



# Interim Human Services Committee

## Representative Matt Ruby, Chair

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Overview of child care initiatives and child care as a workforce strategy in North Dakota

Presented by: Jessica Thomasson, Executive Director, ND HHS Human Services Division | August 29, 2023



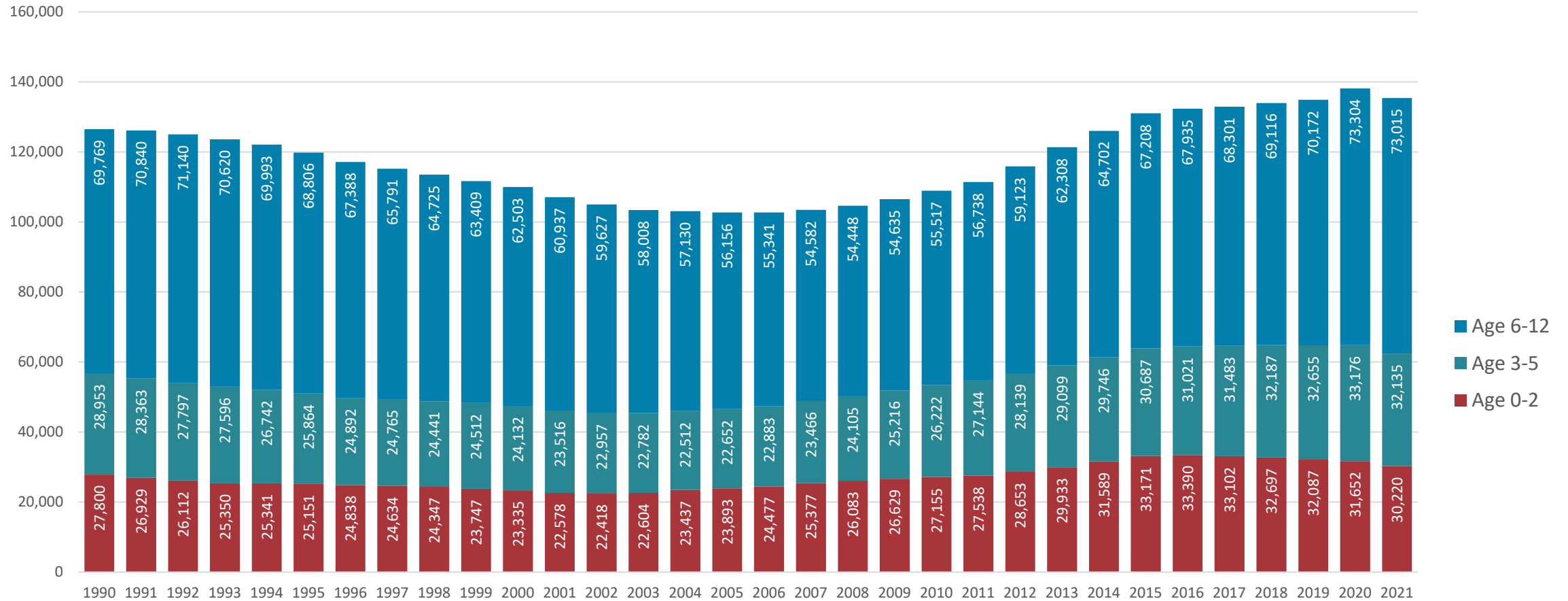
Health & Human Services

# Why think about Child Care as a Workforce Solution?

- ✓ North Dakota has more job openings than people to fill them.
- ✓ 47% of ND job openings pay an average starting wage of less than \$25/hour.
- ✓ To thrive communities need workers who want to work in both high-skill-required and low-skill-required jobs.
- ✓ The economic realities of child-rearing affect household decisions about employment.
- ✓ There are 45,000 ND households who have children younger than age 5.
- ✓ 3 of every 4 children households with children younger than age 5 have all parents in the workforce.

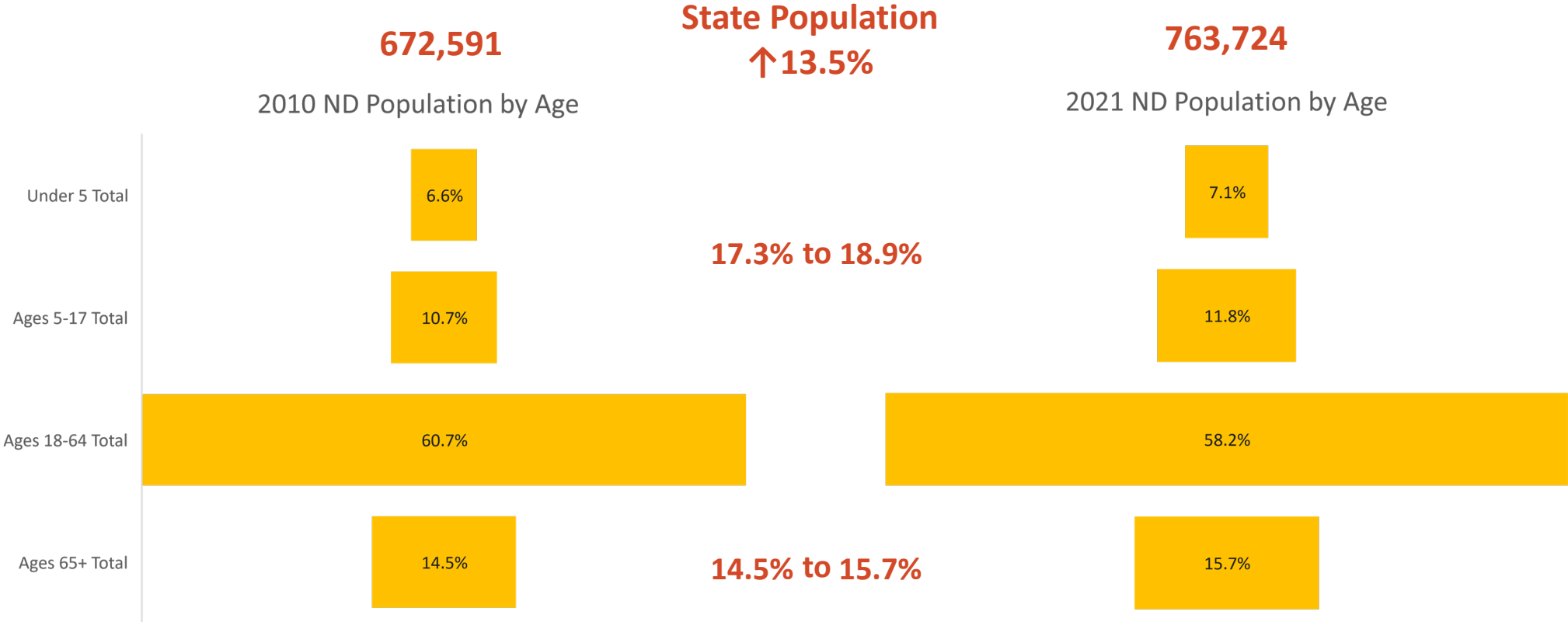


# The number of children younger than age 13 has been increasing since 2010



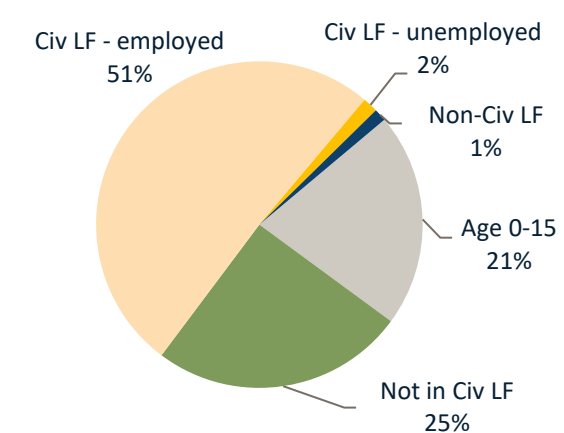
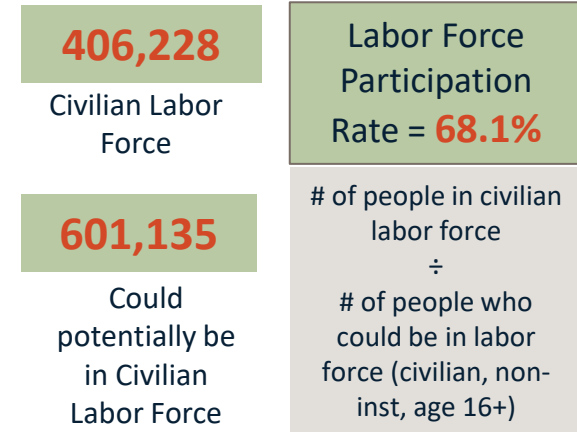
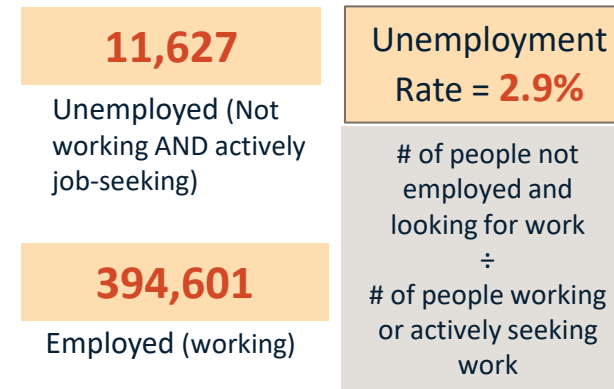
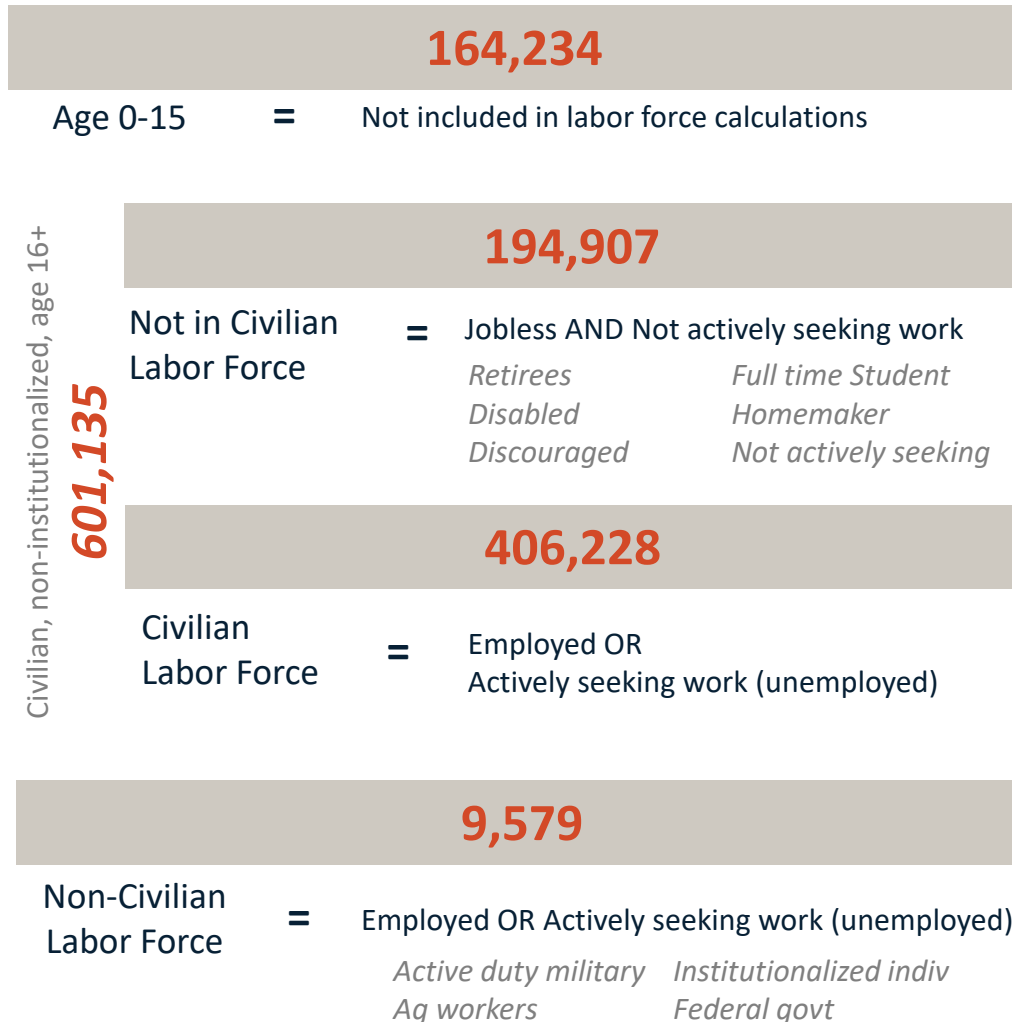
Source: ND Kids Count | Child population by single age (U.S. Census Bureau)

# ND is getting both younger and older at the same time which puts pressure on the prime working age population living in the state



# 53% of North Dakota's population is considered to be in the civilian labor force (a.k.a. "the workforce")

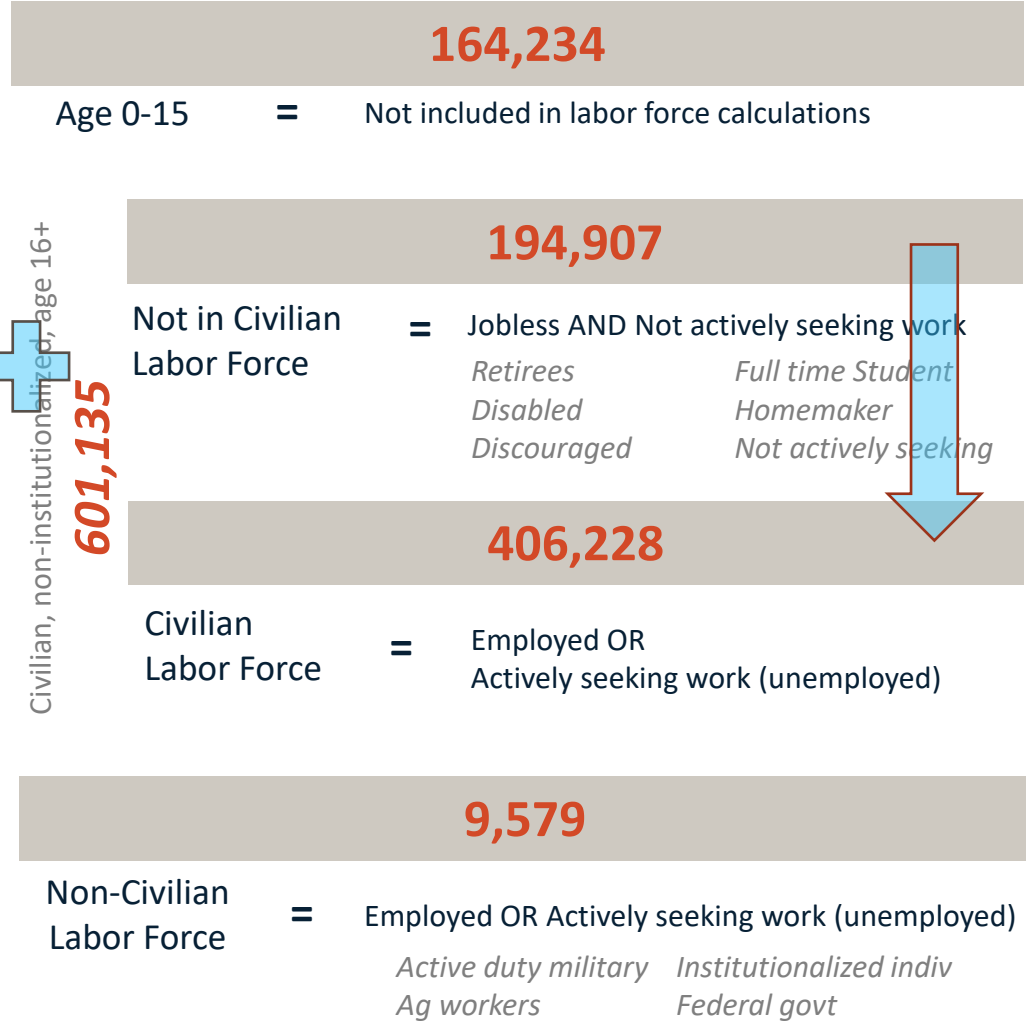
State Population = 774,948



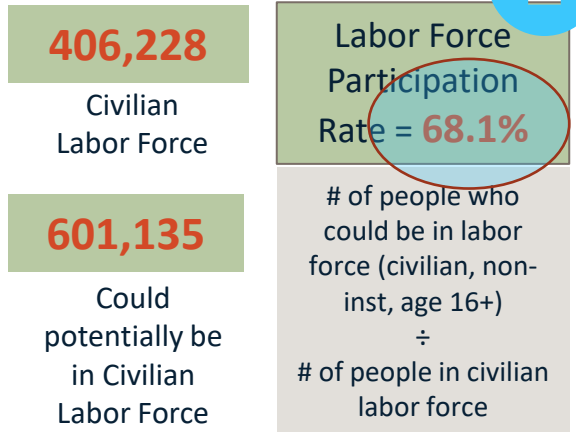
# Where are the opportunities to make an impact on available workforce?

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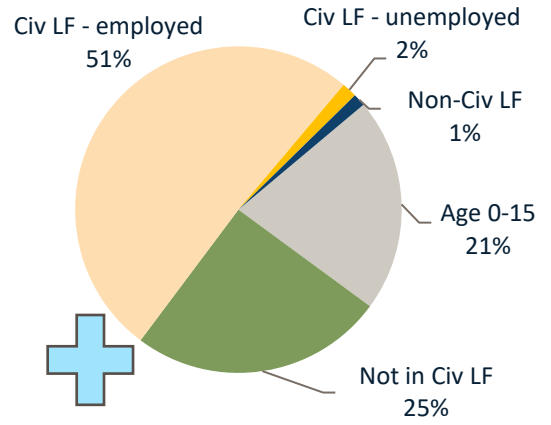
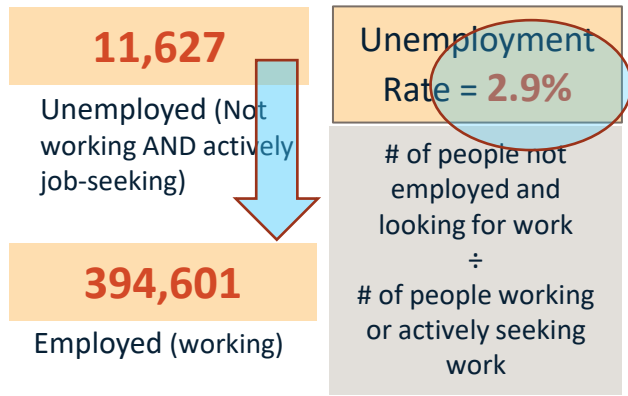
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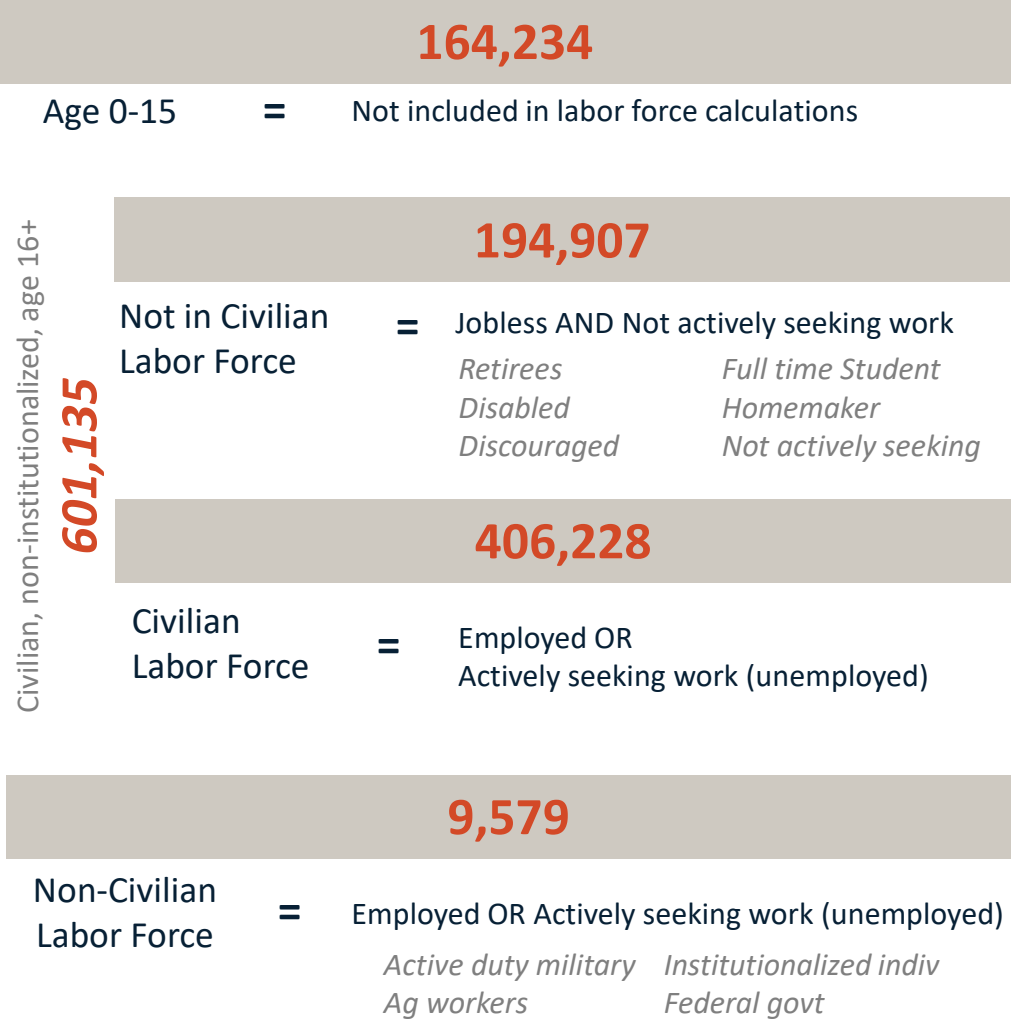


Source: U.S. Census ACS 2021 1-Year Data Sample, Tables DP03 and S0101

# Child care is a potential workforce barrier to tens of thousands of existing and potential ND workers

**28%**  
Households with at least one member younger than age 18

**State Population = 774,948**



**10%**  
% of people not in LF are considered "marginally connected"

"Marginally connected" means someone has not looked for work in last 4 weeks due to family responsibilities, ill health, transportation problems, school



Rate of Labor Force Participation for people of retirement age

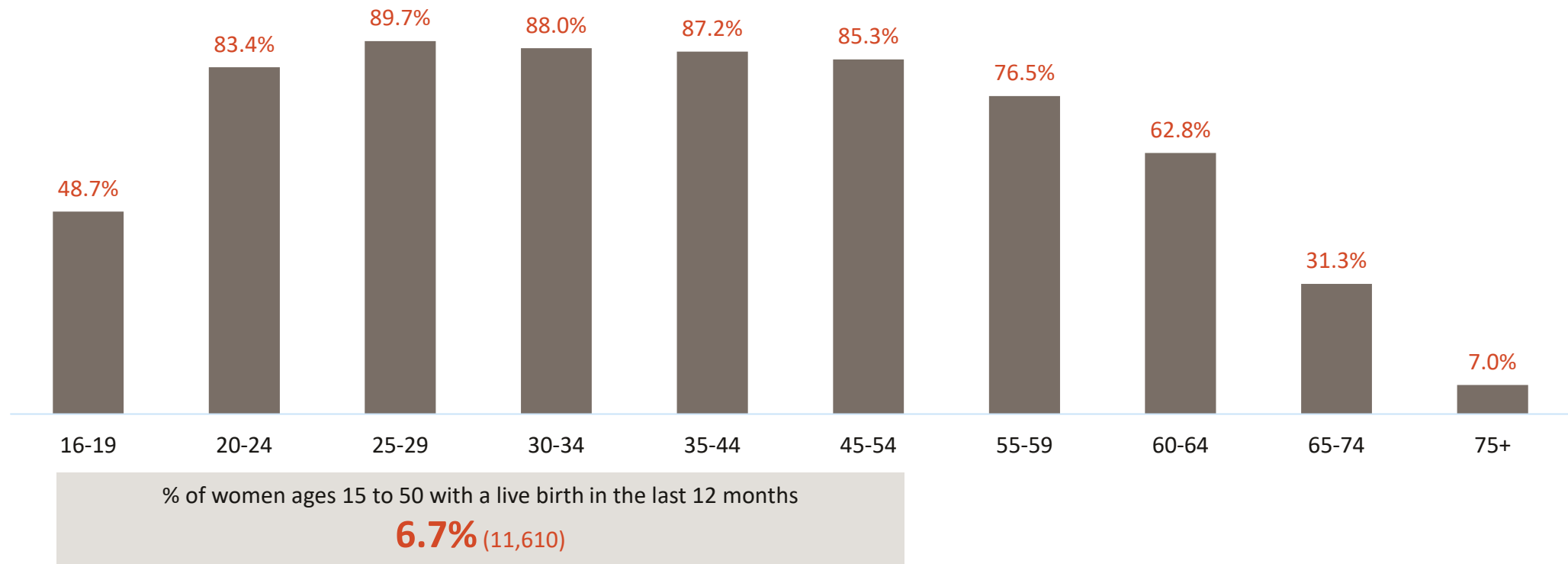
Ages 60-64	62.8%
Ages 65-74	31.3%
Ages 75+	7.0%

**14.7%**  
59,811 people in civilian LF with children under age 6

**70.6%**  
Of this 59,811 have all parents in Labor Force

Source: ACS 2021 1-Year Data Sample, Tables DP03 and S0101; Bureau of Labor Statistics

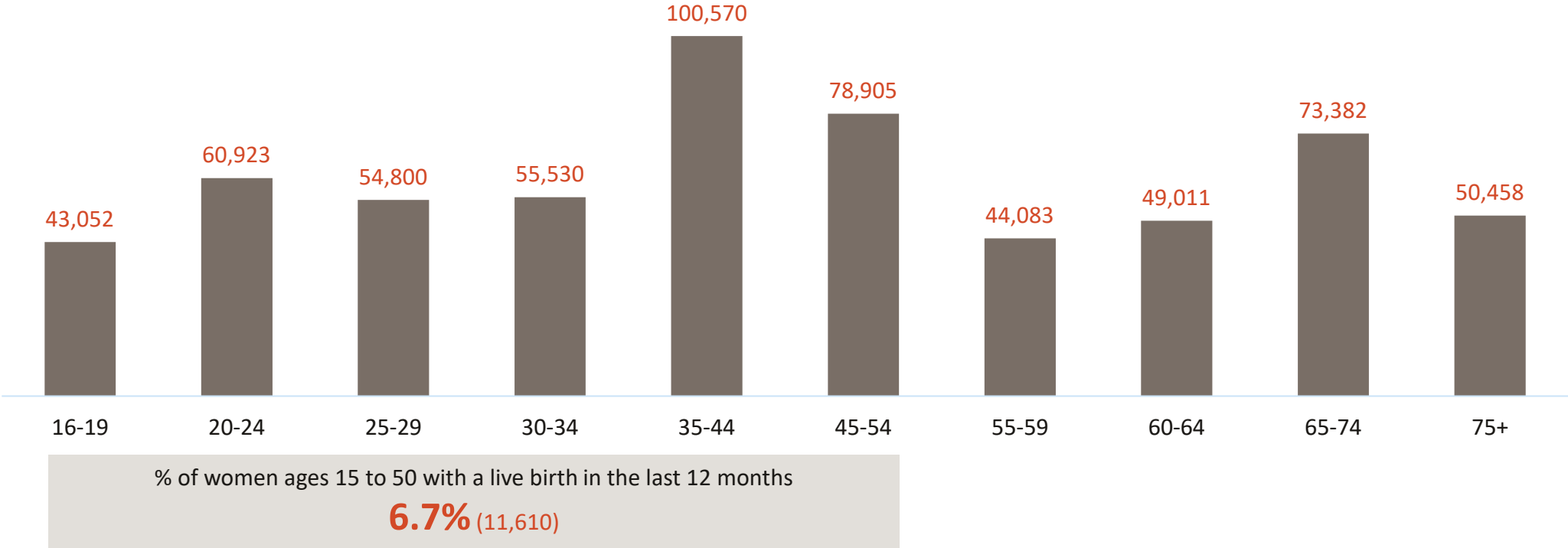
# There is significant overlap between a person's prime working years and prime family formation years



Ages 15-19 2.1% (574)  
Ages 20-34 10.9% (8,480)  
Ages 35-50 3.7% (2,556)

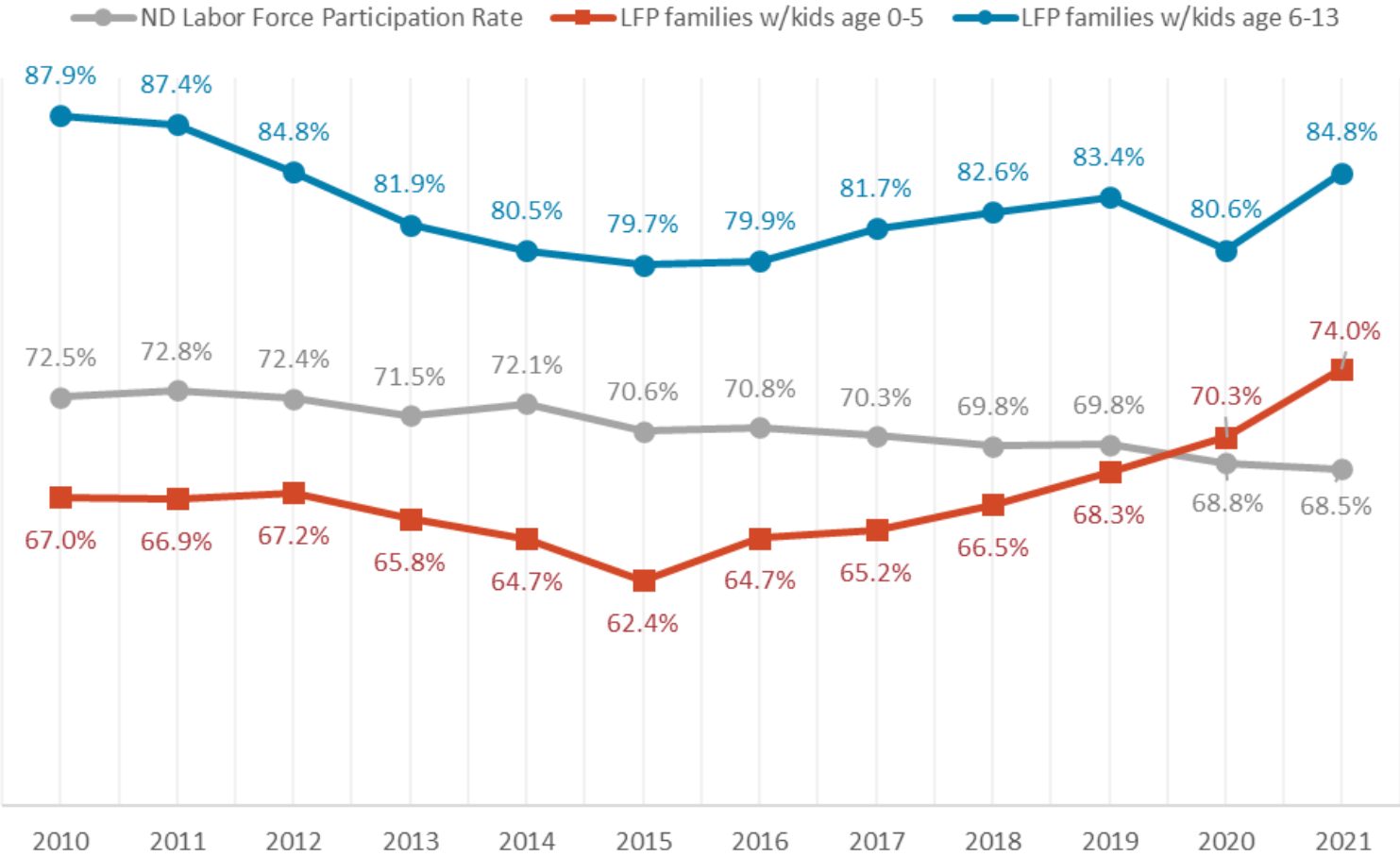


# People ages 20-34 represent 28% of the total ND workforce



Ages 15-19 2.1% (574)  
Ages 20-34 10.9% (8,480)  
Ages 35-50 3.7% (2,556)

# The percent of ND children ages 0-5 who have all available parents in the labor force has been steadily increasing since 2010



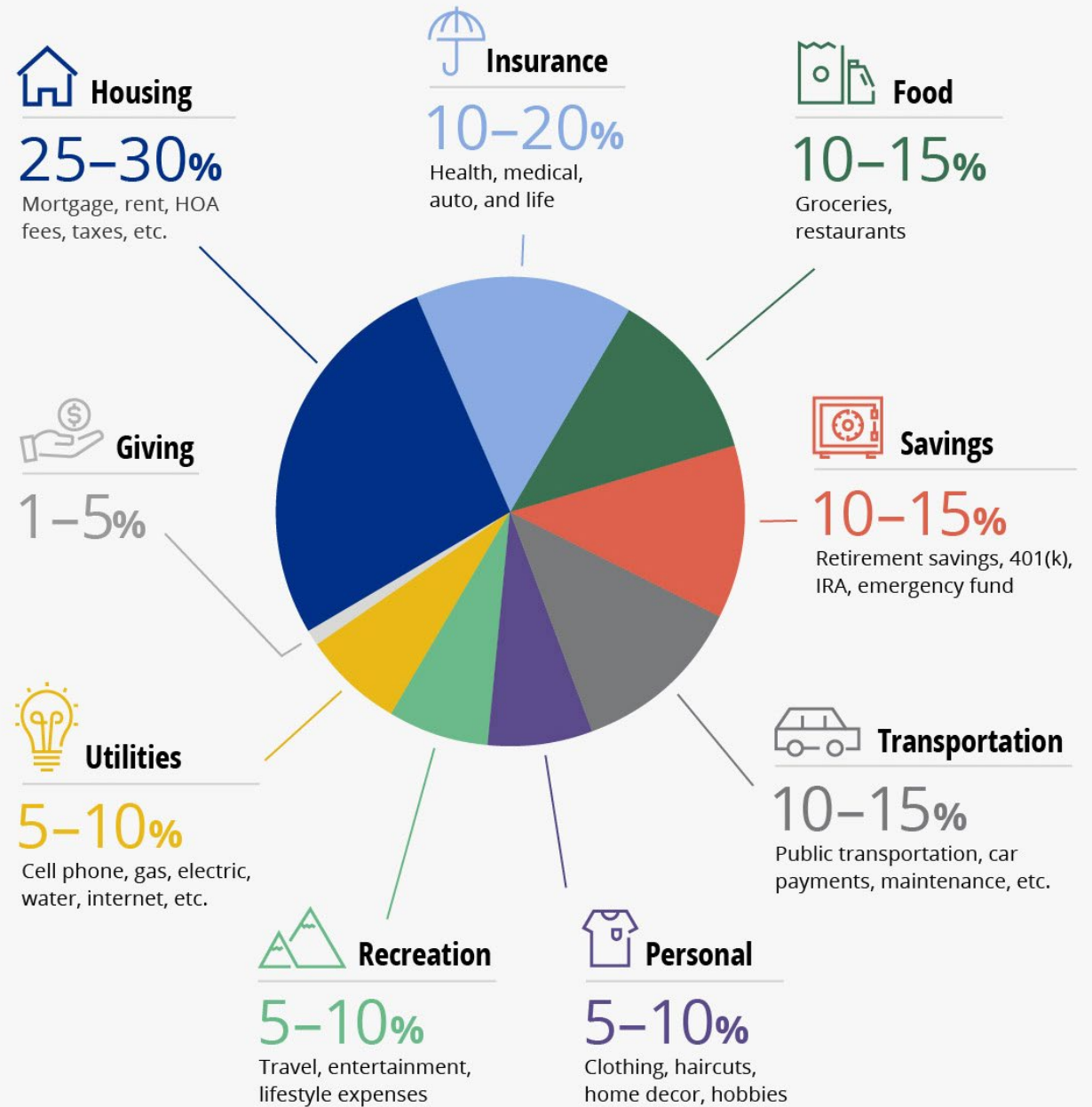
Source: ND Kids Count | US Census American Community Survey | Bureau of Labor Statistics

**74%**  
**Parents in  
 workforce**

74% of the 44,237 North Dakota households who have children younger than age 5 likely have at least some need for child care as all available parents are in the workforce

# What does someone think about when they are looking for a job?

Interest  
Aptitude  
Purpose  
Opportunity  
Location  
**Income**



**NOTE**

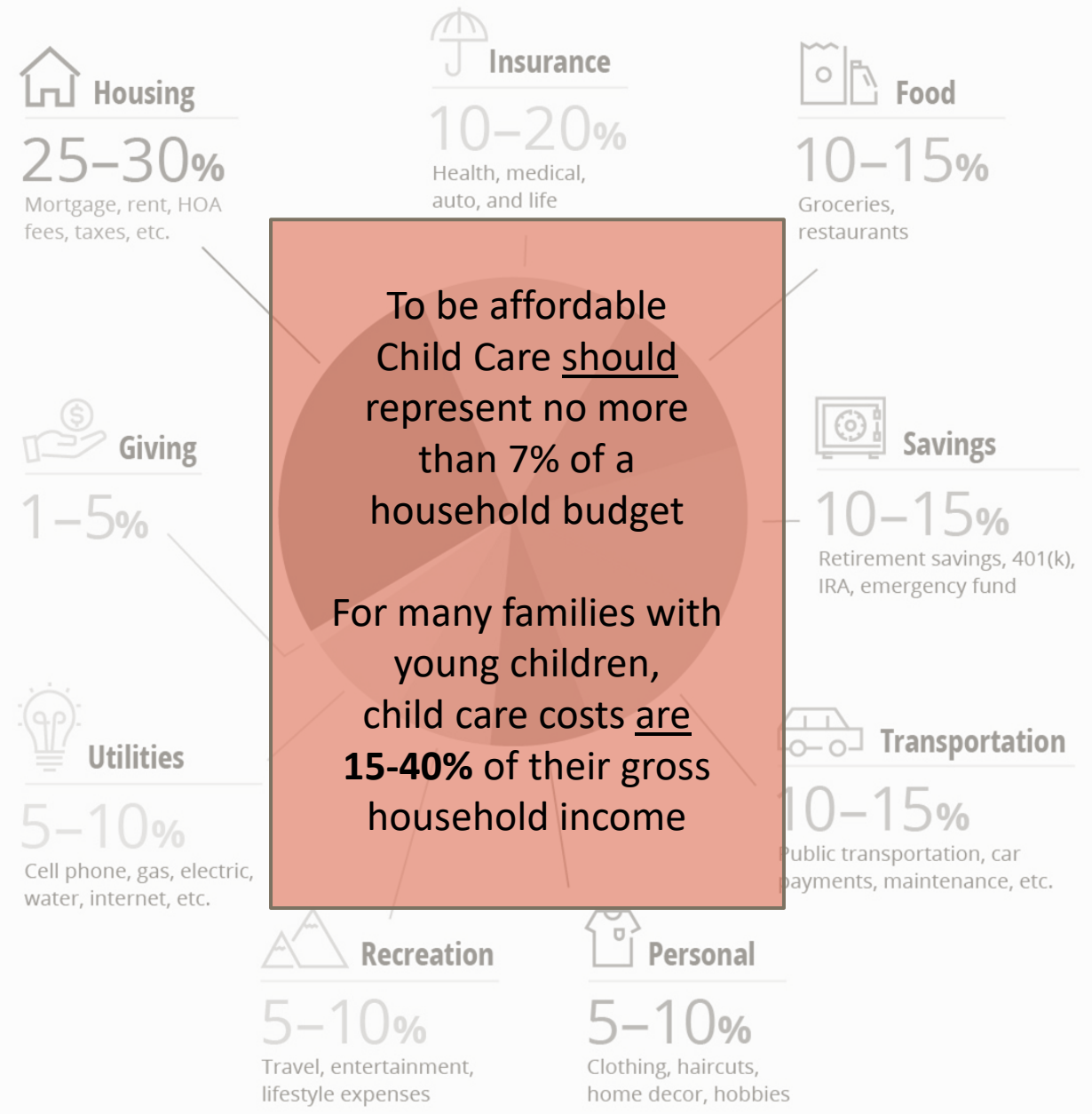
# What's missing from this picture?



## Child Care



*More resources = More options*



# Child care is one of the largest monthly costs for families with young children

## WHAT DOES CHILD CARE COST?

### Age 0-17 months

*Center-based*  
\$595 - \$1,890  
**Avg: \$838**

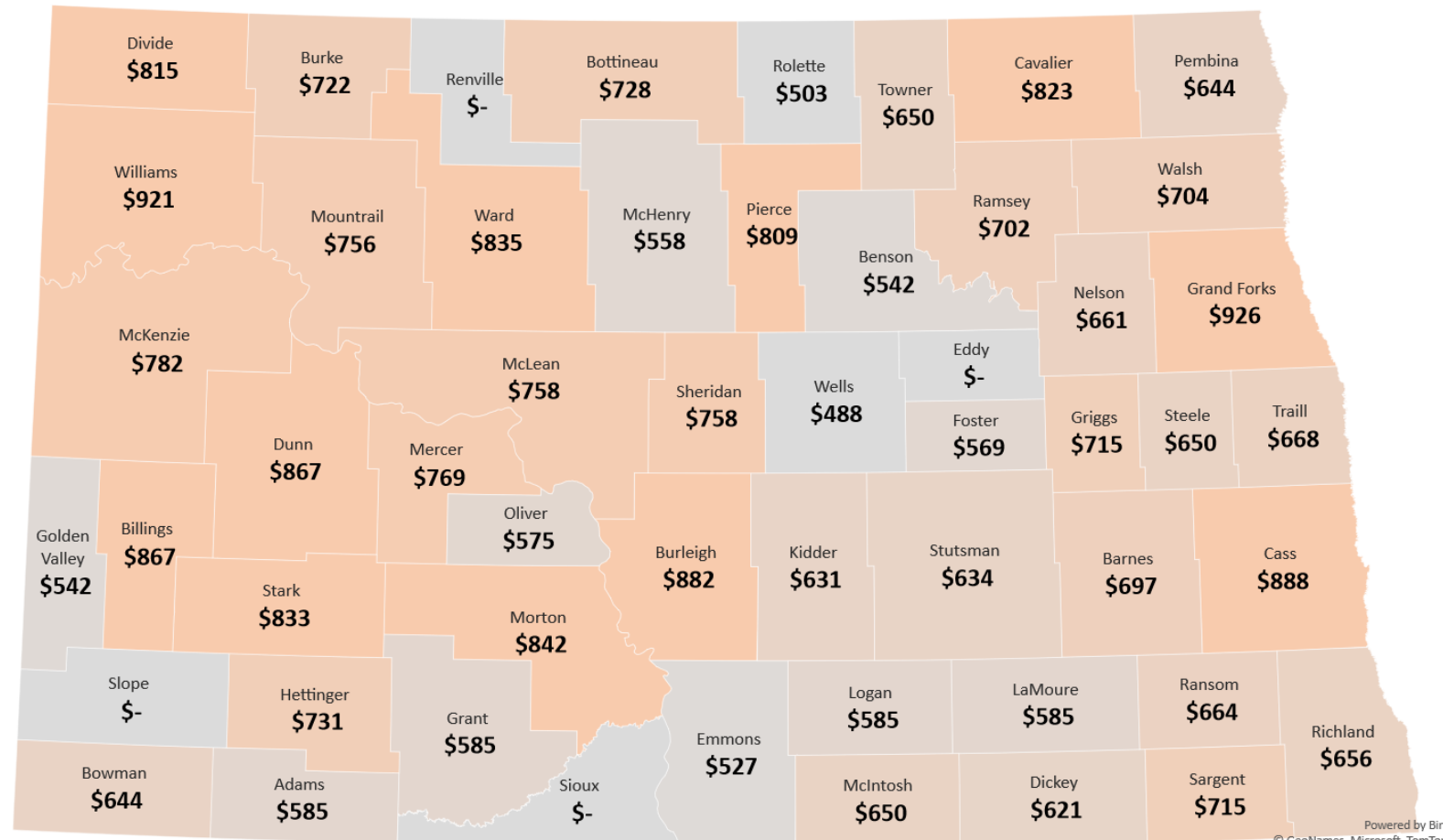
*Family/Group-based*  
\$475 - \$1,200  
**Avg: \$672**

### Age 18-35 months

*Center-based*  
\$595 - \$1,810  
**Avg: \$798**

*Family/Group-based*  
\$475 - \$1,000  
**Avg: \$661**

2020 average monthly cost of licensed child care for Infants and Toddlers (ages 0-17 mo)



Source: Oct 2021 Child Care Market Study conducted for ND Child Care Assistance Program

# 88% of Jobs in the ND labor market pay an average wage of \$35/hour or less



Less than \$15 / hr	\$15 - \$20 / hour	\$20 - \$28 / hour	\$28 - \$35 / hour	>\$35 / hour
Child care worker Fast food Waiter/Waitress Cashier Bartender Vehicle/equip cleaner Hotel clerk Dishwasher Laundry/Dry cleaning Maid/Housekeeping	Home health/Pers care Customer service rep Hair stylist Retail Receptionist/secretary Restaurant cook Preschool teacher EMT Teller Security guard Nursing assistant Laborer Stocker/order filler Landscaping/grounds Janitor/cleaner	Carpenter/Constr Office/clerical Accounting clerk Assembler/fabricator Maintenance/repair Correctional officers Auto service tech Lic Practical Nurse Dental assistant Firefighter Social worker Truck driver Svc unit op (oil/gas) Retail supervisor Pharmacy tech	Sales representative HVAC installer Rotary drill operator Wellhead pumper HR specialist Accountant Police Real Estate Sales PR/marketing specialist Counselor/therapist Child/School social worker Registered Nurse Comp network specialist Construction supervisor Dental hygienist Architectural/mech drafter Heavy equip mechanic	Engineer Constr mgr Lineman Gen/Op mgr Loan officer Lawyer Sales manager Software dev Veterinarian Pharmacist Physician Dentist Psychologist Project mgmt
<p><b>48,790</b></p> <p># of people employed in a job with average wage of &lt;\$15/hour</p> <p>represents 13% of total jobs</p>	<p><b>90,050</b></p> <p>25%</p>	<p><b>109,930</b></p> <p>30%</p>	<p><b>73,420</b></p> <p>20%</p>	<p><b>45,000</b></p> <p>12%</p>

Source: Job Service ND 2021 Employment and Wages by Occupation dataset | mean wage by occupation; 741,920 jobs included in statewide wage summary

# Most all households earning less than 150% of state median income (SMI) will struggle with costs of child care

Household Size	Families potentially eligible for CCAP						CCAP to WPCCR Jul 25		WPCCR		150% SMI	
	30% SMI		60% SMI		75% SMI		85% SMI		100% SMI		150% SMI	
	Annual Income	Hourly Wage	Annual Income	Hourly Wage	Annual Income	Hourly Wage	Annual Income	Hourly Wage	Annual Income	Hourly Wage	Annual Income	Hourly Wage
2	\$ 21,844	\$10.50	\$ 43,687	\$21.00	\$ 54,609	\$26.25	\$ 61,890	\$ 29.75	\$ 72,812	\$35.01	\$ 109,218	\$ 52.51
3	\$ 26,983	\$12.97	\$ 53,966	\$25.95	\$ 67,458	\$32.43	\$ 76,452	\$ 36.76	\$ 89,944	\$43.24	\$ 134,916	\$ 64.86
4	\$ 32,123	\$15.44	\$ 64,246	\$30.89	\$ 80,307	\$38.61	\$ 91,015	\$ 43.76	\$ 107,076	\$51.48	\$ 160,614	\$ 77.22
5	\$ 37,262	\$17.91	\$ 74,525	\$35.83	\$ 93,156	\$44.79	\$ 105,577	\$ 50.76	\$ 124,208	\$59.72	\$ 186,312	\$ 89.57
6	\$ 42,402	\$20.39	\$ 84,804	\$40.77	\$ 106,005	\$50.96	\$ 120,139	\$ 57.76	\$ 141,340	\$67.95	\$ 212,010	\$ 101.93
7	\$ 43,366	\$20.85	\$ 86,732	\$41.70	\$ 108,414	\$52.12	\$ 122,870	\$ 59.07	\$ 144,553	\$69.50	\$ 216,829	\$ 104.24
8	\$ 44,329	\$21.31	\$ 88,659	\$42.62	\$ 110,824	\$53.28	\$ 125,600	\$ 60.38	\$ 147,765	\$71.04	\$ 221,647	\$ 106.56
Family Co-Pay	\$0		7% of HH inc		7% of HH inc		7% of HH inc		Costs >WPCCR stipend			

2022 State Median Income (SMI); Hourly wage is calculated assuming 2,080 hours worked per year per annual income range noted  
 Multiple wage earners could combine earnings to attain the noted household (HH) income / hourly wage.

# When is child care affordable?

Average monthly cost of infant and toddler care in a Child Care Center compared to household affordability (shown as 7% and 15% of before-tax household income)



## 1 child (9-month-old)

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Center-based avg		Household income needed?	=	combined hourly wage of
<b>\$838</b>	→	@7%... <b>\$143,600</b>		<b>\$69/hr</b>
		@15%... <b>\$67,040</b>		<b>\$32/hr</b>



## 1 child (3-year-old)

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Center-based avg		Household income needed?	=	combined hourly wage of
<b>\$726</b>	→	@7%... <b>\$124,400</b>		<b>\$60/hr</b>
		@15%... <b>\$58,080</b>		<b>\$28/hr</b>



## 2 children (1-year-old and 4-year old)

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Center-based avg		Household income needed?	=	combined hourly wage of
<b>\$1,564</b>	→	@7%... <b>\$268,100</b>		<b>\$129/hr</b>
		@15%... <b>\$125,120</b>		<b>\$60/hr</b>



# Comparing the cost of child care to the cost of tuition/fees at a 4 year university in the NDUS

ND HHS Child Care Market Study Oct 2022 | NDUS Tuition/Fee Schedules 2022-23 academic year



	Annual cost of child care (avg child care center)
Age 0-1	\$10,056
Age 1-2	\$10,056
Age 2-3	\$8,712
Age 3-4	\$8,712
<b>TOTAL</b>	<b>\$37,536</b>



	Annual cost of tuition/fees (NDUS 4 yr institutions)
Freshman	\$8,734
Sophomore	\$8,734
Junior	\$8,734
Senior	\$8,734
<b>TOTAL</b>	<b>\$34,935</b>

# Benefit Cliffs most often affect people with earnings in the income range known as the “Hardship Gap”

Most systems were designed to support low-income individuals as they enter workforce & have very limited earnings

## “Hardship Gap”

Earned Income is greater than poverty level but less than cost of living



Working but falling short of self-sufficiency even after supplementing wages with public benefits

Household Income*		...where programmatic Eligibility Ends	% of state population	Typically able to meet basic needs without assistance
20-50% of federal poverty level	12% of state median income	Temp Assistance for Needy Families (TANF) Medicaid (full coverage for the entire family)	10-12% of state population	No (0%)
100-140% of federal poverty level	25-35% of state median income	Head Start Medicaid (medically needy (aged/blind/disabled)) Medicaid (children ages 6-19) Medicaid (Expansion)		No (0%)
200-250% of federal poverty level	50-60% of state median income	Supplemental Nutrition Assistance (SNAP) Children's Health Insurance (CHIP) Low Income Home Energy Assistance (LIHEAP) Women Infants and Children (WIC) Earned Income Tax Credit (EITC) Free-Reduced Lunch (FRL) Housing Choice Voucher (Sec 8)	28-30% of state population	Maybe (20%)
350% of federal poverty level	85% of state median income	Child Care Assistance (CCAP)		Likely (50%)

\*Income levels described in this table are intended to communicate estimated ranges of eligibility; they are not a precise accounting of each program's unique eligibility rules

# Acting strategically will allow ND to realize a series of inter-connected goals that will impact workforce



- Increase workforce needed by communities' employers
- Make it easier for working families to afford child care costs
- Help child care businesses grow and thrive
- Give kids the best start possible by investing in quality early childhood experiences
- Leverage federal funds available for child care

# Child care is a workforce solution that can make a difference for ND employers and working families



## Affordability

Connect more working families to child care assistance to keep the cost of child care within 7% of household income



## Availability

Make it easier for working families to find child care when and where they need it



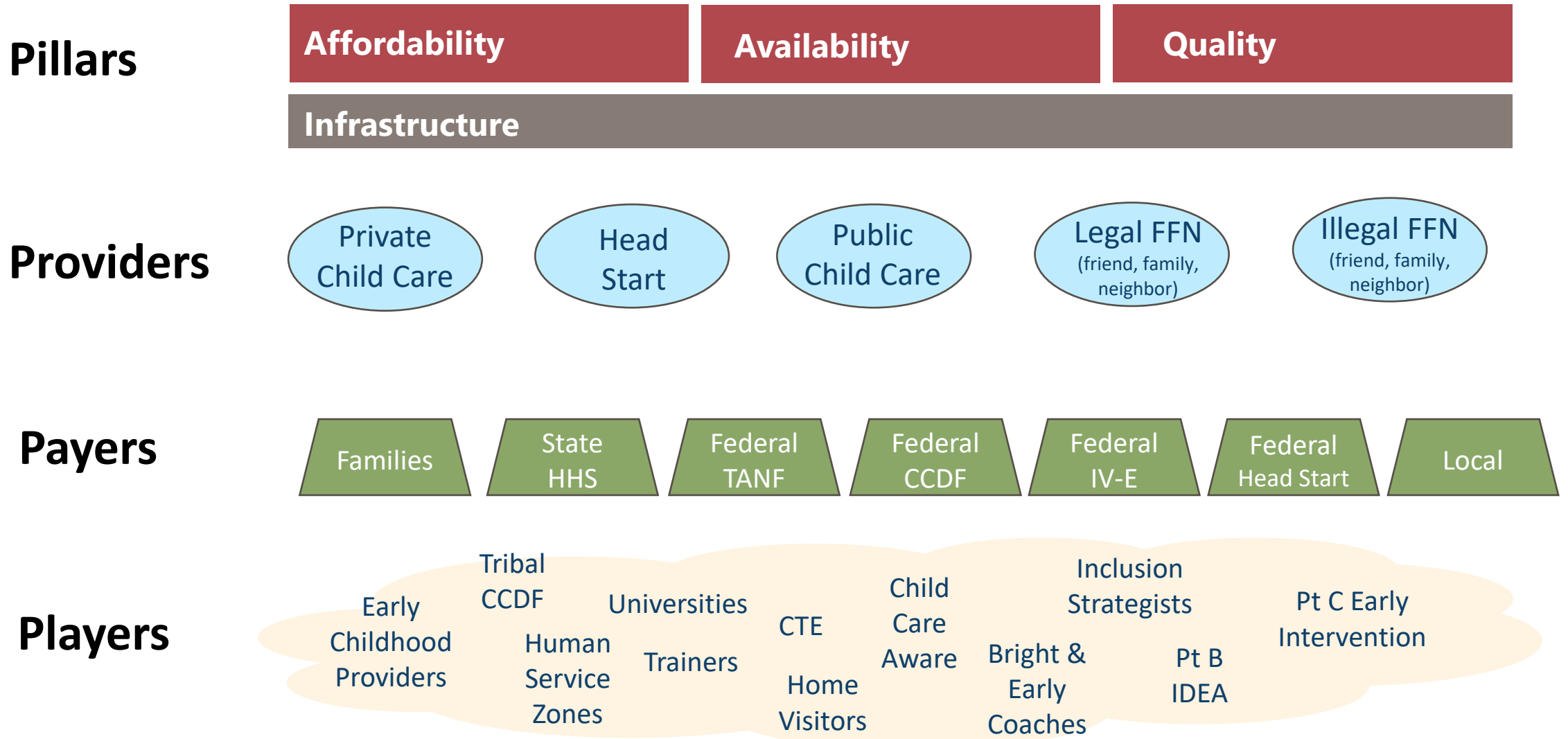
## Quality

Help kids realize their potential by supporting quality early childhood experiences

## Infrastructure

Technical Support | Professional Development | Data Architecture | Career Pathways | Quality Framework

# There are many ways to think about and understand the early childhood “sector”



# What indicators characterize a “healthy” child care sector?

- Broad availability of quality licensed care for infants and toddlers
- Mix of provider types who are licensed
- % of licensed programs operating to full capacity
- Very few/no child care deserts (i.e., areas with critical shortages)
- Equitable distribution of child care assistance statewide
- Inclusion supports that create access for children with special needs
- Growth in capacity is greater than loss of capacity
- Active quality efforts in increasing % of licensed child care slots
- Child care rates cover the cost of delivering quality care
- Increasing % of child care workforce credentialed for promotion
- Parents have options to consider when and where they need them
- Working families w/young children pay no more than 7% of income for quality care

# What does “progress” look like?

- Statewide child care payment model that rewards quality
- Increased # of infant and preschool slots in highest quality settings
- Reduced rates of staff turnover in licensed child care programs
- Increased % of children who are achieving widely held developmental milestones
- Widespread adoption of kindergarten assessment tool by public and private kindergarten programs
- Sector-wide identification and understanding of child care health/safety compliance
- Families have the information they need to feel like they “know what to look for” when seeking quality early childhood experiences for their kids
- Increase in kindergarten readiness on day 1 of kindergarten
- Fewer people who report “child care” as a barrier to work
- Average wage for front line child care workers equal to the average wage for direct care paraprofessionals in other fields (ex. DSP, CNA, QSP)

# What is “stability” in the child care sector

*Example:*

**Better alignment of supply & demand**

Increases in licensed child care capacity are greater than decreases in capacity

**(Start-ups + Expansions) > Closures**

**↑ Net Capacity**





# Implementation Progress – HB1540 / SB2012

- ✓ Child Care Assistance (CCAP) - **operating**
- ✓ CCAP Infant/Toddler Payment Boost – **Aug 2023**
- ✓ CCAP 0% co-pay for households <30% SMI – **Aug 2023**
- ✓ CCAP Quality Tiers in CCAP – **Oct 2023**
- ✓ Working Parent Child Care Relief employer-led cost share program (WPCCR) – **operating**
- ✓ WPCCR opt-in for State of ND as employer – **Aug 2023**

## Affordability



- ✓ Grants for Health/Safety and Inclusion – **Oct 2023**
- ✓ Start-up / Expansion Grants – **Oct 2023**
- ✓ Shared Service Grants – **Oct 2023**
- ✓ Demonstration projects for care during non-traditional hours – **Jan 24 (est)**

## Availability



- ✓ CC worker training stipends – **operating**
- ✓ Annual quality grant awards for all QRIS-rated programs – **Oct 2023**
- ✓ Best in Class and Waterford Upstart – **Aug 2023** start for 23-24 year awards / enrollment

## Quality



- ✓ Background check automation – in progress; anticipate roll out **Jul 2024 (est)**
- ✓ Fingerprint stations – fully implemented **Jan 2024 (est)**
- ✓ Increased capacity for QRIS cohorts – **Aug 2023**
- ✓ Improvements to parent CCAP experience – **Jan 2024 (est)**
- ✓ Coaching capacity for licensed programs – **Aug 2023**

## Infrastructure





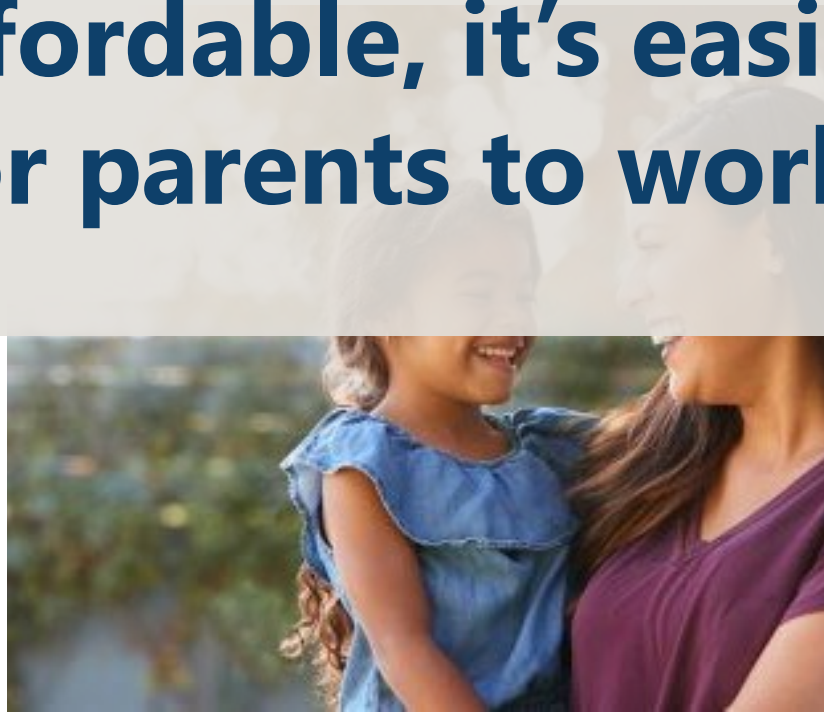
**What is workforce?**

**It's workers.**





**When quality child care is more affordable, it's easier for parents to work.**





# For more information

<https://www.hhs.nd.gov/childcare>

<https://www.hhs.nd.gov/applyforhelp/ccap>

<https://www.hhs.nd.gov/wpccr>

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