

# SB1108

Measure Title:	RELATING TO INDIVIDUAL DEVELOPMENT ACCOUNTS.
Report Title:	Individual Development Accounts; Appropriation
Description:	Clarifies guidelines for individual development accounts (IDAs) and designates the department of human services or a contracted agency to administer IDAs. Appropriates funds. (\$)
Companion:	
Package:	None
Current Referral:	HMS, WAM
Introducer(s):	CHUN OAKLAND

# HACBED

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Community Voice, Collective Action

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Tuesday, February 15, 2011 at 1:30 p.m.  
Senate Committee on Human Services  
**Testimony in Support of SB 1108**  
Relating to Individual Development Accounts

Dear Chair Chun Oakland and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of SB 1108 which clarifies guidelines for individual development accounts (IDAs) and designates the department of human services or a contracted agency to administer IDAs.

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 SB 1108 in that it is part of a package that we believe does just that.

## **Individual Development Accounts**

Individual development accounts (IDAs) are matched savings accounts that enable low-income families to save, build their assets, and enter the financial mainstream. IDAs reward working families who are building toward an asset, such as buying a home, paying for college tuition, or starting a small business. This makes for a better life for Hawai'i families and communities while giving families a sense of empowerment when they achieve their savings goal.

IDAs are part of a comprehensive public policy agenda to help people build assets. Since 2001, a growing network of nonprofit organizations in partnership with local financial institutions have successfully implemented IDA programs in Hawai'i. This bill would expand IDA opportunities to more families.

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Senate Committee on Human Services  
February 15, 2011  
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This bill would also provide organizations running IDA programs access to sufficient operational funds that are needed to provide financial education and planning, resources for case management, and funds for technical assistance and support. Most IDA programs have long waiting lists of eligible low-income individuals but not the matching funds to support them. The investment in this bill will allow more families in Hawai'i to achieve their asset goals.

In closing, Hawai'i families are struggling to provide for their families given the high cost of living across the state, especially during these hard economic times. They are overburdened by taxes and have few opportunities to build their assets and work toward self-sufficiency. Asset building strategies like matched-savings help working families in Hawai'i so they can save, build assets, and contribute to the overall state economy.

Thank you for the opportunity to submit testimony.

Sincerely,

Brent Dillabaugh  
Asset Policy Coordinator

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Asset Policy Associate