

# HOUSE BILL REPORT

## HB 1601

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**As Reported by House Committee On:**  
Community Development & Housing

**Title:** An act relating to expanding the percentage of households living in the middle-income bracket.

**Brief Description:** Enacting the middle class jobs act.

**Sponsors:** Representatives Probst, Kenney, Green, Moscoso, Hasegawa, Moeller, Reykdal, Appleton, Jacks, Cody, Ormsby, Sells, Lias, Ryu, Stanford, McCoy, Upthegrove, Sullivan, Ladenburg, Kagi, Rolfes, Springer, Van De Wege, Santos, Takko, Haigh, Orwall, Tharinger and Billig.

**Brief History:**

**Committee Activity:**

Community Development & Housing: 2/3/11, 2/10/11 [DPS].

**Brief Summary of Substitute Bill**

- Requires six state agencies to adopt the goal of increasing the percentage of households in the middle-income bracket, and to develop and submit strategies for reaching this goal to the Workforce Training and Education Coordinating Board (WTECB) and the Office of Financial Management.
- Requires Workforce Development Councils to develop and submit an area strategic plan with strategies to increase the percentage of households living in the middle-income bracket to the WTECB.
- Requires the WTECB to incorporate the area plans into the state comprehensive plan, and review and rate agency submissions.

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### HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT & HOUSING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Kenney, Chair; Finn, Vice Chair; Maxwell, Ryu and Santos.

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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 a part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Do not pass. Signed by 4 members: Representatives Smith, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern and Walsh.

**Staff:** Jennifer Thornton (786-7147).

**Background:**

*The Department of Commerce (COM)* was created in 2009 as a successor agency to the Department of Community, Trade and Economic Development. Its adopted mission is to grow and improve jobs in Washington.

*The Department of Personnel (DOP)* is the central human resource agency for state government.

*The Department of Revenue (DOR)* is Washington's principal tax collection agency, and oversees approximately 60 different taxes.

*The Department of Social and Health Services (DSHS)* integrates and coordinates activities that provide care for individuals who require financial assistance, institutional care, rehabilitation, or other social services.

*The Employment Security Department (ESD)* administers unemployment compensation and employment services, and develops, administers, and disseminates state labor market information.

*The Office of Superintendent of Public Instruction (OSPI)* is the primary agency charged with overseeing the state's K-12 education system.

*The State Board for Community and Technical Colleges (SBCTC)* provides leadership and coordination for the state's system of 34 community and technical colleges. These institutions offer academic transfer courses, professional-technical education and training, and adult basic skills and literacy education.

*The Washington State Apprenticeship and Training Council*, appointed by the Director of the Department of Labor and Industries, approves apprenticeship programs and establishes apprenticeship program standards.

*Workforce Development Councils (WDCs)* are 12 regional organizations that provide workforce development planning and coordination between education, training, and employment efforts in their areas. They were formed under the federal Workforce Investment Act of 1998, Public Law 105–220.

*The Workforce Training and Education Coordinating Board (WTECB)* is responsible for planning, coordination, evaluation, policy analysis, and recommending improvements to the state's training system. The WTECB is required to develop a 10-year state comprehensive plan for workforce training and education.

*Federal Poverty Guidelines* are issued each year by the United States Department of Health and Human Services and used for administrative purposes, such as determining financial eligibility for certain federal programs. The guidelines are based on family size.

<b>The 2010 Poverty Guidelines for the 48 Contiguous States and the District of Columbia</b>	
<b>Persons in family</b>	<b>Poverty guideline</b>
1	\$10,830
2	\$14,570
3	\$18,310
4	\$22,050
5	\$25,790
6	\$29,530
7	\$33,270
8	\$37,010
For families with more than 8 persons, add \$3,740 for each additional person.	

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**Summary of Substitute Bill:**

This act is named the "Middle Class Jobs Act of 2011."

The Legislature finds that in 1979, 51 percent of people were living in middle-income families compared with 42 percent in 2007, and that the current economic situation has likely worsened the decline. The Legislature intends to: (1) require state agencies to coordinate their work towards achieving measurable results that move individuals from dependence into livable wage jobs; and (2) begin an increase in the percentage of Washington households living in the middle-income bracket or above.

The SBCTC, the OSPI, the COM, the ESD, the DSHS, and the Washington State Apprenticeship and Training Council are each required to adopt the goal of increasing the percentage of Washington households living in the middle-income bracket. Each agency must include in its existing planning documents specific strategies related to its mission and programs to reach this goal. The DOR and the DOP must, as resources allow, provide appropriate assistance to the six agencies developing goals and strategies.

Each agency must submit its specific strategies to the WTECB and the Office of Financial Management (OFM) as their planning documents are updated. The WDCs are each required to develop 10-year area strategic plans for workforce training and education. The plans must be submitted to the WTECB, and every four years, beginning on March 31, 2013, the WDCs must submit plan updates. The WTECB must incorporate information from the area plans into the state comprehensive plan. The area and state plans must include specific strategies to increase the percentage of households living in the middle-income bracket or above.

The WTECB is required to review agency submissions, rate the strategies according to criteria it adopts, and report the ratings to the Legislature annually. The ratings must be developed at the same time as progress reports on the state comprehensive plan for workforce training and education.

The OFM may review state contracting procedures for compliance with the goal of increasing the percentage of Washington households living in the middle-income bracket or higher.

The OFM, in partnership with the WTECB, is required to annually estimate the percentage of Washington residents with incomes in the middle-income bracket or higher. The findings must be reported to the Governor and the Legislature.

"Middle-income bracket" is defined as family incomes between 200 and 500 percent of the 2010 federal poverty level, as determined by the United States Department of Health and Human Services for a family of four, adjusted annually for inflation. This definition does not preclude agencies and programs from using other measures for programmatic purposes.

**Substitute Bill Compared to Original Bill:**

- The WDC plan name is changed from "comprehensive" to "strategic," and the due date for WDC plans is changed to begin on March 31, 2013.
- The requirement that the DOR adopt the goal of increasing the percentage of Washington households living in the middle-income bracket is removed. The DOR is directed to provide, as resources allow, appropriate assistance to state agencies developing goals and strategies to increase the percentage of Washington households living in the middle-income bracket or higher. The DOR's assistance may include: supplying data, evaluating relevant existing state tax preferences, and providing consultation. The DOR will not provide information that is protected from disclosure.
- The OFM Labor Relations Office and associated requirements are removed.
- The DOP is directed to provide, as resources allow, appropriate assistance to state agencies developing goals and strategies to increase the percentage of Washington households living in the middle-income bracket or higher. The DOP's assistance may include: supplying data on how the state's employees are progressing towards the middle-income bracket or higher, and providing recommendations on ways to incorporate systematic career ladders. This requirement may not be construed to impact collective bargaining agreements or negotiations.
- The number of agencies for which the WTECB will review and rate plan submissions is reduced to six.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) A strong and growing middle class is good for any society. This bill does not require any new strategic planning. It builds on existing planning. Hopefully, the economy is getting better. Do we have a plan for securing middle-class jobs? It provides an opportunity for agencies in charge of educating and training the workforce pipeline to work together and provide data to policy makers to look at what is going on and what can be improved. Being at 200 percent to 500 percent of the poverty level enables people to donate to the food bank rather than be in the food bank line. This will help us understand what is happening to the middle class in Washington. It is a smart, cost-effective bill that will lead to good policy decisions in the future.

(Opposed) None.

**Persons Testifying:** Representative Probst, prime sponsor; Lori Province, Washington State Labor Conference; Linda Lee, Service Employees International Union; and Terry Tilton, Washington State Building and Construction Trades Council.

**Persons Signed In To Testify But Not Testifying:** None.