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April 9, 2008

Senate Committee on Human Services and Public Housing
Thursday, April 10, 2008 at 2:00 p.m.
SR 52 - 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 **SR 52** 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 **SR 52** 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 their 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 SR 52 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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SR 52 urges the financial education task force to develop policy recommendations on: children's savings accounts; 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.

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 able 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, SR 52 advises the 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 Hawai'i's keiki.

Thank you for the opportunity to provide testimony.

Sincerely,

Larissa Meinecke
Public Policy Associate