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March 11, 2008

MEMORANDUM

TO: The Honorable Maile S. L. Shimabukuro, Chair
House Committee on Human Services & Housing

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2839, S.D. 2 - RELATING TO FINANCIAL EDUCATION**
Hearing: Tuesday, March 11, 2008; 8:30 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of S.B. 2839, S.D. 2 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.

Date of Hearing: March 11, 2008

Committee: House Human Services
and Housing

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent

Title: S.B. No. 2839, S.D. 2 (SSCR 2581), Relating To Financial Education

Purpose: Establishes a public financial education and asset building task force;
makes an appropriation.

Department's Position: The Department of Education (DOE) supports this Bill. Establishing a taskforce to develop policy and recommendations to achieve financial goals for Hawaii's families would be of benefit for the larger community.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING
ON
SENATE BILL NO. 2839, S.D. 2

March 11, 2008

RELATING TO FINANCIAL EDUCATION

Senate Bill No. 2839, S.D. 2, 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.



SB2839. SD 2 Relating to Financial Education
House Committee on Human Services & Housing

Date: March 11, 2008

Time: 8:30 AM

Room:329

The Office of Hawaiian Affairs is in support of SB2839. Financial education is an important vehicle in enabling OHA to meet our Chapter X provision that the purpose of the Office of Hawaiian affairs include the betterment of conditions of native Hawaiians and Hawaiians. The recent calamity of foreclosures besetting many families in the United States due to the sub-prime market crisis points dramatically to a need for financial education.

OHA's experience with the Administration for Native Americans Revolving Loan Fund and First Nations Building Native Communities Initiatives as well as Native Hawaiian CDFIs might be of some use to the task force. With that in mind, we respectfully propose that task force membership also include a director from either OHA or Department of Hawaiian Homelands or both.

Mahalo for taking this important first step in establishing public financial education. OHA, again, registers its strong support of SB2839.

TESTIMONY IN SUPPORT OF SB2839 SD2
RELATING TO FINANCIAL EDUCATION

March 11, 2008 at 8:30 a.m.

The Legal Aid Society of Hawaii hereby provides testimony to the Committee on Ways and Means on SB2839 SD2 - 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, 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.

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.

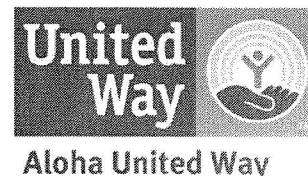
For these reasons, we support SB2839 SD2. Thank you for this opportunity to testify.

Sincerely,

M. Nalani Fujimori
Deputy Director
527-8014

Aloha United Way

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March 10, 2008

House Committee on Human Services & Housing
Rep. Maile S.L. Shimabukuro, Chair
Rep. Karl Rhoads, Vice Chair
Tuesday, March 11, 2008 at 8:30 A.M.
Conference Room 329

SB 2839, SD2 Relating to Financial Education - Support

Dear Chair Baker, Vice Chair Tsutsui and Committee Members:

Aloha United Way encourages your favorable consideration of SB 2839, SD2 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, SD2 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,



Susan Doyle
President & Chief Professional Officer

HACBED

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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

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate

Tony Hall
Administrative Manager

March 9, 2008

House Committee on Human Services & Housing
Tuesday, March 11, 2008 at 8:30 a.m.
Conference Room 329
SB 2839 SD2 - Financial Education - SUPPORT

Dear Chair Shimabukuro and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of **SB 2839 SD2** which 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 SD2** 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 SD2** 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

March 11, 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.

The task force will bring stakeholders to the table to find ways to deliver financial education in the State. The task force is vital to uncovering the best ways for stakeholders in the field 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 the 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. The task force will be able to work together to better understand these obstacles and provide solutions for eliminating these asset limit barriers.

Finally, **SB 2839 SD2** 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.

We respectfully ask your committee to make the following amendments to the bill to add important stakeholders to the task force and for clarification purposes.

Please make the following additions and deletions:

1. Section 2 (d) – Add “The department of education”, “The Office of Hawaiian Affairs”, and “The Department of Hawaiian Home Lands” as state department representation on the task force.
2. Section 2 (f) – Add “Financial education organizations” to the list of task force representation.
3. Section 2 (c) – Delete the word “and” in the sentence, “For the purposes of creating financial and education standards...” The sentence should read, “For the purposes of creating financial education standards.”
4. Section 2 (c) (2) – Delete the words “Appropriate agency designation for”. The sentence should read, “Financial education standards coordination and training.”

Thank you for the opportunity to provide testimony.

Sincerely,

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate