

EXPANDING THE MIDDLE-CLASS

The proportion of people living in middle-income families in Washington State has declined from fifty-one percent in 1979 to forty-two percent in 2007, and the current economic crisis has likely exacerbated this decline. The "middle-income bracket" means family incomes between two hundred and five hundred percent of the 2009 federal poverty level, as determined by the United States department of health and human services for a family of four, adjusted annually for inflation. The Middle-Income Jobs Act is focused on expanding the percentage of households living in the middle-income bracket by:

- Moving government away from paying state agencies for process, and toward paying for actual accomplishment of measurable results by mandating that agencies work together in a coordinated and result-driven manner to improve services.
- Reversing the trend of the last thirty years and begin a gradual and sustained increase in the percentage of Washington households living in the middle-income bracket or above.
- Requiring the Employee Security Department, Department of Social and Health Services, The College Board, The Superintendent of Public Instruction, shall adopt as one of the department's goals to increase the percentage of Washington households living in the middle-income bracket or higher.

Burst for Prosperity Position: Pass the Middle-Income Jobs Act to move more families into the middle class.

Outcome: The bill died in the House.

EITC OUTREACH AND LOCAL ASSET BUILDING COALITIONS

Washington State has invested in the creation of an innovative asset building infrastructure through the support of local asset building coalitions. This infrastructure is unique in the nation and, like all good investments, has generated high returns to the State.

- The 2010 State budget preserved \$438,000 for fiscal year 2010 and \$438,000 for fiscal year 2011 in support of local asset building coalitions' work, including EITC outreach campaigns.
- Between the 2006 and 2007 tax years, local asset building coalition campaigns resulted in an 18% increase in tax refunds at free tax preparation sites, bringing an additional \$5 million in federal dollars into the State.
- An estimated \$80 million of Earned Income Tax Credit (EITC), a refundable federal income tax credit for low to moderate-income people, goes unclaimed each year in Washington State.

Burst for Prosperity Position: Preserve funding for local asset building coalitions to conduct EITC outreach campaigns and other asset building activities.

Outcome: The funding was cut 41%. \$260,000 in FY 2011 and \$259,000 in FY 2012

ALLOW FINANCIAL INSTITUTIONS TO REWARD SAVINGS

Prize-linked savings is a proven strategy which promotes a culture of savings and links households to mainstream financial institutions with safe and affordable products and services. Financial institutions are interested in pursuing this strategy; however, state statute must be modified pertaining to gambling to allow for savings based lotteries/raffles at financial institutions. A PLS is a bank savings account that pools some of the interest from all depositors and pays out big cash lottery prizes on a regular basis. It combines the thrill of the lottery with the safety of a savings account.



- Prize-linked savings programs allow financial institutions to provide incentives for savings through financial institution-sponsored raffles. Although not all participants win prizes from the raffle, all participants come out ahead with increased personal savings.
- A 2009 pilot in Michigan attracted 11,500 participants, including low and moderate income earners, to save over \$8.5 million. Over half of the participants had not saved regularly before opening their accounts. The participants, saved over \$720,000 with an average account balance of \$390.
- Prize-linked savings has the potential to decrease the number of unbanked (16.9%) and underbanked households in Washington as well as increase overall savings rates, all at no cost to the State.

Burst for Prosperity Position: Amend statute to allow for savings promotion raffles at financial institutions to incentivize opening accounts and saving money.

Outcome: The Governor signed the bill (SB 5232) into law!

ELIMINATING PRIVATE TRANSFER FEES

Private Transfer Fees are being added onto home purchase contracts. They are also known as “fee covenants” that require a percentage of the final sale price of a home be paid to a private third party every time the property is sold, typically for 99 years. The right to the fees should go to the homeowner; instead it is going to investors that are completely unassociated with the real estate transaction while stealing equity from homeowners.

- Currently, there is little to no oversight on where or how private transfer fee proceeds can be spent, on how long a private transfer fee may be imposed, or on how the fees should be disclosed to home buyers. SB 5115 will restrict “private transfer fees”. The new law would place a ban on these fees, a dangerous new financial scheme that steals home equity, lowers home resale values and adds another layer of difficulty to selling a home.
- Other states have already passed legislation in banning and limiting these fees, including: Arizona, California, Delaware, Florida, Hawaii, Illinois, Iowa, Kansas, Louisiana, Maryland, Minnesota, Mississippi, Missouri, New Jersey, North Carolina, Ohio, Oregon, Texas and Utah have all passed legislation to restrict the dangerous fees.

Burst for Prosperity Position: Eliminate private-transfer fees.

Outcome: The Governor signed the bill (SB 5115) into law!

IMPROVE WORKFIRST

Temporarily suspends WorkFirst (Washington State TANF Program) activity requirements with TANF recipients with children under 6; establishes a legislative task force to oversee WorkFirst redesign; implements a hard 60-month time limit for families with undocumented parents; directs DSHS to implement competitive performance-based contracting for all WorkFirst activities; regulates EBT cards more strictly; applicants of child care must seek child support enforcement, established an office of fraud and accountability within DSHS, authorizes more state audits, and creates a employee incentive program.

Burst for Prosperity Position: Continue to work towards WorkFirst reform that helps families on a pathway towards financial independence.

Outcome: The Legislature passed the bill (SB 5115) – and is awaiting Governor’s signature

