

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LEGISLATIVE MANAGEMENT
ON
HOUSE BILL NO. 2280

February 12, 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 providing 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.

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February 12, 2008

MEMORANDUM

TO: The Honorable Michael Y. Magaoay, Chair
House Committee on Legislative Management

FROM: Lillian B. Koller, Director

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

Hearing: Tuesday, February 12, 2008; 2:00 p.m.
Conference Room 423, 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.

HACBED

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February 12, 2008

House Committee on Legislative Management
Tuesday, February 12, 2008 at 2:00PM
Conference Room 423
HB 2280- Financial Education - SUPPORT

Dear Chair Magaoay 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.

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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
Associate Director

Larissa Meinecke
Public Policy Associate