

HOUSE BILL REPORT

HB 2632

As Reported by House Committee On:
Community & Economic Development & Trade

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

Brief Description: Expanding the number of households living in the middle-income bracket.

Sponsors: Representatives Probst, Pettigrew, Green, Simpson, Kenney, Miloscia and Ormsby.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 1/20/10, 1/28/10 [DPS].

Brief Summary of Substitute Bill

- Requires that certain state agencies include in their existing planning documents the goal of, and specific strategies for, increasing the percentage of households living in the middle-income bracket or above.
- Requires the Workforce Training and Education Coordinating Board to rate the agencies' strategies and report them to the Legislature annually.
- Requires workforce development councils to develop 10-year area comprehensive plans that include the goal and specific strategies.
- Requires the Office of Financial Management to annually estimate the percentage of Washington residents with incomes in the middle-income bracket or above.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Chase, Liias, Moeller and Probst.

Minority Report: Do not pass. Signed by 3 members: Representatives Smith, Ranking Minority Member; Orcutt and Parker.

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.

Staff: Meg VanSchoorl (786-7105).

Background:

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

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

The State Board for Community and Technical Colleges (SBCTC) has general supervision and control over the state system of community and technical colleges. These institutions offer academic transfer courses, occupational education and training, and adult basic skills and literacy education.

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

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.

Area 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.

Federal Poverty Guidelines are issued each year by the federal Department of Health and Human Services and used for administrative purposes, such as determining financial eligibility for certain federal programs.

Summary of Substitute Bill:

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 require state agencies to coordinate their work towards measurable results, move individuals from dependence into livable wage jobs, and begin a steady increase in the percentage of state households living in the middle-income

bracket or above. Such an increase will strengthen society, reduce state expenditures by decreasing caseloads, and enhance state revenues by boosting personal incomes.

The SBCTC, the OSPI, the Department of Commerce, the ESD, and the DSHS are each required to adopt as an agency goal 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. For example, the DSHS plan must include strategies focusing on Temporary Assistance to Needy Families, WorkFirst, State General Assistance, and other relevant social service programs. Each agency must submit its specific strategies to the WTB and the Office of Financial Management (OFM) as their planning documents are updated.

The WTB 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 are progress reports on the state comprehensive plan for workforce training and education.

The WDCs are each required to develop 10-year area comprehensive plans for workforce training and education. The plans must be submitted to the WTB, and every four years, beginning on July 1, 2012, the WDCs must submit plan updates. The WTB 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 OFM, in partnership with the WTB, is required to estimate annually the percentage of Washington residents with incomes in the middle-income bracket or higher. The findings must be reported to the Governor and relevant legislative committees.

"Middle-income bracket" is defined as a family income between 200 and 500 percent of the 2009 federal poverty level, as determined by the U.S. Department of Health and Human Services, for a family of four, adjusted annually for inflation. This definition does not preclude the use by agencies of additional program-specific measures.

Substitute Bill Compared to Original Bill:

The substitute bill clarifies that specific agency strategies are to be delineated within existing agency planning documents and submitted to the WTB and the OFM as they are updated, rather than at a uniform time prescribed in statute. It also clarifies that the OSPI is to use existing information and existing communications mechanisms to provide required information to students and parents. The substitute bill requires the WTB to rate, rather than rank, strategies submitted by agencies. It requires the comprehensive strategic plans by the WTB and the WDCs to delineate specific strategies to reach the goal, rather than only including the goal. The substitute bill refines the definition of "middle-income bracket." The substitute bill also deletes the requirement for the OFM to estimate the total state savings associated with incremental improvements in the percentage, such as caseload reductions and sales tax revenue increases.

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:

Since 1979, the percentage of Washington households living in that bracket has declined from 51 percent to 42 percent. The intent of this bill is to have state agencies adopt the goal and work together on strategies to boost the percentage of middle-income families. We need to improve the outcomes of our state's welfare system. Currently 50 percent of Work First clients return to the welfare system within three years and have a total wage progression in that time of just \$1.75 per hour. Only 13 percent of Work First clients move beyond the 200 percent above poverty level and we think part of the reason is because the program places parents into the first jobs available to them. These are often low paying, no benefit jobs which means their families are one crisis away from being back on welfare. Our state agency missions align well with the goal, but having to rank agency strategies may prove problematic because it is difficult to compare two strategies targeted to different types of clients.

Persons Testifying: Representative Probst, prime sponsor; Marie Bruin, State Board for Community and Technical Colleges; Karan Gill, Burst for Prosperity; Cherie Tessier, People First of Washington; and Maddy Thompson, Workforce Board.

Persons Signed In To Testify But Not Testifying: None.