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March 28, 2022

TO: The Honorable Representative Sylvia Luke, Chair
House Committee on Finance

FROM: Cathy Betts, Director

**SUBJECT: SB 3110 SD2 HD1 – RELATING TO CHILD CARE GRANT PROGRAMS OF THE
DEPARTMENT OF HUMAN SERVICES.**

HEARING: April 1, 2022, 3:00 pm
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this administration measure. It provides DHS with the authority to implement rules and execute a grant program for child care facilities without the need for future legislation when additional appropriations, private funds, or donations become available. The grants program will also support the community's capacity to deliver human services and may lead to improved and innovative best practices.

The Department requests the effective date be amended to be effective upon approval.

PURPOSE: The purpose of this measure is to rename the preschool grant program special fund as the child care grant program special fund. Authorizes the child care grant program special fund to be used to give grants to child care facilities. Changes the legislative report due date for the preschool open doors special fund and child care grant program special fund. Removes the authority to expend moneys without an appropriation for the preschool open doors special fund and child care grant program special fund statutes to conform to state constitutional provisions. Effective 7/1/2060. (HD1)

The SD1 amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency. The SD2 defected the date and made additional technical amendments.

The Department appreciates the HD1 amendments that changed the measure by:

- (1) Deleting language that would have authorized federal funds received by the Department of Human Services to be deposited into the Child Care Grant Program Special Fund;
- (2) Changing the effective date to July 1, 2060, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As the State and world continue to endure the impacts of the COVID-19 pandemic, supporting child care facilities' ability to remain open and maintain access to safe and qualified child care supports parents' and caregivers' ability to pursue or maintain educational activities and employment. Importantly, well-supported regulated child care assures parents that their children are in a safe and nurturing child care setting.

The measure amends section 346-183, HRS, and will allow DHS to provide grants to child care facilities as defined by section 346-151, HRS, including Preschool Open Doors Program providers. Currently, section 346-183, HRS, only allows grants to Preschool Open Doors programs. With the amendment, DHS will be able to implement child care grant programs similar to the child care grant program established in Act 9, Session Laws of Hawaii 2020 (Act 9), and now being implemented through emergency administrative rules effective August 6, 2021.

With federal pandemic funds, DHS created two child care grant programs that provided needed support to child care facilities to remain open. Child care programs used these funds to compensate their staff, even if the program's operations were impacted by COVID-19 cases, especially as children under five remain ineligible for vaccination against COVID-19.

In 2020, under Act 9, Part XII, the Legislature established the child care grant program to support child care facilities during the COVID-19 pandemic. Act 9 included an appropriation of federal funds appropriated to the State by the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, to implement the purpose of Act 9, Part XII. Later, Congress appropriated the child care relief and stabilization fund through the American Rescue Plan Act of 2021, Pub. L. No. 117-2. If the health and economic impacts of the pandemic continue, we

anticipate that additional federal funds may be forthcoming to continue to support child care facilities.

The Act 9 child care grant program issued 348 grants for more than \$11.3M. The child care grant program funded with American Rescue Plan Act funds is in the process of issuing more than \$70M in funds to child care providers and their employees.

Furthermore, the proposed amendments to sections 346-182 and 346-183, HRS, revise the reporting requirement to ease the administrative burden.

Notably, the measure amends current law to comply with Section 5 of Article VII of the Hawaii State Constitution, which requires that "no public money shall be expended except pursuant to appropriations made by law." Therefore, the proposed amendments to subsections 346-182(a) and 346-183(c), HRS, are necessary to comply with the constitutional provision.

DHS requests the effective date be amended to be effective upon approval.

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



STATE OF HAWAII
Executive Office on Early Learning
2759 South King Street
HONOLULU, HAWAII 96826

March 31, 2022

TO: Representative Sylvia Luke, Chair
Representative Kyle T. Yamashita, Vice Chair
House Committee on Finance

FROM: Coleen Momohara, Interim Director
Executive Office on Early Learning

SUBJECT: Measure: S.B. No. 3110 S.D. 2 H.D. 1 – RELATING TO CHILD CARE GRANT PROGRAMS OF THE DEPARTMENT OF HUMAN SERVICES
Hearing Date: Friday, April 1, 2022
Time: 3:00 p.m.
Location: Videoconference & Conference Room 308

EXECUTIVE OFFICE ON EARLY LEARNING'S POSITION: Support

Aloha. I am Coleen Momohara, Interim Director of the Executive Office on Early Learning (EOEL). EOEL supports S.B. No. 3110 S.D. 2, H.D. 1 and defers to the Department of Human Services (DHS) regarding the provisions set forth in the bill.

EOEL is statutorily responsible for the development of the State's early childhood system and we are committed to increasing access while building the infrastructure needed to make sure the State's investment reaps the intended returns.

This bill makes changes that would allow the DHS to encompass the scope of children across the early learning continuum, from birth until kindergarten entry. Although it may seem small, changing this language would tremendously benefit young children as it would create greater continuity for the diverse array of environments in which children from birth to kindergarten entry may access. Furthermore, we know younger children, especially infants and toddlers, face some of the biggest barriers to accessing high quality care and renaming these special funds would allow the DHS to provide services to some of our most underserved children. Allowing the DHS the ability to provide grants directly to child care programs can provide more sustainable long-term funding to the private sector, which may help alleviate the high cost of care to families. Furthermore, supporting child care facilities' ability to remain open supports families' ability to pursue educational activities or employment.

EOEL's statutory charge is to build a cohesive, comprehensive, and sustainable system in which *all* existing early learning programs and services – whether publicly- or privately-run. We look forward to continuing our work with the DHS and the Legislature to expand access to high-quality early learning programs and services. Thank you for the opportunity to testify on this bill.

Date: March 30, 2022

To: House Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

From: Early Childhood Action Strategy

Re: **Support for SB3110 SD2 H1, Relating to Child Care Grant Programs of the Dept of Human Services**

Early Childhood Action Strategy (ECAS) is a statewide cross-sector collaborative designed to improve the system of care for Hawai'i's youngest children and their families. ECAS partners work to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki.

ECAS supports passage of SB3110 SD2 H1, which we believe would facilitate the efficient flow of funding into the state's early care and learning system and out to Hawai'i's child care providers and early learning programs.

ECAS policy priorities for early care and learning in Hawaii are to:

- expand and stabilize the supply of quality early care and learning programs;
- increase child care financial assistance and expand the availability of publicly-funded early care and learning programs; and
- increase compensation and professional development supports for the early care and learning workforce.

ECAS believes **SB3110 SD2 H1** will support these priorities by helping to increase the availability of resources necessary for achieving these systems changes and improvements.

Thank you for this opportunity to provide testimony in support of this measure.