

# *Accessing* The American Dream



Statewide Poverty Action Network 2007 Legislative Agenda

Because We All Want A Better Future

# Dear Members & Friends of Poverty Action,



Everyone should have the opportunity to prosper and meet his or her basic needs. That is what the American Dream is all about. However, today, more people are losing the opportunity to create better lives for themselves and their families.

In Washington State, one in four working families do not earn enough to meet their basic needs. People are working harder for less. The rising cost of health care, education, housing, and childcare are putting the squeeze on families, and saving money is virtually impossible. In addition, more people are falling deeper into debt and carry an unfair burden by paying more in state taxes.

Poverty Action is working to ensure everyone in our state is able to have the opportunity for a better future. This book lists our policy priorities for the 2007 state legislative session and what our 5,000 members around the state believe are essential to meet our objective.

The purpose of our legislative agenda is to give some background on what's important to us. But it will require your action to make these priorities a reality. In the back are some specific things you can do. You can also visit our website at [www.povertyaction.org](http://www.povertyaction.org) or call us toll free at 1-866-789-7726 to find out how you can take action.

By acting together we can open access to the American Dream for all of Washington's residents.

Sincerely,

A handwritten signature in blue ink that reads "Aiko". The signature is stylized and fluid.

Aiko Schaefer  
Director

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# Fair And Reasonable Lending

## Predatory Payday Lending

In 2005, over 3.5 million payday loans were made in Washington State—that's about one and a half for every state resident over age 16. Payday or cash advance lenders charge exorbitant fees on short-term loans that result in incredibly high annualized percentage interest rates, typically 391% APR.

These fast cash loans trap people living paycheck to paycheck in serious debt. Once borrowers take out a loan, they have a short time to pay it back and are charged additional fees if they cannot pay up quickly. The typical loan is for only 14 days, but some loans are for as little as 3 days. Payday lenders target these debt-trapping loans in African American and military communities. According to a study conducted by the University of Washington, African American neighborhoods have twice as many payday lenders in their communities as the rest of the state.

Charging high fees on short-term loans to people living paycheck to paycheck is big business for payday lenders. In fact, the payday business has grown by 90% in Washington since 2000. In 2005, payday lenders indebted Washington residents by \$1.4 billion and made over \$170 million off loan fees.

The industry reaps the bulk of its profits from people who are caught in debt. When a borrower cannot pay, they often end up taking out multiple back-to-back loan transactions in order to pay fees to the payday lender, resulting in greater and greater debt. In fact, only 2.5% of the payday loans made in Washington State are to borrowers who take out one loan in a year. Almost 82% of borrowers cannot repay the first loan they take out, and get caught in the cycle of borrowing more to pay off the initial loan plus fees.<sup>1</sup>

In 1995 the Washington State Legislature legalized payday loans giving them special privileges to operate outside usury laws that guide the practices of financial institutions. Currently, 15 states in the nation prohibit or ban payday lending. Last year, Oregon passed tough regulations to cap interest rates on payday loans, and in October Congress & President Bush passed legislation that provides critical consumer protections for military families that include a 36% interest rate cap, a ban on check holding and electronic access to consumer bank accounts and prohibits binding mandatory arbitration clauses.

While many people in Washington need short-term loans in order to get by, what payday lenders offer comes at an unfair price for consumers. Washington State must not allow people with lower incomes to be the targets of lending practices that trap people in debt. State lawmakers should pass legislation to stop payday lenders from predatory practices.

**Position: Pass fair and reasonable consumer protections for payday loans. These protections include capping APR at 36%, prohibiting check holding / electronic access to bank accounts, allowing installment payments after the first loan, and eliminating binding arbitration.**

<sup>1</sup> "Payday Lending Report: Trends and Statistics for 2005" Washington State Department of Financial Institutions.

# Building Assets To Access The American Dream

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## Individual Development Accounts

In order to become self-sufficient, people with low incomes must have the opportunity to save money and build wealth. However, for working poor families, saving money and buying assets like a home or small business is a goal that is perpetually out of reach as they struggle to meet basic needs. In fact, half of all Americans have less than \$1,000 in savings.

In 2005 Poverty Action spearheaded the Saving, Earning and Enabling Dreams (SEED) Act which expanded the state's Individual Development Account (IDA) program with \$1 million. IDAs are matched savings accounts for people with lower incomes that help them save to access the American Dream.

Anyone who is at or below 80% of Area Median Income or 200% of the Federal Poverty Line (FPL), whichever is greater, is eligible to save money in an IDA. Participants receive financial training to help them plan a family budget and save. For each dollar the account-holder saves (up to \$4,000), the state contributes matching funds. People can use this savings to purchase assets such as a home, business, education, as well as a computer, car or assistive technologies to meet work-related needs.

By dedicating state General Funds to the program, IDAs allow local agencies to double the investment by pulling down federal money, dollar for dollar to fund these accounts. IDA contractors have already found over \$1 million in other private and federal funds to expand the impact of these local projects.

Significant research studies and past experience provide evidence that IDAs work and provide incentives for even very low-income families to move out of poverty and become self-sufficient. From 2000 until 2004, Washington state used a one-time investment of welfare funds (TANF – Temporary Assistance to Needy Families) to test IDAs, helping nearly 260 families save for and purchase assets – 138 bought homes and 73 started small businesses.

Today, our state IDA program funds fewer than 300 accounts in only seven communities. What's more, if the legislature does not act this session, the \$1 million funded to this program will run out in March 2007.

When people are able to save and invest they are better able to achieve their dreams. Washington must maintain and expand IDAs to promote economic development and support savings for all people with lower incomes.

**Position: Ensure funding for Individual Development Accounts is maintained and expanded with \$3 million to fund and leverage more than 1,500 accounts.**

# Increasing Access To Higher Education

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## Opportunity Grants For Low-income Students

One of the most important tools for families to lift themselves out of poverty and become self-sufficient is higher education. However, many low-income parents in our state struggle in low wage work, unable to afford the education they need to get a living wage job.

Simultaneously, businesses need more educated workers to fill skilled positions. Our state's economy demands a knowledgeable workforce in order to compete in the global economy. Yet the reality is that we face a large skill gap in our current and future workforce. In order to attract and keep the kinds of businesses that pay good wages and strengthen the economy, we must invest in education and training.

The current financial aid system however, is not structured to meet the needs of today's higher education students, particularly those with children. Financial aid grants do not take into account the extra costs of raising children while going to school. Students in Washington's colleges and universities are no longer single 18 year olds just out of high school. In fact, in Washington state one in three community and technical college students are parents, and one in four work full time.

Over the years, Poverty Action has worked to make access to education a priority. In 2006, the legislature invested \$4 million to create the Opportunity Grant Pilot Program. Opportunity Grants allow community and technical colleges to implement pilot programs designed to help low-income adults take advantage of higher education opportunities that result in good paying jobs. Opportunity Grants help students who are at or below 200% of the Federal Poverty Line (FPL) receive financial assistance to address typical barriers to higher education such as tuition, books and other program materials, transportation, and childcare.

While the Opportunity Grants are currently helping 436 students move closer to obtaining a living wage job, significant progress must be made to foster additional opportunities for all people to access education and reach their full potential. In order to continue to meet employers' needs with a skilled workforce and move more low-income families towards self-sufficiency, we must increase access to higher education by expanding financial aid.

**Position: Significantly increase and expand financial aid so that all low-income people can receive a post-secondary education.**

# Protecting The Health And Well-Being Of Washington

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In Washington State, 800,000 people don't have health insurance, 73,000 of whom are children. The ranks of the uninsured in Washington are rising as health care costs skyrocket and more and more families are unable to afford even basic health care. Washington must address the growing health care crisis by covering all kids and making health care affordable for adults.

## Children's Health Care

In 2005, Poverty Action members and children's advocates fought to ensure the passage of HB 1441 which required the state to cover all children by 2010. This was a tremendous victory for families with lower incomes, and a meaningful step toward a healthy Washington.

Over the past two years the number of uninsured children in our state dropped 23%. This year, it's time to finish the job by passing comprehensive legislation that creates accessible coverage options for all children so that they can get the health care they need to grow and thrive.

**Position: Pass legislation and funding that ensures full health care coverage for all children by 2010.**

## Basic Health Plan

Washington's Basic Health Plan was created in 1987 to ensure that people who did not have health insurance coverage from their employers and could not afford to buy health insurance privately, were able to buy a very basic health insurance package on a sliding scale of fees based on a person's income.

This program has been highly popular with the public and in 2002 voters approved Initiative 773 to pay for expansion of the Basic Health Plan through an increase in the Tobacco tax. However in 2003, lawmakers actually cut enrollment in the Basic Health Plan by 30,000 slots, cut benefits and raised the cost of premiums and co-payments making it more expensive for people in the plan to get health care.

In order to ensure the health and well being of Washington residents the state must invest in solutions that offer affordable health care to working adults.

**Position: Expand enrollment in the Basic Health Plan by 30,000 slots and reduce cost sharing in the program.**

## Adult Dental

Washington's Medicaid program covers dental services for adults. In 2003 the Legislature cut the funding by 25% or \$10 million. As a result, the program no longer covers crown, posterior root canals and mouth guards. Moreover, coverage of dentures was severely restricted. Untreated dental problems can lead to serious medical complications and high-cost emergency room treatment.

**Position: Restore \$10 million to Medicaid Dental funding.**

# Increasing Access To Services For Immigrants And Refugees

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The U.S. is a nation of immigrants. That is certainly true of Washington State. Our state ranks 4th in the nation in resettling refugees, behind Florida, California and New York. Immigrants and refugees are an important part of our workforce, especially in agriculture, hospitality, construction, engineering and hi-tech industries.

## Limited English Proficient (LEP) Pathway

Immigrants and refugees in our state need job training and language skills in order to access the American Dream. The Limited English Proficient (LEP) Pathway is a successful program that helps low-income refugees and immigrants develop job skills, find employment and increase their income. Participants in this program have higher incomes and work more hours than regular Temporary Assistance for Needy Families (TANF) recipients.

Many LEP Pathway participants speak little or no English when they enroll in the program. The pathway provides English-as-a-Second-Language (ESL) training, which is an essential skill for finding a job.

However, this program currently does not adequately address the support service needs of immigrants and refugees, and is under-funded given the current level of services being provided by community-based providers.

**Position: Increase funding for the Limited English Proficient (LEP) Pathway program by \$3 million in order to adequately serve all immigrants and refugees who need job training.**

## Naturalization

Citizenship is one of the most priceless gifts that the US can bestow. Becoming a citizen of the US guarantees more access to opportunity through the right to vote, eligibility for federal aid, and access to better jobs.

Immigrants and refugees become citizens through a process known as naturalization, in which they must meet certain requirements, such as an ability to read, write and speak English, as well as knowledge and understanding of US history and government. Many immigrants and refugees are in need of the instruction and preparation required to complete the naturalization process.

Our state funds these necessary services, providing ESL, civic instruction, and helping to pay the fees and expenses required for naturalization. Once immigrants have been naturalized, they qualify for federal benefits, thus saving the state money.

However, the current program is not serving some immigrants and refugees due to lack of funding. Moreover, the naturalization process has become more lengthy and complex adding to the costs incurred by community-based providers.

**Position: Provide an additional \$1 million for naturalization services.**

## Children's Health Care

See page 5 for our position on covering all kids.

# Assuring Dignity For All People

Every day in Washington, people with lower incomes sit down to the kitchen table to figure out how they are going to make it to the end of the month – or even just this week. For many, their income comes up short of the essentials – food, housing, clothing, health care, child care, transportation. However, Washington State’s income support programs are at risk and benefit levels are too low to cover the cost of living.

## Temporary Assistance For Needy Families (TANF)

TANF is a program that provides basic cash assistance for parents and their dependent children who have incomes so low they are not able to meet their basic needs. People who qualify for TANF, also known as WorkFirst, are required to engage in immediate job search and participate in work activities. Yet over half of those who leave welfare for work are still living in poverty, and about a third return to welfare. Despite this, the state has continually cut funding for services that are vital for families to meet work requirements and are essential in helping families stay off welfare once they leave.

Additionally, over the long term, the benefit levels for TANF have not kept pace with the cost of living. In fact they have not been raised since 1993. For a family of three, the maximum grant amount remains at \$546 a month, only raising them to 42% of the Federal Poverty Line.

**Position: 1) Provide families with real opportunities to move out of poverty and increase their income over time by ensuring access to training and education, support services such as transportation and childcare aid, as well as mental health and domestic violence counseling. 2) Set up state-funded programs to serve families who might not be able to meet the new stringent federal TANF work requirements. 3) Increase TANF cash grants by 5% a year for 2007-2009.**

## General Assistance — Unemployable

People with very low incomes in Washington rely on General Assistance – Unemployable (GAU) because they are temporarily unable to work due to a mental illness or physical disability. To help them meet their basic needs, they receive a meager \$339 a month. This cash grant amount has not been raised since 1993. Additionally, lawmakers have long threatened cuts to GAU.

Even though over half of GAU recipients have mental illness as their primary or secondary disability, the GAU program does not provide mental health services.

**Position: Maintain the existence of the General Assistance Unemployable (GAU) program, and provide mental health services, beginning with the managed care projects in King and Pierce counties. Increase GAU cash grants by 5% a year for 2007-2009.**

## Childcare

Studies show that the first five years of childhood learning are critical in a child’s emotional, social and cognitive development. All parents who work need safe and affordable childcare for their children. However, the cost of childcare is skyrocketing and most working families are unable to find safe, flexible and affordable childcare. State subsidies for childcare are

dramatically under-funded and the current rates give low-income families access to only 30% of providers. Many families who do qualify cannot afford co-pays.

Childcare is an essential part of getting and keeping a job. Many working parents forgo promotions and advancements at work that could improve the quality of life for their families because they cannot arrange childcare.

**Position: Expand access to safe and affordable childcare by lowering co-pays for state subsidized Working Connections Child Care, raising eligibility rates to cover more families, increasing reimbursements for vendors and raising childcare worker wages.**

## Housing Trust Fund

At least 250,000 Washington households face a desperate housing crisis. Almost half of these households are homeless or at risk of losing their mobile homes or are shut out of homeownership. We must ensure that all of these families have a decent and affordable place to call home.

The Housing Trust Fund is the state's most effective tool to create affordable homes for low-income families and individuals. The Trust Fund has helped create more than 251,000 homes and leveraged over \$1.6 billion in other private and public dollars, however it is stretched too thin.

If the legislature acts now, we can begin to meet the needs of a quarter million Washington households. Investing \$1 billion per year, over nine years, into the Housing Trust Fund would meet the challenge. In addition, operating support should be provided to ensure that units created through the Trust Fund have the resources necessary to serve those most in need. While an investment of \$363 million will not completely fill the gap, it is the right first step.

**Position: Meet the housing need by tripling the Housing Trust Fund.**

## Living Wage Jobs

Without a good paying job, the American Dream is little more than a fantasy. Yet, many Washington residents struggle in low wage jobs, unable to earn enough money to support their families.

Washington's economy is not creating enough jobs that pay living wages. According to the Northwest Job Gap study three out of four jobs in Washington do not pay enough to support a single adult with two children. The study identified a living wage as a job that pays \$22.35 an hour.<sup>1</sup>

A person working 40 hours a week should be able to earn enough to support their family. Our government has a role to play in ensuring that wages are keeping up with the cost of living.

**Position: Take steps forward to lift wages for lower-income workers and ensure that new jobs being created in Washington pay living wages.**

<sup>1</sup> "Searching for Work that Pays: 2005 Northwest Job Gap Study," Northwest Federation of Community Organizations, November 2005.

# Ensuring Everyone Is Able To Participate In Democracy

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## Voting Rights For Ex-Felons

No one should be denied the right to vote because they have a low income. However, 46,500 people in Washington who have been convicted of a felony cannot vote solely because they owe money, despite the fact that they have served their time to the state. When someone is convicted of a felony offense they may be required to pay Legal Financial Obligations (LFOs) which can include docket and filing fees, court costs, restitution and the costs of incarceration.

The LFOs that ex-felons are required to pay compounds at an annual interest rate of 12%, higher than most mortgages and student loans. This interest begins accruing at the time of conviction. Given this high interest rate and the fact that 90% of people charged with felonies are indigent at the time they are charged, it is not surprising that so many people are unable to regain their voting rights.

While it is important that people complete the terms of their sentence, including paying restitution they owe to victims, there is very little evidence that denying voting rights has an impact on whether or not they fulfill their obligation.

Voting disenfranchisement is an issue that disproportionately affects communities of color in Washington. In fact, one in four African American males are unable to vote in Washington because of felony voting laws. Likewise, nearly 10% of those disenfranchised by felony laws are voting-age Latino citizens, although they make up only 6% of the voting age population. These laws also affect those who have served our country in the military; nationwide, 1 in 8 people who cannot vote because of felony laws are US Veterans.

The right to vote is a fundamental part of participating in our democracy, and no one should be denied that right because they have a low income. Moreover, denying the right to vote to people with past felony convictions makes it harder for those leaving prison to successfully re-enter society. The state should break down barriers to restoring voting rights to people with felony convictions on their records.

**Position: Pass legislation to restore voting rights to people with felony convictions.**

# What You Need To Know

## Basics About The Washington State Legislature

Washington is separated into 49 state legislative districts. Voters in each district elect one senator and two representatives to serve in the legislature.

Lawmakers meet for a few short months each year in the state capitol, Olympia. The rest of the year legislators spend in their home districts. This year is a budget year, which means that the Legislature and Governor will decide how to spend the state's money in a biennial budget that covers spending for two years.

## How A Bill Becomes Law

Each session, about 2,000 to 3,000 bills are introduced. A bill may be introduced in either the House of Representatives or the Senate. A committee studies the bill, asks questions, hears testimony from the public and votes. By a certain cut-off date, ALL bills have to pass out of their committee of origin.

Shortly after cut-off, the legislature goes into floor action for 10 days. If a bill passes the whole house of origin (Senate or House), it goes through the same process in the opposite house. If it passes the opposite house, the Governor can sign the bill into law, veto it, or veto parts of it.

## Contact Your Lawmakers

Lawmakers represent you, so it's important that they hear from you to know what you care about. Here are the ways you can influence your lawmakers:



[WWW.POVERTYACTION.ORG](http://WWW.POVERTYACTION.ORG)

Find out who represents you

E-mail your lawmakers

Track bills

Sign up for the Network News,  
Poverty Action's e-mail alerts

## Call the Legislative Hotline at 1-800-562-6000

Washington State gives residents free telephone access to lawmakers!

By making just one call you can get your message to all four of your representatives: your two State Representatives, your State Senator and the Governor.

## Hours of operation during the legislative session:

8:00am - 8:00pm Monday through Friday  
9:00am - 1:00pm Saturday

## Off-session hours:

8:30am - 4:30pm Monday through Friday

Hearing impaired Toll Free: 1-800-635-9993

# Five Actions You Can Take To Ensure Everyone Has Access To The American Dream

## JOIN

Join Poverty Action and make your voice heard in the fight against poverty. You'll be updated on current issues and given action tools to help make a difference! Mail in the form below or donate securely online at [povertyaction.org](http://povertyaction.org).

## SPEAK

Share your personal story! Join SPEAK (Sharing Personal Experience As Knowledge) and share your struggles, insights and recommendations of what you would change in public policies. Your story can make a difference with lawmakers and the media.

## SIGN UP

Sign up to receive Poverty Action's email legislative alerts, the Network News. This service will keep you up to date throughout the legislative session and the year on your elected officials and actions you can take to impact their decisions.

## MEET

Meet with your legislator. The state legislative session begins January 8, 2007 and lawmakers will need to hear from you! Poverty Action will assist in connecting you to other members of your legislative district, scheduling your meeting, handling logistics and providing talking points. For more information, contact Kim Justice at (206) 694-6794 or email [kim@povertyaction.org](mailto:kim@povertyaction.org).

## VOLUNTEER

Volunteer at Poverty Action. If you have some time to spare, we've got some great opportunities for you to really make a difference! Help out at our office or in your community. Tell us about yourself and we'll try to find a project to match your location, skills and interests. Contact Marcy Bowers at (206) 694-6794 or email [marcy@povertyaction.org](mailto:marcy@povertyaction.org).

# Join Poverty Action!

**Yes! I Want To Strengthen My Voice In The State Capitol.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

I will join with a donation of:  Other  \$150  \$60  \$35  \$10

Unless you wish to join as an organization, please give your home address so that Poverty Action can connect you with your local legislators. **Please cut out this postcard and send it with your donation to the Statewide Poverty Action Network, 1501 N 45th St., Seattle, WA 98103.**

*The Statewide Poverty Action Network is a project of Solid Ground, registered with the Secretary of State as a charitable organization under Chapter 9.09 of the RCW. For information on Solid Ground finances call 1-800-332-GIVE. Your donation is tax-deductible. Tax ID #23-7421892*

# Important Dates

## Today

- Call your representatives in the state capitol and tell them you support Poverty Action's policy recommendations! You can reach them at the hotline phone number, 1-800-562-6000 or visit [www.povertyaction.org](http://www.povertyaction.org).
- Sign up for the Network News to receive updates and calls to action. Visit [www.povertyaction.org](http://www.povertyaction.org).

## January 8th

The 2007 Legislative Session begins

## January 15th

Poverty Action Summit and March on the Capitol

## April 22nd

"Official" last day for regular session



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## Coordinating Board:

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*Committed to leading the fight to end poverty, our Board brings together people who have personal experience of living with inequality. They come from around the state and represent the diverse perspectives of people all across Washington.*

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