NEIL ABERCROMBIE
GOVERNOR

DWIGHT TAKAMINE
DIRECTOR

AUDREY HIDANO
DEPUTY DIRECTOR

MILA KA'AHANUI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
OFFICE OF COMMUNITY SERVICES
830 PUNCHBOWL STREET, ROOM 420
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8675 / Fax: (808) 586-8685
Email: dlir.ocs@hawaii.gov

February 19, 2013

To: The Honorable David Ige, Chair
Senate Committee on Ways and Means

Date: Friday, February 22, 2013
Time: 9:00 am
Place: Conference Room 211, State Capitol

From: Mila Kaahanui, MSW
Executive Director
Office of Community Services (OCS)

TESTIMONY IN SUPPORT

Testimony for Senate Bill 1099, S.D. 1, Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families (TANF) Program

I. OVERVIEW OF PROPOSED LEGISLATION

The measure proposes to amend §346-29, Hawaii Revised Statutes, by deleting the asset limit of $5,000 and the value of one motor vehicle in determining a family's need for financial assistance.

The Office of Community Services supports this bill.

II. CURRENT LAW

The Office of Community Services (OCS) is charged to facilitate and enhance the delivery of service to low-income, immigrant, refugee, and other disadvantaged populations. OCS currently has a single TANF-funded program, a reduction from past years where the Department of Human Services and OCS had additional Memoranda of Agreement for TANF-funded initiatives. Currently, Hawaii Revised Statutes §346-29 (c) (3) allows $5,000 and the value of one motor vehicle in assets for families applying for or receiving TANF benefits.

III. COMMENTS ON SENATE BILL

As an advocate for the disadvantaged in our State, an administrator of TANF-funded projects, and an active participant on the Financial Aid Advisory Council, I believe this proposal to be both efficient and fair.

Verification of assets is very time consuming and yields little in the way of actual fraud. Currently, resources are being expended on a difficult task that is a very small part of the overall application process. Further, most applicants do not have the assets described. Eliminating the asset limit can cut government 'red tape', streamline benefit provision and allow staffing resources to be used more effectively.

Stereotypes about people who receive government benefits are real, but largely false. While the debate about the nature of poverty continues today, researchers around the world have tested a "culture of poverty" concept empirically and all agreed that there is no such things as a culture of poverty. *Differences in values and behaviors among poor people are just as great as those between poor and wealthy people*. Here are a few examples of myths, along with the facts:

Myth: Poor people are unmotivated and have weak work ethics.

Reality: Poor people do not have weaker work ethics or lower levels of motivation than wealthier people (Iversen & Farber, 1996; Wilson, 1997). Although poor people are often stereotyped as lazy, 83 percent of children from low-income families have at least one employed parent; close to 60 percent have at least one parent who works full-time and year-round (National Center for Children in Poverty, 2004). In fact, the severe shortage of living-wage jobs means that many poor adults must work two, three, or four jobs. According to the Economic Policy Institute (2002), poor working adults spend more hours working each week than their wealthier counterparts.

Myth: Poor people are linguistically deficient.

Reality: All people, regardless of the languages and language varieties they speak, use a full continuum of language registers (Bomer, Dworin, May, & Semingson, 2008). What's more, linguists have known for decades that all language varieties are highly structured with complex grammatical rules (Gee, 2004; Hess, 1974; Miller, Cho, & Bracey, 2005). What often are assumed to be *deficient* varieties of English—Appalachian varieties, perhaps, or what some refer to as Black English Vernacular—are no less sophisticated than so-called "standard English." In Hawaii this concept includes "pidgin" as well as English spoken by people who speak a native language at home and whose first language is not English.

Myth: Poor people tend to abuse drugs and alcohol.

Reality: Poor people are no more likely than their wealthier counterparts to abuse alcohol or drugs. Although drug sales are more visible in poor neighborhoods, drug use is equally distributed across poor, middle class, and wealthy communities (Saxe, Kadushin, Tighe, Rindskopf, & Beveridge, 2001). Chen, Sheth, Krejci, and Wallace (2003) found that alcohol consumption is *significantly higher* among upper middle class white high school students than among poor black high school students. Their finding supports a history of research showing that alcohol abuse is far more prevalent among wealthy people than among poor people (Diala, Muntaner, & Walrath, 2004; Galea, Ahern, Tracy, & Vlahov, 2007). In other words, considering alcohol and illicit drugs together, wealthy people are more likely than poor people to be substance abusers.

Myth: Poor parents are uninvolved in their children's learning, largely because they do not value education.

Reality: Low-income parents hold the same attitudes about education that wealthy parents do (Compton-Lilly, 2003; Lareau & Horvat, 1999; Leichter, 1978). Low-income parents are less likely to attend school functions or volunteer in their children's classrooms (National Center for Education Statistics, 2005)—not because they care less about education, but because they have less *access* to school involvement than their wealthier peers. They are more likely to work multiple jobs, to work evenings, to have jobs without paid leave, and to be unable to afford child care and public transportation. It might be said more accurately that schools that fail to take these considerations into account do not value the involvement of poor families as much as they value the involvement of other families.

I appreciate your consideration of this information and ask for your support of S.B. 1099, S.D.1.

NEIL ABERCROMBIE
GOVERNOR

PATRICIA McMANAMAN
DIRECTOR

BARBARA A. YAMASHITA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 22, 2013

MEMORANDUM

TO: The Honorable , David Y. Ige, Chair
Senate Committee on Ways and Means

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 1099, S.D. 1- RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM**

Hearing: Friday, February 22, 2013, 9:00 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of S.B. 1099, S.D. 1 is to eliminate the asset limit eligibility requirement for the Temporary Assistance for Needy Families (TANF) program.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill.

The 2012 Legislature through House Resolution (H.R.) 124 had tasked the Department with conducting a study on asset limits to qualify for public assistance. The report, including details of findings and recommendations, can be found at the following web address:

http://humanservices.hawaii.gov/wp-content/uploads/2013/01/2012-HR-124-Asset-Limit-Study.pdf

The study recommended that the asset limit be eliminated for eligibility for the Temporary Assistance for Needy Families (TANF) program only. This recommendation is based on a review of six states that have eliminated the asset requirement for TANF with no increases in caseload or costs.

The six states: Alabama, Colorado, Louisiana, Maryland, Ohio and Virginia have eliminated asset limits with little or no increase in caseloads or costs. In 1997, Ohio became the first state to abolish TANF asset limits through legislative changes. Elimination of asset tests in Ohio resulted in no increase in caseload as of 2010, even with a national recession and an increase in the TANF benefit level. In 2003, Virginia's Department of Social Services adopted administrative rules which eliminated asset limits in TANF family and child medical programs. Virginia's TANF caseload at the end of 2010 was 29% lower than in 1997. In Louisiana, three years after the 2009 change, there has been minimal change in their TANF caseload. And, in Colorado where asset limits were increased to $15,000 in 2006 and completely eliminated effective 2011, Levetta Love, Executive Director of Colorado Works, the division within Colorado's Department of Human Services that manages the TANF program wrote "We have seen little impact if any."

The DHS examined its caseload data to determine what, if any, impact this proposal may have. We concluded that elimination of TANF asset limits would likely have a minimal effect on caseloads and benefit costs because few applicants and current recipients have substantial resources or assets. The percentage of cases per month that have been denied due to excess assets is negligible for Hawaii's public assistance programs, less than one percent (less than .2%). The percentage of cases closed because of excess assets is even lower (less than .15%).

Those who support asset limits believe that asset tests are necessary to ensure that public assistance benefits are going to those who are in need of assistance and not to “asset-rich” individuals. There is also concern that eliminating or raising asset limits would allow more individuals to qualify for public assistance benefits and result in unsustainable increases in caseloads and costs to the State. However, denial and closure data indicate that currently in Hawaii, few recipients or new applicants have substantial assets.

National trends also favor the elimination of asset limits. The DHS reviewed and evaluated policies and trends nationally and across the major assistance programs administered by the DHS such as the Supplemental Nutritional Assistance Program (SNAP) and the Medicaid Program.

As outlined in the federal Affordable Care Act (ACA), eligibility for Medicaid recipients, except aged, blind, or disabled individuals, will be determined without asset limits or a resource test. The SNAP program already uses TANF-funded programs as the reason to eliminate asset limits under their Broad Based Categorical Eligibility Program and Medicaid will eliminate asset limits in less than a year for households that are TANF eligible as a result of the federal ACA.

Elimination of asset limit rules for Hawaii’s TANF program would simplify eligibility requirements and would reduce administrative burden on caseworkers and complement the intent of the DHS’ business process re-engineering program (BPRP) which streamlines and creates efficiencies within the eligibility review process. Although difficult to quantify, savings would result from case workers not being required to expend resources to verify assets during initial application. Also, caseworkers are now required to review assets during recertification and each time a recipient reports a change in assets or income. Repeated review of TANF cases to test if asset limits are being exceeded would no longer be required with the elimination of TANF asset limits. Other reform options such as raising or indexing asset limits to inflation would not reduce administration burden; caseworkers would still need to verify assets of applicants and current recipients.

States that have tracked actual savings from elimination of asset limits have found that cost and time savings have far outweighed the cost of any additional caseload. Although eliminating TANF asset test resulted in an increase of $127,200 in benefit payments to an additional forty families, the state of Virginia accrued savings of $323,050 in administrative staff time. After eliminating Medicaid asset limits, New Mexico estimates that only $23,000 of additional state funds per year were expended due to a slight increase in Medicaid enrollment and the cost was easily offset by administrative cost savings. Additionally, Oklahoma estimates that it is spending $1 million less to administer its Medicaid program after asset tests were eliminated.

Households must still meet income eligibility and would be ineligible for TANF in the event income exceeded eligibility income limits. For a family of three (the average family size under TANF) containing a work eligible adult, the eligible net income limit per month is of $610. Income exceeding this amount would cause ineligibility. Benefits will therefore still go to those with very little or no income despite the elimination of the asset limit.

The DHS believes eliminating asset testing will encourage Hawai'i families on public assistance to save money and potentially build assets that would help end their reliance on state and federal public assistance and enable them to move towards self-sufficiency. Ending reliance on state and federal public assistance is a major objective of the TANF program created under the Personal Responsibility and Work Opportunity Act of 1996. This action also supports the Governor's New Day objective of developing asset building programs that fight poverty, drive families to self-sufficiency and grow the middle-class. Research has shown that families must build an asset base and engage in self-sustaining employment if they want to be self-sufficient and not rely on public assistance. It is therefore counter-productive to impose an asset limit.

Thank you for the opportunity to provide comments on this bill.

OFFICE OF HAWAIIAN AFFAIRS
Legislative Testimony

SB 1099 SD1
RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM
Senate Committee on Ways and Means

February 22, 2013 9:00am Conference Room 211

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB1099 SD1 which would eliminate the asset limit for the Temporary Assistance for Needy Families (TANF) program to allow families to accumulate assets and improve their financial conditions. OHA supports this bill as it fits within our strategic priority of improving the conditions of Native Hawaiians toward greater economic self-sufficiency.

The purpose of asset limits are intended to target public dollars to our most neediest and vulnerable populations. However, the unintended consequence of these asset limits provides 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.

A pragmatic approach to address this dilemma would be to eliminate asset limits for the TANF program, which would encourage families to save and build a bridge from government dependency to self-sufficiency. 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 in public assistance programs can make a significant impact on how we address poverty in our communities in a systemic way. Through national and local advocacy efforts, reform to asset limits in public assistance programs has been impacted in a meaningful way. There are five states (Ohio, Virginia, Louisiana, Alabama, and Maryland) that have completely eliminated their asset limits for TANF which has resulted in little to no change in caseload and reduced administrative costs.

OHA urges the committee to **PASS** SB1099 SD1. Mahalo nui for the opportunity to testify.

HAWAI'I APPLESEED CENTER
LAW
AND
ECONOMIC
JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 1099 Relating to Eliminating the Asset Limit Eligibility Requirement
for the Temporary Assistance to Needy Families Program
Senate Committee on Ways and Means
Scheduled for Decision-Making Friday, February 22, 2013, 9:00 AM, Room 211

Thank you for an opportunity to testify in strong support of Senate Bill 1099, which would eliminate the asset limit for families receiving Temporary Assistance to Needy Families (TANF).

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

When analyzing the impact of asset limits, we need to focus not just on income poverty, but also asset poverty. Asset building is essential to financial stability and economic mobility, yet asset limits for TANF eligibility discourage families from building these resources.

A family is considered asset poor when it lacks sufficient resources to subsist at the poverty level for three months in the absence of all income. For a family of four in Hawai'i, this threshold is $6,627. The current TANF asset limit of $5,000 is less than what a family would need to stay above the asset poverty level and barely survive in the event of a financial emergency.

Asset limits can actually send families the counterproductive message that they should not save for their future. With asset limits, a family may have to "spend down" its savings to qualify for assistance and not build resources that will help them to provide for future needs. Moreover, asset limits no longer fit the goals of the TANF program, which focuses on quickly moving families into financial self-sufficiency. The five year lifetime limits on TANF benefits and work requirements have made an asset test obsolete. In actuality, savings and other assets are what enable people to move off of public benefit programs such as TANF and build a better future.

In addition, the state may even save money by eliminating the asset limit. As reported in its "Assets and Opportunities Scorecard," the Corporation for Economic Development found that evidence from states which had eliminated asset tests suggested that savings in administrative costs actually exceeded increases in caseloads.

An asset test for TANF eligibility ultimately undermines the program's goals because it makes it more difficult for recipients to achieve economic self-sufficiency and escape asset poverty. Families who are financially struggling should not be penalized for building savings for retirement or college, or owning a second vehicle which could enable additional family members to work, seek employment, attend school, or participate in job training. Families receiving TANF should instead be encouraged to develop the resources needed that will help them achieve financially secure in the future.

Hawai`i Appleseed Center for Law and Economic Justice
119 Merchant Street, Suite 605 ◆ Honolulu, Hawai`i, 96813 ◆ (808) 587-7605

LEGAL AID SOCIETY OF HAWAI'I

Telephone: (808) 536-4302 • Fax: (808) 527-8088
Mailing Address: P.O. Box 37375 • Honolulu, Hawaii 96837-0375
924 Bethel Street • Honolulu, Hawaii 96813

Calvin Pang, Esq.
President, Board of Directors

M. Nalani Fujimori Kaina, Esq.
Executive Director

COMMENTS IN SUPPORT OF
SB1099 SD1 - RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM

Committee on Ways and Means - Room 211

Senator David Ige, Chair
Senator Michelle Kidani, Vice-Chair

February 22, 2013 at 9:00 a.m.

The Legal Aid Society of Hawaii submits testimony in support of SB1099 SD1 – Relating to the Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program. This bill would eliminate the counting of assets for those seeking assistance from the Temporary Assistance for Needy Families Program. By eliminating the counting of assets, families receiving assistance are able to save for rental deposits, for the purchase of a car that might be needed for transportation to and from work, or to get off of assistance. It is important to note that income eligibility tests would still be in place and families would have to have minimal income to qualify for this time limited program.

We believe that the fiscal impact on the state will be minimal in that less than one percent of denials and closures have been due to those over assets. In fact, it is likely that costs could actually be reduced in that the time which Department of Human Services staff must spend on determining asset eligibility.

In Legal Aid's experience, one of the key benefits of eliminating this rule is the benefit that it would provide to those who have inherited partial interests in property, in most cases kuleana lands, where their interest may be only 1/32 of the overall property. Under current Department of Human Services rules, the value of this property if the individual is not living on it, which is most often the case, will be counted as an asset unless the individual can find a real estate broker willing to provide a value assessment and analysis as to whether it is possible to partition the property or sell it. For those with already limited resources it is almost impossible to do this without a real estate broker who is willing to assist pro bono. The Department of Human Services has indicated that most of those denied Temporary Assistance for Needy Families assistance in the last year were for this reason.

Thank you for this opportunity to provide testimony.

Sincerely,

M. Nalani Fujimori Kaina
Executive Director

The Legal Aid Society of Hawaii (Legal Aid) is the only legal service provider with offices on every island in the state, and in 2012 provided legal assistance to almost 10,000 Hawai'i residents in the areas of consumer fraud, public assistance, family law, the prevention of homelessness, employment, protection from domestic violence, and immigration. Our mission is to achieve fairness and justice through legal advocacy, outreach and education for those in need.

U N I V E R S I T Y   O F   H A W A I ʻ I

Bridge to Hope
Serving UH Welfare Recipient Students

Date: February 20, 2013

To: SENATE COMMITTEE on Ways And Means
Sen. David Ige, Chair
Sen. Michelle Kidani, Vice-Chair

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

Re: Strong Support SB 1099, Relating To Eliminating The Asset Limit For TANF
Fri. Feb 22, 2013 9:00 a.m.
Conference Room 211 Committee Clerk, room 208

I am Teresa Bill, **testifying in strong support of SB 1099** 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.

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, moving into housing also requires considerable savings which may bump against asset limits – 1st month's rent; an equivalent deposit; utility deposits – these all add up. Even our lowest-earning families need the ability to save.

Income Eligibility Test 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.

2600 Campus Road, Queen Liliʻuokalani Center for Student Services 211, Honolulu, Hawaiʻi 96822-2205
Telephone: (808) 956-8059, Facsimile: (808) 956-9314, Email: bth@hawaii.edu

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).

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 SB 1099** and give Hawaiʻi families the ability to secure minimal public assistance without draining all resources.

Thank You.

From:	mailinglist@capitol.hawaii.gov
To:	WAM Testimony
Cc:	tabraham08@gmail.com
Subject:	Submitted testimony for SB1099 on Feb 22, 2013 09:00AM
Date:	Wednesday, February 20, 2013 12:26:41 AM

SB1099

Submitted on: 2/20/2013

Testimony for WAM on Feb 22, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments: i support urgent and immediate passage of the bill.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov