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Statement of
THEODORE E. LIU
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING
Thursday, January 24, 2008
8:30 AM
State Capitol, Conference Room 329

in consideration of
HB 2184
RELATING TO SELF SUFFICIENCY

Chair Shimabukuro, Vice Chair Rhoads, and Members of the House Committee on Human Services and Housing.

The Department of Business, Economic Development and Tourism (DBEDT) supports the concept of HB 2184, which would require DBEDT to establish and measure biannually a self-sufficiency standard. The bill provides for an appropriation and a staff position to carry out this responsibility. There have been many good ideas introduced this legislative session that support the State's economic development goals. We hope the legislature will see it fit to support, pass and fund these ideas, together with the priorities of the Executive's Supplemental Budget.

We agree that determining a self-sufficiency standard is an appropriate and useful effort. A widely used model for determining a self-sufficiency standard was developed some years back by Dr. Diana Pearce through a Ford Foundation grant. The Pearce methodology, (referred to as the FESS method) has been used to develop self-sufficiency standards in at least 35 state and regional areas, including Hawaii. In the case of Hawaii, Dr. Pearce produced the very extensive

study, *The Self-Sufficiency Standard for Hawaii*, in 2003, for the Hawaii State Commission on the Status of Women. In 2006 that same methodology, with some modifications was used by the Center on The Family (a University of Hawaii Manoa agency) to update the self-sufficiency standard for the Aloha United Way.

We would like to produce an update of the 2006 University study this year, although the comprehensiveness of that update will depend on available funds. Estimates range from around \$30,000 for an update of previous data to over \$50,000 for a more comprehensive reevaluation of the standards and data. We appreciate the provision of resources in HB 2184 to help accomplish this task. While some funding would be helpful to ensure a comprehensive study, we feel we can accomplish the project with current staffing.

Thank you for the opportunity to offer these comments.



HSH Committee
For hearing on Thurs, Jan 24, 2008
8:30 am
Deliver 3 copies to Rm 326

National Association of Social Workers

Hawaii Chapter

January 20, 2008

TO: Rep. Maile Shimabukuro, Chair
And members of the House Human Services Committee
FROM: Debbie Shimizu, LSW, Executive Director
National Association of Social Workers (NASW)
Welfare and Employments Rights Coalition (WERC)
RE: HB 2184 Relating to Self Sufficiency - **SUPPORT**

Chair Shimabukuro and members of the House Human Services Committee, I am Debbie Shimizu, Executive Director of the National Association of Social Workers and a member of the Welfare and Employment Rights Coalition. I am testifying in **SUPPORT** of HB 2184 requiring DBEDT to establish a self-sufficiency standard but **recommend using language in HB 2203**.

In 2005, the Legislature passed legislation to change the formula used to calculate the amount of assistance individuals would receive on welfare based on the 2006 Federal Poverty Level (FPL). While we appreciate the change, we know that in a few years, we would be back advocating to change the formula again to the new poverty level. Truthfully, basing the formula on the FPL is flawed. The FPL was created in 1963 and set at three times the cost of the "Thrifty Food Plan". Since then, the Wider Opportunities for Women (WOW) has developed the "self sufficiency standard" which calculates the cost of living based on a number of factors including housing, transportation, child care, etc, and takes into account the composition of the family and community in which the family lives. The Economic Policy Institute (EPI) has also calculated a "basic family budget" including the cost of housing, food, transportation, child care, health care, taxes, and other necessities (clothing, personal care, household supplies, etc). Both the "self sufficiency standard" and "basic family budget" are truer pictures of what it costs a family to live. We support having DBEDT use these models to determine the self-sufficiency standard for Hawaii's families.

We believe that public policy should be based on a truer standard rather than the FPL and updated annually to reflect the increases in the cost of living. As policy makers, you should have accurate and current information to base your decisions on.

We notice that HB 2203 relating to Public Assistance also requires DBEDT to establish a self-sufficiency standard and prefer the wording of that bill. While we strongly advocate that the standard be used to determine the level of public assistance for the Dept of Human Services, the self-sufficiency standard should not be solely used for that purpose. Other departments may be able to use the self-sufficiency data. As is stated in Section 1 of HB 2203 "A self-sufficiency standard for Hawaii would be an excellent tool for lawmakers, the business and education community and the nonprofit sector to improve the way they help lower income families reach economic self-sufficiency". Therefore, **we recommend replacing the language in HB 2184 with the language from HB 2203 especially Section 1 and Section 2, page 6 lines 13-20**.

Thank you for the opportunity to **SUPPORT HB 2184 Relating to Self-Sufficiency**.



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Work! Board of
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Date: January 21, 2008

TO: HOUSE HUMAN SERVICES & HOUSING COMMITTEE
Rep. Maile Shimabukuro, Chair
Rep. Karl Rhoads, Vice Chair

From: Teresa Bill (ph: 221-9261) *TBill*

RE: **SUPPORT** HB2184, relating to Self-Sufficiency
Thurs. Jan. 24, 2008 8:30 a.m.
State Capitol Conference Room 329

I am Teresa Bill, testifying on behalf of Hawai'i WomenWork! which is a member of the Welfare Employment Rights Coalition. I am testifying **in support of HB 2184** requiring DBEDT to establish a self-sufficiency standard but I also suggest using language from HB 2203. I would like to see DBEDT establish and update a Self-Sufficiency Standard independent of it's use to determine public assistance payments. Certainly a self-sufficiency standard should be used as a reference to determine public assistance payments, but the self-sufficiency standard is necessary and useful for so many other uses as well. **I recommend replacing the language in HB 2184 with the language from HB 2203 especially Section 1 and Section 2.** The listing of items to be included in the calculation are better defined in HB2203.

While the Legislature changed the reference year of the Federal Poverty Level (FPL) to 2006 to establish Hawaii's financial assistance payments, we know that every year after 2006, those numbers will be even less relevant. In fact, the 2007 Federal Poverty Level of \$19,750 for a family of 3 in Hawai'i is not a realistic nor serious indicator of the costs facing families. The Federal Poverty Level is calculated on 3x the cost of food, it does not reflect Hawai'i's high rental and childcare costs. If we want to know what it really costs to support a family in Hawai'i, we need to calculate a self-sufficiency standard.

As co-director of the group that facilitated the development of the Hawai'i Family Economic Self-Sufficiency Standard (HI-FESS) published in April 2003 I am quite familiar with this model. HI-FESS established a realistic measure of self-sufficiency for families in 2003. It is vital that such important, reality-based information regarding the cost of living be

updated annually. We know that housing costs have increased tremendously since 2003 but we do not have an updated and reliable indicator of our cost of living.

It is vital that an accurate standard that indicates the needs of families to have achieved self-sufficiency be established. It is appropriate that the Dept. of Business, Economic Development & Tourism be the agency calculating and disseminating such a standard. We need to know if our economy and our jobs are supporting our families. We need accurate knowledge of the costs facing families.

As noted in the purpose of HB 2033, the self-sufficiency standard is a useful tool for lawmakers, the business community as well as non-profits. Use of the self-sufficiency standard should not be limited to determining public assistance payments. This standard is used by agencies across the country to develop performance measures for job-training; “did the trainee achieve a job that will be self-sufficient?” In Philadelphia it is being used to determine if employers are offering wages and other family supports necessary to sustain their workforce. Delaware uses this self-sufficiency standard to determine the wage necessary for businesses to be eligible for economic development grants. Enterprise Corporation of the Delta (MI) uses the self-sufficiency standard in their community lending calculations and financial literacy programs.

The self-sufficiency standard is a necessary, reality-based calculation to determine what our families need to be self-sufficient. Government agencies make decisions that impact family self sufficiency and we need a reality-based calculation. Many federal programs use the term, “self sufficiency” but we need to define it – and consistently update that calculation. DBED&T is the appropriate site for the self-sufficiency standard and other agencies like DHS need to utilize it.

Thank you for this opportunity to testify in support of a Self Sufficiency Standard.

*The Self-Sufficiency Standard for Hawaii County, HI, 2003
Kamuela, Kailua-Kona, Waikoloa, Keauhou, and Holualoa*

1 Adult, 2 Children, continued

Monthly Costs	Adult + infant + schoolage	Adult + infant + teenager	Adult + preschooler + preschooler	Adult + preschooler + schoolage	Adult + preschooler + teenager	Adult + schoolage + schoolage	Adult + schoolage + teenager
Housing	790	790	790	790	790	790	790
Child Care	654	426	872	665	436	457	229
Food	608	637	556	622	651	688	717
Transportation	276	276	276	276	276	276	276
Health Care	187	206	199	199	218	198	217
Miscellaneous	252	233	269	255	237	241	223
Taxes	527	529	593	537	545	488	478
Earned Income							
Tax Credit (-) Child Care	0	0	0	0	0	0	-5
Tax Credit (-) Child Tax Credit (-)	-80	-40	-80	-80	-40	-80	-40
Child Tax Credit (-)	-100	-100	-100	-100	-100	-100	-100
Self-Sufficiency Wage							
-Hourly	\$17.69	\$16.80	\$19.18	\$17.97	\$17.12	\$16.81	\$15.82
-Monthly	\$3,114	\$2,957	\$3,375	\$3,163	\$3,012	\$2,958	\$2,785
-Annual	\$37,367	\$35,483	\$40,504	\$37,961	\$36,150	\$35,493	\$33,421

TESTIMONY IN SUPPORT OF HB2184
RELATING TO SELF-SUFFICIENCY

The Legal Aid Society of Hawaii hereby provides testimony in support of HB2184 – Relating to Public Assistance. This bill would require the Department of Business and Economic Development to biannually establish a self-sufficiency standard for Hawai'i.

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, Kahaluu, Kaunakakai, Lanai City, Wailuku, Kona and Hilo.

We believe that it is critical that the state have a realistic standard to understand what it actually cost to live in Hawai'i without public assistance. Currently, many state and non-profits utilize the federal poverty guideline to determine eligibility for assistance. However, we believe that the federal poverty guideline is wholly ineffective in truly determining the needs in the community.

We support this effort to establish the self-sufficiency standard and while we support the intent of this bill, we ask that the text of HB2203 to establish the self-sufficiency standard be transferred into this bill over potential issues over the title of the bill.

Thank you for this opportunity to testify.

Sincerely,

M. Nalani Fujimori
Deputy Director

HACBED

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Chaminade University

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January 24, 2008

House Committee on Human Services and Housing
Thursday, January 24, 2008 at 8:30AM
Conference Room 329
HB 2184 – SUPPORT WITH AMENDMENTS

Dear Chair Shimabukuro and Committee Members:

The Hawai`i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of HB 2184 that would appropriate funds to the Department of Business, Economic Development, and Tourism to hire one staff person to establish, update and define the self-sufficiency standard.

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 2184 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

Utilizing the self-sufficiency standard is a critical part of asset building policy as families cannot save if there are not realistic figures to determine what the actual cost of living is.

The utility of the self-sufficiency standard cannot be over looked in our changing economy. Currently 69% of jobs in Hawaii pay less than self-sufficiency compared to 50% for other states. By biannually updating the self-sufficiency standard, Hawai`i will be in a better position to assess the needs of our most vulnerable citizens and be

Chair Shimabukuro and Committee Members
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able to provide new businesses with a realistic economic picture to pay living wages.

We support the intent of HB 2184 but recommend that the language from HB 2203 be transferred into this bill due to the following:

- **There may be potential issues over the title of HB2203 – Relating to Public Assistance;**
- **We believe that the self-sufficiency standard can be an effective way to determine public assistance payments, but it is premature at this time; and**
- **We prefer Section 2 – (6) in HB 2203.**

Thank you for the opportunity to submit testimony.

Sincerely,

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate