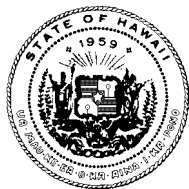


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 24, 2024

To: The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Cathy Betts, Director

SUBJECT: **HB 2535 HD1 – RELATING TO CHILD CARE.**

Hearing: Monday, February 26, 2024, 10:00 a.m.
Conference Room 308, State Capitol & Video Conference

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill and provides comments. DHS respectfully requests that any appropriation in this measure not replace or adversely impact priorities indicated in the executive budget.

PURPOSE: This bill establishes a Child Care Classroom Contracts Pilot Program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria. Requires reports to the Legislature. Appropriates funds for a position to support the pilot program. Sunsets the pilot program on 6/30/2027. Effective 7/1/3000. (HD1).

The House Committee on Human Services 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.

DHS can use contracts for direct service slots and is consulting with federal advisors about how the Child Care Development Fund (CCDF) may be used to increase the supply of care and quality of care and examples and best practices of successful implementations through contracting for direct service slots.

For planning purposes, DHS requests clarification from the proponents of this measure on the estimated per-child cost that a contracted infant and toddler and group child care center would require to provide a stable source of funding. Currently, the only mechanism the Department has for evaluating provider rates is an annual Market Rate Survey. The 2023 Market Rate Study Summary of Results published in November 2023 analyzed monthly rate data from 51 center based infant and toddler providers, 74 accredited center based providers, and 178 licensed center based providers. The statewide monthly rates ranged from a minimum of \$600 to a maximum rate of \$2,475 based on the types of care.

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



STATE OF HAWAII
Executive Office on Early Learning
2759 South King Street
HONOLULU, HAWAII 96826

February 24, 2024

TO: Representative Kyle Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair
House Committee on Finance

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

SUBJECT: Measure: H.B. No. 2535 H.D. 1 – RELATING TO CHILD CARE

EXECUTIVE OFFICE ON EARLY LEARNING'S POSITION: Support

The Executive Office on Early Learning (EOEL) supports H.B. No. 2535 H.D. 1 and defers to the Department of Human Services regarding implementation.

EOEL is committed to working collaboratively across sectors to expand access to early learning programs for all keiki across the State. Supporting the sustenance of community-based child care programs are necessary for the State to reach its goal and ensure families have access to adequate early learning options that meet their unique needs.

This measure would increase a consistent supply of child care for families eligible to receive child care subsidies while incentivizing the continuation of providing these services to young keiki through a more financially-sustainable mechanism for child care businesses.

Mahalo for the opportunity to provide testimony in support of this measure.



HB2535 HD1
RELATING TO CHILD CARE
House Committee on Finance

February 26, 2024

10:00 a.m.

Conference Room 308

The Office of Hawaiian Affairs (OHA) **SUPPORTS HB2535 HD1**, which establishes a child care classroom contracts pilot program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria, requires reports to the Legislature, appropriates funds for a position to support the pilot program and sunsets the pilot program at the end of the 2027 fiscal year.

OHA is in its fourth year of its 15-year strategic plan, Mana i Maui Ola. The development of this strategic plan included gathering community input via surveys and focus groups as well as mana‘o from internal staff. **One of the most critical needs that our community repeated was ‘ohana’s ability to provide high-quality keiki and kūpuna care.**

HB2535 HD1 will support the state’s ongoing efforts to expand early childhood care and education. Early childhood care and education providers operate on razor-thin margins, funded predominantly by tuition. After a child care provider covers fixed costs like rent or mortgage, utilities and payroll, they rarely have much left to weather fluctuations in enrollment. In the case of infant and toddler centers, the cost to do business is not usually covered by tuition paid by families enrolled in the program. Providers cover the additional costs through other more profitable programs or services. This precarious fiscal reality impacts child care providers’ ability to expand and even stay open. **This in turn impacts families’ abilities to secure quality early childhood care and education, which then can affect an ‘ohana’s economic stability.**

This bill proposes to pilot an alternative funding model, using government subsidization of early childhood care and education classrooms. This would provide financial stability for providers who participate since contracts would be set for a designated amount of time and not impact by enrollment changes from month to month. Additionally, **the Department of Human Services (DHS) could use federal Child Care Development Block Grant monies to fund all or part of these classrooms, making this a**



HB2535 HD1
RELATING TO CHILD CARE
House Committee on Finance

relatively low-cost solution for the state. We appreciate that this measure proposes a pilot project so that DHS can test and innovate in the development of a classroom contract program.

OHA defers to the Department of Human Services on costs and implementation. We believe that exploring new options of government-subsidized financing for early childhood care and education will address the child care shortage so many Native Hawaiian families face. However, we recognize the constraints of our state budget given the costs borne from the Maui fires.

Mahalo for the opportunity to provide testimony in support of HB2535 HD1. **We urge the committee to pass this measure.**

Date: February 24, 2024

To: House Committee on Finance
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

From: Early Childhood Action Strategy

Re: Support for **HB2535 HD1**, 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 strongly supports HB2535 HD1, which would establish a two-year pilot program in the Department of Human Services (DHS) to subsidize child care classrooms in licensed infant and toddler and group child care settings via contracts.

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 group child care centers, as proposed by **HB2535 HD1**, 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.

Thank you for this opportunity to provide testimony **in support of HB2535 HD1**. 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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Monday, February 26, 2024 at 10:00AM
Conference Room 308 & Videoconference**

RE: HB2535 HD1 Relating to Child Care

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports HB2535 HD1**, which establishes a child care pilot program requiring the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers meeting certain criteria.

The Chamber supports the purpose of this bill, to develop and implement procedures to subsidize child care classrooms in licensed infant and toddler child care centers or group child care centers to improve affordability and conditions to promote child care availability. In discussions with our members and as presented in our 2030 Blueprint for Hawaii Initiative launched earlier this year, increasing the availability of childcare is a high and urgent priority. Limited access to childcare is one of the challenges that our local workforce faces today and a significant reason for Hawaii's overall workforce shortage. Low wages and a high cost of living make it difficult for childcare facilities to retain and grow the workforce. This bill would help retain and expand the local childcare workforce which is critical to ensure a thriving future for all of Hawaii businesses, and our business community and workforce cannot increase its capacity without such support.

To reiterate further, limited access to childcare is one of the challenges that our local workforce faces today and a significant reason for Hawaii's overall workforce shortage. This measure, if implemented, would support Hawaii's businesses, furthering their capacity for workforce retention and expansion, creating profound economic benefit to our state now and in the future.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Thank you for the opportunity to testify.



Committee on Finance
Representative Kyle Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

February 26, 2024

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee,

We support HB 2535 HD1, which establishes a child care classroom contracts pilot program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria.

We must support our early learning child care providers. Establishing a program where the Department of Human Services contracts directly with child care providers will allow for stability in both infant and toddler and group child care settings. This pilot is a first step to establish a mechanism to support early learning providers directly.

Hui for Excellence in Education, or "HE'E," promotes a child-centered and strength-based public education system in which families, communities and schools are valued and empowered to help every student succeed. HE'E works to bring diverse stakeholders together to harness collective energy, share resources, and identify opportunities for progressive action in education.

Thank you for the opportunity to testify. Our support for this measure represents at least a 75% consensus of our voting membership.

Sincerely,

Cheri Nakamura
HE'E Coalition Director



Coalition Members and Participants

Academy 21

Alliance for Place Based Learning

American Civil Liberties Union

Atherton YMCA

Education Institute of Hawai'i

*Faith Action for Community Equity

Fresh Leadership LLC

Girl Scouts Hawai'i

*HawaiiKidsCAN

*Hawai'i Afterschool Alliance

*Hawai'i Appleseed Center for Law and
Economic Justice

*Hawai'i Association of School Psychologists

Hawai'i Athletic League of Scholars

*Hawai'i Children's Action Network

Hawai'i Education Association

Hawai'i Nutrition and Physical Activity Coalition

* Hawai'i State PTSA

Hawai'i State Student Council

Hawai'i State Teachers Association

Head Start Collaboration Office

It's All About Kids

*INPEACE

Joint Venture Education Forum

Junior Achievement of Hawaii

Kamehameha Schools

Kanu Hawai'i

Kaua'i Ho'okele Council

Keiki to Career Kaua'i

Kupu A'e

*Leaders for the Next Generation

Learning First

McREL's Pacific Center for Changing the Odds

Native Hawaiian Education Council

Our Public School

*Pacific Resources for Education and Learning

*Parents and Children Together

*Parents for Public Schools Hawai'i

Special Education Provider Alliance

*Teach for America

The Learning Coalition

US PACOM

University of Hawai'i College of Education

* Youth Service Hawai'i

Voting Members () Voting member
organizations vote on action items while
individual and non-voting participants may
collaborate on all efforts within the*

To: House Committee on Finance
Re: HB2535 HD1, Relating to Child Care
Monday, February 26, 2024; 10:00AM
State Capitol room 308 and via videoconference

Strong Support for HB2535 HD1 - Relating to Child Care

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

On behalf of Hawai'i Children's Action Network (HCAN) Speaks!, mahalo for the opportunity to testify in **STRONG SUPPORT of House Bill 2535 HD1, relating to child care.**

Families looking for birth to five care in Hawai'i often face months of waitlists and disappointed calls that child care providers near them will not have room for their young keiki anytime soon. If this family is lucky, they will be able to make alternative arrangements until their child can get into care. However, for many families in our state, a lack of care often means an adult in the home cannot go to work or school.

Child care is not just expensive for families; it's also expensive to provide. All of these circumstances combine to make a perfect storm where families have difficulty finding available care and providers struggle to increase their capacity and meet the demand. This measure is an **important pilot to test a new way to increase our child care supply.** If successful, this model would provide the mechanism for the state to support and grow community-based child care and preschool programs.

Mahalo,
Chevelle Davis, MPH
Director of Early Childhood & Health Policy



TO:

Rep. Kyle Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Committee on Finance

FROM:

Brenda Watanabe, VP Public Policy, HIAEYC Board

SUBJECT: Measure: HB2535 HD1 – RELATING TO CHILD CARE

Hearing Date: February 26, 2024

Time: 10:00am

The mission of the Hawai'i Association for the Education of Young Children (HIAEYC) is to promote, support, and expand quality and professionalism in early childhood programs and services for Hawai'i's young children (birth to age 8) and their families. HIAEYC is the Hawai'i affiliate of the National Association for the Education of Young Children.

HIAEYC strongly supports HB 2535 HD1 and its intent to expand childcare access and stabilize child care programs through the implementation of a classroom contracts pilot program. The demand for childcare far exceeds the availability of quality programs. Contracting directly with child care providers presents a viable solution to address this shortage without compromising quality or safety standards in the programs.

For child care providers, maintaining a consistent income is critical to stabilizing their operations and maintaining program quality. With enrollment and income fluctuations, it can be challenging for providers to meet their program needs or plan for expansion. Establishing a classroom contracts pilot program directly with child care providers will allow for financial stability and incentivize providers to continue services and/or expand capacity. The expansion of infant and toddler programs is especially needed as this population experiences extreme shortages in capacity.

For families, this increase in availability to high-quality and stable care addresses a critical issue for families who struggle with basic needs of work, education and caregiving responsibilities. Especially impacted are families with limited financial resources and those who reside in underserved communities.

We urge the committee to prioritize contracting with child care providers to increase child care availability and address the critical need for accessible and affordable child care services. This initiative has the potential to make a meaningful difference for Hawai'i's keiki. We thank you for the opportunity to submit testimony in support of this bill.

A handwritten signature in black ink that reads "Brenda Watanabe".

Respectfully submitted,

Brenda Watanabe,
VP of Public Policy, HIAEYC Board

HB-2535-HD-1

Submitted on: 2/25/2024 6:16:16 PM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Doris Matsunaga	Save Medicaid Hawaii	Support	Written Testimony Only

Comments:

Save Medicaid Hawaii supports HB2535



**Hawaii
Legislative
Council
Members**

Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Committee on Finance

Joell Edwards
Wainiha Country
Market
Hanalei

Monday, February 26, 2024
10:00 AM, Room 325 Via Videoconference

Russell Ruderman
Island Naturals
Hilo/Kona

RE: **HB2535 HD1** Relating to Child Care - **Support**

Dr. Andrew Johnson
Niko Niko Family
Dentistry
Honolulu

Dear Chair Yamashita, Vice Chair Kitagawa & Committee Members,

Robert H. Pahia
Hawaii Taro Farm
Wailuku

The Chamber of Sustainable Commerce represents over 100 small businesses across the State that strive for a triple bottom line: people, planet and prosperity; we know Hawaii can strengthen its economy without hurting workers, consumers, communities or the environment.

Maile Meyer
Na Mea Hawaii
Honolulu

This is why we support HB2535 HD1, which establishes a child care classroom contracts pilot program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria.

Tina Wildberger
Kihei Ice
Kihei

Too many working families struggle to secure affordable, quality childcare; they are unable to return to the workforce and contribute to a vibrant economy. For some, the costs of childcare surpasses their own take home pay, especially when rush hour commuter traffic results in the need for 10 additional hours a week of childcare beyond the parents' own paid work times.

L. Malu Shizue Miki
Abundant Life
Natural Foods
Hilo

When employers look around and say, "Where did our workforce go; why can't we find anyone to work?" One response is that they are staying home to take care of their children, their grandchildren or their younger siblings. If a business cannot find sufficient numbers of workers to generate sufficient revenue to cover all the overhead costs of the business, then the business will have to close. The state will lose revenue from the general excise taxes and income taxes associated with those shuttered businesses.

Kim Coco Iwamoto
Enlightened Energy
Honolulu

Until the Legislature sufficiently funds the Department of Education so that it can expand its Early Childhood Education programs across the state, for children of all ages, then the legislature must provide alternative solutions to try to fix the childcare shortage and ensure the state's revenue streams are uninterrupted.

Chamber of
Sustainable
Commerce
P.O. Box 22394
Honolulu, HI
96823

HB-2535-HD-1

Submitted on: 2/24/2024 11:34:20 AM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessie L Gonsalves	Individual	Support	Written Testimony Only

Comments: I am testifying in strong support of bill HB2535 related to classrooms for child care. Quality child care is important to me [because, optional story share]. Mahalo for the opportunity to testify!

HB-2535-HD-1

Submitted on: 2/24/2024 12:17:35 PM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Marilyn Mick	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

I am testifying in **strong support** of bill HB2535 related to classrooms for child care. Quality child care is important to all Hawaii families

Mahalo for the opportunity to testify!

Marilyn Mick, Honolulu

HB-2535-HD-1

Submitted on: 2/24/2024 12:49:05 PM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Natasha Amaral	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

I am testifying in **strong support** of bill **HB2535** related to classrooms for child care. Quality child care is important to me because I was a teen mom that needed care to continue school and it wasn't available which made me have to drop out and take my GED. Because of this experience I am now an infant toddler teacher hoping to help those in need like I once needed. We need more classrooms across the state to give our keiki a great head start on their education and for it to be available to everyone no matter their income.

HB-2535-HD-1

Submitted on: 2/24/2024 1:52:32 PM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

I SUPPORT THIS BILL!

February 24, 2024

To: Representative Kyle Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair
House Committee on Finance

Subject: **Measure** – HB 2535 HD 1 - RELATING TO EARLY CHILD CARE
Hearing Date – February 26, 2024
Time - 10:00 AM
Location - Conference Room 308

This testimony is in strong support of HB 2535 HD 1.

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

My name is Dr. Terry Lock. I am with the University of Hawai'i at Mānoa (UHM) College of Education (COE) and serve as the director of the Hawai'i Early Childhood Educator Excellence and Equity (ECE³) Project.

HB2535 HD1 establishes a child care classroom contracts pilot program in the Department of Human Services (DHS) to develop and implement procedures to subsidize child care classrooms in licensed infant and toddler and group child care centers. The bill appropriates funds to implement the child care contracts pilot program. The pilot program will: 1) serve children of families receiving DHS child care subsidies; 2) provide contracts for at least one full classroom at one (1) licensed infant and toddler center per county; 3) provide for contracts for at least one full classroom at two (2) licensed group child care centers per county; 4) Provide contracts with child care providers that last two years.

Contracts are one of the strategies to increase the supply and quality of child care for children, between infants to kindergarten children. Contracts are agreements between the subsidy program (DHS) and child care providers to designate slots for subsidy-eligible children.

Sufficiently funded contracts for direct services are more likely to increase stability for child care providers than child care subsidies. Contracts can help child care providers remain in business, and maintain or increase the supply of child care. For example, an evaluation of an infant and toddler contracted slot pilot in Pennsylvania found that participating programs had greater financial stability than providers solely paid through child care subsidies, increased classroom quality, and more stable enrollment for infants and toddlers receiving child care subsidies. Through contracts, there has been evidence that child care providers had a greater ability to hire and retain qualified staff and establish better coordination between local and state systems.

In conclusion, I urge you to please support HB 2535 HD 1.

Mahalo for your your leadership and attention to this critical matter.

Dr. Terry Lock

HB-2535-HD-1

Submitted on: 2/25/2024 8:32:23 AM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Courtney Velazquez	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

I am testifying in **strong support** of bill **HB1964** related to child care worker wages. Quality, affordable, and accessible child care is important to our families because it makes it possible for folks to work, get job training, and handle responsibilities.

Mahalo for the opportunity to testify!

HB-2535-HD-1

Submitted on: 2/25/2024 1:02:37 PM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mandie Gibson	Individual	Support	Written Testimony Only

Comments:

Aloha, my name is Mandie Gibson, and I'm with the Hawai'i Early Childhood Advocacy Alliance. I am in favor of this bill. As it stands, even if there was the money and resources to build preschools at the local elementary schools, there is not a workforce, and schools are overcrowded already. An integrated system such as what this bill represents is the better way to go.

Mahalo,

Mandie Gibson

To: Committee on Finance
Rep. Kyle T. Yamashita , Chair
Rep. Lisa Kitagawa, Vice Chair
Date: Monday Feb. 26, , 2024
Time: 10:00 A.M..
Place: VIA VIDEOCONFERENCE
Conference Room 308
State Capitol
415 South Beretania Street
Bill: **HB 2535 HD1** Relating to Child Care
Position: **IN SUPPORT**

Dear Chair Yamashita, Vice- chair Kitagawaw and respected committee members,

Thank you for hearing HB 2535. I am writing in **strong SUPPORT of HB 2535 HD 1.**

HB 2535 HD1 allows the dept of human services to enter into contracts with childcare provider programs. As written this bill will allow for 1 infant toddler program and 2 group child care center contracts to be created per county, allowing for increased stability in childcare programs and increased access to quality programs for families.

This contract structure is not new and has long been used by Headstart and Early Headstart programs both locally and nationally. Through the ongoing use of Headstart contracts as well as the data collected from research and pilots, The federal Dept of Human Services has concluded that contracts, when “well funded are an effective way to increase the supply of childcare services, especially in underserved communities.”

The proposed rule change issued by the federal dept of [Health and Human Services Department](#) on [07/13/2023](#) states that:

“Sufficiently funded grants and contracts for direct services are more likely to increase stability for child care providers than certificates, helping them remain in business, and thereby maintaining or increasing the supply of child care ([p.45029](#)).”

They also found evidence that providers had a greater ability to hire and retain qualified staff and establish better coordination between local and state systems. Finally, they also reported that the higher reimbursement rate paid with the contracts was closer to the true cost of providing care and allowed providers to invest in quality improvements. If the rule changes are approved, lead

agencies would be required to include contracts and grants as a way to increase supply and improve quality of child care services.

Piloting contracted classrooms allows Hawaii to be in closer accordance with the upcoming federal rule changes that aims to increase supply and improve quality in childcare, both points that Hawaii cannot do without.

Please vote **IN FAVOR of HB 2535 HD1.**

Thank you for your time and service.

Respectfully submitted,

Malia Tsuchiya

HB-2535-HD-1

Submitted on: 2/25/2024 10:25:10 PM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Barry	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

I am testifying in **strong support** of bill **HB2535** related to classrooms for child care. Quality child care is important to me our keiki are our future and we must do everything we can to assure they have the best chance of success

Mahalo for the opportunity to testify!

HB-2535-HD-1

Submitted on: 2/25/2024 11:10:32 PM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Allison Mikuni	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

I am testifying in **strong support** of bill **HB2535** related to classrooms for child care. This measure will ensure much-needed safe spaces dedicated to providing child care options for all Hawaii's children.

Thank you for your consideration,

Allison Mikuni

Palolo, Oahu, Hawaii

HB-2535-HD-1

Submitted on: 2/26/2024 5:42:00 AM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dena Akiu	Individual	Support	Written Testimony Only

Comments:

To: House Committee on Finance

Re: HB 2535 HD 1 – Relating to Child Care

Hawaii State Capitol, Conference Room 308 and Videoconference

Monday, February 26, 2024; 10:00AM

Honorable Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

Mahalo for the opportunity to testify in **STRONG SUPPORT** of **HB 2535 HD 1** Relating to Childcare.

The child care shortage is a critical issue that impacts families across Hawai‘i. Many families struggle to find affordable, quality, and reliable care for their keiki, forcing them to make difficult choices between work, education, and caregiving responsibilities. This shortage disproportionately affects low-income families, single parents, and those in underserved communities, exacerbating existing inequities and economic mobility.

The long-term benefits and supports that quality early learning programs provide is crucial in a young child’s most formative years. I’ve experienced these positive impacts in each of my roles as a mother, grandmother, and an early childhood educator. By increasing opportunities for essential childcare for families, we strengthen our youngest learners by building their brain development and instilling a positive disposition for life-long learning.

Contracting directly with childcare providers presents a viable solution to address this shortage. By incentivizing providers to expand their capacity through contractual agreements, we can quickly increase the availability of childcare without compromising on quality or safety standards. This approach allows for a more efficient allocation of resources and leverages the expertise of existing providers well-positioned to meet our community’s needs.

Increasing the availability of childcare not only benefits families but also has broader societal benefits. Access to high-quality early childhood education has been shown to positively impact

children's cognitive development, school readiness, and long-term academic success. By investing in childcare expansion, we are investing in the future of our keiki and laying the foundation for a more equitable and prosperous society.

I urge the committee to prioritize contracting with childcare providers to increase childcare availability and address the critical need for accessible and affordable childcare services.

This initiative has the potential to make a meaningful difference for Hawai'i's keiki. Mahalo for the opportunity to submit testimony on this critical issue. Please pass **HB 2535 HD 1**.

Aloha,

Dena Akiu

HB-2535-HD-1

Submitted on: 2/26/2024 9:41:22 AM

Testimony for FIN on 2/26/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Raya Esteban	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

Please support HB 2535, which would increase the ability of families receiving Child Care Subsidies to access quality care at infant and toddler centers and group care centers. This bill would establish a child care classroom contracts pilot program in the Department of Human Services (DHS). This measure can provide two important impacts for the child care sector: 1) increase a consistent supply of child care for families receiving subsidies while 2) incentivizing child care providers to continue caring for our young keiki.

As a previous early childhood educator, I deeply understand the importance of children having warm, stable, and nurturing relationships with at least one adult caregiver. Greater financial stability for child care providers through contracts means that they are able to remain open, provide higher quality services, and potentially open up more spaces for children. Since providers face less of a risk of shutting down, children are able to stay in the programs they initially enrolled in and have the same early childhood educator. Having the same early childhood educator paired with a child encourages continuity of care, which has proven to have many benefits for children. Because I was able to stay as an assistant and eventually become a lead teacher in my early education program, I can personally attest that my relationship with the kids and their families deepened, allowing me to better address their individual needs. Furthermore, because I stayed throughout the school year, I was able to gain the trust of my children, which is especially important for those kids who have experienced frequent abandonment. Also, I was better equipped to work closely with the families and their children as they transitioned into preschool.

Again, implementing a program in which DHS directly contracts for classrooms with child care providers ensures financial stability for the provider, even when a child leaves the program unexpectedly. This approach allows providers to retain seats for children with subsidies. Additionally, this pilot program will incentivize providers to continue caring for infants and toddlers, which is in high demand in our state. Finally, it can help families receiving subsidies to find care immediately so they can remain employed or be able to attend school or job training that allows them to increase their skills and earning potential.

Please support this measure.

Mahalo,

Raya Esteban