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January 31, 2011

Senate Committee on Human Services
Tuesday, February 1, 2011 at 1:30pm
Conference Room 016

SB 951 – Relating to Universal Children’s Savings Accounts

Dear Chair Chun-Oakland and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets in support of SB 951 – Relating to Universal Children’s Savings Accounts, legislation that would provide Medicaid-eligible children in Hawaii with savings accounts at birth.

Hawaiian Community Assets is a nonprofit organization that has provided homebuyer and financial education workshops and counseling to families across the state. Since our founding in 2000 we had received continuous requests from the families we serve to provide basic financial education to our opio, the next generation of homeowners, business leaders, and college students. Answering their calls in 2008, we organized community leaders, teachers, service providers, parents, and most importantly, youth to guide the development of a Hawaii-specific financial education curriculum and program entitled *Kahua Waiwai: Building a Foundation Wealth*©.

Now 2 years since its completion, the curriculum has reached communities across the state serving over 730 Hawaii teenagers and their families with free, culturally-relevant financial education. Train-the-trainer sessions have been conducted to equip over 100 community members with the expertise and information necessary to deliver workshops to youth from low- and moderate-income families so they may become financially self-sufficient, build asset wealth, and re-instill the value of kuleana and a culture of savings and conservation that once drove the prosperity of the Hawaiian people and life within the ahupuaa.

Through Hawaiian Community Assets’ history in providing homebuyer and financial education, and now youth financial education through its statewide Kahua Waiwai Collaborative, we have become keenly aware of the important role direct experience and habit-building play when learning how to budget and save money, build credit, and purchase assets. This is especially true for youth from families who have extremely limited financial resources to begin with as it threatens to display financial literacy as nothing more than theory that has little, if any, impact on

their everyday lives. By providing our newborn children with savings accounts we would ensure a continuum of service in regards to financial literacy driven by direct experience and habit-building, which would dually allow for service providers and communities to take our level of collaboration around financial education and asset building to new and exciting heights.

The enactment of SB 951 would establish children's savings accounts in Hawaii and help families to start saving at birth for their child's future. The account could grow tax-free and be used for college, a home, retirement, or other stated purposes. The initial deposit, with compounding interest and additional deposits, from Earned Income Tax Credit refunds, Child Tax Credits and other sources, would provide a significant foundation for every child in Hawaii, particularly those with no other assets. It would provide a vehicle for savings and a tool for children and parents to learn the value of saving and investment.

Your support of SB 951 would be our first step in putting our state at the cutting edge of children's savings in the United States. Helping our children build savings and assets can only strengthen our state's economy for years to come and as a member of the Hawaii State Asset Building Task Force in 2008-09 I can tell you this is possible for a fraction of 1% of our state's budget. More specifically, according to research conducted by Chaminade University students, with a contribution of only 1/40th of 1% the State's 2009 Fiscal Year budget, we can begin providing every newborn in Hawaii with a savings account that will grow larger as they grow taller, thus laying the foundation for a "savings culture" that lifts the prospect of a stronger, healthier local economy.

Finally, I want to call your attention back to our Kahua Waiwai curriculum. In 2008 I had the pleasure of working with over 100 Hawaii teenagers to complete this handbook from the words on its pages to the workshop activities outlined in the instructor's guide to its illustrations, layout, and design. It is theirs' – our opio own this. And this brings me to a final point. During the development stage of the handbook, I conducted workshops at nonprofits, after school programs, and public schools to test its lessons. One day when teaching about budgeting and saving at Waianae high school, a 17 year old young man raised his hand and asked me very truthfully, "Uncle why are you going to teach us about budgeting our money when we don't have any in the first place?" We heard this concern and moved budgeting and saving to lesson 2 and placed information about employment, internships, and apprentice work in a new lesson 1. When conducting similar workshops with scholarship recipients from College Connections and youth leaders from YWCA, I was told the information is too complicated, "talking too much like a banker" a young woman said. We heard these concerns and simplified the language so it would not overwhelm someone learning about financial management for the first time. When spending multiple Saturdays with 7 young leaders from YouthVision, an Oahu-based youth leadership nonprofit, responsible for illustrations, design, and layout, I was amazed at their willingness to take on such a big project and fill the shoes of the editing team as well. We heard their ideas and finalized the curriculum accordingly. Now we are not only using Kahua Waiwai to teach youth, we are using it to teach families about family financial management in a non-threatening way.

Overall, SB 951 is Hawaii's opportunity to become a leader in addressing current and future economic recessions by investing in our most precious resource, our children. Our Kahua

Waiwai curriculum and program is a testament to what we can accomplish when we act accordingly - engaging our next generation as leaders, hearing their manao, and providing them with the tools necessary to reach their vision. Because of our investment in our opio, Hawaiian Community Assets has seen major returns; a 52-member Kahua Waiwai collaborative, over 100 trained trainers statewide, over 730 youth served with free financial education, more positive discussions at dinners tables around money, and now, a financial education program that was created by Hawaii residents, for Hawaii residents, and is functioning like a social enterprise in which the funds raised through sale of the curriculum and training/technical assistance contracts are funneling back to provide family financial education for free to homeless families living in transitional shelters and incarcerated women and men re-entering into society. Imagine the return on investment if we were to provide our newborns with savings accounts at birth – sky is the limit.

Mahalo for your time, leadership, and consideration in supporting SB 951 – Relating to Universal Children’s Savings Accounts. I look forward to working with you on our investment in the economic well-being and financial self-sufficiency of future generations.

Sincerely

Jeff Gilbreath
Program Coordinator
Hawaiian Community Assets

HACBED

Community Voice, Collective Action

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Tuesday, February 1, 2011 at 1:30 p.m.

Senate Committee on Human Services

Testimony for SB 951

Relating to Universal Children's Savings Accounts

Dear Chair Chun Oakland and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) **supports the intent of SB 951** which would create a universal children's savings account pilot program under the department of human services open to Medicaid-eligible children enrolled in the QUEST program.

Asset building is an approach to fostering financial independence. It provides individuals with tangible incentives to save, helping them to gain financial success. 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

We support the intent of SB 951 in that it supports savings and asset building for children in Hawai'i.

However, we prefer if the savings goal could be expanded to more than just health to include: education costs, purchase or down payment on a home, retirement costs, starting a business or purchase of a vehicle. This would allow children to save and invest in more than one asset and help them move out of poverty and reach self-sufficiency.

A pilot universal children's savings program at the Dept. of Human Services would complement other children's savings efforts in the state. The data gathered from a DHS pilot program could provide useful information in developing a strong universal children's savings account program in Hawai'i.

As recommended by the Hawai'i Asset Building and Financial Education Task Force in 2010, Hawai'i should adopt a universal children's savings program starting at birth that would help families to start saving for their child's future. An account that can grow tax-

HACBED

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Community Voice, Collective Action

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February 1, 2011

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free, be used for college, a home, retirement, or other stated purposes, and has an initial deposit, with compounding interest and additional deposits, from Earned Income Tax Credit refunds, Child Tax Credits and other sources, would provide a significant foundation for every child in Hawai'i, particularly those with no other assets. It would provide a vehicle for savings and a tool for children and parents to learn the value of saving and investment.

If Hawai'i were to adopt a universal children's savings program, we would be at the cutting edge of children's savings in the United States. No state has yet implemented a universal children's savings account program, however a number of states, Kentucky and Illinois in particular, have created task forces to make recommendations for the creation of a program. With Hawai'i's culture of caring for our keiki and commitment to our 'ohana and community, it only makes sense that Hawai'i be in the leading pack of states willing to invest in our children.

Thank you for the opportunity to submit testimony.

Sincerely,

Brent Dillabaugh
Asset Policy Coordinator

Larissa Meinecke
Asset Policy Associate



Hawaii Credit Union League

Your Partner For Success

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Testimony to the Senate Committee on Human Services
Tuesday, February 1, 2011 at 1:30 p.m.

Testimony in support of SB 951, Relating to Universal Children's Savings Accounts

To: The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice-Chair
Members of the Committee on Human Services

My name is Stefanie Sakamoto and I am testifying on behalf of the Hawaii Credit Union League, representing 85 credit unions, and approximately 810,000 credit union members.

We are in strong support of SB 951, Relating to Universal Children's Savings Accounts. This bill would establish an extremely worthwhile project, which would go a long way towards giving needy children a head start in financial literacy. Coupling this project with health savings accounts is an innovative way to bring in matching federal funds. HawaiiUSA Federal Credit Union, one of our member credit unions, has expressed their interest in further exploring this project, and is willing to work with the necessary parties to make it a reality.

Thank you very much for the opportunity to testify.

ChunOakland2 - Tyrell

From: Rosemarie Transfiguracion [uprising808@hotmail.com]
Sent: Sunday, January 30, 2011 2:24 PM
To: HMS Testimony
Subject: SB951 Relating to Universal Children's Savings Accounts

January 30, 2011

Senate Committee on Human Services
Tuesday, February 1, 2011 at 1:30pm
Conference Room 016

SB 951-Relating to Universal Children's Savings Accounts

Dear Chair Chun-Oakland and Committee Members:

I am submitting testimony in support of SB 951 - Relating to Universal Children's Savings Accounts to provide Medicaid-eligible children in Hawaii with savings accounts at birth.

As a mother of 5 , I would definitely agree with the proposal of this bill. With having only one income and as my children grow, the expenses that occur grow as well. Making it difficult to put away and save for future purposes, like college. I believe if this bill were passed, the financial barriers that the children face as they grow will not be as harsh. Establishing a savings account for children in Hawaii would put our state at the cutting edge of children's saving in the United States and show leadership in addressing current and future economic recessions by investing in our most precious resource, our children. Helping our children build savings and assets can not only strengthen their financial needs, but strengthen our state's economy for years to come as well.

Mahalo for your leadership and consideration in supporting SB 951-Relating to Universal Children's Savings Accounts.

Sincerely,

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