
SENATE BILL 5541

State of Washington

69th Legislature

2025 Regular Session

By Senators Trudeau, Harris, Valdez, Lovick, Salomon, Dhingra, Hasegawa, Kauffman, C. Wilson, Riccelli, Saldaña, Frame, Nobles, and Slatter; by request of State Treasurer

Read first time 01/28/25. Referred to Committee on Ways & Means.

1 AN ACT Relating to the Washington future fund pilot project;
2 amending RCW 43.08.190; adding new sections to chapter 43.08 RCW;
3 adding a new section to chapter 74.09 RCW; and creating a new
4 section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) In 2022, the legislature directed the
7 office of the state treasurer to study wealth inequity in the state
8 and explore how a baby bond program could address these inequities.

9 (2) The study:

10 (a) Found that almost half of Washingtonians are born into
11 households qualifying for medicaid, a key poverty indicator;

12 (b) Found that those born into poverty face life-long impacts
13 including lower rates of homeownership, educational attainment, and
14 entrepreneurship which interfere with their ability to obtain
15 financial stability; and

16 (c) Suggested that a baby bond program, such as the 2023
17 Washington future fund proposal, could interrupt the
18 intergenerational cycle of poverty and address the aforementioned
19 opportunity deficit by providing Washingtonians who were born into
20 and experience persistent poverty the seed capital to invest in

1 themselves and their communities by purchasing a home, pursuing
2 education, or starting a small business.

3 (3) Therefore, it is the intent of the legislature to further
4 investigate the finding with the Washington future fund pilot
5 project: An opportunity to evaluate the impact a baby bond-level
6 grant can have on the economic stability of a sample of eligible
7 Washingtonians.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.08
9 RCW to read as follows:

10 The definitions in this section apply through this chapter unless
11 the context clearly requires otherwise.

12 (1) "Accountable community of health" or "region" means a
13 regional nonprofit designated by the health care authority to improve
14 the health equity of their communities as part of Sec. 1115 medicaid
15 demonstration project number 11-W-00304/0.

16 (2) "Application" means a formal request made by an applicant, or
17 the applicant's legal guardian, to participate in the pilot project,
18 in the manner required by the office by rule.

19 (3) "Designated institution" means an entity that may receive a
20 grant from the state, on behalf of a project participant, after an
21 application to the office is approved. Applicants select a designated
22 institution during the application process.

23 (4) "Eligible expenditure" means an expenditure associated with
24 any of the following:

25 (a) Education, training, and professional development of an
26 applicant at an institution of higher education, as defined in RCW
27 28B.92.030;

28 (b) Purchase of a residence in Washington state by an applicant;
29 or

30 (c) The creation or purchase of a business in Washington state by
31 an applicant.

32 (5) "Grant" means a distribution of \$25,000 to a designated
33 institution on behalf of a project participant to be used on eligible
34 expenditures. A grant shall not be considered assets or income for
35 purposes of state public assistance or financial aid eligibility and
36 calculation of benefit amount.

37 (6) "Legal guardian" has the same meaning as "guardian" as
38 defined in RCW 11.130.010.

39 (7) "Office" means the office of the state treasurer.

1 (8) "Pilot project" means the Washington future fund pilot
2 project, established under section 2 of this act.

3 (9) "Project participant" means an eligible applicant who
4 received a grant to use on eligible expenditures, pursuant to this
5 act.

6 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.08
7 RCW to read as follows:

8 (1) The Washington future fund pilot project is established in
9 the office.

10 (a) Eligible applicants may submit an application to participate
11 in the pilot project. An eligible applicant is one who:

12 (i) Was born in Washington;

13 (ii) Is enrolled in a medical assistance program under chapter
14 74.09 RCW and Title XIX of the federal social security act or in the
15 children's health insurance program under chapter 74.09 RCW and Title
16 XXI of the federal social security act, both:

17 (A) Before their first birthday; and

18 (B) At the time of application;

19 (iii) Is a resident of Washington; and

20 (iv) Is at least 18 years old and less than 36 years old.

21 (b) Project participants will be randomly selected among eligible
22 applicants. To ensure statewide participation in the pilot project:

23 (i) Two grants are allocated to applicants within the geographic
24 bounds of each region; and

25 (ii) The remaining grants will be allocated to applicants within
26 geographic bounds of each region, by multiplying the:

27 (A) The percentage of statewide apple health enrollees that are
28 served by each region; and

29 (B) The number of remaining grants.

30 (c) The results of the calculation provided in (b)(ii) of this
31 subsection must be rounded to the nearest whole number.

32 (d) The office shall disperse one grant on behalf of each project
33 participant to the designated institution identified on the
34 application. The grant may only be used for an eligible expenditure.
35 Allowable designated institutions are based on a participant's chosen
36 eligible expenditure and are as follows:

37 (i) For education, training, and professional development of the
38 participant:

1 (A) The educational, training, or professional development
2 institution providing services to the participant;

3 (B) The financial institution that issued, or is in the process
4 of issuing, student loans to the participant; and

5 (C) Additional institutions defined by rule by the office;

6 (ii) For purchase of a residence in Washington state:

7 (A) The financial institution that issued, or is in the process
8 of issuing, the participant a mortgage or other real estate loan; and

9 (B) Additional institutions defined by rule by the office; and

10 (iii) For the creation or purchase of a business in Washington
11 state:

12 (A) The financial institution that issued, or is in the process
13 of issuing, the participant a business loan; and

14 (B) Additional institutions defined by rule by the office.

15 (e) Project participants must participate in at least two impact
16 evaluation study interviews, as provided in subsection (2) of this
17 section.

18 (f) Project participants must participate in financial coaching
19 during the study period. For the purposes of this subsection,
20 financial coaching is individual or small group classes or counseling
21 that helps an individual reach their financial goals, specifically
22 related to one or more eligible expenditures. Additional requirements
23 of financial coaching must be defined by rule by the office.

24 (g) The application must include information necessary to verify
25 the eligibility of the applicant, a plan for the eligible
26 expenditure, and any other information required by the office. The
27 application must be available in multiple languages and formats,
28 including paper, online, and in-person assistance.

29 (2) The office:

30 (a) Shall contract with a third-party vendor to operate the pilot
31 project including, but not limited to:

32 (i) Receiving and processing applications;

33 (ii) Determining if an applicant is an eligible applicant;

34 (iii) Facilitating the random selection process in a transparent
35 and accountable manner; and

36 (iv) Sharing administrative data with the office;

37 (b) Shall contract with the University of Washington to:

38 (i) Assist the office and the third-party vendor on project
39 design and implementation including, but not limited to, recruitment
40 and intake strategies;

1 (ii) Evaluate the impact of the grant on project participant's
2 economic and financial stability, perceptions, and decision making by
3 performing baseline and follow-up interviews;

4 (iii) Work with the office to draft the final legislative report;
5 and

6 (iv) Assist with additional tasks necessary to complete the pilot
7 project;

8 (c) May adopt rules necessary to implement the pilot project; and

9 (d) Shall submit a final report to the relevant committees of the
10 legislature by June 30, 2027.

11 (3) The legal guardian of an eligible applicant or project
12 participant may act on their behalf for purposes of this project.

13 (4) The health care authority and any successor agency
14 responsible for implementing the medical assistance program under
15 chapter 74.09 RCW and Title XIX of the federal social security act
16 and the children's health insurance program under chapter 74.09 RCW
17 and Title XXI of the federal social security act shall assist the
18 office and the third-party vendor to verify if an applicant is an
19 eligible applicant.

20 **Sec. 4.** RCW 43.08.190 and 2022 c 157 s 13 are each amended to
21 read as follows:

22 There is hereby created a fund within the state treasury to be
23 known as the "state treasurer's service fund." Such fund shall be
24 used solely for the payment of costs and expenses incurred (~~(it)~~):

25 (1) In the operation and administration of the state treasurer's
26 office; and

27 (b) Administering the pilot project and study established under
28 this act.

29 Moneys shall be allocated monthly and placed in the state
30 treasurer's service fund equivalent to a maximum of one percent of
31 the trust and treasury average daily cash balances from the earnings
32 generated under the authority of RCW 43.79A.040 and 43.84.080 other
33 than earnings generated from investment of balances in funds and
34 accounts specified in RCW 43.79A.040(4)(c). The allocation shall
35 precede the distribution of the remaining earnings as prescribed
36 under RCW 43.79A.040 and 43.84.092. The state treasurer shall
37 establish a uniform allocation rate for all funds and accounts;
38 except that the state treasurer may negotiate a different allocation
39 rate with any state agency that has independent authority over funds

1 not statutorily required to be held in the state treasury or in the
2 custody of the state treasurer. In no event shall the rate be less
3 than the actual costs incurred by the state treasurer's office. If no
4 rate is separately negotiated, the default rate for any funds held
5 shall be the rate set for funds held pursuant to statute.

6 The legislature may direct the state treasurer to make transfers
7 of money in the state treasurer's service fund to the state general
8 fund.

9 NEW SECTION. **Sec. 5.** A new section is added to chapter 74.09
10 RCW to read as follows:

11 Subject to federal and state laws governing the disclosure of
12 confidential information, the office of the state treasurer, the
13 department of health, and the authority shall enter into a memorandum
14 of understanding to establish information sharing practices necessary
15 to carry out the purposes of this act by September 30, 2025.

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