

ACT 270

S.B. NO. 3176

A Bill for an Act Relating to Child Care.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. In accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the state general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$500,000, or 0.020 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriations made in this Act are necessary to serve the public interest and to meet the need provided for by this Act.

SECTION 2. The legislature finds that child care has become one of the most important issues facing the nation today. With the increasing number of families in which both parents work as well as the increasing number of single parent families, the demand for quality child care of all types far outweighs the number of safe, quality space for our children.

It must be emphasized that child care does not mean preschool care. It encompasses infant care, before and after school care, and care for sick children. There are many different types of child care. No one type is best for every child. Also, there is the "trilemma" of availability (quality versus compensation versus affordability). In order to obtain quality care, decent wages must be paid to child care workers. There is no simple solution to the child care shortage.

Child care is everyone's problem. Parents, of course, seek the security of knowing that their children are safe and well cared for. Employers know that employees who are not satisfied with their child care situation may need to miss work to find new care and may be inattentive on the job out of concern for their children. The business community is also concerned. Failure of access to child care may result in parents staying home, withdrawing from the job market.

The problem of providing adequate child care for all who need it is too large and too complex to be solved by individuals and businesses acting alone. Accordingly, the State must be willing and able to take an active role in grappling with one of the more critical problems of this generation.

The purpose of this Act is to increase the number of child care providers by:

- (1) Developing a demonstration project to train individuals to become home child care providers who are able to establish and operate their own child care facility;
- (2) Providing grants to convert and renovate existing facilities; and
- (3) Establishing a child care resource lending center.

PART I

SECTION 3. There is established a demonstration project to train individuals to become home child care providers who are able to establish and operate their own home-based child care facilities. As an economic development program, the project's focus is to foster individual self-sufficiency through an entrepreneurial approach by the creation of new jobs and opening of new small home-based child care businesses. The demonstration project shall involve coordination among state and county governments and the private sector, including but not limited to: the community college system, the department of labor and industrial relations, the department of human services, the department of health, the department of education, large and small private businesses, nonprofit programs, unions, and child care providers in the State.

SECTION 4. The office of children and youth shall submit:

- (1) A progress report on the demonstration project to the legislature not less than twenty days prior to the convening of the regular session of 1991; and
- (2) A final evaluation report on the demonstration project, including findings and recommendations, to the legislature not less than twenty days prior to the convening of the regular session of 1992.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000, or so much thereof as may be necessary for fiscal year 1990-1991, for the implementation and staffing of a one-year demonstration project for the training of home care providers for children.

The sum appropriated shall be expended by the office of children and youth for the purposes of this Act.

PART II

SECTION 6. The department of labor and industrial relations shall provide grants to family child care providers and center-based programs to convert and renovate existing facilities so additional family child care homes and child care centers can be located in such facilities.

SECTION 7. (a) Applications for grants shall be made to the department of labor and industrial relations and shall contain information as the department shall require by rules adopted pursuant to chapter 42. Every applicant shall provide assurance to the department of labor and industrial relations that:

- (1) The facility to be renovated or improved shall be used as family child care home or child care center for a continuous period of at least five years;
- (2) Any family child care home or child care center program located in a renovated or improved facility shall be licensed by the department of human services;

- (3) The program shall comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, or sex;
 - (4) The grant shall not be used for purposes of entertainment or perquisites;
 - (5) The applicant shall comply with any other requirement the department of labor and industrial relations may prescribe to ensure adherence to applicable federal, state, and county laws;
 - (6) All renovations and improvements undertaken with funds received under this Act shall comply with all applicable state and county statutes and ordinances including applicable building codes and structural requirements of the department of human services; and
 - (7) The applicant shall indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from the renovation and improvements made with funds provided by this Act, and, upon request of the department of labor and industrial relations, the applicant shall procure sufficient insurance to provide that indemnification.
- (b) To receive a grant under this Act to convert an existing facility into a family child care home or child care center facility, the applicant shall:
- (1) Be a nonprofit organization determined to be exempt from the federal income tax by the Internal Revenue Service;
 - (2) Be a nonprofit organization, have a governing board whose members have no material conflict of interest and serve without compensation, have bylaws or policies which describe the manner in which business is conducted, and have policies relating to nepotism and management of potential conflict of interest situations;
 - (3) Agree to make available to the department of human services and the department of labor and industrial relations all records it may have relating to the operation of any family child care home and child care center facility, and to allow the state agencies to monitor its compliance with the purpose of this Act;
 - (4) Agree that, if the facility is to be altered or improved, or is to be used by other groups, moneys appropriated by this Act shall be used for renovating or improving the facility only to the proportionate extent that the floor space will be used by the child care program; and
 - (5) Establish, to the satisfaction of the department of labor and industrial relations, that sufficient funds are available for the effective use of the facility for the purpose for which it is being renovated or improved.

SECTION 8. In selecting applicants for funding, the department of labor and industrial relations, shall make every effort to ensure that family child care home or child care center facilities are equitably distributed throughout the State according to demographic need.

In considering applications for grants to renovate or improve an existing facility used for the operations of a family child care home or child care center, the department of labor and industrial relations shall give preference to applications to renovate facilities most in need of repair to address safety and habitability concerns. No grant shall be disbursed unless an agreement is entered into between the applicant and the State, by and through the department of labor and industrial relations. The agreement shall include the assurances and

conditions required by this Act and any other terms which the department of labor and industrial relations may require.

SECTION 9. The department of labor and industrial relations shall submit a progress report on the demonstration project established by this Act, including findings and recommendations, to the legislature no later than twenty days prior to the convening of the regular session of 1991.

SECTION 10. There is appropriated out of the general revenues of the State of Hawaii the sum of \$225,000, or so much thereof as may be necessary for fiscal year 1990-1991, by providing grants to renovate or improve existing homes or facilities used to deliver services for home child care and child care centers.

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

PART III

SECTION 11. There is appropriated out of the general revenues of the State of Hawaii the sum of \$25,000, or so much thereof as may be necessary for fiscal year 1990-91, for the establishment of a child care resource lending center to help family child care providers start up their businesses.

The sum appropriated shall be expended by the office of children and youth for the purposes of this Act.

SECTION 12. This Act shall take effect on July 1, 1990.

(Approved June 25, 1990.)