



Senate Bill 2012

Senate Appropriations Committee
Senator Dever, Chairman

Early Childhood Section, Kay Larson, Director
February 6, 2023

NORTH
Dakota
Be Legendary.

Health & Human Services

Early Childhood Program Purpose and ND Century Code Reference

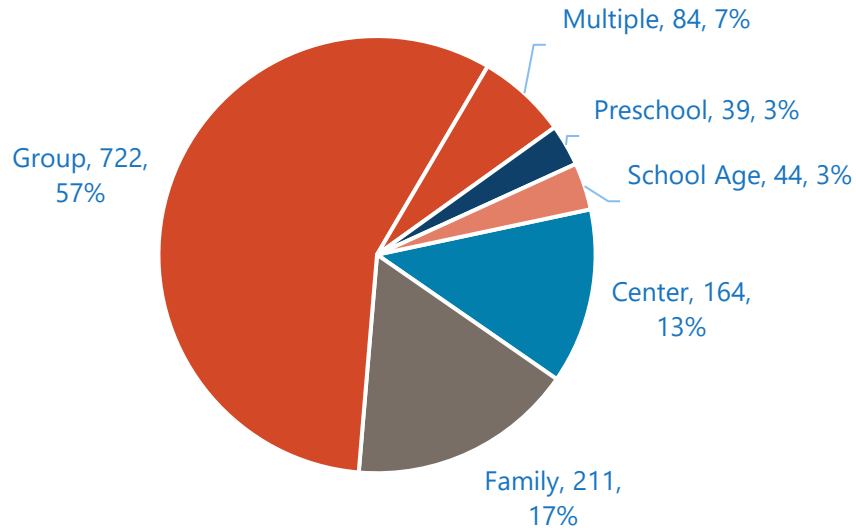
Facilitate delivery of programs and services so kids ages 0 – 5 from all backgrounds and circumstances, their families, and those who support them have the opportunity to realize their potential.

Chapter	Chapter Name
50-11.1	Early Childhood Services



Early Childhood by the Numbers

1,264 Licensed Early Childhood Programs



7,523

Growing Futures members

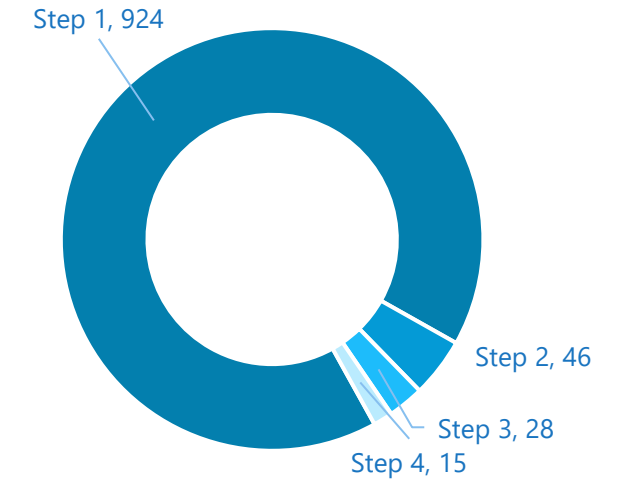
1,000+

Coaching hours delivered by our contracted partners

3,179

Children supported by IDEA Part C Early Intervention

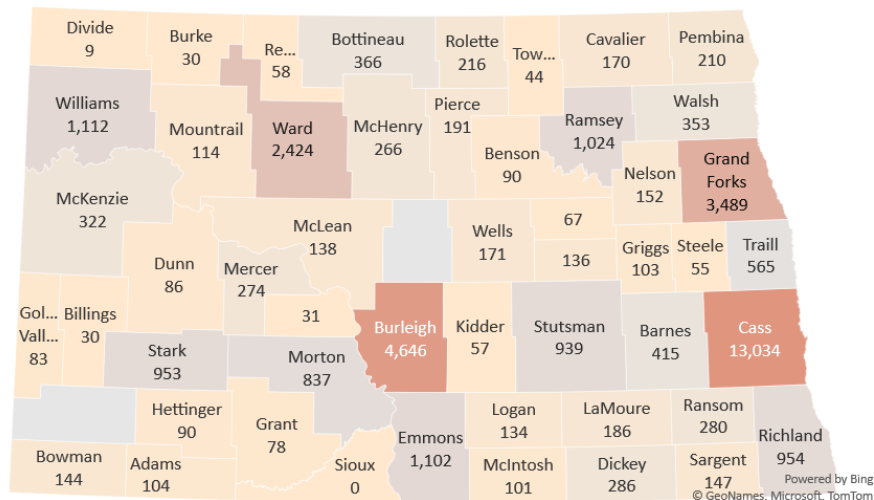
1,013 Quality Rated Programs



33 Best in Class Programs 2022-23



Licensed Child Care Capacity – 36,866



1,653

Children supported by IDEA Part B 619 services

1,117

Waterford Upstart households representing all but two counties

Data current as of December 2022

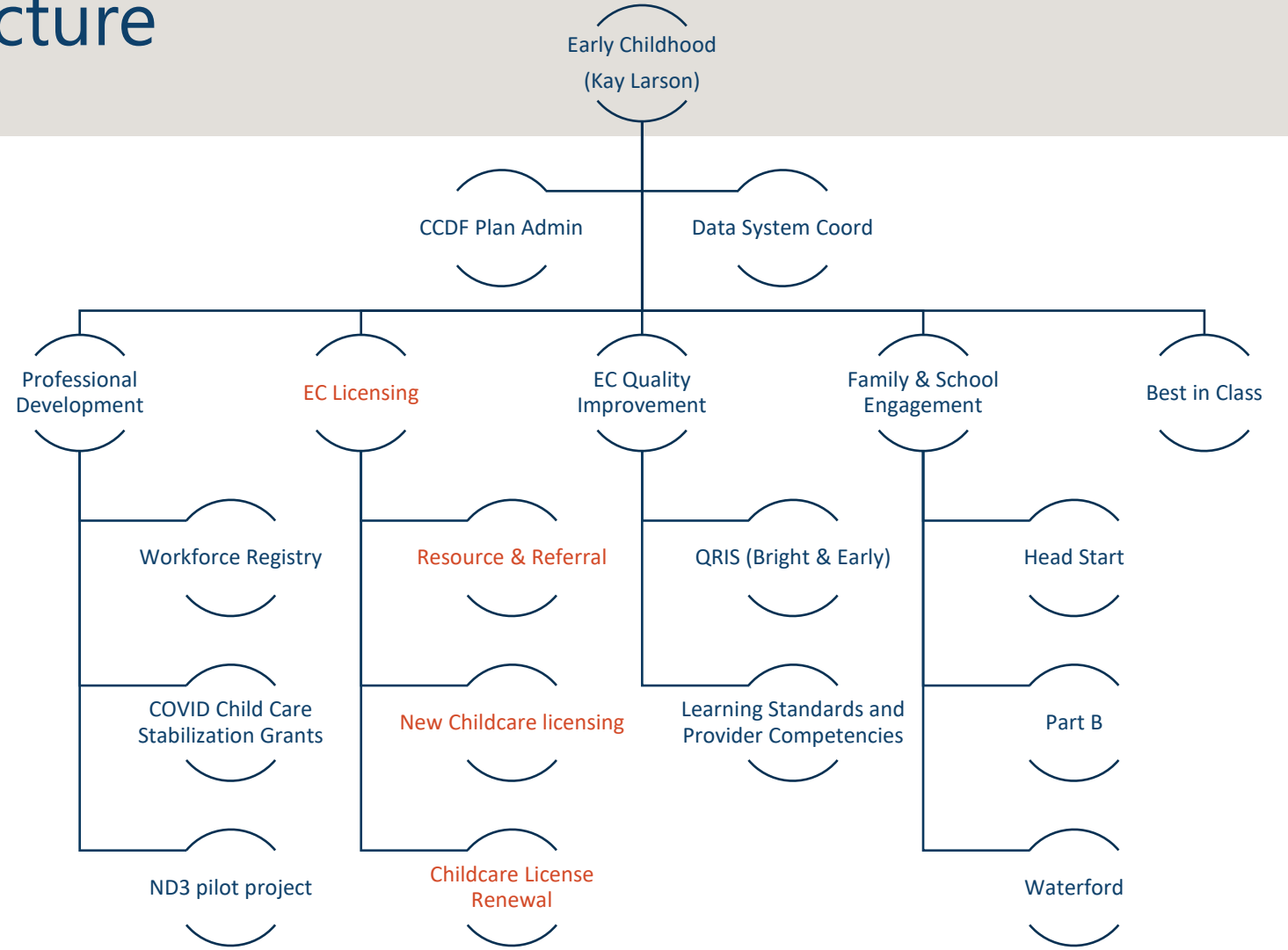
Early Childhood Section: Team Staffing and Structure

Early Childhood (HHS budget)			
21-23 Authorized FTE Base	23-25 Executive Budget FTE	12-31-22 Vacancies	
19.0	47.0	0.00	

Avg Age	Avg Yrs of Service	Turnover 2021	Turnover 2022
48	8	16.7%	2.3%

Early Childhood (457/HSZ budget)		
21-23 Authorized FTE Base	23-25 Executive Budget FTE	12-31-22 Vacancies
26.0	0	0

Red font = Staff funded via 457/Human Service Fund



About Early Childhood Audit Findings

STATE

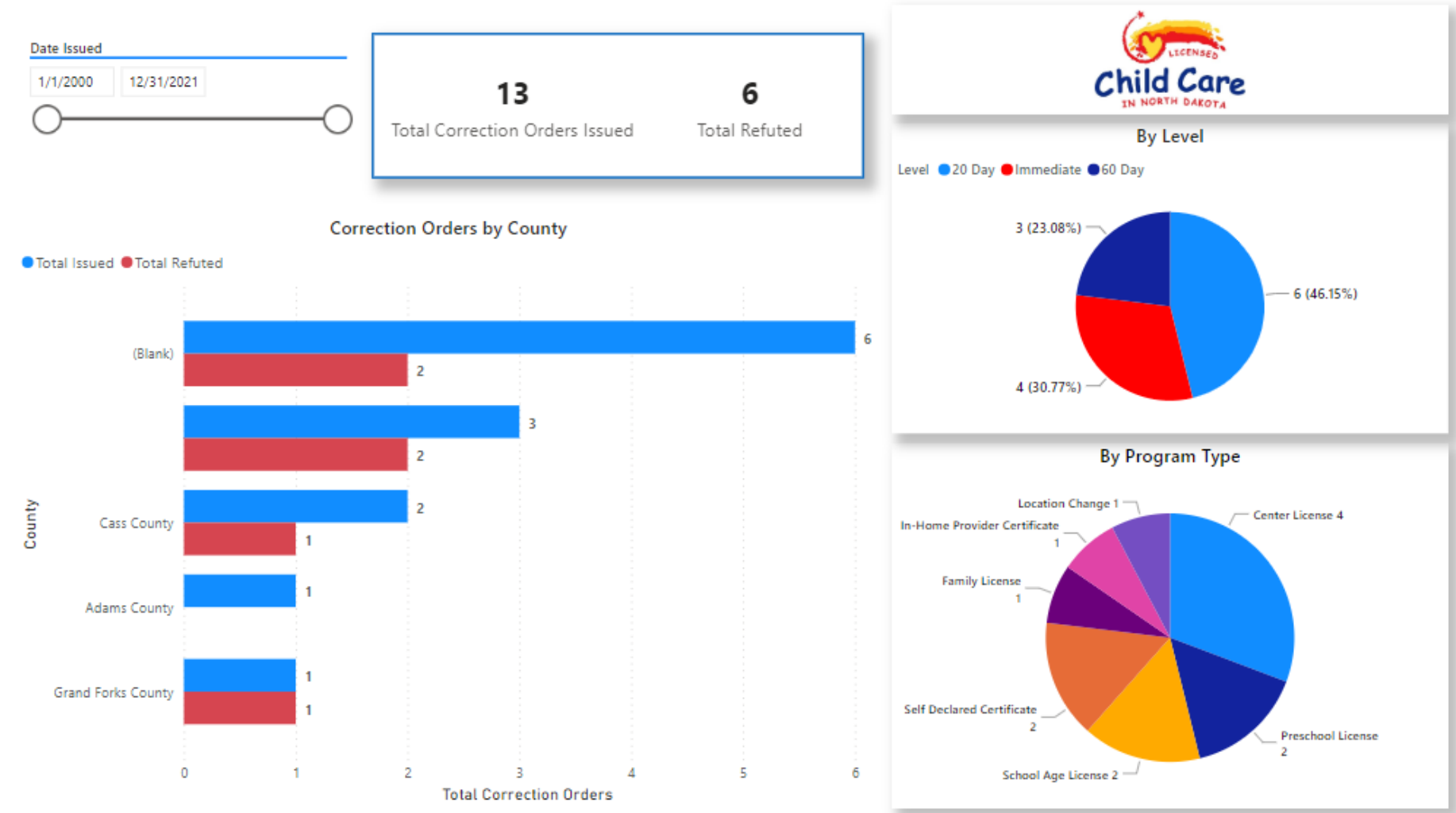
Finding	Resolution
Rechecks on Correction Orders	Child Care Licensing Data System dashboards for specialists to know workload at a quick glance ✓

FEDERAL

Finding	Resolution
Statewide Disaster Planning Collaboration	Engaged providers on the Early Childhood Council for input and review. Brought to full council when relaunched in 2022 ✓
Health and Safety Standards (i.e. Pediatric first aid, consistency of regulations across license types)	Corrections made in NDAC effective 1.1.23 ✓ Still to come – updating monitoring checklists in Child Care Licensing Data System



Child Care Licensing (CCL) Data System will support more effective and timely insight



CCL dashboards can help licensing specialists be more effective in supporting early childhood programs

- Applications by status
- Processing time
- Correction statistics
- Caseload overviews
- Future renewals

COVID Grants for Child Care Programs and Workforce

2020	2021	2022	2023	2024	2025
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Child Care
Emergency
Operating Grants
\$48.88M

APRA Child Care Stabilization Grants
\$37.5M
Program level grants for:
Stabilization, Facility Health and Safety, Technology,
Inclusion

Program Grant Participation
884 Stabilization
819 technology grants
744 health and safety
99 start up
86 inclusion



CRSSA CCDF Funding
\$1.65M
Career Path and Training
Incentives

Workforce Grant Participation
411 Career Pathway
500 Training Incentives
2852 workforce retention

CRSSA +ARPA Funding
\$18.6M
Child Care Workforce Retention

Included in 2023-25 Executive Budget Request: Supporting Workforce / Early Childhood

Supporting Workforce Initiative: \$34 M to improve affordability, availability and quality

- Grants, Resources and Shared service supports for child care providers - \$7 million
- Pilot partnership(s) between employer(s) and child care program(s) for care offered during non-traditional hours - \$1 million
- Invest in quality infrastructure to support child care programs continued excellence in service delivery, including 1 FTE - \$3 million
- Expand Best in Class program - \$16 million, including 1 FTE (1,800 children participating each year by 2025)
- Extend Employer-led Child Care Cost Sharing Pilot - \$5 million (supplement \$9 million ARPA provided during special session, to serve an estimated 1,500 children/families)
- Reward child care workers with training stipends for completing “above and beyond” training - \$2 million

Total	General	Other
\$34,000,000	\$23,000,000	\$13,000,000



Included in 2023-25 Executive Budget Request

Waterford Upstart family engagement

- Waterford Upstart is a home-based family engagement and online early learning program with personalized family education and coaching for families with children who are a year away from entering kindergarten.
- Pilot implementation in 2021 and 2022 with funding from DPI.
- Request would provide funding for 1,000-1,200 children each year of the biennium (includes internet service for homes without service and ongoing support for families using the service)

Total	General	Other
\$ 2,400,000	\$2,400,000	\$0



Early Childhood: Overview of Federal Funding Sources

Federal Funding Source	Purpose	Spending Deadline	Grant Year 2022 Deadline	Grant Year 2022 Award
Child Care Development Fund (CCDF) <i>CCDF funds are used in both Early Childhood and Economic Assistance</i>	Primary Federal Program specifically devoted to providing families with child care subsidy and funding supports to states to improve quality. Requirements: 3% Infant Toddler Quality 9% Quality 5% Admin 70% Direct Service	Discretionary (100% Federal) By end of 3 rd Federal Fiscal Year	9/30/2024	\$10,950,402
		Mandatory (100% Federal) No specific liquidation date requirement.	N/A	\$2,506,022
		Matching – Federal/State Match (based on Federal Medicaid Assistance Percentage) By end of 2 nd Federal Fiscal Year	9/30/2023	Federal: \$5,621,324 (\$4,291,779 + \$1,329,545 100% ARPA Increase) State: \$2,886,309
		Maintenance of Effort (MOE) By end of 1 st Federal Fiscal Year	9/30/2022	\$1,017,036
Head Start State Collaboration Grant	Facilitate collaboration among Head Start agencies and entities that carry out activities designed to benefit low-income children from birth to school entry, and their families.	100% Federal Annual awards March 1 – Feb 28	2/28/2023	\$125,000

Early Childhood: Overview of Federal Funding Sources

Federal Funding Source	Purpose	Spending Deadline	Grant Year 2022 Award
<p>Office of Special Education Programs (OSEP) Part B Section 619</p> <p><i>HHS interdepartmental billing to ND Department of Public Instruction for joint supervision of state requirement</i></p>	<p>Assist the State in ensuring the oversight and provisions of all requirements under IDEA, including the assurance of a free appropriate public education (FAPE) in the least restrictive environment, are granted to children with disabilities ages 3-5.</p>	<p>Federal allocation is awarded annually to NDDPI. Federal IDEA, Part B-619 funds are directly distributed to the 31 Special Education Units who serve as the local educational agency (LEA). Administrative set aside funds for the NDHHS 619 Coordinator position continue at 5%</p>	<p>\$64,825</p>

Early Childhood: Overview of budget changes

Description	2021 - 2023 Initial EC Section Budget	Increase/ (Decrease)	2023 - 2025 Executive Budget
Salaries and Benefits	\$ 3,824,550	\$ 5,776,127	\$ 9,600,677
Operating	585,522	416	585,938
Grants	10,152,967	35,950,000	46,102,967
Total	\$ 14,563,039	\$ 41,726,543	\$ 56,289,582

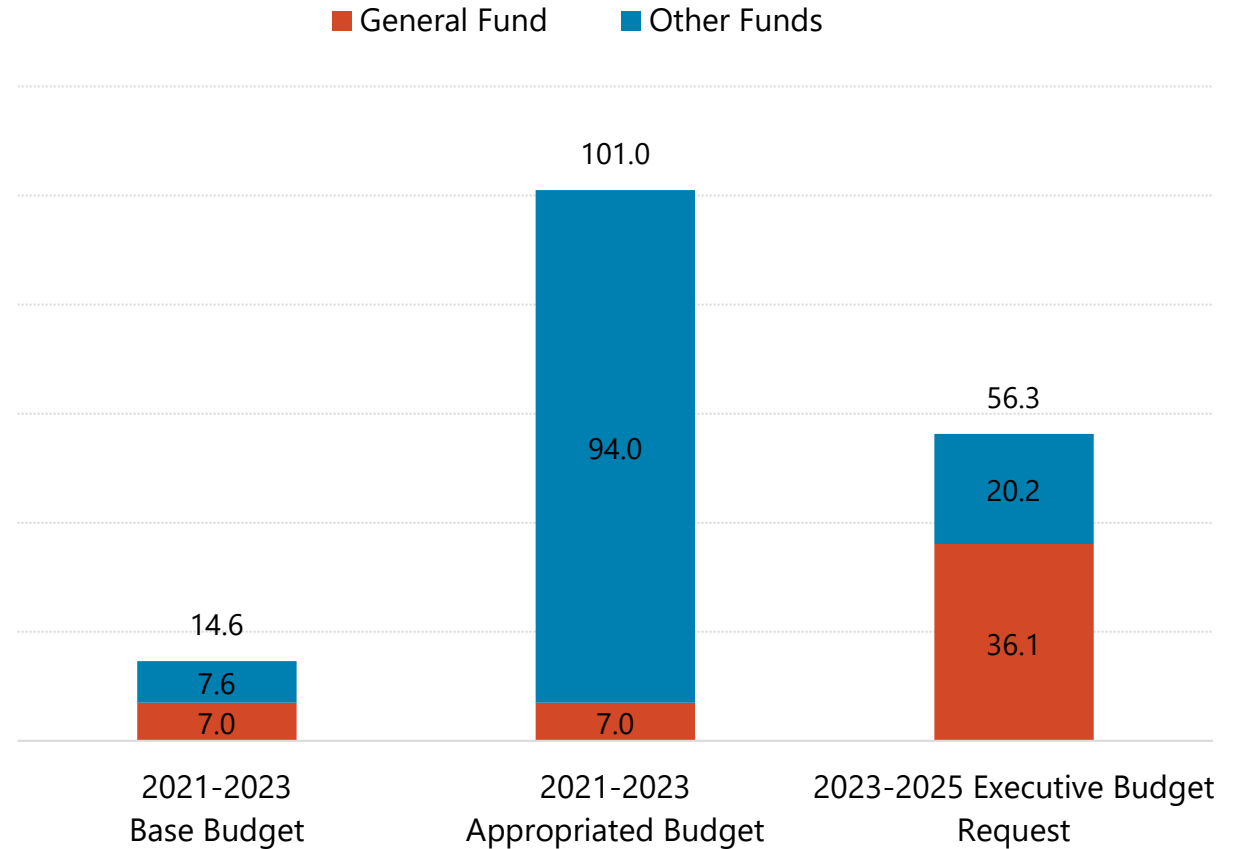
General Fund	\$ 6,960,072	\$ 29,101,069	\$ 36,061,141
Federal Funds	7,422,479	(194,039)	7,228,440
Other Funds	180,488	12,819,512	13,000,000
Total Funds	\$ 14,563,039	\$ 41,726,542	\$ 56,289,581

Full Time Equivalent (FTE)	19.00	28.00	47.00
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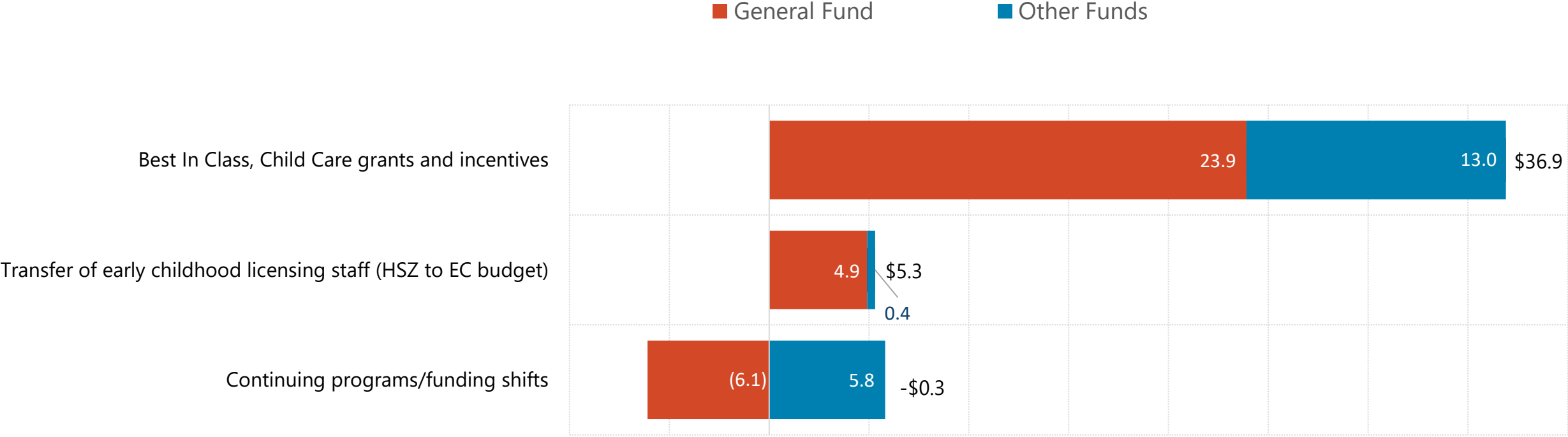
Early Childhood: Overview of budget changes (IN MILLIONS)

INCREASE FROM BASE TO EXECUTIVE RECOMMENDATION \$ 41.7 MILLION

- 2021-2023 base budget reflects original section funding from CFS and DPI
- 2021- 2023 appropriated budget includes federal COVID funding designated for early childhood (appropriated during both regular and special session)
- 2023 – 2025 executive budget request includes increase in state funds to enhance impact and transfer of licensing staff budget from HSZ to EC



Early Childhood: Overview of budget changes (IN MILLIONS)



Early Childhood: Overview of budget changes

Description	2021 – 2023 Initial EC Section Budget	Increase/ (Decrease)	2023 - 2025 Executive Budget
511x Salaries - Regular	\$ 3,526,254	\$ 2,732,361	\$ 6,258,616
513x Salaries Temp	-	187,840	187,840
516x Salaries Benefits	298,297	2,855,923	3,154,220
Total Salaries & Benefits	\$ 3,824,551	\$ 5,776,125	\$ 9,600,676
52x Travel	173,478	148,333	321,811
53x Supply	6,600	4,500	11,100
54x Postage & Printing	6,214	500	6,714
61x Professional Development	1,960	52,325	54,285
62x Fees - Operating & Professional	397,270	(205,242)	192,028
71x Grants, Benefits, & Claims	10,152,967	35,950,000	46,102,967
Total Operating	\$ 10,738,489	\$ 35,950,416	\$ 46,688,905
Total	\$ 14,563,040	\$ 41,726,541	\$ 56,289,581

About Early Childhood Section Contracts

Child care resource and referral

- Provide referrals and consumer education to families searching for child care
- Consultation and resources for existing and potential licensed providers to support their day-to-day work with special attention to health and safety in group child care settings, child care environments, interactions with children and families, and business essentials.
- Contract held by South East Education Cooperative. \$2,056,250



QRIS Coaching and Assessment

- Continuous quality improvement coaching and assessment of programs participating in QRIS cohorts
- Contract held by Community Action Program Lakes and Prairies. \$984,508



Inclusive Child Care Support

- Consultation, coaching and resources to support providers in caring for children with physical, developmental, or behavioral needs.
- Contract held by USpireND. \$306,250



About Early Childhood Section Vendor Contracts



- **Teaching Strategies.** GOLD Online Assessment Portfolios, Creative Curriculum, Professional Development. \$332,125
- **Waterford Upstart.** Recruitment, educational technology, software, training and support for parents, progress monitoring. \$1,789,836
- **Insight Solutions.** Insight Data System that powers Early Childhood Workforce Registry, QRIS and other Quality Initiatives, Learning Management System, Grants Administration. \$344, 407

Early Childhood: Overview of budget changes

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General Fund	\$ 6,960,072	\$ 29,101,069	\$ 36,061,141
Federal Funds	7,422,479	(194,039)	7,228,440
Other Funds	180,488	12,819,512	13,000,000
Total Funds	\$ 14,563,039	\$ 41,726,542	\$ 56,289,581

Additional Request to amend SB 2012

Increase in Federal Program Grants (request for federal authority)

- Consolidated Appropriations Act provided an increase in CCDF and LIHEAP grants
 - CCDF Discretionary Funds (100% Federal), estimated increase of \$3,114,294 (est 80% to Economic Assistance section budget and 20% to Early Childhood section budget)
 - LIHEAP (100% Federal), estimated increase of \$12.7 million (Economic Assistance section budget)
- Preschool Development Grant renewal (100% federal)
 - 3 year grant of \$20,268,309 (awarded 12-31-22); approximately \$6.8 million each year

	Total	General	Federal
Econ Assistance	\$15,191,435	\$0	\$15,191,435
Early Childhood	\$20,891,168	\$0	\$20,891,168



Policy Bills with Budget Impact to Early Childhood Section

- **SB 2301** – Child Care Stabilization program.
 - HHS fiscal note of \$36,181,170
 - Status: Senate Workforce Development Committee recommends Do Not Pass, re-referred to Appropriations
- **SB 2323** – Grants to expand Best in Class and supplement federally funded Head Start programs.
 - Senate Human Services Committee amended to \$20,000,000
 - Do Pass recommendation, re-referred to Appropriations



SB 2012 Section 2

One-Time Funding (ND Child Care Proposal)

**SENATE BILL NO. 2012
DEPARTMENT OF HEALTH AND HUMAN SERVICES' BUDGET
EARLY CHILDHOOD SERVICES SECTION**

SECTION 2 (SECTION 2 of Governor's Recommendation). ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY.

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Child Care Programs	0	16,000,000

EBR lists the following 4 elements of the ND Child Care Proposal as One-Time Funding

- \$7 million – grants and shared svcs for early childhood programs
- \$1 million – partnership to pilot approach for care during non-traditional hours
- \$3 million – quality coaching, infrastructure, and evaluation
- \$5 million – employer-led cost share program for working parents child care benefit



SB 2012 Section 7

Estimated Income – Legacy Earnings Fund (ND Child Care Proposal)

SENATE BILL NO. 2012
DEPARTMENT OF HEALTH AND HUMAN SERVICES' BUDGET
EARLY CHILDHOOD SERVICES SECTION

SECTION 7 (SECTION 9 of Governor's Recommendation). ESTIMATED INCOME - ~~HEALTH CARE TRUST~~ LEGACY EARNINGS FUND. The estimated income line item in subdivision 2 of section 1 of this Act includes the sum of ~~\$1,000,000~~ \$13,000,000 from the ~~health care trust~~ legacy earnings fund and ~~\$1,150,538 from federal funds for nursing facility operating margin adjustments~~ defraying expenses for the child care assistance programs.

EBR includes Legacy Earnings Fund as source for the following 3 elements of the ND Child Care Proposal

- \$7 million – grants and shared svcs for early childhood programs
- \$1 million – partnership to pilot approach for care during non-traditional hours
- \$5 million – employer-led cost share program for working parents child care benefit



SB 2012 Section 13

Estimated Income – Child Care Financial Assistance-Direct Payments (ND Child Care Proposal)

SENATE BILL NO. 2012
DEPARTMENT OF HEALTH AND HUMAN SERVICES' BUDGET
EARLY CHILDHOOD SERVICES SECTION

SECTION 13 (Governor's Recommendation). CHILD CARE FINANCIAL ASSISTANCE – DIRECT PAYMENTS. Subdivision 2 of section 1 of this Act includes the sum of \$5,000,000, for the purpose of financial assistance and direct payments, for child care services for the biennium beginning July 1, 2023, and ending June 30, 2025. Notwithstanding subsection 3 of section 50-11.1-14.1, the department may provide financial assistance to beneficiaries related to child care services. The requirements of chapter 54-44.4 do not apply to this subsection, including the selection of recipients and the disbursement of funds.



SB 2012 Section 21 Exemption

SENATE BILL NO. 2012 DEPARTMENT OF HEALTH AND HUMAN SERVICES' BUDGET EARLY CHILDHOOD SERVICES SECTION

SECTION 21 (Governor's Recommendation). EXEMPTION. The requirements of chapter 54-44.4 do not apply to the selection of a vendor, the procurement award, or payments made under this section regarding an early childhood workforce and professional development information system or an early childhood resource and referral information system.



SB 2012 Section 39

Legislative Management Report – Four-Year Old Program – Early Childhood Grants

**SENATE BILL NO. 2012
DEPARTMENT OF HEALTH AND HUMAN SERVICES' BUDGET
EARLY CHILDHOOD SERVICES SECTION**

SECTION 39 (Governor's Recommendation). LEGISLATIVE MANAGEMENT REPORT - FOUR-YEAR OLD PROGRAM - EARLY CHILDHOOD GRANTS. During the 2023-24 interim, the department of health and human services shall provide reports to the legislative management regarding the status of four-year old program approvals, the North Dakota early childhood council, and the early childhood grant for best-in-class four-year old experiences.



SB 2012 Section 29

Exemption – Intent (Child Care)

SENATE BILL NO. 2012 DEPARTMENT OF HEALTH AND HUMAN SERVICES' BUDGET EARLY CHILDHOOD SERVICES SECTION

SECTION 29 (Governor's Recommendation). EXEMPTION - INTENT. The amount appropriated for the purpose of projects, financial assistance, grants, and services including Medicaid eligibility system upgrades, child care services, to provide community-based behavioral health services, and for substance use disorder treatment voucher system grants in chapter 550 of the 2021 Special Session Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpected funds from this appropriation are available for projects, financial assistance, grants, and services during the biennium beginning July 1, 2023, and ending June 30, 2025. Notwithstanding subsection 3 of section 50-11.1-14.1, the department may provide financial assistance to beneficiaries related to child care services. Notwithstanding subsection 2 of section 50-06-42.1, the department may award up to four grants rather than two grants for substance use disorder treatment voucher system grants. The requirements of chapter 54-44.4 do not apply to this subsection, including the selection of recipients and the disbursement of funds.



Continued progress includes an enhanced focus on early childhood access, affordability and quality



Best in Class

Expanding opportunities in the year before kindergarten ensuring every child whose family is interested has access



Inclusive Child Care

Business solutions, facility grants and resources to create environments for children with special needs



Support for Sustainable Child Care

Grants, incentives, training, and shared service resources with focus on infant toddler care and meeting quality standards



Early Childhood Career Path

Partnerships with CTE, K-12, and Higher Education to offer on-the-job training and certification in early childhood careers



Support for Working Parents

Partnerships with employers to offer child care benefits and find creative solutions for parents working non-typical hours. Expanding Child Care Assistance Program to more families and increasing parental choice by creating quality-based payment tiers in the Child Care Assistance Program.

Early Childhood: What's on the horizon?

We'll be keeping an eye on

- Processing time of licensing applications and correction orders
- Workforce retention grants and how many participate for all eligible quarters
- Quality early childhood experiences and impact on school readiness





Contact information

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<https://www.hhs.nd.gov/cfs/early-childhood-services>