

HACBED

Hawai'i Alliance for Community-Based Economic Development
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February 21, 2008

Senate Committee on Ways and Means
Thursday, February 21, 2008 at 9:30 a.m.
Conference Room 211
SB 2840 SD1 – SUPPORT

Dear Chair Baker and Committee Members:

The Hawai'i Alliance for Community Based Economic Development (HACBED) is submitting testimony in support of **SB 2840 SD1** that would appropriate funds to the Department of Business, Economic Development, and Tourism to hire one staff person to establish, update and define the self-sufficiency standard.

Hawai'i needs a comprehensive public policy to help people build assets. This should include a package of programs, tax incentives, regulatory changes, and other mechanisms to help people earn more, save more, protect hard earned assets, start businesses and become homeowners. We support **SB 2840 SD1** in that it is part of a package that we believe does just that. The Ho'owaiwai Asset Policy agenda addresses these needs by putting together a comprehensive package of bills and policies that encourages and widens opportunities for asset building.

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

Utilizing the self-sufficiency standard is a critical part of asset building policy as families cannot save if there are not realistic figures to determine what the actual cost of living is.

The utility of the self-sufficiency standard cannot be over looked in our changing economy. Currently 69% of jobs in Hawaii pay less than self-sufficiency compared to 50% for other states. By biannually updating the self-sufficiency standard, Hawai'i will be in a better position to assess the needs of our most vulnerable citizens and be

Chair Baker and Committee Members
February 21, 2008
Page 2

able to provide new businesses with a realistic economic picture to pay living wages.

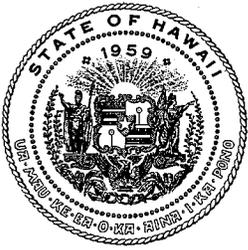
We respectfully ask your committee to appropriate \$30,000 to \$50,000 for the establishment and update of the self sufficiency standard.

Thank you for the opportunity to submit testimony.

Sincerely,

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Thursday, February 21, 2008

9:30AM

State Capitol, Conference Room 211

in consideration of
SB 2840 SD1
RELATING TO SELF-SUFFICIENCY

Chair Baker, Vice-Chair Tsutsui, and Members of the Senate Committee on Ways and Means.

The Department of Business, Economic Development and Tourism (DBEDT) supports the concept of SB 2840 SD1, which would require DBEDT to establish and measure biannually a self-sufficiency standard. The bill provides for an appropriation and a staff position to carry out this responsibility. There have been many good ideas introduced this legislative session that support the State's economic development goals. We note, however, that this appropriation was not included in the Executive's Supplemental Budget, and request that this appropriation not displace the priorities contained in that budget.

We agree that determining a self-sufficiency standard is an appropriate and useful effort. A widely used model for determining a self-sufficiency standard was developed some years back by Dr. Diana Pearce through a Ford Foundation grant. The Pearce methodology, (referred to as the FESS method) has been used to develop self-sufficiency standards in at least 35 states and regional areas, including Hawaii. In the case of Hawaii, Dr. Pearce produced the very extensive

study, *The Self-Sufficiency Standard for Hawaii*, in 2003, for the Hawaii State Commission on the Status of Women. In 2006 that same methodology, with some modifications was used by the Center on The Family (a University of Hawaii Manoa agency) to update the self-sufficiency standard for the Aloha United Way.

We would like to produce an update of the 2006 University study this year, although the comprehensiveness of that update will depend on available funds. Estimates range from around \$30,000 for an update of previous data to over \$50,000 for a more comprehensive reevaluation of the standards and data.

Thank you for the opportunity to offer these comments.

TESTIMONY IN SUPPORT OF SB2840 SD1
RELATING TO SELF-SUFFICIENCY

The Legal Aid Society of Hawaii hereby provides testimony in support of SB2840 SD1 – Relating to Self-Sufficiency. This bill would require the Department of Business and Economic Development to biannually establish a self-sufficiency standard for Hawai'i.

Founded in 1950, the Legal Aid Society of Hawaii is the oldest provider of legal services in the state. We provided civil legal assistance to those in need through nine offices located in Lihue, Waianae, Honolulu, Kahaluu, Kaunakakai, Lanai City, Wailuku, Kona and Hilo.

We believe that it is critical that the state have a realistic standard to understand what it actually cost to live in Hawai'i without public assistance. Currently, many state and non-profits utilize the federal poverty guideline to determine eligibility for assistance. However, we believe that the federal poverty guideline is wholly ineffective in truly determining the needs in the community.

We support this effort to establish the self-sufficiency standard.

Thank you for this opportunity to testify.

Sincerely,

M. Nalani Fujimori
Deputy Director



WAM committee
Thurs, Feb 21, 2008
9:30 am

National Association of Social Workers

Hawaii Chapter

February 20, 2008

TO: Senator Roz Baker, Chair
And members of the Senate Ways and Means Committee

FROM: Debbie Shimizu, LSW, Executive Director
National Association of Social Workers (NASW)
Welfare and Employments Rights Coalition (WERC)

RE: SB 2840 SD1 Relating to Self Sufficiency - **SUPPORT**

Chair Baker and members of the Senate Ways and Means Committee, I am Debbie Shimizu, Executive Director of the National Association of Social Workers and a member of the Welfare and Employment Rights Coalition. I am testifying in **SUPPORT** of SB 2840 SD1 requiring DBEDT to establish a self-sufficiency standard.

In 2005, the Legislature passed legislation to change the formula used to calculate the amount of assistance individuals would receive on welfare based on the 2006 Federal Poverty Level (FPL). While we appreciate the change, we know that in a few years, we would be back advocating to change the formula again to the new poverty level. Truthfully, basing the formula on the FPL is flawed. The FPL was created in 1963 and set at three times the cost of the "Thrifty Food Plan". Since then, the Wider Opportunities for Women (WOW) has developed the "self sufficiency standard" which calculates the cost of living based on a number of factors including housing, transportation, child care, etc, and takes into account the composition of the family and community in which the family lives. The Economic Policy Institute (EPI) has also calculated a "basic family budget" including the cost of housing, food, transportation, child care, health care, taxes, and other necessities (clothing, personal care, household supplies, etc). Both the "self sufficiency standard" and "basic family budget" are truer pictures of what it costs a family to live. We support having DBEDT use these models to determine the self-sufficiency standard for Hawaii's families.

We believe that public policy should be based on a truer standard rather than the FPL and updated annually to reflect the increases in the cost of living. As policy makers, you should have accurate and current information to base your decisions on.

Thank you for the opportunity to **SUPPORT SB 2840 SD1 Relating to Self-Sufficiency.**

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR
HENRY OLIVA
DEPUTY DIRECTOR

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

February 21, 2008

MEMORANDUM

TO: The Honorable Rosalyn H. Baker, Chair
Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2840, S.D. 1 RELATING TO SELF-SUFFICIENCY**

Hearing: Thursday, February 21, 2008; 9:30 a.m.
Conference Room 211, State Capitol

PURPOSE: This bill would require the Department of Business, Economic Development and Tourism to establish, update and define the self-sufficiency standard to be used to determine the level of public assistance. Authorizes one staff person to establish and update the self-sufficiency standard.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill. DHS defers to the Department of Business, Economic Development and Tourism (DBEDT) for the establishment of a self-sufficiency standard and the authorization of staff to do this.

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



WAM Committee
Hearing on Tues, Feb 21, 2008 9:30 am
Deliver to Committee Clerk, Rm 210

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Date: February 20, 2008

TO: SENATE COMMITTEE ON WAYS and MEANS
Senator Rosalyn Baker, Chair
Senator Shan Tsutsui, Vice Chair

From: Teresa Bill

RE: **SUPPORT** SB2840 SD1, relating to Self-Sufficiency

Thurs. Feb. 21, 2008 9:30 a.m.
State Capitol Conference Room 211

I am Teresa Bill, testifying **in support of SB 2840 SD1** on behalf of Hawai'i WomenWork! which is a member of the Welfare Employment Rights Coalition. Hawai'i needs a reality-based model of determining economic self-sufficiency that is regularly updated. It is appropriate that the Dept. of Business, Economic Development & Tourism be the agency calculating and disseminating such a standard. We need to know if our economy and our jobs are supporting our families.

As co-director of the group that facilitated the development of the Hawai'i Family Economic Self-Sufficiency Standard (HI-FESS) published in April 2003 I am quite familiar with this model. HI-FESS established a realistic measure of self-sufficiency for families in 2003. It is vital that such important, reality-based information regarding the cost of living be updated annually. We know that housing costs have increased tremendously since 2003 but we do not have an updated and reliable indicator of our cost of living. The Federal Poverty Level of \$19,090 for a family of 3 in Hawaii is laughable and not a serious indicator of the real costs facing families.

The self-sufficiency standard is used by agencies across the country to develop performance measures for job-training – did the trainee achieve a job that will be self-sufficient? (Connecticut) and to determine if employers are offering wages and other family supports necessary to sustain their workforce (Philadelphia). Delaware uses this self-sufficiency standard to determine the wage necessary for businesses to be eligible for economic development grants. Enterprise Corporation of the Delta (MI) uses the self-sufficiency standard in their community lending calculations and financial literacy programs.

Promoting equal economic opportunity for all Hawai'i families through services, communication & advocacy