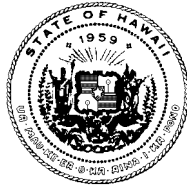


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January 30, 2017

TO: The Honorable Senator Josh Green, Chair  
Senate Committee on Human Services

The Honorable Senator Rosalyn H. Baker, Chair  
Senate Committee on Commerce, Consumer Protection, and Health

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 512 – RELATING TO CHILD CARE PROVIDERS**

Hearing: Monday, January 30, 2017, 2:45 p.m.  
Conference Room 016, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this measure and offers comments.

**PURPOSE:** The purpose of the bill is to require child care providers subject to regulation by the Department of Human Services to obtain and maintain liability insurance as a condition of licensure, temporary permission, or registration.

The primary focus of DHS child care licensing program is on the health and safety of all children in care. Section 346-157, Hawaii Revised Statutes (HRS), prohibits DHS from requiring a provider to obtain or maintain liability insurance coverage as a condition of licensure, temporary permission, or registration to operation a child care facility.

Existing administrative rules, in accordance with section 346-157(c), HRS, only requires child care homes and facilities to disclose in their written policies whether the home or facility maintains liability coverage and must notify parents or guardians in writing no later than seven working days of the cancellation or termination of its liability insurance coverage. If the measure is enacted into law, pursuant to Chapter 91, HRS, DHS would

need to amend existing administrative rules for all licensed and registered child care facilities and homes.

DHS provides the following comments:

- SB512 differs from SB185, a similar measure that recently passed out of HMS. SB512 requires the amount of liability insurance coverage to be determined by the department. Determining the amount of coverage will require investigation and research, which DHS started by sending inquiries to local child care associations as to industry standards.
- As of December 2016, there were 396 registered family child care homes and 6 licensed group child care homes statewide. SB512 if passed, and depending on the cost of insurance coverage, may result in the significant unintended consequences: 1) the statewide reduction of available registered family child care homes and licensed group child care homes, as home-based providers would be disproportionately impacted by the passage of this bill, and these small home-based businesses may not be able to afford the costs of liability insurance coverage, 2) the cost of child care will likely rise, as cost of providing services rise and the numbers of providers decreases, and 3) lower income families may be disproportionately impacted as they would be priced out of licensed child care. Low-income families may then have no choice but to use less expensive, unregulated child care options.

If the bill is adopted, there will be impact to small businesses and such DHS rule changes would be considered by the Review Small Business Regulatory Board with the Department of Business, Economic Development, and Tourism.

Also, if the measure is enacted, DHS asks that the effective date be sufficiently delayed to give adequate time for the department to determine appropriate amounts of coverage, to amend the relevant administrative rules, and to give providers adequate time to acquire the additional coverage.

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

**Leyla Kaufman**

**Aiea, HI 96701**

**808-9880400**

**SB512** - I support the proposed requirement that all providers must obtain and maintain liability insurance as a condition of licensure, temporary permission, or registration to operate a child care facility.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, January 30, 2017 6:38 PM  
**To:** HMS Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for SB512 on Jan 30, 2017 14:45PM\*

**SB512**

Submitted on: 1/30/2017

Testimony for HMS/CPH on Jan 30, 2017 14:45PM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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