For its report, the North Dakota Department of Human Services states:

1. The proposed amendments to N.D. Admin. Code chapter 75-02-01.3 are not related to statutory changes made by the Legislative Assembly.

2. These rules are not related to changes in a federal statute or regulation.

3. The Department of Human Services (Department) uses direct and electronic mail as the preferred ways of notifying interested persons of proposed rulemaking. The Department uses a basic mailing list for each rulemaking project that includes the county social service board directors, the regional human service centers, Legal Services offices in North Dakota, all persons who have asked to be on the basic list, and internal circulation within the Department. Additionally, the Department constructs relevant mailing lists for specific rulemaking. The Department also places public announcements in all county newspapers advising generally of the content of the rulemaking, of over 50 locations throughout the state where the proposed rulemaking documents may be reviewed, and stating the location, date, and time of the public hearing. The Department conducts public hearings on all substantive rulemaking. Oral comments are recorded. Oral comments, as well as
any written comments that have been received, are summarized and presented to the Department's executive director, together with any response to the comments that may seem appropriate and a re-drafted rule incorporating any changes occasioned by the comments.

4. A public hearing on the proposed rules was held in Bismarck on December 16, 2013. The record was held open until 5:00 p.m. on December 26, 2013, to allow written comments to be submitted. One comment was received. The "Summary of Comments" is attached to this report.

5. The cost of giving public notice, holding a hearing, and the cost (not including staff time) of developing and adopting the rules was $2,133.84.

6. The proposed rules amend chapter 75-02-01.3. The following specific changes were made:

   **Section 75-02-01.3-01.** Section 75-02-01.3-01 is amended to add a definition of “applicant”.

   **Section 75-02-01.3-02.** Section 75-02-01.3-02 is amended to add language and to clarify the notification process.

   **Section 75-02-01.3-03.** Section 75-02-01.3-03 is amended to clarify language and to revise the circumstances under which the department closes a child care assistance case.

   **Section 75-02-01.3-05.** Section 75-02-01.3-05 is amended to clarify how the Department obtains and considers a relative provider applicant’s or approved relative provider’s background check information, including from the child abuse information index, and to clarify the notification process.
Section 75-02-01.3-06. Section 75-02-01.3-06 is amended to remove redundant language.

Section 75-02-01.3-07. Section 75-02-01.3-07 is amended to clarify language and to allow the Department to consider other forms of information to determine a child care assistance unit’s earned income from self-employment.

Section 75-02-01.3-08. Section 75-02-01.3-08 is amended to clarify language, to remove obsolete language, and to remove work study payments and the third and fifth paychecks as disregarded income.

Section 75-02-01.3-09. Section 75-02-01.3-09 is amended to clarify the deduction for child support and spousal support is based on a court order.

Section 75-02-01.3-10. Section 75-02-01.3-10 is amended to clarify relative providers, registrant or in-home providers, holder of self-declaration, and licensed providers are eligible to provide services under chapter 75-02-01.3.

Section 75-02-01.3-12. Section 75-02-01.3-12 is amended to add notification language and to change the disqualification in penalties for the first offense to six months and change the second offense to one year to ensure compliance with federal recommendations.

Section 75-02-01.3-13. Section 75-02-01.3-13 is amended to clarify language to ensure consistency within the chapter.

7. No written requests for regulatory analysis have been filed by the Governor or by any agency. The proposed amendments are not expected to have an impact on the regulated community in excess of $50,000. A regulatory analysis was prepared and is attached to this report.
8. A small entity regulatory analysis and small entity economic impact statement were prepared and are attached to this report.

9. While there may be some impact as a result of the reduced penalties in section 10, the anticipated fiscal impact resulting from the implementation of the proposed amendments is negligible.

10. A constitutional takings assessment was prepared and is attached to this report.

11. These rules were not adopted as emergency (interim final) rules.

Prepared by:

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