

# SENATE BILL REPORT

## SB 5241

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As Reported by Senate Committee On:  
Human Services, Reentry & Rehabilitation, February 4, 2021  
Ways & Means, February 22, 2021

**Title:** An act relating to promoting economic inclusion for people experiencing poverty.

**Brief Description:** Promoting economic inclusion.

**Sponsors:** Senators Dhingra, Nguyen, Darneille, Das, Hasegawa, Hunt, Keiser, Lias, Nobles, Saldaña, Stanford and Wilson, C..

**Brief History:**

**Committee Activity:** Human Services, Reentry & Rehabilitation: 1/26/21, 2/04/21 [DPS-WM, w/oRec].

Ways & Means: 2/19/21, 2/22/21 [DP2S, w/oRec].

**Brief Summary of Second Substitute Bill**

- Creates economic inclusion grants, subject to appropriation, to promote equity, economic inclusion, and a stable financial foundation for people experiencing poverty.
- Directs the Department of Commerce to provide progress reports and other information regarding economic inclusion grants to the Governor, Legislature, and the Legislative Executive WorkFirst Poverty Reduction Task Force, by November 15, 2021, and annually thereafter.

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**SENATE COMMITTEE ON HUMAN SERVICES, REENTRY & REHABILITATION**

**Majority Report:** That Substitute Senate Bill No. 5241 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Darneille, Chair; Nguyen, Vice Chair; Gildon, Ranking Member; McCune, Saldaña and Wilson, C.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** That it be referred without recommendation.

Signed by Senator Dozier.

**Staff:** Alison Mendiola (786-7488)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5241 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Braun, Carlyle, Conway, Darneille, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Liias, Mullet, Muzzall, Pedersen, Van De Wege, Wagoner, Warnick and Wellman.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Schoesler, Assistant Ranking Member, Capital; Rivers.

**Staff:** Trevor Press (786-7446)

**Background:** Poverty Reduction Workgroup. In 2017, the Poverty Reduction Work Group (PRWG) was created by a directive of Governor Inslee dated November 6, 2017. The PRWG is co-led by the state Departments of Commerce, Employment Security, and Social & Health Services, in partnership with tribal and urban Indians, state racial and ethnic commissions, employers, community-based organizations, legislators, advocates, and philanthropy. A steering committee made up of 22 people reflecting the diverse demographic and geographic experience of poverty set priorities and direction for the development of strategies and recommendations. The PWRG was tasked with developing a strategic plan to reduce poverty, improve communities and make needed progress related to housing, health integration, employment, and education.

On January 14, 2020, the PRWG published The 10-Year Plan to Dismantle Poverty in Washington (plan) with the goal of building a just and equitable future in which all of Washingtonians have their foundational needs met, and the resources and the opportunities they need to thrive. Noting that in 2019 1.75 million Washingtonians lived in a household that struggled to make ends meet, the plan describes eight strategies to mitigate the experience of poverty as well as preventing it from happening altogether.

The eight strategies include:

1. Undo Structural Racism: Understand structural racism and historic trauma and take action to undo how they manifest in state policy, program, and practice.
2. Balance Power: Make equal space in decision-making for people and communities most affected by poverty and inequality.
3. Increase Economic Opportunity: Target equitable income growth and wealth-

- building among people with low incomes.
4. Ensure Foundational Well-Being: Strengthen health supports across the life span to promote the intergenerational well-being of families.
  5. Prioritize Urgent Needs: Prioritize the urgent needs of people experiencing homelessness, mental illness, or addiction.
  6. Build a Holistic Continuum of Care: Build an integrated human service continuum of care that addresses the holistic needs of children, adults, and families.
  7. Decriminalize Poverty: Decriminalize poverty and reduce reliance on the child welfare, juvenile justice, and criminal justice systems.
  8. Prepare for the Future of Work: Ensure a just transition to the future of work.

Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force. The Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force (LEWPRO) was created in 2018, expanded from the work of a previous workgroup created in 2011. Among its work, LEWPRO is to seek best practices for poverty reduction from service providers, community-based organizations, legislators, state agencies, stakeholders, the business community, and subject matter experts. In March 2020, LEWPRO published its Five-Year Plan to Reduce Intergenerational Poverty and Promote Self-Sufficiency which includes strategies to support the reduction on intergenerational poverty and increased self-sufficiency among the people it serves and other citizens of Washington State.

The eight strategies include:

1. Understand structural racism and historical trauma and take action to undo how they manifest in state, policy, and practice.
2. Make equal space in decision-making for people and communities most affected by poverty and inequality.
3. Target equitable income growth and wealth-building among people with low-incomes.
4. Strengthen health supports across the life span to promote the intergenerational well-being of families.
5. Prioritize the urgent needs of people experiencing homelessness, mental illness, or addiction.
6. Build on integrated human service continuum of care that addresses the holistic needs of children, adults, and families.
7. Decriminalize poverty and reduce reliance on the child welfare, juvenile justice, and criminal justice systems.
8. Ensure a just transition to the future of work.

The 10-Year Plan and 5-Year Plan differ in that the 5-Year Plan focuses specifically on intergenerational poverty reduction, with particular attention to programs that serve children and families, with a focus on broad policy direction.

Poverty Guidelines. Annually, the federal Department of Health and Human Services produces poverty guidelines, known as the Federal Poverty Level (FPL), that are used

administratively to determine a person's eligibility for certain programs. The FPL account for basic needs—food, utilities and accommodation—and does not vary by the age of the children or a household's location.

The Self-Sufficiency Standard (SSS) defines the amount of income necessary to meet basic needs, including taxes, without public subsidies. Basic needs include housing, child care, food, health care, transportation, taxes, and miscellaneous costs. The SSS accounts for the regional costs of each basic need and is adjusted by the age of the children in the household.

**Summary of Bill (Second Substitute):** The Legislature declares that economic inclusion shall be a top priority of Washington State's economic recovery and finds that leveraging or supporting the integration of existing benefits and services whenever possible will help people access the benefits they need to help them out of poverty, without creating another duplicative system.

Economic Inclusion Grants. The Department of Commerce (Commerce), in consultation with the Department of Social and Health Services (DSHS), the Employment Security Department (ESD), the Department of Children, Youth, and Families (DCYF) , the Health Care Authority (HCA), and the steering committee, will make and oversee the implementation of economic inclusion grants available to local communities to promote equity, economic inclusion, and a stable financial foundation for people experiencing poverty.

Subject to appropriations, these grants are available in communities throughout all regions of the state, with an emphasis on economically distressed communities as defined by Commerce. Recipients of a grant are to:

- coordinate existing poverty reduction resources and benefits to make them easier to access, get them to the people who need them, and work as a coordinated system, to help more people move out of poverty and be included in Washington's economic success;
- identify both the federal regulations that prevent better local coordination and the needs for additional state or federal funding for continuous improvement of the poverty reduction system in future years;
- develop a local leadership coalition or use an existing local partnership that must include people experiencing poverty, people of color, homelessness programs, and representatives of the workforce development council, community service offices, medicaid, accountable communities of health, and associate development organizations, and may include other members;
- identify a fiscal agent and lead coordinator that is either an associate development council, workforce development council, or other organization with demonstrated capacity to fulfill the responsibilities and requirements of the fiscal agent, as defined by the department;
- work with people experiencing poverty to ensure they have access to multiple

- benefits to help them meet their basic needs, in alignment with local care coordination efforts, and when ready, develop individualized career plans leading to a self-sufficiency wage, which must be at least 200 percent of the federal poverty level, or the higher level established by the self-sufficiency standard;
- provide streamlined access to local partners who can pay for education or training elements of a person's individualized career plan using federal Pell Grants, the Washington College Grant, or other resources;
  - provide streamlined access to local partners who can make monthly payments to the low-income person while in training, using existing resources such as work study payments, work experience payments, needs-related payments, or other financial aid or workforce development resources, as identified locally, and in consultation with technical assistance provided by the department. Such payments must work to maximize the total benefits available to the individual. To the extent possible under federal law, such payments are to be structured so they do not reduce other benefits;
  - develop a local coordination team that works to ensure easier access to all state and local government services, and identifies staff to be care and benefits navigators. The care and benefit navigators must provide one-stop access to benefits available to people experiencing poverty. To the extent allowable under federal law, access to benefits may not be conditioned upon seeking employment nor limited to people pursuing individual career plans, and benefits must be available to people experiencing poverty who are in need of financial stability whether or not they are pursuing career plans;
  - ensure equitable access to state and local government services for people with disabilities, which may include equipment and technology purchases;
  - both identify where federal barriers hinder efforts to coordinate benefits for customers, and elevate those issues to;
  - ensure options for career development, English language learners, and other services for both parents in two-parent families, including child care if desired by the family; and
  - coordinate with similar federally funded or federally driven service coordination efforts as appropriate.

If an applicant has not submitted adequate documentation to participate within three months after grant announcement, the agencies may redistribute the unclaimed funding to other participating local areas.

Other Provisions. Commerce, in consultation with DSHS, ESD, and the steering committee, is to develop a comprehensive list of federal waivers to remove federal barriers to coordinating service delivery across multiple programs and include this list in its annual report. Where waivers are not available, Commerce is to develop a comprehensive list of federal rules and or policies that are creating barriers and include this list in its annual report.

DSHS, in consultation with the Commerce, ESD, DCYF, HCA, and the steering committee,

and other stakeholders, is to further develop measures and indicators of equitable and inclusive economic recovery already underway in the DSHS technical advisory group on inclusive economic recovery, and apply those measures as needed to help promote economic recovery that is racially equitable and fully inclusive of people experiencing poverty, people of color, people in rural counties, people with disabilities, and other key demographics that have historically been left behind in economic recovery.

By November 15, 2021, and annually thereafter, Commerce, in consultation with the DSHS, ESD and the steering committee are to report to the Governor, the appropriate committees of the Legislature, and LEWPRO. The annual report must include progress reports, measures of equitable and inclusive economic recovery, and model legislative language to further expand economic inclusion, reduce poverty, and increase coordinated service delivery across programs and agencies.

People experiencing poverty means households whose incomes are at or below 200 percent of the federal poverty level. Self-sufficiency means a level of household income that is equal to or more than the self-sufficiency standard for a household as determined by the University of Washington's self-sufficiency calculator.

Steering committee means the PRWG steering committee, which is comprised of individuals with poverty-related lived experience. Members of the steering committee are to be reimbursed for travel expenses, as well as child care and other expenses as needed for each day a steering committee member attends meetings to provide consultative assistance to the agencies managing the grants; for up to 12 meetings per calendar year.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):**

Removes Commerce's ability to apply for federal waivers.

Directs Commerce to develop a comprehensive list of federal waivers to remove federal barriers to coordinating service delivery.

**EFFECT OF CHANGES MADE BY HUMAN SERVICES, REENTRY & REHABILITATION COMMITTEE (First Substitute):**

People experiencing poverty and self-sufficiency are defined.

The definition of low-income is removed.

DCYF and HCA are included as agency stakeholders throughout the bill.

Section 5, relating to OFM creating a model on savings, is struck.

Commerce's annual report is to include an estimate of costs avoided by the state when a

person moves out of poverty and into self-sufficiency.

Federal waivers “may” be applied for, as opposed to “shall.”

Where federal waivers are not possible, Commerce is to include in the annual report a comprehensive list of federal rules or policies, or both, that are creating barriers.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill (Human Services, Reentry & Rehabilitation):** *The committee recommended a different version of the bill than what was heard.* PRO: This bill comes out of both the Governor's Poverty Reduction Workgroup (PRWG) and the Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force (LEWPRO) changing the manner in which we help people move out of poverty and into self-sufficiency. The voice of those with lived experience is included. This bill aligns the goals of addressing the root causes of poverty and the urgent need to stabilize families now. Navigating through the benefits system is a challenge—the goal of the grants is make the system more efficient, not to add benefits, but how to leverage and utilize the benefits that already exist. Community Action Centers should be able to get grants.

OTHER: Sections 1 to 4 of the bill are aligned with the work of the PRWG, LEWPRO, and the Governor's budget. Efforts to develop a human centered approach is long overdue, embracing the voice of those with lived experience and capitalizing on cross-agency collaboration. Many low-income households lack broadband to participate in applying for benefits. There is funding from the Governor to add a position to work with stakeholders to build digital equity. This bill is timely in light of COVID, especially with its impacts on people of color and rural communities.

**Persons Testifying (Human Services, Reentry & Rehabilitation):** PRO: Senator Manka Dhingra, Prime Sponsor; Jeff DeLuca, Washington State Community Action Partnership; Victoria Hilt, Poverty Reduction Workgroup Steering Committee; Alex Hur, Statewide Poverty Action Network.

OTHER: Tim Probst, Washington Employment Security Department; Diane Klontz, Department of Commerce; Babs Roberts, Department of Social and Health Services.

**Persons Signed In To Testify But Not Testifying (Human Services, Reentry & Rehabilitation):** No one.

**Staff Summary of Public Testimony on First Substitute (Ways & Means):** *The committee recommended a different version of the bill than what was heard.* PRO: The work of this bill is aligned with the recommendations from the Poverty Action Network and the Reduction Workgroup. The work supported by this bill is critically important to help people of color, people in rural communities, and people experiencing poverty to recover economically from COVID-19. If we re-frame the cost of the bill based on the Governor's budget, which has a similar grant with a two-year cost of \$583,000 for three local grants and overhead. Thrilled to see legislation that is a part of the Poverty Reduction Workgroup's ten-year plan. Many support programs cannot be qualified for simultaneously which causes much frustration and navigating systems of support can be complicated and frustrating. This bill is helping people access help they need on the front end and prevents much more costly hardships such as homelessness down the line.

**Persons Testifying (Ways & Means):** PRO: Emily Grossman, Department of Commerce; Marcy Bowers, Statewide Poverty Action Network.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.