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February 19, 2019

TO: The Honorable Senator Russell E. Ruderman, Chair
Senate Committee on Human Services

FROM: Pankaj Bhanot, Director

SUBJECT: **SCR 5 and SR 5 – URGING THE DEPARTMENT OF HUMAN SERVICES TO
INCREASE THE REIMBURSEMENT RATE FOR HOME CHILD CARE FACILITIES**

Hearing: Wednesday, February 20, 2019, 3:15 p.m.
Conference Room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of these resolutions and provides comments on the department's progress on implementing the requirements of the federal Child Care and Development Block Grant (CCDBG) and Child Care and Development Fund (CCDF) federal grant.

PURPOSE: These resolutions request the DHS to increase the reimbursement rate for home child care facilities.

The DHS Child Care Program Office (CCPO) is working to finalize seven (7) sets of proposed administrative rule chapters, which includes the rules for child care (subsidy) payments, and is targeting adoption by summer of 2019. The drafts are currently under review by the Department of Attorney General. Once the draft proposed rules are finalized, DHS will be routing the seven (7) chapters for preliminary approval by the Governor and publishing of the notice for the public hearing on the proposed rules.

These rule amendments are in line with the DHS CCPO's priority to bring the state into compliance with changes in federal law and regulations. Hawai'i receives \$20-30 million annually in CCDF grant from the U.S. Department of Health & Human Services, Administration

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for Children and Families, Office of Child Care. The CCDF grant funds provides for Hawai'i's child care licensing, quality initiatives, and federally funded child care subsidy programs.

The CCDBG Act of 2014, Public Law 113-186, was signed on November 19, 2014, reauthorizing the CCDF. The CCDBG Act made significant changes to improving the health and safety of children in child care, prioritizing access to consumer information to make informed choices, supporting equal access to stable, high quality child care for low-income children, and enhancing the quality of child care and better support the child care workforce.

Final regulatory changes, 45 Code of Federal Regulations (CFR) Part 98, were issued September 30, 2016 and became effective on November 29, 2016. The deadline for DHS to complete most of the required changes, except for some provisions of the background checks, is September 30, 2019. DHS is focused on complying with these federal law and regulatory changes to preserve Hawai'i's access to the federal CCDF grant funds.

The draft rules for child care (subsidy) payments includes provisions that align with the CCDBG law and CCDF regulations of promoting access to quality care, including:

1. Maximum child care payment rates for full-time care at the 75th percentile of the Market Rate Survey report completed in March 2017 for group child care centers and group homes that are nationally accredited by the National Association for the Education of Young Children (NAEYC) or the National Early Childhood Program Accreditation (NECPA), which are specific to requirements focused on early childhood standards, and for licensed infant and toddler child care centers;
2. Maximum child care payment rates for full-time care at the 50th percentile of the Market Rate Survey report completed in March 2017 for group child care centers and group homes that are licensed by DHS; and
3. Creation of a new child care payment care type for registered Family Child Care (FCC) homes that are nationally accredited by the National Accreditation for Family Child Care (NAFCC), which would provide higher payment rates than the registered FCC homes, to recognize those FCC homes that have completed the additional requirements to achieve national accreditation.

The department notes that the requirements for registration as a FCC home is lower than the standards for group child care centers and group homes, in accordance with section 346-172(b), Hawaii Revised Statutes (HRS), which states:

(b) It is the intent of the legislature that the:

- (1) Minimum requirements established under this section **be less strict** than the minimum standards established under section 346-162 for group child care homes and group child care centers;
- (2) Minimum requirements be as simple and clear as possible;
- (3) Minimum requirements be germane to the provision of care to children in a private home as opposed to a nonresidential facility or institution, require as little recordkeeping by the provider as possible, and require information and reports if deemed necessary, from the provider which the department intends to scrutinize carefully and not cursorily; and
- (4) Department establish minimum requirements, the compliance with which can be assessed easily and objectively by officers and employees of the department, providers, and parents and legal guardians of children.

Registered FCC caregivers are not required to have any early childhood education or child development coursework or formalized experience working with children in a child care facility prior to operating a registered FCC. There are other differences between the requirements between registered FCC homes and licensed group child care centers, group child care homes, and infant and toddler child care centers. Refer to the summary charts attached for the overview of the education and experience requirements and other health and safety requirements that differ between registered FCCs and licensed group home and group centers.

Because the registration requirements are not the same as licensure for group child care centers, group child care homes, and infant and toddler centers, DHS has not increased the maximum payment rates for registered FCC homes, since the Market Rate Survey report completed in March 2017 indicated that the 50th percentile rate for registered FCC homes is \$650 per month for caring for infant and toddler aged children; DHS is currently paying this amount.

DHS recognizes that caring for infants and toddlers require a greater consideration, the FCC rate is for infant and toddler care is provided a higher payment rate. Thus, the FCC

rate for non-infant and toddler care is \$600 per month, which is 7% lower than for infant care.

The DHS notes that these resolutions request DHS provide incentive bonuses to FCC homes for accreditation. DHS respectfully clarifies that it currently has an accreditation facilitation pilot project that began in the summer of 2016 with the University of Hawai'i, Windward Community College's Learning to Grow (UH-WCC LTG) program. The accreditation facilitation pilot project provides individualized support (including in-home visits and observations and coaching/technical assistance), group-focused support (including on-going professional development opportunities), and access to resources (including financial supports) for family child care providers interested in pursuing National Accreditation for Family Child Care (NAFCC).

Financial supports provided through the UH-WCC LTG pilot includes the \$45 annual NAFCC membership fee, 50% reimbursement of the \$300 NAFCC self-study enrollment fee, 50% reimbursement for the \$525 accreditation application fee, and quality materials (e.g. fire extinguishers and carbon monoxide detectors) to support their pursuit of NAFCC accreditation. Since the pilot started, two FCC homes have already obtained their NAFCC accreditation and an additional 7 FCC providers continue to work on pursuing accreditation. UH-WCC LTG continues to examine how to partner and expand the accreditation facilitation pilot project services to FCC providers on the neighbor islands.

DHS would like to correct a statement at lines 25-26 that indicate, "Whereas the number of available child care center seats is low *and non-existent* on several of the neighbor islands [.]" DHS notes that all neighbor islands have group child care center seats for children, starting from ages 2 years old and older. However, to clarify, infant and toddler child care center slots are not available on Kauai, Molokai, and Lanai islands.

DHS further clarifies that the department's activities already align with the intent of these resolutions as well as the federal requirements under the CCDBG law and CCDF regulations.

Thank you for the opportunity to provide comments on these resolutions.

INFANT AND TODDLER CHILD CARE CENTERS

POSITION	EDUCATION	CREDITS **	EXPERIENCE	MINIMUM AGE
Director	Bachelors degree in ECE, CD or related field from accredited college or university	Degree must include 30 hours of infant and toddler (I/T) course work from accredited teacher training program/institute	12 months full time experience working with children under 36 months in licensed group care setting	18 years
	2 years college education in ECE or CD or related field	Must include 30 hours of I/T course work from accredited teacher training program/institute	24 months full time experience working with children under 36 months in licensed group care setting	18 years
Lead Caregiver	Bachelors degree in ECE or CD or related field (maternal health, nursing, human development)	12 credits of approved ECE or CD courses, including 30 hours of I/T course work from accredited teacher training program/institute and may be part of Bachelors degree.	12 months experience working with children under 36 months in licensed group care setting	18 years
	CDA and High School diploma/equivalent	12 credits of approved ECE or CD courses including 30 hours of I/T courses work from accredited program/institute	24 months of full time experience working with children under 5 years in licensed group care setting, of which 12 months must be with children under 36 months	18 years
	2 years of college (60 credits), preferably in ECE or CD or related	12 credits in approved ECE or CD courses (may be part of Bachelors degree)	24 months experience working with children under 5 years in licensed group care setting, of which 12 months must be with children under 36 months	18 years
Caregiver	High school diploma/equivalent	12 credits in approved ECE or CD courses including 30 hours of I/T course work from accredited teacher training institute/program	12 months full time experience working with children under 36 months in licensed group care setting	18 years
	High school diploma/equivalent	30 hours of I/T course work from accredited teacher training institute/program	24 months full time experience working with children under 36 months in licensed group care setting	18 years
	No high school diploma	30 hours of I/T course work from accredited teacher training institute/program	36 months full time experience working with children under 36 months in licensed group care setting	18 years
Aide	High school vocational child care training course			14 years (if not part of staff/child ratio)
	Orientation training course in the center			14 years (if not part of staff/child ratio)

** All staff members are required to complete an additional 15 hours of I/T training within 2 years of completing the initial 30 required I/T hours.

GROUP CHILD CARE CENTERS AND GROUP CHILD CARE HOMES

POSITION	EDUCATION	CREDITS	EXPERIENCE	MINIMUM AGE
Director	Bachelors degree from accredited college or university	ECE and CD courses preferred	2 years experience working with children with 1 of those years with children of age appropriate to program to be directed	18 years
	2 years college (60 credits)	ECE courses preferred	4 years experience working with children with 1 of those years with children of age appropriate to program to be directed	18 years
	CDA		4 years experience working with children with 1 of those years with children of age appropriate to program to be directed	18 years
Teacher	Degree in child development or early childhood education from accredited college or university		6 months experience working in early childhood education program	18 years
	CDA		1 year experience in early childhood education program	18 years
	60 credits in a degreed program	Certificate in early childhood (16 credits)	1 year experience in early childhood education program	18 years
	Bachelors in elementary education from accredited college or university	6 credits in approved ECE or CD courses (may be part of Bachelors degree)	6 months experience working in early childhood education program	18 years
	Bachelors in any field from an accredited college or university	12 credits in approved ECE or CD courses (may be part of Bachelors degree)	6 months experience	18 years
Assistant Teacher	CDA		6 months experience	18 years
	Associates degree in any field	Certificate in early childhood (16 credits)	6 months experience	18 years
	2 years of college (60 credits)	9 credits in approved ECE or CD courses	6 months experience	18 years
Aide	High school vocational child care training course			16 years
	Orientation training course in the center			16 years

Summary of Differences between registered FCC and licensed GCH, GCC, IT centers

Registered FCC	Licensed GCH	Licensed GCC	Licensed IT center																							
No staff education or experience qualifications	Varying educational and experience qualifications for staff: Director, Teacher, Assistant Teacher	Varying educational and experience qualifications for staff: Director, Teacher, Assistant Teacher,	Varying educational and experience qualifications for staff: Director, Lead Caregiver, Caregiver,																							
Maximum of 6 children in care, dependent on the size of the child care home	Between 7-12 children allowed, dependent on the size of the child care home																									
Adult – child ratio 1:6, with no more than 2 children under 18 months (if have a second adult helper full-time, then can have up to 4 children under 18 months)	<p>Staff-child ratio 1:8 for 2 years olds 1:12 for 3 year olds 1:16 for 4 year olds 1:20 for 5 year olds and older</p> <p>Staff-child ratio based on the age of the youngest child, except for up to 3 hours during the day when can be the average age of the children in care.</p> <p>Staff-employment sequence: Director, Teacher, Assistant Teacher, Aide dependent on total number of children in care</p>	<p>Staff-child ratio per group of children 1:8 for 2 years olds 1:12 for 3 year olds 1:16 for 4 year olds 1:20 for 5 year olds and older</p> <p>Staff-employment sequence: Director, Teacher, Assistant Teacher, Aide dependent on total number of children in care.</p>	<p>Staff-child ratio per group of children</p> <table border="1"> <thead> <tr> <th>Ages of Children</th> <th>Staff-child ratio</th> <th>Maximum Group Size allowed</th> </tr> </thead> <tbody> <tr> <td rowspan="2">6 wk - 12 mo.</td> <td>1:3</td> <td>6</td> </tr> <tr> <td>1:4</td> <td>8</td> </tr> <tr> <td rowspan="3">12 mo. - 24 mo.</td> <td>1:3</td> <td>6</td> </tr> <tr> <td>1:4</td> <td>8</td> </tr> <tr> <td>1:5</td> <td>10</td> </tr> <tr> <td rowspan="2">18 mo. - 36 mo.</td> <td>1:4</td> <td>12</td> </tr> <tr> <td>1:5</td> <td>10</td> </tr> <tr> <td></td> <td>1:6</td> <td>12</td> </tr> </tbody> </table> <p>Staff-employment sequence: Director, Lead Caregiver, Caregiver, Aide dependent on total number of children in care.</p>	Ages of Children	Staff-child ratio	Maximum Group Size allowed	6 wk - 12 mo.	1:3	6	1:4	8	12 mo. - 24 mo.	1:3	6	1:4	8	1:5	10	18 mo. - 36 mo.	1:4	12	1:5	10		1:6	12
Ages of Children	Staff-child ratio	Maximum Group Size allowed																								
6 wk - 12 mo.	1:3	6																								
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18 mo. - 36 mo.	1:4	12																								
	1:5	10																								
	1:6	12																								

Registered FCC	Licensed GCH	Licensed GCC	Licensed IT center
<p>No County inspections to verify code requirements</p> <p>Lead based paint abatement if needed (assessment not required)</p>	<p>County code inspections: Building, electrical, and plumbing; Fire</p> <p>Lead based paint abatement if needed (assessment not required)</p>	<p>County code inspections: Building, electrical, and plumbing; Fire</p> <p>Lead based paint assessment and abatement</p>	<p>County code inspections: Building, electrical, and plumbing; Fire</p> <p>Lead based paint assessment and abatement</p>
<p>Exempt from obtaining a food sanitation permit</p>	<p>Exempt from obtaining a food sanitation permit</p>	<p>If serving food, then required to have a food sanitation permit from Dept. of Health</p>	<p>If serving food, then required to have a food sanitation permit from Dept. of Health</p>
<p>Voluntary menu review completed if participating in Child and Adult Care Food Program (CACFP)</p>	<p>Annual menu review required whether participating in CACFP</p>	<p>Annual menu review required whether participating in CACFP</p>	<p>Annual menu review required whether participating in CACFP</p>
<p>To contact a local health resource for consultation in setting and maintaining health standards.</p>	<p>Written verification of arrangement for health consultation required and health policies reviewed annually</p>	<p>Written verification of arrangement for health consultation required and health policies reviewed annually</p>	<p>Written verification of arrangement for health consultation required and health policies reviewed annually</p>

SR-5

Submitted on: 2/19/2019 2:40:54 PM

Testimony for HMS on 2/20/2019 3:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

LATE

February 19, 2019

To: Senator Russell Ruderman, Chair
Senator Karl Rhoads, Vice-Chair
Senate Committees on Human Services

From: Laura Nevitt, Policy Director
Hawaii Children's Action Network

Re: **SCR 5– URGING THE DEPARTMENT OF HUMAN SERVICES TO INCREASE THE REIMBURSEMENT RATE FOR HOME CHILD CARE FACILITIES**
Hawaii State Capitol, Room 016, February 20, 2019, 3:15 PM

HCAN is committed to improving lives and being a strong voice advocating for Hawai'i's children, we strongly SUPPORT SCR 5

Nationwide, 82% of keiki are raised in households where all parents are employed. With the lack of paid family leave policies, many of Hawaii's ohana are forced to choose between a paycheck and childcare. This burden primarily impacts the most vulnerable among us. Low income families spend over 30% of their income on childcare--four times that of wealthier families. These high costs conspire with low access to delay the delivery of services. Income-based disparities are evident as early as 9 months of age.

Hawaii has among the highest average costs of childcare at \$13,469 for center-based infant care and \$8,823 for preschool. In a state with a cost of living that is 157% of the national average, these expenses are insurmountable for many working families.

Native Hawaiian families are the most disadvantaged group with lower median income than that of white and Asian families. Data from 2014 show that more than half of Native Hawaiian or other Pacific Islander children live in low-income families (58.3%), compared to 28.9% of whites, 21% Asians, and 33.3% of children of two or more races. A higher share of Native Hawaiian or other Pacific Islander children live in single-female-headed households (34.8%) compared with other groups (15.5% white, 18.6% Asian, 26.4% two or more races).

Native Hawaiians make up 21.3% of the total population, however, they comprise the largest ethnic population that benefits from CCCH childcare subsidies. In 2017, CCCH subsidies provided support to 13,019 families.

There is an overall shortage of early childcare providers, and most of our youngest children are served in home-based family childcare (FCC), the bulk of which is unregulated. The DHS childcare regulations are so cumbersome and CCCH reimbursement rates so low that there is no incentive for FCC providers to be regulated. With no oversight, the large number of unregulated providers presents quality of care and safety issues for the youngest and most vulnerable children in the state.

HCAN and HECAA propose to revise the FCC reimbursement rates to encourage more FCC providers to open and to become licensed. FCC reimbursement rates for infants and toddlers is \$650/month (50% of the last mandatory Market Rate Study), and the rate for 4-year old preschoolers is \$600/month (37% of market rate). The federal government recommends that states set their base rates at 75% of the market rate. Last year, HCAN, HECAA members and preschools organized and successfully worked with DHS to increase the reimbursement rates for center-based childcare.

There is a dire shortage of both center-based and home-based FCC providers in many of the rural areas of the state. With FCC reimbursement more in line with market rates, HCAN and HECAA hopes that it will become less of a barrier, and more of an incentive for FCC providers to open or stay in business.

For these reasons, HCAN asks that you pass SCR 5.

HCAN is committed to building a unified voice advocating for Hawaii's children by improving their safety, health, and education.