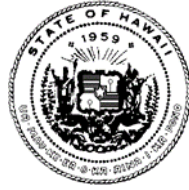


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
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

January 28, 2025

TO: The Honorable Representative Lisa Marten, Chair
House Committee on Human Services & Homelessness

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 241 – RELATING TO CHILD CARE.**

Hearing: January 30, 2025, 9:35 a.m.
Conference Room 329, State Capitol & Video Conference

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the bill's intent and provides comments.

PURPOSE: This bill establishes a child care classroom contracts pilot program to require 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. Requires DHS to submit reports to the Legislature. Sunsets the pilot program on 6/30/2028.

DHS has the ability to use contracts for direct service slots and has recently been granted a waiver by the federal Office of Child Care (OCC) to temporarily exempt DHS from meeting the specified provisions in the 2024 Child Care and Development Fund (CCDF) Final Rule for grants or contracts for direct services for infants and toddlers, children with disabilities, and children in underserved geographic areas.

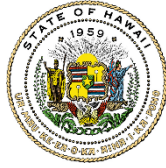
DHS has requested consultation with federal advisors about how CCDF may be used to increase the supply and quality of care and best practices learned from other CCDF lead agencies on successful implementation of contracting child care services.

Additionally, DHS will issue a Request for Information to understand market options from service providers as part of the procurement process for this service. The department seeks to determine the per child cost necessary for a contracted infant and toddler and group child care center classrooms to ensure stable funding, as well as the feasibility of a center exclusively enrolling subsidized children, and the development of a workable contract payment structure or structures, and would welcome comments on this subject by proponents of this measure.

Finally, DHS understands the importance of improving child care affordability for families, parent choice, and stable child care operations and respectfully recommends the following highlighted amendments:

- Section 2, inserting the highlight, page 2, at line 3:
(b) The department of human services shall contract directly with licensed infant and toddler child care center and group child care center providers, **unless that center is part of, owned by, or operated by a private educational institution shall not be eligible for a contract if it would violate article X, section 1 of the Hawaii State Constitution. Providers shall serve:**
- Section 2, paragraph (c) (1), changing the number of licensed group child care centers from two to one, at page 2, lines 11 and 12,
(1) The pilot program shall provide contracts for at least one full classroom at one licensed infant and toddler child care center and ~~two~~ **one** licensed group child care ~~centers~~ **center** per county; and ...

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



STATE OF HAWAII

Executive Office on Early Learning

Ke'ena Ho'okele Ho'ona'auao Pae Kamali'i o Hawai'i Moku'aina
2759 South King Street, Room C6
HONOLULU, HAWAII 96826

TO: Representative Lisa Marten, Chair
Representative Ikaika Olds, Vice Chair
House Committee on Human Services & Homelessness

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

SUBJECT: Testimony on H.B. No. 241 – RELATING TO CHILD CARE
Committee: HSH
Date: Thursday, January 30, 2025
Time: 9:35 a.m.
Location: Conference Room 329

Executive Office on Early Learning's Position: **COMMENTS**

The Executive Office on Early Learning (EOEL) supports the intent of H.B. No. 241 and defers to the Department of Human Services (DHS) regarding implementation and funding.

EOEL supports the concept of contracted early care services because of its potential to provide more stability and a better financial model for early childhood care providers. In addition, Hawai'i P-20 and EOEL recently issued a Request for Proposals for contracted infant and toddler care services through Hawai'i's Preschool Development Grant Birth through Five (PDG B-5) Renewal Grant to pilot this model. The information gathered through this pilot may help to inform the DHS.

We appreciate the Legislature's continued investment in our youngest keiki and their families. Thank you for the opportunity to share these comments.



Hearing Date: Thursday, January 30, 2025, 9 AM, Rm. 329

To: Committee on Human Services and Homelessness
Rep. Lisa Marten, Chair
Rep. Ikaika Olds, Vice Chair

Re: **TESTIMONY IN SUPPORT OF HB 241 Relating to Child Care**

Dear Chair Marten, Vice Chair Olds, and the Members of the Committee,

Members of AAUW of Hawaii thank you for this opportunity to testify in **strong support of HB 753** which establishes a child care classroom contracts pilot program requiring 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.

Hawai'i 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. **The situation is even worse for those seeking a child care space for infants and toddlers with only one opening for every 37 children.** This leaves families, and single parent households in particular in a bind.

Families eligible for subsidies often can't afford to wait the months it may take to get off of a waitlist for infant or toddler care. They must find care immediately to keep the job that meets the work requirements for the subsidies.

This measure will improve infant and toddler child care for families who are receiving subsidies by establishing an infant toddler contracted slots pilot program in the (DHS). This measure will support a consistent supply of infant and toddler care for families receiving subsidies and incentivize child care providers to continue caring for these very young children.

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, Kaua'i, Kona, Maui, and Windward Oahu. AAUW's mission is to advance gender equity through research, education, and advocacy. Our goal is economic security for women and their families.

Date: January 28, 2025

To: House Committee on Human Services and Homelessness
Rep. Lisa Marten, Chair
Rep. Ikaika Olds, Vice Chair

From: Early Childhood Action Strategy

Re: Support for **HB241**, Relating to Child Care

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 HB241, 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 **HB241**, 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. Families would ultimately have more programs from which they can find and access child care.

Thank you for this opportunity to provide testimony **in support of HB241**. 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.

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

LATE

To: Representative Lisa Marten, Chair
Representative Ikaika Olds, Vice Chair
House Committee on Human Services & Homelessness

From: Chevelle Davis, Director of Early Childhood & Health Policy
Hawai'i Children's Action Network Speaks!

Subject: Measure H.B. No. 241 – Relating to Child Care

Hearing: Thursday, January 30, 2025, at 9:35 AM, Conference Room 329

POSITION: Support with amendments

Aloha e Chair Marten, Vice Chair Olds, and members of the committee:

On behalf of Hawai'i Children's Action Network (HCAN) Speaks!, mahalo for the opportunity to testify in **Support of H.B. No. 241 amendments Relating to Child Care.**

This bill represents a critical step in increasing access to early learning for Hawai'i's keiki and supporting families in need of these essential services.

We respectfully request the following language changes in Sections two and three:

SECTION 2. (a) The department of human services shall establish and implement a contracted early learning services program no later than July 1, 2026.

(b) The department of human services shall contract directly with licensed infant and toddler child care centers and, through an intermediary, with family child care providers that serve:

- (1) Children six weeks to five years of age; and
- (2) Families who are eligible for a federally funded child care subsidy through the department.

(c) The program shall meet the following requirements:

- (1) The program shall provide contracts for at least one licensed or regulated child care program per county; and
- (2) Contracts with providers shall be a minimum of twelve months and may be extended.

(d) The department of human services shall monitor seat utilization and may adjust the number

of contracted seats based on enrollment trends and provider performance; provided that:

- (1) Providers with consistently low utilization of contracted seats may be subject to contract modification or termination; and
- (2) The department may contract with a service provider in accordance with chapter 103F, Hawaii Revised Statutes, to operate the program.

SECTION 3. (a) The department of human services shall submit annual interim reports on the development and implementation of the early learning contracts program, including impacts to child care provider stability and family satisfaction, and any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session 2026, 2027, and 2028.

Mahalo for the opportunity to submit testimony on this measure.

Me ka ha'aha'a,
Chevelle Davis, MPH
Director of Early Childhood & Health Policy

HB-241

Submitted on: 1/27/2025 6:20:45 PM

Testimony for HSH on 1/30/2025 9:35:00 AM

Submitted By	Organization	Testifier Position	Testify
Ryan Samonte	Individual	Support	Written Testimony Only

Comments:

I support this bill.

HB-241

Submitted on: 1/28/2025 7:22:07 AM

Testimony for HSH on 1/30/2025 9:35:00 AM

Submitted By	Organization	Testifier Position	Testify
Younghee Overly	Individual	Support	Written Testimony Only

Comments:

I support HB241 to increase the number of childcare centers/homes. The shortage of childcare is forcing many moms to leave the workforce making Hawaii even more unaffordable for working families. Please pass this measure and mahalo for hearing this bill.

HB-241

Submitted on: 1/29/2025 1:37:42 PM

Testimony for HSH on 1/30/2025 9:35:00 AM

LATE

Submitted By	Organization	Testifier Position	Testify
Paula Yanagi	Individual	Support	Written Testimony Only

Comments:

The child care pilots contract program for Bill HB 241 is important, I support it. This will ensure current and licensed preschools and child care programs to continue to operate and care and educate students of the community. The field of Early Childhood needs more support, and this bill passing will support it!

LATE

HB-241

Submitted on: 1/29/2025 1:38:49 PM

Testimony for HSH on 1/30/2025 9:35:00 AM

Submitted By	Organization	Testifier Position	Testify
Chloe Pua'ena Vierra-Villanueva	Individual	Support	Written Testimony Only

Comments:

To: Representative Lisa Marten, Chair

Representative Ikaika Olds, Vice Chair

House Committee on Human Services and Homelessness

From: Chloe “Pua‘ena” Vierra-Villanueva

Subject: Measure H.B. No. 241 – Relating to Child Care

Position: Strong Support

Aloha Chair Marten, Vice Chair Olds, and committee members,

I am testifying in support of HB 241, which would increase access to quality child care for families receiving subsidies and improve the sustainability of child care programs.

Child care providers are struggling to keep their programs afloat, in part due to unstable and financing mechanisms. This has devastating consequences for Hawai‘i’s families with young children, many of whom are unable to find child care.

This bill would increase the ability of subsidy-eligible families to access high quality early learning services at licensed infant and toddler child care centers and group child care centers. Contracts provide a stable and reliable financing mechanism for child care providers by basing subsidy payments on child enrollment rather than attendance. This ensures funding stays with the provider even if a child leaves their program.

By improving financial stability, this measure helps child care providers maintain operations and avoid program closures, helping families get off the waitlist and allowing them to return to work.

My spouse and I have had the personal struggle of finding child care for our infant and into toddlerhood. We were on waitlists before conception and birth. When we finally got off waitlists we couldn't afford to pay for infant/toddler care because it is the most expensive age group, but infant/toddler caregivers are the least paid early childhood professionals. Support like this could especially help to meet the infant/toddler care crisis for working families and ALICE families like mine in Hawai'i.

Ultimately, early learning contracts benefit children, families, and providers by ensuring a consistent supply of care for subsidy-eligible families while supporting providers in continuing to care for our youngest keiki. Additionally, this measure strengthens Hawai'i's economy by helping parents and guardians return to the workforce or continue their education or training.

Hawai'i's child care industry has been under-resourced and financially unstable for too long, affecting the lives of children, families, and employers across the state. We need innovative measures, such as this early learning contracts program, to support our early care and education field and ensure a brighter future for Hawai'i's keiki and 'ohana.

Please support this bill.

Mahalo,

C. Pua'ena Vierra-Villanueva

‘Ohana Leadership Council