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# A BILL FOR AN ACT

RELATING TO UNIVERSAL CHILDREN'S SAVINGS ACCOUNTS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that universal children's  
2 savings accounts would help families to start saving at birth  
3 for their child's future. A savings account would provide a  
4 significant foundation for every child in Hawaii, particularly  
5 those with no other assets. It would also provide a vehicle for  
6 savings and a tool for children and parents to learn the value  
7 of saving and investment.

8           The legislature also finds that thirty-four per cent of  
9 Hawaii's middle class families, those earning \$44,801 to  
10 \$68,800, are asset poor. A household is asset poor if it lacks  
11 the resources to subsist at the poverty level for three months  
12 if it loses its source of income.

13           According to a study conducted by the Center for Social  
14 Development at Washington University in St. Louis, students with  
15 savings are significantly more likely to pursue a higher  
16 education. When savings were taken into account, academic  
17 achievement was no longer a significant predictor of college  
18 attendance. Additionally, among youth who were expected to



1 graduate from a four-year college, those with a savings account  
2 in their name were approximately six times more likely to attend  
3 college than those with no savings account.

4 The purpose of this Act is to establish a universal  
5 children's savings account program for children who were born in  
6 Hawaii or reside in Hawaii.

7 SECTION 2. The Hawaii Revised Statutes is amended by  
8 adding a new chapter to be appropriately designated and to read  
9 as follows:

10 **"CHAPTER**

11 **UNIVERSAL CHILDREN'S SAVINGS ACCOUNT PROGRAM**

12 **§ -1 Universal children's savings account program.**

13 There is established the universal children's savings account  
14 program within the department of budget and finance. The  
15 purpose of the program is to enable families to establish a  
16 savings account for their children, and to assist children with  
17 paying for higher education, purchasing a home, or starting a  
18 business. The program shall:

- 19 (1) Encourage children who were born in Hawaii or reside  
20 in Hawaii to save money; and



1 (2) Promote and educate eligible children and their  
2 families on the importance of developing a savings  
3 account.

4 **§ -2 Rules.** The department of budget and finance, in  
5 consultation with members of the Hawaii state asset building and  
6 financial education task force, shall adopt rules, pursuant to  
7 chapter 91, necessary to effectuate this chapter, including but  
8 not limited to rules establishing:

- 9 (1) Eligibility requirements for participation in the  
10 program;
- 11 (2) The minimum amount of state matching funds to deposit  
12 into each qualifying account when establishing each  
13 individual account in the universal children's savings  
14 account trust fund;
- 15 (3) Appropriate uses for the funds provided through the  
16 program; and
- 17 (4) Procedures and criteria for accessing funds from an  
18 established savings account, including the ability to  
19 access funds upon the recipient reaching eighteen  
20 years of age.

21 **§ -3 Universal children's savings account trust fund.**

22 (a) There is established the universal children's savings



1 account trust fund. The director of finance shall have custody  
2 of the fund. All payments from the fund shall be made in  
3 accordance with this chapter.

4 (b) The fund shall consist of a trust account and an  
5 operating account. The trust account shall include amounts  
6 received by:

7 (1) The universal children's savings account program  
8 pursuant to savings agreements, administrative  
9 charges, fees, and all other amounts received by the  
10 program from other sources;

11 (2) State moneys received from the joint state-federal  
12 mortgage servicing settlement; provided that for every  
13 \$1 deposited from the settlement, the State shall  
14 provide a dollar-for-dollar match; and

15 (3) Interest and investment income earned by the fund.

16 The director of finance, from time to time, shall make  
17 transfers from the trust account to the operating account for  
18 the immediate payment of obligations under savings agreements,  
19 operating expenses, and administrative costs of the universal  
20 children's savings account program.

21 (c) The director of finance, as trustee, shall invest the  
22 assets of the fund in securities that constitute legal



1 investments under state laws relating to the investment of trust  
2 fund assets by trust companies, including those authorized by  
3 article 8 of chapter 412. Trust fund assets shall be kept  
4 separate and shall not be commingled with other assets, except  
5 as provided in this chapter. The director of finance may enter  
6 into contracts to provide for investment advice and management,  
7 custodial services, and other professional services for the  
8 administration and investment of the program.

9 (d) The director of finance shall provide for the  
10 administration of the fund, including maintaining participant  
11 records and accounts, and providing annual audited reports. The  
12 director of finance may enter into contracts for administrative  
13 services, including reports.

14 (e) All administrative fees, costs, and expenses,  
15 including investment fees and expenses, shall be paid from the  
16 operating account of the fund and, notwithstanding any other law  
17 to the contrary, may be made without appropriation or  
18 allotment."

19 SECTION 3. There is appropriated out of funds received by  
20 the State pursuant to the joint state-federal mortgage servicing  
21 settlement the sum of \$                      or so much thereof as may be



1 necessary for fiscal year 2014-2015 to be deposited into the  
2 universal children's savings account trust fund.

3 The sum appropriated shall be expended by the department of  
4 budget and finance for the purposes of this Act.

5 SECTION 4. This Act shall take effect on July 1, 2014.

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INTRODUCED BY: *Shianne Chun Cleveland*



# S.B. NO. 2545

**Report Title:**

Universal Children's Savings Account; Appropriation

**Description:**

Creates a Universal Children's Savings Account Program under the Department of Budget and Finance. Establishes and appropriates funds into the Universal Children's Savings Account Trust Fund.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

