



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

January 31, 2023

TO: Representative John M. Mizuno, Chair
Representative Terez Amato, Vice Chair
House Committee on Human Services

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

SUBJECT: Measure: H.B. No. 504 – RELATING TO CHILD CARE
Hearing Date: Thursday, February 2, 2023
Time: 9:00 am
Location: Conference Room 329

EXECUTIVE OFFICE ON EARLY LEARNING'S POSITION: Supports the Intent

EOEL appreciates the intent of H.B. No. 504 and defers to the Department of Human Services regarding implementation.

EOEL is committed to increasing access to early learning opportunities while building the infrastructure needed to make sure the State's investment reaps the intended returns. One of the things we've learned from our program, as well as our collaborative work across private and public partners in the field, is that most of us cannot find enough qualified staff.

Challenges in recruiting and retaining qualified staff are a significant barrier to sustaining the early learning workforce. The median wage of child care workers in Hawaii ranges from \$13 and \$17 per hour, with national trends suggesting that the younger the age of the child being served, the lower the pay for those educators. Furthermore, 16 percent of child care workers are living in poverty, compared to the 10 percent of the general population in Hawaii (Early Childhood Workforce Index, 2020).

Hawaii's early childhood care and education professionals are some of the most undervalued in our State and **EOEL recognizes that increasing compensation is an effective way to increase recruitment and retention of a qualified early learning workforce.** We defer to the Department of Human Services on the provisions of this bill.

We look forward to continuing to work with the Legislature to support increasing access to quality early learning programs and services and the workforce in the State. Thank you for the opportunity to testify on this bill.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-SECOND LEGISLATURE, 2023**

ON THE FOLLOWING MEASURE:
H.B. NO. 504, RELATING TO CHILD CARE.

BEFORE THE:
HOUSE COMMITTEE ON HUMAN SERVICES

DATE: Thursday, February 2, 2023 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Anne E. Lopez, Attorney General, or
James W. Walther or Melissa J. Kolonie, Deputy Attorneys General

Chair Mizuno and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purposes of this bill are to require the Department of Human Services to develop a two-year child care worker subsidy pilot program to retain existing early child care workforce in licensed child care facilities for preschool children aged two through five. The bill also appropriates funds for the child care worker subsidy pilot program.

The bill provides an appropriation of public money, on page 4, lines 14-19, for the purpose of providing subsidies to child care workers working in certain licensed child care facilities. Article VII, section 4, of the Constitution of the State of Hawaii provides that, "[n]o grant of public money or property shall be made except pursuant to standards provided by law." This bill does not include standards by which the Department of Human Services is to distribute the funds to program participants. We therefore recommend that this bill be amended to insert sufficient standards for the Department of Human Services to distribute the funds appropriated in this bill as subsidies to infant and toddler child care workers working in licensed infant and toddler centers. Examples of existing statutes that provide standards for agencies to expend funds are part II of chapter 9, and sections 10-17, 210D-11, and 383-128, Hawaii Revised Statutes, which provide standards for the administrative grant of public money. Additionally, we have attached draft standards to this testimony as a sample to work from and we are happy to work with you on developing more specific standards.

The Department also notes that article x, section 1, of the Hawaii State Constitution prohibits appropriations of public funds for the support or benefit of any sectarian or nonsectarian private educational institution, which may limit the number of eligible applicants under this subsidy pilot program.

Thank you for the opportunity to provide comments.

POSSIBLE STANDARDS FOR THE GRANTS IN THIS BILL

I. DEFINITIONS

Definitions. As used in this Act, unless the context clearly requires otherwise:

"Department" means the department of human services.

"Private educational institution" means a non-public entity that provides: (1) educational services for any grades from kindergarten through grade twelve; (2) post-secondary education; or (3) pre-kindergarten level services that are provided by an entity that holds itself out to the public as a school or educational institution, or that are identified by the entity as educational services rather than solely as child care services.

"Recipient" means a child care provider receiving a subsidy.

"Subsidy" means an award of state funds to a specified recipient to support the activities of the recipient and permit the community to benefit from those activities.

II. APPLICATIONS

Applications for subsidies. Requests for subsidies shall be submitted to the department in accordance with the administrative rules adopted by the department to administer the subsidy program. Each request shall at a minimum state:

- (1) The name of the child care provider requesting a subsidy;
- (2) The subsidy amount being requested; and
- (3) The age range of the children that the child care provider serves.

III. STANDARDS

Qualifying standards for grant funds. A child care provider applying for a subsidy shall meet the following

standards; specifically, the applicant shall provide proof that the applicant:

- (1) Has United States citizenship or permanent United States resident alien status and is a resident of the State of Hawaii at the time of application;
- (2) Is currently licensed or registered as a child care provider, or is an exempt provider approved by the department;
- (3) Provides child care at the time of application;
- (4) Complies with other federal, state, or county statutes, rules, or ordinances, necessary to conduct the activities or provide the services for which a grant is awarded;
- (5) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (6) Agrees not to use state funds for entertainment or lobbying activities;
- (7) Allows the department, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant;
- (8) Is employed by a child care facility that is not part of or owned or operated by or as a private educational institution;
- (9) Satisfies any other standards that may be required by the source of funding; and

- (10) Meets all other standards prescribed in rules adopted by the department to implement the subsidy.

IV. REVIEW OF APPLICATION

Required review of requests for subsidies. (a) Every request for subsidies shall be reviewed in accordance with this section.

(b) Every request for a subsidy shall be submitted to the department on an application form provided by the department. Each application shall at a minimum contain the information in section [__].

(c) The department shall review each request to determine whether the applicant is eligible to receive a subsidy.

(d) The department shall make a final decision on each request.

(e) The department shall inform each subsidy applicant of the disposition of the application's request.

(f) The appeal process in the department's rules shall be available for any applicant who is denied a request for subsidy.

V. CONTRACTS

Contracts. The department shall not release the public funds approved for a grant unless a contract is entered into between the department and the recipient of the grant. The department shall develop and determine, in consultation with and subject to the review and approval of the attorney general, the specific contract form to be used.

VI. ALLOTMENT

Allotment. Appropriations for subsidies to be made under this Act shall be subject to the allotment system generally applicable to all appropriations made by the legislature.

VII. MONITORING AND EVALUATION

Monitoring and evaluation. (a) Every department subsidy contract shall be monitored by the department to ensure compliance with this part.

(b) Every department subsidy contract shall be evaluated annually to determine whether the subsidy attained the intended results in the manner contemplated.

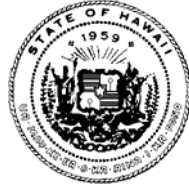
VIII. DUTY TO DISCLOSE AND PENALTY

Continued eligibility. Any recipient of a subsidy who withholds or omits any material fact or deliberately misrepresents facts to the department shall be in violation of this part. In addition to any other penalties provided by law, any recipient found by the department to have violated this part or the terms of its contract shall be prohibited from applying for any department subsidies for a period of five years from the date of termination.

IX. RULES

Rules. The department shall adopt rules, which may be done without regard to chapter 91, to administer the child care worker subsidy pilot program.

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

February 1, 2023

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

FROM: Cathy Betts, Director

SUBJECT: **HB 504 – RELATING TO CHILD CARE.**

Hearing: February 2, 2023, 9:00 a.m.
Conference Room 329, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of the bill and provides comments. DHS respectfully requests that any appropriation not reduce or replace priorities identified in the executive budget.

PURPOSE: The purpose of the bill is to develop a child care worker subsidy pilot program to assist in retaining qualified child care workers in licensed child care facilities for preschool children aged two through five.

This measure is very similar to HB 391 and HB 547, which propose to develop a child care worker subsidy pilot program to assist in retaining qualified child care workers in licensed infant and toddler child care centers.

The COVID-19 pandemic completely disrupted the child care industry, predominately comprised of women-led small businesses. However, the pandemic also highlighted the importance of safe and regulated child care as a fundamental necessity for families to continue to work and contribute to the economy. As a result, Congress authorized child care

stabilization grants for providers, increased child care funding for subsidies, and allowed program waivers to assist more families.

Between October 2021 and December 2022, DHS disbursed nearly \$72M with the American Rescue Plan Act of 2021 Stabilization Grant program to six hundred sixteen (616) licensed and registered homes, centers, and legally exempt centers. Eligible child care workers received a \$2,500 staff retention bonus and a \$1,000 health and wellness bonus. The Department continues to work with licensed child care providers and community stakeholders to strategize ways to retain and recruit qualified preschool staff.

The Department respectfully recommends that state general funds be appropriated into the Child Care Grant Program Special Fund, from which DHS will disburse grants awards to eligible private child care providers who meet standards that DHS will establish. While Congress authorized COVID-19 pandemic federal funds to subsidize child care wages, we are consulting with federal advisors about how the Child Care Development Fund or the Child Care Development Block Grant may be used to subsidize wages for contracted child care slots. Other than contracted child care slots, these federal funds cannot be used for direct wage subsidies.

The Department respectfully requests the following amendments:

- Section 2, page 2, at lines 16-20, "The pilot program shall be available to all [~~lead caregivers, caregivers~~] teachers, assistant teachers, and child care aides in child care facilities for preschool children, aged two through five, licensed by the department of human services;"
- Section 3, page 3, at lines 1-3, "Participants shall not be employed by the department of education, public charter school, [~~or~~], funded early head start and head start program, or a private educational institution;"

DHS does not have the current capacity to issue payments directly to each eligible participant, nor does it have the capacity to monitor each eligible participant for the proposed two-year period. Licensed group child care centers that serve children ages two through five shall be responsible for disbursing the subsidized participant's wages and ensuring that all participants are paid wages of at least \$19.00 per hour. DHS will work with and ensure that

licensed group child care centers appropriately provide the subsidized portion of their employees' wages.

If the measure passes, the Department respectfully requests that the effective date is after or later than December 31, 2023, to give DHS time to make the necessary program and system changes and develop administrative processes and rules in order to establish and implement the child care worker subsidy pilot program.

DHS will provide cost estimates to establish, implement, and administer the child care worker subsidy pilot program as the measure progresses.

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



To: Representative Mizuno, Chair
Representative Amato, Vice Chair
House Committee on Human Services

Re: HB504, relating to child care
9:00 a.m., Feb. 2, 2023

Aloha Chair Mizuno, Vice Chair Amato and committee members:

On behalf of Hawai'i Children's Action Network (HCAN) Speaks!, mahalo for the opportunity to **provide comments for House Bill 504, relating to child care.**

We support the intent of HB504. Some of the most undervalued professionals in Hawai'i work in early childhood care and education. A 2022 study completed by the University of Hawai'i Early Childhood Educator Excellence and Equity Project showed that early childhood care and education professionals earned between \$13 and \$17 per hour on average. This is far below what's needed to make a living wage here in Hawai'i.

This bill proposes a pilot project to increase wages for child care workers in licensed facilities for preschool children ages 2 to 5 years old. While these professionals desperately need to be paid more, **we are concerned that that group of educators will be too large for the Department of Human Services (DHS) to pilot successfully.** Professionals in licensed group child care centers would likely make up around 50% of the early childhood care and education workforce.

We would like to recommend that DHS begin with infant and toddler child care center staff, as is suggested in house bills 391 and 547, rather than group child care centers for older children. First, we believe the size of the infant and toddler center segment of the workforce will be sufficiently small enough to successfully pilot. Secondly, infant and toddler care is the most difficult to procure for Hawai'i's families. The demand far exceeds the supply. One reason for this shortage can likely be attributed to low pay for early childhood care and education professionals. Often pay is proportional to the age of the child being cared for, making our infant and toddler segment of the workforce among the lowest paid in the sector.

As the bill is written, we are also concerned that there will be confusion over which licensed child care facilities would be eligible for participation. If the committee chooses to advance a bill



focused on professionals serving children ages 2 to 5 rather than infants and toddlers, **we would respectfully request that the pilot be available to licensed group child care centers and group child care homes that may serve children ages two to five. Specifically, we would like the program to be available to all teachers, assistant teachers and aides in those two settings.** This will be important because many child care centers have teachers, assistant teachers and aides that float between classes including those serving 2-year-olds.

We appreciate your committee's willingness to consider programs that aim to raise wages for early childhood care and education professionals. Thank you for the opportunity to provide these comments.

Mahalo,

Ke'ōpū Reelitz
Director of Early Learning and Health Policy

Feb. 2, 2023

To: Representative John Mizuno, Chair
Representative Terez Amato, Vice-Chair
House Committee on Human Services

Subject: **Measure** – HB 504 RELATING TO CHILD CARE
Hearing Date – Feb. 2, 2023
Time - 9:00 AM
Location - Room 329

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.

This testimony is to provide comments to HB 504.

I support the intent of this bill, as low wages, along with the high cost of living in Hawaii, has made it very difficult to recruit and retain early educators.

To better understand these issues, the project I lead at the UH at Mānoa commissioned the RAND Corporation to study Department of Human Services (DHS) licensed child care center staff and regulated family child care providers and found that on average they earn between \$13 and \$17 per hour.

HB 504 proposes a two-year child care worker pilot program to retain the early childhood workforce in licensed child care facilities for preschool children, ages 2 to 5.

I am concerned that the group of the educators in HB 504 will be too large for DHS to pilot successfully.

Therefore, I recommend that DHS first start with a pilot that is more manageable, as suggested in **HB 547 and HB 391 for infant and toddler child care center staff.**

Mahalo for the opportunity to testify.