

# SB 2178

Measure Title: RELATING TO HUMAN SERVICES.  
Report Title: Human Services; TANF Program; Office of Hawaiian Affairs Package  
Description: Increases the asset limit for TANF program eligibility from \$5,000 to \$15,000.  
Companion:  
Package: OHA  
Current Referral: HMS, WAM  
Introducer(s): TSUTSUI (BR)



**SB2178**  
**RELATING TO HUMAN SERVICES**  
Senate Committee on Human Services

February 9, 2012

1:30 p.m.

Room 016

The Office of Hawaiian Affairs (OHA) strongly **SUPPORTS** SB2178, which is a bill in OHA's 2012 Legislative Package. This bill would increase the asset limit qualification for public assistance programs from \$5,000 to \$15,000 to allow families to accumulate assets and improve their financial conditions. This bill originated in OHA's Family Income Initiative, which addresses our strategic priority of helping Native Hawaiians progress toward greater economic self-sufficiency. The 2010 U.S. Census indicates that the Native Hawaiian people's poverty rate of 12.1 percent is the highest in the state.

Hawai'i's high cost of living has the most significant impact on our most vulnerable population: families, many of whom are Native Hawaiian and struggling to make ends meet. As a last resort, these families end up relying on public assistance to sustain their basic family needs. Currently, public assistance programs limit eligibility to those who have few or no assets. Unfortunately, such asset limits provide an incentive for individuals to divest themselves of assets and a disincentive to accumulate assets. This is problematic, as families need assets to avoid and escape poverty and become self-sufficient.

The Corporation for Enterprise Development is a national non-profit based in Washington, D.C., dedicated to expanding economic opportunity for low-income families and communities. The Corporation for Enterprise Development recommends that states, among other things, completely eliminate asset limits for their Temporary Assistance for Needy Families programs or raise the asset limits for those programs to \$15,000. Today, one state has raised its asset limit to \$15,000, and five states have completely eliminated their asset limits.

Increasing asset limits for those who receive public assistance would encourage families to save. It also encourages low-income families to build and maintain a safety net to bridge their way to self-sufficiency and prevent both job loss and the return to public assistance.

Therefore, we urge the committee to PASS SB2178. Mahalo for the opportunity to testify on this important measure.

# UNIVERSITY OF HAWAII

Bridge to Hope  
Serving UH Waikane Recipient Students

TO: Committee on Human Services  
Sen. Suzanne Chun Oakland, Chair  
Sen. Les Ihara, Vice-Chair

FROM: Teresa Bill, Bridge to Hope Coordinator (956-8059)

RE: Testimony **Strongly SUPPORTING SB2178**, Relating to Human Services  
Thurs. Feb 9, 2012 1:30 p.m. Conference Room 016

I am Teresa Bill, testifying in **strong support of SB2178** raising asset limits for TANF/TAONF public assistance to \$15,000. I am the coordinator of a UH program called Bridge to Hope that supports TANF participants in their pursuit of higher education as a means of economic self-sufficiency. However my testimony is not the official testimony of the University.

Of the three bills addressing Asset Limits for TANF before the Committee this afternoon (SB2178, SB2936, SB2937) I would **prioritize SB2936** which eliminates the asset test for TANF. However, if elimination is not politically feasible, I support SB2178 raising the cash limit to \$15,000. I also suggest a friendly amendment to Section 2 (C) (3) indexing the asset limit annually for inflation to ensure that the financial threshold is maintained and not eroded by inflation.

Raising the limit to \$15,000 meets the recommendations of the Hawaii State Asset Building and Financial Education Taskforce recommendation submitted in January 2010 suggesting the elimination of asset tests, or alternatively raising it to meet the Self-sufficiency Standard for 3 months; the minimum recommended "emergency savings" (pg. 32). A family of 4 (2 adults, 2 children) needs approx. \$5100 per month to meet the 2009 Self-Sufficiency Income Standard published by DBEDT in Dec 2011.

Adjusted for inflation, the \$5,000 asset limit established in 1996 for Hawaii's "TANF" program is worth only \$3,500 in 2011. When TANF was initiated, rules were implemented to deter complete loss of all savings; we need to adjust the figure to maintain the intent to keep savings an option for families to re-build economically.

Raising the asset test to \$15,000 would give families at least 2-3 months of expenses. This is what is recommended for all families to save to provide a cushion from unemployment or other unexpected loss of income. Our poorest families particularly need emergency savings.

Additionally, I am keenly aware that the current \$5,000 asset test is a barrier for the TANF students I work with. When UHManoa tuition is \$4,550 per semester (and rising every year), a student who receives financial aid - scholarships or loans can find themselves penalized by this asset test as their checking account balance could exceed \$5,000 in the process of receiving aid & paying tuition etc.

Also, this bill only addresses asset tests for TANF, which is a good start. But General Assistance, and Aid to Blind & Disabled are also adults who are penalized for any saving; their asset test is even lower, currently at \$2-3000.

As SB2178 indicates, many families are forced to spend every shred of "emergency savings" they might have in order to qualify for public assistance. This forced spending and withholding of

financial assistance (and foodstamps) until a family has lost everything contradicts every tenet of family financial stability. Once the family gains access to the public assistance program, they are then encouraged to begin building a path to "economic self-sufficiency" - often that includes rebuilding savings as a buffer against unexpected loss of jobs, car repair, etc. It is an unfortunate occurrence when a family must choose between initiating a savings plan and participating in TANF, whose stated goal is to encourage economic self-sufficiency; which reasonably includes emergency savings.

I urge you to **support SB2178** and give Hawaii families the ability to secure minimal public assistance without draining all resources.

Thank You

# HACBED

Community Voice, Collective Action

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Thursday, February 9, 2012 1:30 pm  
Senate Committee on Human Services

## **Testimony in Support of SB2178**

Relating to Asset Limits

Dear Chair Chun Oakland and Committee Members:

The Hawai'i Alliance for Community-Based Economic Development (HACBED) **supports SB2178** which increases the asset limit for TANF program eligibility from \$5,000 to \$15,000.

Raising or eliminating public benefit program asset tests are part of a broader asset building agenda that seeks to foster financial independence and self sufficiency for our families. 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

Current TANF eligibility requirements limit assets to \$5,000. If individuals or families have assets exceeding this limit, they must "spend down" longer-term savings. Personal savings and assets are precisely the kinds of resources that allow people to move off public benefit programs and having such low asset limits can discourage anyone considering or receiving public benefits from saving for the future.

Overall, since 1996, 24 states have eliminated Medicaid asset limits entirely; five states have eliminated TANF asset limits; and 37 states have eliminated SNAP asset limits. Three states have substantially increased the asset limits in their Medicaid or TANF programs, and 37 states have excluded important categories of assets from these limits in one or both programs.

Thanks for this opportunity to submit testimony in support of SB2178.

Sincerely,

Brent Dillabaugh  
Asset Policy Coordinator