



**HB2535 HD1**  
**RELATING TO CHILD CARE**  
Senate Committee on Health and Human Services

March 18, 2024

1:00 p.m.

Conference Room 225

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The Office of Hawaiian Affairs (OHA) **SUPPORTS HB2535 HD1**, which establishes a child care classroom contracts pilot program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria, requires reports to the Legislature, appropriates funds for a position to support the pilot program and sunsets the pilot program at the end of the 2027 fiscal year.

OHA is in its fourth year of its 15-year strategic plan, Mana i Maui Ola. The development of this strategic plan included gathering community input via surveys and focus groups as well as mana‘o from internal staff. **One of the most critical needs that our community repeated was ‘ohana’s ability to provide high-quality keiki and kūpuna care.**

HB2535 HD1 will support the state’s ongoing efforts to expand early childhood care and education. Early childhood care and education providers operate on razor-thin margins, funded predominantly by tuition. After a child care provider covers fixed costs like rent or mortgage, utilities and payroll, they rarely have much left to weather fluctuations in enrollment. In the case of infant and toddler centers, the cost to do business is not usually covered by tuition paid by families enrolled in the program. Providers cover the additional costs through other more profitable programs or services. This precarious fiscal reality impacts child care providers’ ability to expand and even stay open. **This in turn impacts families’ abilities to secure quality early childhood care and education, which then can affect an ‘ohana’s economic stability.**

This bill proposes to pilot an alternative funding model, using government subsidization of early childhood care and education classrooms. This would provide financial stability for providers who participate since contracts would be set for a designated amount of time and not impact by enrollment changes from month to month. Additionally, **the Department of Human Services (DHS) could use federal Child Care Development Block Grant monies to fund all or part of these classrooms, making this a**



**HB2535 HD1**  
**RELATING TO CHILD CARE**  
Senate Committee on Health and Human Services

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**relatively low-cost solution for the state.** We appreciate that this measure proposes a pilot project so that DHS can test and innovate in the development of a classroom contract program.

OHA defers to the Department of Human Services on costs and implementation. We believe that exploring new options of government-subsidized financing for early childhood care and education will address the child care shortage so many Native Hawaiian families face. However, we recognize the constraints of our state budget given the costs borne from the Maui fires.

Mahalo for the opportunity to provide testimony in support of HB2535 HD1. **We urge the committee to pass this measure.**



**STATE OF HAWAII**  
**Executive Office on Early Learning**  
2759 South King Street, Room C6  
HONOLULU, HAWAII 96826

March 13, 2024

**TO:** Senator Joy A. San Buenaventura, Chair  
Senator Henry J.C. Aquino, Vice Chair  
Senate Committee on Health and Human Services

**FROM:** Yuuko Arikawa-Cross, Director  
Executive Office on Early Learning

**SUBJECT: Measure:** H.B. No. 2535 H.D. 1 – RELATING TO CHILD CARE  
**Hearing Date:** Monday, March 18, 2024  
**Time:** 1:00 pm  
**Location:** Conference Room 225

**EXECUTIVE OFFICE ON EARLY LEARNING'S POSITION: Support Intent**

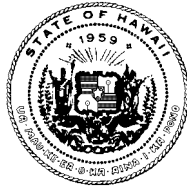
The Executive Office on Early Learning (EOEL) supports the intent of H.B. No. 2535 H.D. 1 and defers to the Department of Human Services regarding implementation.

EOEL is committed to working collaboratively across sectors to expand access to high quality early learning for all keiki across the State. Supporting the sustenance of community-based child care programs will be critical for the State to reach its goals by ensuring families continue to have adequate early learning options that meet their unique needs.

This measure would increase a consistent supply of child care for families receiving subsidies while incentivizing the continuation of providing these services to young keiki through a mechanism that is more financially-sustainable for childcare businesses.

We look forward to continuing to work with the Legislature to support increasing access to quality early learning programs and services and the workforce in the State. Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



CATHY BETTS  
DIRECTOR  
KA LUNA HO'OKELE

JOSEPH CAMPOS II  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
**DEPARTMENT OF HUMAN SERVICES**  
KA 'OIHANA MĀLAMA LAWELAWE KANAKA  
Office of the Director  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

TRISTA SPEER  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

March 17, 2024

TO: The Honorable Senator Joy A. San Buenaventura, Chair  
Senate Committee on Health & Human Services

FROM: Cathy Betts, Director

SUBJECT: **HB 2535 HD1 – RELATING TO CHILD CARE.**

Hearing: Monday, March 18, 2024, 1:00 p.m.  
Conference Room 225, State Capitol & Video Conference

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this bill and offers comments. DHS respectfully requests that any appropriation in this measure not replace or adversely impact priorities indicated in the executive budget.

**PURPOSE:** This bill establishes a Child Care Classroom Contracts Pilot Program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria. Requires reports to the Legislature. Appropriates funds for a position to support the pilot program. Sunsets the pilot program on 6/30/2027. Effective 7/1/3000. (HD1).

The House Committee on Human Services (HD1) amended this measure by:

- (1) Extending the date by which the Department of Human Services must establish and implement the Child Care Classroom Contracts Pilot Program to July 1, 2025;
- (2) Specifying that the Department of Human Services shall contract directly with child care center providers that serve children six weeks to five years old and families who are eligible for federally funded child care subsidies;
- (3) Amending the length of the contracts with child care center providers to a minimum of twelve months, with an option to extend for the length of the pilot program;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and

March 17, 2024

Page 2

- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

DHS can use contracts for direct service slots and is consulting with federal advisors about how the Child Care Development Fund (CCDF) may be used to increase the supply of care and quality of care and examples and best practices of successful implementations through contracting to improve payment practices to child care providers.

For planning purposes, DHS requests clarification from the proponents of this measure on the estimated per-child cost that a contracted infant and toddler and group child care center would require to provide a stable source of funding. Currently, the only mechanism the Department has for evaluating provider rates is an annual Market Rate Survey. The 2023 Market Rate Study Summary of Results published in November 2023 analyzed monthly rate data from 51 center based infant and toddler providers, 74 accredited center based providers, and 178 licensed center based providers. The statewide monthly rates ranged from a minimum of \$600 to a maximum rate of \$2,475 based on the types of care.

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



COMMITTEE ON HEALTH HUMAN SERVICES

BILL INSERT HB2535 HD1  
POSITION: SUPPORT

Hearing Date: March 18, 2024, 1 pm, Room 225

Aloha Chair Buenaventura, Vice Chair Aquino, and Committee Members:

Aloha United Way supports HB2535 HD1, which would increase the ability of families to access quality care at infant and toddler centers and group care centers. This measure can impact the child care sector in two primary ways: by providing a consistent supply of child care for the families who receive subsidies, and incentivizing child care providers to continue caring for our young keiki.

Implementing a program in which DHS directly contracts for classrooms with child care providers ensures financial stability for the provider, even when a child leaves the program unexpectedly. This approach also allows providers to retain seats for children with subsidies. Additionally, this pilot program will incentivize providers to continue caring for infants and toddlers, which is in high demand in our state. Finally, it can help families receiving subsidies to find care immediately so they can remain employed or be able to attend school or job training that allows them to increase their skills and earning potential. All these benefits are imperative to our ALICE households, who cite child care as one of the highest costs for families, and among the top stressors for parents.

ALICE stands for Asset Limited, Income Constrained, Employed, and refers to households who are employed but whose incomes are not sufficient to meet their basic costs. According to our 2022 report, more Hawai'i households have fallen below the ALICE Threshold, with an alarming increase in households now in poverty, from 9% in 2019 to 15% in 2022.

Thank you for the opportunity to testify and for your action to support ALICE families and the non-profit programs working to improve financial stability in Hawaii. We urge you to pass HB2535 HD1.

Sincerely,

Handwritten signature of Kayla Keehu-Alexander in blue ink.

Kayla Keehu-Alexander  
Vice President, Community Impact  
Aloha United Way

Handwritten signature of Suzanne Skjold in blue ink.

Suzanne Skjold  
Chief Operating Officer  
Aloha United Way



Committee on Health and Human Services  
Senator Joy San Buenaventura, Chair  
Senator Henry Aquino, Vice Chair

March 18, 2024

Dear Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee,

We support HB 2535 HD1, which establishes a child care classroom contracts pilot program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria.

We must support our early learning child care providers. Establishing a program where the Department of Human Services contracts directly with child care providers will allow for stability in both infant and toddler and group child care settings. This pilot is a first step to establish a mechanism to support early learning providers directly.

Hui for Excellence in Education, or "HE'E," promotes a child-centered and strength-based public education system in which families, communities and schools are valued and empowered to help every student succeed. HE'E works to bring diverse stakeholders together to harness collective energy, share resources, and identify opportunities for progressive action in education.

Thank you for the opportunity to testify. Our support for this measure represents at least a 75% consensus of our voting membership.

Sincerely,

Cheri Nakamura  
HE'E Coalition Director



Coalition Members and Participants

Academy 21

Alliance for Place Based Learning

American Civil Liberties Union

Atherton YMCA

Education Institute of Hawai'i

\*Faith Action for Community Equity

Fresh Leadership LLC

Girl Scouts Hawai'i

\*HawaiiKidsCAN

\*Hawai'i Afterschool Alliance

\*Hawai'i Appleseed Center for Law and  
Economic Justice

\*Hawai'i Association of School Psychologists

Hawai'i Athletic League of Scholars

\*Hawai'i Children's Action Network

Hawai'i Education Association

Hawai'i Nutrition and Physical Activity Coalition

\* Hawai'i State PTSA

Hawai'i State Student Council

Hawai'i State Teachers Association

Head Start Collaboration Office

It's All About Kids

\*INPEACE

Joint Venture Education Forum

Junior Achievement of Hawaii

Kamehameha Schools

Kanu Hawai'i

Kaua'i Ho'okele Council

Keiki to Career Kaua'i

Kupu A'e

\*Leaders for the Next Generation

Learning First

McREL's Pacific Center for Changing the Odds

Native Hawaiian Education Council

Our Public School

\*Pacific Resources for Education and Learning

\*Parents and Children Together

\*Parents for Public Schools Hawai'i

Special Education Provider Alliance

\*Teach for America

The Learning Coalition

US PACOM

University of Hawai'i College of Education

\* Youth Service Hawai'i

*Voting Members (\*) Voting member  
organizations vote on action items while  
individual and non-voting participants may  
collaborate on all efforts within the*



To: Senate Committee on Health and Human Services  
Re: HB2535 HD1, Relating to Child Care  
Monday, March 18, 2024; 1pm  
State Capitol Conference Room 225 & via videoconference

**Strong support for HB2535 HD1, Relating to Child Care**

Aloha Chair San Buenaventura, Vice Chair Aquino, and committee members:

On behalf of Hawai'i Children's Action Network (HCAN) Speaks!, mahalo for the opportunity to testify in STRONG SUPPORT of House Bill 2535 HD1, relating to child care.

Families looking for birth-to-five care in Hawai'i often face months of waitlists and disappointed calls that childcare providers nearby will not have room for their young keiki anytime soon. If this family is lucky, they will be able to make alternative arrangements until their child can get into care. However, for many families in our state, a lack of care often means an adult in the home cannot go to work or school.

Childcare is not just expensive for families; it's also expensive to provide. These circumstances combine to create a perfect storm in which families have difficulty finding available care, and providers struggle to increase their capacity and meet the demand. This measure is an **important pilot to test a new way to increase our child care supply**. If successful, this model would provide the mechanism for the state to support and grow community-based childcare and preschool programs.

Mahalo,  
Deborah Zysman, MPH  
Executive Director

Date: March 17, 2024

To: Senate Committee on Health and Human Services  
Senator Joy A. San Buenaventura, Chair  
Senator Henry J.C. Aquino, Vice Chair

From: Early Childhood Action Strategy

Re: Support for **HB2535 HD1**, Relating to Child Care

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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 strongly supports HB2535 HD1**, which would establish a two-year pilot program in the Department of Human Services (DHS) to subsidize child care classrooms in licensed infant and toddler and group child care settings via contracts.

Hawaii faces significant unmet need for child care. There is sufficient capacity for less than 20% of children birth-5 years old in regulated child care settings, and lack of openings and long waiting lists are chronic issues for families searching for care. These capacity issues can be even more problematic for families eligible for and/or receiving child care subsidy assistance, whose financial constraints may severely limit their options to search and wait for care.

Compounding the problem are systemic disincentives for child care providers to participate in the child care subsidy system, which further decrease low-income working families' access to quality child care settings. Specifically, unstable and unpredictable enrollment and attendance of children, as well as insufficient payment rates to cover the cost of quality care can deter providers from serving subsidy children and undermine the financial stability and operating capacity of those providers who do.

Direct contracts for subsidized classrooms between DHS and infant/toddler and group child care centers, as proposed by **HB2535 HD1**, would facilitate more predictable, robust and stable payments to child care providers. The increased financial stability for child care providers provided by contracts would support their ability to staff their programs, stay in business, provide higher quality services, and potentially open up more spaces for children.

Thank you for this opportunity to provide testimony **in support of HB2535 HD1**. With the limited availability of quality, affordable child care options for our keiki, the bill's proposal to stabilize and support the financial viability and operating capacity of our child care programs and incentivize their participation in the subsidy system is key to sustaining and increasing access to the child care families need to survive and thrive.



**Parents And  
Children Together**

**BUILDING THE RELATIONSHIPS  
THAT MATTER MOST**

ParentsAndChildrenTogether.org

## **TESTIMONY IN SUPPORT OF HB 2535 HD1**

**TO:** Chair San Buenaventura, Vice-Chair Aquino & Members,  
Senate Committee on Health and Human Services  
**FROM:** Ryan Kusumoto, President & CEO  
**DATE:** March 18, 2024 at 1:00 PM

**Parents and Children Together (PACT) supports HB 2535 HD1 Relating to Child Care**, which will increase the ability of families to access quality care at infant and toddler centers and group care centers. This bill would establish a child care classroom contracts pilot program in the Department of Human Services. This will provide two important improvements for families with young children by increasing the availability of childcare for families receiving subsidies and incentivizing child care providers to continue in the field.

Implementing a program in which DHS directly contracts for classrooms with child care providers ensures financial stability for the provider, even when a child leaves the program unexpectedly. This approach allows providers to retain seats for children with subsidies. This pilot program will incentivize providers to continue caring for infants and toddlers, which is in high demand in our state. It can help families receiving subsidies to find care immediately so they can remain employed or be able to attend school or job training that allows them to increase their skills and earning potential.

Founded in 1968, PACT is a statewide community-based organization providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, we help identify, address, and successfully resolve challenges through our 20 programs. Among our services are early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

Thank you for the opportunity to testify. Please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.



Hearing Date: **Monday, March 18, 2024, 1:00 pm, Conference Rm. 225**

To: Senate Committee on Human Services  
Senator Joy A. San Buenaventura, Chair  
Senator Henry J. C. Aquino, Vice Chair

**Re: TESTIMONY IN SUPPORT OF HB 2535 HD1, Relating to Early Child Care**

Dear Chair San Buenaventura, Vice Chair Aquino, and the Members of Committees,

Members of AAUW of Hawaii thank you for this opportunity to testify in support of HB 2534 HD1, Relating to Early Child Care which establishes a child care classroom contracts pilot program that requires the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers.

Hawaii is experiencing a child care crisis. The demand for available, quality, and affordable child care far exceeds the current capacity in Hawaii. There is only one opening for every four children ages six and below. This leaves families, and single parent households in particular in a bind. Without available child care services, many parents end up in a no-win position. They can either stay home with their young children and face increasing economic hardship or be stuck scrambling from day-to-day finding someone to “watch” their children. These informal child care settings often do not provide the necessary early childhood educational and developmentally appropriate activities which lead to a child being ready to enter kindergarten.

This measure increases access to the quality early child care which is so important for early childhood development and also allows parents the stability to continue in the workforce to provide for their family.

Please pass this measure and mahalo for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Jean Evans".

Jean Evans  
Public Policy Committee, AAUW of Hawaii  
publicpolicy-hi@aauw.net

*The American Association of University Women (AAUW) of Hawaii is an all-volunteer, statewide chapter of a national organization and is made up of six branches: Hilo, Honolulu, Kauai, Kona, Maui, and Windward Oahu. AAUW's mission is to advance gender equity for equal opportunities in education, at workplace and for economic security, and in leadership.*



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the Senate Committee on Health and Human Services  
Monday, March 18<sup>th</sup>, 2024, at 1PM  
Conference Room 225 & Video Conference**

**RE: HB2535 HD1 Relating to Child Care**

Aloha Chair Buenaventura, Vice Chair Aquino, and Members of the Committee:

The Chamber of Commerce Hawaii Supports (“The Chamber”) **supports HB2535 HD1**, which establishes and appropriates funds for a child care pilot program requiring the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers meeting certain criteria.

The Chamber supports the purpose of this bill, to develop and implement procedures to subsidize child care classrooms in licensed infant and toddler child care centers or group child care centers to improve affordability and conditions to promote child care availability. In discussions with our members and as presented in our 2030 Blueprint for Hawaii Initiative launched earlier this year, increasing the availability of childcare is a high and urgent priority. Limited access to childcare is one of the challenges that our local workforce faces today and a significant reason for Hawaii’s overall workforce shortage. Low wages and a high cost of living make it difficult for childcare facilities to retain and grow the workforce. This bill would help retain and expand the local childcare workforce which is critical to ensure a thriving future for all of Hawaii businesses, and our business community and workforce cannot increase its capacity without such support.

To reiterate further, limited access to childcare is one of the challenges that our local workforce faces today and a significant reason for Hawaii’s overall workforce shortage. This measure, if implemented, would support Hawaii’s businesses, furthering their capacity for workforce retention and expansion, creating profound economic benefit to our state now and in the future.

The Chamber is Hawaii’s leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

On behalf of The Chamber, thank you for this opportunity to testify.

**HB-2535-HD-1**

Submitted on: 3/17/2024 8:03:29 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Doris Matsunaga	Testifying for Save Medicaid Hawaii	Support	Written Testimony Only

Comments:

Save Medicaid Hawaii supports HB 2535 HD1



### Our Mission

Increase Hawai'i's investments in its youngest keiki by collaborating with elected officials and serving as a trusted partner and reliable resource for information on issues related to Hawai'i's youngest keiki and families.



### Steering Committee

#### Honolulu County

Justina Acevedo-Cross  
Greg Auberry  
Chiyomi Chow  
Kanoë Enos  
JoAnn Farnsworth  
Danny Goya  
Alex Harris  
Sakinah Harrison  
Shawn Kana'iaupuni  
Ryan Kusumoto  
Ka'iulani Laehā  
Lynelle Marble  
Megan McCorrison  
Mike Mohr  
Marty Oliphant  
Cherilyn Shiinoki  
Eliza Talbot  
Laurie Tochiki  
Kerrie Urosevich  
Carol Wear  
S. Kukunaokalā Yoshimoto

#### Maui County

Ka'ina Bonacorsi  
Kawika Mattos  
Bobbie-Jo Moniz-Tadeo

#### Kaua'i County

Sarah Blane  
Alice Luck

#### Hawai'i County

Sulma Gandhi  
Kahi Moreman  
Angela Thomas



### Contact Info

700 Bishop Street, Suite 1701  
Honolulu, Hawai'i 93813

info@committokeiki.org  
CommitToKeiki.org

Date: March 15th, 2024  
To: Committee on Health and Human Services  
Senator Joy A. San Buenaventura, Chair  
Senator Henry J.C. Aquino, Vice Chair

From: Commit to Keiki  
Re: Support for **HB2535**, Relating to Child Care

### Commit to Keiki strongly supports the passage of HB2535.

Commit to Keiki has three key priorities to support early childhood development and the health and wellbeing of Hawai'i's youngest keiki and their families. Priorities include

1. Child Care and Early Learning
2. Early Childhood Mental Health
3. Family Violence Prevention

Investing in the well-being of Hawai'i's keiki and their families is essential to a prosperous and sustainable future.

**HB2535** would establish a two-year pilot program in the Department of Human Services (DHS) to subsidize child care classrooms in licensed infant and toddler and group child care settings via contracts.

Hawaii families face significant unmet needs for child care. There is sufficient capacity for less than 20% of children birth-5 years old in regulated child care settings, and lack of openings and long wait lists are chronic issues for families searching for care.

Direct contracts would facilitate more predictable and robust payments to child care providers, which supports both healthy early development AND unmet child care needs for working families. We appreciate that legislators need to make difficult decisions about how taxpayer dollars are spent. Child care providers are the backbone of our economy and our communities. They should be considered "basic infrastructure" and supported by public dollars to the fullest extent possible.

Thank you for this opportunity to provide testimony **in support of HB2535**.

**Hawaii  
Legislative  
Council  
Members**

Joell Edwards  
Wainiha Country  
Market  
Hanalei

Russell Ruderman  
Island Naturals  
Hilo/Kona

Dr. Andrew Johnson  
Niko Niko Family  
Dentistry  
Honolulu

Robert H. Pahia  
Hawaii Taro Farm  
Wailuku

Maile Meyer  
Na Mea Hawaii  
Honolulu

Tina Wildberger  
Kihei Ice  
Kihei

L. Malu Shizue Miki  
Abundant Life  
Natural Foods  
Hilo

Kim Coco Iwamoto  
Enlightened Energy  
Honolulu

Chamber of  
Sustainable  
Commerce  
P.O. Box 22394  
Honolulu, HI  
96823



Senator Joy A. San Buenaventura, Chair  
Senator Henry J.C. Aquino, Vice Chair  
Committee on Health and Human Services

Monday, March 18, 2024  
1:00 PM, Room 225

RE: **HB2535 HD1** Relating to Child Care - **Support**

Dear Chair San Buenaventura, Vice Chair Aquino & Committee Members,

The Chamber of Sustainable Commerce represents over 100 small businesses across the State that strive for a triple bottom line: people, planet and prosperity; we know Hawaii can strengthen its economy without hurting workers, consumers, communities or the environment.

This is why we support HB2535 HD1, which establishes a child care classroom contracts pilot program to require the Department of Human Services to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria.

Too many working families struggle to secure affordable, quality childcare; they are unable to return to the workforce and contribute to a vibrant economy. For some, the costs of childcare surpasses their own take home pay, especially when rush hour commuter traffic results in the need for 10 additional hours a week of childcare beyond the parents' own paid work times.

When employers look around and say, "Where did our workforce go; why can't we find anyone to work?" One response is that they are staying home to take care of their children, their grandchildren or their younger siblings. If a business cannot find sufficient numbers of workers to generate sufficient revenue to cover all the overhead costs of the business, then the business will have to close. The state will lose revenue from the general excise taxes and income taxes associated with those shuttered businesses.

Until the Legislature sufficiently funds the Department of Education so that it can expand its Early Childhood Education programs across the state, for children of all ages, then the legislature must provide alternative solutions to try to fix the childcare shortage and ensure the state's revenue streams are uninterrupted.



TO: Senator Joy A. San Buenaventura, Chair  
Senator Henry J.C. Aquino, Vice Chair  
Senate Committee on Health and Human Services

FROM: Robert G. Peters, Chair  
Early Learning Board

SUBJECT: Measure: HB 2535, HD 1 – RELATING TO CHILD CARE  
Date: Monday, March 18, 2024  
Time: 1:00 PM  
Place: Conference Room 225 & Videoconference

Early Learning Board Position: Support Intent

The Early Learning Board (ELB) is the governing board for the Executive Office on Early Learning. ELB supports the intent of HB 2535 HD 1 and defers to the Department of Human Services regarding implementation.

The ELB supports the EOEL commitment to working collaboratively across sectors to expand access to high quality early learning for all keiki across the State. Supporting the sustainability of community-based childcare programs will be necessary for the State to realize its goals, ensuring families continue to have adequate early learning options that meet their unique cultural and community needs.

This measure would increase a consistent supply of child care for families receiving subsidies while incentivizing the continuation of providing these services to young keiki through a mechanism that is more financially sustainable for childcare businesses.

The ELB appreciates the continuing support of the Legislature in expanding access to quality early learning programs and services in the State. Thank you for the opportunity to testify on HB 2535, HD 1.

**HB-2535-HD-1**

Submitted on: 3/13/2024 7:36:00 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Younghee Overly	Individual	Support	Written Testimony Only

Comments:

Thank you for hearing this measure which would pilot subsidizing child care classrooms. We have childcare crisis and this measure is a part of the solution.

**HB-2535-HD-1**

Submitted on: 3/13/2024 6:22:33 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jessie L Gonsalves	Individual	Support	Written Testimony Only

Comments: Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members, My name is Jessie Gonsalves and I am testifying in SUPPORT of HB2535, which would increase access to child care for families. Mahalo for the opportunity to submit testimony!

**HB-2535-HD-1**

Submitted on: 3/13/2024 6:27:23 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dawn Morais Webster Ph.D.	Individual	Support	Written Testimony Only

Comments:

As a mother and grandmother, this bill matters to me. I'd like to see our working mothers get some relief and support so their children can thrive. This bill helps do that. Please pass this measure.

**HB-2535-HD-1**

Submitted on: 3/13/2024 6:30:21 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Marion McHenry	Individual	Support	Written Testimony Only

Comments:

I support HB2535. Our state needs to increase access to childcare for families. HB2535 will help to accomplish this.

Marion McHenry

Princeville, Kauai

**HB-2535-HD-1**

Submitted on: 3/13/2024 6:34:57 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Krystal Baba	Individual	Support	Written Testimony Only

Comments:

I support this bill.

**HB-2535-HD-1**

Submitted on: 3/13/2024 6:53:49 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
ANDREW ISODA	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Andrew Isoda and I am testifying in **SUPPORT** of HB2535, which would increase access to child care for families.

This bill is important to me *because it would help my granddaughter and all children of Hawaii.*

Mahalo for the opportunity to submit testimony!

Andrew Isoda  
Lahaina, Mau'i

**HB-2535-HD-1**

Submitted on: 3/13/2024 7:02:56 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ted Burke	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Ted Burke and I am testifying in SUPPORT of HB2535, which would increase access to child care for families.

Mahalo for the opportunity to submit testimony!



**HB-2535-HD-1**

Submitted on: 3/13/2024 7:21:58 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Erin Hagan	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

I am writing in **SUPPORT** of HB2535, to increase access to child care for families.

Mahalo,

Erin Hagan

**HB-2535-HD-1**

Submitted on: 3/13/2024 7:56:13 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Barbara Barry	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Barbara Barry and I am testifying in **SUPPORT** of HB2535, which would increase access to child care for families.

This bill is important to me because all families need this vital support especially families with babies and young children.

Mahalo for the opportunity to submit testimony!

**HB-2535-HD-1**

Submitted on: 3/13/2024 8:18:04 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cassandra Antonell	Individual	Support	Written Testimony Only

Comments:

I support HB2535 because we desperately need more access to good child care here in Hawaii!

**HB-2535-HD-1**

Submitted on: 3/13/2024 8:42:40 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Barbara J. Service	Individual	Support	Written Testimony Only

Comments:

Please support this measure regarding Early Child Care.

Children are our future.

Barbara J. Service. MSW

Child Welfare Services (ret.)

Kupuna Advocate

**HB-2535-HD-1**

Submitted on: 3/13/2024 8:55:15 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
naomi mersberg	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Naomi Mersberg and I am testifying in **SUPPORT** of HB2535, which would increase access to child care for families.

This bill is important to me because I am a mother and educator and understand the importance of this bill on children and families in Hawaii.

Mahalo for the opportunity to submit testimony!

March 13, 2024

**Committee:** House Committee on Health and Human Services  
**Measure:** HB2535 HD1 RELATING TO EARLY CHILD CARE  
**Hearing Date:** March 18, 2024  
**Time:** 1:00 PM  
**Location:** Room 225

Aloha Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee:

My name is Dr. Terry Lock. I am with the University of Hawai‘i at Mānoa (UHM) College of Education (COE) and serve as the director of the Hawai‘i Early Childhood Educator Excellence and Equity (ECE<sup>3</sup>) Project. **I am in strong support of HB2535 HD 1.**

HB2535 HD1 establishes a child care classroom contracts pilot program in the Department of Human Services (DHS) to develop and implement procedures to subsidize child care classrooms in licensed infant and toddler and group child care centers. The bill appropriates funds to implement the child care contracts pilot program. The pilot program will: 1) serve children of families receiving DHS child care subsidies; 2) provide contracts for at least one full classroom at one (1) licensed infant and toddler center per county; 3) provide for contracts for at least one full classroom at two (2) licensed group child care centers per county; 4) Provide contracts with child care providers that last two years.

Contracts are one of the strategies to increase the supply and quality of child care for children, between infants to kindergarten children. Contracts are agreements between the subsidy program (DHS) and child care providers to designate slots for subsidy-eligible children.

Sufficiently funded contracts for direct services are more likely to increase stability for child care providers than child care subsidies. Contracts can help child care providers remain in business, and maintain or increase the supply of child care. For example, an evaluation of an infant and toddler contracted slot pilot in Pennsylvania found that participating programs had greater financial stability than providers solely paid through child care subsidies, increased classroom quality, and more stable enrollment for infants and toddlers receiving child care subsidies. Through contracts, there has been evidence that child care providers had a greater ability to hire and retain qualified staff and establish better coordination between local and state systems.

In conclusion, I urge you to please support SB2535 HD1.

Mahalo for your your leadership and attention to this critical matter.

Dr. Terry Lock

**HB-2535-HD-1**

Submitted on: 3/13/2024 11:57:58 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cheryl Ho	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members!

My name is Cheryl Ho. I am grandmother to eight children/young adults. I retired as a foster care social worker, but at the start of my working career I was a teacher in a therapeutic nursery school, and a Headstart teacher.

I truly believe that when we invest in the lives of our youngest children, we ensure a community with a solid foundation. Supporting families with legislation that enables parents to work and provide financially for their family's needs **with the assurance of quality childcare** is a critical first step. Nowadays, parents should have a choice of whether and when one or both will provide childcare at home, or whether childcare services outside of the home will be needed. Families without grandparents or other extended family are especially needy and deserving of such provisions.

Instituting a pilot program to build a strong infrastructure for more adequate childcare staff and spaces should definitely be a legislative priority.

Mahalo for accepting this testimony!

Cheryl Ho, Nu'uaniu

**HB-2535-HD-1**

Submitted on: 3/14/2024 10:42:00 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Marilyn Mick	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Marilyn Mick and I am testifying in **SUPPORT** of HB2535, which would increase access to child care for families.

Mahalo for the opportunity to submit testimony!



**HB-2535-HD-1**

Submitted on: 3/14/2024 10:14:41 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Deb Nehmad	Individual	Support	Written Testimony Only

Comments:

Please support this important bill to help Hawaii's familieis.

deb nehmad

**HB-2535-HD-1**

Submitted on: 3/14/2024 3:49:34 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Terri Yoshinaga and I am testifying in **SUPPORT** of HB2535, which would increase access to child care for families.

Aloha,

My name is Siena Molina, and I am a graduate student in social work at the University of Hawai'i at Mānoa. As an incoming social worker in the Department of Education, specifically working with students and their families experiencing homelessness, unstable housing. The McKinney Vento Act (MVA) requires students to immediately enroll in school, even if they lack the required documents or have missed application or enrollment deadlines. This is why I am writing in support of HB2535, which establishes a child care classroom contracts pilot program to require the Department of Human Services (DHS) to contract directly with child care center providers in licensed infant and toddler child care centers and group child care centers that meet certain criteria.

The students I work with are mostly school-age children, but most of the time they have siblings that are in the 0-5 age range. While their living arrangements may be unstable, we want to ensure that the kids we work with have stability in their lives, and school plays that key role. With our 0-5 youths, we want to implement school as an early intervention as soon as possible. Early learning programs are in high demand, and spots quickly fill up, which leads to families being put on a waitlist and eventually disappointed because there isn't enough room for their child(ren). Families then scramble to find an alternative arrangement for someone to watch their child while they go to work, or they may be able to work from home, but that's if they are successful. If unsuccessful, then a parent has to stay home and can't go to work or even to work.

I think establishing a program where the DHS contracts directly with childcare providers will allow for stability in both our 0-5 youth and group childcare settings. This pilot is the first step to establishing a mechanism to support early learning providers directly, and with it, providers can hold onto seats for kids who get subsidies. This pilot program will encourage caregivers to continue providing high-demand care for our 0-5 youths in our state. Families that get subsidies may find it easier to obtain care right away, allowing them to continue working or attending classes or job training that will improve their skill set and prospective earnings.

Not only is child care costly for families, but it's also costly to supply. These conditions result in families finding it difficult to get care and providers finding it difficult to expand their capacity and keep up with demand. This initiative is a crucial test run for a novel strategy to expand the availability of childcare. Should this approach prove to be effective, it would offer the state a means to foster and expand community-based early childhood education and care initiatives. As such, those are the reasons why I support HB2535.

Mahalo for your time and this opportunity to testify.

Siena Molina

**HB-2535-HD-1**

Submitted on: 3/14/2024 10:49:42 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Deza-rae Desa	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

I am testifying in support of HB2535, which would increase access to child care for families.

I feel that this is allowing equity and social justice in the education space which is something that our island could use.

Mahalo for the opportunity to submit testimony!

**HB-2535-HD-1**

Submitted on: 3/16/2024 3:32:20 PM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Elaine Yamashita	Individual	Support	Written Testimony Only

Comments:

Aloha,

I storngly support HB 2535, HD1. This will help stabilize child care programs and provides an additional mechanism for funding our crucial community based early care and education programs.

The model of contracted classrooms is used in many states, Please help stabilize our crucial early care and education programs.

Mahalo,

Elaine Yamashita

To: Hawaii State Senate Committee on Health & Human Services

Hearing Date/Time: Monday 18, 2024, 1:00pm

Place: Hawaii State Capitol, CR 309 & Videoconference

Re: Judith Ann Armstrong supports HB2535 HD1 Relating to Child Care

Dear Chair Senator Joy A. San Buenaventura, Vice Chair Senator Henry J.C. Aquino and members of the Committee on Health & Human Services,

I, Judith Ann Armstrong, strongly support HB2535 HD1 Relating to Child Care.

Birth to five childcare is important to me because it is critical that children are engaged in learning at as young an age as possible to ensure they have the tools to be successful throughout their education. Early childhood experiences from birth to age 8 affect the development of the brain's architecture, which provides the foundation for all future learning, behavior, and health. A strong foundation helps children develop the skills they need to become well-functioning adults.

Thank you for this opportunity to testify in support of HB2535 HD1.

Sincerely,

Judith Ann Armstrong

**HB-2535-HD-1**

Submitted on: 3/17/2024 8:19:38 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Doris Segal Matsunaga	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Doris Segal Matsunaga and I am testifying in **SUPPORT** of HB2535, which would increase access to child care for families.

This bill is important to me as a grandmother living on Hawai'i Island where child care is scarce and expensive. While we have always relied upon grandparents for child care in working families, many grandparents are working longer in their careers just to make ends meet, and the need to provide extensive childcare on top of that can be a recipe for health problems in our generation.

Mahalo for the opportunity to submit testimony!

**HB-2535-HD-1**

Submitted on: 3/17/2024 10:05:15 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kimberly Dark	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and Committee Members,

My name is Kimberly Dark and I am testifying in **SUPPORT** of HB1964, which would keep child care workers, helps hire more workers, and gets us more child care seats.

This bill is important to me because children need quality care from people who earn a living wage.

Mahalo for the opportunity to submit testimony!



**HB-2535-HD-1**

Submitted on: 3/17/2024 11:27:20 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gary Emelle	Individual	Support	Written Testimony Only

Comments:

Aloha Chair & Committee members,

Families continue to need access to "quality " childcare that is provided by early childhood educators (ECE) and their classrooms,from birth to kindergarten. There are not enough affordable quality early childhood classrooms available to our children . As a former (25 years) Hawai'i DOE ECE , I understand and continue to advocate for our Hawai'i Keiki -our future.

Our children are our best asset and need our best benefits to become productive citizens.

I humbly thank you for supporting HD 2535.  
Gary Emelle, M.Ed.

**LATE**

**HB-2535-HD-1**

Submitted on: 3/18/2024 8:45:13 AM

Testimony for HHS on 3/18/2024 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Raya Esteban	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura, Vice Chair Aquino, and committee members,

Please support HB 2535, which would increase the ability of families receiving Child Care Subsidies to access quality care at infant and toddler centers and group care centers. This bill would establish a child care classroom contracts pilot program in the Department of Human Services (DHS). This measure can provide two important impacts for the child care sector: 1) increase a consistent supply of child care for families receiving subsidies while 2) incentivizing child care providers to continue caring for our young keiki.

As a previous early childhood educator, I deeply understand the importance of children having warm, stable, and nurturing relationships with at least one adult caregiver. Greater financial stability for child care providers through contracts means that they are able to remain open, provide higher quality services, and potentially open up more spaces for children. Since providers face less of a risk of shutting down, children are able to stay in the programs they initially enrolled in and have the same early childhood educator. Having the same early childhood educator paired with a child encourages continuity of care, which has proven to have many benefits for children. Because I was able to stay as an assistant and eventually become a lead teacher in my early education program, I can personally attest that my relationship with the kids and their families deepened, allowing me to better address their individual needs. Furthermore, because I stayed throughout the school year, I was able to gain the trust of my children, which is especially important for those kids who have experienced frequent abandonment. Also, I was better equipped to work closely with the families and their children as they transitioned into preschool.

Again, implementing a program in which DHS directly contracts for classrooms with child care providers ensures financial stability for the provider, even when a child leaves the program unexpectedly. This approach allows providers to retain seats for children with subsidies. Additionally, this pilot program will incentivize providers to continue caring for infants and

toddlers, which is in high demand in our state. Finally, it can help families receiving subsidies to find care immediately so they can remain employed or be able to attend school or job training that allows them to increase their skills and earning potential.

Please support this measure.

Mahalo,

Raya Esteban