

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 www.hacbed.org

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Robert Agres, Jr
Executive Director

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate

Tony Hall
Administrative Manager

February 12, 2008

Senate Committee on Human Services and Public Housing &
Committee on Economic Development and Taxation

Tuesday, February 12, 2008 at 9:00AM

Conference Room 224

SB 2840 – SUPPORT WITH AMENDMENTS

Dear Chair Chun Oakland, Chair Fukunaga and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of **SB 2840** 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 **SB 2840** 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 Chun Oakland, Chair Fukunaga and Committee Members
February 12, 2008
Page 2

able to provide new businesses with a realistic economic picture to pay living wages.

We support SB 2840 but recommend the bill be amended with new language (see attached pages). A similar bill (HB2184 HD1) was heard by the House Committee on Human Services and Housing on January 24, 2008 and we ask that the language in HB 2184 HD1 be inserted into this bill.

We would like to amend the bill with the following:

- Replace Section 1 with language from Section 1 of HB 2184 HD1 due to the wording "public assistance". While we believe that the self-sufficiency standard can be an effective way to determine public assistance payments, we feel it is premature at this time.
- Amend Section 2 - (6) to: "(6) Self-sufficiency standard. The department shall establish and update biannually a self-sufficiency standard that shall incorporate existing methods of calculation, and shall reflect, at minimum, costs relating to housing, child care, food, transportation, health care, clothing and household expenses, federal and state tax obligations, family size, children's ages, geography, and number of household wage-earners."
- Replace Section 4. with the language from Section 4 in HB 2184 HD1.

Thank you for the opportunity to submit testimony.

Sincerely,

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate

RELATING TO SELF-SUFFICIENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that a self-sufficiency standard that is measured appropriately and updated consistently for the State of Hawaii would much more accurately reflect the actual income needed to afford the basic necessities of life. In 2003, a study conducted for the Hawaii state commission on the status of women calculated the bare-minimum costs for housing, child care, food, transportation, health care, clothing and household costs, and federal and state tax obligations. The result was a measurement of the cost of living in Hawaii that took into account family size, children's ages, geography, and number of household wage-earners. The study found that certain households in Hawaii could require as much as double to triple the amount listed in the federal poverty guidelines to meet their basic living needs. A self-sufficiency standard for Hawaii would be an excellent tool for lawmakers, the business and education community, and the nonprofit sector to improve efforts to help lower income families reach economic sufficiency.

The purpose of this Act is to establish and biannually update a self-sufficiency standard for Hawaii.

SECTION 2. Section 201-3, Hawaii Revised Statutes, is amended to read as follows:

"§201-3 Specific research and promotional functions of the department. Without prejudice to its general functions and duties the department of business, economic development, and tourism shall have specific functions in the following areas:

(1) Industrial development. The department shall determine through technical and economic surveys the profit potential of new or expanded industrial undertakings; develop through research projects and other means new and improved industrial products and processes; promote studies and surveys to determine consumer preference as to design and quality and to determine the best methods of packaging, transporting, and marketing the [State's] state's industrial products; disseminate information to assist the present industries of the [State,] state, to attract new industries to the [State,] state, and to encourage capital investment in present and new industries in the [State,] state; assist associations of producers and distributors of industrial products to introduce [such] these products to consumers; and make [such] grants or contracts as may be necessary or advisable to accomplish the foregoing;

(2) Land development. The department shall encourage the most productive use of all land in the [State] state in accordance with a general plan developed by the department; encourage the improvement of land tenure practices on leased private lands; promote an informational program directed to landowners, producers of agricultural and industrial commodities, and the general public regarding the most efficient and most productive use of the lands in the [State;] state and make [sueh] grants or contracts as may be necessary or advisable to accomplish the foregoing;

(3) Credit development. The department shall conduct a continuing study of agricultural and industrial credit needs; encourage the development of additional private and public credit sources for agricultural and industrial enterprises; promote an informational program to acquaint financial institutions with agricultural and industrial credit needs and the potential for agricultural and industrial expansion, and inform producers of agricultural and industrial products as to the manner in which to qualify for loans; and make [sueh] grants or contracts as may be necessary or advisable to accomplish the foregoing;

(4) Promotion. The department shall disseminate information developed for or by the department pertaining to economic development to assist present industry in the [State;] state, attract new industry and investments to the [State;] state, and assist new and emerging industry with good growth potential or prospects in jobs, exports, and new products. The industrial and economic promotional activities of the department may include the use of literature, advertising, demonstrations, displays, market testing, lectures, travel, motion picture and slide films, and [sueh] other promotional and publicity devices as may be appropriate; [and]

(5) Tourism research and statistics. The department shall maintain a program of research and statistics for the purpose of:

(A) Measuring and analyzing tourism trends;

(B) Providing information and research to assist in the development and implementation of state tourism policy;

(C) Encouraging and arranging for the conduct of tourism research and information development through voluntary means or through contractual services with qualified agencies, firms, or persons; and

(D) Providing tourism information to policy makers, the public, and the visitor industry. This includes:

(i) Collecting and publishing visitor-related data, including visitor arrivals, visitor characteristics, and expenditures;

(ii) Collecting and publishing hotel-related statistics, including the number of units available, occupancy rates, and room rates;

(iii) Collecting and publishing airline-related data, including seat capacity and number of flights;

(iv) Collecting information and conducting analyses of the economic, social, and physical impacts of tourism on the [State;] state;

(v) Conducting periodic studies of the impact of ongoing marketing programs of the Hawaii tourism authority on Hawaii's tourism industry, employment in Hawaii, state taxes, and the [State's] state's lesser known and [~~underutilized~~] underused destinations; and

(vi) Cooperate with the Hawaii tourism authority and provide it with the above information in a timely manner[-];

and

(6) Self-sufficiency standard. The department shall establish and update biannually a self-sufficiency standard that shall incorporate existing methods of calculation, and shall reflect, at minimum, costs relating to housing, child care, food, transportation, health care, clothing and household expenses, federal and state tax obligations, family size, children's ages, geography, and number of household wage-earners.

The department shall be the central agency to coordinate film permit activities in the [State;] state."

SECTION 3. The department of business, economic development, and tourism shall report to the legislature with the first self-sufficiency standard no later than twenty days prior to the convening of the regular session of 2009, and provide the legislature with biannual self-sufficiency standard updates thereafter.

SECTION 4. The department of business, economic development, and tourism shall recommend the procurement or use of federal funds whenever appropriate to establish and update biannually the self-sufficiency standard.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2008-2009 for the department of business, economic development, and tourism to conduct a study on and establish a self-sufficiency standard for Hawaii.

The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2008.



HSH Committee
Hearing on Tues, Feb 12, 2008
9:00 am
Deliver to Committee Clerk, Rm 216

2600 Campus Rd. QLCSS #211
Honolulu, HI 96822
Phone: (808) 956-8059
Fax: (808) 956-9314

Hawai'i Women
Work! Board of
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Date: February 9, 2008

TO: SENATE HUMAN SERVICES & PUBLIC HOUSING
Senator Suzanne Chun Oakland, Chair

SENATE Committee on ECONOMIC DEVELOPMENT
Sen. Les Ihara, Chair

From: Teresa Bill

RE: **SUPPORT** SB2840, relating to Self-Sufficiency

Tues. Feb. 12, 2008 9:00 a.m.
State Capitol Conference Room 224

I am Teresa Bill, testifying **in support of SB 2840** on behalf of Hawai'i WomenWork! which is a member of the Welfare Employment Rights Coalition. I also suggest amending SB 2840 by substituting Section 2 (6) and Section 4 with language from the same sections of companion HB 2184 HD1.

These amendments would clarify the elements to be included in designing the standard and recommends use of federal funds when available.

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. The Federal Poverty Level of \$19,090 for a family of 3 in Hawaii is laughable and not a serious indicator of the real costs facing families.

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 Additionally, HB102 requires the Dept. of Human Services use this reality-based formula to determine the "standard of need" for families in knowledge of the costs

facing families. Hawai'i. The HI-FESS is the most accurate measure of what a family “needs” to be self-sufficient.

The self-sufficiency standard is not limited to determining the DHS “standard of need.” 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? (Connecticut) and to determine if employers are offering wages and other family supports necessary to sustain their workforce (Philadelphia). 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.

*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	888	717
Transportation	276	276	276	276	276	276	276
Health Care	187	206	199	199	218	198	217
Miscellaneous	252	233	269	256	237	241	223
Taxes	527	529	593	537	545	488	478
Earned Income							
Tax Credit (s) Child Care	0	0	0	0	0	0	-5
Tax Credit (s)	-80	-40	-80	-80	-40	-80	-40
Child Tax Credit (s)	-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



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

No. 1 Capitol District Bldg., 250 South Hotel St., 5th Flr., Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Tel.: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING
and
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION
Tuesday, February 12, 2008
9:00AM
State Capitol, Conference Room 224

in consideration of
SB 2840
RELATING TO SELF-SUFFICIENCY

Chair Chun Oakland, Chair Fukunaga, and Members of the Senate Committee on Human Services and Public Housing; and of the Senate Committee on Economic Development and Taxation.

The Department of Business, Economic Development and Tourism (DBEDT) supports the concept of SB 2840, 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 note, however, that this appropriation was not included in the Executive's Supplemental Budget, and request that this appropriation not displace the priorities contained in that 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 states 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.

Thank you for the opportunity to offer these comments.



HSP/EDT committee
Tues, Feb 12
9:00 am

National Association of Social Workers

Hawaii Chapter

February 8, 2008

TO: Senator Suzanne Chun Oakland, Chair
Senator Carol Fukunaga, Chair
And members of the Senate Human Services and Public Housing Committee
And members of the Senate Economic Development and Taxation Committee
FROM: Debbie Shimizu, LSW, Executive Director
National Association of Social Workers (NASW)
Welfare and Employments Rights Coalition (WERC)
RE: SB 2840 Relating to Self Sufficiency - **SUPPORT**

Chair Chun Oakland, Chair Fukunaga and members of the Senate Human Services and Public Housing and Economic Development and Taxation 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 SB 2840 requiring DBEDT to establish a self-sufficiency standard and support the amendments provided by HACBED.

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 on page 1, line 16, DBEDT is to establish a self- sufficiency standard to determine the level of public assistance. 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. We support the language amendments proposed by HACBED.

Thank you for the opportunity to **SUPPORT SB 2840 Relating to Self-Sufficiency.**

testimony

From: Joel Fischer [jfischer@hawaii.edu]
Sent: Thursday, February 07, 2008 12:47 PM
To: testimony
Subject: SB2840; 2/12; 9AM; Rm 224

Importance: High

SB2840, Relating to Self-Sufficiency
HSP; Chair, Sen Chun-Oakland
EDT; Chair, Sen Fukunaga

PLEASE PASS THIS BILL.

The data are in. Many of our state programs are outdated and in, many cases, regressive. That is because we cling to old models when developing programs and helping our people. Hawai'i is unique in more ways than one, but the worst part of what is unique in our home is the enormous cost of living.

Using a self-sufficiency standard in all programs really is an answer. It may cost a little more in the short run to implement the self-sufficiency standard, but it will yield enormous savings in the long run in terms of peoples' health and well-being. Moreover, if initial costs appear to be prohibitive, we can implement the self-sufficiency standard incrementally and evaluate its impact.

Thank you very much for approving this bill.

Aloha, joel

Dr. Joel Fischer, ACSW
President, 19-3, Democratic Party

Professor
University of Hawai'i, School of Social Work Henke Hall Honolulu, HI 96822

"It is reasonable that everyone who asks justice should DO justice."
Thomas Jefferson

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but one must take it because one's conscience tells one that it is right."
Dr. Martin Luther King, Jr.

"Never, never, never quit."
Winston Churchill

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR
HENRY OLIVA
DEPUTY DIRECTOR

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

February 12, 2008

MEMORANDUM

TO: The Honorable Suzanne Chun Oakland, Chair
Committee on Human Services and Public Housing

The Honorable Carol Fukunaga, Chair
Committee on Economic Development and Taxation

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2840 RELATING TO SELF-SUFFICIENCY**

Hearing: Tuesday, February 12, 2008; 9:00 a.m.
Conference Room 224, State Capitol

PURPOSE: This bill would require the Department of Business, Economic Development and Tourism to establish, update and define the self-sufficiency standard to be used to determine the level of public assistance. Authorizes one staff person to establish and update the self-sufficiency standard.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill. DHS defers to the Department of Business, Economic Development and Tourism (DBEDT) for the establishment of a self-sufficiency standard and the authorization of staff to do this.

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