

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING  
ON  
SENATE BILL NO. 2839

February 5, 2008

RELATING TO FINANCIAL EDUCATION

Senate Bill No. 2839 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 adequate resources are not available to fund any of the initiatives which may be forthcoming.

# 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 [info@hacbed.org](mailto:info@hacbed.org) [www.hacbed.org](http://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 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*

February 5, 2008

Senate Committee on Human Services and Public Housing  
Tuesday, February 5, 2008 at 1:15PM  
Conference Room 016  
**SB 2839 - Financial Education - SUPPORT**

Dear Chair Chun Oakland and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of **SB 2839**. 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 **SB 2839** 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 **SB 2839** 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 Chun Oakland and Committee Members  
February 5, 2008  
Page 2

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, **SB 2839** 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 **SB 2839**.

Sincerely,

Justin Fanslau

TESTIMONY IN SUPPORT OF SB2839  
RELATING TO FINANCIAL EDUCATION

February 5, 2008 at 1:15 p.m.

The Legal Aid Society of Hawaii hereby provides testimony to the Committee on Human Services and Housing on SB2839 - Relating to Financial Education, in support of the bill.

I apologize for not being present at the hearing today, but I am away on business. I am however available by telephone.

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 SB2839. 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](http://www.auw.org)



January 30, 2008

Senate Committee on Human Services & Public Housing  
Senator Suzanne Chun Oakland, Chair  
Senator Les Ihara, Jr., Vice Chair  
Tuesday, February 05, 2008 at 1:15 P.M.  
Conference Room 016

**SB 2839 – Support**

Dear Chair Oakland, Vice Chair Ihara and Committee Members:

Aloha United Way encourages your favorable consideration of SB 2839 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.

SB 2839 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