

NEIL ABERCROMBIE  
GOVERNOR



**LATE**

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February 15, 2011

**MEMORANDUM**

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

FROM: Patricia McManaman, Interim Director

SUBJECT: **S.B. 1108 - RELATING TO INDIVIDUAL DEVELOPMENT  
ACCOUNTS**

Hearing: Tuesday, February 15, 2011; 1:30 p.m.  
Conference Room 016, State Capitol

**PURPOSE:** The purpose of S.B. 1108 is to clarify guidelines for individual development accounts (IDAs) and designates the Department of Human Services or a contracted agency to administer IDAs and appropriates general funds to operate the IDAs.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of this bill as it includes initiatives supportive of our goals and objectives but we are concerned about the cost implications generated by this proposal as well as the Department's ability to meet the fiduciary responsibilities required in this bill.

This bill would expand the responsibilities of the Department by requiring DHS or an agency contracted by DHS to provide technical and administrative assistance to fiduciary organizations to implement this program.

The Department has no expertise regarding the fiduciary responsibilities required for this program so implementation of this program will need to be contracted out as this bill would allow. These responsibilities include setting the fiscal eligibility criteria which may have tax implications, approving IDA project applications, authorizing the expenditure of State funds for the IDAs, and monitoring and auditing the records of the numerous fiduciary organizations. If this bill advances, we request that these functions be given to a Department that has the fiduciary expertise to oversee such projects.

This bill also proposes to amend chapter 257, by making replacing the references to the "State" with the "Department of Human Services". We request that chapter 257 not be amended to make DHS the sole providers of IDAs.

It should be noted that the Department of Human Services is not the only Department that may issue IDAs. In other States, IDAs are issued by various departments, depending on the funding source. Replacing the "State" with the "Department of Human Services" will limit the kinds of IDAs that can be issued.

In addition to the costs to fund the individual development accounts in this bill, there will be costs to DHS in staff time and other resources needed to monitor the contracts and provide basic oversight.

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