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## A BILL FOR AN ACT

RELATING TO CHILD CARE.

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

1           SECTION 1. The legislature finds that the department of  
2 human services' child care subsidy program budget is expected to  
3 be depleted by the end of February 2010 unless emergency  
4 measures are taken to restructure the budget. If the budget is  
5 depleted, no money will be available for child care subsidy  
6 payments from March through June of this year. The department  
7 increased the budget for this program by \$8,500,000 over last  
8 year, bringing the total to nearly \$66,000,000. However, many  
9 more families are applying for assistance this year than  
10 expected, child care providers are raising rates, and the  
11 \$66,000,000 that was budgeted for child care subsidies is being  
12 depleted much faster than anticipated.

13           The legislature finds that the department of human services  
14 is actively working to avert a child care subsidy crisis and is  
15 trying to preserve this important program. To meet this  
16 challenge, the department reported plans to implement on January  
17 1, 2010, a new and more incremental sliding scale for paying  
18 child care subsidy benefits. Under the new system, there would



1 be ten gradual income steps, up from the existing three. The  
2 neediest families would continue receiving one hundred per cent  
3 subsidies, while other families would receive subsidies ranging  
4 from ninety per cent to ten per cent, based upon their incomes.

5 The transition to the new sliding scale is not expected to  
6 be overly burdensome for most families. Under the new proposal,  
7 two-thirds of families would have at least half of their child  
8 care costs paid by the State, and nearly forty per cent of  
9 families would receive an eighty per cent child care subsidy or  
10 higher. Although some parents would receive smaller subsidies  
11 under the new system, other assistance programs from federal  
12 sources may help offset this loss.

13 In addition, the legislature finds that the department  
14 currently pays child care subsidies as high as \$1,395 per child  
15 per month for licensed center-based infant and toddler care.  
16 However, the majority of families (fifty-six per cent) choose  
17 the least expensive form of child care, which is provided by  
18 relatives.

19 As part of the proposed restructuring of the child care  
20 subsidy program, the department includes a modest but noteworthy  
21 reduction in rates for unlicensed child care. This recognizes  
22 the additional requirements that licensed providers must meet.



1 It also provides a financial incentive for unlicensed providers  
2 to meet quality-driven licensing requirements so that they may  
3 receive higher reimbursement rates.

4 The legislature finds that the department of human  
5 services' new approach to child care subsidy eligibility and  
6 reimbursements will avoid far greater hardships by ensuring that  
7 no one completely loses their benefits.

8 The purpose of this Act is to support the implementation of  
9 the department's new child care subsidy system by creating a  
10 maximum monthly amount for child care subsidies per child. The  
11 Act also encourages the provision of licensed child care by  
12 preserving the existing eligibility guidelines in place for  
13 child care provided in preschool care.

14 SECTION 2. Chapter 346, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:

17 "§346- Child care programs; maximum subsidy. No child  
18 care subsidy or child care reimbursement provided by the  
19 department shall exceed \$500 per month per child. The  
20 department may amend child care subsidy income eligibility  
21 criteria; provided that income eligibility for subsidized



1 preschool care programs shall be subject to the eligibility  
2 criteria in effect on December 31, 2009."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon approval.

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**Report Title:**

Child Care; Subsidy

**Description:**

Imposes a maximum child care subsidy of \$500 per month per child and authorizes the department of human services to amend its guidelines for determining eligibility for child care subsidies.

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