

JAN 24 2024

A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii's business
2 community is experiencing a shortage of qualified employees to
3 fill critical roles in every industry. The workforce shortage
4 is a significant obstacle in starting new businesses as well as
5 expanding existing businesses, thus stifling economic
6 development in the State. Many employees, especially women,
7 either cannot enter the workforce or cannot remain in the
8 workforce because they are the primary caregiver for a child or
9 an adult, or both.

10 The legislature further finds that an average of \$1,700 per
11 month for child care for one child can equate to twenty-nine per
12 cent or more of an average worker's salary in Hawaii.

13 Affordable and accessible child care eases the struggle for
14 working families and improves retention and productivity for the
15 State's workforce. However, during the COVID-19 pandemic,
16 Hawaii lost twelve per cent of its child care facilities.



1 The legislature additionally finds that Hawaii has the
2 fastest aging population and highest life expectancy in the
3 country. According to the department of business, economic
4 development, and tourism, from 2020 to 2030, the percentage of
5 people aged sixty-five and older is expected to go from 10.1 per
6 cent of the State's population to 22.5 per cent. The segment of
7 population aged eighty-five and older will rise to 3.6 per cent.
8 By 2035, nearly one in three Hawaii residents will be over the
9 age of sixty.

10 The legislature also finds that the average cost of a
11 nursing home in Hawaii is \$150,000 per year, the highest in the
12 nation. Hawaii's birthrate continues to decline, and younger
13 families are moving to other states that offer more affordable
14 living. In 2016, there was an average of about five potential
15 family caregivers for every senior aged eighty or older; by
16 2030, the ratio will decline to three to one.

17 Accordingly, the purpose of this Act is to strengthen
18 economic develop in Hawaii by establishing a child care and
19 caregiving pilot grant program aimed at assisting employers in
20 offering child care or caregiving support to their employees.
21 The pilot grant program will help to alleviate the burden on



1 working families by enabling employers to provide necessary
2 child care support, thereby enhancing workforce retention and
3 productivity.

4 SECTION 2. (a) There is established in the department of
5 labor and industrial relations a three-year child care and
6 caregiving pilot grant program to award grants to qualified
7 employers with employees who are in need of child care or who
8 provide caregiving.

9 (b) The department of labor and industrial relations shall
10 select an eligible nonprofit organization through a competitive
11 bid process to administer the child care and caregiving pilot
12 grant program. Once selected, the eligible nonprofit
13 organization shall establish a process for employers to apply to
14 the program and the criteria for approval for participation in
15 the program.

16 (c) The eligible nonprofit organization shall request from
17 employers participating in the child care and caregiving pilot
18 grant program:

19 (1) Periodic reports on the utilization of funds, the
20 impact of the funds on the employer's workforce, and
21 the effectiveness of the child care and caregiving



1 support provided, which shall be used to determine the
2 success of the program and potential improvements; and
3 (2) Periodic reviews and assessments of the program, which
4 shall be used to evaluate the program's effectiveness;
5 provided that recommendations for improvements or
6 potential expansion of the program or increased
7 funding may be considered based on the submitted
8 reviews and assessments.

9 (d) The eligible nonprofit organization shall submit the
10 following to the department of labor and industrial relations no
11 later than three months prior to the regular sessions of 2025,
12 2026, and 2027:

13 (1) A list of all employers who applied for the child care
14 and caregiving pilot grant program;

15 (2) A list of employers approved for participation in the
16 program;

17 (3) Information collected pursuant to subsection (c).

18 (e) The department of labor and industrial relations shall
19 submit interim reports on the child care and caregiving pilot
20 grant program to the legislature no later than twenty days prior



1 to the convening of the regular sessions of 2025 and 2026. The
2 interim reports shall include:

3 (1) The total value of grants awarded for each taxable
4 year;

5 (2) The total number of employers the grant was awarded to
6 for each taxable year;

7 (3) Information on the eligible nonprofit organization's
8 process in administering the grant program; and

9 (4) An analysis on the effectiveness of the grant program
10 as an incentive to encourage individuals who provide
11 child care or caregiver support to seek and retain
12 employment.

13 (f) The department of labor and industrial relations shall
14 submit a final report of its findings and recommendations,
15 including proposed legislation, on the child care and caregiving
16 pilot grant program to the legislature no later than twenty days
17 prior to the convening of the regular session of 2027.

18 (g) The child care and caregiving pilot grant program
19 shall cease to exist on July 1, 2027.

20 (h) As used in this section:



1 "Eligible nonprofit organization" means an organization

2 that:

3 (1) Has the status of a tax-exempt organization under
4 section 501(c)(3) of the federal Internal Revenue Code
5 of 1986, as amended; and

6 (2) Is registered to do business in the State in
7 accordance with chapter 414D, Hawaii Revised Statutes.

8 "Qualified employer" means a business who:

9 (1) Demonstrates commitment to assisting their employees
10 with costs of child care or caregiving support;

11 (2) Is in good standing with all state regulations, laws,
12 and standards; and

13 (3) Provides a clear plan outlining how the grant funds
14 will be utilized to enhance or establish child care or
15 caregiving support for the employer's workforce.

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$500,000 or so much
18 thereof as may be necessary for fiscal year 2024-2025 for the
19 establishment and implementation of the child care pilot grant
20 program established pursuant to section 2 of this Act.



S.B. NO. 2973

1 The sum appropriated shall be expended by the department of
2 labor and industrial relations for the purposes of this Act.

3 SECTION 4. In accordance with section 9 of article VII of
4 the Hawaii State Constitution and sections 37-91 and 37-93,
5 Hawaii Revised Statutes, the legislature has determined that the
6 appropriations contained in H.B. No. , will cause the state
7 general fund expenditure ceiling for fiscal year 2024-2025 to be
8 exceeded by \$ or per cent. In addition, the
9 appropriation contained in this Act will cause the general fund
10 expenditure ceiling for fiscal year 2024-2025 to be further
11 exceeded by \$ or per cent. The combined total
12 amount of general fund appropriations contained in only these
13 two Acts will cause the state general fund expenditure ceiling
14 for fiscal year 2024-2025 to be exceeded by
15 \$ or per cent. The reasons for exceeding the
16 general fund expenditure ceiling are that:

- 17 (1) The appropriation made in this Act is necessary to
18 serve the public interest; and
- 19 (2) The appropriation made in this Act meets the needs
20 addressed by this Act.

21 SECTION 5. This Act shall take effect on July 1, 2024.



1

INTRODUCED BY:

Lyn De Corte



S.B. NO. 2973

Report Title:

Department of Labor and Industrial Relations; Pilot Program;
Employers; Child Care

Description:

Requires the Department of Labor and Industrial Relations to establish a three-year child care pilot grant program to provide grants to employers to assist in offering child care or caregiving support for their employees.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

