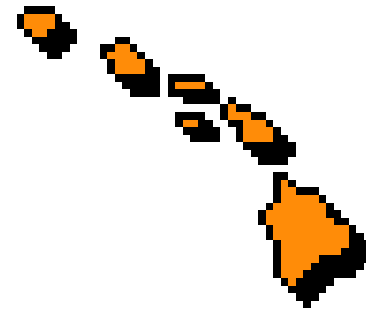

Asset Reform

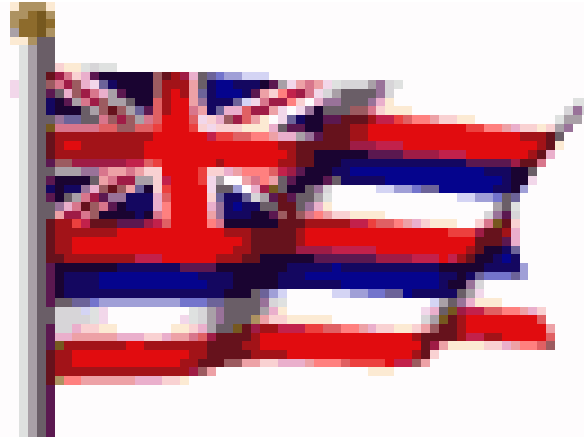


Hawaii

2013



Flashback to 2008...



State Flag

Events...

- **2008 Hawaii State Legislature**
 - **Senate Concurrent Resolution 92 and Senate Resolution 52**
 - **Establish a public financial education and asset building task force**
 - **Task Force Convened in June 2008**
 - **Comprised of legislators, state government, non-profits, poverty groups, universities, business sector and financial institutions**
-

Hawaii State Asset Building and Financial Education Task Force

- **Meets throughout 2008 and 2009**
 - **Task Force Sub-Committees**
 - **Financial Education**
 - **Children's Savings**
 - **Asset Limits**
-

Asset Limits Sub-Committee

“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.”

Recommendation #1

- **Increase cash savings asset limit**
 - **Equivalent to the Hawaii self sufficiency standard* established for a specific family size x 3 months**
 - **Family size of 3**
 - **\$4,154 per month x 3 months = \$12,462**

*State of Hawaii, DBED, 2007, Self-Sufficiency Income Standards

Recommendation #2

- **Exempt more categories or types of assets**
 - **Life insurance**
 - **Education accounts**
 - **Retirement accounts**
 - **Health savings accounts**
 - **Entirely exclude EITC**
-

Recommendation #3

- **Index the asset limit for inflation**
 - **\$5,000 set in February 1997 indexed to 2009 is equivalent to \$6,862**



Recommendation #4

- **Families should be able to have at least 3 months in savings to subsist at the poverty level**
 - **Family size of 3**
 - 2009 FPL = \$1,755 per month x 3 months = \$5,265 (exemption)
-

Long Term Recommendation

No asset limit in all public assistance programs!



18 Months Later...

**Humuhumunukunukuapua`a
State Fish**



To 2010...

- **Final Report and Task Force recommendations submitted to the 2010 Hawaii State Legislature**
 - **We are in the midst of the “Great Recession”**
 - **Hawaii has a Republican governor and governor appointed department heads**
 - **We have a hotly contested governor’s race**
-

New Administration - 2011

- **New Democratic Governor, Neil Abercrombie takes the helm**
 - Following 8 years of Republican administration
 - **New Department Director, Patricia McManaman, an attorney with 30 years of extensive public service experience for Hawai'i's working class, low-income, and immigrant communities**
-

One year goes by...

2012 - Honeymoon Phase for the New Administration...

**Yellow Hibiscus
State Flower**



House Resolution 124

2012 Hawaii State Legislature

“Asset limits can discourage savings and prevent families from making investments that can help them escape poverty and reliance on public assistance programs.”

“The Department of Human Services is requested to conduct a study on asset limits to qualify for public assistance.”

“The study is requested to include a review and evaluation of information on practices, policies, and trends regarding asset limits, and the applicability of asset limits to the Supplemental Nutritional Assistance Program, Temporary Assistance for Needy Families and the MedQuest Program.”

Preliminary Preparation

- **Discussion with division administrators in charge of the various Financial Assistance Programs**
 - We are all for some form of asset reform
 - **Go ask the Governor if he will support it**
 - He's all for it!
 - **Seek advice from the Financial Assistance Advisory Council**
-

Financial Assistance Advisory Council

- **Established in 1998 by the Hawaii State Legislature to render advice related to the Financial Assistance Program**
 - **Composed of 15 members appointed by the Department Director – meets quarterly**
 - **University of Hawaii, Legal Aid, Nat'l Ass of Social Workers, legislator and non-profits etc.**
 - **Many members were members of the 2008 Asset Building Task Force**
-

Ask the Financial Assistance Advisory Council

- **Is this a good time to pursue asset reform?**
 - **Raise asset limit?**
 - **Index asset limit to inflation?**
 - **Eliminate it entirely?**
 - **Across all Financial Assistance programs?**
 - **Just TANF?**
 - **Would the caseload increase?**
 - **What would the community reaction be?**
-

Financial Assistance Advisory Council

- **Assisted in finding studies concerning asset test for SNAP and Medicaid**
 - **Provided input on community reaction**
 - **Recommended we contact states that had already eliminated the asset limit**
 - **Recommended we obtain data on the numbers denied due to assets**
-

Hawaii Numbers Denied Due to Assets – Monthly Average

| 2010 | 2011 | 2012 |
|------|------|------|
| 8 | 6 | 4 |



**Nene
State Bird**

Upon Closer Examination

- **Total Denials for SFY 2012 = 49**
 - 8 incorrectly coded (denial not asset related)
 - 5 incorrectly denied (misapplication of policy)
 - 13 were also over income (would have been denied due to income)
 - **Remaining 23 were over asset limit**
 - 13 were due to real property (usually shared ownership)
-

Hawaii Department of Human Services Study

Research Office



Hawaii Findings

- **6 states eliminated the asset limit***
 - **Ohio, Virginia, Louisiana, Alabama, Maryland**
 - **Colorado had raised the limit to \$15,000 in 2006 then eliminated it in 2011**

Why Eliminate?

- **Virginia**
 - **Welfare reform time limits made them obsolete**
 - **Louisiana**
 - **Conflicting program goals, promoting and encouraging the goals of self-sufficiency, yet the application of TANF asset tests penalized families for owning assets**
 - **Alabama**
 - **Evaluation of the caseload showed few cases had many assets**
-

Colorado

- **Initial legislation called for elimination but there was concern that some with significant assets would become eligible**
 - **So in 2006 the proposal was amended to raise the limit from \$2,000 to \$15,000 as the general consensus was that the limit was too low**
 - **By 2011 since there was little impact on the caseload, the original legislation passed**
-

Hawaii Findings

- **Delaware and Oregon had the highest limit at \$10,000**
 - **All other states have limits ranging from \$1,000 to \$6,000**
 - **Corporation for Enterprise Development (CFED) recommended asset limits raised to \$15,000 or index the limit to inflation**
-

Hawaii Findings

- **Medicaid will eliminate asset test for non-disabled individuals effective January 1, 2014**
 - **Many SNAP households are categorically eligible and have eliminated asset limits under Broad Based Categorical Eligibility**
 - **Income eligibility will not be eliminated and people with low income generally have few assets**
-

Hawaii Findings

- **We recognize that financial savings and asset accumulation are essential for families working toward achieving self-sufficiency**
 - **General Assistance and Assistance to the Aged, Blind and Disabled are tied to federal SSI asset limit requirements**
 - **Eliminate the asset test for only the TANF program**
-

Hawaii Recommendations

- **Include initially in the Administration's legislative package a bill that would eliminate the asset limit eligibility requirement for the TANF program**
 - **Disregard TANF assets rather than eliminate the asset limit**
 - **The administrative burden on obtaining and calculating the value of an asset would remain**
 - **Federal QC for the SNAP has ruled that despite that assets are not exempt there is no error when information on assets is not obtained**
-

House Bill 868

- **Section 346-29, Hawaii Revised Statutes is amended by amending subsection (c) to read as follows:**

“For households with minor dependents, disregard assets in determining the needs of persons for financial assistance”

Passage



**Kukui
State Tree**

Signed into law on April 18, 2013



HB868 Signing
By Governor Neil Abercrombie