



CHILDCARE BUSINESS COALITION

Committed to Quality Education

March 29, 2012

To: Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means

From: Christina Cox, Liaison, Childcare Business Coalition

Subject: HB2540 HD2 SD1 entitled:
“A Bill For An Act Relating to Fees For Child Care Licensing and Registration”

We are pleased to see that the effective date is July 1, 2030 with the stated intent that this will provide the opportunity for further discussion and in that spirit, provide the following points for that discussion:

The Childcare Business Coalition is in strong opposition to this bill for the following reasons:

- Charging fees to license center-based childcare facilities puts an unfair burden on providers who are working to deliver quality care and education within “the system”
 - It is important to note that, during the past 4 years, there has been a marked increase in the number of low income children in Hawaii who moved from licensed to unlicensed childcare settings. 70% of the federal funds (Child Care and Development Block Grant) received by the State to provide child care subsidies are paid to unlicensed providers. At the same time, the State continues to increase demands on those preschool/childcare programs that are operating as licensed providers. Operating costs are increasing and yet tuition subsidy rates have plummeted; families and providers are struggling to make ends meet.
- Childcare providers generally absorb costs that would otherwise be passed on to low and middle income parents by charging lower tuition rates than what is actually needed to cover operating costs
 - Providers work to recover unrealized income in a variety of ways which may include participating in the USDA Child and Adult Food Care Program to receive partial subsidy for meals, seeking grants from local trusts and foundations to fund curriculum purchases and/or facilities improvements and most significantly by paying lower wages than State or federally subsidized preschool programs are able to pay their employees.
- Our members currently serve the majority of state-subsidized (Child Care Connection & Preschool Open Doors) children enrolled in licensed preschools; instituting licensing fees would require tuition rate increases further penalizing low income parents as this would increase their co-payments.

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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

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Despite all of this, should the State choose to proceed in working to establish licensing fees for childcare centers, the following provisions should be made:

- A maximum cap on the fee to be charged should be stated in the legislation; this is done in most states that charge a licensing fee e.g. New Jersey includes a sliding fee with a maximum fee of \$220 for 180 children and lesser amounts based on the total number of children enrolled.
- For programs renewing their licenses, a maximum review period of 6 weeks should be guaranteed, which if not met due to the Department's inability to process applications in a timely manner, due to under-staffing or misplaced paperwork, will result in a waiver of all fees. Preschools regularly experience significant delay in securing a license despite having submitted a completed application in a timely manner for the reasons stated.
- For programs seeking to secure a license for a new facility, the fee should be waived if the process exceeds a maximum period of 3 months from the date the application is received, excluding issues related to the City Building Code.

Thank you for your consideration.