

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON HUMAN SERVICES AND HOUSING
AND HEALTH
ON
HOUSE BILL NO. 2280

January 29, 2008

RELATING TO FINANCIAL EDUCATION

House Bill No. 2280 establishes a public financial education and asset building task force to develop policy recommendations related to achieving financial goals for Hawaii families through universal, matched savings accounts for newborns; statewide standards for financial and economic education for public and private sector employees; and the elimination of asset limits as a bar to eligibility for public benefit programs.

We appreciate the intent of the proposed legislation; however, the goals are lofty and appear to be potentially very costly to implement. In addition, it takes the State's role in family finances to a much higher level by committing the State to provide matching amounts to the savings accounts of newborns.

Given the State's current financial situation, it does not appear prudent to embark on such an ambitious undertaking by creating a statewide task force on public financial education and asset building if there cannot be adequate resources to fund any of the initiatives which may be forthcoming.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

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

January 29 2008

MEMORANDUM

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

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2280 - RELATING TO FINANCIAL EDUCATION**

Hearing: Tuesday, January 29, 2008; 8:50 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of H.B. 2280, is to establish the public financial education and asset building task force to develop policy recommendations related to achieving financial goals for Hawaii families and makes an appropriation for task force operation.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill, provided it does not adversely impact nor replace the priorities in the Executive Supplemental Budget.

DHS currently provides some financial education to applicants and recipients through an orientation that all TANF applicants and recipients who participate in the work programs must attend, as well as through other supportive service contracts. The financial education for all TANF work program participants, including the basic concept of budgeting and savings, is necessary to ensure self-sufficiency. This helps TANF

participants make decisions about employment opportunities and how it impacts their family's income in order to remain self-sufficient.

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

Aloha United Way

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Honolulu, Hawaii 96817-3938
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Fax (808) 543-2222
www.auw.org



Aloha United Way

January 25, 2008

House Committee on Human Services and Housing
Rep. Maile S.L. Shimabukuro, Chair
Rep. Karl Rhoads, Vice Chair
Tuesday, January 29, 2008 at 8:50 a.m.
Conference Room 329

HB 2280 – Support

Dear Chair Shimabukuro, Vice Chair Rhoads and Committee Members:

Aloha United Way encourages your favorable consideration of HB 2280 which creates a task force on financial education and asset building. The purpose of the task force will be to review existing education and asset building efforts and make recommendations in three areas: 1) Universal matched savings accounts for newborns, 2) Statewide standards for financial and economic education, and, 3) The elimination of asset limits for public benefit programs.

While our current “income-support” based welfare system is important to ensure our most needy are cared for, moving families from support to self-sufficiency requires a comprehensive set of asset building strategies – and matched savings, financial education and eliminating barriers to asset accumulation are powerful tools to target those who are emerging from reliance on state support programs.

In 2007, AUW commissioned a report by the University of Hawaii’s Center on the Family to look at the critical issue of Family and Individual Self-Sufficiency. We define self-sufficiency as the ability to meet basic needs without government or other subsidies. The report clearly shows the impact of the ever-increasing cost of living in Hawaii on a workforce that is less and less able to achieve self-sufficiency. For instance, the report shows that only two out of the top 25 occupations in Hawaii pay a self-sufficient wage – and those top 25 occupations include over 227,000 workers or 40% of Hawaii’s workforce.

HB 2280 helps those in our community that are ready to emerge from reliance on state support and Aloha United Way encourages favorable consideration of this important legislation.

Sincerely,

A handwritten signature in cursive script that reads "Susan Doyle".

Susan Doyle
President & Chief Professional Officer

Board Members

President

Jason Okuhama (at large)
Hawai'i Lending Specialists

Vice President

Akoni Akana (Maui)
Friends of Moku'ula

Treasurer

Kipukai Kualii (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 Lahui/ Kua O Ka La
Public Charter School

Kukui & 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

Brent Dillabaugh
Deputy Director

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate

Tony Hall
Administrative Manager

January 28, 2008

House Committee on Human Services and Housing
Tuesday, January 29, 2008 at 8:30AM
Conference Room 329
HB 2280- Financial Education

Dear Chair Shimabukuro and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of **HB 2280**. This bill establishes a task force on public financial education and asset building.

Hawai'i needs comprehensive public policy to help people build assets. This should include a combination 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 2280** in that it is part of a package that we believe does just that. The Ho'owaiwai Asset Policy agenda includes several measures that help to reach this goal. Financial education is a crucial component of this package.

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

Financial education is crucial for families building and sustaining assets. The information gathered can provide the skills necessary for families to plan for their future and protect the assets they build. The purpose of **HB 2280** is to establish a comprehensive approach in the development and implementation of this education. Coordination at all levels of government, the private sector and formal education institutions ensures maximum participation of all those involved and encourages public-private partnerships to carry out the goals established in the Task Force.

Chair Shimabukuro and Committee Members
January 29, 2008
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There are three major components necessary for delivering financial education. They are; *1) K-12 Education, 2) Public Outreach, 3) Employer participation*. By establishing this task force, the State is leading the country and can be first to ensure that families understand the importance of building and sustaining assets.

In addition to bringing all the stakeholders to the table to find ways to deliver financial education, the State should also invest in a Financial Education Coordinator. This coordinator is vital to uncovering the best ways for government departments to work together to ensure that those on public assistance have the greatest access and opportunity to build assets, eliminate barriers to accessing assistance and streamline government coordination with private sector. As you know, many of our public assistance programs include asset limit barriers that make it impossible for families that are trying to save to qualify for programs that can help them. This coordinator would be in a position to better understand these obstacles and provide solutions for eliminating these asset limit barriers.

Finally, **HB 2280** requires this task force to make recommendations on the creation of universal matched savings accounts. These accounts provide Hawai`i's keiki with a chance to acquire assets and build their future. While we can all agree that providing our keiki an opportunity to start saving young is important, this task force will be in the best position to ensure that such a program is designed to benefit these keiki.

Thank you for the opportunity to provide testimony on **HB 2280**.

Sincerely,

Justin Fanslau

TESTIMONY IN SUPPORT OF HB2280
RELATING TO FINANCIAL EDUCATION

January 29, 2008

The Legal Aid Society of Hawaii hereby provides testimony to the Committee on Human Services and Housing on HB2280 - Relating to Financial Education, in support of the bill.

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. 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.

This bill would create a task force on financial education and asset building to be convened by the Chair of the Senate Human Services and Public Housing. The task force would focus on three areas: (1) Universal, matched savings accounts for newborns; (2) Statewide standards for financial and economic education for public and private sector employees; and (3) The elimination of asset limits as a bar to eligibility for public benefit programs. We believe that the creation of such a task force would be an effective way to bring relevant parties together to create effective asset building programs.

For these reasons, we support HB2280. Thank you for this opportunity to testify.

Sincerely,

M. Nalani Fujimori
Deputy Director
527-8014

-----Original Message-----

From: Kristine Castagnaro [mailto:kristine@hcee.org]
Sent: Monday, January 28, 2008 2:43 PM
To: HSHtestimony
Subject: HB 2280- Financial Education

Dear Chair Shimabukuro and Committee Members:

Hawai'i needs comprehensive public policy to help people build assets. This should include a combination 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 2280 in that it is part of a package that we believe does just that. The Ho'owaiwai Asset Policy agenda includes several measures that help to reach this goal. Financial education is a crucial component of this package.

Assets are essential for three reasons:

1. To have financial security against difficult times
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3. To leave a legacy for future generations to have a better life

Financial education is crucial for families building and sustaining assets. The information gathered can provide the skills necessary for families to plan for their future and protect the assets they build.

Please support HB 2280.

--

Kristine Castagnaro
Executive Director
Hawai'i Council on Economic Education
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