

Honolulu, Hawaii
FEB 05, 2024

RE: H.B. No. 2535
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred H.B. No. 2535 entitled:

"A BILL FOR AN ACT RELATING TO CHILD CARE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a Child Care Classroom Contracts Pilot Program to develop and implement procedures to subsidize child care classrooms in licensed infant and toddler child care centers or group child care centers; and
- (2) Appropriate funds for the Child Care Classroom Contracts Pilot Program.

Your Committee received testimony in support of this measure from the Executive Office on Early Learning; Hawai'i Association of School Psychologists; Aloha United Way; Early Childhood Action Strategy; Hawaii Children's Action Network Speaks!; Hui for Excellence in Education; Chamber of Commerce Hawaii; Kama'āina Kids; and numerous individuals. Your Committee received comments on this measure from the Department of Human Services.

Your Committee finds that many families in Hawaii struggle to afford child care. Your Committee further finds that many child



care centers are faced with disruptions in services when their operating costs are funded by tuition because their revenues are dependent on volatile enrollment figures rather than consistent funding. The Child Care Classroom Contracts Pilot Program proposed by this measure is a direct contracting model that will help streamline the process for families seeking child care assistance, reduce administrative burdens for providers, and ensure state funds are directed toward quality child care service providers.

Your Committee has amended this measure by:

- (1) Extending the date by which the Department of Human Services must establish and implement the Child Care Classroom Contracts Pilot Program to July 1, 2025;
- (2) Specifying that the Department of Human Services shall contract directly with child care center providers that serve children six weeks to five years old and families who are eligible for federally funded child care subsidies;
- (3) Amending the length of the contracts with child care center providers to a minimum of twelve months, with an option to extend for the length of the pilot program;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider an appropriation amount of \$100,000 for staff to administer the Child Care Classroom Contracts Pilot Program. Your Committee also notes the request from the Department of Human Services that this measure take effect on July 1, 2024.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2535, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as H.B. No. 2535, H.D. 1, and
be referred to your Committee on Education.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,



LISA MARTEN, Chair



