

FINANCIAL CAPABILITIES



PROPOSED BILL SB 5591

Senate Bill 5591, otherwise known as financial capabilities, provides dependent youth with financial education and support. The bill aims to address the financial challenges youth face in exiting the foster care system. Recognizing the need for comprehensive support, the State of Washington is committed to ensuring the successful transition of these young individuals into stable independence. Without these resources, they can become trapped in a cycle of poverty.

KEY OBJECTIVES

ESTABLISH THE PROGRAM

The Department of Children, Youth, and Families (DCYF) will work with financial institutions and community partners to establish self-controlled bank accounts for eligible youth ages 14 and older.

Eligible youth are dependent, ages 14 and up, and include youth in extended foster care, and remain eligible to open a bank account with the financial support of the department until dependency proceedings are dismissed.

ASSIST WITH THE ACCOUNT OPENING PROCESS

Caseworker assistance: case workers will guide eligible youth in opening their own bank accounts, and encourage the participation from support groups of that youth (mentors, caregivers, etc.)

DCYF will ensure that every eligible youth receives information about the program.

MONETARY DEPOSITS FROM THE STATE

Monthly deposits: the state will commit to depositing a minimum of \$25 per month into eligible youth accounts to support their long term financial stability. Deposits will begin 2 weeks after the account is opened.

The option to Opt-Out: Some eligible youth have the flexibility to opt out of receiving their payments at any time.

ONLINE PLATFORM

There will be a user-friendly online platform for participating youth to easily maintain and oversee their financial accounts.

THE PROBLEM

An SDMC survey of 130 systems-impacted youth and young adults between ages 12-30 found that:



DID NOT HAVE A SELF CONTROLLED BANK ACCOUNT.



EXPRESSED THEY WERE NOT COMFORTABLE WITH MONEY MANAGEMENT.



OF YOUTH AND YOUNG ADULTS ARE AT RISK OF UTILIZING HIGH-COST AND POTENTIALLY PREDATORY ALTERNATIVES THAT COULD PUT THEM AT A FURTHER FINANCIAL DISADVANTAGE.

THE SOLUTION

Pass legislation directing DCYF to establish an account for youth in foster care ages 14+ with a monthly allowance deposited, paired with financial education beginning at 12 years of age.

PHASES OF IMPLEMENTATION:

To ensure smooth rollout and program success, the following phases will be implemented across the state over the following fiscal years:

1. Fiscal Year 2024-2025: Spokane & Pierce Counties 1.
2. Fiscal Year 2025-2026: Remaining counties in regions 1 & 5
3. Fiscal Year 2026-2027: Regions 2 & 6
4. Fiscal Year 2027-2028: Regions 3 & 4

WHAT ABOUT ACCOUNTABILITY?

- Stakeholder workgroup for culturally competent financial literacy education for those youth 12 years of age and up
- Temporary advisory committee They will develop the implementation plan for this program and collect and report data
- Reports
 - By November 1, 2024, DCYF will submit a report on the stakeholder group's work and implementation to appropriate legislative committees and the governor.
 - By December 1, 2024, and annually thereafter, reports summarizing survey results will be submitted to the appropriate legislative committees.

OVERSIGHT:

Temporary advisory committee will oversee the following:

- Develop an implementation plan
- Collect and report data
- Partnership with financial institutions
- Produce and actively review marketing
- Conduct evaluation of the program through electronic survey

