

STAND. COM. REP. NO. **2309**

Honolulu, Hawaii

FEB 17 2012

RE: S.B. No. 2592
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred S.B. No. 2592 entitled:

"A BILL FOR AN ACT RELATING TO UNIVERSAL CHILDREN'S SAVINGS ACCOUNTS,"

begs leave to report as follows:

The purpose and intent of this measure is to create a universal children's savings account program under the Department of Budget and Finance.

Your Committee received testimony in support of this measure from the Hawai'i Alliance for Community-Based Economic Development, Kewalo Hawaiian Homestead Community Association, and Sovereign Councils of the Hawaiian Homelands Assembly. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that universal children's savings accounts are part of a broader asset building agenda that seeks to foster financial independence and self-sufficiency for Hawaii's youth and families. It provides individuals with tangible incentives to save and helps individuals gain financial success.

Your Committee notes that according to the Department of Budget and Finance's testimony, this measure, as it is currently drafted, raises concerns including the following:



- (1) The future liability to the State to fund the program as a permanent recurring expense;
- (2) The Department of Budget and Finance's ability to embark on a program of this magnitude without additional resources in staffing and costs for the initial establishment and ongoing operation of a program; and
- (3) The potential difficulty in attracting a third-party administrator for a Hawaii resident-based program due to the limited group of potential participants.

Your Committee has therefore amended this measure by:

- (1) Extending the effective date to July 1, 2014, to provide additional time so that a universal children's savings account program can be properly developed; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2592, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2592, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,



SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* <i>SB 2592</i>	Committee Referral: <i>HMS, WAM</i>	Date: <i>2-9-12</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
SLOM, Sam				✓
TOTAL	<i>3</i>	<i>0</i>	<i>0</i>	<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Signature]</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes