

**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 Fl., 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

HOUSE COMMITTEE ON FINANCE

Tuesday, April 1, 2008

3:30 PM

State Capitol, Conference Room 308

in consideration of

SB 2840 SD2

RELATING TO SELF-SUFFICIENCY

Chair Oshiro, Vice-Chair Lee, and Members of the House Committee on Finance.

The Department of Business, Economic Development and Tourism (DBEDT) supports the concept of SB 2840 SD2, 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.

Thank you for the opportunity to offer these comments.

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

April 1, 2008

MEMORANDUM

TO: The Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2840, S.D. 2 RELATING TO SELF-SUFFICIENCY**

Hearing: Tuesday, April 1, 2008; 3:30 p.m.
Conference Room 308, State Capitol

PURPOSE: This bill would require the Department of Business, Economic Development and Tourism to establish, update and define the self-sufficiency standard. 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.

DHS is unclear as to the intent of Section 4 of this bill.

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

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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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 31, 2008

House Committee on Finance
Tuesday, April 1, 2008 at 3:30 p.m.
Conference Room 308
SB 2840 SD2 – SUPPORT

Dear Chair Oshiro and Committee Members:

The Hawai`i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of **SB 2840 SD2** that would appropriate funds to the Department of Business, Economic Development, and Tourism 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 SD2** 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 updating the self-sufficiency standard, Hawai`i will be in a better position to assess the needs of our most vulnerable citizens and be able to

Chair Oshiro and Committee Members
April 1, 2008
Page 2

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

Thank you for the opportunity to submit testimony.

Sincerely,

Larissa Meinecke
Public Policy Associate

TESTIMONY IN SUPPORT OF SB2840 SD2
RELATING TO SELF-SUFFICIENCY

April 1, 2008 at 3:30 p.m.
House Committee on Finance

The Legal Aid Society of Hawaii hereby provides testimony in support of SB2840 SD2 – Relating to Self-Sufficiency. This bill would require the Department of Business and Economic Development to biannually establish a self-sufficiency standard for Hawai'i.

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.

We believe that it is critical that the state have a realistic standard to understand what it actually cost to live in Hawai'i without public assistance. Currently, many state and non-profits utilize the federal poverty guideline to determine eligibility for assistance. However, we believe that the federal poverty guideline is wholly ineffective in truly determining the needs in the community.

We support this effort to establish the self-sufficiency standard. This is a critical tool that can make a significant difference in understanding the Hawai'i's true economic picture.

Thank you for this opportunity to testify.

Sincerely,

M. Nalani Fujimori
Deputy Director
527-8014

March 31, 2008

TO: Rep. Marcus Oshiro, Chair
And members of the House Finance Committee

FROM: Debbie Shimizu, LSW, Executive Director
National Association of Social Workers (NASW)
Welfare and Employments Rights Coalition (WERC)

RE: SB 2840 SD2 Relating to Self Sufficiency - **SUPPORT**

Chair Oshiro and members of the House Finance 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 SD2 requiring DBEDT to establish a self-sufficiency standard.

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.

Thank you for the opportunity to **SUPPORT SB 2840 SD2 Relating to Self-Sufficiency.**

FINTestimony

From: Joel Fischer [jfischer@hawaii.edu]
Sent: Saturday, March 29, 2008 2:21 PM
To: FINTestimony; Rep. Marilyn Lee
Cc: info@naswhi.org
Subject: SB2840; FIN; 4/1; 3:30PM; Rm 308
Importance: High

SB2840, Relating to Self-Sufficiency
FIN; Chair, Rep Marcus Oshiro

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

Dr. Joel Fischer, ACSW
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



HAWAII
WOMEN
WORK!

AN AFFILIATE OF THE
NATIONAL NETWORK
FOR WOMEN'S
EMPLOYMENT

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

Hawai'i Women Work!
Board of Directors

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President

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Catherine Wehrman
Treasurer

Date: March 29, 2008

TO: HOUSE COMMITTEE ON FINANCE
Rep. Marcus Oshiro, Chair
Rep. Marilyn Lee, Vice Chair

From: Teresa Bill

RE: **SUPPORT** SB2840 SD2, relating to Self-Sufficiency

Tues. April 1, 2008 3:30 p.m.
State Capitol Conference Room 308

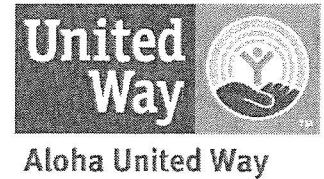
I am Teresa Bill, testifying **in strong support of SB 2840 SD2** on behalf of Hawai'i WomenWork! which is a member of the Welfare Employment Rights Coalition. Hawai'i needs a reality-based model of determining economic self-sufficiency that is regularly updated. It is appropriate that the Dept. of Business, 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. It is not clear to me if DBED-T requires a staff person or merely additional funds to establish and regularly update the self-sufficiency standard.

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.

The self-sufficiency 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.

Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 536-1951
Fax (808) 543-2222
www.auw.org



March 31, 2008

Senate Committee on Finance
Senator Marcus R. Oshiro, Chair
Senator Marilyn B. Lee, Vice Chair
Tuesday April 1, 2008 at 3:30 P.M.
Conference Room 308

SB 2840, SD2 Relating to Self-Sufficiency - Support

Dear Chair Oshiro, Vice Chair Lee and Committee Members:

Aloha United Way encourages your favorable consideration of SB 2840, SD2 which would require the Department of Business, Economic Development and Tourism to establish and maintain the self-sufficiency standard for Hawaii.

The standard is an integral part of a comprehensive policy to help people build assets and move from poverty to self-sufficiency. These asset building strategies augment the traditional welfare income support programs and move people away from dependency on government support and toward self-sufficiency.

The self-sufficiency standard is a critical part of the strategy because it enables families to determine their minimum cost of living based on their family composition and home location. A study by the University of Hawaii's Center on the Family which made use of the cost determination model envisioned for the self-sufficiency standard reports that of the top 25 occupations in Hawaii only two pay a self-sufficient wage. These top 25 occupations encompass nearly 39% of Hawaii's total workforce and, although all make more than the federal poverty level, they do not allow self-sufficiency. This clearly demonstrates that the federal poverty level, commonly used to gauge economic well-being, is not a meaningful measure. The self-sufficiency standard is a more effective way to determine the financial stability of families and individuals.

Aloha United Way thanks you for your consideration and we encourage favorable consideration of SB 2840, SD2.

Sincerely,

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

Susan Doyle
President & Chief Professional Officer