

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
DIRECTOR
BARBARA A. YAMASHITA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 24, 2012

MEMORANDUM

TO: The Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 2540, H.D. 1 - RELATING TO FEES FOR CHILD CARE
LICENSING AND REGISTRATION**

Hearing: Friday, February 24, 2012; 2:30 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of H.B. 2540, H. D. 1 is to allow the Department of Human Services (DHS) to charge reasonable fees to obtain a child care license or certificate of registration and establishes a special fund.

DEPARTMENT'S POSITION: The Department of Human Services strongly supports this Administration bill. This bill would allow the Department to charge a fee to offset some of the administrative costs associated with inspections and issuances of licenses and certificates of registration to individuals or business entities who want to care for children.

The Department of Human Services is authorized to license group child care homes and group child care centers and issue certificates of registration for family child care homes (family child care homes are providers who care for three or more children who are unrelated to themselves in their private residence and does not include relative

care providers). There are administrative costs associated with the licensing and certification activities, including site visits, observation of providers with children, inspections to ensure compliance with administrative rules to ensure the health and safety of the child care operations, and the assessment of the findings.

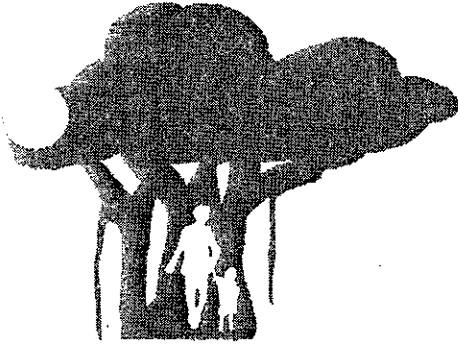
As with other business entities that are charged licensing and certification fees by other state agencies to conduct a business, the Department of Human Services is proposing to charge a reasonable fee to private business entities who want to operate a child care facility.

Authorization to charge reasonable fees will offset some of the administrative costs associated with issuing licenses and certificates of registration to individuals or business entities who want to care for children. The fees charged will further ensure the safety of children in child care homes and child care centers by giving the Department resources to maintain the licensing standards.

Establishing a child care licensing and certificate of registration special fund into which the fees will be deposited will provide the Department with resources to ensure the health and safety of children.

The Department would be required to promulgate administrative rules that would specify the amounts charged for the license and certificate of registration.

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



CHILDCARE BUSINESS COALITION

Committed to Quality Education

To: Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair
House Committee on Finance

From: Charles Larson, Executive Director
Seagull Schools and Representative of the Childcare Business Coalition

Date: Friday, February 24, 2012 at 2:30 p.m.
Conference Room 308

Subject HB 2540 HDI

The Childcare Business Coalition of Hawai'i serves more than 4,000 children, ages 6 weeks – 5 years, in more than 40 preschools on three islands. Approximately 25% of our students are participants in the federally funded Childcare Connection program or the State-funded Preschool Open Doors program. As a group, we account for almost 50% of the students enrolled in private preschools statewide who participate in the State-funded tuition subsidy programs. As a group, we are committed to providing quality early education and care that is accessible to all children.

The Childcare Business Coalition of Hawai'i is not in support of SB 2802 because it seems to be discriminatory of group childcare homes and group childcare centers that are licensed or applying for licenses as opposed to those childcare providers that are unlicensed. We also are not in favor because there is no specific information regarding what the reasonable fees might be.

Currently approximately 70% of the State funded Childcare Connection subsidies go to unlicensed and unregulated childcare providers. Unlike licensed childcare providers, there is absolutely no oversight of their qualifications or the services that they provide.

If this proposed licensing fee is implemented it will essentially be punitive to those providers who follow the licensing rules and will likely have the unintended consequence of pushing more childcare into being unregulated. Ironically, those providers who meet standards for education, health and safety will pay an additional fee while those who may or may not receive state funds will continue to be exempt from paying the proposed new fee as well as not being required to have criminal history checks, smoke alarms, T.B. tests, or even the requirement to pay income or excise taxes.

In fairness, if this proposed fee is to be assessed for one then it should be for all: licensed or unlicensed.

The Cole Academy

The Hawai'i Baptist
Early Education
Association

KCAA Preschools
of Hawai'i

Kama'aina Kids

Rainbow Schools

Seagull Schools

Waianae Coast Early
Childhood Services

Waikiki Community
Center

Liaison:
Christina Cox
(808) 941-9414