

LINDA LINGLE  
GOVERNOR



LILLIAN B. KOLLER, ESQ.  
DIRECTOR

HENRY OLIVA  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

January 28, 2010

**LATE**  
Testimony

**MEMORANDUM**

TO: The Honorable John M. Mizuno, Chair  
House Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2355 – RELATING TO CHILD CARE**

Hearing: Thursday, January 28, 2010; 8:30 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of H.B. 2355 is to impose a maximum child care subsidy of \$500 per month per child and authorizes the Department of Human Services to amend its guidelines for determining eligibility for child care subsidies.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) opposes this bill as it creates a situation where some types of licensed care will be unattainable for low-income families, and will create an inequitable standard of income eligibility criteria amongst families and even within a family who utilizes preschool care for one child and another type of care for their other child(ren).

The DHS does not set limits to the amount that a provider charges families for tuition to enroll in their care. Therefore, settings like licensed center-based infant and toddler programs may have to charge families a lot more than preschools due to the need for a higher staff to child ratio. Also, accredited preschools may charge

more than non-accredited preschools as they have to meet more stringent standards to maintain their accreditation. If the child care subsidy rate is limited to \$500, families may not be able to access those settings that charge more than \$500 because they cannot afford it. This may affect the enrollment in licensed settings and providers may be forced to close portions of their service or close their business.

Another item to note is that the Administration for Children and Families who administers the Child Care and Development Fund, which is our federal funding source, established a benchmark of the 75<sup>th</sup> percentile of the market for child care for all states to utilize when setting their payment rates. The 75<sup>th</sup> percentile of the market is regarded as providing equal access to child care settings for low-income families, and the Department has tried to come as close to, or exceed, the 75<sup>th</sup> percentile of the market to ensure that our families have equal access to all licensed child care settings.

The provision in the bill for setting a different income eligibility criteria for those families who utilize preschool care would create an inequitable system for families and other licensed child care settings. Under this bill, a family that has more than one child who needs subsidized care would have to have their income calculated separately for the child who needs preschool care and the child who needs care in another setting.

Also, having the differentiated income eligibility criteria for only those attending preschool care sends a message to other licensed child care providers that it is only the licensed preschools that there is a concern for. Licensed family child care providers as well as licensed center-based infant and toddler care programs provide an invaluable service to those families who are looking for infant

or toddler care, and licensed programs that serve school-aged children serve a need for before school care, after school care and intersession care.

The last item concerns the fact that the income criteria in effect on December 31, 2009 was replaced by the recent adoption of new administrative rules for the Child Care Services program on January 22, 2010. The income eligibility limits remain the same, but the sliding fee scale that assigns the subsidy amount that the Department will pay has changed. DHS is implementing a ten-step sliding scale to correct an unintended “cliff effect” created by the old three-step scale, which pays subsidies of 100%, 90% and 80% of the maximum rate allowed by DHS. When families exceed income eligibility by even one dollar, they currently lose an 80% subsidy.

About 1,600 families – 20 percent of our caseload – are at or near the income limit, meaning they have a powerful incentive to minimize their earnings so they don’t ‘go over the brink’ and lose a large subsidy. Under the new sliding scale, families only lose a 10% subsidy when they exceed the income limit, so they are encouraged – not discouraged – from advancing in their careers and leaving government assistance.

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



## CHILDCARE BUSINESS COALITION

Committed to Quality Education

To: Representative John Mizuno, Chair  
House Committee on Human Services

From: Christina Cox, Liaison  
Childcare Business Coalition of Hawaii  
808-941-9414 ext. 25 [ccox@kcaapreschools.org](mailto:ccox@kcaapreschools.org)

Date: 1/28/10

RE: HB 2355 Relating to Child Care

Hearing Date: 1/28/10

Time: 8:30 a.m.

Place: Conference Room 329

The Cole Academy

KCAA Preschools  
of Hawaii

Kama'aina Kids

Rainbow Schools

Seagull Schools

Waianae Coast Early  
Childhood Services

Waikiki Community  
Center

The Childcare Business Coalition of Hawaii serves more than 4,000 children, ages 6 weeks-5 years, in more than 40 preschools on three islands. Approximately 25% of our students are participants in the federally funded Childcare Connection program or the State-funded Preschool Open Doors program. As a group, we account for almost 50% of the 2,300 students enrolled in private preschools statewide, who participate in the subsidy programs. As a group, we are committed to providing quality early education and care that is accessible to all children. We have worked side-by-side with DHS over the years to help ensure that Hawaii's most at-risk children have equal access to quality preschools. We are currently working closely with the Department and designated community agencies to secure emergency short-term funding for families impacted by the recent subsidy reductions.

**We support the intent of HB 2355.** We recommend that in addition to the current cap of \$500 per month per child, two new rates be established as follows:

- \$700 per month per child maximum for infant/toddler care
- Additional \$50 per child per month for child enrolling in nationally accredited program (there are currently two recognized accrediting bodies in the rules: NAEYC and NECPA)

Liaison:  
Christina Cox  
(808) 941-9414

Thank you for the opportunity to testify.

156C Hamakua Drive Kailua, Hawaii 96734

**From:** pkunimura@aol.com  
**Sent:** Wednesday, January 27, 2010 12:28 PM  
**To:** HUS testimony; HUS testimony  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* Fwd: testimony in favor of Rep Mizuno bill

We would testify to have the State to lower the cap to \$500 maximum and the key would be to also raise the Base income eligibility criteria to allow parents to still qualify for upto \$500/month. Please see our testimony in favor of HB 2355 below:

From: Phyllis Kunimura, Director  
John Apana, Board President  
Elvrine Chow, Assistant , Assistant Director  
K.I.D.S. School (Kauai Independent Daycare Services, Inc.)  
1346 Inia Street  
Kapaa, HI 96746  
808 822-0262  
808 822-0047 (fax)  
[pkunimura@aol.com](mailto:pkunimura@aol.com)

To: State of Hawaii  
House of Representatives  
Committee on Human Services  
Representative John M Mizuno, Chair

RE: Testimony in favor of HB 2355 Relating to Child Care HUS, FIN

On behalf of the 53% of families currently receiving either Preschool Open Doors or Child Care Connection tuition assistance so their children can attend Kauai Independent Daycare Services, Inc. better known as K.I.D.S. School, a nonprofit community preschool serving 81 children in the designated low-moderate income area of Kapaa on Kauai we want to thank you for receiving and reading this testimony.

Suggestion:

In response to the DHS proposed change in co-payments for families and providers currently receiving childcare assistance we would like to offer the following suggestion:

The State's proposed lowered ceilings are still too high. If the programs will also "Bite the bullet" by lowering their monthly rates to a more reasonable amount (such as \$500 per month for this interim crisis time), there will be a savings for the State without jeopardizing families and programs.

As a nonprofit preschool that is really trying hard to make a difference for all children by keeping tuitions affordable for the most needy families and the Gap Group (those that are just a little over the cut off) any reduction in tuition assistance may cause parents to have to withdraw their child.

The present idea on the table will definitely affect 53% of the children at our school (42 families who otherwise would be able to afford child care) as we already charge one of the lowest rates on Kauai at \$430/month.

Please consider alternative solutions for the benefit of the youngest children in our state, they have no voice right now, but they are our future. Quality child care at an affordable cost is everyone’s kuleana: The State, the parents and the providers.

Example:

Currently KIDS charges \$430/month for three and four year olds from 7 am – 5 pm, M-F. We could charge up to \$675 per month, however we know that in our area no one could afford it and we would be empty, except for those receiving State tuition assistance because the State is willing to pay up to \$675 per month.

We stay at \$430 per month because we can function at that rate while still keeping the tuition affordable for gap group families and not outrageously expensive for families that have a higher income.

If we charge \$430 and the State helps pay \$301 or 70% for a family while another preschool charges \$710/month and the State helps pay \$497 or 70%, then the State pays a much higher amount for a child to attend one preschool over another. (\$196 a month more for some families)

What if the State decided that all families who qualify for 70% will receive 70% of only \$500/month or \$350 to every family unless the tuition is lower than \$500 (savings of \$147 per month)

Then the providers would have to look at their costs and possibly reduce them a bit to keep the children enrolled. Perhaps they could lower their rates to \$500/month and see what happens.

The way the State is proposing to cut funding now discriminates against the parents of the children attending a lower priced preschool by forcing them to pay a higher percentage of tuition, so that the State can afford to pay for the higher priced programs for a different family.

Also the trickledown effect would eventually affect our State’s workforce who depends on quality childcare. Lower priced quality programs save the State and families lots of money.

Is it possible for the State to lower all the ceilings to a more reasonable affordable amount by possibly prorating all the current rates to come up with a base figure for the various categories? This would hopefully cause the programs to reevaluate their rates and possibly lower them to assist their families to stay in their programs.

Example:
Earlier this year, some family child care providers on Kauai were struggling because of lack of enrollment. It was suggested to them to lower their rates and become more competitive with other providers in order to fill up. Knowing that times are hard for families, it would show compassion and later as times get better, the rates could be raised slowly.

This is really a time where the State, the providers and the families can work together to support each other for the good of the children.

I feel that somehow the State got “sucked in” to be paying extremely high tuition rates for overly priced programs.

*The State wants the children who come from the families with the least income to have a chance to receive quality childcare right along with the children who come from families who have the most income.*

Unfortunately for everyone, some overly priced programs may have taken advantage of this by raising their tuitions and making the State pay, then turning around to the families not receiving State assistance and give a “discount” in the form of scholarships created as a result of having State funding along with other grants. It is not fair that providers continue to charge high rates and expect the State to pay. I would hope that the State also would be interested in making child care more affordable for everyone involved by lowering the ceilings to a more reasonable amount across the board.

If providers do lower their rates a bit on their own it will be wonderful, if the State has to step in and request this, so be it. It would be a solution that everyone involved who cares about **all** children would help to resolve: the State, the families and the providers.

In other words: could the State prorate the current tuition rates to come up with a figure? This figure would be the Most or Maximum amount the State would consider paying for childcare across the board, then the scale would slide from there based on parent's income levels. If providers chose to charge more than this pro-rated cost, it is up to them and the parents would have to pay the difference. This is essentially happening now except that some programs charge \$1395/month and others charge only \$430/month. The State pays for all of it, rather than only paying a maximum for any program across the board.

Any reduction in tuition assistance may cause parents to have to withdraw their child.

The Key is to also would be to also raise the Base income eligibility criteria to allow parents to still qualify for upto \$500/month.

The present idea on the table will definitely affect 53% of the children at our school. That's 42 families, working parents who already are operating on a bare bones budget who will no longer be able to afford quality child care in an educational environment such as we provide at KIDS School from 7:00 am – 5:00 pm, M-F even though we charge only \$430 per month.

Please consider alternative solutions for the benefit of the youngest children in our state, they have no voice right now, but they are our future. Quality child care at an affordable cost is everyone's kuleana: The State, the parents and the providers. Thank you.



Hearing date:  
**Thursday,**  
**January 28,**  
**2010, 8:30 a.m.**  
House Human  
Services  
Committee  
Room 329

To: Representative John Mizuno, Chair  
Representative Tom Brower, Vice Chair  
HOUSE COMMITTEE ON HUMAN SERVICES

From: Elisabeth Chun, Executive Director  
Good Beginnings Alliance

Date: Thursday, January 28, 2010, 8:30 a.m.  
Conference Room 329

Subject: **HB2355:** Imposes a maximum child care subsidy of \$500 per month per child and authorizes the department of human services to amend its guidelines for determining eligibility for child care subsidies.

The Good Beginnings Alliance is a nonprofit policy and advocacy organization focused on Hawaii's youngest children and their families. We strive to ensure a nurturing, safe and healthy development for all children from pre-birth to age eight. We believe all children deserve safe and supportive environments that meet their needs as they grow and develop.

We support the intent of this bill to allow for broader utilization of child care subsidy monies. However, we are concerned that the proposed \$500 cap will in effect drive parents towards lower-quality programs because very few licensed early childhood programs have monthly fees of \$500 or less. A parent currently unable to pay for child care from their own resources would still find it unaffordable at \$500 unless underground or unlicensed care is selected.

Research has shown the great benefits derived from high-quality early childhood programs, especially for those children considered most at risk due to low socio-economic status or other circumstances affecting the child such as the mother's educational level. The dilemma is that programs must invest resources in order to achieve quality. Staff with the necessary degrees in early childhood education deserves pay commensurate with their educational levels; this results in higher costs for the program and resultant higher tuition for the parent.

We recommend the committee work closely with selected providers to craft a bill that will better serve the early childhood community and maintain fiscal balance.

Mahalo for your support. For more information contact: Good Beginnings Alliance; phone: 531-5502; [Ichun@goodbeginnings.org](mailto:Ichun@goodbeginnings.org).

Sincerely,

Elisabeth Chun  
Executive Director

**From:** Stout, Andrew - Waimea, HI [andrew.stout@hi.usda.gov]  
**Sent:** Wednesday, January 27, 2010 7:20 AM  
**To:** HUS testimony  
**Cc:** 'Pualani Colburn'  
**Subject:** Please support HB2355

---

Attention Committee on Human Services,

My name is Andrew Stout and I am a professional engineer on the Big island and I am also the Vice President on the advisory board for Ka Hale O Na Keike preschool which is located in Honokaa.

I am writing this morning to ask you to support Bill HB2355. The hearing date is 1/28 at 8:30 am. I am sorry I cannot be there in person to support this bill.

When the State assists parents with tuition for preschools it is an investment in Hawaii's future. All three of my children have attended Ka Hale O Na Keike preschool and all are now performing well above grade level in the Hawaii public school system.

Without assistance from the State for tuition most parents in our area cannot afford to send their children to preschool. Please invest wisely in Hawaii's future and support HB2355.

Thank you,

Andrew Stout, PE

**brower1-Traci**

---

**From:** Sharon Yong [sharonyong50@yahoo.com]  
**Sent:** Wednesday, January 27, 2010 8:42 AM  
**To:** HUS testimony  
**Subject:** RELATING TO CHILD CARE SUBSIDY HB 2355

To Hawaii State Legislature House of Representatives and Senate Committees on Human Services

From: Sharon YT Yong, Teacher  
Kona Hongwanji Preschool

Phone: 808-323-3737

Email: [sharonyong50@yahoo.com](mailto:sharonyong50@yahoo.com)

Date: January 27, 2010

Aloha Chair Chun Oakland, Chair Mizuno and members of the Committees on Human Services. My name is Sharon YT Yong and I am a Early Childhood Educator at Kona Hongwanji Preschool in Kealahou, Hawaii on the island of Hawai'i.

I am writing in support of the bill HB 2355 Relating to Child Care Subsidies. Imposing a maximum child care subsidy of \$500.00 per month per child and authorizes the department of Human Services to amend it's guidelines for determining eligibility for child care subsidies. Making this decision will leave some families unfortunately without the possibilities of not attending preschool but for some they will at least be able to continue preschool.

At the moment my class has dropped it's enrollment from a usual 24 children down to 17 and then with the pass budget cuts I am currently down to 10 children in my 4 year old class while the enrollment in the 3 year old classroom has increased by four bringing the number up to 14 children currently. We are licensed to have an enrollment of 48 but currently have only 24 children. Making the guidelines so ridged leaves many children who need preschool without a place to go and leaving these same children unprepared for elementary school as well as for life. It is a known fact that children that attend preschool regularly have a better chance of being successful in school as well as later being positive contributors to our neighborhoods and communities.

Please assist families of Hawaii with this maximum subsidy amount of \$500.00 per month so our families can continue preschool and give our young children the opportunities they need for a better education as well as good, positive experiences so they can lead good positive lives.

Sincerely,  
Sharon YT Yong  
Kona Hongwanji Preschool  
4 year old teacher of the Busybee Class

**IN SUPPORT**

**Providing Testimony for the Record**

To the House Committee on Human Services scheduled for Thursday, January 28, 2010 8:30 AM in Conference Room 329, at the State Capitol at 415 Beretania Street.

From Patricia Urieff, Certified Montessori Preschool Teacher, MSW, ACSW, Licensed Social Worker with thirty years of experience working with children and their families; parent; and grandparent.

**Regarding HB 2355 RELATING TO CHILD CARE**

**Relating to child care for destitute children (with parents in need of public benefits), in particular destitute children between two and a half years old to five years old.**

At this time readily available (*Internet*) is conclusive evidence about early brain development from many studies. Confirmed is that

- **early brain development can not wait,**
- early childhood development is supported when young children spend time in environments (preschools) focused to increase parental awareness (about early childhood development and needs) and focused to provide early learning activities;
- when young children receive those supports they become ready to learn when they enter Kindergarten;
- young children who do not receive early learning experiences, have difficulties learning when they enter Kindergarten, become behind (their school peers who had preschool experiences), and by fourth grade are several years behind.

Findings show that when children have difficulties learning at school, they don't feel comfortable at school, they become truant from school, consequences contribute to youth having a self image related to not fitting into "the system"; and negative results.

**Please authorize the Department of Human Services to amend its guidelines for determining eligibility for subsidies to welfare parents with children ages two and a half to five years and to be enrolled in preschools.**

Please prevent severe cuts (to the Hawaii State Department of Human Services Budget) that will result in poor children ages two and a half to five years becoming deprived of preschool experiences and their parents without opportunities to learn about early childhood development.

**From:** HUS testimony  
**Subject:** FW: Tuition Cuts HB2355

---

**From:** kaimana sparkle [mailto:kaimana\_sparkle@yahoo.com]  
**Sent:** Tuesday, January 26, 2010 12:32 PM  
**To:** HUS testimony  
**Subject:** Re: Tuition Cuts HB2355

My Name is Stacy Louie and I'm a single mother of one, I have two small businesses, a mortgage to pay, and a daughter to raise, and I rely on the assistance I receive from Child Care Connection to help me put my daughter in pre-school. Realistically, if this assistance is cut off, I will have to take my daughter out of pre-school until she is of age to attend public school, thus affecting her early education needed to prepare her for kindergarten.

I would really appreciate you re-evaluating this situation.

Thank you very much.

Stacy Louie

**From:** Robyn Carvalho [poniesinparadise@yahoo.com]  
**Sent:** Tuesday, January 26, 2010 3:22 PM  
**To:** HUS testimony  
**Cc:** Rep. John Mizuno; Glenn & Kathy Oshiro  
**Subject:** HB 2355 - Relating to Child Care

TO: Committee on Human Services  
FROM: Robyn Carvalho PO Box 6552 Kamuela HI 96743  
RE: Hearing Scheduled Thursday, January 28, 2010

Dear Rep. John Mizuno,

I would like to take this opportunity to express my concern and stress how important preschool is for our children during their early childhood development years. I would also like to stress how important it is for the State to help and support with financial assistance so that the children in our poverty-level families are continued to be provided the financial assistance they need in order to enroll their children in preschool. I have heard that the State may be cutting aide for preschool education by approximately one half beginning on February 1st. This type of actions by the State have not been thoroughly reviewed as to see how this might affect all the families, children, and preschools who have been relying on this aide and assistance in order to attend preschool, to allow for parents to provide for their children and for preschool businesses to survive in this struggling economy. I would greatly urge this Committee to review this bill carefully before amending it.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 27, 2010 9:20 AM  
**To:** HUS testimony  
**Cc:** Adie.Kaipo@usw.salvationarmy.gov  
**Subject:** Testimony for HB2355 on 1/28/2010 8:30:00 AM

Testimony for HUS 1/28/2010 8:30:00 AM HB2355

Conference room: 329  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Adie Kaipo  
Organization: Individual  
Address: 1786 Kinoole St. Hilo, HI 96720  
Phone: (808) 959-5855 ext.15  
E-mail: [Adie.Kaipo@usw.salvationarmy.gov](mailto:Adie.Kaipo@usw.salvationarmy.gov) Submitted on: 1/27/2010

Comments:

Please reduce the copayment for parents to pay for child care assistance. A ninety percent co-pay for parents is unrealistic in today's economy. As a social worker of a non-profit, and being pregnant, my child care needs will increase and I will not be able to afford child care if the ninety percent co-pay continues. Please hear us out. This will have a worse affect on the current recession and unemployment rate state wide. There must be another answer to this problem. We need ADEQUATE child care subsidy! The State paying only forty dollars on a four hundred and fifty dollar child care bill is not a help at all!

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 27, 2010 9:45 AM  
**To:** HUS testimony  
**Cc:** chongjk@hawaii.edu  
**Subject:** Testimony for HB2355 on 1/28/2010 8:30:00 AM  
**Attachments:** testimony letter.doc

Testimony for HUS 1/28/2010 8:30:00 AM HB2355

Conference room: 329  
Testifier position: support  
Testifier will be present: No  
Submitted by: Jade Chong  
Organization: Individual  
Address: 1301 Ainaola Drive Hilo, Hawaii 96720  
Phone: (808)989-0997  
E-mail: [chongjk@hawaii.edu](mailto:chongjk@hawaii.edu)  
Submitted on: 1/27/2010

Comments:

To Whom It May Concern:

I support the proposal of the \$500 maximum per child per month. Due to the economic status of most people in the State of Hawaii at this current time it is not feasible for most of us parents to be paying a 90% co pay of our children's childcare costs.

As a parent of one child who currently requires childcare and pregnant with my second, I am very concerned as to whether or not either my husband will have to quit his job or I have to stop going to college in order to care for our children. We are very hard working people and do not like to have to rely on money from the system but in order for me to be able to make a better life for my family I am trying to get a college degree so that in the future I will be able to be self sufficient and not require the help of the state.

I believe that the result of what will happen if this child care payment issue is not improved to make child care more affordable and reduce our co pays that there will be more children either unattended or poor quality child care being provided to children which could result in child abuse, etc. Making things so that parents have to quit their jobs is not the answer to solving the money issue during this recession. Although we as parents do realize that the State of Hawaii does need to watch where the money goes and see where cuts can be made, I'm sure that there must be a better answer than cutting so much from the children, furloughs, childcare, and preschool.

It would be such a blessing for many parents and children as well if this childcare payment issue could be improved. In this great time of need for many people, I know that funds are not very abundant however; the \$500 maximum per child per month would be of great help to many.

Mahalo,  
Jade Kaleolani Chong