

# SB2803 SD1

Measure Title: RELATING TO CONTRACT PROPOSALS FOR CHILD CARE.

Report Title: Contract Proposals; Child Care

Description: Prohibits the performance of a contract, pursuant to chapter 103F, Hawaii Revised Statutes, rather than acceptance of a contract proposal, by any applicant who lacks an appropriate license. Requires contract proposals submitted under chapter 103F, Hawaii Revised Statutes, to include the all-inclusive cost to the State and prohibits an award or contract from including payment for any costs not included in the proposal. (SD1)

Companion: HB2541

Package: Gov

Current Referral: HMS, CPN

Introducer(s): TSUTSUI (Introduced by request of another party)

<u>Sort by Date</u>		Status Text
1/25/2012	S	Introduced.
1/25/2012	S	Passed First Reading.
1/25/2012	S	Referred to HMS, CPN.
1/27/2012	S	The committee(s) on HMS added the measure to the public hearing scheduled on 02-07-12 1:30PM in conference room 016.
2/7/2012	S	The committee(s) on HMS deferred the measure until 02-09-12 1:15PM in conference room 016.
2/9/2012	S	The committee(s) on HMS recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in HMS were as follows: 3 Aye(s): Senator(s) Chun Oakland, Ihara, Green; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Slom.
2/15/2012	S	Reported from HMS (Stand. Com. Rep. No. 2224) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN.
2/15/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN.
2/21/2012	S	The committee(s) on CPN will hold a public decision making on 02-24-12 9:00AM in conference room 229.

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN  
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DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
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February 24, 2012

**MEMORANDUM**

TO: The Honorable Rosalyn H. Baker, Chair  
Senate Committee on Commerce and Consumer Protection

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2803, S.D.1 - RELATING TO CONTRACT PROPOSALS FOR CHILD CARE**

Hearing: Friday, February 24, 2012; 9:00 a.m.  
Conference Room 229, State Capitol

**PURPOSE:** The purpose of S.B. 2803, S.D.1 is to prohibit the performance of a contract, pursuant to chapter 103F, Hawaii Revised Statutes, rather than acceptances of a contract proposal, by any applicant who lacks an appropriate license. It also requires contract proposals submitted under chapter 103F, Hawaii Revised Statutes, to include the all-inclusive cost to the State and prohibits an award or contract from including payment for any costs not included in the proposal.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of the amendments as proposed in the S.D. 1 of this bill which would require that the performance of a contract not the submittal of a contract proposal be prohibited without a license. This amended language proposed in SD1 is in alignment with the Department's original intent as it would allow the Department to continue to competitively procure child care services at locations specified by the Department. The DHS, however, has been advised that the proposed S.D. 1 language is not consistent

with the title of the bill which originally was intended to address problems for child care contracts.

We would therefore request that the original language of the bill be reinserted into this bill to allow the DHS to competitively procure child care services at specified locations.

For the child care program, a license is issued to an applicant only after the awarding of the contract. The notice to proceed is not issued until after the awardee meets all of the licensing requirements specified in the Department of Human Services' administrative rules. This process is necessary because the requests for child care services are tied to a site requested by the Department. The request for proposal is for the specific site where the child care program will be operating. The applicant then is given a specific time frame to meet all of the licensing requirements before the contract is finalized.

Requiring a license before an application can be submitted for a child care program will limit the applicants who are allowed to submit a proposal to only those entities that are currently licensed to operate a child care program at the specified site.

The Child Care Program issues Requests For Proposals (RFP) to allow an organization to operate a child care program at specific locations. Applicants responding to the RFP would include information in their proposal that demonstrates their ability to operate a licensed child care center and a timeline to show that they can obtain a premise specific child care license within a reasonable timeframe prior to the start of the service. Child care licenses are unlike other types of licenses as it permits specific providers to operate a child care program at a specified location. The license that is issued to a child care provider is neither transferable to another location nor to another provider to operate at that same location.

The current language in Section 103F-401.5, Hawaii Revised Statutes (HRS), prohibits the competitive procurement of child care services at a location specified by the Department as the statute requires that the applicant who submits a proposal in response to an RFP of this type to already be licensed to provide the service at that location. The language proposed in the bill would allow the Department to continue to competitively procure child care services at locations specified by the Department.

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