

JAN 20 2012

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# A BILL FOR AN ACT

RELATING TO UNIVERSAL CHILDREN'S SAVINGS ACCOUNTS.

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

1           SECTION 1. The legislature finds that universal children's  
2 savings accounts would help families to start saving at birth  
3 for their child's future. A savings account would provide a  
4 significant foundation for every child in Hawaii, particularly  
5 those with no other assets. It would also provide a vehicle for  
6 savings and a tool for children and parents to learn the value  
7 of saving and investment.

8           The legislature also finds that thirty-four per cent of  
9 Hawaii's middle class families, those earning \$44,801 to  
10 \$68,800, are asset poor. A household is asset poor if it lacks  
11 the resources to subsist at the poverty level for three months  
12 if it loses its source of income.

13           According to a study conducted by the Center for Social  
14 Development at Washington University in St. Louis, students with  
15 savings are significantly more likely to pursue a higher  
16 education. When savings were taken into account, academic  
17 achievement was no longer a significant predictor of college  
18 attendance. Additionally, among youth who were expected to



1 graduate from a four-year college, those with a savings account  
2 in their name were approximately six times more likely to attend  
3 college than those with no savings account.

4 The purpose of this Act is to establish a universal  
5 children's savings account program for children who were born in  
6 Hawaii or reside in Hawaii.

7 SECTION 2. The Hawaii Revised Statutes is amended by  
8 adding a new chapter to be appropriately designated and to read  
9 as follows:

10 "CHAPTER

11 UNIVERSAL CHILDREN'S SAVINGS PROGRAM

12 § -1 Universal children's savings account program.

13 There is established the universal children's savings account  
14 program within the department of budget and finance. The  
15 purpose of the program is to enable families to establish a  
16 savings account for their children. The program shall:

- 17 (1) Encourage children who were born in Hawaii or reside  
18 in Hawaii to save; and
- 19 (2) Promote and educate eligible children and their  
20 families on the importance of developing a savings  
21 account.



1           **§ -2 Rules.** The department of budget and finance shall  
2 adopt rules, pursuant to chapter 91, necessary to effectuate  
3 this chapter, including but not limited to rules establishing  
4 eligibility requirements for participation in the program, the  
5 minimum amount of state matching funds to deposit into each  
6 qualifying account in establishing each individual universal  
7 children's savings account trust fund, appropriate uses for the  
8 funds provided through the program, and procedures and criteria  
9 for accessing funds from an established savings account.

10           **§ -3 Universal children's savings account trust fund.**

11 (a) There is established the universal children's savings  
12 account trust fund. The director of finance shall have custody  
13 of the fund. All payments from the fund shall be made in  
14 accordance with this chapter.

15 (b) The fund shall consist of a trust account and an  
16 operating account. The trust account shall include amounts  
17 received by the universal children's savings account program  
18 pursuant to savings agreements, administrative charges, fees,  
19 and all other amounts received by the program from other  
20 sources, and interest and investment income earned by the fund.  
21 The director of finance, from time to time, shall make transfers  
22 from the trust account to the operating account for the



1 immediate payment of obligations under savings agreements,  
2 operating expenses, and administrative costs of the universal  
3 children's savings account program.

4 (c) The director of finance, as trustee, shall invest the  
5 assets of the fund in securities that constitute legal  
6 investments under state laws relating to the investment of trust  
7 fund assets by trust companies, including those authorized by  
8 article 8 of chapter 412. Trust fund assets shall be kept  
9 separate and shall not be commingled with other assets, except  
10 as provided in this chapter. The director of finance may enter  
11 into contracts to provide for investment advice and management,  
12 custodial services, and other professional services for the  
13 administration and investment of the program.

14 (d) The director of finance shall provide for the  
15 administration of the fund, including maintaining participant  
16 records and accounts, and providing annual audited reports. The  
17 director of finance may enter into contracts for administrative  
18 services, including reports.

19 (e) All administrative fees, costs, and expenses,  
20 including investment fees and expenses, shall be paid from the  
21 operating account of the fund and, notwithstanding any other law



1 to the contrary, may be made without appropriation or  
2 allotment."

3 SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so  
5 much thereof as may be necessary for fiscal year 2012-2013 to be  
6 deposited into the universal children's savings account trust  
7 fund.

8 The sum appropriated shall be expended by the department of  
9 budget and finance for the purposes of this Act.

10 SECTION 4. This Act shall take effect on July 1, 2012.

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# S.B. NO. 2592

**Report Title:**

Universal Children's Savings Account; Appropriation

**Description:**

Creates a universal children's savings account program under the department of budget and finance.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

