

# *Accessing* The American Dream



2009 Legislative Agenda  
Statewide Poverty Action Network

# DEAR MEMBERS & FRIENDS OF POVERTY ACTION,



Last fall, motivated by hope and armed with our statewide voter guide, people with lower incomes turned out in record numbers to weigh in on candidates and initiatives impacting our communities. Through our Vote For A Change campaign, Poverty Action members like you helped engage over 30,000 low-income infrequent voters across the state.

This was the most exciting and important American election since 1932, when the Great Depression was deepening and a world war was on the way. The current financial crisis and deepening recession are being compared to the Depression, as more and more families need government support to meet their basic needs.

This booklet is written with the expressed hope to educate and involve you in the decisions that are being made that affect your life. This book lists our policy priorities for the 2009 state legislative session and what our 5,000 members around the state believe are essential to ensure everyone in our state is able to weather the current crisis and have the opportunity for a better future.

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 [povertyaction.org](http://povertyaction.org) or call us toll free at 1-866-789-7726 to find out how you can get involved.

Help us transform hope into action. By acting together, we can open access to the American Dream for all Washington's residents.

Sincerely,

Maya Baxter

Director

## Budget Watch

This year the biggest issue facing legislators is the budget deficit. Last year, when the legislature met, the budget was not only balanced, it included a surplus. Since then, our state budget has been battered and now faces a deficit upwards of \$6 billion.

### HOW DID THIS HAPPEN?

Three things have been critical: the mortgage meltdown, statewide ballot initiatives and our state's tax structure. When sub-prime lending and the housing "bubble" burst, it triggered a financial meltdown for banks and other financial institutions. This meltdown caused a downturn in the economy. As the economy slows, shoppers cut back on spending, business earnings decline, and the state collects less in tax revenues.

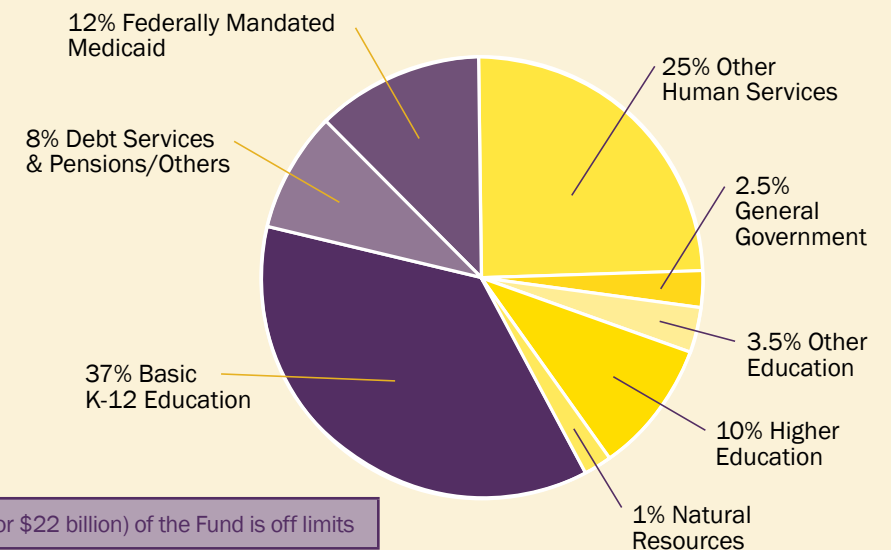
Washington State had already been facing a revenue challenge: spending rates have stayed fairly consistent for the last decade, but revenues have continually decreased. This decline in revenues is a result of our state's heavy reliance on retail sales tax, and harmful ballot measures (caps on property taxes and car tabs) that decreased revenues by more than \$2 billion per budget cycle.

### WHAT IS THE GENERAL FUND AND WHY SHOULD WE PROTECT IT?

Out of our state's entire budget, the Near General Fund is the budget that receives the most attention. The Near General Fund pays for the crucial social programs that we depend on, including education, healthcare and housing.

During recessions, people with low incomes bear ever-greater burdens. When businesses cut back, unemployment rates rise and more people need support. At a time when increasing numbers of people are turning to the state for help, the programs of the Near General Fund help ensure economic security for all Washingtonians.

### NEAR GENERAL FUND (TOTAL = \$38 BILLION)



Near General Fund programs include General Assistance Unemployable (GAU), a \$339 per month grant that helps low-income people with disabilities, the Basic Health Plan, health care for low-income, working families, and the Housing Trust Fund, the state's main source of funding for low-income housing. Because 58% of the General Fund is off limits, our state will look to reduce spending in the remaining 42% (or \$16 billion) in order to make up our budget deficit. However, cutting crucial programs is not the solution to helping families survive this recession.

*(Budget Watch Continued on next page.)*

# Budget Watch *(Continued)*

## WHAT ARE REAL SOLUTIONS TO THE BUDGET SHORTFALL?

During this time of economic insecurity, our state needs to expand services and get us through the crisis, while keeping a balanced budget. Social supports like health care and housing assistance boost household budgets. When these investments are cut, there is a dollar-for-dollar reduction in consumer spending, which only serves to weaken the economy more.

As the state struggles with this record deficit, our lawmakers will look at many options to balance the budget. Some of these options will include cuts to crucial Near General Fund programs.

**To protect state investments and the progress we have made, lawmakers should explore a variety of options, including ways to raise revenue.** This is the only way to ensure that everyone can meet their basic needs and have opportunities to prosper.

Poverty Action would like to thank the Washington State Budget & Policy Center and Nancy Amidei for their help with this Budget Watch.

## Curbing Predatory Lending

Over the last decade, there has been a significant growth in predatory lending that targets people with lower incomes, people of color, the military and women. These products are structured differently than mainstream products and often lead to stripping assets and driving people into debt. While other states have taken measures to provide effective consumer protections, Washington State has few policies to curb predatory lending practices.

According to the Corporation for Enterprise Development (CFED), Washington residents have one of the highest rates of debt in the nation. Predatory lending products increase the number of people struggling with debt. Now, with the current economic crisis, we are also looking at cutbacks to state regulators who work to ensure that lending companies follow the letter of the law. This is a dangerous combination that moves more and more people into financial devastation, with limited enforcement to protect their rights.

### PAYDAY LENDING

Payday loans are small loans taken out until your next paycheck. They carry excessively high interest rates of up to 2,700% APR. Once in payday lending debt, families are forced to pay fees over and over again because they're trapped and unable to pay off the original loan. Almost 90% of payday loans go to borrowers with 5 or more loans in a year and the industry makes its profits off those fees. Instead of being a one-time service to help meet an emergency need, payday loans create long-term, high-cost debt.

While Washington law offers little or no protection for consumers of payday lenders, over 25% of Americans now live in states without high-cost payday lending. In 2007, Congress and President Bush passed a bill that protects military families with a 36% interest rate cap. With the current economic crisis, the public is clamoring for a crack-down on irresponsible lending practices. It's time for Washington lawmakers to follow the lead of other states and Congress by reining in predatory payday lending.

**Position: Pass consumer protections that include capping APR at 36%, extending the minimum loan period, allowing installment payments, and prohibiting check holding/electronic access to bank accounts.**

## MORTGAGE LENDING

Homeownership is a fundamental element of achieving the American Dream, fostering financial security and wealth. One of the causes of the current financial crisis is bad lending. Last session, the legislature protected our state by taking some strong steps against this kind of predatory lending. For example, we now prohibit the abusive practice of "steering" borrowers into higher cost loans, ban loans where the principal balance increases monthly, and limit pre-payment penalties that trap borrowers in unaffordable loans. While these strong laws will protect and create a better market for mortgage consumers, there is still much work to be done to rein in predatory lending and keep people in their homes.

**Position: 1) Enact strong consumer protections to help homeowners in the future. 2) Employ sensible strategies to help families who are facing foreclosure now.**

## Building Assets To Access The American Dream

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 building assets is a goal that is perpetually out of reach, or it is used against them when seeking much needed support. Asset building initiatives have been very successful in helping families move out of poverty and become self-sufficient.

### WORKING FAMILIES REBATE

Because of our state's tax structure, families with lower incomes in Washington State pay a larger share of their income toward state and local taxes than low-income households in any other state.

In 2008, the State Legislature passed the Working Families Tax Rebate into law. When implemented, this could cut taxes for more than 350,000 working families in Washington by adding ten percent to their federal Earned Income Tax Credit refund. This rebate reduces the tax bill for low-wage workers by as much as 30 percent, helping to mitigate our state's regressive tax structure and offering a form of economic security to low-income Washingtonians. This is an immediate local investment that will drive additional income into communities across the state as people spend to meet their basic needs.

**Position: Fund the implementation of the Working Families Tax Rebate.**

### INDIVIDUAL DEVELOPMENT ACCOUNTS

In 2005, Poverty Action spearheaded the Saving Earning and Enabling Dreams (SEED) Act, which expanded the Individual Development Account (IDA) Program. IDAs are matched savings accounts for people with lower incomes that help them save to access the American Dream. Participants receive financial training to help them plan a family budget and save. People can use this savings to purchase an asset such as a home, business, or education. As people save enough, this money is reinvested in our local economy through tuition or business-related expenses.

**Position: Retain \$1 Million for Individual Development Accounts in the budget.**

*(Building Assets To The American Dream Continued on next page.)*

# Building Assets To Access The American Dream *(Continued)*

## ASSET LIMITS IN PUBLIC BENEFIT PROGRAMS

In addition to using a family's income to determine eligibility for public benefit programs, Washington State also takes into account assets like a car and savings. Families who are receiving public benefits are actually penalized for saving because even modest accumulation of assets can make a family ineligible for much needed help. Personal savings and assets are precisely the kind of resources that allow families to move off- and stay off- public benefit programs.

**Position: Modify asset limits in all public assistance programs.**

# 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. Wages have not kept pace with inflation and, for many, their income comes up short of the essentials.

## TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

In 2008, the legislature increased TANF grants by 3%, the first increase in 15 years. 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. In this time of economic crisis, TANF is more important than ever in helping people meet their basic needs.

**Position: Maintain funding for TANF grants at 2008 level.**

## 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. Recipients are not eligible for federal assistance, so to help them meet their basic needs, they receive a meager \$339 a month from the state. While this is a small grant, GAU helps 21,000 people with disabilities every year in Washington.

**Position: Fully fund General Assistance - Unemployable.**

## ACCESS TO HIGHER EDUCATION

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.

As unemployment levels rise and family incomes drops, we expect an increased demand for higher education and retraining programs. We must ensure that people with lower incomes can access our state's retraining and education programs, including the Green Jobs Training Fund.

**Position: 1) Continue to support funding and policies that increase access to higher education for people with lower incomes. 2) Fund the Green Jobs Training Fund.**

## ACCESS TO HEALTHCARE

Access to affordable health care is critical for Washington families in order to ensure that both children and adults can be safe and healthy. However, hundreds of thousands of low-income, working families in Washington are without basic health coverage. More and more, even those with health insurance are not secure — facing inadequate coverage or being at-risk of losing what they have.

In 2007, Poverty Action members and children's advocates fought to provide affordable, comprehensive health coverage options to all children in Washington State by 2010. The legislature must make good on that promise and expand on that commitment by ensuring quality, affordable health coverage for all Washington residents.

**Position: 1) Continue supporting the effort to ensure all children have health care coverage by 2010, ensuring full implementation of the Cover All Kids law. 2) Support policies that help all Washington residents gain access to affordable, comprehensive health care.**

## HOUSING SECURITY

The cost of housing in Washington has skyrocketed while incomes have not kept pace, leaving many working families with difficult choices. Right now there are nearly 4,700 homeless families with children in Washington State. And at least 250,000 Washington households lack affordable housing, unable to afford to pay their rent and make ends meet. In addition, abuses in the subprime lending market have put many homeowners and tenants at risk of losing their homes.

**Position: 1) Maintain full funding for the Housing Trust Fund. 2) Provide the resources and innovation needed to end homelessness.**

# 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*



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# 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 [www.povertyaction.org](http://www.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 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 legislators. Poverty Action can assist in connecting you to other members of your legislative district, scheduling your meeting, handling logistics and providing talking points for you to meet with your lawmakers! For more information, contact Greer Harewood at 206-694-6794 or [greer@povertyaction.org](mailto:greer@povertyaction.org).

## VOLUNTEER

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

**Because We All Want A Better Future!**