

# SB 907 (SD 1)

**Measure Title:** RELATING TO UNIVERSAL CHILDREN'S SAVINGS ACCOUNTS.

**Report Title:** Universal Children's Savings Account; Appropriation (\$)

**Description:** Creates a universal children's savings account program in the department of budget and finance to promote financial education and assist children with purchasing a home or starting a business later in life. Establishes and appropriates funds into the universal children's savings account trust fund.

**Companion:**

**Package:** None

**Current Referral:** HMS, WAM

**Introducer(s):** CHUN OAKLAND, Gabbard, Kidani

DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
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**TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON HUMAN SERVICES  
ON  
SENATE BILL NO. 907, PROPOSED SD1**

February 16, 2016  
1:25 P.M.

**RELATING TO UNIVERSAL CHILDREN'S SAVINGS ACCOUNTS**

Senate Bill No. 907 proposes to establish a universal children's savings account program to enable families to start savings accounts for their children who are born or reside in the state, assist these children in purchasing a future home or starting a business.

The Department appreciates and supports the intent of the bill to educate children and their families on the importance of saving and developing a savings account. However, we note significant budgetary issues surrounding the establishment and maintenance of such a program, such as: 1) the potential cost to the state of initiating a universal savings account program; 2) the ability of the state to sustain the future liability of funding the program as a permanent, recurring expense; 3) the Department would not be able 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 4) if a third-party administrator (TPA) is contracted, it may be difficult to attract a TPA for a Hawai'i resident-based program due to the limited group size of potential participants.

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