NEIL ABERCROMBIE
GOVERNOR

PATRICIA McMANAMAN
DIRECTOR

BARBARA A. YAMASHITA
DEPUTY DIRECTOR

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

March 12, 2013

**MEMORANDUM**

TO: The Honorable Mele Carroll, Chair
Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 1099, S.D.2 - RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM**

Hearing: Tuesday, March 12, 2013; 9:30 a.m.
Conference Room 329, State Capitol

**PURPOSE:** The purpose of S.B. 1099, S.D.2 is to eliminate the asset limit eligibility requirement for the Temporary Assistance for Needy Families (TANF) program.

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

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

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

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

Six states: Alabama, Colorado, Ohio, Louisiana, Maryland and Virginia have eliminated asset limits with no increase in caseloads or costs. In 1997, Ohio became the first state to abolish TANF asset limits through legislative changes. Elimination of asset tests in Ohio resulted in no increase in caseload as of 2010, even with a national recession and an increase in the TANF benefit level. In 2003, Virginia's Department of Social Services adopted administrative rules which eliminated asset limits in TANF and family and child medical programs. Virginia has not experienced an increase in caseload; TANF caseload at the end of 2010 was 29% lower than in 1997. In Louisiana, three years after the 2009 change, there has been minimal change in TANF caseload. And, in Colorado where asset limits were increased to $15,000 in 2006 and completely eliminated effective 2011, Levetta Love, Executive Director of Colorado Works, the division within Colorado's Department of Human Services that manages the TANF program, wrote "We have seen little impact if any."

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

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

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

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

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

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

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

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

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

NEIL ABERCROMBIE
GOVERNOR

DWIGHT TAKAMINE
DIRECTOR

AUDREY HIDANO
DEPUTY DIRECTOR

MILA KA'AHANUI
EXECUTIVE DIRECTOR

STATE OF HAWAII
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March 8, 2013

To: The Honorable Mele Carroll, Chair
House Committee on Human Services

Date: Tuesday, March 12, 2013
Time: 9:30 am
Place: Conference Room 329, State Capitol

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

**TESTIMONY IN SUPPORT**

**Testimony for Senate Bill 1099, S.D. 2, Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families (TANF) Program**

## I. OVERVIEW OF PROPOSED LEGISLATION

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

The Office of Community Services supports this bill, though NOT the change to the effective date contained in the S.D.2 version of the proposed legislation. We prefer "upon approval" as contained previous versions.

## II. CURRENT LAW

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

## III. COMMENTS ON SENATE BILL

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

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

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

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

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

**Myth:** Poor people are linguistically deficient.

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

**Myth:** Poor people tend to abuse drugs and alcohol.

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

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

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

I appreciate your consideration of this information and ask for your support of S.B. 1099, S.D.2, with a change to the proposed effective date of "upon approval."

HAWAII
STATE
COMMISSION
ON THE
STATUS
OF
WOMEN

Chair:
LESLIE WILKINS

COMMISSIONERS:

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March 12, 2013

Testimony in Support of SB 1099, SD2

To: Honorable Mele Carroll, Chair
Honorable Bertrand Kobayashi, Vice Chair
Members of the House Committee on Human Services

From: Hawaii State Commission on the Status of Women

Re: Support for SB 1099, SD2, Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families (TANF) Program

The Commission strongly supports SB 1099, SD2.

Asset limitations for public benefit programs provide an incentive for low-income families to get rid of, or choose not to accumulate, assets. The TANF program requires work and promotes self-reliance, responsibility and family stability. The federal government gives states the flexibility to raise or eliminate their asset tests for most applicants.

Eliminating the asset limit would help families build assets. Building assets provides a safety net for a family, so they can continue to work their way to self-sufficiency and prevent their return to public benefit assistance programs.

There has been significant national discourse regarding asset limits for public benefit assistance recipients, and the Corporation for Enterprise Development (CFED) has recommended eliminating the asset test. Alabama, Louisiana, Maryland, Ohio and Virginia have completely eliminated asset tests for TANF recipients. Research shows that most applicants to TANF programs have very few assets, and in other states, eliminating asset tests greatly simplifies program administration without significantly increasing caseloads.[1]

According to the US Department of Health & Human Services, 85% of adult TANF recipients are women, and 90% of adult recipients are the head of the household.[2] The elimination of TANF asset limits will allow low-income women, particularly single mothers, to begin to build needed assets that will assist families in moving toward self-sufficiency and long-term financial stability. We urge the Committee to pass SB 1099, SD2.

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[1] Sprague and Black, STATE ASSET LIMIT REFORMS AND IMPLICATIONS FOR FEDERAL POLICY, The New America Foundation (2012).

[2] CHARACTERISTICS AND FINANCIAL CIRCUMSTANCES OF TANF RECIPIENTS, FISCAL YEAR 2010, Office of Family Assistance, Administration for Children and Families, United States Department of Health and Human Services, available at: http://www.acf.hhs.gov/programs/ofa/resource/character/fy2010/fy2010-chap10-ys-final, last visited on January 29, 2013.

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

Bridge to Hope
*Serving UH Welfare Recipient Students*

Date: March 9, 2013

To: HOUSE Committee on HUMAN SERVICES
Rep. Mele Carroll, Chair
Rep. Bert Kobayashi, Vice-Chair

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

Re: Strongly Supporting SB 1099,SD2, Re: Eliminating The Asset Limit For TANF
Tues. March 12, 2013 9:30 a.m.
Conference Room 329 Committee Clerk, room 304

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I am Teresa Bill, **testifying in strong support of SB 1099 SD2** eliminating the asset limit for TANF public assistance. I am the Coordinator of a Univ. of Hawaiʻi program called "Bridge to Hope" that supports TANF participants in their pursuit of higher education as a means of economic self-sufficiency. However, my testimony is not the official testimony of UH.

I am a member of both the Dept. of Human Services' Financial Assistance Advisory Council and the 2008 Hawaiʻi State Asset Building and Financial Education Task Force - both recommended the elimination of asset limit tests for public assistance. This legislation is a long time coming and greatly needed. I am pleased that the Dept. (DHS) is supporting this change in policy, as it reflects the experiences of families working hard to leave public assistance, and the change in national discourse regarding the need for "asset building" for all families.

Eliminating the Asset Test is the right thing to do, and now is the right time to do it.

- Eliminating Asset Test Addresses the Need for Low-Income Families to Save
- Eliminating Asset Test Has Not Increased Caseload in other States
- **Income Eligibility Remains** Even if Asset Test Is Eliminated
- Affordable Care Act Eliminates Medicaid Asset Test in 2014 and building upon the change in philosophy regarding asset tests as well as building upon the redesigned IT platform to implement ACA makes sense.

Eliminating asset limits maintains the intent TANF / "restructuring welfare" to keep savings an option for families to re-build economically.

Many families are forced to spend any "emergency savings" they might have in order to qualify for public assistance. This forced spending and withholding of financial assistance until a family has lost everything -- contradicts every tenet of family financial stability. Once a family gains access to the public assistance program, they are then encouraged to build a path to "economic self-sufficiency" - including rebuilding savings as a buffer against unexpected loss of jobs, car repair, or to attain housing. It is unfortunate when a family must choose between initiating a savings plan and participating in TANF, whose stated goal is to encourage economic self-sufficiency.

I urge you to **support SB1099,SD2** and give Hawaiʻi families the ability to secure minimal public assistance without draining all resources.
Thank You

2600 Campus Road, Queen Liliʻuokalani Center for Student Services 211, Honolulu, Hawaiʻi 96822-2205
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HAWAI'I APPLESEED CENTER
LAW AND ECONOMIC JUSTICE



Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 1099 Relating to Eliminating the Asset Limit Eligibility Requirement
for the Temporary Assistance to Needy Families Program
House Committee on Human Services
Scheduled for Hearing on Tuesday, March 12, 2013, 9:30 AM, Room 329

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

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Thank you for an opportunity to testify in **strong support** of Senate Bill 1099, which would eliminate the asset limit for families receiving Temporary Assistance to Needy Families (TANF). Families receiving short-term benefits should be encouraged to build assets and achieve financial self-sufficiency. The current asset limit undermines this goal and should be lifted.

**Asset poverty matters**

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

**Removing asset limits promotes financial self-sufficiency**

- Asset limits can actually send families the counterproductive message that they should not save for their future. With asset limits, a family may have to "spend down" its savings to qualify for assistance and not build resources that will help them to provide for future needs.
- Asset limits no longer fit the goals of the TANF program, which focuses on quickly moving families into financial self-sufficiency. The five-year lifetime limit on TANF benefits and work requirements have made an asset test obsolete. Savings and other assets are what enable people to move off of public benefit programs such as TANF and build a better future.
- There is also a possibility that the state may even save money by eliminating the asset limit. As reported in its "Assets and Opportunities Scorecard," the Corporation for Economic Development found that evidence from states which had eliminated asset tests suggested that savings in administrative costs actually exceeded increases in caseloads.

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

**TESTIMONY IN SUPPORT OF SB 1099: Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program**

TO: Representative Mele Carroll, Chair, Representative Bertrand Kobayashi, Vice Chair and members of the Committee on Human Services

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

**Hearing: Tuesday, March 12, 2013, 9:30 am; CR 329**

Thank you for the opportunity to testify in support of SB 1099: Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program. I am Trisha Kajimura, Social Policy Director for Catholic Charities Hawaii.

Catholic Charities Hawai`i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai`i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai`i. This bill speaks directly to our advocacy priority of reducing poverty in Hawai'i.

Catholic Charities Hawai'i stands with the Department of Human Services and many other human services providers in supporting this bill that will help the families we work with who are struggling towards financial self-sufficiency.

Families qualifying for Temporary Assistance for Needy Families (TANF) are among the poorest in our state. Many of them are working very hard to increase their financial stability and become economically self-sufficient. Asset limits for these families discourage the savings essential to achieving self-sufficiency and sends a mixed message to TANF recipients. They can cause TANF recipients to quickly spend relatively large sums of money, such as a tax return refund, to avoid losing benefits. This is counter-productive when that money could be saved for larger family expenses such as to purchase a car, appliances, or obtain independent housing.

Please help reduce poverty in our community by passing this legislation to eliminate the asset limit eligibility requirement for the TANF program.

Thank you for the opportunity to testify. Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.

Catholic Charities USA
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United Way
Aloha United Way

Goodwill Industries of Hawaii, Inc.

CS13:012T:SF

To: The Honorable Mele Carroll, Chair of the House Human Services Committee.
The Honorable Bertrand Kobayashi, Vice Chair of the House Human Services Committee

From: Laura Smith, President/CEO
Scott Fuji, Assistant Director of Community Services
Goodwill Industries of Hawaii, Inc.

Date: March 11, 2013

Re: **Testimony in Support of SB 1099, SD2 – Relating to Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program**

Goodwill Industries of Hawaii, Inc. (Goodwill) is among the largest human service non-profit organizations in Hawaii. Our mission is to help people find and succeed in employment, to become self-sufficient. With a Statewide footprint, and offices on Oahu, Maui, Hilo, Kona and Kauai, last year Goodwill served over 15,000 people, placing more than 1,500 into jobs in our community.

Goodwill submits this testimony in strong support of Senate Bill 1099. Goodwill Industries of Hawaii supports SB 1099 because of the importance that asset building can have on an individual's life. Goodwill served approximately 3,800 TANF participants last year through the state's First-to-Work program and has extensive knowledge of problems facing TANF participants. One such concern is asset building.

Asset building is essential to building financial independence and stability and breaking the cycle of poverty. We often hear financial planners advise everyone to keep a savings account in the event of emergencies, yet our current asset caps prevent those with the most need from engaging in this most basic of financial practice.

We humbly ask for your support of Senate Bill 1099. Thank you for this opportunity to provide testimony on this matter.

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SOCIETY OF HAWAI'I

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Calvin Pang, Esq.
President, Board of Directors

M. Nalani Fujimori Kaina, Esq.
Executive Director

**COMMENTS IN SUPPORT OF**
**SB1099 SD2 - RELATING TO ELIMINATING THE ASSET LIMIT ELIGIBILITY REQUIREMENT FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM**

Committee on Human Services - Room 329

Representative Mele Caroll, Chair
Representative Bertrand Kobayashi, Vice-Chair

March 12, 2013 at 9:30 a.m.

The Legal Aid Society of Hawaii submits testimony in support of SB1099 SD2 – Relating to the Eliminating the Asset Limit Eligibility Requirement for the Temporary Assistance for Needy Families Program. This bill would eliminate the counting of assets for those seeking assistance from the Temporary Assistance for Needy Families Program. By eliminating the counting of assets, families receiving assistance are able to save for rental deposits, for the purchase of a car that might be needed for transportation to and from work, or to get off of assistance. It is important to note that income eligibility tests would still be in place and families would have to have minimal income to qualify for this time limited program.

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

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

Thank you for this opportunity to provide testimony.

Sincerely,

M. Nalani Fujimori Kaina
Executive Director

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