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TRISTA SPEER
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February 17, 2025

TO: The Honorable Senator Donovan Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 1609 SD1 – RELATING TO CHILD CARE.**

Hearing: Wednesday, February 19, 2025, Time 10:02 a.m.
Conference Room 211 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this bill and provides comments.

PURPOSE: The purpose of this bill is to establish and implement an early learning services contracts program to make available a designated number of seats at licensed infant and toddler child care centers and family child care centers for families referred by the department at a negotiated rate and schedule. Requires DHS to submit reports to the Legislature. Effective 12/31/2050. (SD1).

DHS appreciates the amendments of the Committee on Health and Human Services as follows:

- 1) Inserting language to provide that the Department of Human Services shall not contract with a child care center under the Early Learning Services Contract Program if the center is part of, owned by, or operated by a private educational institution and the awarding of the contract would violate article X, section 1, of the Hawaii State Constitution;
- 2) Inserting an effective date of December 31, 2050, to encourage further discussion; and

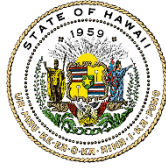
- 3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

DHS can use contracts for direct service slots and has recently been granted a waiver by the federal Office of Child Care (OCC) to temporarily exempt DHS from meeting the specified provisions in the 2024 Child Care and Development Fund (CCDF) Final Rule for grants or contracts for direct services for infants and toddlers, children with disabilities, and children in underserved geographic areas.

DHS understands the importance of improving child care affordability for families, parent choice, and stable child care operations, and it has requested consultation with federal advisors about how CCDF may be used to increase the supply and quality of care and best practices learned from other CCDF lead agencies on successful implementation of contracting child care services.

Finally, DHS will issue a Request for Information to understand market options from service providers as part of the procurement process for this service. With the RFI, DHS seeks to determine the per child cost necessary for a contracted infant and toddler classroom to ensure stable funding, the feasibility of a center exclusively enrolling children whose families receive subsidies, and the development of a workable contract payment structure or structures. DHS welcomes comments on this subject by proponents of this measure.

Thank you for the opportunity to provide comments on this measure.



STATE OF HAWAII

Executive Office on Early Learning

Ke'ena Ho'okele Ho'ona'auao Pae Kamali'i o Hawai'i Moku'aina
2759 South King Street, Room C6
HONOLULU, HAWAII 96826

TO: Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
Senate Committee on Ways and Means

FROM: Yuuko Arikawa-Cross, Director
Executive Office on Early Learning

SUBJECT: Testimony on S.B. No. 1609, S.D. 1 – RELATING TO CHILD CARE

Committee: WAM
Date: Wednesday, February 19, 2025
Time: 10:02 a.m.
Location: Conference Room 211

Executive Office on Early Learning's Position: **COMMENTS**

The Executive Office on Early Learning (EOEL) supports the intent of S.B. No. 1609, S.D. 1 which requires the Department of Human Services (DHS) to implement an early learning contracts program for seats at licensed infant and toddler child care centers and family child care centers. We defer to DHS regarding implementation and funding and offer the following comments.

Contracting for child care slots has the potential to expand high-quality infant and toddler care for low-income families by stabilizing provider funding and guaranteeing seats for those most in need. To pilot this model, Hawai'i P-20 and EOEL recently issued a Request for Proposals for contracted infant and toddler care services through Hawai'i's Preschool Development Grant Birth through Five (PDG B-5) Renewal Grant. The information gathered through this pilot may serve as a resource to DHS as they consider how they would like to implement an early learning contracts program.

We appreciate the Legislature's continued investment in our youngest keiki and their families and thank you for the opportunity to share these comments.



Date: February 18, 2025

To: Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair

From: Early Childhood Action Strategy

Re: Support for **SB1609 SD1**, Relating to Child Care

Early Childhood Action Strategy (ECAS) is a statewide cross-sector collaborative designed to improve the system of care for Hawai'i's youngest children and their families. ECAS partners work to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki.

ECAS supports, with amendments, SB1609 SD1, which would require the Department of Human Services to establish and implement an early learning contracts program to make available a designated number of seats at licensed infant and toddler child care centers and family child care centers for families referred by the Department. *This bill requires no appropriation as funding for an early learning contracts program is available through existing federal monies.*

Hawaii faces significant unmet need for child care. There is sufficient capacity for less than 20% of children birth-5 years old in regulated child care settings, and lack of openings and long waiting lists are chronic issues for families searching for care. These capacity issues can be even more problematic for families eligible for and/or receiving child care subsidy assistance, whose financial constraints may severely limit their options to search and wait for care.

Compounding the problem are systemic disincentives for child care providers to participate in the child care subsidy system, which further decrease low-income working families' access to quality child care settings. Specifically, unstable and unpredictable enrollment and attendance of children, as well as insufficient payment rates to cover the cost of quality care can deter providers from serving subsidy children and undermine the financial stability and operating capacity of those providers who do.

Direct contracts for subsidized classrooms between DHS and infant/toddler and family child care providers, as proposed by **SB1609 SD1**, would facilitate more predictable, robust and stable payments to child care providers. The increased financial stability for child care providers provided by contracts would support their ability to staff their programs, stay in business, provide higher quality services, and potentially open up more spaces for children. Families would ultimately have more programs from which they can find and access child care.

We respectfully request clarifying the types of child care programs with which the Department may contract, adjusting contracts with family child care providers to be an option but not mandatory, and modifying the

minimum number of contracts per county to better reflect the higher population of children and demand for child care services on O'ahu.

As such, we recommend the following amendments:

- Section 1, page 1, lines 10 to 15:

Accordingly, the purpose of this Act is to require the department of human services to establish and implement an early learning services contracts program to make available a designated number of seats at licensed infant and toddler child care centers and **registered** family child care ~~centers~~ **homes** for families referred by the department...

- Section 2, page 2, paragraph b, lines 4 to 7:

(b) The department of human services shall contract directly with licensed infant and toddler child care centers and **may contract**, through an intermediary, with family child care ~~centers~~ **homes** that serve...

- Section 2, page 2, paragraph c, lines 17 to 19:

(c) (1) The program shall provide contracts for at least ~~one licensed or regulated child care program per county;~~ **two licensed infant and toddler child care centers in the City and County of Honolulu and one licensed infant and toddler center in each of the counties of Hawai'i, Maui, and Kauai; The program may also provide contracts, through an intermediary, to family child care homes in each county; and...**

Thank you for this opportunity to provide testimony **in support of SB1609 SD1**. With the limited availability of quality, affordable child care options for our keiki, the bill's proposal to stabilize and support the financial viability and operating capacity of our child care programs and incentivize their participation in the subsidy system is key to sustaining and increasing access to the child care families need to survive and thrive.

To: Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
Senate Committee on Ways and Means

From: Chevelle Davis, Director of Early Childhood & Health Policy
Hawai'i Children's Action Network Speaks!

Subject: Measure S.B. No. 1609 S.D. 1 – Relating to Child Care

Hearing: Wednesday, February 19, 2025, at 10:02 AM, Conference Room 211

POSITION: STRONG SUPPORT WITH AMENDMENTS

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee:

Mahalo for the opportunity to testify in **strong support of S.B. No. 1609 S.D. 1 and to offer amendments**. This bill establishes an early learning services contracts program to support child care businesses and increase access to affordable child care for Hawai'i's families. ***Funding for these contracts is available through existing federal monies; as such, this bill requests no appropriation.***

The need for affordable child care in Hawai'i is greater than ever, with demand far outpacing available options – especially for families with children under three. Currently, licensed and regulated child care settings have the capacity to serve fewer than 20% of children from birth to age five, leaving families across Hawai'i with a lack of available options and long waitlists. Our current early learning infrastructure makes it extremely difficult for families to secure safe and reliable care for their keiki, which is even more pronounced for those who qualify for child care subsidies, as their financial status often leaves them with few – if any – realistic child care options.

Additionally, child care providers face systemic disincentives to accepting families who rely on subsidies as they struggle to keep their doors open due to the heavy financial burden placed on families by the current tuition-based model. The instability of enrollment, attendance, and reimbursement rates that do not fully cover the cost of providing quality care make it financially unsustainable for many providers to participate in the subsidy system. As a result, low-income working families are further marginalized, and providers who do serve families receiving subsidies struggle to maintain financial stability or grow their programs, worsening an already critical shortage.

This bill represents a critical step in expanding our early learning infrastructure by providing child care businesses with a more reliable funding stream, allowing them to expand their services into high-need areas while reducing the financial pressure on families. By creating a more sustainable

system, we can support providers and working families, ensuring that more keiki have access to the care they need.

Given that most of Hawai'i's population resides on O'ahu, we respectfully request an amendment requiring the Department of Human Services to contract with at least two infant and toddler child care centers on the island rather than just one. This amendment would better align resources with population needs, ensuring the bill has the greatest possible impact.

As such, we recommend the following amendments:

- Section 1, page 1, lines 10 to 15 to read:

Accordingly, the purpose of this Act is to require the department of human services to establish and implement an early learning services contracts program to make available a designated number of seats at licensed infant and toddler child care centers and ~~registered~~ family child care ~~centers~~ **homes** for families referred by the department...

- Section 2, page 2, paragraph (b), lines 4-7 to read:

(b) The department of human services shall contract directly with licensed infant and toddler child care centers and **may contract**, through an intermediary, with family child care **homes** that serve...

- Section 2, page 2, paragraph (c), lines 16-19 to read:

(c) The program shall meet the following requirements:

(1) The program shall provide contracts for at least ~~one~~ **two** licensed ~~or-regulated~~ **infant and toddler child care centers** in the City and County of Honolulu and one licensed infant and toddler child care center in each of the counties of Hawai'i, Maui, and Kaua'i; The department may also provide **contracts, through an intermediary, to family child care homes in each county;** and...

Investing in a stronger, more reliable child care system is essential for the well-being of Hawai'i's keiki, families, and economy. We respectfully request your support of **S.B. No. 1609 S.D. 1** and appreciate your consideration of our amendments so we may create sustainable and equitable access to child care for Hawai'i's working families.

Mahalo for the opportunity to provide testimony in **strong support of S.B. No. 1609 S.D. 1.**



**Parents And
Children Together**
BUILDING THE RELATIONSHIPS
THAT MATTER MOST

ParentsAndChildrenTogether.org

TESTIMONY IN SUPPORT OF SB 1609 SD1 RELATING TO CHILD CARE

TO: Chair Dela Cruz, Vice-Chair Moriwaki, & Members,
Senate Committee on Ways and Means
FROM: Ryan Kusumoto, President & CEO
DATE: February 19, 2025 at 10:02 AM

Parents and Children Together (PACT) supports SB 1609 SD1 Relating to Child Care, which would increase access to quality childcare for families receiving subsidies and improve the sustainability of child care programs.

Child care providers are struggling to keep their programs afloat, in part due to unstable and financing mechanisms. This has devastating consequences for Hawai'i's families with young children, many of whom are unable to find child care. This bill would increase the ability of subsidy-eligible families to access high quality early learning services at licensed infant and toddler child care centers and group child care centers. Contracts provide a stable and reliable financing mechanism for child care providers by basing subsidy payments on child enrollment rather than attendance. This ensures funding stays with the provider even if a child leaves their program. It helps child care providers maintain operations and avoid program closures, helping families get off waitlists and allowing them to return to work.

Early learning contracts benefit children, families, and providers by ensuring a consistent supply of care for subsidy-eligible families while supporting providers in continuing to care for our youngest keiki. Additionally, this measure strengthens Hawai'i's economy by helping parents and guardians return to the workforce or continue their education or training.

Hawai'i's child care sector has been under-resourced and financially unstable for too long, affecting the lives of children, families, and employers across the state. We need innovative measures, such as this early learning contracts program, to support our early care and education field and ensure a brighter future for Hawai'i's keiki and 'ohana.

Founded in 1968, PACT is a statewide community-based organization providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, we help identify, address, and successfully resolve challenges through our 20 programs. Among our services are early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

Thank you for the opportunity to testify. Please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.

SB-1609-SD-1

Submitted on: 2/17/2025 8:38:26 PM

Testimony for WAM on 2/19/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Tasman Kekai Mattox	Individual	Support	Written Testimony Only

Comments:

As a former child care employee, I know personally how much this will help local families!

LATE

SB-1609-SD-1

Submitted on: 2/18/2025 11:22:37 AM
Testimony for WAM on 2/19/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Honda	Individual	Support	Written Testimony Only

Comments:

In support. Thank you Chair Dela Cruz!

LATE

SB-1609-SD-1

Submitted on: 2/18/2025 11:39:31 AM

Testimony for WAM on 2/19/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Bethany Stetson	Testifying for Hawai'i State Coalition Against Domestic Violence	Support	Written Testimony Only

Comments:

Aloha,

The Hawai'i State Coalition Against Domestic Violence (HSCADV) addresses the social, political, and economic impacts of domestic violence on individuals, families, and communities. We are a statewide partnership of domestic violence programs and shelters. On behalf of HSCADV and our 25 member programs statewide, **we respectfully submit testimony in strong support of SB1609**, which would increase access to quality child care for families receiving subsidies and improve the sustainability of childcare programs. This bill addresses one of the most pressing and costly concerns for survivors of domestic violence - childcare access. Survivors cite housing and access to childcare as the top two reasons they stay with an abusive partner, especially if the partner's family is providing childcare. The lack of childcare also impacts survivors' ability to seek and maintain employment, receive medical attention, attend court hearings, and access other services.

We need innovative measures, such as this early learning contracts program, to support our early care and education field and ensure a brighter future for Hawai'i's keiki and 'ohana.

Thank you for the opportunity to testify.

Sincerely,

Bethany Stetson

Program Director, HSCADV