

TESTIMONY IN SUPPORT OF HB2047 HD2
RELATING TO INDIVIDUAL DEVELOPMENT ACCOUNTS

The Legal Aid Society of Hawaii hereby provides testimony in support of HB2047 HD2 – Relating to Individual Development Accounts. This bill would expand the efficiency and effectiveness of Individual Development Account programs.

Founded in 1950, the Legal Aid Society of Hawaii is the oldest provider of legal services in the state. We provided civil legal assistance to those in need through nine offices located in Lihue, Waianae, Honolulu, Kaneohe, Kaunakakai, Lanai City, Wailuku, Kona and Hilo. Over the years we have seen the benefit of linking community based economic development and asset building to legal services as critical to assisting our clients out of poverty.

IDAs are vital tools in assisting individuals with improving their financial literacy and encouraging saving toward the goal of homeownership, higher education costs or start-up costs for a small business. For the majority of IDA participants, this is the first time that they have ever saved their money toward a goal. The technical amendments that this bill brings to the current individual development account statute would greatly expand the impact of this program.

We understand that DHS is requesting amendments to this bill and are open to discussing these amendments with the department.

We support this effort to establish the individual development accounts and we support this bill.

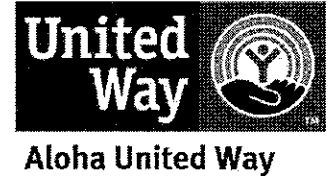
Thank you for this opportunity to testify.

Sincerely,

M. Nalani Fujimori
Deputy Director
527-8014

Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 536-1951
Fax (808) 543-2222
www.auw.org



March 10, 2008

Senate Committee on Human Services & Public Housing

Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

Senate Committee on Public Safety

Senator Will Espero, Chair
Senator Clarence K. Nishihara, Vice Chair
Thursday March 13, 2008 at 1:15 P.M.
Conference Room 016

HB 2047, HD2 Relating to Individual Development Accounts - Support

Dear Chair Chun Oakland & Espero, Vice Chair Ihara & Nishihara and Committee Members:

Aloha United Way encourages your favorable consideration of HB 2047, HD2 which makes numerous changes intended to facilitate the use of Individual Development Accounts by low- and moderate-income residents. Individual Development Accounts are matched savings accounts that enable participants to more quickly save funds for the purchase of a home or car, creating a business or additional education.

Individual Development Accounts are an integral part of a comprehensive policy to help people build assets and move from poverty to self-sufficiency. These asset building strategies augment the traditional welfare income support programs and move people away from dependency on government support and toward self-sufficiency.

Individual Development Accounts are a critical part of the strategy because they enable families to progress towards the acquisition of key assets more quickly. Currently, Hawaii's IDA programs are relatively small, privately funded efforts of nonprofit organizations. A common challenge for IDA providers is a lack of adequate organizational capacity and administrative funding. Another challenge is the limited amount of IDA matching dollars.

HB 2047, HD2 helps correct these deficiencies in our current programs and Aloha United Way encourages favorable consideration of this important legislation.

Sincerely,



Susan Doyle
President & Chief Professional Officer

HACBED

Hawai'i Alliance for Community-Based Economic Development
677 Ala Moana Blvd., Suite 702 Honolulu, HI 96813
Ph. 808.550.2661 Fax 808.534.1199
Email assetpolicy@hacbed.org www.hacbed.org

Board Members

President

Jason Okuhama (at large)
Hawai'i Lending Specialists

Vice President

Akoni Akana (Maui)
Friends of Moku'ula

Treasurer

Kipukai Kuaili (Kaua'i)
Na Mahi'ai O Anahola –
Anahola Kaua'i Agribusiness
Microenterprise Project

Stacy Crivello (Moloka'i)
Ke Aupuni Lokahi

Puni Kekauoha &
Adrienne Dillard (O'ahu)
Papakolea CDC

Keikialoha Kekipi &
Susie Osborne (Hawai'i)
Ho'oulu Lahul/ Kua O Ka La
Public Charter School

Kukul & Gary Maunakea-Forth
(O'ahu)
WCRC/Mala Ai 'Opio

Wayne Tanna (at large)
Asset Building Coalition &
Chaminade University

Rian Dubach (at large)
American Savings Bank

Tommy Otake (at large)

HACBED Staff

Robert Agres, Jr
Executive Director

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate

Tony Hall
Administrative Manager

March 11, 2008

Senate Committee on Human Services and Public Housing
Thursday, March 13, 2008 at 1:15 p.m.
Conference Room 016
HB 2047 HD2 - IDA – SUPPORT

Dear Chair Chun Oakland and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) is submitting testimony in **support of HB 2047 HD2** which would appropriate funds to the individual development account (IDA) program and require the Department of Human Services to provide technical and administrative assistance to fiduciary organizations.

Hawai'i needs a comprehensive public policy to help people build assets. This should include a package of programs, tax incentives, regulatory changes, and other mechanisms to help people earn more, save more, protect hard earned assets, start businesses and become homeowners. We support **HB 2047 HD2** in that it is part of a package that we believe does just that. The Ho'owaiwai Asset Policy agenda addresses these needs by putting together a comprehensive package of bills and policies that encourages and widens opportunities for asset building.

Assets are essential for three reasons:

1. To have **financial security** against difficult times
2. To create **economic opportunities** for oneself
3. To **leave a legacy** for future generations to have a better life

Individual development accounts (IDAs) are matched savings accounts that enable low-income families to save, build their assets, and enter the financial mainstream. IDAs reward working families who are building toward an asset, such as buying a home, paying for college tuition, or starting a small business. This makes for a better life for Hawai'i families and communities while giving families a sense of empowerment when they achieve their savings goal.

Chair Chun Oakland and Committee Members
March 11, 2008
Page 2

This bill will provide organizations running IDA programs access to sufficient operational funds that are needed to provide financial education and planning, resources for case management, and funds for technical assistance and support.

In Hawai'i, most IDA programs are small programs with approximately \$20,000 for both operating and matching funds. Most IDA programs have long waiting lists of eligible low-income individuals but not the matching funds to support them. The investment in this bill will allow more families in Hawai'i to achieve their asset goals.

We apologize for not being present at the hearing today but we are away on business. Please contact us if you have any questions.

Thank you for the opportunity to submit testimony.

Sincerely,

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate