City of Minot

Committee on Childcare in Minot Meeting
Thursday, November 7, 2024, at 1:30 PM
City Council Chambers, City Hall (10 3rd Ave SW)
Any person needing special accommodation for the meeting is requested to notify the City Clerk's office at 857-4752.

1. CALL TO ORDER/ROLL CALL
2. OLD BUSINESS
   2.1. REVIEW OF COMMITTEE REPORT TO CITY COUNCIL
3. NEW BUSINESS
   3.1. UPDATE FROM THE HUNT INSTITUTE'S EARLY LEARNING NATION FELLOWSHIP CONFERENCE - MAYOR TOM ROSS
   3.2. STATUS OF COMMITTEE ON CHILDCARE IN MINOT
      1. **STANDING COMMITTEE**
      2. **COMMITTEE MEMBER TERMS**
4. NEXT STEPS
5. ADJOURNMENT

Minot White Page Report on Childcare

Prepared by Alderman Scott Burlingame, Chair of the Committee on Childcare

Introduction

The Minot Committee on Childcare was convened by the governing body on March 23rd, 2023, with a focused mandate: to address the pressing childcare crisis gripping the city. Tasked with investigating the multifaceted impacts of this crisis, the committee delved into critical areas including its effects on key workforce positions, local economic development, and the well-being of military families stationed at the Minot Air Force Base (MAFB). Through 16 meetings, the committee engaged in a comprehensive exploration, examining challenges from various angles, from presentations by Early Childhood Licensing to insights from providers, employers, and parents. Among the obstacles unearthed were pervasive staff shortages, informational gaps hindering potential providers, and daunting economic barriers deterring investment in childcare infrastructure.

Drawing upon their exhaustive review, the committee formulated a series of strategic recommendations to the City Council meticulously categorized into six pivotal areas. From empowering local economic development staff to spearhead support initiatives for prospective childcare providers to advocating for tax incentives and grants aimed at expanding childcare facilities, each recommendation aims to catalyze tangible progress in mitigating the childcare crisis gripping Minot. Moreover, the committee underscores the imperative of leveraging state resources and collaborating with educational institutions to nurture a robust childcare workforce pipeline.

Embedded within these recommendations is a profound commitment to fostering a nurturing environment wherein childcare providers thrive, families flourish, and the broader community prospers. With this report, the Minot Committee on Childcare presents not just a roadmap for action but a call for collective engagement, urging stakeholders to unite in safeguarding the well-being and future prosperity of Minot's youngest residents and their families.

The purpose of this summary is to present the recommendations of the Minot Committee on Childcare. The Minot Committee on Childcare was created by this body on February 6th, 2023 with the expressed purpose of be charged exploring the childcare crisis in Minot and making recommendations to the city council on:

- The current lack of childcare effects on the City's ability to fill key positions.
- The lack of childcares effects on local economic development.
- The lack of childcares effect on military families at the Minot AFB.
- How economic development funds can be leveraged to improve childcare options in Minot.
- Review current city ordinances regarding childcare and make recommendations on any needed changes or additions.
- Monitor and report on childcare related legislation in order to maximize the city's ability to
- respond to statewide incentives for childcare

- Explore efforts in other regional communities to address the childcare shortage, and make recommendations on the feasibility to those solutions in Minot
- Make other recommendations on how the city can improve the availability and affordability of childcare

Methodology

The committee conducted a comprehensive review, holding 16 separate meetings to learn about the childcare crisis from different perspectives. The topics of our meeting included, but are not limited to:

- Presentation from Early Childhood Licensing
- Challenges of Childcare on the MAFB
- Childcare Legislation Update
- City of Minot: Discussion on Various Codes
- Problems of Childcare in Minot Part 1: Providers Perspective
- Problems of Childcare in Minot Part 2: Employers Perspective
- Problems of Childcare in Minot Part 3: Parents Perspective
- Innovative Practices from other Communities (West Fargo, Watford City, Warren, MN and others)
- Leveraging Economic Development Funds for Childcare in Minot
- Exploring career development options in Minot

Challenges Identified

Staff Shortages: The average ND daycare employee wage is $10.50/hour. Providers reported problems with obtaining background checks and CPR certification that led to delays in hiring, ultimately resulting in potential childcare employees not being able to start.

Information: Providers consistently listed a need for needing improvement on the licensing process and communication between the City, the State licensing agencies, and the providers. Entrepreneurs who wished to become providers expressed a lack of understanding of where to go to get information about childcare services, business management, legal requirements, safety standards, and financing options.

Economics of Childcare: Providers and political providers consistently listed the problems with economics of childcare as being a significant barrier to becoming a provider or expanding the size of current operations. The barriers included high initial investment costs, limited availability of suitable properties, and zoning and regulatory restrictions.

Recommendations

The Committee on Childcare voted to present each of these recommendations to the City Council and to allow the Council to begin the process of prioritizing future action. The Committee looks forward to guidance from the Council and stands ready to respond to any questions the Council may have.

Recommendations of the Committee can be divided into 6 categories:

1) **Subject Matter Experts**
   a) We need to have someone local in Minot that can help that person navigate through renovations, etc. needed for their daycare space. Grants are available, but they are not easy to fill out. We need someone local that can help with this. Same with loans, they are great and available, but they are not easy to apply for.
   b) Help facilitate conversations with local businesses about how they can be of support to local childcare providers. For example, helping with payroll, donations, payroll services, loan help, etc.
   c) Propose an additional resource funds (whether part time/full time) to support the education, business acumen and resource guidance to prospective, upcoming, and current Child Care providers.
   d) Designate a city employee in planning, economic development, or community development to provide consistent and accurate guidance to prospective childcare providers.
   e) The city economic development staff should to be responsible for assisting new and expanding childcare within Minot.
   f) City planning staff work with the Childcare Committee to review the city's zoning code to remove barriers to home and commercial daycare facilities.
2) **Information**
   a) Resource Guide with step-by-step guide with links, contacts and helpful information. (A one stop shop if you will since we have learned state resources are passive in promotion.) with links, contacts and grant funding sources/organizations to assist in opening a qualified facility.
   b) ND Development Fund information distribution to current and potential Daycare operators.
   c) The City of Minot would host one "in person" event that would provide relevant information for potential childcare workers or providers regarding licensing requirements. The event would be recorded and placed on the City of Minot's website as a reference for future needs.
   d) Develop a childcare start-up guide to walk prospects through the city's process and including all other partners in the project/process so the path is clear for the prospective childcare providers.
3) **Grants (Economic Development funding)**
   a) $100,000 of MAGIC fund earmarked for annual distribution to childcare facilities who are looking to expand the number of children they are serving.
   b) Provide grants aimed at helping centers increase their infant care spots. These spots are the most expensive and hardest for providers to expand
   c) Create a grant program, using sales tax dollars, to incentivize current or potential childcare providers to build out spaces for infant care. The grant program would begin with $250,000. Details of the grant program would be similar to West Fargo's program. The City Council would determine which current fund the dollars would be re-allocated from.
   d) $50,000 of MAGIC fund earmarked for microgrants (less than $2000 each) to be used towards reimbursement for costs associated with training and licensing of childcare employees.
   e) Re-write of Magic Fund to include childcare facilities.
4) **Tax Break/Incentives (Commercial Facilities)**
   a) Make sure that daycare centers know about and apply for property tax credits.
   b) City Council should pass a resolution encouraging non-home based providers to apply for tax property exemptions available (but not currently being used).
   c) Give tax incentives to businesses whom have space for prospective childcare providers

d) When developing new residential areas offer incentives for encouraging the developer to include childcare space to be part of the project

5) **Buildings and Space**
   a) Ground Leasing consideration: how can MPS buildings be utilized.
   b) Space for home daycares to expand. Compile a list or have a realtor perhaps that could keep a list of locations where in-home daycares could expand and move into to grow their business to open more child care spots.
   c) Reducing Barriers through zoning, permitting, and parking.
      (i) Waive permit fees and/or provide tax credits.
      (ii) Reduce parking and traffic requirements when feasible
      (iii) Evaluate current zoning and land use policies to provide more flexibility.
   d) Partner with schools to offer space for child care providers. With our schools having open space available, being able to look at offering space to prospective providers.
   e) With the latest proposal for the MPS Board to close McKinley/Bell Schools, potential to late at usage options for McKinley and what the options are there for affordable building use for startups.
6) **Start Up/Staffing Costs (Background Checks & CPR/1st Aid fees)**
   a) If we want parents to get back into the workforce, we have to provide quality care in centers (and homes) which means we need to have quality staff and pay them well ($18-$20/hr). Centers need assistance with these wages though. Also,
   b) Continue connections with MSU and our local high schools to keep bringing young people into this field.
   c) Support and propose more extensive childcare bills for the next legislative session including support for the state to subsidize daycare worker wages and offer benefits
   d) Explore further options to support workforce needs by tag teaming with Early Developmental programs similar to Caleb Heilman's approach. With incentives through possible scholarship programs with MSU
   e) CPR/First aid run through the fire department.
   f) Help licensed daycares with background checks.
   g) Assist provider with CPR Certification (possibility using the Minot Fire Department). CPR and 1st aid is $75 per staff through Trinity. This doesn't seem like much but it adds up really fast due to turn over. The state also just put into place that all staff have to be CPR and 1st aid certified before they can start working, so waiting for Trinity to offer the training makes it harder to hire new staff and get them started.

In addition, it was recommended the City of Minot explore collaboration with the State of North Dakota to access child care assistance dollars for City of Minot employees.

Childcare Committee Members

Keli Rosselli-Sullivan – MACEDC Workforce Development/Military Liaison
Shelbi Lawson – Childcare Provider
Bekka Oswill – Childcare Provider/Parent
Heather Cymbaluk – Companions for Children Executive Director/Parent
Harold Stewart – City Manager, Economic/Employer Impact/Parent
Doug Diedrichsen – City Employee/ Code/Ordinance
Terry Schumalz – Employer Representative, Hess Corporation HR/ Parent
Lisa Olson – City Council member/Retired School Administrator
Amy Jenkins – Childcare Licensing Specialist with the State of ND/Parent/Business Owner
Scott Burlingame – Chairman/City Council member

Former Members
Kevin Cross – Childcare Provider
John Van Dyke – City Employee

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PROGRESS UPDATE FOR INITIATIVES INCLUDED IN HOUSE BILL 1540

HHS provides the following update on the individual sections of House Bill No. 1540, otherwise known as the ND Child Care Initiative.

Section 1. HHS, in partnership with NDSU, is in the process of completing the market rate and cost study to inform the annual adjustments for Child Care Assistance benefits. The new rates will be effective July 1, 2024.

Section 2 and Section 5.4. Effective July 2024, families with income at or below 30% of the state median income are no longer charged a co-payment for child care expenses. On average 32% of children (and 30% of families) currently receiving CCAP qualify for waived co-pay as per this Section. Through May 2024, $837,707 has been expended to offset the co-payments for a monthly average of 926 working families (1,560 children). *(36% of total appropriation ($2.3M) expended to date)*

Section 3. Took initial steps to implement reduction in household income eligibility for the child care assistance program, to be effective July 1, 2025 (reduce from 85% of state median income to 75%).

This means that, effective July 1, 2024, families initially applying for CCAP, who have income greater than 75% SMI, will no longer qualify. Families *currently* receiving CCAP with income between 76% and 85% remain eligible. For those families, at the next scheduled review which occurs after July 1, 2024, graduated phase out rules will apply. Meaning if they have income above 75% but under 85%, they will receive one additional 18-month eligibility period. (Graduated phase out is required by federal law in circumstances where income eligibility is reduced below 85% SMI.)

Section 5.1. Increased total resource available to North Dakota's Child Care Assistance Program (CCAP) by $22 million. The base budget for CCAP is in the HHS budget bill; based on current utilization trends, HHS anticipates fully expending the base CCAP budget appropriated in SB 2012 by Nov/Dec 2024 at which point expenditures will shift to the resources appropriated via Section 5.1 of HB 1540. *(0% of total $22M appropriation expended to date)*

Note: The HHS base budget appropriation includes federal funds available to the state via CCDF, as well as the state's matching funds, which together form the core of the state Child Care Assistance Program. As of May 2024, CCAP is providing help with child care costs to an average of 3,078 working families every month. 34% of all children participating in CCAP are younger than age 3; 41% are ages 3-5; 25% are ages 6-12. 97% of North Dakota's 1,320 licensed providers are enrolled in the CCAP program (1,275 licensed providers enrolled). CCAP expenditures for the first 11 months of the current biennium total $20.5 million; the average assistance per child per month was $609 over this time period. This expenditure represents 43% of funds appropriated for CCAP as part of HHS' base budget (i.e., not inclusive of appropriation from HB 1540).

Section 5.2. Early implementation (August 2023) increased the CCAP rate for Infant and toddler care by 30%. In July 2024 this incentive will transition to a monthly bonus payment to any provider who is caring for an infant or toddler when that child's family is receiving Child Care Assistance. Through May

Commented [GMA1]: Through 05/2024, $837,707 has been expended to offset the required co-payment for a monthly average of 923 working families (1,610 children).

Commented [TJA2]: @Gee, Michele A. - is my addition at the end of this sentence correct?

Commented [GMA3]: Through May 2024, CCAP is providing help with child care costs to an average of 3,078 working families every month.

Commented [GMA4]: CCAP expenditures for the first 11 months of the current biennium total $33 million; the average assistance per child per month was $609 over this time period. (this is based on public dashboard.)

Commented [TJA5R4]: @Gee, Michele A. Can you verify that $33M is correct? Does it possibly include a couple of the things we're tracking separately? We had a total of 19.1M through 10 months so seems like too big a jump.

Commented [GA6R4]: Your right. The $19.1 million included only the Federal CCDF and State match and MOE. The update should read:

CCAP expenditures for the first 11 months of the biennium total $20.5 million.

What gets a little confusing is the average assistance per child per month being this is only base.

2024, $2.3 million has been expended to support 1,700 infant/toddler care slots per month. *(15% of $15M total appropriation expended to date)*

Section 5.3. Effective November 2023, quality-rated child care providers received quality bonus payments for each child in their care when the child's family is receiving Child Care Assistance. Through May 2024, $340,315 was expended to support this initiative. In May 2024 108 providers received quality bonus payments for 1,070 children in their care. *(11% of total $3M appropriation expended to date)*

Section 5.5. As part of the state's investment in its child care assistance program, HHS has implemented several programmatic changes that are intended to ease the burden for working families or for those pursuing education or training. *(0% of $500,000 appropriation expended to date; HHS has been using other time-limited federal funds for the early stages of this effort)*

- Effective February 2024, allow up to four months of child care assistance for families while they look for work or education opportunities
- Effective April 2024, extend eligibility period from 12 months to 18 months, increasing the timeframe between required re-application periods by 6 months
- Effective April 2024, allowing families who apply for assistance to have up to 30 days from the date of application to provide documentation necessary to support the eligibility determination. Families experiencing homelessness are allowed 90 days to provide verifications and can receive four months of child care during this time.
- Effective June 2024, supporting 100% of child care costs for individuals who are employed by a licensed child care facility at least 25 hours per week
- Effective Fall 2024 – Streamlining the CCAP application process for families who are already getting help from LIHEAP, TANF and SNAP. These families have already proven they qualify based on their income so they will only need to provide information about their work or school activities and their child care provider to receive CCAP. This change is expected to reduce the time it takes to complete the application and verification process by 50%.
- Effective Winter 2024 – Implementing top priority human centered design findings across the customer-facing user experience (self service portal, language/format of required notices, communication methods to include intuitive nudge reminders)

Section 5.6 and Section 6. The Working Parent Child Care Relief program, a state-matched cost-share program that supports an employer-provided child care benefit to help working families with children ages zero to three, has 43 participating employers as of May 2024. These employers have offered a child care benefit to 312 working parents, which means $443,400 in state funds has been used to match $443,400 in employer paid child care benefits. ND OMB as employer of record for the State of North Dakota has drawn down $402,900 as its employer benefit share. *(8% of $9M total federal ARPA and 0% of $5M general funds expended to date; 13% of $3M total appropriation for State of ND employee match expended to date)*

Section 5.7. As part of the state's investment in the success of child care providers, HHS has, along with its service delivery partners, implemented a series of grants and incentives that are intended to support the success of child care businesses. *(36% of $7M total appropriation expended to date)*

Commented [GMA7]: Through 05/2024, $2.3 million has been expended to support 1,700 infant/toddler in care.

Commented [GMA8]: Through 05/2024, $340,315 was expended to support this initiative. In June 2024, 108 providers received quality bonus payments for 1,070 children in their care.

Commented [TJA9]: @Larson, Kay L. - can you verify that the stats we're reporting in this section 5.7 are current through the end of May? We prepared this towards the end of May so I'm guessing they're close. Thanks.

Commented [LL10R9]: Mariah D will check and I will update as soon as I have numbers

- Quality Improvement Grants awarded to 119 child care providers who have attained or maintained a Step 2, Step 3, or Step 4 Quality Rating. These annual grants are paid upon attainment of the step or the program's anniversary. To date $319,000 has been awarded.

- Inclusive Care Support Grants awarded to 44 child care providers to help them create and maintain inclusive environments that can support children with disabilities or developmental delays to learn, grow, play and develop alongside their peers. Providers can receive monthly support grants, and/or one time funding for environmental modifications or specialized equipment/materials. To date, $468,644 has been awarded.

- Facility Improvement Grants awarded to 135 child care providers to revitalize child care facilities and support providers in meeting space-based licensing requirements. HHS initially allocated $1M for Facility Improvement grants, the initial allocation has been fully utilized. HHS has waitlisted 219 applications requesting $1,742,568 and will make additional awards if feasible upon availability of funds.

- Grow Child Care Grants awarded to 6 providers who created 80 spaces, supporting both child care start-ups and expansions. Applications are accepted on a rolling basis; two are under review at this time. To date, $164,600 has been awarded.

- Child Care Aware® of North Dakota has created a shared services alliance for ND child care providers that includes access to child care management software (107 providers currently utilizing), curriculum resources (141 providers), and a *Business Intensive* course through ND Women's Business Center (31 providers). To date $541,771 has been awarded. Additional cohorts will be offered throughout the biennium.

Commented [LL11]: We have not received SEEC's May reimbursement request; however I just processed April's and updated the amount of $ awarded.

Section 5.8. HHS launched the non-traditional hour pilot interest application in May 2024 and will consider applications as they are submitted. *(0% of $1.8M total appropriation expended to date)*

Section 5.9. Training stipends in the amount of $122,600 have been awarded to 231 child care workers who completed above and beyond training total. By October 1, 2024 HHS will offer an updated version of Career Pathway 2.0 incentives to child care workers who are advancing on the career pathways and maintaining their professional designations while providing direct care to children in licensed child care. *(6% of $2M total appropriation expended to date)*

Commented [TJA12]: @Larson, Kay L. - can you verify that this is accurate through end of May?

Commented [LL13R12]: I am having Mariah D check

Section 5.10. As of May 2024, HHS had invested $1,066,631 in quality infrastructure to support child care programs continued excellence in service delivery. This investment in infrastructure helps support 69 programs that are actively working to advance to the next quality step (57 moving from step 1 to 2; 11 moving from step 2 to 3; 1 moving from step 3 to 4), which will represent a 50% increase in the total number of programs rated as Step 2, 3 or 4 by ND's quality system. *(29% of total $3M appropriation expended to date)*

Commented [LL14]: $1,066,631 does not include SEEC's May expenses. Still waiting non the reimbursement request.

Section 5.11. HHS is in the process of procuring an implementation partner to streamline and automate the background check process that affects child care providers and their staff. *(0% of total $1M appropriation expended to date; development slated to begin Summer 2024)*