

# HOUSE BILL REPORT

## SHB 2230

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### As Passed Legislature

**Title:** An act relating to promoting economic inclusion by creating the economic security for all grant program.

**Brief Description:** Promoting economic inclusion by creating the economic security for all grant program.

**Sponsors:** House Committee on Human Services, Youth, & Early Learning (originally sponsored by Representatives Peterson, Eslick, Gregerson, Ramel, Reed and Waters).

### Brief History:

#### Committee Activity:

Human Services, Youth, & Early Learning: 1/24/24, 1/30/24 [DPS];  
Appropriations: 2/3/24, 2/5/24 [DPS(HSEL)].

#### Floor Activity:

Passed House: 2/13/24, 93-4.  
Passed Senate: 2/29/24, 47-1.  
Passed Legislature.

### Brief Summary of Substitute Bill

- Codifies and makes permanent the Economic Security For All (EcSA) grant program, administered by the Employment Security Department (ESD) in consultation with other agencies and stakeholders.
- Requires the ESD to identify federal reforms that would benefit persons served by EcSA grants, and authorizes the ESD to apply for associated federal waivers and propose federal law changes.
- Requires the Department of Social and Health Services to develop measures of yearly progress toward poverty reduction, reducing income inequality, and achieving an equitable and inclusive economy, and apply those measures as needed.

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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.*

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## HOUSE COMMITTEE ON HUMAN SERVICES, YOUTH, & EARLY LEARNING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Senn, Chair; Cortes, Vice Chair; Rule, Vice Chair; Eslick, Ranking Minority Member; Couture, Assistant Ranking Minority Member; Callan, Dent, Goodman, Ortiz-Self and Taylor.

**Minority Report:** Do not pass. Signed by 1 member: Representative Walsh.

**Staff:** Omeara Harrington (786-7136).

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Human Services, Youth, & Early Learning be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chambers, Assistant Ranking Minority Member; Connors, Assistant Ranking Minority Member; Couture, Assistant Ranking Minority Member; Berg, Callan, Chopp, Davis, Dye, Fitzgibbon, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Senn, Simmons, Slatter, Springer, Stonier, Tharinger and Wilcox.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Corry, Ranking Minority Member; Stokesbary.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Schmick.

**Staff:** Emily Stephens (786-7157).

### **Background:**

#### Economic Security for All Grants.

Since 2022 the Legislature has appropriated funding in the state operating budget to the Economic Security for All (EcSA) to administer EcSA grants. The EcSA program is a poverty reduction model that coordinates existing programs to increase their collective ability to help low-income people move toward self-sufficiency. At the local level, EcSA is run by partnerships of community service providers, incorporating the perspectives of persons who have experienced living in poverty, and is convened and coordinated by local workforce development councils. The EcSA program has a technical advisory committee, composed of representatives of state agencies, labor unions, nonprofits, and local implementation entities, that advises the ESD on programmatic decisions related to required elements, service delivery, program alignment, and poverty.

The ESD is required to collect quarterly data on the number of participants in the program,

the costs associated with career, training, and other support services provided, including but not limited to, child care, housing, transportation, and car repair, and progress made towards self-sufficiency. The ESD is required to report to the Governor and the Legislature twice per year with an analysis of the program, a detailed summary of collected data, and associated recommendations for program delivery.

#### Local Workforce Development Councils.

Federal law requires each state to establish a state workforce development board tasked with the development and continuous improvement of the state's workforce development system, among other responsibilities. In Washington this is fulfilled through local workforce development councils that lead local partnerships with community organizations and people experiencing poverty. Depending on local need, partnerships include housing insecurity programs, workforce development programs, local Department of Social and Health Services (DSHS) service providers and other community-based organizations. The boards also manage subcontractors, to ensure that rules are followed and programs are aware of best practices.

#### The Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force.

The Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force (LEWPRO) oversees the operation of the Temporary Assistance for Needy Families Program and WorkFirst. The LEWPRO is additionally responsible for: developing and monitoring strategies to address adverse childhood experiences and reduce intergenerational poverty, in collaboration with the Intergenerational Poverty Advisory Committee; seeking input from various entities on best practices for poverty reduction; analyzing available data regarding intergenerational poverty; and recommending policies to the Governor and the Legislature to reduce intergenerational poverty and promote and encourage self-sufficiency. A poverty reduction steering committee (steering committee) made up of people reflecting the demographic and geographic experience of poverty advises the LEWPRO.

#### Measures of Poverty and Self Sufficiency.

The United States Department of Health and Human Services establishes poverty guidelines that are used to determine financial eligibility for certain programs. Updated guidelines are available annually in mid-January. Currently 200 percent of the federal poverty level for a single person is \$30,120 annually. For a family of four, it is \$62,400 annually.

The University of Washington maintains a self-sufficiency calculator, which is an affordability and living wage economic security measure that serves as an alternative to the official poverty measure. The calculator defines the income working families need to meet a minimum yet adequate level, taking into account family composition, ages of children, and geographic differences in costs.

### **Summary of Substitute Bill:**

#### The Economic Security for All Grant Program.

The EcSA program is codified and made an ongoing program within the ESD. The stated purpose of the program is to empower and incentivize communities 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.

Subject to the availability of amounts appropriated for this specific purpose, the ESD, in consultation with the DSHS, the Department of Commerce (COM), the Department of Children, Youth, and Families (DCYF), the Health Care Authority (HCA), the Workforce Training and Education Coordinating Board (WTB), the steering committee, and other stakeholders, must make and oversee the implementation of EcSA grants. Grants must be awarded to local communities throughout all regions of the state, and distributed using a funding allocation model. Grants are to be utilized to promote equity, economic inclusion, and a stable financial foundation for people experiencing poverty and people who demonstrate financial need, with a particular focus on people of color and people in rural counties including tribal nations, primarily through better coordination of existing programs, resources, and provision of business services.

People experiencing poverty include people with a household income that is at or below 200 percent of the federal poverty level. People who demonstrate financial need include people with a household income that is above 200 percent of the federal poverty level, but below self-sufficiency who need employment-related services to achieve self-sufficiency.

Recipients of EcSA grants must:

- coordinate with existing local providers to make benefits easier to access and work as a coordinated system to help more people move out of poverty and be included in the state's economic success;
- provide input to the ESD in its efforts to identify examples of federal regulations that prevent better local coordination and to identify needs for additional state or federal funding for continuous improvement of the poverty reduction system in future years;
- coordinate leadership among the local workforce development council, associate development council, and other organizations;
- utilize existing local workforce development councils to serve as the fiscal agent for grant administration, and to develop grant partnerships that include, at a minimum, people experiencing poverty, people of color, homelessness programs, and representatives of the Health Care Authority, community services offices, accountable communities of health, and associate development organizations;
- work with people experiencing poverty and people who demonstrate financial need to ensure they have access to multiple benefits to help them meet their basic needs and, when ready, to develop individualized career plans that will lead to a self-sufficiency wage;
- provide streamlined access to local partners who can pay for elements of education or training, or who can make monthly payments while in training, to facilitate the individualized career plan for a person experiencing poverty or person with financial

- need;
- through the local workforce development councils, develop a grant coordination team that works to facilitate convenient one-stop access to all state and local government services, which may utilize and build upon, rather than duplicate, existing coordinators and navigators that are already in place in the community;
- provide equitable access to state and local government services for people with disabilities, which may include equipment and technology purchases;
- provide options for career development, English language learning, and other services for both parents in two-parent families, including childcare if desired by the family; and
- when available, use the local and state teams already in place for similar efforts.

By December 1, 2024, and annually thereafter, the ESD must report on the EcSA program to the Governor, the Legislature, and the LEWPRO. The report must include an analysis of the program, a detailed summary of the quarterly data collected, demographics and geography of people served, services delivered, average length of participation, number of persons served by the grants maintaining self-sufficiency in the years following program exit, and associated recommendations for program delivery. The report must additionally include an analysis of customer feedback and responsive action taken, based upon a standardized customer feedback mechanism.

#### Other Provisions.

The ESD, in consultation with the DSHS, the COM, the DCYF, the HCA, the WTB, the steering committee, and other stakeholders, must identify federal reforms that would help persons served by EcSA grants access the federal benefits they need more efficiently, avoid sudden benefit cuts as their earned income increases, and move from poverty to self-sufficiency more effectively. The ESD may also apply for federal waivers and propose federal law changes to make the authorizing environment better support coordinated service delivery across programs.

The DSHS, in consultation with the ESA, the COM, the DCYF, the HCA, the WTB, the steering committee, LEWPRO, and other stakeholders, must further develop measures and indicators of yearly progress toward poverty reduction, reducing income inequality, and achieving an equitable and inclusive economy. In doing so, the DSHS must use the University of Washington self-sufficiency standard as a primary measure, as well as other measures already underway in the DSHS technical advisory group on inclusive economic recovery, and apply those measures as needed to help promote a statewide economy that is inclusive of rural areas, racially equitable, and fully inclusive of people experiencing poverty, people of color, people with disabilities, unhoused people, and other key demographics that have historically been left behind by the state economy.

Members of the steering committee must be reimbursed for travel expenses, childcare, and other expenses as needed for each day of attendance at meetings to provide consultative assistance related to the EcSA grant program and identification of needed federal reforms

and poverty measures.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony (Human Services, Youth, & Early Learning):**

(In support) This is an opportunity to codify and increase the predictability of a program that is working well to bring people out of poverty. It furthers government efficiency. The bill will not have a large fiscal note because the program is already up and running. In the first year, 1,280 people were served, and 421 people reached self-sufficiency. Eighty-five percent of those people had an annual income of under \$10,000 at the time of enrollment. This program works because it involves wraparound support, financial incentives, and the hard work of the people participating. Requiring a self-sufficiency target ensures that people are moving into good jobs. All participants are made aware of the vast array of services that exist. The state should bear the responsibility to make sure people have access to opportunities and services, rather than placing that burden on those who need the services. Financial educational support makes a huge difference in people's lives, and businesses and communities grow and prosper when people thrive.

This program represents a strategic alignment between organizations and stakeholders to ensure a successful business climate and livable wage for all. The labor market is tough right now. This program is one of the most important linkages between private industry and those who need jobs, and concentrates on people who need to upskill to improve their quality of life. Innovations on the local level are helping this be realized. There are a lot of people who are receiving food benefits and working. Assisting people in learning skills to make a living wage often breaks the cycle of poverty. Helping with child care is also a huge benefit, as it is a major expense. People who have participated in the program have benefitted greatly. One person was working at a packing plant during the day and going to college at night, but faced financial challenges trying to go into nursing that were compounded by their immigrant status. The program provided them with financial support for a year so they could concentrate on school. They are now working as an intensive care unit nurse. Another person was experiencing homelessness after leaving a domestic violence situation and gained financial skills and training through the program, which led to a full-time translating position, becoming a notary, getting out of debt, and raising their credit score.

Some changes may be needed to represent all of the communities who can access services, including those who have been incarcerated. The Workforce Training and Education Coordinating Board should be named as a consultant and recipient of the report required in

the bill.

(Opposed) None.

**Staff Summary of Public Testimony (Appropriations):**

(In support) Codifying the Economic Security for All (EcSA) will increase transparency and accountability. Codifying the EcSA will also lead to self-sufficiency and help employers fill workforce needs. The EcSA increases the annual wages of its participants. The EcSA helps refugees, single mothers, those coming out of incarceration, and those leaving abusive relationships. The EcSA helps individuals experiencing poverty access the support they need to get a job and stay in that job. The bill provides support to employers for recruitment and retention efforts to ensure placements are successful.

(Opposed) None.

**Persons Testifying (Human Services, Youth, & Early Learning):** Representative Strom Peterson, prime sponsor; Caitlyn Jekel, Washington State Employment Security Department; John Traugott, Washington Workforce Association; Amy Martinez, South Central Workforce; Bernadette Marquez, The Opportunity Council; Lisa Romaine, SkillSource; Domenico Tedeschi, Confluence Health; Tracy Doriot, Doriot Construction; Drew Cassidy, Workforce Training and Education Coordinating Board; and Megan Matthews, Washington State Office of Equity.

**Persons Testifying (Appropriations):** Caitlyn Jekel, Washington State Employment Security Department; and Amber Carter, Washington Workforce Association.

**Persons Signed In To Testify But Not Testifying (Human Services, Youth, & Early Learning):** None.

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