



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

March 29, 2012

MEMORANDUM

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

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2803, S.D. 2 - RELATING TO CONTRACT PROPOSALS FOR
CHILD CARE**

Hearing: Thursday, March 29, 2012; 10:00 a.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of S.B. 2803, S.D. 2 is to allow an exception to allow for proposals to be received from organizations that are not yet licensed to operate a child care program at a facility specified in the request for proposals.

DEPARTMENT'S POSITION: The Department of Human Services strongly supports this Administration bill.

Section 103F-401.5, Hawaii Revised Statutes, requires that contract proposals cannot be accepted from any applicant who lacks a license necessary to conduct the business being sought by the request for proposals.

For the child care program, a license is issued to an applicant only after the awarding of the contract. The contract agreement is not finalized 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. No new providers will be able to enter the child care business.

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 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 allows for a specific provider 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, 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 testimony on this bill.