

HAWAII STATE LEGISLATURE
STATE CAPITOL
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January 2010

Aloha Colleague,

During the 2008 Regular Session, the Hawaii State Legislature recognized the importance of asset building and financial education for Hawaii's families and communities by passing Senate Concurrent Resolution 92 and Senate Resolution 52, which established the Asset Building and Financial Education Task Force. The Task Force was charged with developing policy recommendations regarding the following asset building strategies and mechanisms: [1] universal, matched savings accounts for newborns, [2] statewide standards for financial and economic education for public and private sector employees, and [3] the elimination of asset limits as a bar to eligibility to public benefits programs.

We are excited to report the work of the Task Force along with the policy recommendations developed for Hawaii. Enclosed is the final report by the Task Force.

As Co-chairs of the Asset Building and Financial Education Task Force, we thank you for your support for asset building and financial education for our Hawaii families and communities.

Mahalo,

Handwritten signature of Suzanne Chun Oakland in black ink.

Senator Suzanne Chun Oakland, Co-Chair
Asset Building and Financial Education
Task Force

Handwritten signature of John Mizuno in black ink.

Representative John Mizuno, Co-Chair
Asset Building and Financial Education
Task Force

**Hawai`i State Asset Building and
Financial Education Task Force**

Final Report

Submitted to:

**Hawaii State Legislature
January 2010**

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I. Establishment of the Hawaii State Asset Building and Financial Education Task Force

During the 2008 Regular Session, the Hawaii State Legislature recognized the importance of asset building and financial education for Hawaii's families and communities by passing Senate Concurrent Resolution 92 and Senate Resolution 52. See Appendix A. The passage of these resolutions established the Hawaii State Asset Building and Financial Education Task Force, hereinafter referred to as "Task Force". The Task Force was charged with developing policy recommendations regarding the following asset building strategies and mechanisms: [1] universal, matched savings accounts for newborns, [2] statewide standards for financial and economic education for public and private sector employees, and [3] the elimination of asset limits as a bar to eligibility to public benefits programs. The goal of the Task Force is to report its policy recommendations to the Hawaii State Legislature prior to the 2010 Regular Session.

The following is the report of the Task Force's work and its policy recommendations regarding the asset building strategies listed above. The Task Force was supported in part by the Hawaii Alliance for Community-Based Economic Development (HACBED), the author of this report.

II. Asset Building in Hawaii

Asset building in Hawaii is not a new field. For generations our families have been saving and building their assets in hope of a better future for themselves and their children. Today, with the economy in a deep recession and costs rising in many areas, a substantial amount of families are finding it difficult to make ends meet. According to

CFED's 2009-2010 Assets & Opportunity Scorecard, one-third (34%) of Hawai'i's middle class families, those earning \$44,801-\$68,800, are asset poor. A household is asset poor if it lacks the resources to subsist at the poverty level for three months if it loses its source of income. As a result, the field of asset building has attracted national attention as a mechanism to help families survive during this period and become self sufficient.

Assets are essential for three reasons:

1. To have **financial security** against difficult times
2. To create **economic opportunities** for oneself, family, and community
3. To **leave a legacy** for future generations to have a better life

The Hawaii Asset Policy Network, an ongoing coalition of individuals and organizations that support asset building, have worked to create comprehensive asset building public policy as outlined in *Asset-Building Policy for Hawai'i*¹ and *Asset Policy Roadmap: A strategy for advancing financial security and opportunity in Hawai'i*². See Appendix B to view a Comprehensive Asset Building Policy Matrix.

Hawaii should establish policies that help our families build, save, and grow assets. The Hawaii State Legislature can do this by passing policies that:

1. **Make work pay** (i.e. Establishment of a State Earned Income Tax Credit and other tax policies)
2. Allow for a **Financial Education** (i.e. A broad public awareness campaign and within schools, communities, and workplaces)

¹ *Asset-Building Policy for Hawai'i*, The Hawai'i Alliance for Community-Based Economic Development, December 2006

² *Asset Policy Roadmap: A strategy for advancing financial security and opportunity in Hawai'i*, The Hawai'i Alliance for Community-Based Economic Development, 2008

3. **Remove disincentives and help people protect assets** (i.e. Remove asset limits from public benefits programs and protecting against predatory lending)
4. **Help people save** (i.e. Support individual development accounts, children's savings accounts, retirement accounts, and education accounts)
5. **Help people start businesses** (i.e. Support microenterprise programs, community lending, and training for those that want to start a small business)
6. **Help people become homeowners** (i.e. Support government matches and grants and employee assistance) This is the list just include the specific recommendations in the appendix

As Hawaii works to build assets for our families, we must view "asset building" as economic development for our state. In a failing economy, having assets helps us address our collective economic and social issues, especially as our families rank last in the nation in annual average pay rate earning \$20,255/year less than the average U.S. family, while having one of the highest housing burden costs of all 50 states³. Supporting asset building policies ensures that our families and communities have the opportunity to build wealth, have choice and control over their lives, and contribute to the state as a whole. As Hawaii residents, we have a yearning to make sure we leave a legacy for our children so they are able to enjoy this place we call home for generations to come. As the Hawaii State Legislature forms policies that support Hawaii residents, they must work to build strong policies and options that allow people to build financial wealth and assets.

³ 2009-2010 Assets and Opportunity State Scorecard, Corporation for Enterprise Development (CFED)

III. Formation & Structure of the Task Force & its Subcommittees

Following the establishment of the Task Force, the chairs of the Senate and House Human Services committees, also known as the Task Force “Co-Chairs”, called on a core group of asset building leaders in Hawaii to discuss the structure of the Task Force that would best gather input and provide policy recommendations on children’s savings accounts, asset limits, and financial education.

The core group of asset building leaders included:

- Nalani Fujimori (Legal Aid Society of Hawaii)
- Norm Baker (Aloha United Way)
- Kristine Castagnaro (Hawaii Council on Economic Education)
- Jamie Omori (ING Direct)
- Robert Agres, Jr. and Larissa Meinecke (HACBED)
- Debbie Shimizu (National Association of Social Workers)
- Teresa Bill (University of Hawaii Bridge to Hope)

The core group met on June 27th and July 25th, 2008 to discuss the purpose and mission, composition, structure, and launch of the Task Force.

The core group decided that the purpose and mission of the Task Force must be to take on a comprehensive framework of asset building policies to be truly effective. As a result, the composition and structure of the Task Force to deliver on asset building in Hawaii is also significant. The core group felt that the structure of the Task Force should allow for:

- *Access to Resource & Information Support – National & Local*
- *Broad Engagement of Stakeholders*
- *Committee structure with specific focus and objectives, work products and deliverables, timeframe*
- *Connect to the Range of Existing Asset Building Discussions & Initiatives*
- *Comprised of Members With Ability to Act/Influence & Willing to Work*

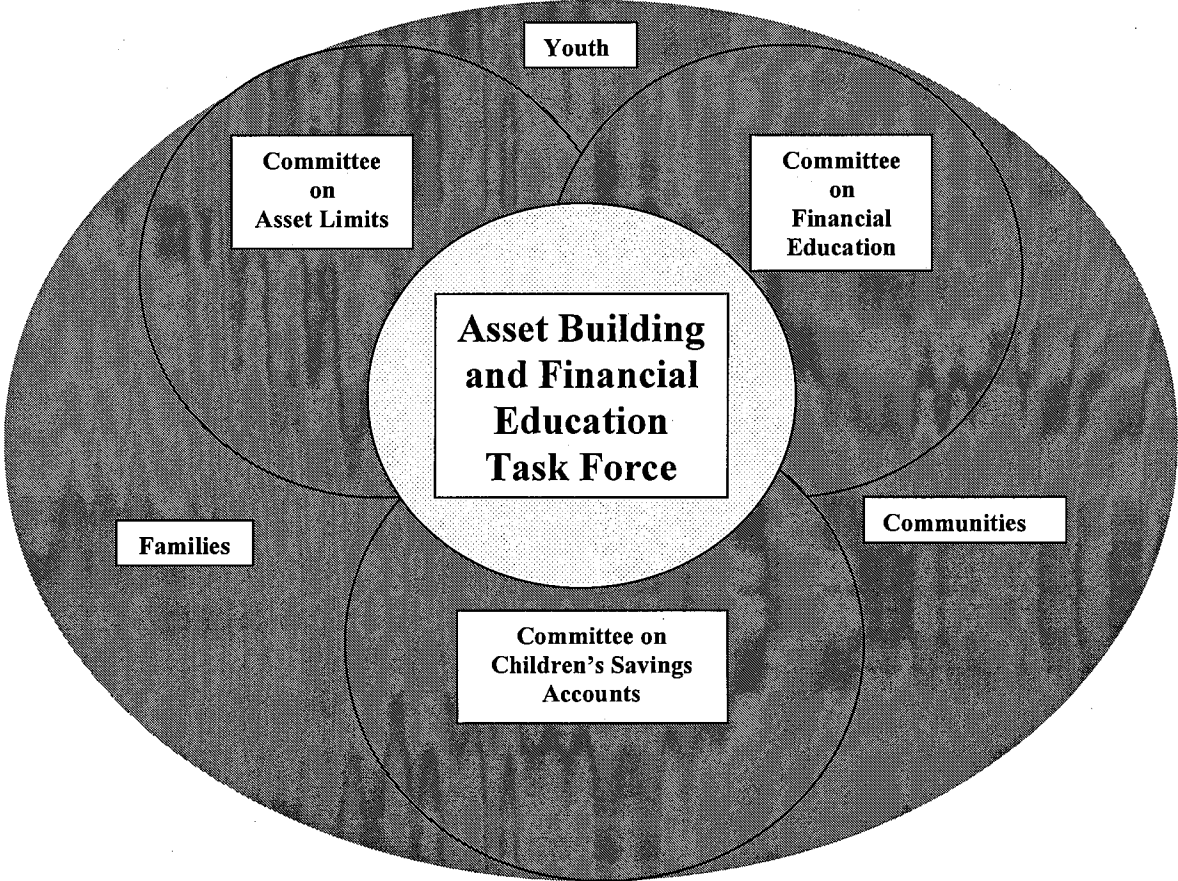
In the end, the core group decided that the Task Force should be composed of voices from the government sector, universities, nonprofit organizations, the business sector, poverty groups, community-based organizations, financial institutions, and the Hawaii State Legislature. Appendix C includes a listing of all the Task Force representatives.

The core group decided the Task Force would have quarterly meetings, where members are updated on asset building efforts locally and nationally and discuss the developments of policy recommendations regarding children's savings accounts, financial education, and asset limits.

To deliver on forming policy recommendations, the core group felt that working subcommittees focused on each asset building strategy be developed. These subcommittees would have monthly to bi-monthly meetings where its members would discuss potential policies or strategies for the asset building area; do research and other related work (what's working and what's not, best practices, data); meet with experts and resource people; include voices from the community, youth and families; and draft policy recommendations for the Task Force. Each subcommittee would be led by a

“convener” or “chair” that would call meetings and help facilitate discussion within the subcommittee. The work of the subcommittees would then be reported to the Task Force at its quarterly meetings to garner support, input and advice. Appendix D includes a listing of all the subcommittee members.

The following graph was formed to illustrate the structure of the Task Force:



IV. Task Force Meetings

During its term, the Task Force met nine times to discuss asset building strategies and policies. Each Task Force meeting was led by the co-chairs of the Task Force and facilitated by HACBED staff. During Task Force meetings, members shared updates on national and local asset building efforts, guest speakers were invited to share their knowledge and provide the Task Force with insight into asset building strategies for Hawaii, and subcommittees gave in depth updates of their research and work on developing asset building strategies and policy recommendations.

Task Force meetings and events were held on the following dates (include invited speakers with each date):

- September 5, 2008
- November 21, 2008
- October 17, 2008
- October 31, 2008
- January 9, 2009
- May 15, 2009
- September 4, 2009
- October 30, 2009
- December 4, 2009

National experts were invited to meet and share with the Task Force during the first few months of the Task Force's formation. The following national experts were invited to share with the Task Force:

- **Dr. Michael Sherradan**, Director of the Center for Social Development at Washington University in St. Louis, Missouri, creator of Individual Development Accounts (IDAs), and national leader and researcher in the asset building field
- **Rick Williams**, President of Realize Consulting and Lead Coordinator of the Asset Funders Network
- **Jennifer Brooks**, Director of State and Local Policy at CFED

V. Policy Recommendations

“To lower Hawaii’s surprisingly high rate of extreme asset poverty, the state should remove savings disincentives by eliminating asset limits in public benefits programs and expand savings incentives by matching low-income individuals’ and families’ savings in Individual Development Accounts or children’s savings accounts.”
 - CFED 2009-2010 Assets & Opportunity Scorecard

The following are policy recommendations developed by the Task Force on each of the asset building strategies.

Financial Education

“Financial education and asset building should be a priority in our schools, workplaces, VITA sites, financial institutions and at other readily accessible moments.”
 - Asset Building and Financial Education Task Force, 2008

Financial education helps families acquire information and skills necessary to take control of their personal finances. Possessing this information and these skills allows families to plan for the future and interact with the financial system armed with

sufficient knowledge to build assets and avoid asset-stripping. Without an adequate background in how the financial system works and how it can be used, families may never begin saving and may find it harder to protect the assets they already own.

In a survey of Hawai'i public high school seniors conducted by the Hawaii Council on Economic Education, **Hawai'i's students are generally lacking in both an economics and personal finance education, earning a 65% average test grade, while 27% of students could not answer half of the questions correctly.**

Financial Education Subcommittee - Recommendations

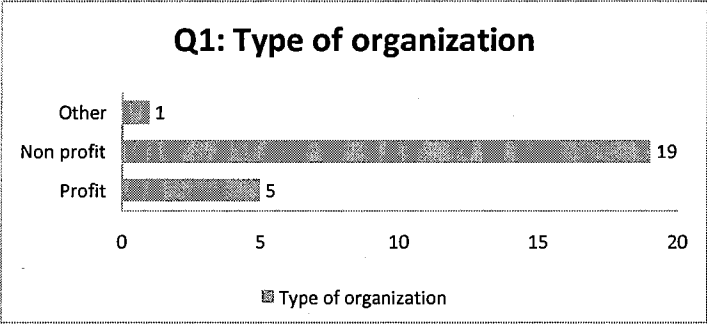
Definition of Financial Education

“Financial education is the continuing process used to increase our understanding of financial products, services and strategies and economics concepts in an effort to make better informed decisions regarding the effective use of all our resources—especially financial resources—in a dynamic economic environment, in order to plan for everyday expenditures, life’s milestones and a lifetime of well-being.”

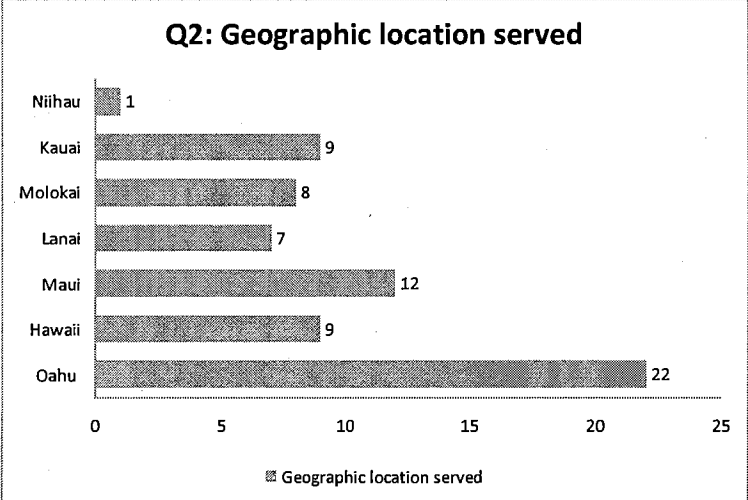
Survey of Financial Education Programs and Services in Hawaii

The financial education subcommittee discussed the need for a database of financial education programs and services in Hawaii. They formed a short survey identifying the financial education services offered in the state and asked those in their network to answer the survey. They received approximately 26 responses from various organizations across the state.

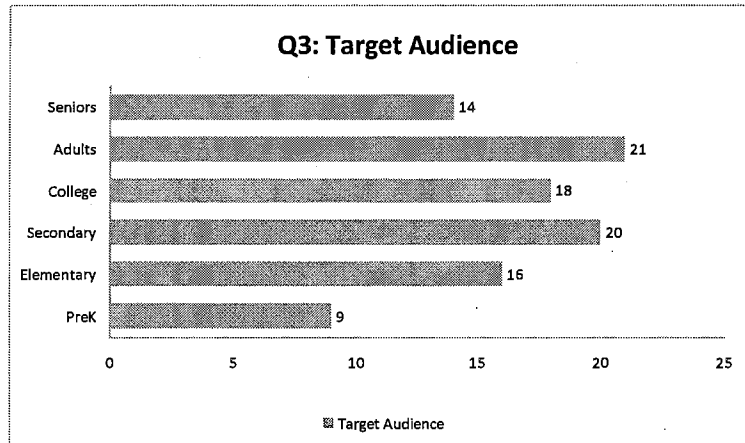
The following are some of the survey results received by the financial education subcommittee. Please note the results are not reflective of the financial education service field in the state. Rather, it is a summary of the types and kinds of services offered in the state.



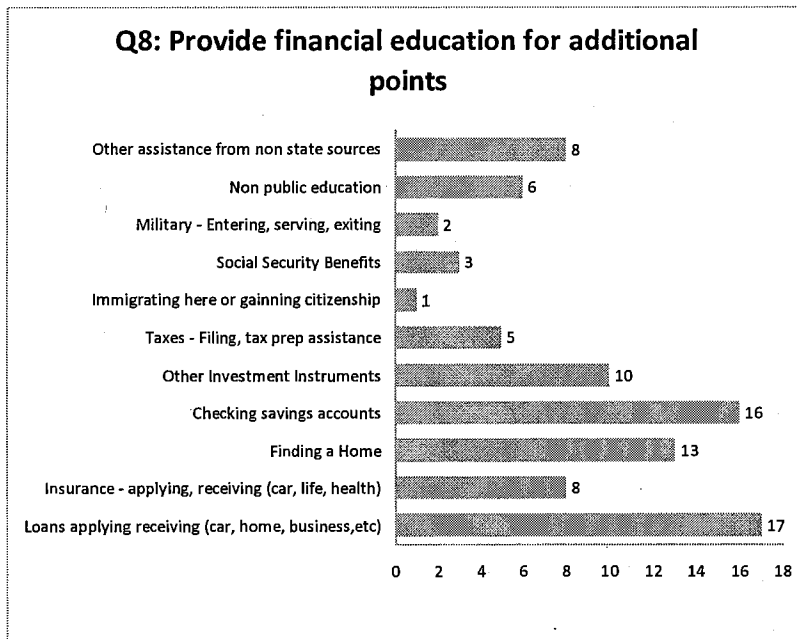
Most organizations in Hawai'i providing financial education services are non-profits.



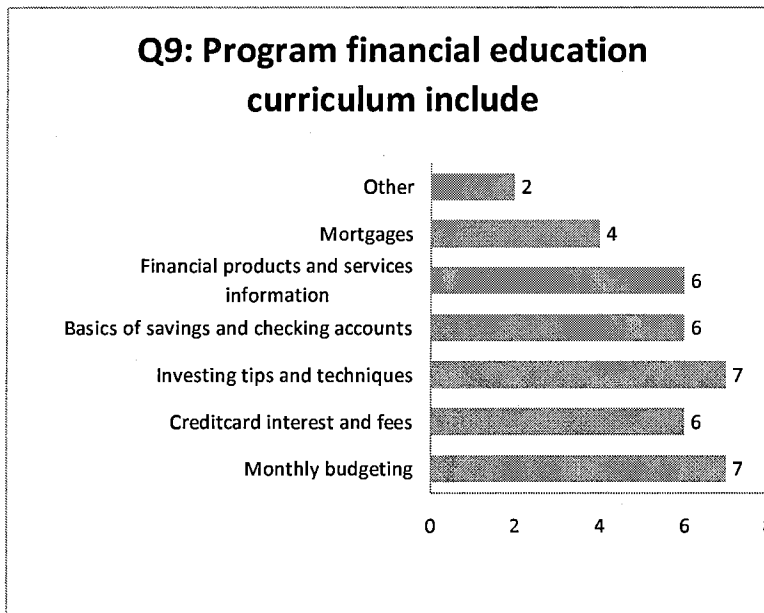
Financial education programs are located mostly on Oahu where most of the population in the state resides.



Financial education programs and services are provided mostly to the adult and secondary school populations, while the least amount of services are provided to the Pre-K population.



Q9: Program financial education curriculum include



Overarching Financial Education Goals & Strategies to Reach Those Goals

As our nation and state economy faces tough economic challenges, Hawai'i residents are yearning for financial information and resources to assist them in making informed financial decisions.

Goal 1: "Hawaii residents will have access to financial education information maintained by the State."

Possible Strategies to Reach Goal:

1. Create a position or office at the State level that would act as a "clearinghouse" of financial education programs and services across the state of Hawaii.
2. Create a database of information on financial education programs and services in the State that could be included in an inventory that is easily accessible by both consumers and service providers and easily maintained.

Goal 2: "All Hawaii residents will receive (or have the opportunity to receive) financial education when interacting with the State to receive public assistance."

Current Status:

There are no requirements to take financial education courses for recipients of Temporary Assistance to Needy Families (TANF). TANF is a federal entitlement program that is matched with state funds and administered by the state. The Department of Human Services has discussed this requirement for First to Work participants under TANF but there are no final administrative rules at this time.

Various State and City and County offices administer other public assistance programs for housing, food, and health needs. The subcommittee is not aware of any requirements to provide financial education to recipients.

Possible Recommendations:

1. States have some flexibility in determining "eligible work related activities" that meet federal TANF requirements. In 2000, the Illinois Department of Human Services partnered with the Sergeant Shriver Center on Poverty Law to deliver financial education curriculum to TANF recipients that also included the ability to open an Individual Development Account (another TANF eligible activity). The Hawaii State Department of Human Services could also fund financial education courses for TANF recipients and make it a priority for recipients that receive public benefits.
2. Financial education could also be made a priority within contracts administered by the State of Hawaii to encourage financial education among various populations.

Goal 3: "Hawaii residents will understand the importance of financial education."

Possible Recommendation:

1. Create a public awareness campaign on financial literacy.

Make creating a public awareness campaign on the importance of financial literacy a priority especially during these tough economic times. Families need supports on how to manage their finances. A commercial could be developed and a webpage of financial information could be created to help the general public. The campaign could be funded by state and local government, private firms, financial institutions, and local foundations.

Goal 4: "All Hawaii residents will receive (or have the opportunity to receive) financial education when employed by the State."

1. The State should provide State and County employees financial education as part of their trainings and workshops.

The State does not currently offer any classes or workshops on financial education to its employees. The Hawaii State Federal Credit Union offers voluntary, one-hour personal finance workshops to its members on various topics. Similar types of services are offered by ING Direct, the firm that administers the State's Island Savings Plan (deferred compensation program).

The Island Savings Plan sponsors Employees' Benefits Fairs which provide opportunities for employees to learn more about the Island Savings Plan supplemental

retirement benefits program and other employee benefits. Plan consultants, investment fund providers and benefit plan representatives are available to answer questions. Representatives from the Island Flex (Flexible Spending Account Plan), HI529 College Savings Plan and the Employees' Retirement System attend. Employees may also attend educational seminars on the Island Savings Plan and HI529 College Savings Plan. The Governor has approved up to two (2) hours of work time (which includes travel time) for State employees to attend one (1) fair in 2009.

UH Manoa

The Office of Human Resources offers its employees the following personal financial education opportunities, twice a year:

- General information session on 403(b) plan –approx. 50 employees attend each session
- Pre-retirement workshop –approx. 50 employees attend each session

Goal 5: "All Hawaii residents will receive (or have opportunity to receive) financial education when participating in the public education system from entry to exit."

Current Status:

Kindergarten through 12th Grade

Financial literacy content and/or courses are at the discretion of the teachers and principal at any particular school.

- The Hawaii Content & Performance Standards III do not currently include any significant financial literacy standards
- Schools are not required to offer financial literacy courses
- Students are not required to take financial literacy courses

Post-Secondary at UH Manoa Only*

The following courses are offered to Business students majoring in Finance:

- FIN 311: Investments – completed by 584 students since Fall 2005
- FIN 490E Retirement Planning – completed by 101 students since Fall 2005
- FIN 490F Finance Estate Planning – approximately 80 students completed since Fall 2005
- FIN 467: Seminar on Financial Planning (for students pursuing Certified Financial Planner status) – 10 students in Spring 2009

The following course is offered as a general course to Business students and to non-business majors on a seat-available basis:

- FIN301: Personal Financial Planning - completed by 638 students since Fall 2005

* Courses may be offered at other campuses – Also in CTAHF/Family Resources 1-2 courses (UHM)

Possible Recommendations:

1. Teach basic financial needs, including budgeting, financial terms, etc. within the public education system. Incorporate these basic financial behaviors and concepts in a range of course subject matters, including math and economics.

2. Make financial literacy an elective within the public education system.
3. Make financial literacy a graduation requirement within the public high school system.
4. Require financial education to those receiving post-secondary scholarships and financial aid.

Children's Savings Accounts

"As we work to help our keiki build assets for their future, we have the opportunity to be the first state in the country to implement children's savings accounts. We must work with the many programs in Hawai'i that help youth and their families develop assets."

- Asset Building & Financial Education Task Force, 2008

Universal Children's Savings Accounts

Universal children's savings accounts would help families to start saving at birth for their child's future. The account can grow tax-free and be used for college, a home, retirement, or other stated purposes. The initial deposit, with compounding interest and additional deposits, from Earned Income Tax Credit refunds, Child Tax Credits and other sources, would provide a significant foundation for every child in Hawai'i, particularly those with no other assets. It would provide a vehicle for savings and a tool for children and parents to learn the value of saving and investment.

Establishing children's savings accounts in Hawaii would put our state at the cutting edge of children's savings in the United States. No state has yet implemented a universal children's savings account, however a number of states, Kentucky and Illinois

in particular, have created task forces to make recommendations for the creation of a program. With Hawai'i's culture of caring for our keiki and commitment to our 'ohana and community, it only makes sense that Hawai'i be in the leading pack of states willing to invest in our children.

Helping our children build savings and assets can only strengthen our state's economy for years to come. With a contribution of only 1/40th of 1% the current State budget, we can begin providing every newborn in Hawaii with a savings account that will grow larger as they grow taller, thus laying the foundation for a "savings culture" that lifts the prospect of a stronger, healthier local economy.

529 College Savings Plans

529 college savings plans are operated by states or educational institutions to help families set aside funds for future college costs. The 529 plan is named after Section 529 of the Internal Revenue Code that created these types of savings plan in 1996. 529 plans can meet costs of qualified colleges across the nation. Every state in the U.S. has at least one 529 savings plan available, each varies according to their features and benefits. The 529 plan offers tax benefits to participants if they meet basic requirements. Aspects of the 529 savings program could form the basis for a universal children's savings accounts program in Hawai'i.

The 529 college savings programs have helped families in the U.S. plan and save for their children's education. However, data on account holders indicate that low-income families are not taking advantage of the program due to the fact that they do not have extra resources beyond necessary families expenses to put money into a

college savings account and they cannot take advantage of the built-in tax incentive of the program. Many states across the nation are expanding their programs to include incentives, such a match component, for lower income families so they can contribute to 529 plans.

The State of Hawaii established the *HI529 College Savings Program* that is offers families a way to save for college with valuable tax benefits, high contribution limits, expert investment management, and flexibility of choosing from a range of investment options. The HI529 College Savings Program is administered by the UPromise Investments, Inc.⁴ The HI529 program currently has more than 3,000 active accounts open. However, the program is very limited in its resources and marketing, and in its reach to low- and moderate-income families.

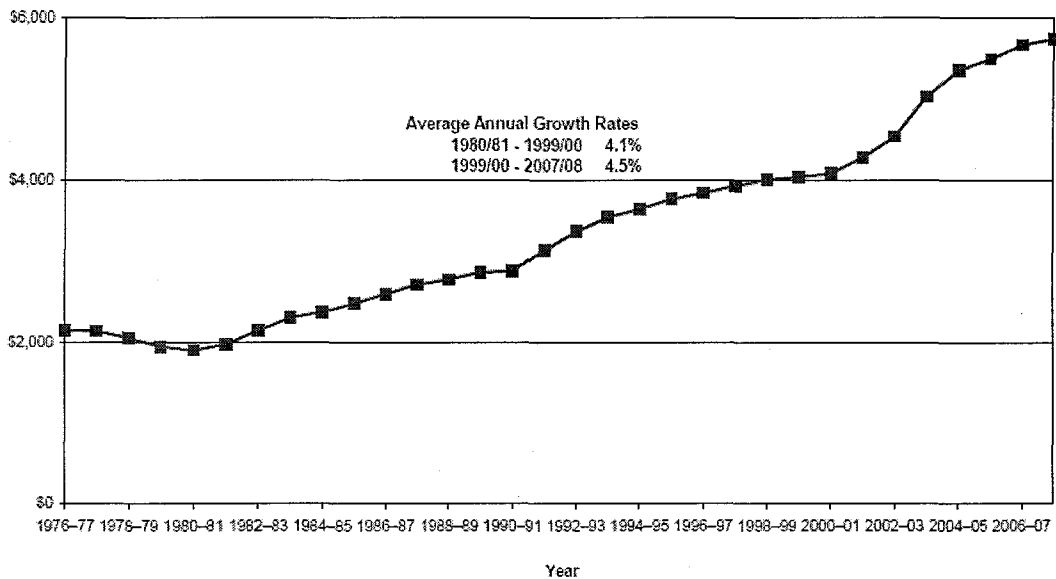
Currently, the Obama Administration's White House Task Force on Middle Class Working Families is reviewing on how to make Section 529 college savings plans a more attractive, effective and reliable tool for families to save for college. Among their recommendations are the following: provision of age-based index funds, eliminate home-state bias, and per beneficiary contribution limits.⁵

Presently, Congress is reviewing 529 plans as an avenue to build family savings. Discussions have included expansion of the uses of 529 savings plans for assets other than college, including homeownership and small business start up.

⁴ *HI529 College Savings Program*, <https://hi529.s.upromise.com/>

⁵ *An Analysis of Section 529 College Savings and Prepaid Tuition Plans*, U.S. Department of Treasury <http://www.treas.gov/press/releases/docs/529.pdf>

Real Tuition Costs at 4-Year Public Universities



Other State Efforts on Children's Savings

Maine's NextGen Program

In the State of Maine, the founder of Dexter Shoe Company, inventor of the factory outlet store, and longtime philanthropist, wanted to encourage generations of Maine families and their children to pursue college or education beyond high school. As a result, he created the Harold Alfond College Challenge in which families, communities and businesses rise to the challenge of investing in the future educational aspirations of Maine's children.

The Harold Alfond College Challenge is a new program that will provide a \$500 grant to every Maine baby to start a college investment account and help Maine families plan for a child's college education. This \$500 grant is for Maine babies born on or after

January 1, 2009. Every Maine baby is eligible and there is no income limit or additional money needed to open an account. These accounts are also part of Maine's NextGen College Savings Program, also known as Maine's Section 529 plan. The Finance Authority of Maine (FAME) is the Administrator of NextGen and contracts Merrill Lynch to be the NextGen Program Manager and underwriter.

Arkansas' Aspiring Scholars Matching Grant Program

The Arkansas Aspiring Scholars Matching Grant Program was authorized by the Arkansas State Legislature under Act 597 of 2007. The two-year pilot program provided an incentive, in the form of a savings match, to low- and moderate-income families to save for their children's college education using the GIFT College Investment Plan (Arkansas 529 college savings plan). To start the program, \$250,000 in state funds, which came from a surplus in management fees collected by the state from all the GIFT accounts, was allocated for calendar years 2007 and 2008. The maximum match amount was \$500 per household. Those earning under \$30,000 received a 2:1 match, while those earning \$30,000 to \$60,000 received a 1:1 match.

At the end of the first year of the Aspiring Scholars Program, results showed it was a resounding success. In 2008, 469 participants received an average matching grant of \$422, using a total of \$198,585 in available state matching grant funds. The program saw a 300 percent increase among participants from low- and moderate-income families with 56 percent of accounts receiving a 1:1 match and 44 percent of accounts receiving a 2:1 match. Ninety-nine percent of the participants saved money, while only 6

accountholders did not. Majority of the account holders either maintained or increased their savings rate between 2007 and 2008.⁶

Oklahoma's SEED Program

The Center for Social Development and the state of Oklahoma have set up a program—SEED for Oklahoma Kids. Under this experiment, a seed grant of \$1,000 will be deposited in each of the 529 plans of 1,300 newborns selected from a random sample of Oklahoma birth records. Over seven years, various children and family will be compared to a control group of 1,300 newborns who do not receive a SEED for Oklahoma Kids account with any deposits.⁷

Family incomes have not kept pace with rising college costs, especially for those from the lowest income quintile.

Children's Savings Accounts Subcommittee - Recommendations

Hawaii should create a children's savings accounts program that is universal, progressive, and structured to promote lifelong savings and be available for a range of individual uses. These lifelong, asset building investments can be for post-secondary education, homeownership, entrepreneurship, and retirement security. These accounts should be easy to use and appropriate for children, and accompanied by financial education courses by parents and within schools.

⁶ *Policy Points*, Vol. 33, October 2009, Southern Good Faith Fund Public Policy Program

⁷ <http://www.okseed.org/>

The following policy recommendations were developed by the children's savings accounts subcommittee to encourage children's savings and meet the goal of establishing universal children's savings for all children in Hawaii.

Savings Vision

Everyone wants a better life for their children and the opportunity to pass down assets from one generation to another. Savings is a core fundamental activity and goal for family asset building. Savings not only allows for protection during a time of crisis it also creates positive behavioral attitudes towards managing a budget. By incentivizing savings the state can support families as they build towards self sufficiency and in the longer term reduce the need for public benefits.

Near Term Goals

1. Partner with the state Financial Administration Division to expand training opportunities for nonprofit service providers, social workers, and financial education programs in the state's 529 program.
2. Identify marketing opportunities to support the state's efforts to expand 529 participation.
3. Identify funding support for research efforts to better understand the savings behavior, attitudes toward financial institutions, and different types of incentives of the target population.
4. Make 529 promotion and marketing mandatory in state contracts.
5. Create a resolution to be passed by the State Legislature demanding that 529 expansion is needed to help more low- and moderate-income families save for

post secondary education. Send a unified message (Hawaii State Legislature and Congressional Members) to the U.S. Congress.

Medium Term Goals

1. Create a pilot savings program through the state that tests incentives. *Key decisions would be if this would be done through a 529 vehicle or some other savings mechanism.*
2. Identify funding supports (state, local, foundation funding) to expand the children's savings project established by Michael Cheang, DrPH to every island in the state. Work with Michael Cheang, DrPH to publicize results and lessons learned to support the need for universal children's savings accounts. Connect the children's savings program with schools, out of school programs, community-based organizations, financial institutions, and other community groups and associations that can support the savings program.

Children's Savings Project –Michael Cheang, DrPH

The children's savings project was envisioned by Michael Cheang, DrPH of the University of Hawaii at Manoa to help children start saving money so they may have financial security throughout their lives. Today's families are often too overwhelmed with immediate priorities to plan ahead. Teaching our children about savings and finances will prepare them for the future as they will contribute to our state economy.

During the 2008-2009 school year, Dr. Cheang started the project at Kuhio Elementary School, a school with a high number of students from low-income families. A partnership between Dr. Cheang, the school administration and PTA, and the University of Hawaii Federal Credit Union made the project a success. The project was opened to 1st thru 5th graders for the duration of the school year. At the start of the project, students were provided with \$5.00 as seed money to start a savings account and encouraged to save a minimum of 50 cents per a day during school year. Throughout

the school year, students were reminded to save and allowed to deposit their savings on “deposit days” when credit union officials visited the school. Parents participated by attending focus group meetings and discussing finances and savings with their children. At the end the school year, if students reached their personal savings goal of a minimum of \$50.00, they were given a bonus of \$25.00. **The first school to pilot the project, Kuhio Elementary, had 84 students enrolled in the project and saved over \$12,460.11 combined. The average amount of savings for girls was \$154.43 and for was boys \$122.08. The children and their parents made conscious choices about their spending and realized that they could save money.**

Due to the success of the project, three more DOE schools on the island of Oahu (Ala Wai Elementary, Lunalilo Elementary, Kauluwela Elementary, and Pauoa Elementary) have started the children’s savings project during the 2009-2010 school year. The children’s savings project will also start at two schools on Hawai‘i island with financial assistance from the County of Hawaii – Hawaii County Resource Center.

Long Term Goals

1. Develop a universal child savings account program with multiple funding partners (state, private foundations, etc.) to promote lifelong savings and is available for a range of individual uses.
2. Help promote and market the 529 program, especially to low- and moderate-income families.
 - a. Ask financial institutions to place a card with 529 information and sign up in its correspondences to account holders.
 - b. Have the State Department of Health place 529 information and sign up within the birth certificate packet that goes home with mothers. This could include the State seal to illustrate the State’s support of 529s.
 - c. Develop marketing materials to promote 529 Plan (i.e. PSAs, flyers, brochures, etc.).

3. Promote individual and family savings through marketing, including commercial, newspaper, and magazine ads. Meet with financial institutions to gain financial support.
4. Create tax incentives for employers to match pre-tax contributions to a 529 account.

Asset Limits

“Asset limit tests should not be a barrier to receiving public benefits. We cannot punish families for having assets. Families need assets if they are to move out of poverty and become self sufficient.”
- Asset Building & Financial Education Task Force, 2009

Personal savings and assets are precisely the kind of resources that allow families to move off – and stay off – public benefit programs. Yet asset limits can discourage anyone considering or receiving public benefits from saving for the future. Many public benefits programs – like cash welfare or Medicaid – limit eligibility to those with few or no assets. If a family has assets over the state’s limit, it must “spend down” longer-term savings in order to receive what is often short-term public assistance. These asset limits are a relic of entitlement policies that largely no longer exist. Cash welfare programs, for example, now focus on quickly moving families to self-sufficiency, rather than allowing them to receive benefits indefinitely. To achieve self-sufficiency, families need savings to weather income fluctuations and periods of economic hardships.

One-third (34%) of Hawai'i's middle class families, those earning \$44,801-\$68,800, are asset poor. A household is asset poor if it lacks the resources to subsist at the poverty level for three months if it loses its source of income.
- CFED 2009-2010 Assets & Opportunity Scorecard

Impact of Current Asset Limits Test on Hawaii Families

Hawai'i's current asset limit tests negatively impact families. The current limits are generally \$5,000 for Temporary Assistant to Needy Families (TANF), \$2,000 or \$3,000 (if household includes a Senior or Disabled person) for Medicaid, General Assistance (GA) and Supplemental Nutrition Assistance Program (SNAP)/Food Stamps.

Below is a table illustrating the asset limits for select public benefits programs in Hawai'i.

ASSET LIMITS FOR SELECT PUBLIC BENEFITS PROGRAMS

Program	Asset Limit	Additional Options & Parameters	
TANF	\$5,000		
SNAP/ Food Stamps	\$2,000	\$3,000 if household includes Senior or Disabled	
Quest 100% FPL	Household = 1 \$2,000	Household = 2 \$3,000	+\$250 each add'l person
Quest Expanded Access 300% FPL			
Quest ACE Uninsured Adults 200% FPL	Household = 1 \$2,000	Household = 2 \$3,000	
QUEST-Net 300% FPL	Household = 1 \$5,000	Household = 2 \$7,000	+\$500 each add'l person

S-CHIP Quest – Child only 200% FPL	No Asset Test for Minors		
Quest – Pregnant Women 185% FPL	No Asset Test		

Note: ALL MOTOR VEHICLES AND PRIMARY RESIDENCE ARE EXEMPT

The following are real life stories of families that participated in the City and County of Honolulu’s Section 8 Homeownership Program (HOP) and experienced asset limit tests which caused them to spend down their assets, for some, losing the hope of some day owning a home. These stories illustrate the impact asset limit tests cause on families with savings, legal judgments, and inheritances.

Family Story #1

In 2004, a family of three adults earning an annual income of \$14,964 (one adult member with disabilities) entered into the Homeownership Program (HOP) hoping to save money to reach the one percent of their own resources towards the 3 percent needed of the purchase price of a home for down payment and closing costs. In 2006, the head of the household inherited \$6,000 to save for homeownership down payment. She was told that she was over the \$3,000 asset limit and had to spend it or lose her food stamp and Medicaid/Quest benefits. She spent the money so she would continue to receive food stamps and medical benefits and now has no savings for down payment. She also recently ended her participation in the Section 8 Homeownership Program seeing no hope in reaching homeownership in the near future.

Family Story #2

A family of five consisting of four adults (one with a disability) and one minor with an annual income of \$32,517 entered into the HOP. They received \$4,788 in food stamps annually and were trying to save \$5,000 for a 2 to 1 match from the Federal Home Loan Bank of Seattle. When their savings exceeded the \$2,000 asset limit they made the decision to give up the food stamps in order to save for their home. It was a huge sacrifice for them and reduced their access to adequate and nutritious food. Fortunately, they were able to purchase a 3 bedroom, one bath home in Nanakuli in 2008.

Family Story #3

A disabled individual with an annual income of \$8,328 entered into the HOP in 2004. She was awarded a legal settlement of \$6,000 and wanted to save it for homeownership but could not do so without losing her food stamp and Medicaid benefits. After much thought, she chose to use the money for essential items and rental deposit and not homeownership.

Asset Limits Subcommittee - Recommendations

During the term of the Task Force, the Asset Limits subcommittee conducted six meetings and explored ways Hawaii could remove the disincentive to save for low-income families by eliminating asset tests in the TANF, Medicaid, and Food Stamps programs. The subcommittee also explored and compared asset tests for public benefits to various bankruptcy rules in place for middle and high income families engaged in bankruptcy. While complicated, the process of bankruptcy preserves and protects some

classes of assets utilizing a rationale that completely annihilating a family's assets inhibits the ability to recover financially. In the same manner, making people get rid of resources through asset tests, only to encourage them to build resources back up, is counterproductive.

The Asset Limits subcommittee recommends that the Legislature seek the following goals for eliminating asset limits that are a barrier for families reaching self sufficiency:

Near Term Goals

1. Increase Cash Savings Asset Limit

The Hawaii State Legislature should implement a cash savings asset limit that is equivalent to the self sufficiency standard⁸ established for specific family size multiplied by three months, (the minimum recommended "emergency savings"). Additionally, this asset test based on family size needs to be indexed for inflation.

Additionally, rules regarding the treatment of EITC (Earned Income Tax Credit) payments need to be adjusted to ensure that EITC payments do not become a "savings asset." Although EITC payments are exempt from TANF income tests, if the funds remain in a bank account after 30-60 days, they are then considered "savings" and subject to assets limits. While many families expend EITC payments for debt reduction and delayed purchases, this is a huge disincentive to save.

⁸ State of Hawaii, Department of Business, Economic Development, & Tourism, 2007
<http://hawaii.gov/dbedt/main/about/annual/SelfSufficiencyFinal.pdf>

2. Increase Non-Cash Asset Limit

The Hawaii State Legislature should increase the categories of exempt assets to include:

- Retirement accounts (both employer-based and individual IRA accounts with penalties for early withdrawal),
- Equity value of life insurance,
- Education accounts (529, Coverdell),
- Health savings account, and
- EITC dollar value.

3. Implement Automatic Annual Indexing for All Program Asset Tests Indicating a Dollar Value

For example, the \$5,000 cash asset limit for TANF has remained the same since it was implemented in 1996. Adjusted for inflation, that same \$5,000 asset limit is equivalent to only \$3,643.38 in 2009. If indexed for inflation annually, the equivalent \$5000 asset limit should be \$6,861.74 for 2009. The federal poverty level is adjusted annually to account for increased costs and asset tests should be as well.

4. Families should be able to have at least 3-months in savings. A household is asset poor if it lacks the resources to subsist at the poverty level for three months if it loses its source of income.⁹

⁹ CFED 2009-2010 Assets & Opportunity Scorecard, <http://scorecard.cfed.org/>

Medium Term Goals

During the term of the Asset Limits subcommittee, healthcare reform was the foremost policy debate at the national level. In light of the healthcare reform movement, and its expected changes in state Medicaid programs, the Asset Limits subcommittee decided to table discussion on specific changes pursuant to national healthcare reform measures.

1. Further research should be conducted on the elimination of Medicaid asset tests.

Twenty-one states and the District of Columbia have eliminated the Medicaid asset test for families with children, rather than eliminating the test only for children and not for their parents as well. Like most other states, Hawai'i eliminated asset tests for children and pregnant women. However, the asset tests for parents and single adults in Quest-Net remain.

2. Any new State program or rules developed in response to national healthcare reform should eliminate asset tests.

Since national healthcare reform will be implemented at some point, the Asset Limit subcommittee recommends that any new State program or rules resulting from a new national healthcare reform eliminate asset tests for health insurance subsidy programs.

3. Inclusive discussion during development of any recommended new rules.

The subcommittee also recommends an inclusive process for public discussion prior to and as part of the development of any new rules developed in response to national healthcare reform.

Long Term Goals

- 1. No asset limits in all public assistance programs.** This would be administratively easier for the State, as they would not need to conduct asset limit tests. Elimination of asset tests would allow families to save and have a savings net so they are able to move out of and remain out of poverty.
- 2. Develop a “Housing Savings Account” program** that would allow families to save for rental costs (including deposit and first months rent). Targeting homeless and families in transition, this housing savings account program would be exempt from asset limit tests but would be used only for housing (similar to Medical Savings Plan).

During the term of the Asset Limits subcommittee, the State Department of Human Services (DHS) Food Stamps division expanded access for food stamps (SNAP) for families. As of September 2009, DHS has stated that it is in the process of establishing new administrative rules and expects implementation of program software updates by July 2010.

VI. The Future of the Asset Building Task Force

We must work to Earn It, Keep It, Grow It, and Share It.

As the Hawaii State Legislature forms policies vital to the economy and lifestyle of our island people, the Task Force hopes our leaders keep asset building at the forefront of their mind as the driver of economic development in our state. Hawai'i

families and communities share a wealth of assets that we must protect, maintain, and grow so that future generations may be able to enjoy the lifestyle that we cherish today.

Members of the Task Force encourage organizations and individuals across Hawaii to:

- Support, build upon, and grow existing and generate new asset building efforts and initiatives in communities across the Hawai`i.
- Make a commitment to and build momentum for on-going asset policy change initiatives.
- Engage and raise awareness of the community about asset building issues and strategies.

VII. Acknowledgements

Members of the Asset Building Task Force would like to thank Senator Suzanne Chun Oakland, Representative John Mizuno, and Representative Maile Shimabukuro for their support, leadership, and guidance over the term of the Task Force.

The Task Force would like to thank the Kristine Castaganaro (Convener of the Financial Education Subcommittee), Andrew Aoki (Convener of the Children's Savings Accounts Subcommittee, 2008), Chris Van Bergeijk (Convener of the Children's Savings Accounts Subcommittee, 2009), and Teresa Bill and Debbie Shimizu (Co-Conveners of the Asset Limits Subcommittee) for their leadership, time, and support to the efforts of the Task Force.

Lastly, the Task Force would like to thank the Hawaii Alliance for Community-Based Economic Development (HACBED) for their support, coordination and facilitation role to the Task Force, as well as, to all the members and organizations that participated dedicating their generous time and knowledge in the Task Force during its term.

Appendix A – Senate Concurrent Resolution 92 and Senate Resolution 52

The following is the language of Senate Concurrent Resolution 92 and Senate Resolution 52 passed by the Twenty-Fourth Legislature, 2008, State of Hawaii.

ESTABLISHING A PUBLIC FINANCIAL EDUCATION AND ASSET-BUILDING TASK FORCE.

WHEREAS, the Legislature finds that for many Hawaii residents, the cost of purchasing a home, pursuing post-secondary education, and starting a business is becoming prohibitively expensive; and

WHEREAS, traditional public assistance programs where household income thresholds determine eligibility are not necessarily successful in supporting lower-income families who are making the transition to increased economic self-sufficiency; and

WHEREAS, many of these traditional programs focus on helping participants obtain and maintain jobs but penalize participants for accumulating what few assets they are able to afford; and

WHEREAS, when income-based policies are coupled with asset-based policies, they provide a comprehensive means for lower-income families to achieve greater financial independence and well-being; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-fourth Legislature of the State of Hawaii, Regular Session of 2008, the House of Representatives concurring, that the Chairs of the Senate Committee on Human Services and Public Housing and the House Committee on Human Services and Housing are requested to convene a statewide task force on public financial education and asset-building; and

BE IT FURTHER RESOLVED that the purpose of the task force is to develop policy recommendations regarding universal, matched savings accounts for newborns; statewide standards for financial and economic education for public- and private-sector employees; and the elimination of asset limits as a bar to eligibility for public benefit programs; and

BE IT FURTHER RESOLVED that for the purposes of establishing universal, matched savings accounts for newborns, the task force is requested to consider the following factors:

(1) The savings vehicle, including the rate of return, safety of the investment, account insurance, ease of managing the account, and the ease of making various forms of deposits;

(2) State contributions, including the state contribution to the initial deposit, the amount, time frame, and eligibility requirements to receive state matching funds; mechanisms to distribute state contributions; and estimated costs and benefits;

(3) Ownership of the account, including the impact on eligibility for student financial aid, public assistance and other public benefits, and taxation of account earnings and distributions;

(4) Financial education, including the provision of financial education to children and families, and access to additional financial services;

(5) Restrictions, including withdrawal or distribution from the account prior to the child's reaching age eighteen, the portability of the account, and limits on permissible uses of the account;

(6) Revenue sources, including sources for the initial deposit and any savings match, and the feasibility of a state match for deposits for children in lower-income families;

(7) Mechanisms for data collection and tracking; and

(8) All other factors that the task force deems important to program design; and

BE IT FURTHER RESOLVED that for the purposes of creating financial education standards for public- and private-sector employees, the task force is requested to consider:

(1) Curriculum content and delivery mechanisms;

(2) Financial education standards coordination and training;

(3) Strategies for public-private partnerships to offer financial and economic education to employees; and

(4) All other factors that the task force deems important in program design; and

BE IT FURTHER RESOLVED that in addition to the conveners specified, the task force membership is requested to consist of the Directors of the following departments or agencies, or the Directors' designees: the Department of Budget and Finance, the Department of Commerce and Consumer Affairs, the Department of Business, Economic Development, and Tourism, the Department of Human Services, the Department of

Taxation, the Department of Labor and Industrial Relations, and the Department of Human Resources Development, as well as the Superintendent of Education, the Chair of the Board of Trustees of the Office of Hawaiian Affairs, and the Chair of the Hawaiian Homes Commission, or their designees; and

BE IT FURTHER RESOLVED that in addition to the members specified, it is requested that the task force also consist of one designee from each of the following offices: the Speaker of the House of Representatives; the President of the Senate; and the President of the University of Hawaii; and

BE IT FURTHER RESOLVED that in addition to the members specified, the task force shall also include one representative from the following categories: asset-building in Hawaii; the individual development account program under chapter 257, Hawaii Revised Statutes; grassroots organizing; poverty law; the business industry; child advocacy; rural community advocacy; organized labor; the banking industry; credit unions; investment service providers; and financial education organizations; and

BE IT FURTHER RESOLVED that the task force may consult with national organizations with relevant experience, as appropriate; and

BE IT FURTHER RESOLVED that the task force is requested to submit a report containing its findings and recommendations, including proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2010; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the President of the Senate, the Speaker of the House of Representatives, the Chair of the House Committee on Human Services and Housing, the Chair of the Senate Committee on Human Services and Public Housing, the Director of Finance, the Director of Business, Economic Development and Tourism, the Director of Commerce and Consumer Affairs, the Superintendent of Education, the Chair of the Hawaiian Homes Commission, the Director of Human Resources Development, the Director of Human Services, the Director of Labor and Industrial Relations, the Chair of the Board of Trustees of the Office of Hawaiian Affairs, the Director of Taxation, and the President of the University of Hawaii.

Appendix B – Comprehensive Asset Building Policy Matrix

30 POLICY IDEAS FOR HELPING FAMILIES IN HAWAI‘I BUILD AND PROTECT ASSETS

1. MAKE WORK PAY

1.1 Maintain and utilize the self-sufficiency standard as a benchmark

The self sufficiency standard – the actual amount needed to afford basic needs such as food, housing, and healthcare – is a more realistic measure of economic struggle than the Federal Poverty Level. A current self-sufficiency standard would be a useful tool for evaluating programs, designing new policies, and setting benchmarks for measuring economic success.

1.2 Increase access to the federal EITC

The federal earned income tax credit (EITC) provides a refundable tax credit to low-wage earners that can result in significant refunds for people who stay in the workforce. The EITC is the largest anti-poverty program in the United States and the state should continue to support outreach efforts to allow all those who are eligible to claim their credit.

1.3 Establish a refundable state EITC

Hawai‘i can join this national trend by enacting a refundable state EITC equal to at least 20% of the federal EITC. To claim the credit, a low-income taxpayer would simply multiply their federal EITC claim by the percentage amount and enter the result on their state tax returns.

1.4 Increase the income tax threshold

The income tax threshold is the level at which earned income is subject to the income tax. Hawai‘i continues to have one of the lowest income tax thresholds among the state that tax income. The goal could be to eliminate taxes on low-income earners without eroding overall tax revenues.

2. TEACH ASSET BUILDING

2.1 Maximize financial education opportunities for youth

The No Child Left Behind era for public schools has created challenges for all “peripheral” content areas vying for valuable instructional time. Nevertheless, public and private funding can support efforts to effectively teach financial skills to youth – whether woven into classroom lessons, taught in after-school programs and community assemblies, integrated into club and athletic activities, or led by partner organizations.

2.2 Encourage partnerships between financial institutions and schools

Hawai'i banks and credit unions could explore partnerships that increase financial understanding and make banking services more familiar and accessible, while simultaneously cultivating new customers.

2.3 Create public awareness of financial education

There are many resources to help Hawai'i's people understand financial matters, but there is limited demand for them. The symbolic designation of April as "Financial Literacy Month" is a start. The next step is expending public and private resources to raise awareness, teach simple lessons, and point people to those resources.

2.4 Integrate financial education into Department of Human Services programs

2.5 Encourage financial education in the workplace

Financial education offered at the workplace can help employees avoid personal financial problems that can lower their productivity and cause higher absenteeism, turnover, and stress-related illnesses. The federal government has implemented a retirement financial education program for their employees. State and local governments can do the same. Private businesses can provide financial education as an employee benefit. Likewise, unions can provide financial education programs as a member benefit. State government could create incentives, or provide resources, to support all of these efforts.

3. BREAK DOWN BARRIERS TO ASSET-BUILDING

3.1 Decrease or eliminate work and savings disincentives in government benefits programs

3.2 Adopt federal anti-predatory mortgage lending standards

Predatory lending, which strips families of their hard-earned assets, is harmful to families and the state economy. Predatory practices include excessive fees, equity stripping (scams where the homeowner loses the equity in their home), risk-rate disparities (in which borrowers are charged a higher interest rate than risk can justify for a loan) and excess foreclosures. Hawai'i is among the 23 states that have no anti-predatory lending policies to curb these and other abuses in the mortgage industry.

3.3 Enact State Auditor's recommendations on payday lending

Many check cashers and payday lenders charge unscrupulously high fees to their primarily low-income customer base. In her December 2005 Sunrise Analysis, which looked at whether to add new regulations for check cashers and payday lenders, the Hawai'i State Auditor had three recommendations: 1) require payday lenders to post fees and annual percentage rates, 2) reduce the maximum allowable fee for a loan, and 3) institute mandatory registration with the Department of Commerce and Consumer Affairs (Hawai'i is one of three states that does not require special licensing). Given the

Auditor's analysis of this issue, the next logical step is for Hawai'i to enact these recommendations into law.

3.4 Free up trapped equity on Hawaiian Home Lands

The trust status of Hawaiian Home Lands is a major barrier in efforts to direct capital to Native Hawaiian consumers and business owners. The Council for Native Hawaiian Advancement estimates \$500 million of equity is "trapped" due to these policies. Two steps could be taken to free up this trapped equity: 1) the state could offer and publicize a loan guarantee to lenders who make home equity loans to homesteaders, and 2) the viability of serving this market could be tested by an alternative lender specializing in these loans.

3.5 Ensure health coverage for all

Lack of access to health care creates some of the most significant and formidable challenges to building assets. Unexpected medical problems and their costs are a leading cause of personal bankruptcy. Medical bills can quickly erode savings, particularly for someone who is just starting to build assets. Since 2000, the Hawai'i Uninsured Project has kept a diverse group of stakeholders focused on the many different aspects of health coverage issues in Hawai'i, including enrollment of all people eligible for government-sponsored insurance, and getting health insurance to the self-employed and others not covered by Hawai'i's Prepaid Health Care Act. New policies based on this research and dialogue could give Hawai'i's families peace of mind that their hard-earned assets will be better protected against misfortune.

4. HELP PEOPLE SAVE

4.1 Improve and greatly expand Hawai'i's IDA programs

4.2 Promote and facilitate the use of EITC refunds for savings

The EITC refund presents a great opportunity for low-income earners to fund an IDA, retirement plan, or other savings account. States can make this easier by encouraging people to directly deposit refunds, and allowing "refund splitting" – allowing the taxpayer to deposit at least a portion of their refund directly into a savings vehicle. This simple accommodation can spark savings.

4.3 Encourage "opt out" rather than "opt in" retirement accounts

Research shows that employees – particularly those with lower incomes – are much more likely to participate in employer-based retirement savings programs when they are automatically enrolled upon employment; i.e. when the employee's choice is whether or not to opt out of the program.

4.4 State matches for college savings plans for low- and moderate-income families

Since qualified withdrawals from state college savings plans (529 plans) have become tax-exempt, many middle- and higher-income families have shown greater interest in them. Like other asset policies that seek to encourage taxpayer behavior through the tax code, low- and moderate-income families – with limited tax liability and/or disposable income – has less incentive to participate. The state should consider expanding access to 529 Plans for low and moderate income families.

4.5 Create Universal Children's Savings Accounts

5. HELP PEOPLE START BUSINESSES

5.1 Effectively utilize federal funding streams to support microenterprise

Eight states use Workforce Investment Act and TANF funds for microenterprise training, and fourteen states support microenterprise with Community Development Block Grants (CDBG) funds. In Hawai'i, CDBG funds have been used for microenterprise training with varying degrees of success. A more coordinated, more comprehensive, and better resourced approach could greatly improve results.

5.2 Support for Community Development Financial Institutions (CDFIs)

CDFIs provide financial services to underserved populations and markets. The state can improve the health of Hawai'i's few CDFIs with tax credits to stimulate private funding or direct funding. Twelve states currently provide similar support.

5.3 Leverage opportunities to support new Native Hawaiian businesses

A 2006 study by the U.S. Census found 7,580 Native Hawaiian-owned firms in Hawai'i – 7.6% of all firms in Hawai'i accounting for over a billion dollars in revenues. Significantly, the number of Native Hawaiian-owned businesses has been growing at a faster pace than businesses as a whole, creating new opportunities for many Hawai'i residents. The state government and others should continue to look for ways to leverage current and unique funding opportunities to spur continued creation and growth of Native Hawaiian-owned businesses.

5.4 Allow unemployment benefits for time-specific self-employment allowances

Eight states have programs to help unemployed persons start their own businesses with the help of unemployment benefits. Participants in these Self-Employment Assistance (SEA) programs receive weekly payments while they work full-time on starting their businesses.

5.5 Create and support an employee ownership center

Hawai'i could follow the lead of several states that support employee ownership centers, which offer education, technical assistance and other resources to cooperatively owned businesses.

6. HELP PEOPLE BUY HOMES

6.1 Support homeownership education and counseling

Counseling is very important to help first-time homebuyers successfully resolve credit issues, sort through lending and down payment products and opportunities, and defend against predatory practices. Hawai'i has a number of organizations helping people move toward homeownership. These include the Hawai'i HomeOwnership Center, Hawaiian Community Assets, The Department of Hawaiian Home Lands' Home Ownership Assistance Program, and others. Support for these efforts could be multiplied many times over.

6.2 Increase government funded first-time homebuyer assistance

Following the lead of other states, Hawai'i could provide grants for down payment assistance (as 24 other states do), and/or expand current mortgage assistance programs. Many states outdo Hawai'i's efforts to support first-time homebuyers despite the fact that the homeownership challenge in Hawai'i has no equal.

6.3 Provide extra support for IDAs intended for homeownership

6.4 Develop and encourage employer-assisted housing programs

Employers can play an important role in helping their employees become homeowners through forgivable, deferred, or repayable second loans, grants, matched savings plans, or homebuyer education programs. Hawai'i could follow other states that encourage employer-assisted housing (EAH) programs.

6.5 Promote federal programs that support homeownership opportunities

6.6 Alternative approaches to increasing the supply of housing

The free market in Hawai'i will not produce enough affordable housing for residents. There are too many more profitable uses of land in Hawai'i. The unavailability of land, a lack of infrastructure, and permitting processes further hinder timely solutions. Developer requirements and incentive alone may not provide a satisfactory solution. The Department of Hawaiian Home Lands is helping the overall situation by accelerating the construction of homes for qualifying Native Hawaiians on Hawaiian homestead lands. Other approaches that could be supported are: 1) community land trusts for housing where a nonprofit landowner creates a situation where families need only come up with the price of the house; 2) housing cooperatives where resident-members purchase a share in a corporation that owns the building where they live; and 3) self-help housing where a low-income family can invest with "sweat equity."

Appendix C - Asset Building & Financial Education Task Force Members

The following individuals and organizations were invited and have participated on the Asset Building and Financial Education Task Force.

<u>Task Force Members</u>	<u>Organization</u>
Andrew Aoki *Convener, Children's Savings Accounts Subcommittee (2008)	3 Point Consulting
Karen Awana	Representative, Hawaii State House of Representatives
Karl Rhoads	Representative, Hawaii State House of Representatives
Raelene Tenno	
Norm Baker Linda Masuda	Aloha United Way
Kevin Yim Colleen Song	Bank of Hawaii
Wayne Tanna	Chaminade University
Judy Pulido Victoria Punua-McGinnis	City & County of Honolulu Section 8 Family Self-Sufficiency and Homeownership Program
Robin Danner	Council for Native Hawaiian Advancement
Alex Frost Jane Testa (2008)	County of Hawaii - Department of Research & Development, Hawaii County Resource Center
Robert Agres, Jr. Larissa Meinecke Brent Dillabaugh Susan Tamanaha	Hawai'i Alliance for Community-Based Economic Development (HACBED)
Gary Fujitani	Hawaii Bankers Association
Chris Van Bergeijk *Convener, Financial Education Subcommittee (2009)	Hawaii Community Foundation
Kristine Castagnaro *Convener, Financial Education Subcommittee	Hawaii Council for Economic Education
David Ching Stefanie Sakamoto	Hawaii Credit Union League

Reina Miyamoto Dennis Oshiro	Hawaii Homeownership Center
Michelle Kauhane Jeffrey Gilbreath Laura Matsuoka	Hawaiian Community Assets
Sanford Chun	HGEA
Jamie Omori Cleo Brown	ING Direct
Nalani Fujimori Kaina	Legal Aid Society of Hawaii
Debbie Shimizu *Co-Convenor, Asset Limits Subcommittee	National Association of Social Workers - Hawaii
Wally Lau	Neighborhood Place of Kona
Mary Hyslop	Neighborhood Place of Puna
Venus Rosete-Hill	Neighborhood Place of Wailuku
John Alamodin Katherine Keala Leatrice Kauahi	Office of Hawaiian Affairs (OHA)
John Mizuno *Co-Chair, Asset Building & Financial Education Task Force (2009)	Representative, Hawaii State House of Representatives
Maile Shimabukuro *Co-Chair, Asset Building & Financial Education Task Force (2008)	Representative, Hawaii State House of Representatives
Suzanne Chun Oakland *Co-Chair, Asset Building & Financial Education Task Force	Senator, Hawaii State Senate
Mike Gabbard	Senator, Hawaii State Senate
Gary Hooser	Senator, Hawaii State Senate
Theresa Kong Kee Ty Nohara	State Department of Commerce and Consumer Affairs (DCCA)
Steven Shiraki	State Department of Education (DOE)
Sandy Morishige	State Department of Human Services (DHS)

Lia Burton	State of Hawaii PHA (HPHA)
Dr. Michael Cheang	UH Family & Consumer Sciences Dept.
Judith Mills Wong	University of Hawaii (on behalf of President McCain)
Teresa Bill *Co-Convener, Asset Limits Subcommittee	University of Hawaii Bridge to Hope
Kukui Maunakea-Forth Summer Miles	WCRC/Ma`o Organic Farms

Appendix D - Task Force Subcommittee Members

The following individuals participated in the subcommittees of the Asset Building and Financial Education Task Force.

Financial Education Subcommittee

<u>Name</u>	<u>Organization</u>
Kristine Castagnaro (Convener)	Hawaii Council for Economic Education
Theresa Kong Kee	State Dept. of Commerce & Consumer Affairs
Ty Nohara	State Dept. of Commerce & Consumer Affairs
Summer Miles	WCRC/Ma`o Organic Farms
David Ching	Hawaii Credit Union League
Kelly Lee	JumpStart Coalition
Pamela Kutara	University of Hawaii
Susan Tamahaha	Hawaii Alliance for Community-Based Economic Development
Cleo Brown	ING Direct
Greg Field	ALU LIKE, Inc.
Laura Matsuoka	Hawaiian Community Assets
Reina Miyamoto	Hawaii Homeownership Center
Judith Mills Wong	University of Hawaii at Manoa

Children's Savings Accounts Subcommittee

<u>Name</u>	<u>Organization</u>
Chris Van Bergeijk (Convener)	Hawaii Community Foundation

Andrew Aoki (Previous Convener - 2008)	3 Point Consulting
Norm Baker	Aloha United Way
Gary Fujitani	Hawaii Bankers Association
Jamie Omori	ING Direct
Michelle Kauhane	Hawaiian Community Assets
Jeff Gilbreath	Hawaiian Community Assets
Alex Frost	Hawaii County Research & Development – Hawaii County Resource Center
Michael Cheang, DrPH	University of Hawaii at Manoa
Suzanne Chun Oakland	State Senator
Stephanie Sakamoto	Hawaii Credit Union League
Kilikina Mahi	College Connections
Maeda Timson	First Hawaiian Bank

Asset Limits Subcommittee

<u>Name</u>	<u>Organization</u>
Teresa Bill (Co-Convener)	University of Hawaii Bridge to Hope
Debbie Shimizu (Co-Convener)	National Association of Social Workers – Hawaii Chapter
Nalani Fujimori Kaina	Legal Aid Society of Hawaii
Wayne Tanna	Chaminade University
Victoria Punua-McGinnis	City and County of Honolulu, Dept. of Community Services, Section 8 Family Self Sufficiency and Homeownership Program
Maile Shimabukuro	State Representative

Mary Hyslop	Neighborhood Place of Puna
Katherine Keala	Office of Hawaiian Affairs
Linda Masuda	Aloha United Way
Judy Lenthall	Kauai Food Bank