

Honolulu, Hawaii

FEB 19 2016

RE: S.B. No. 907  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred S.B.  
No. 907 entitled:

"A BILL FOR AN ACT RELATING TO UNIVERSAL CHILDREN'S SAVINGS  
ACCOUNTS,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a  
universal children's savings account program in the Department of  
Budget and Finance to promote financial education and assist  
children with purchasing a home or starting a business later in  
life.

Prior to the hearing on this measure, your Committee posted  
and made available for public review a proposed S.D. 1, which  
modified the measure by:

- (1) Clarifying the purpose of the program, which is to give  
children in Hawaii invested funds to assist them with  
purchasing a home, starting a business, or obtaining  
higher education;
- (2) Allowing families participating in the universal  
children's savings account program to establish accounts  
that can accumulate savings and interest or dividends  
from various investments;



- (3) Requiring the Department of Budget and Finance to adopt rules to determine appropriate types of investment portfolios used by the program;
- (4) Applying the appropriation to fiscal year 2016-2017, rather than fiscal year 2015-2016, and making the appropriation effective on July 1, 2016;
- (5) Changing the effective date to July 1, 2017; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee received comments on the proposed S.D. 1 from the Department of Budget and Finance and Department of Human Services.

Your Committee finds that universal children's savings and investment accounts, which facilitate the compounding or interest and growth of investments, would help families to start saving at birth for their child's future. Your Committee also finds that 34 percent of Hawaii's middle class families are asset poor, which means they lack the resources to subsist at the poverty level for three months if they lose their source of income. Further, students with savings are significantly more likely to pursue a higher education than those without. Children's savings and investment accounts increase expectations for the future, provide children and families with opportunities for economic mobility, serve as an educational tool in regard to learning about investing, and allow for the building of meaningful savings while learning about money and finance. Educating and encouraging families to create savings accounts, which may include a diverse investment portfolio of stocks, bonds, or mutual funds, for children accordingly contribute to the economic viability of Hawaii's citizens.

Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Clarifying that the universal children's savings account program also includes investment accounts, from which interest and dividends can be used for any purpose that assists in building a positive financial future, including but not limited to starting a business, purchasing a home, or obtaining higher education;



- (2) Removing the requirement for the Department of Budget and Finance to adopt rules to determine the minimum amount of state matching funds to deposit into each qualifying account;
- (3) Requiring the Department of Budget and Finance to adopt rules to determine procedures and criteria for depositing funds into the investment fund;
- (4) Deleting the appropriation of general revenues into the universal children's savings account trust fund;
- (5) Requiring the Department of Budget and Finance to include in its next biennium budget request an appropriation for the amount necessary to administer the program; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 907, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 907, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Human Services,

  
SUZANNE CHUN OAKLAND, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Human Services**  
**HMS**

Bill / Resolution No.:* <div style="font-size: 1.5em; font-family: cursive;">SB 907 <sup>971</sup></div>	Committee Referral: <div style="font-size: 1.5em; font-family: cursive;">HMS, WAM</div>	Date: <div style="font-size: 1.5em; font-family: cursive;">2/16/16</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	X			
RIVIERE, Gil (VC)	X			
GREEN, Josh	X			
HARIMOTO, Breene	X			
RUDERMAN, Russell E.	X			
THIELEN, Laura H.	X			
SLOM, Sam				X
<b>TOTAL</b>	6	0	0	1
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="font-family: cursive; font-size: 1.2em;">S. Riviere</div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

\*Only one measure per Record of Votes