



## State of Hawaii Grant Terms and Conditions Agreement (GTA) for the 2021 American Rescue Plan Act - Child Care Supplemental Grant Program

The Subrecipient is responsible for compliance with the following terms and conditions:

### **I. Grant Terms and Conditions Specific to the Child Care Supplemental Grants**

Payment rules and procedures:

#### A. Definitions:

1. “**ARP Act**” means the American Rescue Plan Act (Public Law 117-2) of 2021.
2. “**Child Care Supplemental Subaward Grant**” means providing grants to child care facilities so they are able to remain open or reopen to provide child care services and maintain safe practices related to preventing the spread of COVID-19 among the child care facility staff and children in care.
3. “**Subrecipient**” means a non-Federal entity or individual that receives a subaward/grant from a pass-through entity to carry out part of a Federal program.
4. “**Grant Fund**” means **Eligible Expenditures** allowed that:
  - a. Are incurred in connection with either one of the Child Care Supplemental subaward grants;
  - b. Are actually incurred by your organization after receipt of the grant through the duration of the funding program, as well as past expenses incurred between October 1, 2023 to September 30, 2024; and
  - c. Amounts made available within this funding opportunity shall be used to supplement and not supplant other Federal, State, and local public funds you may have received from past funding opportunities, such as the CARES Act.
5. “**Eligible Expenditures**” means costs incurred to purchase or pay for:
  - a. Personnel costs, including payroll and salaries or similar compensation for an employee (including any sole proprietor or independent contractor), paid sick leave and other benefits;
  - b. Premium pay, or costs for employee recruitment and retention, including but not limited to staff bonuses, wages, costs of insurance coverage, retirement, educational advancement, tuition reimbursement and child care costs;
  - c. Tuition and/or copayment relief for families;
  - d. Rent (including under a lease agreement) or payment on any mortgage obligation, utilities, or insurance (family child care providers shall use the time/space calculation);
  - e. Facility maintenance or improvements;
  - f. Personal protective equipment, cleaning and sanitization supplies and services, or training and professional development related to health and safety practices;
  - g. Purchases of or updates to equipment and supplies to respond to COVID-19;
  - h. Goods and services necessary to maintain or resume child care services;
  - i. Mental health supports for children and employees; and
  - j. Tax and business services.

6. **“Ineligible expenditures”** means specific costs not allowed under this Grant Fund include but are not limited to:
  - a. Facility maintenance or improvements, which are major renovations, specifically those that encompass structural changes to the foundation of a roof, floor, exterior or load-bearing walls of a facility, or the extension of a facility to increase its floor area. In addition, renovations not allowable include extensive alterations to a facility to the extent of altering its purpose or function, even if the renovation does not include any structural change;
  - b. Expenses incurred for the purposes of entertainment, perquisites, campaign contributions, or lobbying activities, and
7. For costs that are determined to be inappropriate or unallowable by the DHS, the Subrecipient shall repay the DHS the subaward and will be subject to appropriate action under state law.
8. **“Incurred”** means the Eligible Expenditure has been paid by Subrecipient.
9. **“Payroll Expenses”** means monetary compensation and fringe benefits provided to Subrecipient’s staff who maintain or resume operations implementing either one of the Child Care Supplemental subawards. The hours charged to the payroll expenses shall be documented and available to the DHS for audit purposes.
10. **“Receipt”** means written evidence that an eligible expenditure has been paid. For purchased goods or services, the written evidence is a printed or electronic receipt issued by the payee to the Subrecipient. For other expenses where a receipt is not typically issued by the payee (for example, for staff payroll and fringe benefits), the written evidence is the Subrecipient’s proof of payment used for its own financial records. Subrecipient shall provide the DHS copies of receipts upon request. Subrecipient shall redact confidential personal information from receipts submitted to the DHS.

**B. Procedures:**

1. Subrecipient understands that after the DHS’s receipt of the signed State of Hawaii Grant Terms and Conditions Agreement (GTA), the DHS will disburse 100% of the total grant amount to be spent by end of the subaward performance period. At the end of the subaward performance period, Subrecipient understands that the DHS’s final subaward payment will equal the total amount of Subrecipient’s final request for grant award less the amount Subrecipient has already received under this GTA.
2. Subrecipient understands and acknowledges that payments on this subaward are subject to the availability of funds from the ARP Act Child Care Supplemental Grant Funding Program (Fund). The original source of funds is a federal grant to the State of Hawaii from the American Rescue Plan Act of 2021, Child Care Supplemental Section 2202 for Child Care Supplemental Grants, available until September 30, 2024.
3. All Subrecipient awards expire on September 30, 2024 unless otherwise approved by DHS in writing.
4. If you do not spend all or a portion of the subaward, the remaining funds are called “unexpended funds.” Subrecipient must return any unexpended funds to the DHS by 10/15/2024.
5. Subrecipient is required to submit a final report (close-out report) by 09/30/2024. The final report shall include a brief narrative summary of the impact of the grant, details on the child care services provided, and a final financial report documenting how funds were spent on eligible expenses.
6. Acceptance of this subaward may subject the Subrecipient to an audit by the DHS, the State, the federal government, or their designees. Subrecipient shall keep complete and accurate records of all award correspondence, expenditures, bonuses, financial transactions, and reports related to this grant for at least three (3) years after the September 30, 2024 ending date of the federal award period. Subrecipient shall provide the DHS with access to these records upon request and shall

cooperate with any audit of this grant required by the DHS, State, the federal government, or their designees. If any expenditures are determined to be inappropriate or unallowable, the DHS may require that monies be refunded by the Subrecipient.

7. As the lead agency responsible for the use of these federal funds, the DHS reserves the right to rescind or modify this subaward at its discretion.
8. Subrecipient must comply with the applicable federal and state laws prohibiting discrimination and provide services described in its proposal to all individuals without regard to, and shall not discriminate because of race, color, national origin, religion, sex, sexual orientation, familial status, age, gender, gender expression, disability, or status as a person living with HIV or AIDS, except as permitted by law.

C. Certification:

1. Subrecipient Agreements:

- a. Subrecipient agrees to the following requirements for participating in the Child Care Supplemental Grant Program:
  - i. Subrecipient must be a licensed, registered, or regulated child care provider with the DHS as of December 31, 2022; and
  - ii. Subrecipient must meet the State of Hawaii's and applicable local health and safety requirements on the date the application is submitted, and continue to maintain compliance for the duration of the subaward grant period unless Subrecipient meets the conditions in 3.A.k.
- b. Subrecipient is currently compliant with the state labor law section 103-55 of the Hawaii Revised Statutes (HRS) wages, hours, and working conditions of employees or contractors performing services.
- c. Subrecipient shall comply with the requirements in the Hawaii Administrative Rules, title 17, chapter 802.5.
- d. Subrecipient shall ensure payment of all applicable federal, state, and county taxes and fees which may become due and owed by the Subrecipient by reason of this Grant.
- e. Subrecipient shall maintain insurance acceptable to the DHS in full force and effect throughout the term of the grant period in accordance with section 346-157, HRS.
- f. When required, Subrecipient shall complete an independent financial and compliance audit in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards of the Office of Management and Budget.
- g. Subrecipient shall pay at least the same amount in weekly wages and maintain the same benefits for the duration of the subaward grant for each employee.
- h. Subrecipient may not involuntarily furlough employees from the date of the submission of this application through the duration of the subaward grant period.
- i. Subrecipient may provide relief from copayments and tuition payments for families enrolled in its programs, and to the extent possible, specifically prioritizing such relief for families struggling to make either payment. If unable to provide relief to all families, Subrecipient shall prioritize target families earning below 85% of the State Median Income.
- j. Subrecipient's program is open currently serving families, and agrees to stay open for a minimum of six (6) months after the receipt of payment of grant funds, unless ordered to close by DHS, the department of health, or by any emergency proclamation or order issued by the governor of the State of Hawaii or the mayor of the county in which the child care facility is located. or temporarily closed due to public health, financial hardship, or other reasons

Subrecipient shall notify the DHS within seven (7) business days when ordered to close. The DHS will determine the refund amount of the disbursed subgrant funds on a case-by-case basis.

- k. Subrecipient is no longer licensed, registered, or a qualified exempt provider due to physical damage sustained by its facility during the Maui wildfire emergency disaster in 2023, and Subrecipient is making satisfactory efforts, as determined by the DHS, to secure another location in Maui to reopen child care operations or the existing child care facility may be re-opened after minor renovations are completed. The Subrecipient agrees to demonstrate its efforts to resume operations of the child care facility for care of children, including but not limited to, securing a suitable facility, obtaining the required approvals from the state or county, and obtaining the required child care license or registration by the DHS.
- l. Subrecipient agrees to reopen once the local health department or other authorized officials determine it is safe to do so, and upon reopening:
  - i. Subrecipient will serve, continue to serve, or agree to serve upon request children receiving child care subsidy assistance from the DHS, and
  - ii. Subrecipient will update the DHS of operating status, available space for children, impact of the grant and other information deemed necessary by the DHS within seven (7) business days upon reopening.
- m. Subrecipient's written policies and procedures shall be consistent with the published DHS guidance for child care facilities and homes open during, reopened during, or continued care (updated October 2023) called "Guidelines for Child Care Facilities updated October 23, 2023." Additionally, the Subrecipient will utilize health and safety practices that prevent the spread of COVID-19 by following Center for Disease Control (CDC) and Hawaii Department of Health guidelines as much as possible for the duration of the subaward grant period.
- n. Subrecipient has an accounting system in place to track and allocate employee work time to each funding source, including this Grant, and will make those records available for audit purposes.
- o. Subrecipient indemnifies and holds the State of Hawaii harmless from and against any claims relating to activities carried out by the Subrecipient under this Grant and assumes sole liability for the Subrecipient's employees and agents, and to any individual not a party to the GTA, for any loss, damage, or injury caused by the Subrecipient, or the Subrecipient's employees or agents in the course of their employment for purposes of performance under this Grant.
- p. A Subrecipient under this Grant who withholds or omits any material fact, deliberately misrepresents facts to the DHS, or participates in fraud, waste and abuse, shall be in violation of the GTA and shall be prohibited from applying for any DHS grant for a period of five years from the date of termination of the GTA or determination by the DHS of the violation, and may be subject to other penalties, including the refund of the disbursed subgrant funds to the DHS.
- q. Subrecipient certifies that every purchase of goods or services charged to this Grant were reasonable and appropriate, including measures to avoid conflicts of interests; avoid unnecessary or duplicative purchases; avoid fraud, waste and abuse; select vendors and supplies that are reputable and responsible; and assume that every expense would be considered reasonable by a prudent person. If the subgrant funds are misused knowingly, or unknowingly, the DHS may require the refund of the disbursed subgrant funds to the DHS.
- r. Subrecipient has the necessary documentation to demonstrate compliance with the

requirements of the GTA and is able to show proof to the DHS upon request.

## **II. Subrecipient Monitoring and other Requirements**

Federal guidance requires DHS to conduct periodic monitoring of Subrecipients. DHS is still determining reporting requirements for Subrecipients. At a minimum, Subrecipients are required to document and account for spending, staffing and employment metrics, and capacity metrics. A recommended best practice is to regularly upload Receipts and documentation support (i.e., proof of payment; proof of purchases; etc.).

## **III. General Grant Terms and Conditions for all DHS Grants**

- A. This grant is to be used only for the purposes set forth in the approved application package. Any changes to the nature of the activities for which these funds were granted must be approved in writing before the funds may be expended.
- B. The Subrecipient acknowledges that the services provided in connection with the proposal are provided solely as a Subrecipient and there is no principal/agent or employee/employer relationship between the Subrecipient and the DHS.
- C. The Subrecipient must notify the DHS immediately if any of the following situations should occur:
  - 1. Performance under the grant does not comply with the proposal and/or this Agreement; or
  - 2. The Subrecipient materially changes its programs, activities, or mission; or
  - 3. The Subrecipient plans on permanent closure of its business or organization; or
  - 4. The Subrecipient changes designated program or lead staff; or
  - 5. The non-profit Subrecipient changes or loses its exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.
- D. The DHS reserves the right to delay payments and/or terminate the grant for failure to comply with any part of this Agreement.

---

1 Includes A+ Providers licensed by the Department of Education