

**LATE TESTIMONY**



**HB868**  
**RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT**  
**FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM**  
House Committee on Finance

February 14, 2013                      3:30pm                      Conference Room 308

The Office of Hawaiian Affairs (OHA) strongly **SUPPORTS** HB868 because eliminating the asset limit for the Temporary Assistance for Needy Families (TANF) program will encourage TANF recipients to accumulate more assets to improve their financial conditions. OHA supports this bill because it aligns with our strategic priority to improve the conditions of Native Hawaiians toward greater economic self-sufficiency. In 2012, more Native Hawaiians received benefits from the TANF and Temporary Assistance for Other Needy Families programs than any other ethnic group in the state<sup>1</sup>.

Asset limits are intended to target public dollars to our most neediest and vulnerable populations. However, asset limits have an unintended consequence: they provide an incentive for individuals to divest themselves of assets and a disincentive to accumulate assets. This is problematic, as families need assets to escape poverty and become self-sufficient.

Financial savings and asset accumulation enables our neediest families to maintain a safety net to self-sufficiency, prevent job loss and avoid a return to public assistance. At the same time, families would have an opportunity to build assets toward retirement, which would lessen their dependence on government in their old age.

Reforming asset limits for public assistance programs is a growing trend nationally. Several states have increased the asset limits for public assistance programs, and five states (Ohio, Virginia, Louisiana, Alabama and Maryland) have completely eliminated their asset limits for TANF, which has resulted in little to no change in caseload and reduced administrative costs.

Therefore, OHA urges the committee to **PASS** HB868. Mahalo nui for the opportunity to testify.

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<sup>1</sup> STATE OF HAWAII DEPARTMENT OF HUMAN SERVICES, DATABOOK, PAGE 4 (2013) (Hawaiian/Part-Hawaiian represent 33.5 percent of state TANF and TAONF recipients)



DEMOCRATIC PARTY OF HAWAII

February 14, 2013

To: Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair and  
Members of the Committee on Finance

## LATE TESTIMONY

From: Jeanne Y. Ohta, Co-Chair

Re: HB 868 Relating to Eliminating the Asset Eligibility Requirement for the TANF Program  
Hearing: Thursday, February 14, 2013, 3:300 p.m., Room 308

Position: Support

The Hawai'i State Democratic Women's Caucus writes in support of HB 868 Relating to Eliminating the Asset Eligibility Requirement for the TANF Program. Asset limitations for public benefit programs provide an incentive for low-income families to get rid of, or choose not to accumulate assets. The federal government gives states the flexibility to raise or eliminate asset tests for most applicants.

Eliminating the requirement would help families build assets which provide a safety net for a family so they can work toward their own self-sufficiency and prevent their return to public assistance programs. Nationally approximately 85% of adult TANF recipients are women. Eliminating the asset requirement has also shown to simplify the administration of the program.

The Hawai'i State Democratic Women's Caucus is a catalyst for progressive, social, economic, and political change through action on critical issues facing Hawaii's women and girls. It is in keeping with our mission that we support this measure.

We respectfully request that the committee pass this measure.

Date: January 29, 2013

To: HOUSE COMMITTEE on FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto, Vice-Chair  
Rep. Aaron Ling Johanson Vice-Chair

From: Teresa Bill, Univ. Hawai'i Bridge to Hope Coordinator  
Ph: 956-9313

Re: Strongly Supporting HB 868, Relating To Eliminating The Asset Limit For TANF  
Thurs. Feb. 14, 2013 3:30 p.m.  
Conference Room 308 Committee Clerk, room 306

I am Teresa Bill, testifying in strong support of HB 868 eliminating the asset limit for TANF public assistance. I am the Coordinator of a Univ. of Hawai'i 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.

I am a member of both the Dept. of Human Services' Financial Assistance Advisory Council and the 2008 Hawai'i State Asset Building and Financial Education Task Force which also recommended the elimination of asset limit tests for public assistance. This legislation is a long time coming and greatly needed. I am pleased that the Dept. (DHS) is supporting this change in policy, as it reflects the experiences of families working hard to leave public assistance, and the change in national discourse regarding the need for "asset building" for all families.

Eliminating Asset Test Addresses the Need for Low-Income Families to Save:

When TANF was initiated in 1996, rules were implemented to deter complete loss of all savings. Eliminating asset limits maintains the intent to keep savings an option for families to re-build economically.

Many families are forced to spend any "emergency savings" they might have in order to qualify for public assistance. This forced spending and withholding of financial assistance until a family has lost everything -- contradicts every tenet of family financial stability. Once a family gains access to the public assistance program, they are then encouraged to build 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.

Working and middle-income families are encouraged to save to provide a cushion from unemployment or other unexpected events. Our poorest families particularly need emergency savings and the ability to save for them without jeopardizing access to TANF. For example, the Earned Income Tax becomes an "asset" if it is not spent within 90 days. This does not foster "savings" for our families. Moving into housing also requires considerable savings which may bump against asset limits - 1<sup>st</sup> month's rent; an equivalent deposit; utility deposits - these all add up. Even our lowest-earning families need the ability to save.

Eliminating Asset Test Has Not Increased Caseload:

As the 2013 DHS Report submitted to the Legislature details, those States that eliminated asset limit tests (Ohio, Virginia, Maryland, Louisiana, Colorado) have **not** experienced a significant increase in caseload or applications (Maryland & Alabama indicate its too soon to tell, but they did not expect to have an increase).

Income Eligibility Remains Even if Asset Test Is Eliminated:

I want to reinforce that the **income eligibility test remains**, it is only the asset limit test that will be removed.

Affordable Care Act Eliminates Medicaid Asset Test in 2014:

With elimination of asset tests for Medicaid under the Affordable Care Act, it makes sense to streamline asset tests for TANF and piggyback on IT re-design.

I urge you to **support HB868** and give Hawai'i families the ability to secure minimal public assistance without draining all resources.

Thank You.