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GOVERNOR
KE KIA'ĀINA



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KA LUNA HO'OMALU HANA LAULĀ

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STATE OF HAWAII | KA MOKU'ĀINA O HAWAII'
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE ON GOVERNMENT OPERATIONS

S. B. 1132

JANUARY 28, 2025, 3:00 PM
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

RELATING TO CHILD CARE.

Chair McKelvey, Vice Chair Gabbard, and Members of the Committee, thank you for the opportunity to testify on S.B. 1132.

The Department of Accounting and General Services (DAGS) offers **comments** for S.B. 1132, which requires DAGS to identify all state-owned buildings that have the space and capability to establish a child care center on its premises and establish and administer child care centers within the identified state-owned buildings, and procure a child care provider licensed under State law as an operator of the child care centers.

DAGS realizes the importance of child care and is cognizant of both the high cost and lack of access to quality child care for our young parents and younger generation entering the workplace environment. Having childcare facilities on State property may benefit State employees and may have the potential to attract candidates to State employment.

As childcare is not the primary mission of DAGS, we will need to work with other State agencies to better understand the philosophy, program parameters, and regulatory requirements before identifying and selecting physical locations. Considerations and criteria from childcare subject matter experts will need to be incorporated into the decision-making process to select the best sites possible and ensure best practices for child welfare, health, and safety. Considerations such as number of children to be accommodated at each location, classroom size, outdoor and playground facilities, restroom and food services amenities, health and safety, traffic flow for parent access during drop off and pick up, and teacher facilities are just a few of the criteria that will need to be addressed before selecting State facilities. Operating a childcare facility within a state building that was not designed for childcare must also consider the governmental business activity occurring there and whether the environment will be conducive to having children under the age of six in that location.

Based on our preliminary analysis, a feasibility study should be conducted to determine the best approach and path forward. We estimate the study to cost approximately \$500,000.00 and we strongly recommend conducting the more formal analysis before proceeding with the establishment of childcare facilities as proposed in this measure. DAGS looks forward to working with stakeholders to determine the agency best suited to operate a childcare pilot program to address the unmet need for childcare in the State and the most optimum locations.

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



STATE OF HAWAII

Executive Office on Early Learning

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

TO: Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice Chair
Senate Committee on Government Operations

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

SUBJECT: Testimony on S.B. No. 1132 – RELATING TO CHILD CARE
Committee: GVO
Date: Tuesday, January 28, 2025
Time: 3:00 p.m.
Location: Conference Room 225

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

The Executive Office on Early Learning (EOEL) supports the intent of S.B. No. 1132, defers to the Department of Accounting and General Services (DAGS) regarding the feasibility and cost of implementation, and offers the following comments.

This bill proposes partnering with community-based providers to expand the number of early learning programs in state facilities. EOEL supports this concept and was recently given the statutory authorization and directive to expand our support of these types of public-private partnerships beyond public school campuses to include other available public buildings (Act 152, SLH 2024). We are interested in collaborating with DAGS on this and offer our assistance and support.

A few benefits of this model are highlighted below.

- Helps the State meet the goal of universal access to preschool established by Act 46, SLH 2020;
- Opportunity to reduce overhead costs for community-based providers who operate on razor thin margins;
- Opportunity to increase the availability of community-based programs which have the flexibility to offer full-day programs and a year-round calendar that are essential for many working families;
- Opportunity to increase the availability of infant and toddler programs;
- Maximizing the use of available state facilities; and

- Recruitment and retention benefits for state employees who work nearby.

EOEL is already in discussions with the Hawaii State Public Library System about ways we can support contracting spaces for early learning at public libraries. We are also in the planning stages of similar initiatives with the School Facilities Authority (SFA) and Hawaii State Department of Education (HIDOE). These discussions, along with EOEL's experience contracting with early learning providers on HIDOE campuses inform the suggestions outlined in our testimony below.

Contracting - EOEL is willing to collaborate with DAGS to contract with early learning providers, if requested. To facilitate this possibility, we suggest the following:

- Replace references to "child care center" with "early learning programs through public-private partnerships" or "early learning programs" to be consistent with language in section 302L-1.7, HRS; and
- If the immediate implementation of the contracts is not limited (as proposed below), additional funds and positions would be needed to support the additional procurement and contract management responsibilities. We can work on estimates and share them with WAM if this bill advances.

Section 1, subsection (b) – DAGS report on all state-owned buildings identified as having the space and capability to establish a child care center on its premises

If requested, EOEL will work with DAGS on the report and suggests adding the following to the scope of the report:

- Consultation with community-based providers regarding their capacity to expand services and interest in partnering with the state to provide the services;
- Evaluation and estimates of cost and staffing needed to support the early learning contracts (procurement and contract management);
- Identify buildings with the space and capability to host an early learning program without any building modifications; and
- Identify buildings with the space and capability to host an early learning program with minor renovations with an estimated cost of less than a specific dollar amount.

Section 1, subsection (c) - requirement to begin establishing and administering programs in spaces identified by the report after submitting the report

It is likely that most non-educational state-owned buildings would require at least minor renovations to meet the Department of Human Services (DHS) licensing requirements and programmatic needs of an early learning program.

If the report identifies multiple buildings that are good candidates without any renovation, it may be more prudent to begin with one site to pilot the model. This would allow the contracting agency to consider feedback from the early learning program provider and building

occupants, refine the procurement process and contract language, and request funding for additional staff support before scaling.

- Alternate suggested language for subsection (c): "The department of accounting and general services shall, after submitting the report under subsection (b), establish and administer at least one early learning program within a state-owned building identified in subsection (a) if at least one state-owned building is identified as having the space and capability to host an early learning program without modification; provided that the department of accounting and general services shall procure an operator for an early learning program in accordance with chapter 103D, HRS; provided further that..."

Section 2 – Requirement for new construction and major renovation projects to include a designated area for a child care center.

- Change start date to July 1, 2027
- Give more flexibility to allow exceptions for buildings where an early learning facility would not be appropriate or feasible.
- Limiting application to renovation projects over \$10,000,000 and the construction of new buildings over 15,000 GSF.

Possible alternate language to address the suggestions above (beginning on page 3, line 18):

"(e) Beginning July 1, 2027, where feasible, the department of accounting and general services shall include a space for an early learning program in all state building major renovation projects with a total budget over \$10,000,000 and new state building projects over 15,000 GSF. The department of accounting and general services shall consult with the executive office on early learning on the design of early learning program areas and evaluation of the feasibility of including a designated early learning program area in the scope of work. The following factors shall be considered when evaluating feasibility:

- Primary use of the facility;
- Department of human services licensing requirements;
- Access to outdoor space;
- Environmental risks;
- Traffic impacts;
- Access and parking for safe parent drop off and pick up;
- Ceded lands status;
- Density of early learning programs and services in the vicinity; and
- Other factors, as determined by the executive office on early learning and the department of accounting and general services"

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



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025

COMMITTEE ON GOVERNMENT OPERATIONS

Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice Chair

Tuesday, January 28, 2025, 3:00 PM
Conference Room 225 & Videoconference

Re: Testimony on SB1132 – RELATING TO CHILD CARE

Chair McKelvey, Vice Chair Gabbard, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW provides comments on SB1132, which requires the Department of Accounting and General Services (“DAGS”) to identify all state-owned buildings that have the space and capability to establish a childcare center on its premises and establish and administer childcare centers within the identified state-owned buildings, and procure a childcare provider licensed under State law as an operator of the childcare centers.

The lack of access to childcare, particularly affordable childcare, is a challenge that many of Hawaii’s working families are burdened with. Should the committee choose to pass this measure, UPW hopes that priority for admission to these childcare centers will be given to eligible children of State employees. We believe this will greatly benefit our working families by increasing Oahu’s childcare supply while simultaneously creating an attractive benefit that may assist the State in the recruiting and retention of public employees.

Additionally, while it is outside of the scope of what is in this legislation, we hope that the work that has historically been performed by public employees, including custodial services, maintenance and repair, and groundskeeping, will be preserved at the state-owned facilities identified by DAGS as an appropriate site for a childcare center irrespective of the childcare provider selected.

Mahalo for this opportunity to testify on this measure.

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