



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

January 24, 2008

MEMORANDUM

TO: The Honorable Maile S.L. Shimabukuro, Chair
Committee on Human Services and Housing

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2046 RELATING TO INDIVIDUAL DEVELOPMENT
ACCOUNTS**

Hearing: Thursday, January 24, 2008; 8:30 a.m.
Conference Room 329, State Capitol

PURPOSE: The proposed amendment expands the provisions of Individual Development Accounts (IDAs).

DEPARTMENT'S POSITION: The Department of Human Services supports the intent of this bill but has concerns that the appropriation needed to implement this bill may adversely impact the priorities in the Executive Supplemental Budget.

Page 2, lines 1-22, continued to page 3, lines 1-3, states that Federal funds, including Temporary Assistance for Needy Families (TANF) funds be used as applicable. Please note that the use of TANF funds for IDAs places some limitation on what the money may be used for and may limit some aspects of this program. For example, TANF funds for IDAs may only match earned income, may not be used for the purchase of a home and may not be used for administrative fees. The Legislature will

also need to raise the TANF cap on the Department's TANF expenditures to use TANF funds to implement this bill.

Also, this bill does not state if the Department of Human Services will be required to select, fund and monitor fiduciary agencies to administer this program. We request that this function be given to a Department that has this expertise or that funding be appropriated to contract for this service.

This bill proposes to amend chapter 257, Individual Development Accounts by replacing the references to the "State" with the "Department of Human Services". By replacing the "State" with the "Department of Human Services" will limit other departments from providing IDA programs.

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