

SENATE BILL REPORT

2SSB 5591

As Passed Senate, February 12, 2024

Title: An act relating to providing dependent youth with financial education and support.

Brief Description: Providing dependent youth with financial education and support.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Nobles, Mullet, Frame, Kuderer, Lovelett, Nguyen, Randall, Trudeau, Valdez and Wilson, C.).

Brief History:

Committee Activity: Human Services: 2/06/23, 2/14/23 [DPS-WM, w/oRec].

Ways & Means: 1/23/24, 2/02/24 [DP2S, DNP, w/oRec].

Floor Activity: Passed Senate: 2/12/24, 28-20.

Brief Summary of Second Substitute Bill

- Directs the Department of Children, Youth, and Families to develop a program to provide dependent youth, ages 14 and up, with the ability to establish a private, self-controlled account with a financial institution prior to exiting dependency and deposit at least \$25 into that account, per month.

SENATE COMMITTEE ON HUMAN SERVICES

Majority Report: That Substitute Senate Bill No. 5591 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Wilson, C., Chair; Kauffman, Vice Chair; Frame and Nguyen.

Minority Report: That it be referred without recommendation.

Signed by Senators Boehnke, Ranking Member; Warnick and Wilson, J..

Staff: Alison Mendiola (786-7488)

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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5591 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Robinson, Chair; Mullet, Vice Chair, Capital; Nguyen, Vice Chair, Operating; Billig, Conway, Dhingra, Hasegawa, Hunt, Keiser, Pedersen, Randall, Saldaña, Van De Wege and Wellman.

Minority Report: Do not pass.

Signed by Senators Wilson, L., Ranking Member, Operating; Schoesler, Ranking Member, Capital; Boehnke, Muzzall and Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Gildon, Assistant Ranking Member, Operating; Braun and Torres.

Staff: Joshua Hinman (786-7281)

Background: The Department of Children, Youth, and Families (DCYF) was created in 2017 as a cabinet-level agency focused on the well-being of children, restructuring how the state serves at-risk children and youth, with the goal of producing better outcomes in all Washington communities. DCYF's vision is to ensure that Washington State's children and youth grow up safe and healthy—thriving physically, emotionally, and academically, nurtured by family and community.

Shared Planning Meetings. Shared planning meetings are conducted by DCYF to engage parents, children and youth, caregivers, relatives, fictive kin, natural supports, and others, as appropriate, in the development of a plan that prioritizes child safety and meets the support and service needs of the parents, children and youth, and caregivers. These meetings provide an opportunity for information to be shared, case plans to be developed and decisions made that will support the safety, permanency, and well-being of children. A shared planning meeting to develop a transition plan is to be held when a dependent youth is between the ages of 17 and 17 years and 6 months, as the youth transitions into adulthood.

Summary of Second Substitute Bill: DCYF is to develop a program to provide eligible youth the ability to establish a private, self-controlled account with a financial institution prior to exiting dependency. An eligible youth means a dependent youth ages 14 and up, including youth in extended foster care. The youth may open the account with any supportive adult, including but not limited to independent living service providers, caregivers, caseworkers, kinship and other family members, attorneys, and supportive adults in the community which may include mentors, teachers, and coaches.

At a youth's shared planning meeting that is used to develop a transition plan, DCYF is to ensure a youth has established a bank account and if not, information regarding opening a bank account must be included in the youth's transition plan.

DCYF is to deposit a minimum of \$25 per month into this bank account and make the first deposit within one month of the youth's opening of an account. This program is to begin implementation by January 1, 2025 and be fully implemented by July 1, 2028. An eligible youth may opt out of receiving deposits from DCYF. DCYF is to inform eligible youth about the impact that deposits could have on public benefit eligibility and create an online platform to allow youth to establish their financial accounts.

The program is to be established across the state, phased as follows:

- over fiscal year 2024-2025, Spokane and Pierce counties;
- over fiscal year 2025-2026, the remaining counties in DCYF's regions 1 and 5;
- over fiscal year 2026-2027, regions 2 and 6; and
- over fiscal year 2027-2028, regions 3 and 4.

DCYF is to conduct an annual electronic survey of 15 percent of eligible youth as a method of program evaluation.

DCYF is to convene a temporary advisory committee to advise on the development of the implementation plan for this program, collections and reports of data, expansion of partnerships with financial institutions and service providers, and review of communications and marketing materials. DCYF shall consult the committee regarding the financial education program to ensure statewide access to a high quality, developmentally, and culturally appropriate program for dependent youth ages 12 and up. DCYF is encouraged to use existing resources readily available, including those provided by the Department of Financial Institutions, and other agencies and programs. The committee is to develop a survey for eligible youth to help determine program effectiveness, including whether the eligible youth has established a self-controlled account. Members of the temporary advisory committee are to include, but not be limited to:

- current or former foster youth;
- current or former caregivers, including kinship caregivers;
- the financial education public-private partnership;
- financial institutions; and
- those with expertise in providing financial education or mentorship to youth ages 12 and up.

By November 1, 2025, DCYF is to submit a report on the work of the committee as well as the status of program implementation to the appropriate committees of the Legislature and the Governor. By December 1, 2025, and annually thereafter, DCYF is to submit a report summarizing the results of the annual survey.

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) (Regular Session 2023): *The committee recommended a different version of the bill than what was heard.* PRO: This bill was brought to the Legislature before and people wanted more research. This follow-up work was done by stakeholders, including youth. Kids in foster care don't often have the same opportunities to learn about finances and there is a need for all young people to know how to navigate their finances and grow generational wealth. Youth have the option to opt-out and are advised if these funds could impact their eligibility for public assistance. Credit unions are happy to participate and support youth.

OTHER: The best method to teach kids is to lead by example, not sure the government is the best example. This could create dependency on the system and unhealthy habits like substance use.

Persons Testifying (Human Services): PRO: Senator T'wina Nobles, Prime Sponsor; Sam Martin, The Mockingbird Society; Joe Adamack, Washington's Credit Unions - GWCUA.

OTHER: Eric Pratt.

Persons Signed In To Testify But Not Testifying (Human Services): No one.

Staff Summary of Public Testimony on Second Substitute (Ways & Means) (Regular Session 2024): PRO: Testifier with direct lived experience states financial literacy skills are necessary and the purpose of the bill is to ensure young people have these skills. \$25 is not significant, yet does provide a youth opportunity to practice these skills. There's not a structure to grow these skills otherwise. These youth might later become victims of predatory lending efforts. Gaining skills is important.

Testifier is an attorney for youth and children and believes financial freedom, support, and education is important. A parent can cosign a bank account, yet these youth may not have a parent available to do so.

A budget proviso required DCYF to lay a framework for this sort of program and report to the Legislature. The report included a survey of young people and many did not have a self-controlled account. This bill establishes these accounts in collaboration with community partners and institutions.

This bill contributes to youth autonomy, trust, and responsibility.

Persons Testifying (Ways & Means): PRO: Sam Martin, The Mockingbird Society; Colleen Shea-Brown, Legal Counsel for Youth and Children (LCYC); Charles Smith, The

Mockingbird Society; Emily Stochel, College Success Foundation.

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