recruitment and retention of workers at the increasing minimum wage
- Facility improvement that supports the child care programming and supervision such as sufficient sinks, toilets, lighting, and safe outdoor spaces.

The challenges faced by these five programs serve as a microcosm of the child care industry. Access to a grant program would help all communities and their child care programs make needed changes or, if

a new program, help start off on the right foot. Quality, affordable, accessible, child care is basic infrastructure economic development. Child care enables families to earn, businesses to succeed, and children to grow into productive citizens. It contributes to our collective success.

We need to think about child care as a tool to support economic development, support business development, recruit employees, support working families, and build healthy communities. I encourage you to send this bill out of this committee with a “do pass.”

Thank you for your time and consideration. I will stay for any questions that you may have.

TESTIMONY – PROTECTION AND ADVOCACY PROJECT

BILL 2225 (2009)

SENATE HUMAN SERVICES COMMITTEE

Honorable Judy Lee, Chairman

January 19, 2009

Chairman Lee, and members of the Senate Human Services Committee, I am Bruce Murry, a lawyer with the North Dakota Protection and Advocacy Project (P&A).

P&A supports increased access to childcare, especially given the tight labor market right now. Some children require additional care because of disabilities. This additional level of care is difficult to find.

This bill offers a chance to enhance childcare services for children with disabilities. As you know, the Americans with Disabilities Act and the North Dakota Human Rights Act require reasonable accommodations from providers, according to their individual means. For a small provider, the duty to provide accommodations may be small.

The Department of Commerce should consider an incentive in the grant program for providers that go beyond the minimum requirements in serving children with disabilities.

Thank you very much for your consideration.

**SB 2225 Testimony**  
**Senate Human Services Committee**  
**Monday, January 19, 2009**

Good morning, Chairman Lee and Members of the Committee.

My name is Linda Reinicke. I am the Child Care Resource & Referral Program Director in western ND and employed by Lutheran Social Services of North Dakota. Child Care Resource & Referral (CCR&R) helps parents find child care and provides training and support to child care programs.

I am providing neutral testimony on SB 2225. I want to share current child care supply and demand data and share some of the child care industry's challenges indentified by CCR&R staff when working in the field.

**Licensed Child Care Supply Data**

Number of programs January 2008	1,498
Number of programs closed in 2008	-256
Number of programs opened in 2008	+243
Number of programs December 2008	1,483
Program net gain/loss	-13 (programs lost)
Program turnover	17%
Capacity January 2008	32,378
Capacity December 2008	32,812
Capacity net gain/loss	434 (spaces gained)

## CCR&R Observations on Child Care Challenges

In addition to collecting child care data, CCR&R provides technical assistance to providers. CCR&R:

- Connects with all newly licensed child care providers to invite them to be a part of the child care referral system and offer all new providers an on-site visit. Last year we supported 240 newly licensed programs, both in-home and center programs, and made 140 on-site visits to new programs
- Makes available phone and on-site technical assistance to existing child care programs on topics such as children's behavior, including children with special needs into a child care program, and child care business practices. Last year CCR&R consultants responded to 900 phone calls and made 600 on-site visits (on-site visits made possible by Bush Foundation funding)

This work gives CCR&R insight into the challenges faced by the industry:

- **Limited resources to invest in program start-up or expansion**
  - Opening a high-quality in-home child may require, for licensing approval, a new fence or an egress window, in addition to start-up furnishings and materials
  - Opening a high quality center requires a significant investment (most often centers open in spaces not designed for child care requiring significant modifications to plumbing, exit routes, and outdoor space)
  - Child care revenue and profitability does not adequately support loan repayment
- **Limited resources to improve existing programs**
  - Programs strive to be high quality but cannot afford necessary renovations or equipment to move forward. 1% of child care programs in ND maintain accreditation status. 95% of military child care is accredited
  - Plumbing particularly a problem for existing programs (one sink in the infant room for diapering and food preparation)



## **Possible Considerations**

As you deliberate this bill, you may want to consider the following aspects of a child care grant program:

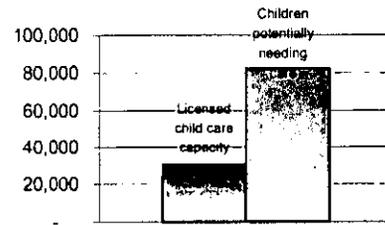
- As a part of the application process, expect applicants to complete a business plan that demonstrates a viable child care operating budget (centers require a minimum of 60 full-time enrollees to make a break-even budget)
- To ensure viability of the grantee's project, expect grantees to access technical assistance from a child care program specialist
- To strengthen state investments in child care, link grants with quality standards. Ask grantees to comply with high program standards and the on-going completion of an annual program assessment documenting the program's progress

Thank you for your time. I will stand for questions from the committee.



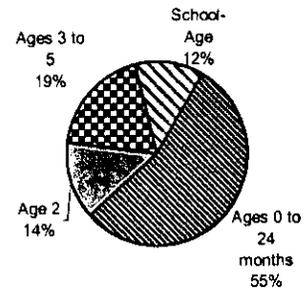
Linda Reinicke  
Program Director  
Child Care Resource & Referral  
Lutheran Social Services of ND  
701-530-2501  
lreinicke@lssnd.org

Children Ages 0 to 5 (2006 Kids Count)	47,101
Children Ages 6 to 12 (2006 Kids Count)	54,705
% of Women with Children Ages 0 to 6 in Labor Force	76.1%
% of Women with Children Ages 6 to 17 in Labor Force	84.9%
Children Ages 0 to 5 potentially needing child care	35,844
Children Ages 6 to 12 potentially needing child care	46,445
Capacity of licensed child care	30,502



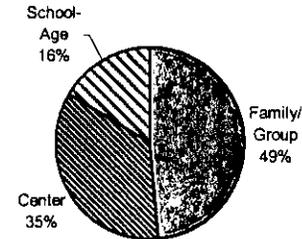
**Referral Requests (July, 2007 to June, 2008)**

Total Children needing care (requested through CCR&R)	9,117
Ages 0 to 24 months	5,007
Age 2	1,249
Ages 3 to 5	1,736
School-Age (includes kindergarten)	1,125
Total children needing care before 7:00 a.m.	2,116
Total children needing care beyond 6:00 p.m.	785
Total children needing care Saturdays or Sundays	520



**Licensed Child Care Program Type and Capacity**

	<u>Fam/Grp</u>	<u>Center</u>	<u>School-Age*</u>	<u>Total</u>
Number of Programs	1,236	128	55	1,419
Licensed Capacity	14,792	10,710	5,000	30,502
Open before 7:00 a.m.	390	75	28	493
Open beyond 6:00 p.m.	88	12	-	100
Open on weekends	39	5	-	44
Size of Workforce	1,721	2,004	414	4,139



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

**Annual Cost for Licensed Child Care**

<u>Family/Group</u>	<u>Highest</u>		<u>Center</u>	<u>Highest</u>	
	<u>Average</u>	<u>Reported Rate</u>		<u>Average</u>	<u>Reported Rate</u>
Ages 0 to 11 months	\$ 5,652.00	\$ 9,360.00	Ages 0 to 11 months	\$6,849.00	\$9,945.00
12 to 24 months	\$ 5,618.00	\$ 9,360.00	12 to 24 months	\$6,809.00	\$9,945.00
Age 2	\$ 5,404.00	\$ 9,360.00	Age 2	\$6,366.00	\$9,594.00
Ages 3 to 5	\$ 5,331.00	\$ 9,360.00	Ages 3 to 5	\$5,966.00	\$9,594.00
School-Age (full-time)	\$ 5,137.00	\$ 9,360.00	School-Age (full-time)	\$5,289.00	\$9,945.00

**E. Median Income of Families with Children Ages 0-17, 2005**

\$59,926.00

**NDLA, S HMS**

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**From:** Lee, Judy E.  
**Sent:** Monday, January 19, 2009 7:03 PM  
**To:** NDLA, S HMS  
**Subject:** FW: Support a DO PASS for SB2225

Copies, please.

Senator Judy Lee  
1822 Brentwood Court  
West Fargo, ND 58078  
home phone: 701-282-6512  
cell phone: 701-238-1531  
e-mail: [jlee@nd.gov](mailto:jlee@nd.gov)

**From:** Brenda & Daryl [<mailto:dbfoster@min.midco.net>]  
**Sent:** Monday, January 19, 2009 9:18 AM  
**To:** Lee, Judy E.  
**Subject:** Support a DO PASS for SB2225

Good morning Madam Chairman and members of the Human Services Committee: My name is Brenda Dissette from Rugby, ND and I am in favor of SB2225 to establish a state grant program for childcare through the Department of Commerce. Adequate child care services are vital to all communities across our state. Most of the rural communities across the state including Rugby do not have adequate child care resources which include the number of available child care units available especially infant child care units; the hours available for child care are not adequate in our community; and there is a widening gap between the fee or rate a child care provider can charge per day and the amount of funds it takes to positively cash flow the child care business. SB2225 is a step in the right direction to assist communities across the state and their local economic development organizations to assist with child care issues which ultimately affect our employers, employees and our child care providers.

Please consider a DO PASS for SB2225.

Brenda Dissette  
Citizen of Rugby & Rugby Job Development Authority Director

701-776-7655

**DEPARTMENT OF COMMERCE TESTIMONY ON SB 2225**  
**JANUARY 28, 2009, 9:00 A.M.**  
**SENATE APPROPRIATIONS COMMITTEE**  
**HARVEST ROOM**  
**SENATOR RAY HOLMBERG, CHAIRMAN**

**SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE**

Good morning, Mr. Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce.

I am here today to speak in favor of SB 2225, a bill that will provide substantial grant dollars to child care businesses across the state.

SB 2225 proposes placing responsibility for this grant program in the Department of Commerce, so I thought I would outline for you how we envision administering this program.

Let me begin by stating we have recently hosted several community forums and also heard directly from economic developers about some of the most pressing issues faced in our economy. One of those issues which keep surfacing is the availability of safe, high quality child care.

Today I intend to address four issues concerning the Department of Commerce's proposed administration of this program: allocation, eligible organizations, eligible uses of the funds, and some proposed limitation.

**Allocation:** Governor Hoeven has proposed \$3,500,000 for this program for the biennium. We propose that up to 10% or \$350,000 be available to administer and manage the program. The North Dakota Department of Commerce, Division of Community Services will be responsible for administering and marketing the program.

**Eligible Organizations:** We propose that to access these dollars, local economic development corporations, regional councils, job development authorities, chambers of commerce be enlisted to prepare and submit applications of behalf child care providers in the communities they represent. We further propose that these local entities develop a public notice and/or hearing process to receive input from the community before furthering applications to the Department of Commerce. The recipients of the funds will ultimately be the childcare providers. The childcare providers will be required to be licensed by the state of North Dakota and all employees will be required to complete and pass the "CareCheck Registry" administered by the Department of Human Services.

**Eligible Uses of the Funds:** This program is proposed as one-time funding and should be directed to one-time needs of childcare providers. The program should not be used to subsidize salary or operational expenses, but rather should be directed at uses such as real estate, furniture, fixtures, equipment, business plans and other one-time expenses that strengthen program quality or program start-up. This will help daycare providers focus their business model on using incoming revenue to cover operational expenses, while tapping this program to address some

critical capital needs. In the long run, this should enable daycare providers to lower or eliminate debt service and improve their cash position.

At a minimum, we have proposed that one dollar of matching funds from other public (non-state) or private sources will be required for every three dollars received from this program. The matching funds must be in the form of cash. If the childcare facility is contained within a primary residence, only those eligible costs associated with the childcare operation will be permitted. All the funds will be provided in grant form.

**Limitations:** We proposed limiting maximum cumulative funds awarded per facility to \$100,000 for the 2009-2011 biennium. All grant applications will require a completed business plan. Refinancing of existing debt will not be an eligible use of program funds. We propose that all grant proceeds will be required to be repaid if the recipient's license is revoked, suspended or if there is any violation of law that prevents the facility from operating within two years of the receipt of funds. In addition, if the childcare facility ceases operation within two years of receipt of funds for other reasons, all grant proceeds might be required to be repaid. Any grants in excess of \$25,000 will be required to abide by the North Dakota Business Incentive Accountability legislation.

Mr. Chairman and members of the Appropriations Committee, I ask for your support of SB 2225. That concludes my testimony and I am happy to entertain any questions.

SB 2225 Testimony  
Senate Appropriations Committee  
Wednesday, January 28, 2009

Good morning, Chairman Holmberg and Members of the Committee.

My name is Linda Reinicke. I am the Child Care Resource & Referral Program Director in western ND and employed by Lutheran Social Services of North Dakota. Child Care Resource & Referral helps parents find child care and provides training and support to child care programs.

I want to share current child care data compiled by CCR&R and some of the child care industry's challenges identified by CCR&R staff when working in the field. This information may be helpful as you deliberate this bill.

**Licensed Child Care Supply Data**

Number of programs January 2008	1,498
Number of programs closed in 2008	-256 (includes 9 centers)
Number of programs opened in 2008	+243 (no center start-up)
Number of programs December 2008	1,483
Program net gain/loss	-13 (programs lost)
Program turnover	17%

Capacity January 2008	32,378
Capacity December 2008	32,812
Capacity net gain/loss	434 (spaces gained)

On the next page, each of you will find the state child care profiles and, after that, the county child care profiles of the specific counties you represent.

## CCR&R Observations of Child Care Challenges

In addition to collecting child care data, CCR&R provides technical assistance to new and existing child care providers. CCR&R

- Connects with all newly licensed child care providers. Last year we contacted 240 newly licensed programs and made 140 on-site visits to new programs
- Responds to phone and on-site technical assistance requests. Last year CCR&R responded to 900 phone calls and made 600 on-site visits (on-site visits made possible by Archibald Bush Foundation, St. Paul, MN)

This work gives CCR&R insight into the challenges faced by the industry and the benefits SB 2225 could provide. We are currently working with:

- A church in Minot looking for funding to renovate an unused wing in their building complex. They will need extensive plumbing installed, new carpeting, new walls, new ceiling, new equipment and furnishing. Grant writing has produced little results
- A second center in Minot is ever-so-close to opening but can't find that last \$50,000 needed to fully equip their facility
- A family child care provider who would like to expand her license from 7 to 12 but cannot find funds to install an egress window
- An individual in Bismarck put earnest money down on a building before connecting with CCR&R or the child care licenser for an expert opinion. The building will need numerous plumbing upgrades and renovations before licensing can be approved

SB 2225 will give child care programs the resources they need to move forward to become licensed and/or stabilize their businesses and increase their ability to better care for children.

Linda Reinicke

CCR&R Program Director

[lreinicke@lssnd.org](mailto:lreinicke@lssnd.org)

530-2501 (office) 226-2510 (cell)

January 28, 2009

From: JoAnn Brager, Vice President of Public Policy for the North Dakota Association for the Education of Young Children

To: Chairman Holmberg and Senate Appropriations Committee Members

Re: SB 2225 to establish a state grant program for child care

My name is JoAnn Brager and I am the Vice President of Public Policy for the North Dakota Association for the Education of Young Children. The Association represents 400 members in North Dakota who work with and on behalf of children ages birth through age 8 years.

The Association strongly supports the economic investment in North Dakota's children and in the care that is required to help them develop into productive citizens. We know that by age 5, 85% of a child's personality and brain is developed and that the environment is of utmost importance.

We also know that there is up to a 17% return on investments made that address high quality services to children. A 17% return investment on \$3,000,000 is truly an investment not only for our children, but for all of North Dakota's citizens.

The North Dakota Association for the Education of Young Children strongly supports the investment in North Dakota's children. Please support SB 2225.



A

Testimony of Jeb Oehlke  
Lobbyist  
Economic Development Association of North Dakota  
SB 2225

Mr. Chairman and committee members my name is Jeb Oehlke. 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. We are asking that you support SB 2225 and thus, North Dakota's economic growth.

We stand in support of this bill because it will help stimulate growth in North Dakota's rural and urban areas. While new and expanded childcare businesses are job creation in and of themselves, the availability of abundant, quality childcare services in communities add to the quality of life and makes communities more attractive to new and growing families.

We urge the committee to give HB 2225 a favorable recommendation. I am happy to answer any questions.

Testimony on SB 2225  
January 28, 2009, 9:00 a.m.  
Senate Appropriations Committee  
Senator Ray Holmberg, Chairman

Good morning Mr. Chairman, members of the committee, thank you for this opportunity to support Senate Bill 2225.

My name is Denisé Spanjer; I'm the director of the ND Rural Development Council and the Center for Technology & Business.

In October, the ND Rural Development Council launched a series of Child Care Roundtables. The first was hosted in Rugby. Last Wednesday, Hazen hosted a similar community conversation. We convened state, federal and faith-based resource partners to assist families, child care businesses and employers with child care business development in the region.

Senate Bill 2225 invests in the local solutions needed to address the issues and challenges we heard there.

For example: MTI in Rugby has enough business to put on another shift, but they can't hire and keep many employees after 5 p.m. because child care is not available after 5:30. The local manager said MTI is willing to financially support their employees' child care costs, but it is just not available.

Availability of child care is so tight in Rugby that potential parents find out when child care providers have openings for babies prior to getting pregnant.

Scheduling staff is so complicated that it takes a mathematical formula with percentages for different ages of children.

One very credible licensed child care provider chose to become unlicensed to avoid all the hassle with regulations. She says they are not uniformly enforced and are often contradictory across fire, building and health codes.

The results from the community roundtables: Pierce County Child Care businesses are organizing a providers association to schedule their continuing education requirements, create an availability list and to mentor new providers.

In Hazen last week, the community identified a lack of child care for infants and shift work; one person attended to explore the resources available to help her start a child care business; and the area's largest employer is struggling to meet the needs of their employee families due to a lack of licensed child care openings.

All the successful child care business examples we've seen have been locally grown and locally accountable. Nobody knows communities and businesses like their local leadership and economic development folks.

With these new Child Care Grant Program resources, we can help community leaders move forward quickly to assess their child care challenges, prioritize their needs and establish local entities similar to housing authorities to meet local demand for safe, high quality child care.

Thank you for the opportunity to support this bill.

6

SB 2225

Senate Appropriations Committee

Wednesday, January 28, 2009

Chairman Holmberg and Members of the Committee:

My name is Blake Crosby and I am the Manager of the Business Center for Child Care Resource and Referral. I work with the child care industry on business practices and business plans, and with communities to assist in determining need for child care and its economic and workforce impact.

I am here in support of SB 2225. If adopted, this bill will give communities struggling to build child care capacity an opportunity to partner with the state to build and/or expand child care programs. This bill will provide a much needed infusion of capital into the child care marketplace and assist providers and communities in providing accessible care, affordable care, and quality care.

Child care is a complex business to run. Parent fees are the primary source of revenue for child care programs. When expenses increase, programs only option is to pass that cost onto already financially strapped families. Low profit margins limit start-up and stability. Programs cannot service even a small amount of debt.

This past year, Child Care Resource and Referral launched a limited child care project that can form the discussion around this bill and may serve as a model for implementation of the bill. With private funding, CCR&R implemented the Child Care Growth Fund project that funded five centers across the state to enhance their business operation. Each center was required to write a business plan, present the plan to a group of community business people for approval, and begin the implementation of the plan. The primary challenges faced by these programs included cash flow, facility improvement, debt service, affordability, and recruitment and retention of workers.

These challenges serve as a microcosm of the entire industry. Access to a grant program would help all communities meet some of these challenges. At the end of the day, affordable, accessible, and quality child care is part of the foundation of economic development and workforce. Child care enables businesses to be successful, families to earn a living, and children to grow into productive citizens.

Child care is a tool to support economic and business development, a way to recruit employees, a tool to support working families and a tool to build strong communities. Economic Developers across the state recognize the vital function of each of these tools. I encourage you to send this bill out of this committee with a "do pass".

Thank you for your time. I will stay for any questions.

SB 2225

Senate Appropriations Committee

January 28, 2009

Chairman Holmberg and members of the Senate Appropriations Committee, I am Paul Ronningen, Executive Director of the National Association of Social Workers (NASW) North Dakota Chapter and also the State Coordinator for the Children's Defense Fund (CDF). Thank you for the opportunity to provide testimony **in support of SB 2225** for both NASW and the Children's Defense Fund.

As background, I recently retired from the Department of Human Services where I served as the Director of Children and Family Services. This Division oversees the licensing of child care and contracts with the Child Care Resource and Referral for training of child care providers and locating child care for parents.

Over the past several years, the need for child care has been accentuated by the closure of child care facilities and the inability of parents to locate quality child care in their area. Without child care, parents are unable to work or are forced into a patchwork of informal care. This inconsistency in care is difficult for the children and hard on parents. North Dakota depends on these parents to participate in the work force. For instance, seventy six (76%) of mothers with children six and under are employed. This rate of employment climbs to 85% for mothers with children from six to 17 years of age. These employment rates for mothers are one of the highest in the nation.

SB 2225 will enable the Department of Commerce to assist communities and providers through a grant program that includes a match. With this assistance, providers will be able to develop a business plan to expand operations and meet the needs of their communities. This type of assistance is desperately needed!

The Children's Defense Fund and NASW are therefore pleased to **support SB 2225**. It links the expertise of the Commerce Department with communities and providers, to solve our current child care crisis.

#1

SB 2225

Senate Human Services Committee

Monday, March 9, 2009

Chairman Weisz and Members of the Committee:

My name is Blake Crosby and I am the Manager of the Business Center for Child Care Resource and Referral. With support from a foundation grant, I work with the child care industry on business practices and business plans, and with communities to assist in determining need for child care and its economic and workforce impact.

I am here in support of SB 2225. If adopted, this bill will give communities struggling to build child care capacity an opportunity to partner with the state to build and/or expand child care programs. This bill will provide a much needed infusion of capital into the child care marketplace and assist providers and communities in providing accessible care, affordable care, and quality care.

Child care is a complex business to run. Parent fees are the primary source of revenue for child care programs. When expenses increase, programs only option is to pass that cost onto already financially strapped families. Low profit margins limit start-up and stability. Programs struggle to service even a small amount of debt.

This past year, Child Care Resource and Referral launched a limited child care project that can form the discussion around this bill and may serve as a model for implementation of the bill. With private funding, CCR&R implemented the Child Care Growth Fund project that funded five centers across the state to enhance their business operation. Each center was required to write a business plan, present the plan to a group of community business people for approval, and begin the implementation of the plan. The primary challenges faced by these programs included cash flow, facility improvement, debt service, affordability, and recruitment and retention of workers.

These challenges serve as a microcosm of the entire industry. Access to a grant program would help communities meet some of these challenges. At the end of the day, affordable, accessible, and quality child care is part of the foundation of economic development and workforce. Child care enables businesses to be successful, families to earn a living, and children to grow into productive citizens.

Child care is a tool to support economic and business development, a way to recruit employees, a tool to support working families and a tool to build strong communities. Economic Developers across the state recognize the vital function of each of these tools. I encourage you to send this bill out of committee with a "do pass" at the level the Governor originally proposed of \$3,500,000.

Thank you for your time. I will stay for any questions.

#2

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2225  
MARCH 9, 2009, 10:30 A.M.  
HOUSE HUMAN SERVICES COMMITTEE  
FORT UNION ROOM  
REPRESENTATIVE ROBIN WEISZ, CHAIRMAN

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce.

I am here today to speak in favor of SB 2225, a bill that will provide substantial grant dollars to child care businesses across the state.

SB 2225 proposes placing responsibility for this grant program in the Department of Commerce, so I thought I would outline for you how we envision administering this program.

Let me begin by stating we have recently hosted several community forums and also heard directly from economic developers about some of the most pressing issues faced in our economy. One of those issues which keep surfacing is the availability of safe, high quality child care.

Today I intend to address four issues concerning the Department of Commerce's proposed administration of this program: allocation, eligible organizations, eligible uses of the funds, and some proposed limitation.

**Allocation:** Governor Hoeven had proposed \$3,500,000 for this program for the biennium and the Senate decreased it to \$2,000,000. We propose that up to 10% be available to administer and manage the program. The North Dakota Department of Commerce, Division of Community Services will be responsible for administering and marketing the program.

**Eligible Organizations:** We propose that to access these dollars, local economic development corporations, regional councils, job development authorities, chambers of commerce be enlisted to prepare and submit applications of behalf child care providers in the communities they represent. We further propose that these local entities develop a public notice and/or hearing process to receive input from the community before furthering applications to the Department of Commerce. The recipients of the funds will ultimately be the childcare providers. The childcare providers will be required to be licensed by the state of North Dakota and all employees will be required to complete and pass the "CareCheck Registry" administered by the Department of Human Services.

**Eligible Uses of the Funds:** This program is proposed as one-time funding and should be directed to one-time needs of childcare providers. The program should not be used to subsidize salary or operational expenses, but rather should be directed at uses such as real estate, furniture, fixtures, equipment, business plans and other one-time expenses that strengthen program quality or program start-up. This will help daycare providers focus their business model on using incoming revenue to cover operational expenses, while tapping this program to address some

critical capital needs. In the long run, this should enable daycare providers to lower or eliminate debt service and improve their cash position.

At a minimum, we have proposed that one dollar of matching funds from other public (non-state) or private sources will be required for every three dollars received from this program. The matching funds must be in the form of cash. If the childcare facility is contained within a primary residence, only those eligible costs associated with the childcare operation will be permitted. All the funds will be provided in grant form.

**Limitations:** We proposed limiting maximum cumulative funds awarded per facility to \$100,000 for the 2009-2011 biennium. All grant applications will require a completed business plan. Refinancing of existing debt will not be an eligible use of program funds. We propose that all grant proceeds will be required to be repaid if the recipient's license is revoked, suspended or if there is any violation of law that prevents the facility from operating within two years of the receipt of funds. In addition, if the childcare facility ceases operation within two years of receipt of funds for other reasons, all grant proceeds might be required to be repaid. Any grants in excess of \$25,000 will be required to abide by the North Dakota Business Incentive Accountability legislation.

Mr. Chairman and members of the Human Services Committee, I ask for your support of SB 2225. That concludes my testimony and I am happy to entertain any questions.



Date: March 9, 2009

To: Robin Weisz, Chairman, House Human Services Committee

From: Barb Arnold-Tengesdal, President, New Horizon Children's Center Board

Re: Testimony in support of SB 2225

The New Horizon Children's Center is a non-profit 501-C3 organization founded for the purpose of providing a high quality early learning environment to benefit children, families and the communities of Bismarck/Mandan. The center will be licensed for 28 infants and toddlers and 44 preschool aged children. Last May, our goal of raising \$12,000 to complete the design of both the indoor and outdoor learning environments was achieved. The design created by the Shultz & Associates from Fargo, ND, includes a warm and nurturing infant/toddler wing with three classrooms, a crib room, parent welcoming area and outdoor play space sized perfectly for children 0-3 years of age. The preschool wing includes two large classrooms with a connecting loft for dramatic play, a block area and lots of vinyl flooring for creative arts activities. The outdoor environment for older children includes tunnels, tricycle paths, and a babbling brook for water play, triple deck playhouse and garden area. The entire school is been carefully designed for children with disabilities to be integrated in all aspects of learning.

The New Horizon Children's Center board continues to work with the Good Shepherd Church Council to find ways to create a partnership that can make this dream a reality. The church is willing to give us the space free with a multi-year lease for \$1. Yet, to put in the walls, purchase the needed equipment and have enough money to start-up a program with staff is expensive. We realize there are many obstacles to raising the needed funds in this tough economic time. We are hopeful that this important project will collectively gather the support it needs to move this dream to the reality of a school for children. We believe the passage of SB 2225 will be critical to building this center without having to put the program at high economic risk from the beginning of opening it's doors. SB 2225 will be important in building the capacity for additional child care in our community and critical for increasing economic stability of for families seeking child care that is affordable. The smaller the business loan that we must take on with at the start-up of our program, the lower the cost of care for parents. We are members of our local chamber and believe the partnerships with economic development specialist and Child Care Resource and Referral is critical in the successful start-up of this high quality early child development program.

We believe accountability for this type of grant program is important. We suggest that you include a requirement that each grant recipient must show the ability to develop new child care spaces within the community, and create a baseline support for up to 25% of the new spaces for low-income families or

another targeted high need type of child care such as infant/toddler or children with disabilities. We do know that research supports high quality programs for these children will have the greatest economic return. We also suggest that grants should be graduated depending on the number of new child care slots and the size of the project. I have heard an idea of capping grants at \$50,000. That small amount would not be enough to kick start this type of project. It would be enough to add one additional classroom to an already existing program or maybe a good start to a home-based program. With a program this size, licensed for 72 and probably enrolling 100 children, the staff needed for infant/toddler classrooms would need significantly more incentive to move forward with this high need area.

The New Horizon Children's Center Board continues to focus on our mission statement, and seeks to develop a quality program that supports:

- children's growth and development in creative and thought provoking curriculum
- families seeking to grow strong in their connections to a faith community
- the unmet needs of infant/toddler care and high quality pre-K
- respect for the environment with policies and a facility design that support recycling and land use in natural play settings. We hope to be one of the first designated "green" child care centers in the state.

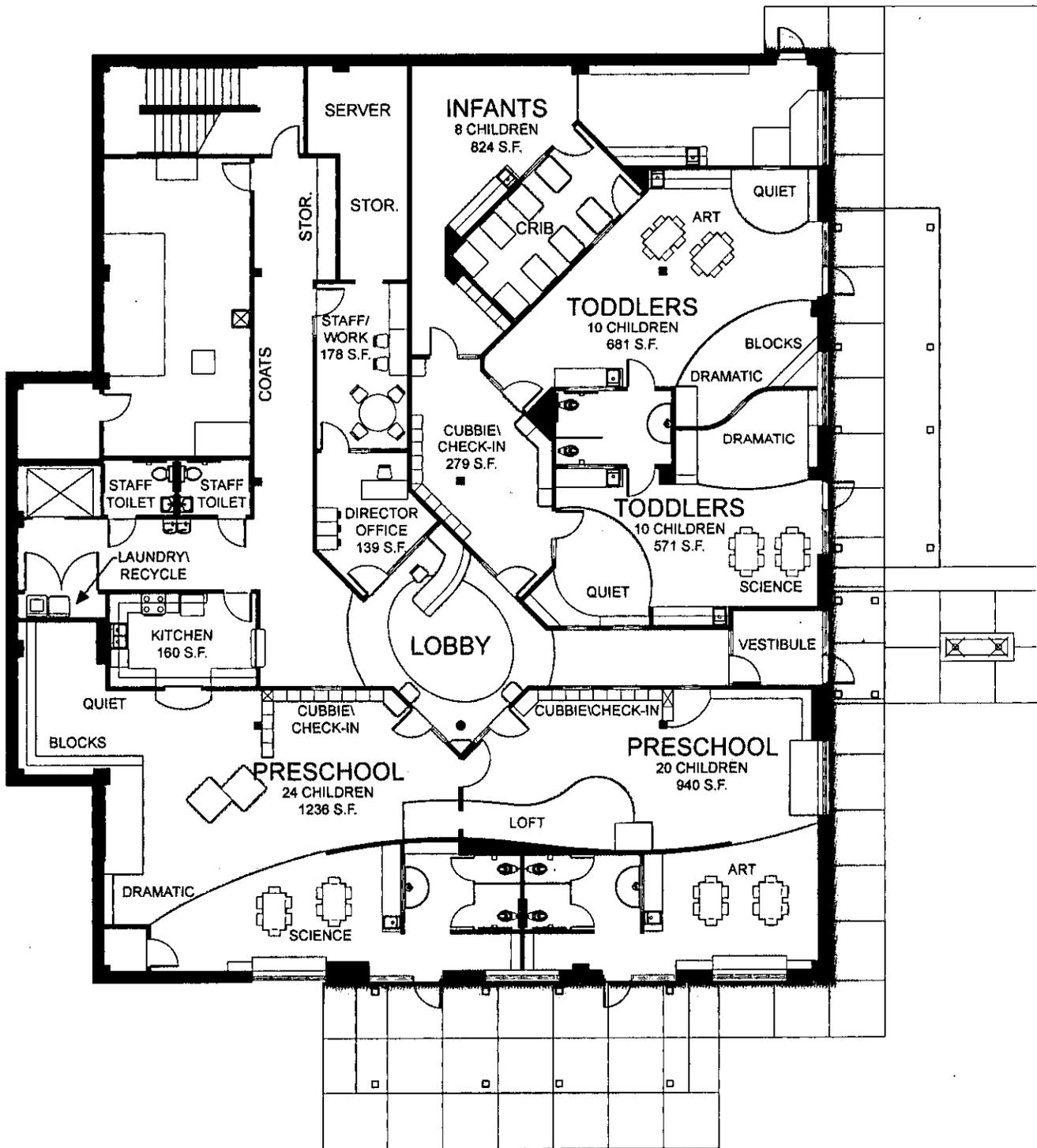
A grant system such as describe in this bill will reduce the costs of care that will be passed along to taxpayers and stimulate the child care industry with employment, and quality facilities. Please consider a vote in support of this bill.

Barb Arnold-Tengesdal  
President

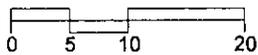
Attachments:

Design plans

NIEER - Federal Early Childhood Policy guide for the first 100 days



**New Horizon Children's Center**



The Architect Firm  
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612 1/2 Main Avenue Fargo, ND 58103  
 701.476-0714 voice 701.476-0709 fax

## PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2225

That the House recede from its amendments as printed on pages 1285 and 1286 of the Senate Journal and pages 1326 and 1327 of the House Journal and that Engrossed Senate Bill no. 2225 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 10-30.5-02 of the North Dakota Century Code, relating to the North Dakota development fund; to amend and reenact subsection 1 of section 6-09.14-01 of the North Dakota Century Code, relating to eligibility under the partnership in assisting community expansion program; to establish a grant program for early childhood facilities; to provide a report to the budget section; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Subsection 1 of section 6-09.14-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Business" means a corporation, limited liability company, partnership, individual, or association providing child care or involved in manufacturing, processing, value-added processing, and targeted industries as defined by the Bank of North Dakota.

**SECTION 2.** A new subsection to section 10-30.5-02 of the North Dakota Century Code is created and enacted as follows:

Moneys in the development fund may be used to provide financing to early childhood facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or loans to match grants or loans made by county-authorized or city-authorized development corporations, job development authorities created under chapter 11-11.1 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility. The corporation may not award more than half of the amount of the funds appropriated to provide financing under this subsection to nonprofit early childhood facilities and public early childhood facilities. An award under this subsection may not exceed one hundred thousand dollars per award.

**SECTION 3. DEPARTMENT OF COMMERCE - GRANTS FOR CHILD CARE PROVIDERS.** During the biennium beginning July 1, 2009, and ending June 30, 2011, the department of commerce shall establish and implement a grant program to provide matching grants to North Dakota child care providers. A recipient of a grant under this section shall use the grant funds for technical assistance, which may include the development of a business plan. To receive a grant under this section, an applicant shall establish the applicant has available \$1 of matching funds for every \$3 of grant funds. The matching funds must be in cash and may come from private or public sources, or from a combination of private and public sources. A grant awarded under this section may not exceed \$10,000 per recipient. The department may not award more than half of the amount of the funds appropriated for grants under this program to nonprofit early childhood facilities and public early childhood facilities.

**SECTION 4. REPORT TO THE BUDGET SECTION.** The department of commerce shall report to the budget section during the second quarter of calendar year 2010 on the status of the financing provided to child care providers under section 2 of this Act and the grants to child care providers under section 3 of this Act.

**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,250,000, or so much of the sum as may be necessary, to the department of commerce for deposit in the North Dakota development fund for the purpose of providing financing to child care providers, for the biennium beginning July 1, 2009, and ending June 30, 2011. The North Dakota development fund, incorporated, may use up to five percent of the funds appropriated in this section for administrative expenses.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing child care provider grants under section 3 of this Act, for the Biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may use up to five percent of the funds appropriated in this section for administrative expenses.

**SECTION 7. EXPIRATION DATE.** Sections 1 and 2 of this Act are effective through July 31, 2011, and after that date are ineffective."

Renumber accordingly

4-24-09

**Program Objectives**

1. Recruit and and expand
2. Operational and quality upgrades
3. Build business expertise (intense business planning process with follow-up support)

**CCR&R functions**

Work with Commerce and local planning entities to identify areas of critical need

Work with Commerce and local planning entities to market grant availability

Respond to requests and assist applicants in development of business plans (smaller programs will submit modified proposals)

Work closely with applicants to determine program's priority needs and assist them in full understanding of good business practices

Receive and vet applications

Convene local review committee to include economic development, business, banking

Submit recommendations to Commerce for final approval

**Commerce**

Contract with CCR&R

Market program availability to local communities

Make final award/denials