

Community Reinvestment Plan Report



Pursuant to Section 128(134) of the 2022 Supplemental State Operating Budget, Chapter 297, Laws of 2022 (SB 5693)

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This report is dedicated in loving memory of our
sister, friend, and co-conspirator for justice, Patricia
Davis (1961–2023), whose dedication and skill in
managing this project were crucial to bringing the
report to fruition. Her spirit continues in the good
that will come about through the Community
Reinvestment Project.

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"I have heard their groans and sighs, and seen their tears, and I would give every drop of blood in my veins to free them." — Harriet Tubman

In that spirit, the Harriet Tubman Foundation For Safe Passage has written the Community Reinvestment Plan on how \$200 million will be invested in communities disproportionately harmed by the war on drugs in Washington State.

This community reinvestment plan directs how funds are distributed to address racial, economic, and social disparities in communities across the state created by the historical design and enforcement of state and federal criminal laws and penalties for drug possession. The funding is for the fiscal years 2024-2025. The Harriet Tubman Foundation For Safe Passage wrote this Community Reinvestment Plan in collaboration with community members across Washington, and the many hard-working civil servants at the Department Of Commerce, Office of Equity, Department of Financial Institutes, and more.

As a long-time Washington resident, grassroots activist, and person who was incarcerated and impacted by the war on drugs myself, I am honored to do this work. I will proudly say that I am living the dream of working to end systematic racism in Washington State, so I know what is possible. Dreams come true when you believe in them and work towards them. It takes work. This work will need you to step out of your comfort zone and leave your worry behind. This work is for those who have faith in humanity. Now is our time to work together to make the dream of peaceful, healthy, prospering, safe communities for all a reality.

The first steps to creating solutions are recognizing the real problems, assessing the symptoms and facing the core issues. Washington State has recognized the effects it has had on some of its community members and stepped up to the plate to own up to its harmful historical actions such as mandatory minimum sentences, threestrikes law, and racial red-lining; which all had disproportionately negative impacts effects on Black and Indigenous People of Color. Those rulings, directions, and decisions from the Reagan-era war on drugs policies had negative ramifications amnd ongoing actions that are felt deeply today.

On the following pages, you will read a plan to address systematic harm caused by war on drugs laws and beyond. Ways of operating in Washington historically and disproportionately had bias and expressly more negative effects on communities of color. A war on the community that increased incarceration rates sent parents to prison and children to be raised by the streets, family members, or the state. Loss of homes, broken family bonds, separation, victimization, and community deterioration resulted. At the same time, long-term economic punishment by labeling people felons and hindering Washington residents' careers, housing, and educational opportunities for years after serving their sentence hurt an already hard-hit sector of the workforce/economy.

This plan is a starting point. This plan is the result of collaborative work; one which considers the many reports, studies, and community advocacy done in the past. As a community leader, I see this plan as the groundwork for community and government collaboration. A plan to creat a positive impact with long-term economic and emotional return on investment for all our futures. As we implement new policy changes centered in equity into our health, judicial and legislative systems, the field will allow positive change to continue.

Change is made by educating and inviting Washington residents from all walks of life to participate in the government process. This plan is only as good as the people who implement, provide services and hold standards of high accountability and improvement in the process of participation between the community and government. This is not an “us” or “them” plan; this is a “we” plan. Washington State is a state of caring individuals contributing to the community’s enrichment, well-being, and wholeness. So please join in and read the plan! We purposefully kept it short and in a form that excites you to participate in some form or another.

Whether you are a by-and-for nonprofit organization, service provider, financial, technical assistance provider, or small business owner looking to apply to participate in providing these services to the community or a person impacted by the war on drugs and looking to get access to the various resources in this plan, we need you to do so! Please plug into the help or become the resource to bring equity to those harmed by the war on drugs. So get your record sealed, pay your LFOs, and increase your financial assets by buying a home or growing your business with small business grants/ loans and on-the-job training of employees, with 50- 75% of those wages subsidized. There is more inside the plan, so don’t stop reading here! This plan has a place for you! It’s time to make some of your dreams for yourself and the community a reality. Time to go to work!

Sincerely,



Dr. Jesse Miller
CEO Harriet Tubman Foundation For Safe Passage

The Department of Commerce and the Office of Equity share a vision for Washington: strong, vibrant economies and communities where everyone has full access to the opportunities, power, and resources they need to flourish and achieve their potential. At the direction of the Legislature, our agencies worked together in deep partnership with community members to develop a plan that would achieve this vision for communities most harmed by the war on drugs. Washington is one of the best – and few – places in the nation to embark on a community reinvestment project of this scale.

As you will see in this report, evidence is clear that the historical design and enforcement of state and federal criminal laws and penalties for drug possession disproportionately harmed the health and well-being of Black, Latino and Indigenous families and communities in Washington. We are committed to advancing a pro-equity, antiracism ecosystem here, and are excited about the opportunity to work alongside the community to make government work for all in Washington. Both state and federal governments are taking steps to reevaluate the judicial system and drugs – the state amending possession laws based on court rulings and support from the Biden administration for those who were incarcerated for small possession of marijuana. It's clear that now is the time to reinvest in communities harmed by these inequitable laws.

How we lead depends on how we govern. Policymakers, agency leaders, and state employees have the chance every day to change the way we work, transforming government from institutions that serve only a few to institutions that promote equity for all of us in Washington. From the very first meeting to develop this Community Reinvestment Plan, we weighed the significance of this moment in our state's history, discussing what it meant for us, as state government, to address such a wide range of community harms.

Our approach to this project was to co-design with the people impacted by this work and incorporated adaptive processes to meet their needs. We collaborated across and outside of government and used a whole-government approach to lay out recommendations intended to achieve real, lasting community-level impacts. We put this shared vision into practice with a commitment to collaborate internally and externally to break down silos, barriers, and hierarchies. As a result, we were able to focus on the voices and values of the people we serve. We worked with By and For organization leaders from communities harmed by the war on drugs and were supported enormously by the efforts of the Harriet Tubman Foundation for Safe Passage and their community partners. Successful implementation of the Community Reinvestment Plan will require ongoing, intentional, and transparent collaboration between the government and the community partners and families who will benefit from these investments. And it won't stop there; as we roll out these programs and release funding, we will rely on community partnership to ensure these programs are accessible and benefit the necessary communities.

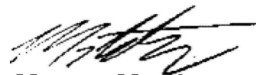
We designed the Community Reinvestment Plan to result in long-term benefits in the form of community healing, new jobs, home ownership, job retention, increased personal wealth, and higher incomes. We believe this powerful and necessary project will result in outcomes that benefit our entire society. While the two-year, \$200 million project will begin to redress some of the racial, economic and social disparities within communities across the state caused by racist and oppressive policies of years past, continuing these investments beyond the biennium is critical to stabilize the programs and broaden their reach, and to measure the long-term success of this project. After we implement the Plan in the coming months, we will engage in conversations about continued funding for the work.

This is not the first investment in communities harmed by the war on drugs, but it can be the most impactful innovation yet, and deserves more conversations and actions to deepen our investments beyond this plan and implementation. We ask for partnership with the Legislature, community partners, and the whole of government to take more than these first, important steps; we ask that we continue this work together until our shared vision is a reality.



Michael Fong | DIRECTOR

Washington State Department of Commerce



Megan Matthews | DIRECTOR

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Executive summary

In 2022, the Washington State Legislature set aside \$200 million in the Community Reinvestment Account¹ for the Department of Commerce (Commerce) to invest in communities disproportionately harmed by the historical design and enforcement of state and federal criminal laws and penalties for drug possession. Before authorizing Commerce to distribute this funding, the Legislature directed the agency to develop a Community Reinvestment Plan (CRP) to guide funding distribution from the Community Reinvestment Account.² This final report outlines recommendations to implement \$200 million in state resources that the Legislature appropriated to Commerce in the 2023-25 operating budget ([Chapter 475, Laws of 2023 \(SB 5187\)](#)). Commerce, in collaboration with state and community partners, including the Office of Equity, will distribute the funds through 17 grant programs falling across four program areas: economic development, civil and criminal legal assistance, community-based violence intervention and prevention services, and reentry services, in alignment with the recommendations detailed in this report.³

Authorizing legislation

Section 128(134) of [Chapter 297, Laws of 2022 \(SB 5693\)](#) (the 2022 Supplemental State Operating Budget) directed:

(134) \$1,000,000 of the general fund—state appropriation for fiscal year 2023 is provided solely for the department to develop a community reinvestment plan to guide the distribution of grants from the community reinvestment account created in section 947 of this act.

(a) The department shall, in partnership with the office of equity, and "by and for community organizations" as defined by the office of equity, develop a community reinvestment plan for how funds would be distributed to address racial, economic, and social disparities in communities across the state created by the historical design and enforcement of state and federal criminal laws and penalties for drug possession. The community reinvestment plan should address funding in the following areas:

(i) Economic development, which includes addressing wealth disparities to promote asset building such as home ownership and expanding access to financial resources including, but not limited to, grants and loans for small businesses and entrepreneurs, financial literacy training, and other small business training and support activities;

(ii) Civil and criminal legal assistance to provide post-conviction relief and case assistance, including the expungement of criminal records and vacation of criminal convictions;

(iii) Community-based violence intervention and prevention services; and

(iv) Reentry services to facilitate successful transitions for persons formerly incarcerated in an adult correctional facility or juvenile residential facility in Washington.

(b) The plan must include a timeline for regular review by the department and the office of equity, criteria for eligible communities and programs, development of accountability measures to ensure that distribution and use of funding meets intended purposes, and tracking of outcomes for the funds. At a minimum, the plan must address how the community reinvestment account funding will:

¹ See RCW [43.79.567](#), and [ESSB 5693-S.SL.pdf \(wa.gov\)](#); and Community Reinvestment Account Programming - \$200 million NEW SECTION. Sec. 719.

² See [ESSB 5693-S.SL.pdf \(wa.gov\)](#) Section 128 Community Reinvestment Account Plan - \$1 million (134).

³ See [ESSB 5187-S.SL.pdf \(wa.gov\)](#) – Biennium Budget FY24-25, Section 129(42).

- (i) Produce significant long-term economic benefits to the state, a region of the state, or a particular community in the state;
- (ii) Result in significant long-term economic benefits in the form of new jobs, job retention, increased personal wealth, or higher incomes for citizens of the state or a particular community in the state; and
- (iii) Ensure that: (A) Projects or programs do not require continuing state support; (B) An expenditure will not supplant private investment; (C) An expenditure is accompanied by additional public or private investment; and (D) Nonprofit, faith-based, and grassroots organizations are prioritized for funding.

(c) In developing the plan, the department is encouraged to incorporate existing and ongoing work from relevant task forces and work groups including, but not limited to, the social equity in cannabis task force, the reentry council, and the homeownership disparities work group.

(d) The department shall submit a preliminary report to the governor and relevant committees of the legislature by December 1, 2022. A final report on the implementation plan must be submitted to the governor and relevant committees of the legislature by June 30, 2023.

The [preliminary report](#) was submitted in 2022.

The Recommendations section of this report includes a plan to distribute funds to the four program areas (economic development, civil and criminal legal assistance, community-based violence intervention and prevention, and reentry services) as required by the authorizing legislation. The recommended investments incorporate existing and ongoing work from relevant task forces and work groups, including the Poverty Reduction Work Group, the Social Equity in Cannabis Task Force, the Reentry Council, and the Homeownership Disparities Work Group. The recommendations include an estimate of the long-term economic benefit to the state. The complete narrative for the long-term benefits can be found in the [Estimating long-term economic benefits](#) section.

The funding distribution section explains the oversight and monitoring of the CRP implementation. The evaluation section explains the accountability measures for the programs. Consistent with the direction of the Legislature, the CRP prioritizes the investment of funds in "nonprofit, faith-based, and grassroots organizations," and particularly By and For organizations led by and serving communities and individuals harmed by the war on drugs.

As shown within this plan, the recommended investments will result in long-term economic benefits to the state or a particular region or particular community in the state and result in long-term economic benefits as new jobs, job retention, increased personal wealth, or higher incomes. The grant programs will not supplant active private investment.

The legislative direction for this plan requires that the identified "[p]rojects or programs do not require continuing state support" and that "[a]n expenditure is accompanied by additional public or private investment." This plan describes expansion of certain existing grant programs and recommends that Commerce stand up several new programs. Some but not all of these programs will be co-designed with additional private or state or federal investment. There will be efforts to leverage philanthropic dollars to extend or support these investments. At the same time, while the investments envisioned do not require continuing state support, plan implementation will necessitate the creation of infrastructure, staffing and systems to support a complex set of programs. These investments will begin to address racial, economic and social disparities within communities across the state, but continuing these investments beyond the biennium will be necessary to stabilize the programs and broaden their reach, and to measure the long-term success of this project.

The government-created laws and punishments for drug offenses unjustly targeted specific communities and individuals in America. In Washington, the disparate impact was on Black, Latino and Indigenous neighborhoods and people. This perpetuated existing disparities within those populations. Mass incarceration separated and continues to separate families, just as criminal records and legal financial obligations exacerbate economic disparities and challenges associated with access to housing, employment, education, health care and other fundamental pillars that create wealth and family stability. While the two-year, \$200 million Community Reinvestment project will begin to redress some of this inequity, continuing support of this initiative will be necessary to make a significant long-term difference. While this project calls for programs that "do not require continuing state support," ongoing government support for these investments will be needed and is appropriate to address the disparities created by the government's design and enforcement of state and federal criminal laws and penalties for drug possession.

Goals and objectives

In partnership with the Washington State Office of Equity, By and For⁴ organizations, and community partners, Commerce engaged communities to develop a plan describing recommendations to distribute funding from the Community Reinvestment Account. The funds will begin to address racial, economic, and social disparities created by the historical design and enforcement of state and federal criminal laws and penalties for drug possession, referenced as the "war on drugs."

Through a competitive procurement process, Commerce selected the Harriet Tubman Foundation for Safe Passage (HTFFSP) to lead a nine-month planning effort focused on community engagement, research, and analysis to inform the creation of the CRP. This report includes findings and recommendations from community members impacted by the war on drugs across Washington.

Key findings

Data demonstrating the disproportionate racial, economic and social impacts of the design and enforcement of state and federal criminal laws and penalties for drug possession support the recommendations in this report. The research focused on the structural barriers disclosed through feedback gathered from community members, in addition to place-based and race-based analyses.

Qualitative data collected through focus groups, interviews, kiosks,⁵ and other means of communication revealed several key messages and themes. One prominent theme was the importance of community engagement and outreach. There was a strong emphasis on reaching out directly to communities impacted by the war on drugs and actively recruiting community advisors and researchers. Participants stressed the need to involve people who have experienced incarceration and family separation, and those with other lived experiences with the legal and social impacts of the war on drugs. Intergenerational involvement was highlighted as crucial, especially in connecting youth to their roots and ancestors. Additionally, participants emphasized the significance of engaging with communities directly impacted before launching large-scale communications campaigns.

⁴ For purposes of the development of this Plan, HTFFSP used a definition of "By and For organization" developed by the nonprofit 501 Commons. A By and For organization is a part of a community of people that see themselves as unique and defined by the members' identities, traditions, and values. A By and For organization is one where leadership and staff belong to the same community they serve, promote, and work to preserve. By and For organizations build trust, advocate, respond, and solve problems specific to community members. By and For organizations have roots in their respective communities as change agents and providers of mitigating systems of community service. They invest in and work with community members to improve their quality of life

⁵ Kiosks with interactive tablets were distributed at community locations including parks, malls and small businesses.

A multiplicative index was created using unemployment rates, the percentage of people of color, and the social vulnerability index to identify the most affected communities. This index was combined with an analysis of violent crime rates, incarceration, and recidivism data. This process identified six Washington counties with both a high number of affected communities and a high number of justice system-involved persons. These six counties are priority areas for focused intervention and support:

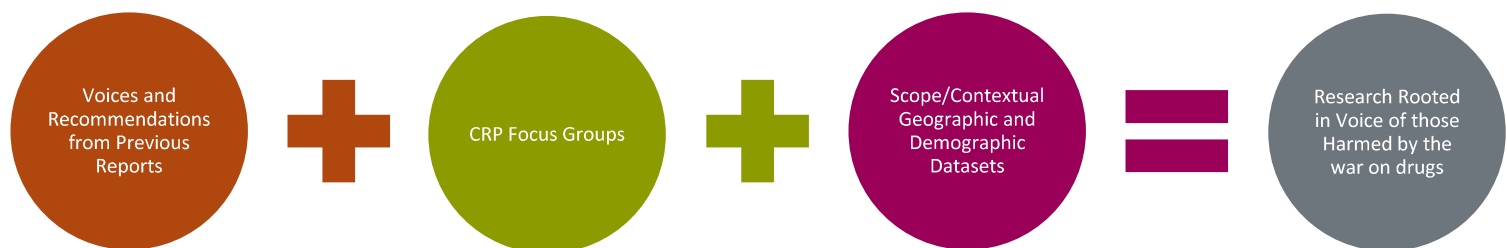
- Clark
- King
- Pierce
- Snohomish
- Spokane
- Yakima

This report recommends that 64% of the allocations be distributed to target areas in these six counties. The remaining 36% of funding supports economically disadvantaged areas of opportunity across the state.

Recommendations

The final recommendations resulted from an iterative group decision-making process led by HTFFSP. In January 2023, the HTFFSP team met to review the CRP focus group data, recommendations from previous state agency reports, qualitative and quantitative data, and initial feedback from those with lived experience. Beginning with and centering these voices, the HTFFSP, an organization comprised of over 95% of people with lived experience in the war on drugs, developed more than 25 recommendations. Over the next several months, HTFFSP collaborated with leaders in By and For organizations, online surveys, the CRP Advisory Board, state agency subject matter experts, and others to come to the final recommended funding streams for distribution of the \$200 million from the Community Reinvestment Account.

Figure 1: Research centers voice and recommendations of those with lived experience



The CRP recommends \$200 million in community investments implemented through three state agencies within the four program areas identified by the Legislature. Table 1 describes the recommended investments in detail. Implementation of these recommendations will begin in July 2023 and continue throughout the biennium as Commerce and other agencies issue requests for proposals and contracts, hire and onboard support staff, and in some cases fold CRP resources into existing programs. Programmatically, the recommendations distribute the Community Reinvestment funding as follows:

- **Economic development:** \$138 million
- **Civil and criminal legal assistance:** \$8 million
- **Community-based violence intervention and prevention services:** \$30 million
- **Reentry services:** \$12 million

As shown in Table 1, \$12 million will be used by Commerce to guide the successful implementation of this work and provide support and technical assistance to communities. These recommendations can potentially create up to \$1.6 billion in economic benefits.

Table 1: Community Reinvestment Plan recommendations

Investment	Purpose	Responsible	Amount
Enabling Factors			
Local Advisory Teams	Oversight	Commerce	\$8 million
Technical Assistance	Implementation	Commerce	\$4 million
Economic Development			
Subsidized Lending			
Loan Guarantee Fund	Increase assets	Commerce	\$17 million
Black, Latino and Indigenous-Led Lending Agency Support	Increase assets	Commerce	\$15 million
Homeownership Capital Accelerator	Increase assets	Commerce	\$15 million
Financial Assistance			
Individual Development Accounts	Increase assets	Commerce	\$25 million
Blended Capital Enhancements	Increase assets	Commerce	\$25 million
Cannabis Business Grants	Increase assets	Commerce	\$3 million
Outreach and Support			
Asset Building Initiatives	Increase assets	Commerce	\$3 million
Financial Coaching and Mentorship	Increase assets	Commerce	\$10 million
Workforce Development			
EcSA Career Accelerator Incentives	Increase income	Employment Security Department	\$10 million
EcSA Business Support	Increase income	Employment Security Department	\$15 million
Civil and Criminal Legal Assistance			
Vacating Criminal Records and Legal Financial Obligations Relief	Remove barriers	Office of Civil Legal Aid	\$2 million
Legal Representation	Remove barriers	Office of Civil Legal Aid	\$6 million
Community-Based Violence Prevention			
Violence Reduction	Increase safety	Commerce	\$10 million
Community Healer	Increase safety	Commerce	\$10 million
Youth Sports Capacity Building	Increase safety	Commerce	\$5 million
Barber/Beauty Shop Health Navigation	Increase safety	Commerce	\$5 million
Reentry Services			
Expanded Reentry Program	Remove barriers	Commerce	\$12 million
Total			\$200 million

Note: Funding will be allocated to administrative costs to ensure an appropriate percentage (estimate 5-6%) is available to support staff and contractors needed to successfully implement, coordinate, and manage the recommended grant programs.

For a detailed discussion of each of these programs and the rationale for the funding recommendation, please see [Appendix A](#).

The war on drugs

In 1971, President Richard Nixon [officially declared a war on drugs](#), announcing that drug abuse was now “public enemy number one.” Following this announcement, drug use officially became a criminal issue, and Nixon began proposing strict measures for drug-related crimes, including mandatory minimum sentences for both drug possession and distribution. Two years later, his administration founded the Drug Enforcement Agency, a special police force designed to target illegal drug use and smuggling in the United States.

However, the war on drugs was never a long-term policy goal. According to Nixon’s domestic policy chief, John Ehrlichman, the Nixon campaign did not intend the new policies to be about drug reform itself; they were instead [meant to oppress](#) “the antiwar left and black people.” This revealed the truth about the war on drugs: It was essentially a war on the poor and other marginalized people.

The war on drugs continued in the 1980s as a crack cocaine epidemic began to sweep the nation. [President Ronald Reagan reinforced and expanded](#) many of Nixon’s anti-drug policies, arguing that drug use was a “repudiation of everything America is.” The [1986 Anti-Drug Abuse Act](#) granted \$1.7 billion for law enforcement to fight the drug war and established further mandatory minimum sentences for drug offenses. Much of this legislation was racially discriminatory. For example, [possession of five grams of crack cocaine](#), which was disproportionately consumed by African Americans, triggered an automatic five-year jail sentence, 500 grams of powder cocaine — 100 times that, and which was mostly consumed by richer white people — merited the same punishment.

Harsh drug sentencing continued into the 1990s. The Clinton administration adopted the Violent Crime Control and Law Enforcement Act of 1994, a \$30 billion bill that funded 125,000 new state prison cells, mandated life sentences via three strikes laws, and added 60 new crimes subject to the death penalty. [Between 1980 and 1997](#), the number of people incarcerated for non-violent, drug-related crimes rose from 50,000 to 400,000.

In the last 40 years, the [number of people convicted of drug-related crimes](#) has risen more than 500%, now making up almost half of the federal prison population. These policies have perpetuated cycles of poverty and unemployment in low-income communities while disproportionately impacting people of color. Black people are more than 3.5 times more likely to be arrested for cannabis possession than their white counterparts, despite both groups using the drug at similar rates. African Americans and Latinos comprise [more than 60% of the U.S. prison population](#).

Introduction

Purpose and background

In 1971, President Richard Nixon declared a “war on drugs.”⁶ On the surface, this initiative aimed to combat drug abuse on the supply and demand sides, but in practice, it targeted specific disadvantaged communities, particularly Black Americans, through the way it was implemented and enforced.⁷ A disproportionate number of the laws and policies focused on criminal justice enforcement and punishment for drug offenses. The laws were enforced more intensely in some communities, like those with higher numbers of Black Americans — triggering disparate and systematic changes in the legal system. In the decades since, the escalation of mass incarceration continues to disproportionately impact Black, Indigenous, and Latino individuals in Washington by restricting voting rights, economic achievement, wealth building, and educational attainment.⁸

The resulting arrests and convictions affected more than the people caught in the criminal legal system — incarceration creates struggles that disrupt families, neighborhoods, and communities.

In 2012, the legalization of recreational cannabis in Washington significantly reduced the number of cannabis-related arrests, but the racial disparities in drug enforcement are institutionalized in the design and implementation of federal and state legal systems coming out of the war on drugs. For example, even in states that have legalized cannabis, research shows that Black Americans are much more likely to be arrested for cannabis-related offenses as white Americans,⁹ adversely affecting their ability to secure housing and employment and generate wealth. In Washington, while overall arrest rates declined markedly since legalization, Black adults are still five times more likely to be arrested for cannabis-related offenses than white residents¹⁰, even though Black residents consume cannabis at similar rates to white adults in the state.¹¹

Project approach

Centering those with lived experience

For this work, HTFFSP defines “lived experience” as having experienced or witnessed first-hand the impacts of the inequitable design and enforcement of state and federal criminal laws and penalties for drug possession and manufacturing. For focus groups and interviews, this definition was narrowed to people who have experienced the most direct harm from drug policies, meaning individuals who have been incarcerated due to charges for the sale or manufacture of illicit drugs or have at least one close contact with people who have been incarcerated for drug possession charges.

⁶ Social Construction of Drug Problems: An Historical Overview, by E. L. Jensen and J. Gerber, retrieved at <https://www.ojp.gov/ncjrs/virtual-library/abstracts/social-construction-drug-problems-historical-overview-new-war-drugs>.

⁷ Legalize It All: How to win the war on drugs, by Dan Baum. Retrieved at <https://harpers.org/archive/2016/04/legalize-it-all/>.

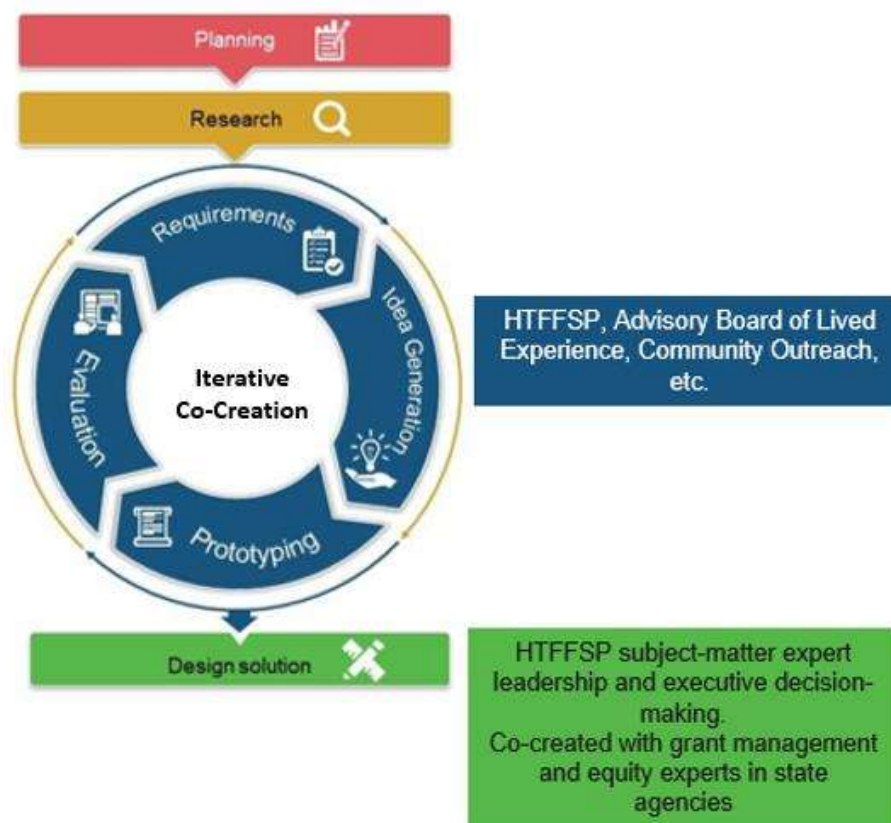
⁸ A Tale of Two Countries, by the American Civil Liberties Union, retrieved at https://www.aclu.org/wp-content/uploads/legal-documents/marijuanareport_03232021.pdf.

⁹ Ibid.

¹⁰ Firth CL, Maher JE, Dilley JA, Darnell A, Lovrich NP. Did marijuana legalization in Washington State reduce racial disparities in adult marijuana arrests? *Subst Use Misuse*. 2019;54(9):1582-1587. doi: 10.1080/10826084.2019.1593007. Epub 2019 May 16. PMID: 31096823; PMCID: PMC6948106.

¹¹ 2018 Washington State Health Assessment, retrieved at <https://doh.wa.gov/sites/default/files/legacy/Documents/1000/SHA-MarijuanaUse.pdf>. See also Racial and Ethnic Differences in Cannabis Use Following Legalization in US States With Medical Cannabis Laws - PMC (nih.gov), retrieved at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8477268/>.

Figure 2: Co-creation in research and design



It was important to the development of the recommendations in the CRP that the consultant team was comprised of people with lived experience in the war on drugs as the core expertise. The team also included people with skills and expertise in the four program areas of funding through leadership and work in non-profits, government, foundations, and higher education. Bias was an open discussion, with team members regularly using shared data to argue for or against funding streams based on their own identities. Through these conversations, lived experience stayed central to ensure everyone's concerns could be included in the discussion of how to orient funding at the community level.

Figure 3: Community Reinvestment Plan Mural



Image credit: Mandee Figueroa and Inclusive Data

The above image was created as a summary of several 2022 and 2023 focus groups. It synthesizes the feedback and hopes of the participants, and how they wanted to position their voice in relation to the CRP priorities and implementation. This image speaks to the passion and commitment communities have about the project as an opportunity to address the harms caused by the war on drugs. It underscores the ongoing harm and offers a visceral description of how participants feel about the structural violence facing their everyday lived experiences. Like many themes covered in this work, the underlying importance of approaching it from a perspective of healing can be felt through the images and direct quotes of the focus group participants.

Desired results

We encourage a clear articulation of the desired end conditions in the community, focusing on areas where direct influence can be exerted. Aligning community indicators, government strategies, and performance measures maximizes the potential for impact. Ultimately, to effect change in community conditions, government entities must collaborate with other institutions and engage the community as partners.

This plan proposes the following community-level indicators to help assess the progress in addressing racial, economic, and social disparities faced by the Black, Indigenous, and Latino communities. By monitoring these indicators, government entities can evaluate the impact of their strategies and programs and make data-driven decisions and adjustments to promote equitable outcomes and improve community conditions.

Community level indicators

1) Racial disparities

- a) Improved outcomes for Black, Indigenous, and Latino homeownership rate: Measure the change in homeownership rates specifically for these communities to assess progress in reducing disparities in access to homeownership.
- b) Funding allocation: Monitor the percentage of funding specifically directed towards programs and initiatives that address the needs and priorities of populations most impacted by structural racism and the war on drugs, specifically Black, Indigenous, and Latino communities.
- c) Community well-being measures: Measure and track the holistic well-being of communities, disaggregated by race, taking into account factors such as trust in their own abilities to thrive, trust in institutions, access to culturally relevant quality training, and economic opportunities.

2) Economic disparities

- a) Percentage of households above the ALICE (Asset Limited, Income Constrained, Employed) threshold: Monitor the percentage of households from Black, Indigenous, and Latino communities that have income above the ALICE threshold, indicating financial stability and economic well-being.
- b) Percentage of households below 200% of the Federal Poverty Level (FPL): Measure the proportion of households from these communities living below 200% of the FPL, indicating the extent of economic vulnerability and poverty.

3) Social disparities

- a) Health disparities: Track and compare health outcomes, such as reducing youth violence and aggravated assaults, improving life outcomes and expanding opportunities, and measuring the positive experience of participants who receive support.
- b) Civic engagement: Measure the number of partnerships with By and For organizations, the percentage of funding distributed to By and For organizations, and increase the percentage of residents who believe they can have a positive impact on their community and express trust in the public institutions.
- c) Mental health and healing outcomes: Measure the availability and utilization of resources that support intergenerational healing and learning within affected communities, such as culturally relevant training, experiences, services, coaching, counseling, community-led support groups, and programming focused on mental and spiritual impacts. Track mental health indicators, such as rates of anxiety, depression, and trauma symptoms, among individuals and communities disproportionately impacted by the war on drugs.

The Legislature directed the CRP to be developed in partnership with By and For organizations. Commerce was encouraged to incorporate existing and ongoing work from relevant task forces and work groups, including but not limited to the [Social Equity in Cannabis Task Force](#), the [Washington Statewide Reentry Council](#), [Poverty Reduction Work Group](#), and the [Homeownership Disparities Work Group](#).

Allocation approach

The Community Reinvestment Account allocation approach embodies the deliberative participatory budgeting process. The process started with formulating preliminary investment recommendations conceived by individuals with lived experience, key stakeholders, and subject matter experts. However, the distinguishing aspect of this approach is the iteration and refinement of these proposals. Community organizations,

particularly established By and For organizations adversely affected by the war on drugs, worked alongside Commerce and the Office of Equity to develop these recommendations. These organizations are listed in the acknowledgements section of this report.

The overarching objective of the deliberative participatory budgeting process is consensus building. Rather than opting for proposals based on simple majority vote, the aim is to ensure each decision garners widespread agreement. By engaging directly with the affected communities and integrating their insights into the decision-making process, the Community Reinvestment Account allocation approach empowers these communities and ensures the investments are attuned to their needs and priorities.

Methodology

Centering people with lived experience

For purposes of development of the Community Reinvestment Plan, the HTFFSP defined "lived experience" as having experienced or witnessed first-hand the impacts of the inequitable design and enforcement of state and federal criminal laws and penalties for drug possession and manufacturing. Focus groups and interviews were directed to people who have experienced the most direct harm from drug policies, meaning individuals who have been incarcerated due to charges for the sale or manufacture of illicit drugs or have at least one close contact and those who have been incarcerated for drug possession charges.

Using lived experience as the primary qualifier, the consultant firm expanded to include community advisors and community researchers to ensure the research process was accountable to and led by the communities harmed by the war on drugs. These trusted and credible messengers ensured robust participation with methods that can increase the involvement of communities seldom heard by traditional community engagement. For example, engagement with mutual aid organizations for people experiencing homelessness, which are often small and hyper-local, and "barbershop conversations" with seniors who typically are not best served online.

Throughout the project, the HTFFSP instituted many ways to solicit input:

- **Informed:** 70 organizations, including state [commissions](#), legislative contacts, Community Development Financial Institution (CDFI), nonprofits, community organizations, and advocacy groups.
- **Consulted:** 60 organizations, including community-based organizations, development councils, youth organizations, and philanthropic partners.
- **Involved:** 24 organizations, including large commissions, departments, and nonprofits.
- **Collaborated:** 37 organizations, including focus group participants, small business networks, reentry-focused community organizations and people, tribal liaisons, community healers, and other community advisors.

In addition, the project elicited the following involvement:

- 289 focus group attendees
- 18,975 website views
- 1,028 in-person interactions about the work

Data and research justice

Traditional research has been criticized by some because of its legacy of erasure of the community's voice and the underreporting of community solutions. This systematic underrepresentation of communities harmed by policies has cultivated a mistrust of traditional research, especially that conducted by the government.

One challenge for this work was the nuance required when doing research on behalf of Washington state government in a way that adequately recognizes the specific harms done to diverse communities. In many cases, the outcomes for communities are intertwined (such as long-standing economic deprivation), but the specific strategies they seek for relief and reinvestment differ. This research will not undo centuries of systemic harm overnight, but has provided many new and meaningful ways to participate, educate, review, and refine the government funding process. The HTFFSP created a research process that acknowledged the harms and outlined tangible solutions to help address some of the impacts of structural racism.

Data justice aims to capture forms of knowledge and lived experiences that are community-centered and community-driven to counter the systemic erasure and harm perpetrated onto Black, Indigenous, and Latino communities via oppressive data practices. The fundamental premises of data justice are that data should:

- Make community-driven needs, challenges, and strengths visible
- Be representative of the community
- Treat data in ways that promote community self-determination

Community-Based Participatory Action Research (CB-PAR) was the cornerstone of this project. CB-PAR is a collaborative research approach that involves all stakeholders throughout the research process, from establishing the research question to developing data collection tools to data analysis and reporting on findings. This framework aims to address the practical concerns of the community and fundamentally changes the roles of the researcher and who is being researched. The CB-PAR framework begins with a community's issue, proposed action, or strategy. Then it supports or enhances this action with community-based and engaged research.

Iteratively designed recommendations

The recommendations in this plan were drafted iteratively with community members, stakeholders, and researchers. Stakeholder feedback was brought to community advisors in multiple formats, including video-based reports, text messages and direct conversations. The research team prioritized being accessible to community advisors in the approaches and timelines that worked best for the advisors. Stakeholders offered crucial feedback on how implementation might be made more difficult by the recommendations. This feedback was valued by the project team, as well as the community members who were able to hear it directly in podcasts or Zoom calls as we reviewed recommendations.

“There is no perfect team - nor are there perfect resources - there is instead a wide range of plausible combinations. Knowing that you have enough people with enough awareness, knowledge, and comfort with ambiguity and connections to make the case. That's the key. Even if you don't get everything, knowing how to utilize what you've got. That's essential. That and power-sharing.” — a BIPOC, senior policy advisor in Washington

The HTFFSP considered any recommendations for opportunities that produce long-term economic benefit, did not require continued support, and accompanied public or private investment for further review. In reviewing existing recommendations, the HTFFSP also considered time/readiness to implement as factors by considering if the recommendation supported an existing program and authority. Other factors considered included potential alignment between plans, public involvement and available evidence.

Stakeholder interviews and priorities

The HTFFSP conducted interviews with program leads, service providers, and program participants of economic development, violence prevention and intervention, reentry, and asset-building efforts best suited to promote long-term economic development for people, families, and geographic regions highlighted for reinvestment.

Initial workshops, focus groups, and stakeholder interviews were prioritized in the following order:

- Key community partners identified by Commerce
- Existing programs at Commerce
- Other state agency programs aligned with the goals of the project

- Asset building, economic development, and lending programs providing high-quality and high-impact services to people and communities that fall within areas of opportunity throughout Washington
- Leaders of promising practices across North America
- After sharing information about the project, the HTFFSP solicited feedback by asking critical program-specific questions to inform the plan

In addition to the 69 stakeholders who completed the survey, the project team spoke directly to community members in one-on-one and group conversations. Stakeholders were also engaged in targeted weekly conversations in spring 2023 to discuss the recommendations as they were being developed and vetted with community advisors and community members.

Community voice and methodology

Data justice is about recognizing the expertise and sovereignty of the communities harmed by structural oppression, including the harms caused by previous research and analysis efforts. One of the top recommendations in this area is to shift the stance away from simply “listening” to the expertise of the community and to instead recognize and defer to community expertise. This involved using a variety of methods to collect and share information in real time with community members and stakeholders.

In contrast to a traditional process where a consultant may be engaged to facilitate a small number of town halls, analyze the data, and report back after the work is complete, this transformative work included feedback loops like weekly status updates, formal and informal processes for engagement, and targeted outreach. Community members and stakeholders engaging with this process recognized that this project has felt like a departure from traditional research processes. In spring 2023, stakeholders and community members gathered for weeks to review initial recommendations and offer feedback on the report.

“The WA Community Reinvestment [project] is on the right track to ensure that racial, economic, and social disparities are significantly reduced for years to come. I appreciate the team's approach regarding interviews, focus groups, surveys, and community conversations. There are countless stories and examples of projects and things being done on behalf of communities without involving community voices and input. I look forward to the great work that is taking place that will shape the lives of people, especially those of color in the future.” — Gerdon Jones, Black, juvenile rehabilitation educational provider

Community engagement

One of the central themes of this report is how to address the root causes of harm, rather than just treating the symptoms or consequences, while recognizing the urgency of the current situation and taking action accordingly. This approach echoes the findings of several reports, including the pivotal Poverty Reduction Work Group’s (PRWG) 10-year plan. Similar to the PRWG, this report reflects explicitly the understanding that focusing too narrowly on treating the manifestations of poverty has failed and continues to fail Black, Latino and Indigenous communities across the state.

The HTFFSP heard that there needs to be unrestricted and robust investment at the community level, as well as thoughtful and layered approaches to address both short-term and long-term benefits adequately. We have resoundingly heard that there must be an unwavering focus on educating community members on how to access, utilize, improve and change the systems that are currently in place. This is why this project has focused on centering the expertise of those closest to the experience — to better understand which solutions would best serve those impacted by the issues.

Voices and evidence from previous work

The existing bodies of research from the state have many specific recommendations. Like the CRP research, the process of these reports included centering those with lived experience, ongoing collaboration with state government, and more. These were created by By and For organizations, state government, and other non-profit sector leaders focused on investments in communities harmed by the war on drugs. Each of the report recommendations was considered in conversation with the new data collected during this project to point to existing best practices.

The following are the key reports used in the project. These are referenced throughout the research and program implementation sections for specific recommendations that were used to guide policy.

- [Equity in funding: Final review of Commerce capital programs](#) (2022) (Commerce)
- [Improving Homeownership Rates for Black, Indigenous, and People of Color](#) (2022) (Homeownership Disparities Work Group, Commerce)
- [Blueprint for a just and equitable future: 10-year plan to dismantle poverty in Washington](#) (2021) (Washington State Poverty Reduction Workgroup)
- [Preventing Youth Homelessness](#) (2021) (Commerce)
- United for ALICE: [The ALICE Report \(2018\)](#)
- Health Committee Report (2023) ([The Tacoma Pierce County Black Collective](#))
- [Office of Firearm Safety and Violence Prevention Report](#) (2021) (Commerce)
- [Biennial report of the Statewide Reentry Council](#) (2022) (Commerce)

Qualitative data

The qualitative data collected through focus groups, interviews, and other communication revealed several key messages and themes.

Theme 1: Community outreach and engagement

The qualitative data highlighted the crucial role of community engagement and outreach in the development and implementation of the CRP. Participants emphasized the need to directly reach out to communities impacted by the war on drugs and actively recruit individuals who experienced incarceration, family separation, and other types of lived experience. The importance of creating an advisory group that reflects the diversity of the affected communities was emphasized. Participants stressed the significance of intergenerational involvement to connect youth with their cultural roots and ancestors. It was evident that participants believed in the power of engaging directly with impacted communities before launching large-scale communications campaigns. This theme highlighted the value of community voice and participation as the foundation for the success of the implementation of the CRP.

Theme 2: Reflection on structural barriers and economic development

The qualitative data revealed the structural barriers that face communities affected by the war on drugs. Participants recognized that financial coaching (one-on-one sessions designed to meet goals mutually set by the client and the coach) is necessary to address the reality of expensive housing and other systemic issues. Economic development emerged as a key priority, with participants emphasizing that addressing economic disparities is essential to reduce imprisonment and violence. There was a clear recognition that generational wealth and sustainability can be achieved through initiatives such as homeownership and support for small businesses. However, participants also highlighted the challenges faced by Black-owned firms in contracting, including extra scrutiny and inadequate support even after winning contracts.

Theme 3: Investment areas

The qualitative data shed light on the specific investment areas identified by participants. Economic development emerged as the primary focus, with participants advocating for targeted investment in underfunded communities and industries primarily run by marginalized communities. Examples included barbershops, beauty supply, childcare, cleaning services, and landscaping services, while others talked about growth in emerging sectors related to federal investments. Homeownership and building equity were seen as critical for addressing the racial wealth gap and creating generational wealth. Participants also emphasized the need for career pipelines after incarceration, providing support for business development, and addressing workforce discrimination faced by individuals with justice involvement. Reentry services, violence prevention and intervention, and legal assistance were other areas that participants identified as deserving of investment to support the healing and well-being of impacted communities.

Theme 4: Funding mechanisms and eligibility criteria

The data highlighted the importance of designing funding mechanisms with low barriers to ensure accessibility. Participants expressed a preference for video-based applications that could be complemented by written formats for people with different accessibility needs. They emphasized the need for a transparent and accountable process that ensures funds go directly to the community. Leveraging additional funding sources, such as philanthropy and corporate investment, was seen as crucial to grow public funds and expand the impact of community reinvestment efforts. Participants also highlighted the need for technical assistance to support grant writing and increase the diversity of providers' revenue. The data underscored the importance of community ownership and control over the funding process, ensuring that community-vetted criteria are used to guide the allocation of resources.

Spatial and quantitative data approaches

Based on county-specific data from 2021, six counties — Clark, King, Pierce, Snohomish, Spokane and Yakima — were identified as priority areas for targeted intervention and support.

By analyzing and presenting this data, our aim is to enhance understanding, inform decision-making processes, and allocate resources effectively to address the challenges associated with crime, incarceration, and recidivism in the highlighted counties. Through targeted interventions, investments can foster safer communities, reduce crime rates, and promote successful reintegration for individuals involved in the justice system.

In addition to the Geographic Information System (GIS) tool available through the Washington Statistical Analysis Center, the recommendations in this report are based on conclusions using several other tools:

- [The Social Vulnerability Index](#)
- [The Minority Social Vulnerability Index](#)
- [The Opportunity Atlas](#)
- [Disproportionately Impacted Area Maps](#)

Using publicly available data from Washington Geospatial Open Data, various indicators were examined, including unemployment rates, percentage of people of color, social vulnerability index, rates of individuals without a high school diploma, rates of individuals living in poverty, and rates of unaffordable housing. A multiplicative index was created using unemployment rates, the percentage of people of color, and the social vulnerability index to target the most affected communities equitably.

The distribution of resources should align with the state Workforce Innovation Opportunity Act (WIOA) Adult allocation method by region, which is a well-established and reliable method used throughout the state for allocating resources based on need. The methodology is a formula allocation based on federal factors, which are designed to drive funding toward areas of high poverty, high unemployment, and a high number of disadvantaged adults:

- Number of unemployed individuals in areas of substantial unemployment
- Relative excess number of unemployed individuals in each local area
- Relative number of disadvantaged adults in each local area
- Relative excess poverty in each local area

Overall, the proposed investment strategy aims to rectify the historical inequities caused by the war on drugs, improve community well-being, and foster long-term economic prosperity in the areas most affected by systemic disparities and violence.

Community Reinvestment Plan funding recommendations

The HTFFSP and Commerce recommend the following distribution of the \$200 million appropriated to Commerce from the Community Reinvestment Account (CRA) in the 2023-25 biennium. To the fullest extent feasible, the funds should be distributed by geography using the WIOA adult methodology, emphasizing the six counties identified as most impacted.

Tables 2 and 3 list key activities and programs, respectively, by tier, with tier 1 indicating those considered the first priority.

Table 2: Implementation Tiers for CRP Programs (2023-2024)

Tier 1	Tier 2	Tier 3
Request for Proposals: July to August 2023	Request for Proposals: September to November 2023	Request for Proposals: December 2023 to January 2024
Expanding existing programs	Forming and organizing local advisory teams	Extended research needed
Existing systems of community co-creation		

Table 3: CRP investments by tier

Investment	Purpose	Responsible	Amount	Tier(s)
Enabling Factors				
Local Advisory Teams	Oversight	Commerce	\$8,000,000	2
Technical Assistance	Implementation	Commerce	\$4,000,000	2
Economic Development				
Subsidized Lending				
Loan Guarantee Fund	Increase assets	Commerce	\$17,000,000	3
Black, Latino and Indigenous-Led Lending Agency Support	Increase assets	Commerce	\$15,000,000	2
Homeownership Capital Accelerator	Increase assets	Commerce	\$15,000,000	3
Financial Assistance				
Individual Development Accounts	Increase assets	Commerce	\$25,000,000	3
Blended Capital Enhancements	Increase assets	Commerce	\$25,000,000	3
Cannabis Business Grants	Increase assets	Commerce	\$3,000,000	1
Outreach and Support				
Asset Building Initiatives	Increase assets	Commerce	\$3,000,000	3
Financial Coaching and Mentorship	Increase assets	Commerce	\$10,000,000	2

Workforce Development				
EcSA Career Accelerator Incentives	Increase income	Employment Security Department	\$10,000,000	1
EcSA Business Support	Increase income	Employment Security Department	\$15,000,000	1
Civil and Criminal Legal Assistance				
Vacating Criminal Records and Legal Financial Obligations Relief	Remove barriers	Office of Civil Legal Aid	\$2,000,000	1
Legal Representation	Remove barriers	Office of Civil Legal Aid	\$6,000,000	1
Community-Based Violence Prevention				
Violence Reduction	Increase safety	Commerce	\$10,000,000	1
Community Healer	Increase safety	Commerce	\$10,000,000	2, 3
Youth Sports Capacity Building	Increase safety	Commerce	\$5,000,000	2, 3
Barber/Beauty Shop Health Navigation	Increase safety	Commerce	\$5,000,000	2, 3
Reentry Services				
Expanded Reentry Program	Remove barriers	Commerce	\$12,000,000	1
Total			\$200,000,000	

Note: Funding will be allocated to administrative costs to ensure an appropriate percentage (estimate 5-6%) is available to support staff and contractors needed to implement, coordinate and manage the recommended grant programs successfully.

Programmatic guidelines

During the research phase, there was a clear call for improvement in how dollars are allocated so the dollars reach the intended group. HTFFSP collaborated with government agencies and By and For experts throughout the project, building a knowledge base and the following guidelines for each area. Many of these strategies are moving forward within existing programs HTFFSP proposes to fund as-is, as well as other standout funding strategies with Commerce and other agencies, and continues those innovative strides in grant allocation. The following policy, fiscal, and programmatic recommendations describe grant allocation that connects community concerns with implementation strategies.

The following is a summary of programmatic guidelines and desired outcomes for the implementation of the CRP programs:

○ Evidence of partnership engagement with By and For organizations:

- Documented partnerships with By and For organizations, including those involved in the development of the CRP.

○ Addressing racial disparities:

- Clearly defined strategies and actions that specifically target and address racial disparities within the community caused in part by the war on drugs.
- Document how funded initiatives will contribute to reducing racial disparities and promoting equity.
- Performance evaluation to ensure the intended outcomes are realized.

○ Addressing economic disparities:

- Clear identification of wealth disparities within the community.
- Detailed plans and programs to promote asset building, including homeownership and access to financial resources, grants, and loans for small businesses and entrepreneurs.
- Provision of financial literacy training and other support activities for small businesses.
- Reduction of burdensome processes for eligibility or program monitoring that exclude the very communities that are prioritized.

○ Addressing social disparities:

- Strategies and initiatives aimed at reducing social disparities and promoting social equity within the community.
- Documentation of community-based violence intervention and prevention services.
- Provision of reentry services to support successful transitions for individuals formerly incarcerated in adult or juvenile facilities.

○ Long-term economic benefits:

- Definition of significant long-term economic benefits to the state, region, or specific community.
- Explanation of how the funded projects and programs will contribute to the creation of new jobs, job retention, increased personal wealth, or higher incomes for individuals and families.
- Assurance that the projects or programs will not require ongoing state support and will leverage additional public or private investment.
- Priority is given to nonprofit, faith-based, and grassroots organizations for funding.

○ **Reduction of administrative costs:**

- Administrative costs should be allocated and tracked by the program and minimized as much as possible so maximum funds can be distributed to communities harmed by the war on drugs.

○ **Priority of lived experience in program management:**

- The individuals hired to implement this plan should be reflective of their service population and have lived experience with the war on drugs.

○ **Incorporation of existing work:**

- Evidence of incorporating existing and ongoing work from relevant task forces and work groups, such as the Social Equity in Cannabis Task Force, Reentry Council, Homeownership Disparities Work Group, and Poverty Reduction Workgroup.
- Documentation showing how the plan aligns with the goals and recommendations of these groups.

By following these guidelines and meeting these outcomes when possible, accountability can be maintained, and the intended purposes of the funding can be effectively achieved.

Policy recommendations

Key community recommendations on process

- **Healing from unjust practices:** Recognize the structural racism embedded in the historical design and enforcement of state and federal criminal laws and penalties for drug possession. This means being explicit that this policy targeted Black, Indigenous, and Latino residents of Washington, and prioritizing funding to undo this harm to these communities.
- **Access intergenerational healing:** Recognize the mental, spiritual and embodied impacts of structural racism. Community members were adamant that the harm was not just in terms of physical detention and incarceration, but also in the harms that result from the over-surveillance, over-policing, over-incarceration, and over-sentencing present throughout the criminal legal process. Communities are eager to talk about harm in ways that include these impacts, and the need to access intergenerational healing.
- **Community-level harm and community-level listening:** Consider harm from a community-level perspective, not only individual. Community members described how important it is to consider how existing public datasets might not adequately capture the kinds of harm and impacts that communities have experienced and continue to experience.

Eligibility and priority

Specific eligibility varies depending on the grant program. Services should be prioritized for participants currently enrolled in any programs identified in this plan and for Black, Indigenous, and Latino families with children in target areas of opportunities. Organizations applying for services or to help distribute funding opportunities should prioritize faith-based organizations, community-based organizations, grassroots organizations, and particularly By and For organizations.

Focus areas

Our analysis of crime, incarceration, and economic data revealed that Clark, King, Pierce, Snohomish, Spokane and Yakima are the state's top six counties in need and should receive most funding from the Community Reinvestment Account. By identifying "areas of opportunity" within these counties through our analysis of service gaps, we can direct focused resources to where they are most effective. To prioritize the long-term success of underprivileged children, we recommend funding programs that enhance economic opportunities.

Funding should be prioritized for organizations that work in neighborhoods with children while allocating some of the dollars to communities outside the top six counties.

Areas of opportunity

The [Opportunity Atlas](#) provides a new perspective on poverty and neighborhood conditions by offering longitudinal information at a detailed neighborhood level. Unlike traditional measures that only show income and variables at a specific point in time, the Opportunity Atlas allows us to track people over many years and examine how their outcomes are influenced by family circumstances and where they grew up. The Atlas reveals where the rich and poor currently live (per Census Bureau data), and shows whether children in a specific area are more likely to grow up rich or poor. By focusing on mobility out of poverty across generations, the Opportunity Atlas can provide policymakers, practitioners, and the public with a better understanding of economic opportunity within their city and how each neighborhood affects a child's future success.

Identifying neighborhoods

Funding will be prioritized to organizations that demonstrate a clear plan to focus on priority populations and impact target neighborhoods and using data from the Opportunity Atlas.

Priority of services

Service priority should be given to participants enrolled in existing programs, such as economic development, legal assistance, violence prevention, or reentry programs, and who have experienced harm from the war on drugs.

By focusing on individuals already engaged in existing programs, there is an opportunity to provide targeted support to individuals who are actively seeking assistance and are already connected to resources. This ensures that the funding is directed towards individuals who are invested in their own development and have already taken steps towards positive change.

Second, prioritizing individuals who have experienced harm from the war on drugs acknowledges the historical and ongoing impact of discriminatory drug policies on marginalized communities, particularly Black, Latino, and Indigenous populations. These communities have disproportionately endured the most punitive measures and systemic barriers resulting from the war on drugs. Prioritizing support for these individuals can begin to address the resulting needs and disparities.

Target income brackets

CRP investments should prioritize individuals and businesses with financial needs to achieve long-term economic benefits such as higher-paying jobs, increased personal wealth and financial stability. These investments can pair with existing programs that assist people experiencing poverty to transition to economic mobility services.

The Self-Sufficiency Wage measure describes how much income families of various sizes and compositions need to make ends meet without public or private assistance. The following table shows the gap between 200% of the federal poverty level and the Self-Sufficiency Wage (SSW) can be up to \$19,000 per year for households in Pierce County. In the example below, a household of one or a household with one parent working full time at minimum wage would not qualify for career pathways or economic mobility services. Given the CRP's goals to reduce wealth gaps and produce long-term economic impacts, the HTFFSP recommends that any programs with income considerations target people currently in the workforce, including self-employed, who might be able to increase their income by increasing their skills or selecting a career pathway to be at least above 200% of the Federal Poverty Level.

Table 4: Pierce County wage differences

Household size	Minimum wage	Area median income	ALICE Report	Self-Sufficiency (SS) Wage	80% Federal Poverty Level	200% Federal Poverty Level	Difference between SS Wage and 200% Federal Poverty Level
All households	Full-time at state minimum wage: \$32,739	\$72,300			\$57,840		
1 member		\$49,625	\$31,152	\$26,610	\$39,700	\$23,540	\$3,070
2 members		\$56,687	\$50,388	\$50,549	\$45,350	\$31,860	\$18,689
3 members		\$63,750		\$59,612	\$51,000	\$40,180	\$19,432
4 members		\$70,812		\$67,909	\$56,650	\$48,500	\$19,409
5 members		\$76,500			\$61,200	\$56,820	

Sources: AMI, ALICE, SS Wage, LI, Minimum Wage, and 200% of FPL.

Prioritizing families with children

To ensure everyone in Washington has full access to the opportunities, power, and resources they need to flourish and achieve their full potential, HTFFSP recommends prioritizing families for funding opportunities.

Targeting families with children can have a significant long-term economic impact, as investing in children's success can generate positive outcomes for future generations. Providing support to children experiencing hardship can make an important difference in their lives now and in the long term.¹² Research has consistently shown that children who grow up in poverty or have adverse childhood experiences, such as parental incarceration or exposure to violence, are more likely to present with negative outcomes as adults, such as poor academic performance, behavioral problems, and decreased economic mobility.¹³ By providing resources and support to families with children in communities most impacted by the war on drugs, we can help mitigate these negative impacts and increase the likelihood of positive long-term outcomes. Additionally, investing in children's success can lead to a reduction in intergenerational poverty, as children who receive the support they need are more likely to achieve economic stability and success as adults. Therefore, targeting families with children for resources and support can have a positive long-term economic impact, benefitting not only the children but also future generations and society.

¹² Bolstering Family Income Is Essential to Helping Children Emerge Successfully From the Current Crisis By Claire Zippel and Arloc Sherman. Retrieved from <https://www.cbpp.org/sites/default/files/2-23-21pov.pdf>

¹³ Fast Facts: Preventing Adverse Childhood Experiences by the Centers for Disease Control. Retrieved from <https://www.cdc.gov/violenceprevention/aces/fastfact.html#:~:text=These%20experiences%20can%20increase%20the,such%20as%20cancer%2C%20diabetes%2C%20heart>.

Funding distribution

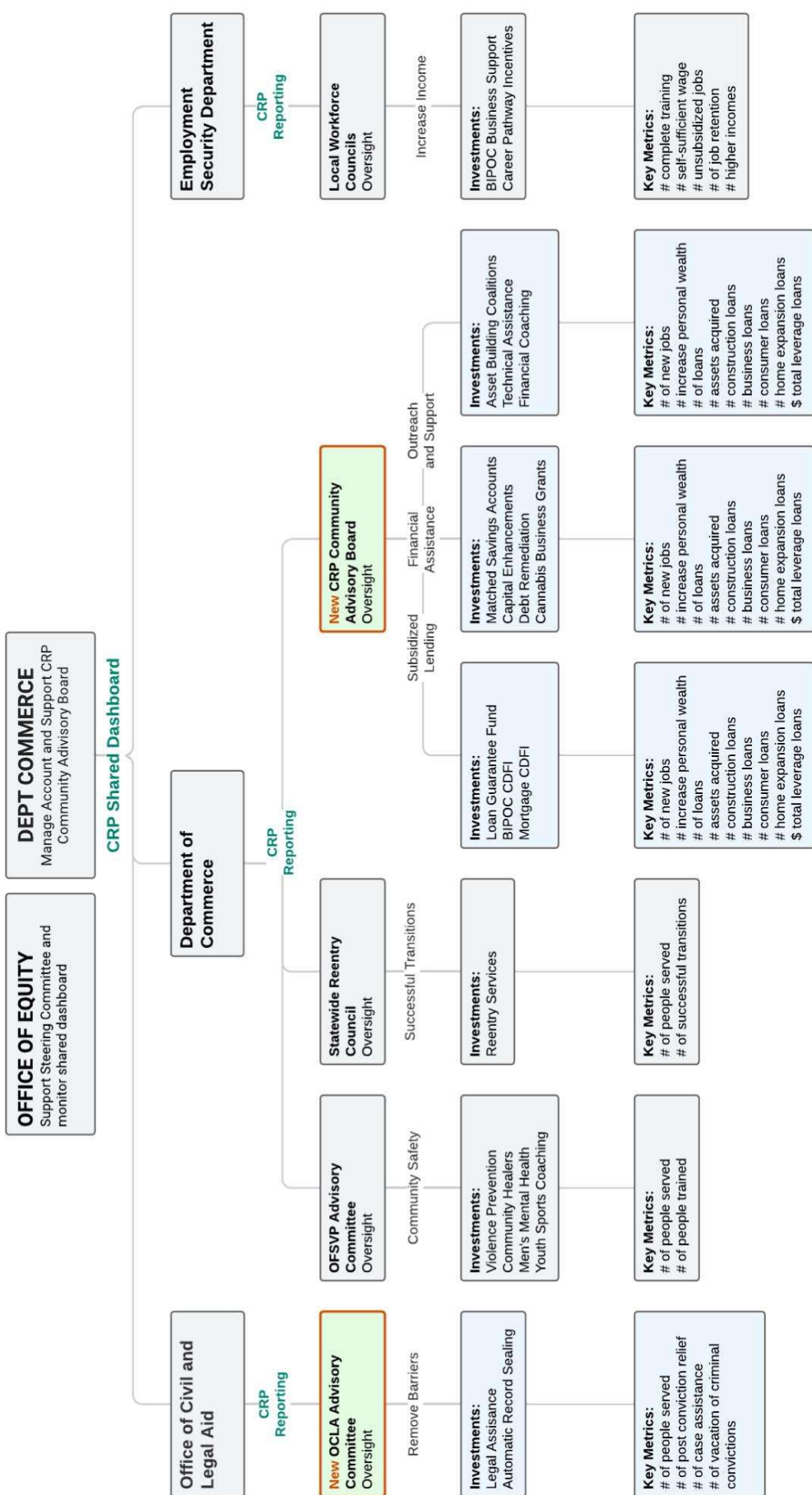
Distribution by agency

With all funds distributed through Commerce, the CRP recommends funding to three state agencies:

- The **Employment Security Department** will receive \$25 million to provide workforce and small business services.
- The **Office of Civil Legal Aid** will receive \$8 million to fund legal representation, vacating criminal records, and legal financial obligation relief.
- The **Department of Commerce** will directly distribute \$167 million to support violence prevention, reentry services, and economic development.

Each of these agencies will distribute the funds in accordance with the Community Reinvestment Plan, prioritizing eligible organizations. Each agency will ensure monthly or quarterly reporting to a shared reporting dashboard developed by Commerce to ensure transparency to and with the community. Funding will be allocated to administrative costs to ensure an appropriate percentage (estimate 5-6%) is available to support staff and contractors needed to successfully implement, coordinate and manage the recommended grant programs.

Figure 4: Oversight roles organization chart



Responsible: Commerce is responsible for the distribution of funds from the Community Reinvestment Account.

Accountable: The Office of Equity will support and partner in the implementation of the CRP. Community partners are excited to have built a positive relationship with the Office of Equity and look forward to its continued engagement. The Office of Equity will support Commerce in providing comprehensive, culturally relevant and timely information and advice to the Community Advisory Board.

Consulted: A Community Advisory Board consisting of individuals with lived experience and representatives of By and For organizations (or the appropriate local advisory team) and key stakeholders must be consulted before specific policy decisions are made and be notified of progress and key performance outcomes.

- New CRP Advisory Board: Lending, financial assistance, outreach
- New Office of Civil Legal Aid Community Advisory Board: Record sealing, legal assistance
- Office of Firearm Safety and Violence Prevention Advisory Committee: Violence prevention
- Statewide Reentry Council: Reentry services
- Local Workforce Board: Workforce development

Informed: Key stakeholders, policymakers and the general public need to be informed about the progress of a project, the actions being taken with the funds, and key performance metrics. At a minimum, this should include a publicly available dashboard managed by Commerce's Office of Firearm Safety and Violence Prevention.

Priority considerations for organizations

The Legislature required the Community Reinvestment Plan to be developed in partnership with By and For organizations. Fund distribution must prioritize nonprofit, faith-based, and grassroots organizations. The Community Reinvestment Plan is designed to support the Black, Latino, and Indigenous communities disproportionately impacted by structural racism, specifically those impacted by the racial, social and economic disparities caused by the war on drugs.

In addition to other programmatic requirements to achieve the desired results, the following scoring criteria will be included, as appropriate and practical, when selecting individuals and organizations for funding:

- Evidence of partnership with By and For organizations in Washington
- Endorsement of funding allocation from Washington By and For organizations or a body of those with lived experience in Washington
- Demonstrated ability to impact structural racism for the most impacted communities
- Demonstrated ability to address the mental and spiritual impact of the war on drugs
- Demonstrated ability to impact community harm
- Evidence of strong organizational capacity
- Prior experience in the area of focus
- Potential impact of the proposed project
- Alignment with the Community Reinvestment Plan
- Demonstrated ability to produce long-term economic benefits
- Clear plan for accountability measures
- Clear plan for tracking
- Clear plan to target populations disproportionately impacted by the war on drugs, including Black, Indigenous and Latino communities

Sample request for proposal questions:

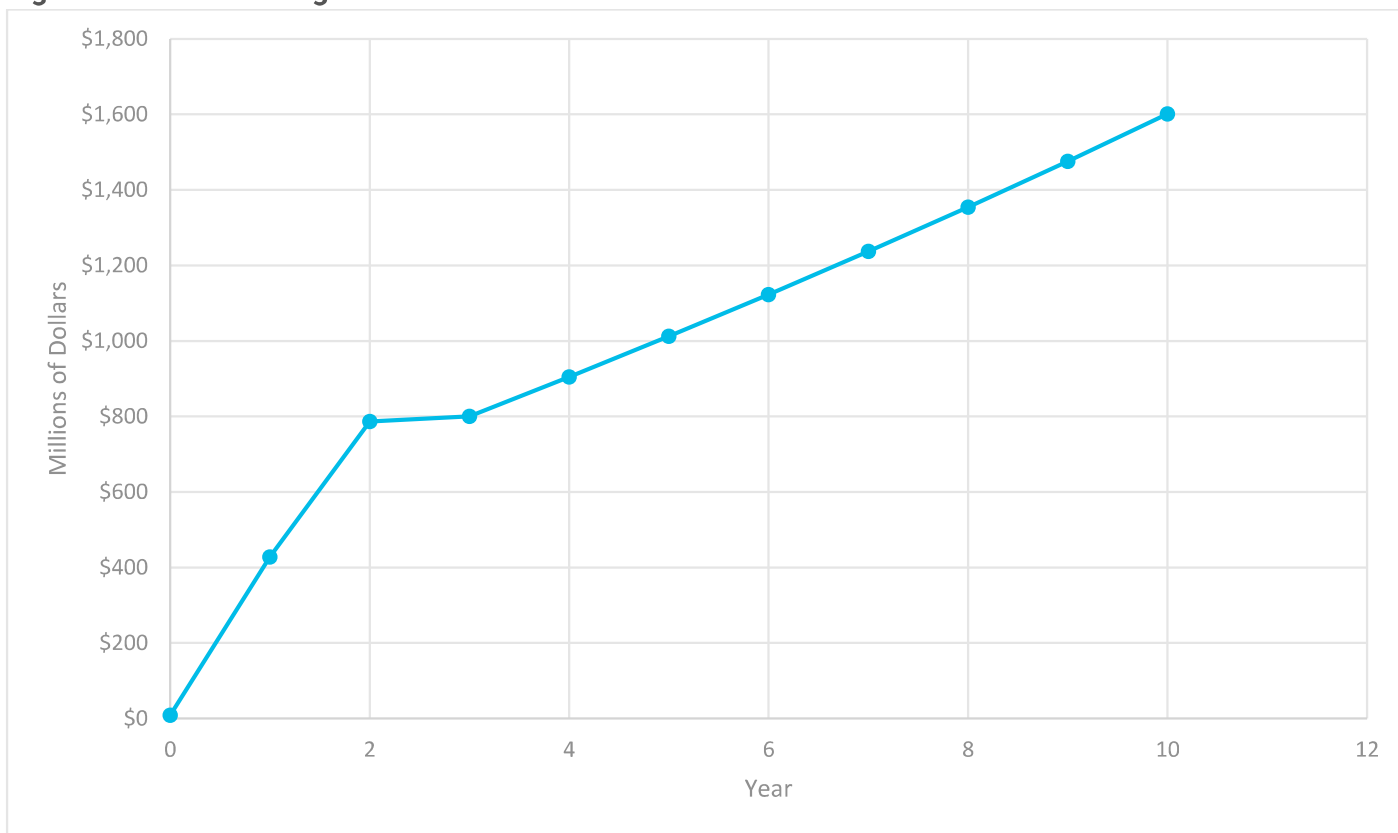
- Can you provide evidence of your partnership with By and For organizations in Washington?
- Have you received an endorsement from any By and For organizations in Washington?
- How will your organization provide sustainable solutions to the communities most impacted by structural racism, mental health impacts, and community harm? How does your organization consider these in your program design?
- How do you anticipate your proposed project will have a potential impact on the community?
- How does your proposal align with the Community Reinvestment Plan?
- Can you demonstrate the ability to produce long-term economic benefits such as new jobs, job retention, increased personal wealth, and higher incomes?
- What is your plan for accountability measures, and how do you intend to ensure that distribution and use of funding meets intended purposes?
- How will you track outcomes for the funds, and can you provide a clear plan for tracking?
- Can you provide a clear plan to target Native American, Black, and Latino populations, and Opportunity Atlas Neighborhoods, persons reentering/transitioning from jails and prisons, and families with children?

Estimating long-term economic benefits

The Community Reinvestment Plan (CRP) must demonstrate significant long-term economic benefits to the state, a region, or a specific community within the state. Measuring this involves carefully assessing and tracking the economic impact of various investments over time, including factors such as new job creation, job retention, increased personal wealth, and higher incomes for individuals and families. The plan also addresses wealth disparities to promote asset building, such as home ownership, and expanding access to financial resources, including but not limited to grants and loans for small businesses and entrepreneurs, financial literacy training, and other small business training and support activities.

The plan must provide clear evidence that investments will result in these long-term benefits and must carefully consider how each investment will contribute to achieving its overall goals. Figure 5 shows the estimated economic benefits of all CRP investments over a 10-year period, starting with the initial investment date. The cumulative economic benefit is estimated to reach over one billion dollars over 10 years.

Figure 5: Estimated long-term economic benefits of all CRP investments



The Community Financial Development Institution (CDFI) investment macroeconomic prediction strategies¹⁴ and the money multiplier methodology are the basis for these calculations. Economic calculations were conducted by the program, as each investment strategy will differ. These estimates are calculated on the

¹⁴ Seth Carpenter, Selva Demiralp, Money, reserves, and the transmission of monetary policy: Does the money multiplier exist?, Journal of Macroeconomics, Volume 34, Issue 1, 2012, Pages 59-75, ISSN 0164-0704, <https://doi.org/10.1016/j.jmacro.2011.09.009>.

conservative side. The benefits are calculated for individuals receiving investment and to businesses by investment type. For details on methodology, please reference [Appendix D](#).

Although not all of the recommended investments in the social service categories have firm estimates of long-term economic benefit, we believe that there's a significant value to the communities these investments will serve. A cost-benefit analysis would be necessary to project the economic impacts of the social service-oriented programs. This was outside the scope of the CRP but would be helpful in evaluating the effectiveness of the recommended programs. We encourage Washington State Institute for Public Policy as a partner in a cost-benefit analysis endeavor.

Based on our engagement with community members in developing the CRP, the plan allocates more funds to investment opportunities than to one-time services. Many of the investments listed in the plan should provide substantial returns on investment throughout their two-year roll out and beyond as shown in Table 5.

Table 5: Community Reinvestment Plan recommendations and return on investment

Program name	Investment size (in millions)	Return on investment (in millions after 10 years)
Enabling Factors		
Local Advisory Teams	\$8	N/A
Technical Assistance	\$4	N/A
Subsidized Lending		
Loan Guarantee Fund	\$17	\$87
Homeownership Capital Accelerator	\$15	\$29
Black, Latino and Indigenous-Led Lending Support Agency	\$15	\$45
Financial Assistance		
Blended Capital Enhancements	\$25	\$39
Individual Development Accounts	\$25	\$816
Cannabis Business Grants	\$3	\$8
Outreach and Support		
Asset Building Initiatives	\$3	N/A
Financial Coaching and Mentorship	\$10	\$20 (2 year growth)
Workforce Development		
EcSA Career Accelerator Incentives	\$10	\$24 (2 year growth)
EcSA Business Support	\$15	N/A
Civil and Criminal Legal Assistance		
Vacating Criminal Records and Legal Financial Obligation (LFO) Relief	\$2	\$70
Legal Representation	\$6	N/A
Community-Based Violence Prevention		
Violence Reduction	\$5	N/A
Community Healer	\$10	N/A
Youth Sports Capacity Building	\$10	N/A
Barber/Beauty Shop Health Navigation	\$5	N/A
Reentry Services		
Expand Reentry Program	\$12	N/A
Total	\$200	\$1,138

Monitoring and evaluation

Key performance indicators

These key performance indicators (KPIs) are options for program managers to use for evaluating their respective programs. Program managers, as subject matter experts, should be empowered to use these KPIs as a starting point, re-working them to fit the needs of the program. KPIs for each program should be determined near the beginning of the program launch, with common KPIs across contracts and recipients to determine the effectiveness of the body of programs as a whole. Agencies and organizations who receive Community Reinvestment funding should also implement some mechanism to receive community feedback to improve program effectiveness and impact.

This project is only funded for two years, and these KPIs will be part of the narrative in determining whether policymakers support future funding. The success and effectiveness of the programs will be determined by the geographic and demographic impact of the distribution of the funds to organizations to support individuals and families harmed by the war on drugs.

Table 6: Sample KPI recommendations by area

Economic development	Reentry services	Legal assistance	Violence prevention
○ New living wage jobs ○ Job retention ○ Increase personal wealth ○ Higher incomes	○ Successful transitions	○ Post-conviction relief ○ Case assistance ○ LFO relief and vacation of criminal records	○ Violence intervention

Enabling conditions

- Number of partnerships with By and For organizations
- Number of individuals and organizations receiving technical assistance
- Percentage of funding distributed to By and For organizations
- Frequency of Commerce, Office of Equity, and community advisory board reviews of progress
- Percentage of funding distributed to By and For, nonprofit, faith-based, and grassroots organizations

Economic development

Subsidized lending

- Number of loans originated
- Total dollar amount of loans
- Total dollar amount leveraged
- Number of individuals receiving funding

Financial assistance

- Number of accounts established
- Number of assets purchased
- Amount spent on eligible participants

Workforce development

- Number of connections with businesses

- Number of placements in subsidized on-the-job training
- Number of paid work experiences
- Number of unsubsidized employment placements
- Number of unsubsidized employment positions retained after six months
- Average wage of hires
- Amount spent on the job training, work experiences, equipment purchases, and subsidized wages
- Number of new jobs created
- Number of jobs retained
- Number of training completed
- Number of job placements
- Number of self-sufficient wage jobs
- Race/ethnic breakdown of the workforce, specifically retention and promotion

Outreach and support

- Number of homes purchased with grant and loan funding
- Number of participants completing financial literacy training and support
- Number of participants completing small business training and support

Support service programs

Civil and criminal legal assistance

- Number of criminal records vacated
- Amount of LFO relief
- Number of cases assisted

Reentry services

- Number of successful transitions from incarceration
- Percentage of participants in educational or vocational programs
- Percentage of participants that obtain employment

Violence intervention/prevention

- Number of outreach workers training
- Hours of training
- Number of participants in community-based violence prevention services
- Number of violent incidents deescalated
- Number of individuals referred to support services
- Number of individuals reached by violence prevention programs

These indicators cover different aspects of the CRP, including community engagement and equity, economic development, legal assistance, violence prevention, reentry services, program evaluation, and economic benefits and prioritization. They provide a comprehensive picture of the outcomes and impacts of the grant program, and can be used to track progress, identify challenges, and make necessary adjustments to achieve program goals and objectives.

Appendix A: Recommendation details

Area 1: Enabling factors

Local Advisory Teams

Program Name: Local Advisory Teams	Investment: \$8 million	Goal: Local guidance
The Local Advisory Teams will be contracted entities that have an existing community leadership and organizing role, consisting of individuals with lived experience and representatives of By and For organizations. The budget for these entities will support the grantees of CRP funds through technical assistance, local community engagement and communications, and other implementation supports. These teams can help develop strategic communication plans that ensure efforts are well-coordinated, clearly understood, and reach the intended audience(s) effectively. By doing so, we can maximize the program's impact and success. They must also be provided access to track progress and key performance outcomes, and be consulted before specific policy decisions are made. These groups are an outgrowth of the understanding that BIPOC communities have By and For organizations and networks, which provide the very services we hope to support and fund. The development of this system of co-creation will be a part of the initial work of the CRP as it delivers on funding tiers 2 and 3. The Local Advisory Team is responsible for their budget to support local implementation and to help distribute the technical assistance.		

The Local Advisory Team program is a key initiative to ensure the effective administration of the community reinvestment fund in several target areas. The program will involve establishing a council in each region responsible for oversight, grant program review, and fund activities coordination. These local councils will consist of representatives from various community organizations and stakeholders, and be staffed entirely by communities disproportionately harmed by the war on drugs. Being led by the communities harmed is a recurring theme across multiple existing reports. For example, the Poverty Reduction Work Group (PRWG) proposed investing state resources to increase ownership capacity in communities most affected by poverty. Our community advisors highlighted how each area has unique needs and strengths, so the local focus is important.

To ensure the effective implementation of these programs, the contracted group will also oversee staff support and compensation for community members¹⁵ to lead the program. This will not only provide opportunities for community members to take an active role in their own community; it will also ensure that programs are developed and delivered in a culturally-specific manner that reflects the needs and strengths of the community. By involving community members in the program's implementation, the Local Advisory Team program will increase community engagement and promote long-term economic success in the target areas.

The funding available must be large enough to allow for participatory budgeting and other community-based processes. Similar to the efforts of the Lavender Rights Project — a Black- and trans-led organization centered on the civil and legal needs of Black trans people — participatory budgeting can be a helpful way for teams to make decisions on where funds should go as plans are being built out. Up to 10% of the Local Advisory Team funding is expected to go towards administrative costs (such as meeting refreshments, meeting space, paying

¹⁵ [Community Compensation Guidelines | Office of Equity \(wa.gov\)](#)

participants) for each of the regions. Each Local Advisory Team should be able to set its own budget, based on its needs.

Technical Assistance

Program name: Technical Assistance	Investment: \$4 million	Goal: Economic benefit
The Technical Assistance and capacity building program provides subsidized subject matter experts who can support organizations and community members to seek funding and deliver social services. The program includes grant writing support, program guidance, infrastructure development, training, and maintaining quality standards. It also emphasizes professional development, a shared reporting system, resource development, and advocacy efforts. Overall, the program aims to empower communities, address disparities, and foster economic resilience. Communities spoke about helping senior professionals leverage their understanding of cultural contexts to lead the design and implementation of economic resilience via technical assistance and capacity building for underfunded communities.		

There was a strong recognition of the importance of subsidized assistance to support the communities that will receive CRP funds. Communities spoke about helping senior professionals leverage their understanding of cultural contexts to lead the design and implementation of economic resilience via technical assistance and capacity building for underfunded communities.

This includes training and certification exams for technical assistance and capacity building for underfunded communities with a specific emphasis on the cultural needs and strengths of Black, Indigenous, and Latino communities. Communities need recurring review and consistent updates of materials and resources to ensure that services continue to equip senior professionals with the relevant skills they need to address the specific cultural needs of underfunded communities.

Accountability measures

As indicated by the Legislature, the Office of Equity will play a critical role in supporting partnerships with By and For organizations and supporting the integration across agencies to meet the state's goals for CRP resources. To achieve this, the Office of Equity, the Community Advisory Board, and the Department of Commerce will have the following roles and responsibilities:

Community partnerships role

Community voice: The Statewide Community Advisory Board (CAB) of the CRP plays a crucial role in ensuring ongoing community involvement in the planning, improvement, and evaluation of services throughout the project. Consisting of representatives from all 12 regions, with a particular emphasis on individuals with lived experience, the CAB serves as a conduit between the community and the CRP.

The primary responsibility of the CAB is to keep the community well-informed about CRP policies, programs, and assessments. They actively review reports concerning implementation, progress, and outcomes to ensure the use of equitable and culturally responsive practices. Moreover, the CAB actively monitors the allocation of funds to align with the community's priorities and needs. They also serve as advisors to program managers and facilitate communication between various stakeholders. It may be possible for them to co-create with Local Advisory Teams on implementation plans and contracting processes.

In addition to its internal responsibilities, the CAB acts as a powerful advocate for the community. They represent the community's interests and priorities to external stakeholders, ensuring that their needs are accurately represented. They will ensure that the community's vision is taken into account.

The CAB will enhance community engagement and accountability, aiming to create a better future for all community members. To achieve this, the CAB project implementation across programs ensures that the investments align with community needs and objectives.

Local Support: Local Advisory Teams review reports related to implementation, progress, and results for their specific geographic area. Each local advisory team will be made up of at least five community members. In addition, these groups will review and recommend funding to support the implementation of programs from their area's allocation of local advisory team and technical assistance budget for each region.

Department of Commerce's role

Track outcomes: Commerce will track the outcomes of the funded programs and initiatives. This will include reviewing data on key performance indicators and reporting on progress toward achieving desired outcomes to the community advisory board.

Shared dashboard: Commerce will create a shared dashboard using a tool like Smartsheet that will provide transparency and accountability in the distribution and use of funding. This dashboard will be accessible to all stakeholders, including eligible communities and programs, and will provide information on funding allocations, outcomes, and progress toward achieving program goals.

Office of Equity role

Monitor dashboard: The Office of Equity will monitor the shared dashboard of key performance indicators to ensure that investments are meeting their goals and objectives.

Oversight accountability: The Office of Equity will oversee the accountability measures put in place to ensure that the distribution and use of funding meet intended purposes in partnership with the Office of Financial Management. This will involve reviewing alignment with program goals and consistency with the guidance in the Community Reinvestment Plan.

The Office of Equity, in partnership with the Community Advisory Board, will review CRP outcomes on a regular timeline. This will ensure that programs are regularly reviewed and evaluated to ensure that they are meeting their goals and objectives. Additionally, the Office of Equity will ensure that the criteria for eligible communities and programs, which will be based on an equity lens focused on individuals and communities harmed by the war on drugs.

The accountability measures ensure that the distribution and use of funding meets intended purposes will be a key priority for the Office of Equity. This will involve understanding guidelines and expectations for program implementation and monitoring compliance with program requirements. The Office of Equity will track outcomes for the funds, including the key performance indicators, to assess progress toward achieving desired outcomes. The Office of Equity will report the findings annually to the governor and legislature in its annual report due October 31st.

By and For organizations

The authorizing legislation directs that the CRP be developed in partnership with "by and for community organizations," which it was. The Legislature further directed that within the CRP, "Nonprofit, faith-based, and grassroots organizations are prioritized for funding." The Office of Equity and Department of Commerce play a

crucial role in supporting partnerships with By and For organizations and facilitating integration across agencies.

This report uses a definition of "By and For organizations" developed by the nonprofit 501 Commons. A By and For organization is part of a community of people that see themselves as unique and defined by the members' identities, traditions, and values. A By and For organization is one where leadership and staff belong to the same community they serve, promote, and work to preserve. By and For organizations build trust, advocate, respond, and solve problems specific to community members. By and For organizations have roots in their respective communities as change agents and providers of mitigating systems of community service. They invest in and work with community members to improve their quality of life.

These organizations are operated *by and for* the communities they serve, with a primary mission of catering to specific communities and being culturally based. They are directed and controlled by individuals from the targeted population, embodying the community's central cultural values. The rationale behind engaging with these organizations lies in promoting inclusivity, representation, and community empowerment. Government agencies are encouraged to provide evidence of partnerships and endorsements from By and For organizations to ensure authentic community involvement and better address the diverse needs of marginalized communities. Given the disparities caused by the war on drugs, specific attention should be prioritized for Black, Indigenous and Latino By and For organizations.

Black, Indigenous and Latino By and For organizations can participate in the implementation of the CRP by applying for funding directly or partnering with other organizations that are applying.

Cultural competencies

To provide equitable service delivery, participating agencies must ensure that core program staff possess the following cultural competencies:

- To the greatest extent possible, agency staff administering, implementing and managing the programs should have lived experience specifically related to the war on drugs and the generational impacts on the specific and targeted communities.
- Demonstrated ability to communicate and effectively interact with people across cultures, ranges of ability, genders, ethnicities, and races.
- Demonstrated knowledge of the history of discrimination in America, particularly as it relates to race and racism, and how this history has led to disparities experienced by marginalized communities such as Black, Indigenous, Latino, people with disabilities, LGBTQ+ communities, and others.
- Demonstrated ability to successfully deliver culturally responsive services.

By integrating these crucial competencies, agencies reinforce and support the legislative intent while underscoring their significance in the work at hand. With the anticipation of eight to 12 project positions funded through CRP funding, agencies should proactively consider incorporating minimum cultural competency standards into job descriptions across all levels. This will involve:

- Attracting a more diverse talent pool by highlighting cultural competency in job listings.
- Proactively disseminate job listings to Black, Latino and Indigenous By and For organizations to share with their networks.
- Prioritizing cultural humility qualifications into account during the interview selection process.
- Prioritizing cultural competency and an equity lens as a factor in interview scores and final selection decisions.
- Establishing cultural competency expectations in performance evaluations.

It is important to recognize that cultural competence encompasses more than acknowledging cultural differences. It encompasses the ability to comprehend, communicate with, and effectively engage with individuals from diverse cultures.

Outreach principles

To successfully implement the Community Reinvestment Plan in collaboration with By and For organizations, it is essential to prioritize Black, Indigenous, and Latino communities as the focal point of the solutions within each program area. However, to identify and eradicate the root causes that sustain racial inequity and foster equal opportunities for everyone, it is crucial to transition from inconsistent and sporadic engagement to systemic and sustained approaches.

- Involve people disproportionately impacted by racism and systems of oppression in early strategy conversations and planning as an advisory group and review local data and assessments.
- Target and create partnerships with organizations predominantly led by Black, Latino or Indigenous people to find opportunities to build capacity and support local strategies for safety and achievement.
- Build a culture of evidence that promotes communities of color as the experts of their own experience and who have the right to research, the right to know, and the right to be heard as a crucial part of transformative change.
- Conduct specific outreach to the immigrant and refugee community and limited English-speaking residents to understand and track their unique safety needs and ensure language barriers are addressed.
- Participate in the social initiatives predominantly led by people of color to find opportunities to invest in training, resources, and partnerships that advance their strategies and ideas.
- Convene groups of primary and key stakeholders who may have an interest in supporting essential safety needs, health, and positive well-being of people of color.
- Use the Government Alliance on Race and Equity (GARE) communication guide to pitch stories that affirm, counter, transform, and highlight local stories of initiatives led by people of color and acknowledge progress and achievement.
- Any consultants/vendors must possess the experience and skills to work with diverse populations, particularly the Black community.
- Serve as a coordinated and networked hub of information about policies to advance equity work within the region in partnership with other organizations.

By adhering to these principles, state agencies can enhance their outreach and engagement efforts, foster equity, and work towards sustainable solutions for social issues.

Area 2: Economic development

Economic development includes addressing wealth disparities to promote asset building, such as home ownership and expanding access to financial resources, such as grants and loans for small businesses and entrepreneurs, financial literacy training, and other small business training and support activities.

The Community Reinvestment Plan recommendations for economic development are built on four strategic sets of investments:

- Subsidized Lending
- Financial Assistance
- Outreach and Support
- Workforce Development

The plan prioritizes recent asset-building and economic development activities of the Department of Commerce. An example of this includes Commerce's recent work around matched savings accounts (IDAs), CDFI support programs, and entrepreneurship programming; and how these programs, with feedback from community researchers, could weave into a final recommendation. HTFFSP relied on outcomes and data available from the Department of Commerce when considering current investments and success rates as well as how success can be defined for this project. HTFFSP spoke with program intermediaries and end users to assess who benefits from these programs currently, and where barriers to entry exist. Together, HTFFSP comprehensively framed what access looks like before and after reentry, and the barriers for family members and people in communities. This work highlighted the areas needed for reinvestment to successfully navigate the runway leading to participation as well as challenges to successful completion. These areas included childcare needs, health care access, benefits cliffs, income and time constraints, financial volatility, transportation costs, disability needs, and more.

HTFFSP considered data reflecting racialized gaps in median household income, asset ownership, savings, home ownership rates (necessary for leveraging a mortgage to start a business), and access to capital through mainstream lending or CDFI programs. After careful consideration, HTFFSP demonstrated that multiple opportunities exist to address barriers to entry with a portion of reinvestment funds. HTFFSP underscored the need for robust access to capital to start a potentially viable business. Community feedback from members of the Poverty Reduction Taskforce, Black Collective, Black Home Ownership Initiative, and other groups articulated that such access must be a priority, and that investments are leveraged with attention to enabling conditions and streamlined service delivery (also called "effort overlap") hold promise for long-term economic benefits. This is the most common pathway for interventions to receive a recommendation for this report.

HTFFSP applied the same approach to other entrepreneurship programs offered by the Department of Commerce, as well as Commerce's homeownership programs and asset building programs and other state programs. Thanks to the efforts of the project outreach team, several examples of promising practices across the nation were considered and incorporated into the design of this plan and in the conversations with community members across Washington.

Subsidized Lending

Increasing access to capital to obtain assets

The Community Reinvestment Plan, as directed by Legislature, encompasses a range of measures aimed at expanding grants and loans to small businesses and entrepreneurs. This comprehensive approach integrates financial coaching and small business training and support activities to provide holistic support.

"A lack of access to affordable capital in low-income communities and communities of color, paired with a history of bank and mortgage redlining, has led to an extreme racial wealth gap. As these disparities in wealth and income have continued, households of color are less likely to have the safety net of home equity or cash on hand to handle unexpected expenses or a loss or reduction of income. As a result, communities of color are targeted by abusive and predatory lenders, putting households of color at great risk of debt, a significant barrier to escaping poverty." — Ten-Year Plan to Dismantle Poverty

Recommendation: In the Ten-Year Plan to Dismantle Poverty, The Poverty Reduction Workgroup recommended expanding access to no- or low-cost financial resources and education that empower, rather than prey upon, people experiencing poverty. In addition, they recommended subsidizing financial institutions that lower the

cost of banking, lending, and moving money for people with low-incomes.¹⁶ After months of interviews with community members and representatives from the financial sector, HTFFSP developed three programs to subsidize lending using a best-practice approach that integrates financial coaching with access to financial products to increase households in obtaining assets.

Allocations:

- Loan Guarantee Fund: \$17 million
- Black, Latino, Indigenous-Led Lending Agency Support: \$15 million
- Homeownership Capital Accelerator: \$15 million

Community oversight: The Community Advisory Board, consisting of individuals with lived experience and representatives of By and For organizations, must be provided access to track progress and key performance outcomes, and be consulted before specific policy decisions are made.

Key performance indicators

The Loan Guarantee Fund intermediary should monitor and maintain lender loan guarantee usage according to the following breakdown:

- Number of homes purchased with grant and loan funding
- Number of small businesses and entrepreneurs receiving grant and loan funding
- Number of participants completing financial coaching training
- Number of participants in small business training and support programs
- Number of new jobs created
- Number of jobs retained
- Amount of increased personal wealth generated
- Percentage increase in incomes for individuals, families or a particular community

16 Final10yearPlan.pdf. (n.d.). Retrieved March 8, 2023, from <https://dismantlepovertyinwa.com/wp-content/uploads/2020/12/Final10yearPlan.pdf>

Loan Guarantee Fund

Program name: Loan Guarantee Fund	Investment: \$17 million	Economic benefit goal: \$87 million (10 years)
The Loan Guarantee Fund is a pool of resources that provides funding and loan loss reserve to lenders across the state, including Community Development Financial Institutions (CDFIs), local municipalities, and non-profit organizations in Washington. These lenders are able to leverage the pool for up to 10 times the fund amount (for example, \$15 million can leverage \$150 million in funding). These organizations offer financing and financial services to underserved communities that traditional banks often overlook. A loan guarantee fund is a fund set up to insure the lender against default on the part of the borrower. This means that if the borrower fails to repay the loan, the guarantor (the entity managing the loan guarantee fund) will repay the loan to the lender on the borrower's behalf. Loan guarantee funds are often used to encourage lending to small businesses, startups, individuals and other entities that might be traditionally considered "high-risk" borrowers. By guaranteeing the loan, the fund reduces the risk to the lender, making them more likely to issue the loan in the first place. The initial fund is \$17 million, and a single entity will oversee the fund, which community-based lenders can apply to access. Approval is based on lending history, underwriting processes, track record of serving or commitment to serve the intended beneficiaries, and report loan volume, loan averages, and assist the intermediary in tracking committed guarantees from the fund until it's 100% committed. Impact investors and donors can contribute to the fund. Eligible lenders must employ or work with by-and-for agencies employing Financial Technical Assistance providers who are supporting participants on an asset pathway to be approved with favorable terms. Individuals can participate in the program by being endorsed by a financial or business coach.		

Economic benefit goal

The investment in CDFIs has a multiplier effect on liquidity, although engagement from the financial sector and historic distrust of banks among communities of color may reduce the multiplier. A conservative estimate of three times the initial investment is used, assuming some funds for administrative costs. Dollars allocated for loans are split over the first two years, and subsequent economic benefit comes from housing equity growth and modest start-up profits, with housing prices projected to increase at a 7% rate.

Program details

To implement the Loan Guarantee Fund, an intermediary will be responsible for holding the fund while ensuring that approved lenders have a successful record of directing funds into the intended communities. Lenders will have to apply and be approved based on their compliance with criteria, their track record in providing loans to specific populations and geographic areas, their provision of technical assistance, and recommendations from the community. Once approved, lenders can access the fund and leverage the risk pool.

The Loan Guarantee Fund should maintain the following investment breakdown:

- \$5 million for new construction loans
- \$5 million for no collateral loans for business startups and scale-up
- \$6 million for loans for home construction expansions, DADUs, or additions
- \$1 million for consumer loans (such as refinancing predatory loans, auto refinancing, purchases, emergency)

Lenders will have to apply and be approved based on their compliance with CRF reinvestment criteria, their track record in providing loans to specific populations and geographic areas, their provision of technical assistance, and recommendations from the community. Once approved, lenders can access the fund and

leverage the risk pool. However, they will be required to report monthly to the intermediary on the number of loans provided, their size, the amount leveraged from the risk pool, grants and matched savings used, and how the borrower meets CRF criteria.

The intermediary should have a solid understanding of lending and be able to provide technical assistance to lenders to ensure they make important loans. During the pre-approval process, the intermediary will work with Commerce to ensure that they explain exactly what they plan to do, including:

- Identify expected demand
- Plan for new lending practices under this funding
- Identify possible barriers in the process of lending
- Identify how the pool will make their loans more acceptable than current standards
- Identify expected volume of loans over two years

The intermediary must be equipped to interface with lenders committed to place-based investments in communities that typically lack access to capital. The intermediary will track loan activity for two years of lending activity unless otherwise specified by Commerce and subject to change by the Legislature. All \$17 million for the risk pool must be leveraged and allocated as a loan guarantee within this two-year period, and information must be gathered on:

- Number of loans originated
- Total amount of loans
- Average loan amount by loan type
- Total amount leveraged
- Race and ethnicity of borrower
- Geographic location of borrowers and asset
- New construction financing

The Loan Guarantee Fund includes a risk pool of \$5 million specifically designated for new construction. The Construction Loan Financing risk pool within the Community Reinvestment Fund (CRF) aims to address the identified need for construction financing in the homeownership sector. After extensive consultation with stakeholders, including employees in the Housing Division at the Department of Commerce, Community Development Financial Institutions (CDFIs) in Western Washington, and the Black Home Initiative, it was determined that there is a crucial need for funding construction projects to facilitate affordable homeownership opportunities.

To address this need, \$5 million of the risk pool within the CRF was allocated for construction loans. The establishment of a loan guarantee risk pool enables CDFI lenders to offer construction loans, serving as a catalyst to incentivize lending for construction projects. This financing not only supports the construction of affordable homes; it also aligns with programs funded through [Chapter 240, Laws of 2023](#), which established a covenant homeownership account and program. The program aims to provide down payment and closing-cost assistance to "first-time homebuyers affected by the state's discriminatory housing policies."

By providing construction loan financing, the program enhances the availability of affordable housing options and helps address historical disparities in homeownership. CDFIs and other similar lenders that have expertise in community development and commitment to equitable lending will play a pivotal role in ensuring that underserved communities have access to safe and affordable housing. The loan guarantee risk pool established by the CRF mitigates the risk associated with construction financing, making it more feasible for lenders to provide these loans and support the development of affordable housing projects.

The Construction Loan Financing risk pool within the Capital Accelerator Program aligns with the broader mission of promoting equitable access to homeownership and addressing historical housing inequities. Through strategic collaboration and targeted funding, the program contributes to the realization of affordable homeownership opportunities, empowering individuals and families to achieve stability, wealth building, and improved quality of life. By investing in construction loans, the program fosters the growth of inclusive and sustainable communities, advancing the goals of housing affordability, equity, and social progress.

Home construction expansions, Detached Accessory Dwelling Units (DADUs), or additions

The Homeownership Capital Accelerator Fund includes a risk pool of \$6 million specifically designated for home construction expansions, DADUs, or additions. The housing crisis in Washington is a pressing and intricate problem that requires immediate attention. Addressing the housing crisis necessitates a multifaceted approach. A range of tactics exists for developing short-term, medium-term, and long-term solutions, such as implementing homeownership strategies that ensure affordability in perpetuity. Our aim was not to devise solutions that replicate state or federal funding programs for low-income households since there is already a considerable amount of funding available for homeownership, including [Chapter 240, Laws of 2023](#), which will provide millions of dollars in additional funding. Rather, we aim to assist low- to middle-income earners in creating long-term financial security and to improve or expand existing homes, provide additional housing units, or generate additional income.

Through this program, lenders can leverage \$5 million to \$6 million to secure up to \$60 million of loans. When combined with grants and Individual Development Accounts, this funding enables 1,000 homeowners to access a comprehensive financial package to add equity to their homes. For example, a homeowner can benefit from a \$50,000 loan for an addition while enhancing their ability to complete their asset acquisition journey by receiving a \$30,000 grant, and an additional \$20,000 through the IDA program. This collective support of \$100,000 empowers homeowners to invest in important initiatives such as constructing a DADU, expanding their existing home, or making valuable additions.

Case studies: DADU/ADU

DADU/ADU home additions and similar home expansion strategies can provide several benefits to the community, as they can provide additional affordable housing options and increase homeownership rates. These small units, separate living spaces built on the same lot as a primary residence, can be rented out at a lower cost than traditional homes, making them more affordable for low- and moderate-income families and providing them with a more stable housing option.

In 2020, Santa Cruz, California, launched a pilot ADU grant program to encourage the construction of new ADUs and the conversion of existing structures. The program offered grants of up to \$40,000 to eligible homeowners who were interested in constructing or converting an ADU on their property. The program was successful, with more than 50 homeowners applying for the grant and 20 receiving funding to construct or convert ADUs on their property.¹⁷

Portland, Oregon, has actively promoted ADU construction since 2010. In 2018, the city launched a new pilot program aimed at promoting ADU construction, specifically in low-income neighborhoods. The program offered grants of up to \$10,000 to eligible homeowners who wanted to construct an ADU on their property.

17 ADU Grant Program | CalHFA. (n.d.). Retrieved April 8, 2023, from <https://www.calhfa.ca.gov/adu/>

This program was successful, with 25 homeowners receiving funding and constructing ADUs in low-income neighborhoods.¹⁸

In 2019, Denver [launched a new program](#) to promote the construction of ADUs in the city. The program offered matching grants of up to \$25,000 to eligible homeowners interested in constructing an ADU on their property. The program was successful, with over 200 homeowners applying for the grant and 22 homeowners receiving funding to construct ADUs on their properties.

All three of these programs successfully encouraged the construction of ADUs and expanded affordable housing options in their respective communities. By offering financial incentives to homeowners, these programs were able to overcome some of the financial barriers associated with ADU construction and encourage more homeowners to invest in ADUs. The success of these programs demonstrates the potential of grant programs to expand affordable housing options and promote community development. There may be a need to support a DADU guidance team to provide technical assistance as part of this solution. This team of DADU experts would help municipalities and homeowners navigate the Multi-Family Property Tax Exemption – which would need to be adopted city-by-city. It is authorized at the state level – jurisdictions can help homeowners become property developers with this kind of support.

To assist the DADU ecosystem, the CRF should allocate funds to a consulting team that can offer expertise in various areas. These may include prefab, financing, pre-authorization, property tax exemption, income tax benefits, and pre-approved plan sets. With this support, the DADU ecosystem can thrive, and property owners will have access to a range of benefits that will encourage the creation of these valuable living spaces. By providing this assistance, the CRF can help ensure that DADUs are an affordable and accessible housing option for a wide range of individuals and families.

Business start-ups and scale-ups

The Capital Accelerator Fund includes a risk pool of \$5 million specifically designated for Business Start-Ups and Scale-Ups. The Minority Business Development Agency produced a detailed report on the contracting barriers and the lessons learned from existing disparities studies in the Western United States.¹⁹ Black and brown-owned businesses struggle with access to capital due to discriminatory practices in lending, credit access, and lower net worth among minority business owners. Financial institutions restrict debt capital available to minority-owned businesses and engage in redlining minority areas while discriminating in commercial and residential mortgage application approvals. In addition, suppliers offer complicated credit terms and higher prices to minority-owned businesses, and some unions restrict the number of training and job slots available to minorities and women.

“For the descendants of enslaved Africans in the United States, entrepreneurship represents more than just owning a business and pursuing the proverbial American Dream. Instead, the ability for Black people to participate in local, regional, and global markets represents a dream deferred by systemic racism and discrimination.” — Tynesia Boyea-Robinson, President and CEO of CapEQ

Financing is difficult for smaller companies with fewer assets and new companies with less history. Small business owners indicated that access to financing was generally a barrier, particularly in the startup and the

¹⁸ Portland’s backyard ADU program quietly launches. (n.d.). Retrieved April 8, 2023, from <https://www.koin.com/news/portlands-backyard-adu-program-quietly-launches/>

¹⁹ Minority Business Development Agency (2016). “Contracting Barriers and Factors Affecting Minority Business Enterprises - A Review of Existing Disparity Studies”. Retrieved from <https://www.mbda.gov/contracting-barriers-and-factors-affecting-minority-business-enterprises-review-existing-disparity>

initial growth phases. This is not just an issue in Washington. For example, interviewees in a 2007 California Department of Transportation study reported that financing was difficult ([BBC Research & Consulting, 2007](#)), while in a study of Cleveland, Ohio, a sizable number of entrepreneurs used personal resources to finance their businesses, including second mortgages and credit cards ([NERA Economic Consulting, 2012](#)). We have heard similar details from speaking to Washington business owners for the Community Reinvestment Plan. These factors illustrate the challenges socially and economically disadvantaged businesses face in obtaining access to capital.

Businesses' financing needs change as they start, grow, and scale. Bringing on employees is one of the best ways for small businesses to scale, yet few are given the robust capital needed to have the security to make those hires. For the communities harmed by the war on drugs, this creates issues for job-seekers and potential employers. Many communities harmed by the war on drugs seek to hire people who have lived experience because they have unique skills or understand their customer base well enough to increase their profitability. Funding opportunities that would allow small businesses to have staff who reflect the goals of the Community Reinvestment Fund would be helpful. The HTFFSP advisors discovered numerous instances of lenders nationwide offering non-collateral loans to support start-ups and scale-ups. These lenders effectively combine robust technical assistance with loan guarantee funds. Baltimore Community Lending and Vermont Community Loan Fund serve as commendable examples of such initiatives. Additionally, Seattle has Denkyem, an emerging Community Development Financial Institution (CDFI) that provides non-collateral loans for scaling up ventures. Community members said that access to substantial non-collateral loans, enabling the hiring of staff, would be transformative. They emphasized how such loans would help overcome the mindset barriers stemming from the pervasive impact of structural racism and poverty, allowing individuals to escape survival mode.

Community members articulated how helpful it would be to work with a lender to review their business plan. They wanted the lender's perspective shared with them in a non-judgmental and collaborative way. They spoke about how the shame and stigma of poverty and being convicted for a drug offense is embarrassing and/or shameful, as well as a known barrier. They talked about how, too often, they are forced to share their stories and experiences with people who do not understand their realities. If they had an understanding lender, they said it would allow them to build a positive relationship with funding entities.

Consumer loans

The Capital Accelerator Fund includes a risk pool of \$1 million specifically designated for consumer loans. This portion of the fund is intended to support individuals seeking financing for various purposes such as credit consolidation, auto refinancing, purchases, or emergency expenses. CDFIs and non-profit organizations in Washington can access this pool of resources to offer consumer loans to underserved communities.

Individuals burdened by high-interest credit card debt or other financial difficulties can benefit from this program. By approaching a participating lender, they can explore consumer loan options to address their specific needs. With the support of the risk pool established by the Capital Accelerator Fund, lenders can offer favorable consumer loan terms, such as lower interest rates and manageable repayment plans.

By accessing the loan proceeds, individuals can consolidate their debt, gain financial stability, and regain control of their finances. This includes benefiting from more affordable monthly payments and reduced interest, which alleviate financial stress and enable the allocation of resources towards other essential expenses and long-term financial goals.

The availability of the risk pool within the Capital Accelerator Fund ensures that CDFIs, non-profit organizations, and other lenders in Washington have the necessary resources to assist individuals in similar

circumstances. The program supports underserved communities by providing access to consumer loans that address a range of financial challenges. These challenges may include consolidating debt, refinancing auto loans, making essential purchases, or addressing unexpected emergencies.

The collaboration between the Capital Accelerator Fund, participating CDFIs, non-profit organizations, and other lenders is essential in providing affordable and suitable financing options tailored to the specific needs of individuals. This approach fosters financial inclusion and economic empowerment within underserved communities, enabling individuals to improve their financial well-being and work towards a more secure future. By alleviating financial burdens and promoting responsible financial management, the program contributes to the overall economic resilience and stability of the community.

Black, Latino and Indigenous-Led Lending Agency Support

Program name: Black, Latino and Indigenous-Led Lending Agency Support	Investment: \$15 million	Economic Benefit Goal: \$45 million over 10 years
The Black, Latino and Indigenous-Led Lending Agency Support Program aims to support existing and emerging Black, Latino and Indigenous-Led lenders who are or are not currently Community Development Financial Institutions (CDFIs), by providing grants for lending capital as well as capital for operations and salaries. This program recognizes the importance of providing robust investment to CDFIs, as they often operate with limited resources and staff. By enhancing their capacity, these groups can serve a greater number of individuals and intended communities, access the risk pool, and gain access to additional training opportunities to effectively address racial wealth gaps.		

Economic benefit goal

Assuming a multiplier effect of three times the initial investment, the \$15 million investment is estimated to reach \$45 million by year two, contributing to economic growth.

Program details

Access to mainstream lending for home ownership, entrepreneurship, vehicle purchases, and other consumer needs plays a crucial role in the strength and prosperity of local communities. Unfortunately, many Black, Latino, Indigenous, and other underserved communities face significant barriers to accessing loans and capital, hindering their ability to thrive. This issue is evident in the 46-year history of the federal Community Reinvestment Act, which highlights the inadequacy of race-neutral alternatives in overcoming discriminatory lending practices. There is a very strong argument that race-neutral alternatives are insufficient to overcome the impact of discrimination in lending.²⁰

Traditional banks assess loan applicants based on credit scores, proof of income and collateral, focusing on individuals deemed likely to repay their loans. However, these systems often exclude many Black, Latino and Indigenous consumers due to income and wealth gaps, poor credit, outstanding debt, limited assets, and precarious income. These disparities are perpetuated by structurally racist factors such as historic redlining, discriminatory lending practices, over-incarceration, and a FICO scoring system that penalizes individuals for minor infractions. Consequently, Black, Latino and Indigenous borrowers either forgo opportunities for

20 NCRC’s Written Testimony For The Bank Community Reinvestment Hearing On March 2, 2023 Code Citation: 38 Ill. Adm. Code 345 https://ncrc.org/incorporating-race-into-the-illinois-community-reinvestment-act/#_ftn4

homeownership and entrepreneurship, missing out on wealth-building possibilities, or turn to predatory lending alternatives with exorbitant interest rates.

Washington has approximately 60 CDFIs that provide financing to underserved communities, including rural, urban, and Native communities. However, most CDFIs are white-led, and while efforts have been made to focus on equity and anti-racist approaches, disparities persist between CDFIs led by Black, Latino and Indigenous community members and their white counterparts. Black-, Latino- and Indigenous-led CDFIs and emerging lenders face challenges in accessing loan and operating capital, limiting their ability to make impactful loans, provide technical assistance, and sustain their operations. These lenders often have deep local knowledge and understanding of the needs and challenges within their communities but lack the necessary funds to fully support their efforts.

Black-, Latino- and Indigenous-led CDFIs and emerging lenders operating in hyper-local environments offer personalized technical assistance and coaching to borrowers. They utilize alternative underwriting models based on character, revenue, or cash flow, resulting in low default rates. However, limited connections to larger sources of loan capital and investor networks pose additional challenges for these lenders.

By providing increased lending capital, operating funds, and access to funding for hiring and training coaches and technical assistance providers, Black-, Latino- and Indigenous-led CDFIs and emerging lenders can scale their efforts and deliver long-term economic benefits to reinvestment communities across Washington. This will facilitate greater access to affordable and suitable financing options, empowering individuals and businesses in underserved communities to overcome systemic barriers and achieve financial stability and success.

Homeownership Capital Accelerator

Program name: Homeownership Capital Accelerator	Investment: \$15 million	Economic Benefit Goal: \$29.5 million over(10 years)
The Homeownership Capital Accelerator grant program would provide loan capital to lending agencies for increased leverage to help reduce the buyer’s monthly mortgage payment and/or increase purchasing power. This may include options like secondary mortgages to eliminate mortgage insurance. This fund will be a significant investment to a lending institution to leverage additional secondary market mortgages for an exponential impact on home purchases.		

Economic benefit goal

The estimated 7% annual increase in equity suggests that the initial \$15 million investment will grow to \$29.5 million by year 10, benefiting homeowners and increasing assets in communities.

Program details

The CRP recommends allocating \$15 million towards the creation of a Homeownership Capital Accelerator to assist providers in meeting the CRP criteria for homeownership. This would have a positive impact on households and communities, as homeownership leads to long-term economic benefits and equity in an appreciating asset. It would allow for second mortgages to be issued, eliminating the need for mortgage insurance on Fannie mortgages, thereby reducing payments and/or increasing purchasing power for up to 500 homebuyers. The activities that the accelerator can undertake include providing debt for earnest money, accessing secondary market mortgages, purchasing secondary mortgages to eliminate mortgage insurance, hiring staff to handle various home buying processes, and other activities that can reduce monthly mortgage payments or increase the purchasing power of the buyer.

It is important to note that while a small portion of the \$15 million is expected to be allocated for the capacity and operations of a lending agency to ramp up its activities, the majority of the funds would serve as leverage to purchase over \$30 million in debt, enabling the origination of multiple mortgages. These mortgages, in turn, can be leveraged for over \$160 million in mortgage purchases. Consequently, the initial \$15 million investment would result in \$200 million in mortgages.

Financial assistance and grants

The Community Reinvestment Plan, as directed by Legislature, encompasses various initiatives to promote asset building, including home ownership and improved access to financial resources. Recognizing the importance of financial literacy, credit counseling, and investment education, there is a focus on integrating financial coaching alongside direct financial assistance.

"There need to be financial literacy classes. Credit counseling and investment education. There also needs to be some education for folks to learn the benefits and the hazards of credit cards. There just needs to be more of a focus on money management education and skills for our community. I believe if we educate our community then there will be less of a fear of banks and other financial institutions and our community may begin to invest and learn to build generational wealth." — Clorissa Lewis

Recommendation

In the Ten-Year Plan to Dismantle Poverty, the Poverty Reduction Workgroup recommended strategies for equitable income growth and wealth-building opportunities for children, adults, and families with low incomes. Among those strategies, they recommended establishing Individual Development Account programs for

children and adults to encourage savings and investments in their future, like education, purchasing a home, or saving for retirement.²¹

Allocations

- Individual Savings Accounts: \$25 million
- Blended Capital Enhancements: \$25 million
- Cannabis Business Grants: \$3 million

Community oversight

The Community Advisory Board, consisting of individuals with lived experience and representatives of By and For organizations, must be provided access to track progress and key performance outcomes and be consulted before specific policy decisions are made.

Key performance indicators

These investments track evidence of the following KPIs:

- Number of homes purchased with grant and loan funding and retained over time
- Number of small businesses and entrepreneurs receiving grant and loan funding
- Number of participants completing financial coaching training
- Number of participants in small business training and support programs
- Number of new, living wage jobs created based on the ALICE standards
- Number of living wage jobs retained
- Amount of increased personal wealth generated
- Percentage increase in incomes for individuals, families or a particular community

Individual Development Accounts

Program name: Individual Development Accounts	Investment: \$25 million	Economic Benefit Goal: \$816 million over 10 years
The Individual Development Accounts (IDA) program is aimed at helping Black, Latino, and Indigenous communities disproportionately impacted by the racial, social and economic disparities caused by the war on drugs save for specific assets, such as education, housing, or starting/growing a business. The program provides matched savings accounts up to \$10,000 to participants, using their savings from earned income. To participate in the program, individuals must undergo financial education and coaching to develop the skills and knowledge necessary to effectively manage their finances and achieve their savings goals. IDAs have the potential to have a significant positive impact on the financial well-being of impacted individuals and communities, promoting economic mobility and stability.		

Economic benefit goal

The initial \$25 million investment in match savings accounts is projected to result in additional savings, creating long-term economic benefits and assets for families.

Program details:

Individual development accounts (IDA) are special savings accounts to help families save money for qualified purchases that will help them become financially self-sufficient. An IDA account may only be used for the following qualified purchase: acquisition cost for a first home, postsecondary education expenses, or business

21 Final10yearPlan.pdf. (n.d.). Retrieved March 8, 2023, from <https://dismantlepovertyinwa.com/wp-content/uploads/2020/12/Final10yearPlan.pdf>

expenses for self-employment. Participants deposit income earned through work into an IDA, and an organization matches those funds, helping the participant reach their goal more quickly.

The Poverty Reduction Work Group and the Homeownership Disparities Work Group recommended the state's reauthorization of funding for IDAs and other matched savings accounts. These recommendations demonstrate the widespread support for IDAs as effective tools for poverty reduction and for promoting economic opportunities for individuals and families in Washington.

Linking IDAs to other programs like workforce development came up in initial discussions with stakeholders and was discussed with community members throughout the development of the CRP. A robust initial investment with support from philanthropic partners was identified as a possible mechanism to create long-term benefit potential for participants.

The state Individual Development Accounts (IDA) program (RCW 43.31.450-485) was launched in 2005 by the Department of Commerce. During its two-year pilot, the program yielded the following outcomes: An examination of 164 asset purchases revealed that homeownership was the most popular asset among participants, with 74 homes purchased. The program was funded by the Legislature's investment of \$1.7 million, which supported 520 accounts across 11 counties. Over the lifespan of the accounts, individual account holders contributed \$1.7 million in personal savings.

"Washington has one of the most progressive asset-building programs in the country. Our programs are focused on the working poor, those people who are employed but whose incomes do not stretch as far as today's economy requires. Twelve percent of people in our state live in 'income poverty,' but more than 20 percent live in 'asset poverty' under which, if they lost their income, they would not have sufficient savings to live at poverty level for at least three months. Individual development accounts (IDAs) and outreach to increase the 'take up' of federal earned income tax credits (EITC) are two of the most used approaches. With the \$650,000 state grant, we were able to leverage \$800,000 in private and public funds for IDAs in our county. Fifteen IDA 'graduates' have used the accounts toward purchasing a home or starting a business. We offered free tax preparation sites and prepared returns for 500 families whose average incomes were \$19,000 per year. As a group, they got back \$750,000, about \$2,000 per family, which helped them establish savings accounts, fix cars, and get educational help. We agree that contributions to foster youth IDAs should be allowed not only from the youth themselves but from foster parents, clergy, churches, and community organizations. We also agree with the policy change to allow persons with disabilities to purchase not only work-related, but also community-related assistive technologies with IDA funds. Isolation is a major side effect of having a disability, and it is important to reduce the isolation by increasing community access." — Public testimony in support of [HB 2898](#) in 2007 - 2008

Blended Capital Enhancements

Program name: Blended Capital Enhancements	Investment \$25 million	Economic Benefit Goal: \$39.6 million over 10 years
The Blended Capital Enhancement program can assist beneficiaries in acquiring or securing assets through loans, matched savings, and asset journey acquisition enhancement. This enhancement is the capital that comes after matched savings and loans reach their limit, providing beneficiaries with additional funding to acquire and secure their assets. The program is managed by a central entity or regional entities, and financial technical assistance providers are required to provide a case statement for the amount requested for the asset journey enhancement, stating the asset being acquired or secured, how the enhancement will help secure the asset, the amount saved in the beneficiary's Individual Development Account, the loan amount, if applicable, and the expected date of use. The maximum amount can be set for each asset journey. The CRP aims to support beneficiaries in acquiring and securing assets such as purchasing a home, starting or scaling a business, purchasing a vehicle, saving for post-secondary education, and reducing debt while increasing savings.		

Program details

The Blended Capital Enhancement approach is designed to support beneficiaries in their asset acquisition journey. This approach involves three methods: loans, matched savings, and asset journey acquisition enhancements. An asset journey acquisition enhancement provides additional capital beyond matched savings and loans, based on the beneficiary's needs and the collaboration between the financial technical assistance (TA) provider, lending entity, and beneficiary.

For example, consider William, who completed an apprenticeship program and aims to start his own electrician business. Through the CRP, William participates in an entrepreneurship support program and opens an Individual Development Account (IDA) to save \$10,000, which will be matched with an additional \$10,000. Working with a local CDFI, William expects to secure a no-collateral loan of \$50,000 based on his projected cash flow and the CRP's risk pool guarantee. Additionally, William, his business coach, and the CDFI determine that he needs additional funds for an accountant, bookkeeper, and a used van. They request and receive an extra \$21,000 from the \$30 million Blended Capital Enhancements fund to support his business establishment.

The \$25 million fund is managed by a central entity or regional entities. Financial TA providers must submit a case statement detailing the purpose of the requested funds, including the asset to be acquired or secured, how the enhancement will support asset acquisition, the amount saved in the beneficiary's IDA, loan amount (if applicable), and the expected date of use. If the enhancement funds can help lower an interest rate or contribute to a down payment for specific needs, the TA provider should justify it. Proof of fund utilization and a six-month follow-up report on the beneficiary and the asset are required from the financial TA provider. Requests for funds must be submitted by a financial TA provider with the signatures of all parties involved, and the funds are directly transferred to the beneficiary from the intermediary.

The Blended Capital Enhancements fund will remain in operation until fully expended, with maximum amounts set for each asset journey. Examples of asset journeys include purchasing a home, entering limited equity homeownership relationships, building detached accessory dwelling units, home repairs, starting or scaling a business, purchasing commercial property, housing/retail development, buying a vehicle, saving for post-secondary education, and reducing debt while increasing savings.

Cannabis Business Grants

Program Name: Cannabis Business Grants	Investment \$3 million	Economic Benefit Goal: \$8 million over 10 years
The Cannabis Business Grants program is a financial assistance initiative aimed at supporting social equity qualified license holders to provide funding for Black, Latino, and Indigenous communities disproportionately impacted by the racial, social and economic disparities caused by the war on drugs. The program provides early-stage financial support and technical training to cannabis licensees who meet the social equity definition. To be eligible for the grant, an applicant must have majority ownership and control by at least one individual who has either resided in a disproportionately impacted area for five of the last 10 years, or have convicted of a misdemeanor marijuana offense or have a family member who has. The grants are awarded on a competitive basis, with the strength of the submitted plan being the primary criteria for award consideration. The goal of the Cannabis Business Grants program is to help prioritize these businesses in the state to develop and succeed by providing financial and technical support.		

HTFFSP heard from several community members who were interested in starting a cannabis business or who had cannabis businesses. There are unique constraints that prevent these individuals from having robust access to capital. Some of these restrictions would need to be addressed with changes in policies, which are beyond the scope of this project.

Traditional banking and financing options are limited for cannabis businesses. Some of this is because of prejudice or misinformation around cannabis businesses. The impact of this on cannabis business owners is that it is difficult for many of them to secure loans, credit cards, lines of credit, or basic banking services (such as checking accounts, savings accounts, payment processing). In several conversations with business owners, particularly seasoned entrepreneurs, they described feeling like they were "trapped." This is a recurring and structural problem that could take multiple strategies to adequately address.

It must be possible for businesses in the cannabis industry to access these funds, either directly or through a subcontracted entity that will manage such investments. One of the reasons for the blended capital approach (that is, loans plus matched savings plus grants) is that if cannabis businesses cannot get loans, this plan provides another two options available to them. The barriers to entry for cannabis businesses are higher and continue to be constrained by federal policy limitations imposed on certain institutions. This is why the blended strategy is essential.

Communities spoke about the reality that many of their own family members and friends remain incarcerated over cannabis laws of the past. In the meantime, people who were not personally negatively impacted by Washington's discriminatory practices, racial profiling and drug policy have come into these affected communities to reap the benefits, enhanced by the lack of business competition from community members who could serve their own community if they were not incarcerated and had access to capital, credit and finance. They speak to the importance of getting this investment from the Community Reinvestment Plan right so that the money is not stuck in the same traps that prevent wealth creation for so many Black, Indigenous, and Latino communities.

The result of the constraints of the financial industry is that cannabis businesses have limited access to capital. For business owners who don't have good credit, high-interest loans or predatory lending become the only options available. Without traditional banking options or support, these businesses can only grow as quickly as they are able to bring in enough customers to maintain operations. This constrains their ability to grow and scale.

Here are common issues unique to investing capital in cannabis businesses:

- Federal restrictions on cannabis²²
- Complex regulations²³
- Lack of financial history²⁴
- Stigma around the cannabis industry²⁵

Overall, these challenges can make it difficult for cannabis businesses to secure the funding they need to operate and grow. There are some alternative financing options available, (e.g., private investors, crowdfunding, specialized lenders) that may be more willing to work with cannabis businesses despite the federal restrictions, but they are not adequate for meeting the diverse capital needs of cannabis businesses.

Outreach and support

As directed by the Legislature, the Community Reinvestment Plan includes several ways to promote asset building such as home ownership and expanding access to financial resources.

"We recognize that we can only achieve equity if communities impacted by inequity are at the center of our work. We acknowledge that communities know best their assets, needs, and solutions. We strive to recognize and share power and structure our meetings to foster meaningful engagement. We will strive to incorporate stories of lived experience into our reports and recommendations." — Social Equity in Cannabis Report

Recommendations

The Homeownership Disparities Work Group recommended funding culturally specific organizations for outreach to increase access to homeownership assistance programs for Black-, Indigenous- and Latino-led communities and to target homeownership assistance to their community via historical ties to culturally specific areas.²⁶

Allocations

- Asset Building Initiatives: \$3 million
- Financial Coaching and Mentorship: \$10 million

Community oversight

The Community Advisory Board consisting of individuals with lived experience and representatives of By and For organizations must be provided access to track progress and key performance outcomes, and be consulted before specific policy decisions are made.

²² The federal government classifies cannabis as a Schedule I drug, which makes it illegal under federal law. This means that cannabis businesses cannot receive federal grants or loans, and investors may be hesitant to invest in a business that could potentially be shut down by the federal government

²³ The cannabis industry is highly regulated, with complex rules and regulations that vary from state to state. This can make it difficult for businesses to navigate the regulatory landscape and may require them to spend more money on legal and compliance services.

²⁴ Many cannabis businesses are relatively new, and they may not have a long financial history or record of profitability. This can make it difficult to secure funding from investors or traditional lenders who may be looking for established businesses with a proven record.

²⁵ This was mentioned in several conversations with cannabis business owners

²⁶ Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington pdf (2022). Retrieved March 8, 2023, from

https://app.leg.wa.gov/ReportsToTheLegislature/Home/GetPDF?fileName=Homeownership%20Disparities%20Recommendations%20Report%20-%20FINAL%20-%20Sep2022_e0b6a028-62cf-478c-aa9b-52e5e5c66609.pdf

Key performance indicators

These investments track evidence of the following KPIs:

- Number of homes purchased with grant and loan funding
- Number of small businesses and entrepreneurs receiving grant and loan funding
- Number of participants completing financial coaching training
- Number of participants in small business training and support programs
- Number of new jobs created
- Number of jobs retained.
- Amount of increased personal wealth generated
- Percentage increase in incomes for individuals, families, or a particular community

Asset Building Initiatives

Program name: Asset Building Initiatives	Investment: \$3 million	Economic Benefit Goal: N/A
The Asset Building Initiatives grant program will provide funding to groups of organizations and individuals that come together to promote and advance policies and programs that help Black, Latino, and Indigenous communities disproportionately impacted by the racial, social and economic disparities caused by the war on drugs, to build assets and achieve financial stability. These coalitions can focus on issues such as increasing access to affordable housing, improving financial education and counseling, and promoting savings and asset-building programs like Individual Development Accounts (IDA).		

Asset Building Initiatives provide opportunities for Washington residents to build, maintain and preserve financial assets. Asset-building coalitions are made up of By and For organizations and private, public, and non-profit organizations and are focused on building wealth in their specific areas of Washington. The CRP recommendation is to support the development and support of existing Black-, Indigenous- and Latino-focused Asset Building Coalitions (ABCs), such as the Black Homeownership Initiative (BHI). BHI connects capital and community to address the racial homeownership gap caused by structural racism and systemic injustices.²⁷

ABCs provide leadership on initiatives that foster financial self-sufficiency and economic security for low-income working families and individuals. They identify and promote approaches that help low-income working families build and manage their assets, including:

- Creating private and public prosperity products
- Promoting lending policies that encourage asset building
- Marketing savings, smart borrowing and federal tax credit programs
- Expanding financial literacy opportunities

ABCs involve collaboration at the local level among social service, faith-based, governmental, job training and health care organizations and agencies, and the private sector, including financial institutions. ABCs are recognized as important partners because they deliver direct services to low-income working families.

²⁷ Retrieved from <https://www.civic-commons.org/bhi>

The Black Home Initiative (BHI) is a new regional effort to address these systemic injustices. BHI’s goal is to generate 1,500 Black first-time, low-to-moderate income homeowners in the next five years in south Seattle, south King County and north Pierce County. This multi-sector initiative is part of a national effort by the Center for Community Investment (CCI)²⁸ to target racial inequities in housing across six U.S. cities. Civic Commons²⁹ is the convening organization for the Seattle site. To achieve its goal, BHI encourages the idea that we must all work together to implement the Black Homeownership 7-Point Plan,³⁰ a comprehensive plan that was the result of the collaborative work of more than 90 partners.

HTFFSP spoke to people at Black Housing Institute, Center For Community Investment and Civic Commons to understand what would be the best way to support building wealth for the communities harmed using the CRP. ABCs play an important role since they allow for multiple perspectives to be brought to the table to address the complex barriers to funding and their impacts.

Financial Coaching and Mentorship

Program name: Financial Coaching and Mentorship	Investment: \$10 million	Economic benefit goal: \$20 million over 2 years
The Financial Coaching and Mentorship program will provide \$10 million in grants for community organizations and financial institutions to hire 45 to 50 full-time employees for two years. These employees will provide trauma-informed financial coaching, business coaching, and homebuyer education to households in a culturally responsive manner. The program aims to help individuals and families build a financially stable future while honoring their cultural backgrounds. The financial coaching and technical assistance will be integrated into all aspects of the CRP recommendations, including home ownership, startup/scale up lending, construction loans, detached accessory dwelling unit loans, and debt remediation. All loans, grants, and matched savings will be accessible to beneficiaries through lender/TA integration. Financial coaches can be integrated with career coaching, education, or lending programs to help families achieve long-term goals such as attaining a self-sufficient wage, reducing their debt-to-income ratio to less than 45%, improving their credit score to at least 650, and accumulating savings equivalent to three months of living expenses. To ensure the desired outcomes, it is crucial to track participants' progress over the long term. Some of the expected results include obtaining or maintaining employment, obtaining a vocational credential or AA degree, receiving additional public benefits for income support, improving credit ratings, opening savings and checking accounts, reducing debt, contributing to monthly savings, and saving for retirement or children's education. As an intermediate goal, families will work towards improving credit, increasing their income to narrow the gap between their current income and self-sufficiency, and initiating the building of savings or assets.		

Financial coaching paired with direct financial support can help build the financial capability of individuals and families. Financial coaching can provide education and training on budgeting, saving, credit management, and other financial skills, which can help these individuals and families manage their money more effectively, build assets, and improve their financial well-being. Direct financial support, such as grants or loans, can provide the necessary resources to help these individuals and families achieve their financial goals. It is essential that this financial coaching be trauma-informed and healing-centered. Similar to the findings from the Washington State Poverty Reduction Work Group, during the development of the CRP, community members and stakeholders discussed the value of understanding structural racism and historical trauma, taking action to undo their

28 Retrieved from <https://centerforcommunityinvestment.org/>
29Retrieved from <https://www.civic-commons.org/>
30 Retrieved from Black Homeownership 7-Point Plan

harmful effects in policy and programs, addressing the urgent needs of people experiencing homelessness, violence, mental illness, and/or addiction, and building an integrated human service continuum of care that addresses the holistic needs of children, adults, and families.³¹

The Financial Coaching and Mentorship program would include specific accommodations for people who are undocumented, who speak languages other than English, who are neurodiverse, and those who may find completing paperwork in English difficult. In our research, we heard from several disabled Black queer and trans people who cited neuro-divergence as being one of the biggest challenges they face when encountering financial mechanisms.

Financial coaches and technical assistants, similarly, should be required to demonstrate training in the specific needs of communities harmed by the war on drugs, cannabis businesses, and structural barriers to capital. Technical assistance (TA) providers working within the cannabis industry sector should be required to take the TA online courses provided through the Cannabis Business Social Equity Plan. Additionally, TA providers should demonstrate connection and experience in achieving results for communities harmed by the war on drugs. This ensures that each TA provider is aware of the structural barriers to capital. If the Office of Equity releases required training for government workers, TA providers should be required to take the same or comparable training. They are also required to take an online course and demonstrate competency in understanding how structural violence may manifest as community and interpersonal violence. Additionally, TAs should demonstrate an understanding of the barriers to civil and legal assistance for communities harmed by the war on drugs. This requirement should be written into their contracts.

When HTFFSP spoke to community organizations about the language to use for this program, they noted that financial coaching was not a term that many felt connected to them. They described how mentorship, peer-based support, and other language were more familiar and, therefore, more likely to be something they would apply for, if it were delivered via grants or contracts. Communities offered many solutions to making this effective for their communities, such as pairing certified financial advisors with By and For organizations so that the mentorship could include increasing access to accurate and helpful financial advice from a vetted professional. They also spoke about how this sort of support could build organizations' capacity in the long-term so that they can provide more robust support that can create long-term economic benefits for their communities.

Financial Opportunity Centers (FOCs) and Centers for Working Families (CWFs) are community-based organizations that provide a range of integrated services to help low-income individuals and families achieve financial stability and success. The following are two case studies of FOCs and CWFs:

Case study: United Way of Greater Atlanta's Centers for Working Families

The United Way of Greater Atlanta's Centers for Working Families (CWFs) are community-based centers that provide integrated services to help low-income individuals and families achieve financial stability and success.³² The CWFs provide various services, such as financial coaching, job training and placement, and access to public benefits. One CWF in Atlanta, the Westside Works Center, has been particularly successful in helping individuals and families achieve financial stability.³³ The center provides job training and placement

31 Final10yearPlan.pdf. (n.d.). Retrieved January 8, 2023, from <https://dismantlepovertyinwa.com/wp-content/uploads/2020/12/Final10yearPlan.pdf>

32 The Center for Working Families, Inc. (n.d.). Services. <https://www.tcwfi.org/training-programs/sreivces/>

33 CareerRise Atlanta. (n.d.). About Westside Works. <https://careerriseatlanta.org/westside-works/about-westside-works/>

services, financial coaching, and access to public benefits. Participants in the program receive one-on-one coaching and support to help them achieve their financial goals.

A study of the Westside Works Center found that it was effective in helping participants achieve financial stability. Participants who received services from the center were more likely to be employed, increase their income, and achieve financial goals such as reducing debt and increasing savings. In addition, participants reported higher levels of financial literacy and confidence in their ability to manage their finances.³⁴

Case study: LISC Financial Opportunity Centers

The LISC Financial Opportunity Centers (FOC) are a network of community-based centers that provide integrated services to help low-income individuals and families achieve financial stability and success. The FOCs provide various services, such as financial coaching, job training and placement, and access to public benefits. One FOC in Chicago, the Instituto del Progreso Latino, has been particularly successful in helping individuals and families achieve financial stability. The center provides job training and placement services, financial coaching, and access to public benefits. Participants in the program receive one-on-one coaching and support to help them achieve their financial goals.

A study of the Instituto del Progreso Latino found that it was effective in helping participants achieve financial stability. Participants who received services from the center were more likely to be employed, to increase their income, and to achieve financial goals such as reducing debt and increasing savings. In addition, participants reported higher levels of financial literacy and confidence in their ability to manage their finances. The center has received widespread recognition as a model for integrated service delivery and has been replicated in other cities across the United States.

The ability to access mainstream lending to buy a home, start or scale a business, purchase a vehicle, or address other consumer needs are key factors that strengthen local communities. Yet, many Black, Indigenous, and other underserved communities have significant barriers to access lending and capital to help all communities thrive. There is a very strong argument and various legislative testimony for concluding that race-neutral alternatives are insufficient to overcome the impact of discrimination in lending.³⁵ The 46-year history of the federal Community Reinvestment Act is a telling example.

Community Development Financial Institutions

The Community Development Financial Institution (CDFI) Fund is an innovative federal initiative within the Treasury Department established in 1994 through the Riegle Community Development and Regulatory Improvement Act. The initiative is intended to promote community development in distressed urban and rural communities by increasing the availability of credit, investment capital and financial services available. Since 1994, the CDFI Fund has awarded \$2.3 billion on a competitive basis to CDFIs, including Native CDFIs, small and emerging CDFIs and financial institutions through the BEA Program.

Promising results: Since 1996, \$42,335,759 in CDFI funds has been awarded to Washington organizations. CDFIs are often assumed to have a race-blind mission to alleviate poverty and provide wealth opportunities in under-banked communities. In fact, CDFIs were formed specifically to address the racial wealth gap resulting from years of exclusionary, racist economic policies like redlining.

³⁴ Retrieved from <https://saportareport.com/homelessness-an-income-first-approach-promotes-transition-to-stable-housing/columnists/guestcolumn/david/>

³⁵ NCRC's Written Testimony For The Bank Community Reinvestment Hearing On March 2, 2023 Code Citation: 38 Ill. Adm. Code 345 https://ncrc.org/incorporating-race-into-the-illinois-community-reinvestment-act/#_ftn4

It is important to recognize that some businesses (such as cannabis) may face unique barriers to accessing funding and that CDFIs may not provide a sufficient solution to support them. That is why it is important to ensure that any solution is designed in collaboration with the communities harmed by the war on drugs to avoid the creation of unintended negative consequences.

Small business and entrepreneurship

The Department of Commerce's Startup Washington website³⁶ serves as a clearinghouse for all the information and resources entrepreneurs, startups, and small businesses need to achieve success, including funding sources, training, technical assistance, mentorship, and education. Entrepreneurship offers a path to wealth-building and sustainable income for all residents. The types of classes offered by Startup Washington under the "Starting a Business" category include Entrepreneur Academy, The Business Startup Playbook, Mastering Finances, Creatives Academy, Sizeup, Work Spaces, Startup Wisdom, Access to Capital, Entrepreneur Resources, Property and Site Search, Global Entrepreneurship Month, and Startup Centers.

Due to low homeownership rates, lack of generational wealth, and income gaps, Black-owned businesses launch with an average of \$35,000, compared to \$107,000 for white-owned businesses.³⁷ This means that a robust investment of at least \$72,000 would be needed for the average Black business to achieve parity with the average white business. This is important to recognize because the average amounts provided to businesses who participate in accelerator programs or training programs like Startup Washington tends to be closer to \$10,000, often in loans and therefore subject to credit checks.

There remains a clear opportunity to expand access in several communities, especially through Black-, Latino- and Indigenous-led CDFIs that understand the particular needs of Black, Indigenous, and Latino entrepreneurs in relation to access to capital for asset building. Further exploration with community members, stakeholders, and existing reports informed the direction of this area for reinvestment under this plan.

Promising results: Recently, Find Ventures, in partnership with Commerce, announced its plans to launch a new Equitable Innovations Accelerator³⁸ to fuel the startup community at the earliest stage of business development. This program aims to make "entrepreneurship for all" a reality by prioritizing entrepreneurs from underserved and historically marginalized communities.

In April 2022, the partners selected 10 new tech startups that will begin the program focused on mentorship, philanthropic funding of up to \$100,000 in a non-dilutive grant, and programming to help guide founders through their journey. The diverse cohort is comprised of founders throughout Washington, with 20% identifying as LGBTQ, 45% based outside of Seattle, 60% women, 60% first-time founders, and 70% of teams identifying as Black, Middle Eastern, Asian and/or Latino.

³⁶ Washington State Small Business Training & Education Center, n.d., Retrieved from <http://mystartup365.com/>

³⁷ Building supportive ecosystems for Black-owned US businesses October 29, 2020 | Article

³⁸ "Find Ventures & Department of Commerce Open Applications for New Equitable Innovations Accelerator," 2021, Retrieved from <https://www.findventures.org/blog/press-release-find-ventures-department-of-commerce-open-applications-for-new-equitable-innovations-accelerator/>

Workforce development

As directed by the Legislature, the Community Reinvestment Plan includes several ways to promote job creation and job retention for long-term economic benefit.

"According to the FPL, 10% of households in Washington (299,696) were in poverty in 2021. Yet United For ALICE data shows that another 24% (727,292 households) — more than twice as many — were ALICE (Asset Limited, Income Constrained, Employed). ALICE households earn above the FPL, but not enough to afford the basics in the communities where they live." — ALICE 2021 Report³⁹

Recommendations

In the Ten-Year Plan to Dismantle Poverty, the Poverty Reduction Workgroup recommended equitable education, income growth, and wealth-building opportunities for children, adults, and families with low incomes. In addition, they recommended establishing Individual Development Account programs for children and adults to encourage savings and investments in their future, like education, purchasing a home, or saving for retirement.⁴⁰

Allocations

- EcSA Career Accelerator Incentives
- EcSA Business Support

Key performance indicators

These investments track evidence of the following KPIs:

- Number of small businesses and entrepreneurs receiving grant and loan funding
- Number of participants completing financial coaching training
- Number of participants in small business training and support programs
- Number of new jobs created
- Number of jobs retained.
- Amount of increased personal wealth generated
- Percentage increase in incomes for individuals, families or a particular community
- Number of individuals provided an incentive payment
- Number of individuals pursuing training
- Number of individuals reaching their customized self-sufficiency earnings goal
- Number of businesses served

39 ALICE in the Crosscurrents. (n.d.). Retrieved March 8, 2023, from https://www.unitedforalice.org/Attachments/AllReports/23UFA_Report_Washington_4.11.23_Final.pdf
40 Final10yearPlan.pdf. (n.d.). Retrieved March 8, 2023, from <https://dismantlepovertyinwa.com/wp-content/uploads/2020/12/Final10yearPlan.pdf>

Economic Security for All (EcSA) Career Accelerator Initiatives

Program Name: EcSA Career Accelerator Incentives	Investment: \$10 million	Economic Benefit Goal: N/A
The Economic Security for All (EcSA) Career Accelerator Incentives grant program is designed to support individuals as they work towards economic security and stability, with a focus on justice-involved individuals (and their families). This includes individuals from Black, Indigenous, and Latino communities disproportionately impacted by the racial, social and economic disparities caused by the war on drugs. Underemployed job seekers can receive training, support payments, financial coaching, and financial incentives of up to \$1,000 as they achieve specific goals such as obtaining an industry-recognized or post-secondary credential, gaining measurable skills, finding employment, or reaching a certain median wage. The program provides \$10 million in EcSA incentive payments to help low-income individuals stay on a career pathway leading to a living wage career, with a focus on Black, Latino and Indigenous communities and equity. Priority will be given to individuals above 200% of FPL. Those below their self-sufficiency wage are also eligible based on local program justification. Local Workforce Development Boards will develop local policies and leverage their existing EcSA funding to provide additional services, such as navigation, career planning, training, supportive services, paid work experience, and career placement. All EcSA participants will be automatically eligible for matched savings programs, once developed by the CRP teams. Local Workforce Development Boards will conduct outreach and help interested EcSA participants enroll in matched savings programs, once available.		

Program Details

The EcSA initiative is a poverty reduction model that coordinates existing programs to increase their collective ability to support low-income Washingtonian residents in their pursuit of equity, dignity and sustained self-sufficiency. A combination of intensive program navigation, local innovation, and flexible support fills gaps and meets needs within existing programs and regulations. At the local level, EcSA is run by partnerships of community service providers, includes the voices of those who have experienced poverty, and is convened and coordinated by local workforce development boards (LWDBs). EcSA's innovative approach to equitably reduce poverty focuses on historically marginalized populations and people with multiple obstacles to self-sufficiency.

This effort is aligned with Strategy 3 and Strategy 6 of the 10-year Plan to Dismantle Poverty, focusing on equitable growth, wealth-building, and holistic support for families in poverty. This additional funding will be targeted to individuals who are underemployed and above 200% of FPL to support a continuum of career services to align participants to opportunities.

In 2019, Gov. Jay Inslee piloted EcSA using federal Workforce Innovation and Opportunity Act (WIOA) funds. Initial funds were awarded to four local partnerships in July 2019. A second round of funding was awarded in June 2021 to seven additional local partnerships, totaling approximately \$12 million in both rounds.

In 2022, the Legislature appropriated state funds for EcSA in proviso, expanding its capacity to deliver comprehensive and coordinated services to Washington residents who live in poverty. This proviso requires two reports from the Employment Security Department (ESD).

Washington's 12 LWDBs, located in every region of the state, are an important piece of the workforce development solution. They serve almost 80,000 individuals annually and help nearly 20,000 businesses fill vacant positions.

With proviso funding, ESD began working with the LWDBs. Together, this group co-designed implementation, agreed to targets and executed contracts. Each LWDB collaborated with local leaders from social service,

education and workforce programs — as well as people with lived experience of poverty — to better coordinate their programs, focus on human-centered service delivery, and execute local contracts. The LWDBs lead these local partnerships, streamlining services to help more low-income families move out of poverty. Each local service model was developed in partnership with people who have lived experience of poverty. This is critical, as people experiencing poverty have repeatedly shared feedback that programs are siloed and disjointed. EcSA has acted on its input to improve coordination and make programs easier to use together, relying on local coordination teams to bundle services.

The first round of EcSA funding was distributed among four workforce development areas, each with its own replicable model designed to demonstrate success. The funded areas and their models include:

- **Benton-Franklin Workforce Development Council (\$856,755):** This model focuses on Connell and aims to provide transportation to opportunities and resources in the Tri-Cities area. It also emphasizes access to health care, affordable childcare, and employment and training in high-demand occupations.
- **Spokane Workforce Development Area (\$1.7 million):** Building on the Spokane Resource Center (SRC), this model enhances accessibility to services by co-locating multiple organizations in one place. The goal is to reduce poverty and homelessness while expanding access to healthcare, substance abuse, and mental health services. The model also supports SNAP recipients in acquiring skills and training for family-sustaining careers.
- **Southwest Workforce Development Area (\$1.6 million):** In the Kelso area, this public-private partnership involves collaboration with the local manufacturing industry. The model provides job site access to various community programs that help individuals gain support, skills, and employment opportunities to move out of poverty. Additionally, it focuses on creating inclusive workplaces, targeting underemployed individuals, and supporting employers in hiring and training for sustainable wage positions.
- **WorkForce Central (\$1.75 million):** Based in Tacoma, this model combines best practices from existing models to establish a 211-based Common Referral System. This system virtually connects partners and programs, simplifying access to multiple services. The Salishan Association Family Investment Center serves as a central hub for training, education, employment, and addressing personal or financial barriers.

In January, the Governor's Office announced an additional \$5.5 million in funding to expand EcSA statewide, allowing more flexibility for workforce development organizations to set up local implementation plans and adapt procedures to virtual environments.

Promising approaches identified through the original groups include:

- Service coordination through physical co-location or the 211 Common Referral System, streamlining access to multiple services for participants.
- Coordinating Workforce Innovation and Opportunity Act (WIOA) and non-WIOA services to address personal and financial barriers for participants on their path to employment.
- Concentrating efforts and funding on specific high-need areas rather than spreading resources across larger geographic regions.
- Implementing navigators as primary points of contact to mentor, guide, and support participants in accessing the necessary services.

Each local Workforce Development Council, in collaboration with partners, the EcSA Technical Advisory Group and ESD, is currently planning the implementation of fiscal year 2024 (July 1, 2023-June 30, 2024) State EcSA funds. This is the appropriate time to build in these additional incentive funds and continue improving local approaches to streamline access to services and benefits and foster thriving communities.

EcSA Business Support

Program name: EcSA Business Support	Investment: \$15 million	Economic Benefit Goal: \$24 million over 2 years
The EcSA Business Support grant program aims to support Black, Indigenous, and Latino businesses in participating in the Workforce Innovation and Opportunity Act (WIOA) while helping job seekers acquire the necessary skills and experience to secure long-term employment. With \$15 million in funding, the program provides EcSA business navigator services to help Black, Indigenous, and Latino businesses identify and access existing state systems that can help their company succeed, including customized workforce training programs and wage subsidies. The program also provides recruitment of local talent, hourly pay for training, subsidized on-the-job training, equipment purchases, and training by colleges or other providers. The program partners with local organizations and businesses to provide services to priority populations.		

Program details

The CRP should support the creation of early workforce development pipelines that show youth how jobs can be enjoyable and benefit the community. This may involve using artistic and cultural tools to build workforce development systems for youth in legal services, violence prevention, and consulting. For example, the CRP should fund cultural events serving the dual purposes of offering employment opportunities to youth and providing fun, outreach activities for the community, such as concerts.

Workforce development pipelines should target youth as early as possible, allowing them to experience jobs that are joyful and give back to their communities. This approach would require intentional thinking around how artistic and musical expression can be used to foster interest in high wage careers. This echoes what HTFFSP heard in interviews, where community members are using artistic and cultural tools to build workforce development systems to get youth into careers in legal services, violence prevention, and consulting.

The research, inclusive of previous reports, interviews and focus groups, has found that restorative justice and healing-centered approaches to case management and systems navigation are frequently identified as both a need and an opportunity for workforce development. The creation of community-based programs that result in well-paid jobs that simultaneously meet community needs was a popular recommendation. Operationalizing this will require support for small businesses and nonprofits led by the communities they serve. This includes the leadership of youth, elders, and community members who are able to bridge generational gaps. Recognizing the justifiable mistrust in existing systems, communities are eager to support the high-quality and culturally responsive solutions they have been creating in the absence of robust support.

Community-based solutions have been described as more cost-effective and appropriate for achieving positive outcomes, compared to institutionally-focused solutions, despite inadequate and inconsistent reports. Because there are programs that communities have identified as ineffective, despite larger budgets, it is important that a strong accountability process is incorporated into the design of interventions funded through this source. It is important to recognize that while communities want strong systems, they are also advocating for the removal of barriers and siloes that stymie their progress.

The undoing of structural oppression and injustices caused by the war on drugs isn't about helping people be better at jumping through hoops, but by helping to remove the bureaucracy, cultural and social disconnect, and other barriers from the experience altogether. Doing this may require partnering with government workers, including policymakers and policy implementers in paid consulting roles to support the transition out of institutional oppression. These jobs must be staffed by people who have the specific expertise that comes with lived experience to speak to the specific and interlocking systemic oppression that policies and practices

cause. One of the key areas identified by the research and interviews to help illustrate this point is helping to prevent the burnout of the government workers who are advocating to create sustainable changes in throughout government, such as the workers who participate in groups such as Government Alliance on Race and Equity (GARE).

Economic development includes addressing wealth disparities to promote asset building such as home ownership and expanding access to financial resources. One of the top recommendations in this area is to create ecosystems for financial health, asset building, and long-term economic benefits.

Area 3: Civil and Criminal Legal Assistance

The Legislature identified legal assistance as one program area to focus Community Reinvestment funding on, specifically "civil and criminal legal assistance to provide post-conviction relief and case assistance, including the expungement of criminal records and vacation of criminal convictions."

The Community Reinvestment Plan recommends allocating funding in this program area through two strategic sets of investments.

- Vacating Criminal Records and Legal Financial Obligations Relief
- Legal representation

A criminal record creates lifetime barriers for people. One in three people in the U.S. today has a criminal record that appears on a routine background check. Decades of federal, state, and local criminal legal system policies and practices that disproportionately target Black, Indigenous and Latino people have made it so that criminal records are more common in these communities.

This suggests that the legal assistance investments mentioned in this plan, namely hiring trained staff and attorneys to support record clearing, would be beneficial to the community.

Key performance indicators

These investments track evidence of the following KPIs:

- Number of criminal records expunged and convictions vacated
- Number of successful post-conviction relief cases
- Number of cases assisted
- Amount of legal financial obligations resolved

Vacating Criminal Records and Legal Financial Obligation (LFO) Relief

"Not all judges follow LFO reform. People lack awareness of their LFO rights, and it falls on advocates to explain the changes. Legal aid for LFOs and expungement is crucial, as resources are available but often unknown. It's essential for individuals, families, and communities, as erasing discrimination in housing and jobs won't help with loan accessibility due to credit scores from debt. Legal aid support for LFOs is necessary." — Marcy Bowers

Recommendation

The Statewide Reentry Council recommended centralizing support services before and after release.

Community oversight

The Community Advisory Board, consisting of individuals with lived experience and representatives of By and For organizations, must be provided access to track progress and key performance outcomes and be consulted before specific policy decisions are made.

Promising results

In 2016, Code for America launched an online intake tool to connect people with the legal aid they need to navigate California's expungement process. With this tool, the team helped 27,000 people connect to legal aid services. But they also saw firsthand how the petition-based process wasn't working. They re-envisioned the record clearance process to be accessible to anyone and everyone who needs it and created a software solution to automatically clear records.

"Creating pathways to lower debt build assets is essential to closing the inequality gap and increasing net worth, as well as preparing BIPOC households for homeownership. Your approach to providing accessible legal assistance is right on point, especially as it involves eliminating debt or debt remediation. And it will greatly increase opportunities to build assets across generations." — Maisha Barnett, Black, service provider, artist, and communications expert

The pairing of these automatic tools with a consent-based approach of offering to connect beneficiaries directly with resources is one of the recommendations of this report. This form of transparency and low-cost solution can have a large impact on the lives of people who are navigating criminal and civil legal systems. By leveraging natural touch points with the community (such as notification of their record being updated or removed), government agencies can connect the community to a database that technical assistance and capacity building providers can use to offer services. The data could be anonymized, and people could join from multiple sources, such as entering the system through contact with the foster care system or through workforce development programs. Communities want a simple way to be informed about this resource, as well as for technical assistance providers to assist them in the process. The recommendation is to include staff who would engage with this software — or who would provide stop-gap support — under this investment.

This strategy would accomplish both of those goals.

The need for robust legal representation, particularly representation that goes beyond criminal law, was a recurring theme. While having community and peer support is helpful, there are times when a lawyer is the best support for a positive outcome. Whether that is to get support with prior legal issues or representation for a family or immigration law matter, a lawyer can play a unique part in helping people get the things they need.

The Poverty Reduction Work Group (PRWG) in Washington proposed funding meaningful access to legal assistance and representation for children, adults, and families disproportionately affected by poverty and racially biased systems. In addition, they recommended funding legal services programs to increase capacity to provide legal assistance and representations to incarcerated people, formerly incarcerated people and justice-related families in their ongoing civil legal needs from reentry to release. The CRP echoes these recommendations.⁴¹

41 Final10yearPlan.pdf. (n.d.). Retrieved March 8, 2023, from <https://dismantlepovertyinwa.com/wp-content/uploads/2020/12/Final10yearPlan.pdf>

Program Name: Vacating Criminal Records and LFO Relief	Investment: \$2 million	Economic Benefit Goal: \$70 million over 10 Years
Washington state offers self-help online court forms and instructions for individuals seeking to vacate a felony drug possession conviction or related charges in a Washington State Superior Court, as well as request a refund of legal financial obligation (LFO) payments. By answering questions, these forms generate a completed motion, order, notice, and proof of service forms. The Department of Commerce should provide funding to the Office of Civil Legal Aid to support outreach and education to support the vacating of criminal records and LFO relief. OCLA should develop an automatic criminal record sealing software to vacate criminal records and resolve legal financial obligations (LFOs). The project involves creating a tool that automates the vacation of criminal records and LFO remission processes and is accessible in all 39 counties, with a budget of \$2 million over two years. Additionally, an 18-month pilot program will be carried out in King and Pierce counties, partnering with impacted communities to provide outreach, self-help tools, legal navigators, and lawyers to scale criminal record and LFO relief for Black, Latino, and Indigenous communities and individuals.		

Legal Representation

Program Name: Legal Representation	Investment: \$6 million	Outcomes: Dollar amount of LFOs resolved
The Legal Representation grant program aims to address the needs of Black, Indigenous and Latino individuals impacted by the criminal justice system in disproportionately affected neighborhoods in Tacoma and Seattle. The grant program aims to provide comprehensive support to individuals impacted by the criminal justice system, enhance legal reentry services, and foster collaboration among legal service providers. The program ensures transparency and accountability through the involvement of a Community Advisory Board. It consists of three key components: ○ Outreach and Navigation (\$400,000): This initiative focuses on providing immediate relief to individuals not currently impacted by the criminal justice system. It supports outreach and legal navigation initiatives, with an emphasis on peer-to-peer navigation and strategic partnerships. The goal is to establish a unified team actively participating in the development of an automated system and assisting impacted individuals. ○ Expansion of General Reentry Legal Services (\$4.1 million): This funding enhances the legal reentry capacity within community-based organizations, By and For organizations, and existing legal aid providers. Collaboration with embedded in-house attorneys leverages their expertise in reentry legal services. The program is tailored to each organization's capacity and includes explicit pathways for engagement beyond the existing CLEAR system. A Community Advisory Board ensures transparency and accountability through regular updates on progress and key performance outcomes. ○ Integrated Reentry Legal and Public Defense Services Pilot Program (\$1.5 million): This program focuses on integrating reentry legal services with public defense services in targeted areas. Civil reentry attorneys collaborate with public defense attorneys and clients to identify relief and mitigate collateral consequences, such as vacatur, LFO remission, and re-licensure. They work with existing civil legal aid providers and the automated tool project manager to address common concerns.		

Recommendations for future investments in the Legal Assistance Program Area:

Customer Relationship Management Systems and other tools

During the development of the Community Reinvestment Plan, government and nonprofit leaders offered ideas for what would be needed to have the best tool to further support this work. Those ideas include:

- Implementing a shared Customer Relationship Management (CRM) system. This is the first priority, but not within the scope of this project to implement. It would be a long-term investment should the program continue.
- Automated record-sealing paired with CRM support.

Many workers providing civil legal aid services are overworked and overburdened with the existing scale of the needs across Washington. Some jurisdictions cannot hire enough staff or engage enough volunteers to meet the need. There must be an automatic, collaborative statewide solution to address record sealing. This would support reducing the caseloads of staff who are already over capacity. It would also allow smaller and rural counties more support, which is critical given how fractured the court systems processes are in Washington. Paired with a CRM system at the state level, this tool could help identify possible beneficiaries of a technical assistance and capacity-building program.⁴² For example, when someone's record is sealed, perhaps the confirmation they receive also invites them to the resources available to help impacted individuals access funding (such as Community Reinvestment grant programs, business services at local public libraries, community foundations near them, or other local sources). One of the biggest hurdles for so many community members is not knowing where to get started. This simple solution could help address some of these types of issues as part of the implementation of the automatic records-sealing program.

According to our review of information available from the state Office of Financial Management, appropriate and customizable off-the-shelf Software as a Service (SaaS) options and strategies could address gaps in project controls. Meanwhile, nonprofits and community organizations have been using and adapting existing commercial tools to support their efforts, though they often lack the robust budget to scale those solutions. Core features of promising software solutions are covered in greater detail in later sections of this report and appendices.⁴³ Technical assistance and capacity-building providers also mentioned that a CRM is often helpful for them as they manage and evaluate the effectiveness of their services.⁴⁴ A similar approach for this investment is encouraged, with anonymized reports being shared broadly so that the public can help understand the approach and learn more about how they can access various new and existing funding. As long as any CRM-related tools allow for exports via CSV files and can connect or leverage data updated elsewhere (such as a funder's dedicated website or a library systems' business services page), they can be cost-effective.

Legal assistance through trained community members and public defenders

In the absence of robust support from the state, communities have engaged in creating solutions to increase the number of legal clerks, paralegals, and similar roles to support diversifying legal support in Washington. Programs have varying degrees of formality. In some cases, the programs are working in close partnership with mentors who have served as judges, defense attorneys, and paralegals to design something new. In other cases, there are existing strategies through formal internships and partnerships with schools and employers.

Caseloads and burnout are high, as reported by public defenders and volunteer legal professionals. The compassion fatigue and the physical, emotional, and financial impacts faced by these providers are recurring themes in conversations with community members and stakeholders. In developing this plan, community members spoke, at times, about the positive impact that the support had in their lives, but also noted that it can be dehumanizing to feel like a cog — or in some cases a foreign body — in the large machine that is the

⁴² Reddick, C. G. (2011). Customer Relationship Management (CRM) technology and organizational change: Evidence for the bureaucratic and e-Government paradigms. *Government Information Quarterly*, 28(3), 346-353.

⁴³ Al-Khouri, A. M. (2012). Customer relationship management: proposed framework from a government perspective. *Journal of management and strategy*, 3(4), 34-54.

⁴⁴ Pang, L. M., & Norris, R. (2002). Applying customer relationship management (CRM) to government. *The journal of government financial management*, 51(1), 40.

criminal legal system. Communities across the state spoke about having many legal needs, but being constrained by the kinds of legal professionals that were supporting them, especially if they had needs that crossed specialties (such as family law, civil law, real estate law, criminal law). HTFFSP spoke with 10 lawyers who serve or have served as public defenders. These lawyers said that in many cases their clients did not necessarily need a lawyer, but did need someone who was able to help them navigate paperwork or legal processes. Often, they wondered if a possible outcome would be to have a stronger up-to-date directory of where such providers are, and a way to train new community members in these fields.

The Director of the Office of Public Defense shared that caseload is generally high for public defenders; as many as 200 criminal cases can be assigned to a single attorney. He shared that we can assume that a standard felony defense is 12.5 hours per case, including if a case goes to trial. It is difficult to catch up on a client's story with so little time, let alone with sufficient detail to weigh multiple options for the next steps.

The importance of culturally specific and trauma-informed legal assistance was a recurring theme. Communities spoke about how without such expertise, the whole process of legal assistance feels even more dehumanizing and harmful. Communities said they wanted support from people who looked like them. Stakeholders also discussed the differences they could see when communities were well-served by their own communities. While multiple communities brought this up, including the communities harmed by the war on drugs, there were specific solutions identified for certain experiences. For example, Black people generally wanted to work with Black providers. Indigenous communities wanted people who had the tribal, nation, or band affiliation of their specific community, instead of the label of Indigenous overall. Latino people generally wanted someone who understood immigration policies and laws, in addition to someone who would be fluent in the many languages of these communities, not just Spanish. Asian people generally wanted more specificity, too, in terms of nationality and ethnicity. For example, community members spoke about how Southeast Asian communities are often grouped together with communities that are less directly impacted. The histories of refugee and immigrant communities engaged in this CRP development project were complicated by the global design and enforcement of drug policies, including many that resulted in their forced migration to Washington. Having to explain in greater detail each of the nuances related to this was often exhausting and beyond the scope of the limited time communities would have with their lawyers or legal-focused support system. Communities want to talk to someone already familiar with these considerations, and who can dive right into being helpful to their specific situations. This includes both trained attorneys as well as trained community members who do not have a law degree.

The CRP recommends that all CRP Technical Assistance (TA) providers would be required to understand some of the basic legal barriers facing communities harmed by the war on drugs, and what kind of service provider may be helpful for resolving issues. The goal is not necessarily that all TA providers are able to provide legal services, but that they will all understand some of the complexities of the legal constraints that their community clients may be facing and be able to direct them to those available resources.

Area 4: Community-Based Violence Prevention

The Legislature identified violence prevention as one program area to focus Community Reinvestment funding, specifically focusing on "[c]ommunity-based violence intervention and prevention services, which may include after-school programs focused on providing education and mentorship to youths."

The Comprehensive Community Violence Prevention and Intervention recommendations include a multi-faceted approach aimed at addressing community-based violence and promoting safe and resilient communities. The program consists of several grant programs that focus on different aspects of violence prevention and intervention:

- Violence Reduction
- Community Healer
- Youth Sports Capacity Building
- Barber/Beauty Shop Health Navigation

Collectively, these programs aims to expand capacity in local communities to prevent and respond to firearm violence through intervention, prevention, planning, and crisis intervention projects. The culturally responsive Community Healer grant program aims to address the unique cultural and social needs of specific communities by incorporating culturally sensitive approaches to healing. The Youth Sports Capacity Building program aims to train and support volunteer coaches in community sports teams to reduce violent behavior and victimization. The Barber/Beauty Shop Health Navigation program seeks to leverage barbershops and salons as cultural hubs to provide health coaching, violence prevention, mental health support, and mentorship to customers. These comprehensive initiatives align with the recommendations of the Washington Office of Firearm Safety and Violence Prevention (OFSVP) and aim to foster safe, healthy, and hopeful communities while addressing the historical trauma and systemic barriers faced by underrepresented communities.

Outcomes:

- Number of people trained
- Hours of training
- Number and amount of stipends provided
- Number of participants in community-based violence prevention services
- Number of violent incidents deescalated
- Number of individuals referred to support services
- Number of individuals reached by violence prevention programs

Violence Reduction

Program Name: Violence Reduction	Investment: \$10 million	Economic Benefit Goal: \$550 million over 10 years
Since its launch, the Washington Office of Firearm Safety and Violence Prevention (OFSVP) has distributed grant funds in communities throughout Washington, supporting local efforts to prevent and intervene in firearm violence. The programs are based on the understanding that the most effective solutions to crime and violence come from the community and that there is a tremendous appetite at the community level to engage in collaboration to keep neighborhoods and families safer. Further, OFSVP operates on the principle that, when possible, violence intervention and prevention efforts work best when we partner with law enforcement and other system partners. The OFSVP grant programs respect the unique needs of communities and using intentional and coordinated investments to expand violence prevention and intervention capacity throughout the state. The grants include intervention, prevention, planning, and crisis intervention projects. This funding allocation should encompass resources dedicated to capacity building and technical support, which will assist recipient organizations in satisfying the results-based accountability stipulations tied to these funds. In addition, administrative backing should be provided to help providers comply with all grant requirements.		

Program details

The Legislature created the Washington Office of Firearm Safety and Violence Prevention (OFSVP) in the Department of Commerce to support and coordinate the implementation of evidence-based firearm violence intervention and prevention strategies across the state.

OFSVP grant programs respond to lessons learned from local, regional and federal practitioners, while making efforts to respect the unique needs of communities and using intentional and coordinated investments to expand violence prevention and intervention capacity throughout the state. The grants include intervention, prevention, planning and crisis intervention projects.

During the development of the recommendations in the Community Reinvestment Plan, communities spoke with great emotion about how difficult it is to quantify the harms caused by firearm violence. They shared poignant stories of lives lost to gun violence, including incidents related to gangs, road rage, domestic violence, and accidents. The HTFFSP team also dealt with the loss of community members from gun violence during the course of the creation of this report. This loss included Elijah Lewis, a 23-year-old activist from Seattle, who was a member organizer of The Africa Town Community Land Trust and worked with the Alliance for Gun Responsibility. He was tragically killed by gun violence just a few days after participating in a Friday lunch hour session.

“I lost over 40 people and a lot of them due to gun violence.” — Elijah Lewis

A roadmap to reducing community violence

All communities in Washington should feel safe, valued, and have clear pathways to opportunities that include high rates of personal, communal, and environmental health and eliminate the underlying disparities in safety and health that impact underrepresented communities. These disparities exist because many communities of color have experienced a long history of trauma through institutional and systemic racism. This history of discrimination has resulted in disparities in access to employment, housing, education, and other opportunities that communities need for their safety, health, and well-being. The legacy of this discrimination has disproportionately impacted young men of color, particularly Black men. This affects the men, as well as their families and communities.

Cities United is a connector, a facilitator, and an incubator of meaningful long-term change. It is building a movement of cities, community organizations, public safety advocates, and young leaders to create safe, healthy, and hopeful communities. Since 2011, Cities United has been a leader in advocating for holistic approaches to gun violence. In 2018, it published the report "A Strategic Resource for Mayors on Disrupting Community Violence and Preventing Homicides," which included extensive research along with lessons from cities across the country has surfaced the following core elements of a comprehensive, public health approach to reducing community violence. It provided detailed recommendations under each intervention area with examples from across the country:

- Engage youth, family, and community
- Bolster family support
- Boost education
- Expand trauma-informed practice
- Build an inclusive economy
- Interrupt the cycle of community violence
- Reshape criminal and juvenile justice systems

This resource outlines a roadmap to reducing community violence that mobilizes all corners of the community and addresses both the program and policy interventions needed to help us change outcomes, save lives and make sure all our communities are safe, healthy, and hopeful.

Reflections from community members

A community-based approach is particularly important because the harms caused by the war on drugs include public divestment and the design and enforcement of policies based on structural racism and oppression. Considering these specific harms is essential to creating place-based and community-based strategies to effectively reach the communities most harmed. Communities shared multiple ideas in focus groups, interviews, and community conversations across Washington; some of the highlights are listed here:

- Make a training program that provides job experience and accountability. Center Indigenous and culturally-specific traditions.
- Invest heavily in STEAM (science, technology, engineering, arts, math) programs to support youth. While many youth enjoy and are supported in sports, many Black, Indigenous, and Latino youth are also told that sports are the only option available to them.
- Support youth Indigenous artists. Support storytelling, beading, weaving, and other Indigenous art and healing practices.
- Foster accessible exposure to multiple industries. The more pathways to success that young people see, the more opportunities they can access and create for themselves.
- Invest deeply in prevention, including in developing healthy relationships and de-escalation training for all people. Make it freely available to people of all ages, ideally as available as grocery stores and anchor institutions.
- Bring elders and youth together. This includes considering the unique wisdom and strengths of intergenerational work.
- Provide culturally specific nurturing training for caregivers, young mothers and parents. Support during the hard work of caregiving can help adults to intervene and provide support before our children and youth are faced with gangs, violence, and other issues.
- Prevent domestic violence, abduction, and harm to women and femmes, including the specific strategies needed to stop these traumas and violence done to Indigenous and Black communities. Gender-based violence, including transphobic violence, must be stopped. This includes gender-based violence within a community and violence between communities.
- Peer mentorship and support to navigate legal systems, health systems, and economic systems (such as housing, jobs, businesses). Communities spoke passionately about the importance of peers, especially due to the distrust of existing systems that have been demonstrated to harm communities.

Youth Sports Capacity Building

Program name: Youth Sports Capacity Building	Investment: \$5 million	Economic Benefit Goal: N/A
The Youth Sports Capacity Building program provides community sports and activity teams up to \$25,000 each. This program would cover compensation for coaches, training for volunteers, and removal of barriers for youth participation. Coaches play a crucial role in reducing violent behavior and victimization in the community. This funding will train volunteer youth sports coaches in areas such as Social Emotional Learning, Positive Behavioral Supports and Interventions, Second Step, De-escalation Tactics, and Trauma-Sensitive Practices. The instructors providing the training must be culturally competent, credible messengers, and possess both the experience and the skills needed to work with diverse populations.		

Program details:

Community members recognize the important role that sports and activity coaches play in fostering safer, more secure communities. A key target population of these initiatives is boys and young men of color, who will benefit from community-building programs, youth outreach, and proactive prevention efforts.

This initiative will cover compensation for coaches, training for volunteers, and facilitate the removal of barriers to youth participation. The role of coaches in this initiative is critical. Trained and involved coaches serve as positive role models and have been shown to significantly reduce violent behavior and victimization among youth. By providing youth with essential life skills and opportunities for personal and professional growth, coaches can contribute significantly to community wellbeing.

To ensure coaches are equipped for this role, Commerce's Office of Firearm Safety and Violence Prevention can serve as a funding source for training youth sports coaches in areas such as social-emotional learning, positive behavioral supports and interventions, and trauma-sensitive practices. Physical education, group activities and sports, forming the backbone of this initiative, are essential for the holistic development of children and youth. They offer young individuals the opportunity to learn important life skills such as sportsmanship, goal setting, conflict resolution, and healthy decision making.

In addition to their conventional coaching roles, the trained coaches will implement social-emotional learning and positive behavioral interventions in their coaching practices, creating a network of shared learning. They will also connect families to community resources that reduce barriers and support youth with trained program staff. Furthermore, they will engage with parents and target neighborhoods for outreach and recruitment with paid outreach.

The Community Reinvestment Plan recommends providing small grants (\$10,000 to \$25,000) to participating teams to support training and compensate coaches and volunteers for their time. The Youth Sports Capacity recommendation represents a strategic investment in Washington's youth and the wider community. By focusing on training and involving coaches in violence prevention, and leveraging the benefits of sport and physical education, this initiative aims to create a safer, more supportive community for young people. Community Reinvestment funding, by providing necessary resources and support, can help turn this initiative into a reality.

Barber/Beauty Shop Health Navigation

Program Name: Barber/Beauty Shop Health Navigation	Investment: \$5 million	Economic Benefit Goal: N/A
The Barber/Beauty Shop Health Navigation program is a capacity grant program for to provide outreach and paid training to, and certification of, barbers and beauty shop operators to deliver life coaching, violence prevention, mental health, and mentorship to customers, addressing the need for community-based support and resources for individuals. In particular, the barbershop and beauty shop is an important cultural institution in the Black community, serving as a social hub where people come together to talk, share their experiences, and receive grooming services. The goal of this program is to leverage this cultural significance to improve the health and well-being of the community by providing access to critical resources and support. One of the main reasons to implement this program is to address the lack of access to mental health resources in the Black, Indigenous and Latino communities. Traditional mental health services often underserve these individuals, who face significant barriers to accessing care, such as stigma, cost, and a lack of culturally-sensitive providers. By training barbers/beauticians to provide basic mental health support and referral services, this program aims to improve access to care and help address the mental health disparities. The instructors providing the training must be culturally competent, credible messengers, and possess both the experience and the skills needed to work with diverse populations.		

The Poverty Reduction Work Group (PRWG) proposed increasing peer counseling, mindfulness programs and educational programming to decrease cultural stigma around mental health and improve access to appropriate after-school care and programming.

Program details:

The Barber/Beauty Shop Health Navigation program is an innovative initiative recognizing the important role that barbers and beauty shops play in the community as both social hubs and trusted spaces. This program is designed to leverage these characteristics to address the urgent need for mental health support.

Specifically, the program aims to utilize Community Reinvestment funding to offer capacity grants through the Department of Commerce. These grants will provide barbers and salon owners with paid training (up to \$5,000) for additional certification in life coaching, violence prevention, mental health navigation, and mentorship. This would enable basic mental health support and referral services for customers. Following the training, barbers and salon owners will receive a small monthly stipend of \$500 to \$1,000, helping them provide much-needed resources and support to customers during their conversations in the shops. This approach is designed to foster a supportive environment within the shop, allowing customers to share their concerns and receive guidance on various life issues such as career planning, bouncing back from personal setbacks, and transitioning into independent living.

The Barber/Beauty Shop Health Navigation program is inspired by the success of The Confess Project Barber Coalition, a growing coalition that has provided training to more than 2,000 individuals. This group is committed to building a culture of mental health for Black boys, men, and their families through capacity building, advocacy, organizing, and movement.

The ultimate goal of the Barber/Beauty Shop Health Navigation program is to address the significant barriers to accessing mental health care that Black, Latino and Indigenous individuals often face, such as stigma, cost, and a lack of culturally-sensitive providers. By empowering barbers to provide mental health support, the program seeks to bridge this gap, enhancing the well-being of the community and addressing the mental health disparities that persist in the community.

The Barber/Beauty Shop Health Navigation program is a powerful initiative that underscores the potential of community-based support in improving health outcomes. Its unique approach and commitment to the community make it a promising endeavor that deserves wide support.

Community Healer

Program Name: Community Healer	Investment: \$10 million	Economic Benefit Goal: N/A
The culturally responsive Community Healer program is a grant designed to address the unique cultural and social needs of a specific community. This type of program recognizes that traditional Western approaches to healing may not be effective for all communities and that cultural and historical factors can play a critical role in an individual's health and well-being. The healers are equipped to facilitate healing processes that are culturally respectful and relevant. The services they provide range from mental health support, mindset coaching, and counseling to interventions for trauma and stress management, all tailored to align with the cultural norms and values of the community they serve. Moreover, these instructors work from a position of cultural humility, understanding the intersectionality of individuals' experiences, and how race, ethnicity, gender, class and other factors can influence one's healing process. This ensures that the services they provide are not only effective but are also sensitive to the cultural nuances and specific needs of the community members they serve. The instructors providing the training must be culturally competent, credible messengers, and possess both the experience and the skills needed to work with diverse populations. The staff must be representative of the community they intend to serve or demonstrate that they have been impactful in the community they intend to serve.		

The Poverty Reduction Work Group (PRWG) proposed improving the integration of behavioral health in early learning settings and K-12. In addition, the PRWG recommended peer counseling and mindfulness programs and increasing educational programming to decrease cultural stigma around mental health and improve access to appropriate after-school care and programming.

Program details

“This [culturally responsive community healer] initiative is extremely exciting. Looking forward to helping move the needle toward erasing systemic constructs that hinder Black and brown communities. With that said, focusing on innovative and culturally inclusive youth employment is an excellent approach. Providing safe spaces for underserved youth to be trained in careers that are difficult to navigate and in high demand creates a win-win scenario for the community and local families. The idea of building a robust pipeline of talent where healing is integrated is much needed. Also, the current economy is stagnated across multiple industries. Let's prepare these youth to fill in some of these gaps in occupations that are essential for society to function. Whether it's law, education, research, digital media, and/or communication. Sustainability and capacity building are vital.” Black woman, small business owner, Western Washington resident

During the development of the Community Reinvestment Plan, communities also offered structural recommendations to address violence prevention and intervention to address the systems that are actively harming them:

- Require anti-racism, anti-bias, and liberation-focused training for government workers, including those who work in education, health care, housing, and economic development.
- Provide burn-out prevention to workers with lived experience, especially those who are supervised by people who do not have lived experience. Burnout prevention includes eliminating pay inequities, revising overly-rigid or shortened timelines for community engagement, eliminating inequities in paid time off, providing appropriate accommodations and supports, supporting the agency and leadership of staff with lived experience, and providing robust trauma-informed and culturally-specific mentorship and support.
- Shifting decision-making power into community hands so that urgent needs can be addressed quickly, versus going through a drawn-out and lengthy bureaucratic process. Community members shared stories of how community solutions could address urgent issues more quickly, but that resolution was delayed due to government processes that were created decades ago, before the internet and information infrastructure existed to quickly identify what the needs are.

Area 5: Reentry Services

The Legislature identified reentry services as one program area to focus Community Reinvestment funding, specifically focusing on "Reentry services to facilitate successful transitions for persons formerly incarcerated in an adult correctional facility or juvenile residential facility in Washington."

The Washington Legislature created the Statewide Reentry Council in 2016 to "develop collaborative and cooperative relationships between the criminal justice system, victims and their families, impacted individuals and their families, and service providers, with the purpose of improving public safety and outcomes for people reentering the community from incarceration." (43.380 RCW). The Reentry Council is required to submit a report to the governor and Legislature every two years. The 2020 report outlines early lessons learned during the COVID-19 pandemic, summarizes the ongoing racial disparities in Washington's criminal legal system, provides recommendations for improving reentry, and summarizes council activities and progress. The report concludes:

- Systemic racism and racial disparities persist in Washington's criminal legal system, negatively impacting Black, Indigenous, and people of color individuals, families, and communities and perpetuating intergenerational trauma and poverty.
- Access to safe and affordable housing remains a primary barrier to successful reentry.
- COVID-19 is especially hazardous and potentially deadly for incarcerated people and people exiting prisons and jails without proper resources.
- Successful reentry requires individualized planning that includes safe and affordable housing, strong community support, access to essential technology, and training on using the technology.

The Council identified dozens of reentry-related areas that need improvement. However, the Council decided to focus its report on a narrow set of impactful recommendations:

- End housing discrimination and homelessness following reentry
- Center community and family, expand technology, and provide comprehensive, individualized reentry plans
- Address systemic racial disparities by reducing prison and jail populations

Expanded Reentry Program

Program Name Expanded Reentry Program	Investment \$12 million	Economic Benefit Goal: N/A
Commerce's existing Reentry Grant Program provides reentry services for justice-involved individuals who recently exited or are in the process of exiting incarceration in Washington jails or prisons, within the past 24 months. This program, facilitated by community-based organizations, focuses on improving reentry processes by providing comprehensive services in essential domains such as housing, employment services, education, legal aid, transportation, family reunification, communication, and basic needs. The program sets ambitious goals to connect individuals to services in at least five of the eight service domains. Through the provision of program support, community-based resource referrals, and a focus on life stabilization, career readiness and employment, the program aims to reduce recidivism among program participants and increase their self-sufficiency. Outcomes: • Number of successful transitions from incarceration • Percentage of participants in educational or vocational programs • Percentage of participants whom obtain employment		

Program details

In 2021, the Washington State Legislature took action through a budget proviso to fund the Reentry Grant Program for the state fiscal biennium from July 1, 2021, to June 30, 2023. In the proviso, the Legislature directed Commerce “to administer a competitive grant program for grants to community-based programs to provide reentry services for formerly incarcerated persons and supports to facilitate successful transitions to the community.”

Among other things, grant awards under this program can be used for housing, case management and navigators, employment services, family reunification, and legal services to respond to collateral impacts on reentry. At least 30% of the funding for the Reentry Grant Program is designated for programs delivering services in rural counties. The collective service area for the projects funded under the first round of grants includes 24 out of 39 Washington counties. In the first round, 10 organizations were funded in the first program year (2021), and 14 programs were funded in the second year (2022). The CRP recommends expanding the program and consideration of the following practices or approaches for successful reentry:

- Expand work-based learning opportunities
- Down payment assistance for vehicles and housing
- Program evaluation (track recidivism, implementation, and communities of practices)

In addition, the HTFFSP recommends using a common practice to successfully track the recidivism of enrolled participants. It is crucial for program providers to assess the percentage of participants convicted of a new offense within a year following their release from incarceration. This recidivism tracking should continue until the conclusion of the grant performance period. To ensure accurate tracking, as a condition of services participants should be required to pre-authorize a background check to be conducted within 24 months of their enrollment in the program.

Reflections from community members

As a result of conversations with community advisors, the role of reentry support has been integrated into multiple recommendations in the CRP, including the requirement that all technical assistance (TA) providers have training and support in reentry. This was to ensure that technical assistance providers were grounded in the specific ways that structural racism and oppression have constrained the abilities of communities harmed by the war on drugs to build wealth. The advisors also recommended that this investment be significant and that the funding be prioritized for smaller By and For organizations, particularly organizations that had not received their first \$1 million revenue in funding.

Advisors spoke about the need to ensure grant programs were as accessible as possible, and that they all included technical assistance and capacity building, especially those for reentry programs and services. This is because many of the organizations they admired were staffed by leaders and employees with limited time and resources. They worried about what it would look like to fund the Reentry Program without external TA providers who could help them complete their applications.

The Black Collective Social and Legal Justice Committee made the following recommendations to foster successful reentry and reduce recidivism rates. Incarceration can be a challenging and isolating experience, with the path to reintegration into society often fraught with obstacles. There are three key areas of focus that can help smooth this transition:

- 1) **Community engagement:** Community engagement is a crucial element in the reintegration process. One innovative approach is through the establishment of community gardens, which serve multiple purposes. Not only do they provide productive and therapeutic activities, they also foster a sense of community

connection. The simple act of gardening can bring people together, building relationships, and nurturing a collective sense of belonging.

Another aspect of community engagement involves the development of culturally responsive programs. These programs are designed to cater to the unique needs of justice-involved individuals from diverse backgrounds. Additionally, community engagement efforts should focus on offering opportunities for representation, particularly for Black individuals. This can be achieved through mentorship programs, leadership roles and resource access, which collectively empower individuals and promote their successful reintegration.

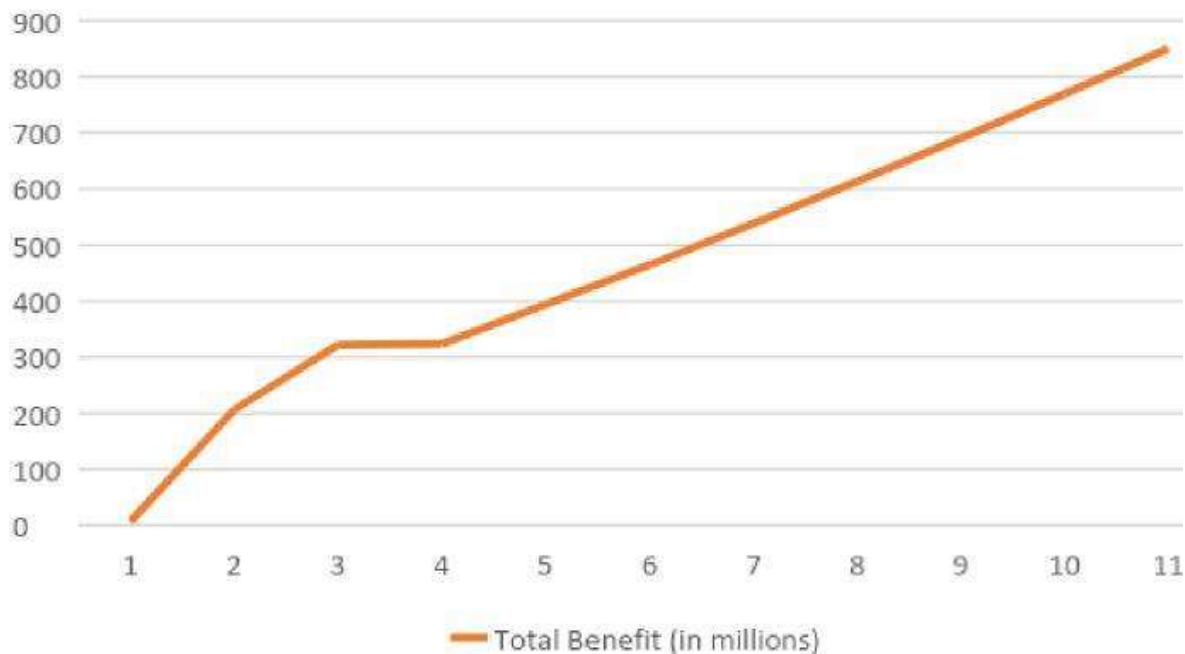
- 2) **Family reunification:** Family ties play a vital role in an individual's life post-incarceration. Strengthening families through targeted programs can foster these relationships and provide a supportive environment for those reentering society. These programs can include counseling services, parenting classes, and reunification services, all aimed at rebuilding and maintaining strong family connections.
- 3) **Community intervention:** Community intervention involves multiple strategies, including pre-release vocational training programs. These programs equip individuals with valuable skills, increasing their employability and odds of successful reintegration. Transitional housing support is another crucial intervention, providing housing units designed to ease the transition from incarceration back into society.

Collaboration with community-based organizations is also a valuable intervention strategy. Through partnerships, these organizations can provide comprehensive support services and resources, including access to financial resources to cover basic needs and court-imposed fines. Lastly, the power of peer mentorship shouldn't be underestimated as a form of community intervention. Peer mentorship programs empower individuals, promote positive behavior change, and provide practical advice from those who have walked the same path.

The challenges faced by individuals during their transition from incarceration to society are significant but can be mitigated through focused efforts in community engagement, family reunification, and community intervention. By adopting strategies in these areas, we can create a supportive environment that promotes successful reintegration and reduces recidivism.

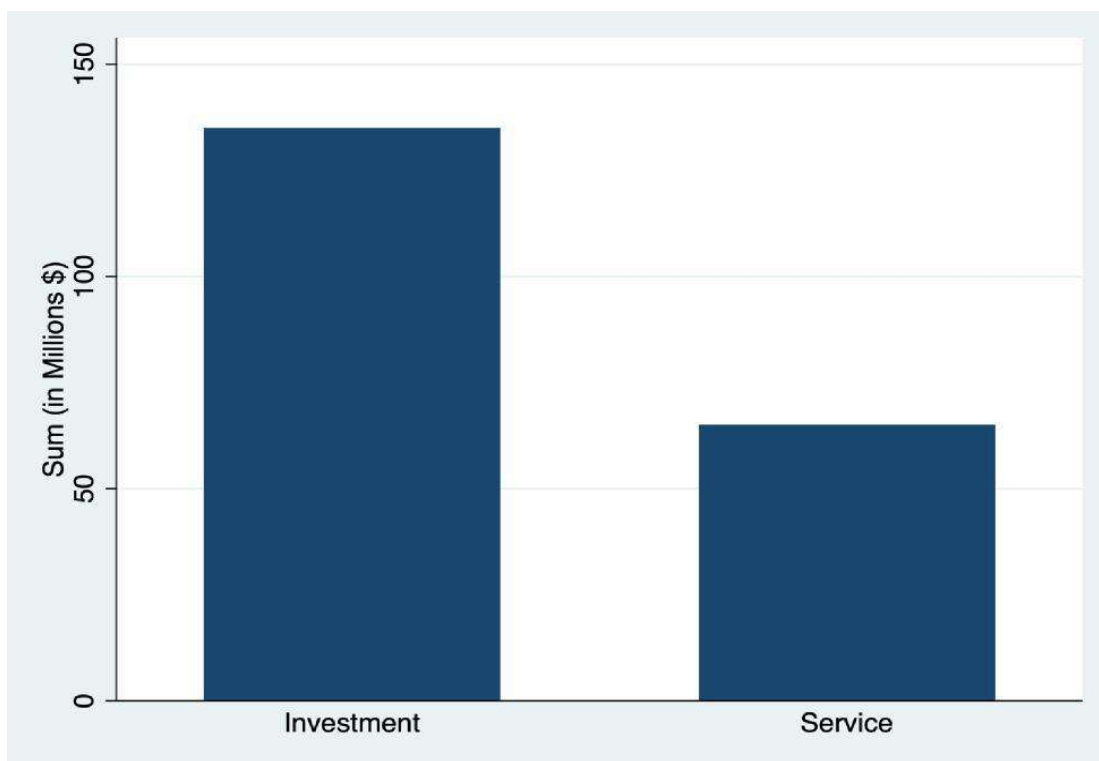
Appendix B: Economic development approach

Below we explain how we come to each of the calculations of long-term economic benefit for each different category of investment. The below graph tracks the benefit each year starting with the initial investment and moving to 10 years after the initial investment date. The benefits are tracked in millions of dollars.



In the course of calculating these estimates, we erred on the conservative side. Therefore, is it completely possible that these benefits represent a lower bound on the long-term economic benefits to communities and the state at large.

Based on our conversations with community members, the plan allocates more funds to investment opportunities than to one-time services. Many of the services listed in the plan should provide substantial returns on investment throughout their two-year rollout and beyond. On the next page, a graph compares the total amount of investments and services.



Capital Accelerator

Year	Economic Benefit
Year 0 (Initial Investment)	\$17 million
Year 1	\$25.5 million
Year 2	\$51 million
Year 3	\$54 million
Year 4	\$57 million
Year 5	\$61 million
Year 10	\$87 million

We arrive at this number first by showing that the dollars invested in CDFIs will have a multiplier on the total amount of liquidity generated. The coverage of both CDFIs and financial institutions should not hamper the multiplicative effect of these funds. However, what could diminish the multiplier is the lack of engagement from individuals in the financial sector. The traditional theory would predict a multiplier of about 10 times based on the current required reserve ratio.⁴⁵ Therefore, while traditional theory would predict a much larger multiplier, we make a conservative estimate with our multiplier of 3 times the initial investment. We make such a conservative estimate because the multiplier's effect is partially based on engagement with the financial system, and communities of color have a historical distrust of banks due to past maltreatment. We also

⁴⁵ While there is some evidence that money multiplier works through different channels than fractional reserve banking, we believe that there will still be a multiplier effect through expanding the level of loaning activity for CDFIs. Our team estimates that the multiplicative effect of funds for CDFIs can be up to 12 times the initial amount. Thus, the 3x times we estimate is a conservative estimate. We expect this will be about 6% of the total investment in this category which is about \$1 million.

assume that some of the funds will have to be used for administrative costs. Rather than explicitly estimate this cost, which we expect to be rather small relative to the level of investment, we make the multiplier smaller.

Assuming all the allocated dollars are loaned out over the first two years, we break the multiplier's effect in half. In subsequent years, we assume that the growth in economic benefit will come from equity increases in housing through year five. We assume start-ups will begin to turn a modest profit of 5% in the fourth year after the initial investments. We also assume that housing prices will continue to grow at the average pre-COVID rate of 7% per year.⁴⁶

Homeownership Capital Accelerator

Using our previous estimations of 7% increase in equity year over year we estimate that the initial \$15 million investment will become \$29.5 million by year 10.

Asset Building Initiatives

We do not estimate the benefits of this portion of the program as this is merely a scaling effect. This will increase the benefits of all other proposed provisions by increasing uptake and engagement.

Black, Latino and Indigenous-led Lending Agency Support

To calculate the benefits associated with this provision, we again assume a multiplier set at 3 times the initial effect. This takes the initial investment of \$15 million to \$45 million by year 2.

While there will likely be other general equilibrium effects beyond this in the remaining years of the program, we conservatively assume that the benefits will end here.

Blended Capital Enhancements

We use the similar style of equity scaling for housing to determine the benefits of this program. While not all funds will be used on housing, the increases in housing equity represent a good means of thinking about how the economic benefit will result from this portion of the proposal. The additional provisions in this allocation should bring additional benefits that render the final calculations we present a lower bound on the benefits.

It is very likely however that the benefits of this policy will far exceed 7% per year. This portion of the funds is to be used for a risk pool similar to the macroeconomic idea of a "lender of last resort." A lender of last resort fills the role of providing capital to firms in economically challenging times when there is little other capital available. This program will seek to perform the "lender of last resort" role for individuals, rather than firms. We believe this, coupled with other programs, can induce individuals to take financially responsible risks.

Individual Development Accounts

With the match savings account set up, this program will pay for itself. The initial \$25 million will result in an additional \$25 million of match savings. If these savings earn 0.39% each year, this will result in almost an additional \$1 million. This is apart from any additional funds from baby bonds. While these benefits would fall outside of our 10-year estimates, these bonds could lead to an additional \$10,000 to families assuming each bond is about \$200 at its inception.⁴⁷

⁴⁶ <https://ofm.wa.gov/washington-data-research/statewide-data/washington-trends/economic-trends/median-home-price>

⁴⁷ Universal Baby Bonds Reduce Black-White Wealth Inequality, Progressively Raise Net Worth of All Young Adults

Financial Coaching and Mentoring

Year	Economic Benefit
Initial Investment	-\$15 million
Year 1	\$10 million
Year 2	\$10 million
Total	\$5 million

To calculate the benefit for this project, we assume that the increased funds will lead to an additional 45-50 coaches being hired. If these coaches help an additional 20 individuals each year for the two years of the project, this will be an additional 2000 individuals. If each individual helped by this program obtains an asset worth \$10,000 on average.⁴⁸ This would amount to a \$5 million benefit (\$20 million in new assets minus \$15 million in the initial cost).

EcSA Career Accelerator Incentives

Year	Economic Benefit
Initial Investment	\$15 million
Year 1	\$12 million
Year 2	\$12 million
Total	\$9 million

A parallel program in a different context showed that subsidized wage programs, coupled with additional job trainings, can improve wages by about 20% in the first two years of the program.⁴⁹ If we scale this increase as 10% per year for every individual and assume they earn the state minimum wage. This is an increase for each individual of \$6,000 per year (assuming full-time employment). Wage subsidies also should increase employment as well.

Cannabis Business Grants (Social Equity)

Granting new cannabis licenses to BIPOC individuals could increase both business revenue for communities of color and tax revenue.⁵⁰ If we assume each cannabis business generates revenue of about \$100,000 per year, the addition of 10 new businesses will lead to additional revenue of \$1 million dollars per year. This additional revenue will both increase funds in communities and tax revenue.

Vacating Criminal Records and LFO Relief

Data from the Brennan Justice report shows that the average earnings loss from imprisonment can be up to nearly \$500,000 of lifetime earnings. This gap in earnings is about \$7,000 per year relative to peers. For the program to break even in its first year, it would only need to help about 300 individuals.⁵¹ We make a conservative estimate that this policy will help about 1,000 individuals per year since not all released individuals will immediately take up employment or remain in the state. This will lead to an additional \$7

⁴⁸ This assumes some individuals will be coached to obtain either houses or cars while other individuals will still be helped through debt reduction and credit score repair, but will not purchase any assets in the first two years of the program.

⁴⁹ <https://www.nber.org/papers/w5679>

⁵⁰ <https://502data.com/>

⁵¹ However, the actual release numbers are about 24,000 per year in the state.

million per year in wages from formerly incarcerated individuals working an earning at their peer rates. Note that this estimate is based on a labor force participation rate for released individuals of 4%. The additional measures in the proposal should mean that this labor force participation rate is ultimately too low. Thus, any programs that help increase employment for formerly incarcerated individuals presents a large opportunity. For the program to break even, it would only need to help individuals keep pace with their peers in terms of employment opportunities. This would also help individuals escape poverty since the average lifetime earnings of formerly incarcerated individuals does not rise above the federal poverty threshold according to current analysis.⁵²

Violence Reduction

With the level of gun violence in the state rising since 2017, our estimates focus on this as the largest area for the effect of these violence reduction policies. The most modest decrease of five fewer gun violence deaths per year would result in an additional benefit of \$55 million dollars per year.⁵³ Despite this analysis, there is truly no estimate large enough for the cost of human life.

What is also more difficult to estimate is the general equilibrium benefits that could arise from such a program. Reductions in violence and associated programs will decrease trauma responses and empower individuals to live healthier, more productive lives. Lower violence will also spur greater investment in communities from both outside agents and individuals within communities. There is also a clear connection between violence and discouraged economic activity. Thus, decreases in violence could further amplify the economic benefits we see in other areas.

⁵² <https://www.prisonpolicy.org/profiles/WA.html>

⁵³ Conservative estimates place the VSL at \$11 million per year

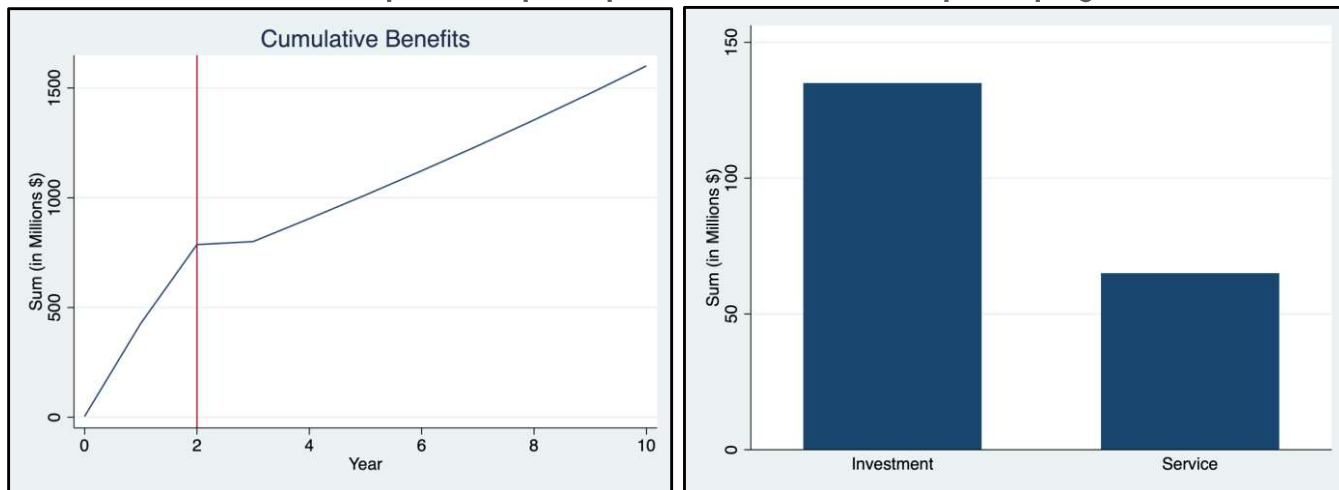
Appendix C: Money multiplier methodology

The simple multiplier is $\frac{1}{r}$ where r is the required reserve ratio, which is set by the Federal Reserve Board. This equation comes from the basic fractional reserve banking cycle.⁵⁴ While there is academic evidence that the multiplier is a real phenomenon, there is new evidence that calls into question the whether the required reserve ratio affects the multiplier.⁵⁵

Despite the “muddy” relationship between the money multiplier and the required reserve ratio, we still believe that investments into CDFIs and other funders will have a multiplier effect. First, CDFIs and similar financial institutions are more likely to be liquidity constrained than traditional banks. In other words, more traditional banks tend to be larger and better financed which allows for more lending to the communities they serve. This effect will likely be stronger for CDFIs and similar institutions because they will have the resources to expand their footprint. Secondly, based on interviews from this research project with CDFI leadership, CDFIs leverage new investments at a 10 or 12 to 1 ratio. Because CDFIs have a required reserve ratio of about 10% this would predict a money multiplier of 10 times the initial investment. $10 = \frac{1}{10\%}$. This seems commiserate with the experiential evidence.

To resolve the tension between classical theory, new scholarship, and experiential evidence, we estimate a conservative money multiplier of 3 times the initial investment. The goal and operation of CDFIs is not like that of most banks in the U.S., so the evidence specific to their effectiveness should not be discounted. However, it would be a mistake to overestimate the effectiveness of this multiplier since it is possible that such large capital injections into CDFIs may not have the same effect as smaller injections. Therefore, we predict a multiplier effect that is very modest and could even be a lower bound on the estimates of economic benefit created by CDFIs.

Benefits of Economic Development for participants in economic development programs.



*Note: Investment: lending/loans/financial services. Service: Direct case management services.

⁵⁴ This diagram is taken from <https://altexploit.wordpress.com/2017/06/16/fractional-reserve-banking-an-attempt-at-demystifying/>. We cite the diagram to honor its creator. We remain agnostic on the creators' explanations and opinions.

⁵⁵ Several works such as Money, reserves, and the transmission of monetary policy: Does the money multiplier exist? <https://doi.org/10.1016/j.jmacro.2011.09.009> and Teaching the Linkage Between Banks and the Fed: R.I.P. Money Multiplier <https://research.stlouisfed.org/publications/page1-econ/2021/09/17/teaching-the-linkage-between-banks-and-the-fed-r-i-p-money-multiplier> suggest that the required reserve ratio does not affect the proliferation of liquidity in the economy.

Long-term investments compared to social service investments

Panel B of Figure 6, above, compares long-term investments to social services. In the dissemination of funds for this project, we make the distinction between long-term investments and social services because certain items represent investments in personal utility rather than more easily quantifiable investments in assets. We present this distinction to show that most of the funds in the project will go directly to traceable asset purchases and quantifiable economic benefits. We firmly believe that all services will increase economic benefit through increasing personal, household, and community utility. Funds allocated to services could also increase the Return On Investments (ROI), as well.

Calculations by Investment Type

We calculate the return on investments in a variety of ways. We assume that all funds that move through a CDFI or similar financial institution⁵⁶ will face a 3-times multiplier effect (see The Money Multiplier in Our Estimates). Investments in housing are assumed to have a 7% year-over-year increase in their value. We use experiential evidence from similar programs to estimate the effect of matched savings accounts and Baby Bonds. It is possible that the estimates here are on the lower side, since all the bonds will not be cashed out by the tenth year after the investment. We also do not estimate the longer-term impact that beginning adult life with a nest egg for college, housing, or other uses will have on an individual's future outcomes. We assume that job training programs and vacating criminal records⁵⁷ will lead to increased employment and increasing wages. This is particularly true of the subsidized wages program, which will simultaneously help businesses and individuals. Finally, the violence intervention and prevention program's ROI comes from decreased mortality. We estimate that the program will save lives and the ROI comes from the sum of the statistical value of those lives. Despite these estimates, there can truly be no monetary value placed on human life.

⁵⁶ We use CDFIs in these calculations because they have an existing body of research and practiced experience in the types of lending in recommendations. Commerce does not endorse CDFIs over other types of financial institutions in the application process.

⁵⁷ This increasing benefit comes from a recovery of what would have been lost wages for formerly incarcerated individuals. This lost wages can be up to 50% relative to one's peers.

Appendix D: Defining and evaluating "By and For"

The authorizing language in the budget (Section 128(134)) of [Chapter 475, Laws of 2023 \(SB 5187\)](#) directs that the Community Reinvestment Plan be developed in partnership with "by and for community organizations as defined by the office of equity." The statutory language creating the Community Reinvestment Account, RCW [43.79.567\(3\)](#), directs "The distribution of the grants under this section must be done in collaboration with the governor's office of Indian affairs and "by and for community organizations" as defined by the department of commerce and the office of equity." In the budget provision, the Legislature further directs that "[n]onprofit, faith-based, and grassroots organizations are [to be] prioritized for funding" in the Community Reinvestment Plan.

In a number of cases, the Community Reinvestment Plan recommends focus on "by and for" organizations as preferred beneficiaries from the Community Reinvestment grant programs either directly or as intermediaries.

By and For Definition

For purposes of the Community Reinvestment Plan development and fund distribution, the Office of Equity adopted the "By and For" definition pioneered by 501 Commons.

"A By and For organization is a part of a community of people that see themselves as unique and defined by the members' identities, traditions, and values. A By and For organization is one where leadership and staff belong to the same community they serve, promote, and work to preserve. By and For organizations build trust, advocate, respond, and solve problems specific to community members. By and For organizations have roots in their respective communities as change agents and providers of mitigating systems of community service. They invest in and work with community members to improve their quality of life."

A By and For organization is part of a community of people that see themselves as unique and defined by the members' identities, traditions, and values. A By and For organization is one where leadership and staff belong to the same community they serve, promote, and work to preserve. By and For organizations build trust, advocate, respond, and solve problems specific to community members. By and For organizations have roots in their respective communities as change agents and providers of mitigating systems of community service. They invest in and work with community members to improve their quality of life.

These organizations are operated by and for the communities they serve, with a primary mission of catering to specific communities and being culturally based. They are directed and controlled by individuals from the targeted population, embodying the community's central cultural values. The rationale behind engaging with these organizations lies in promoting inclusivity, representation, and community empowerment. Government agencies are encouraged to provide evidence of partnerships and endorsements from By and For organizations to ensure authentic community involvement and better address the diverse needs of marginalized communities. Given the disparities caused by the war on drugs, in developing and implementing the Community Reinvestment Plan, priority will be given Black, Indigenous and Latino By and For organizations.

By and For Qualification

To qualify as By and For for purposes of the Community Reinvestment project, an organization must:

- Be part of, rooted in, and defined by the identity of the Black, Hispanic, and Indigenous community;
- Have leadership and staff who belong to the Black, Hispanic and Indigenous community; and

- Act as change agents in community and provide mitigating systems of community services.

Evaluation of By and For Engagement

Engagement of By and For organizations in the Community Reinvestment Plan implementation will be measured by how a community has benefitted, such as the percentage of funding distributed to "By and For" organizations from the overall award and the level of partnership during the project. Where applicable grant program managers will:

- Measure the level of partnerships with "by and for" organizations;
- Track the percentage of funding distributed to "by and for" organizations; and
- Identify how the partnership has benefited the intended community.

Grant Scoring Criteria

In addition to other programmatic requirements to achieve the desired results, the following scoring criteria will be included, as appropriate and practical, when selecting projects, individuals and organizations for Community Reinvestment funding. Review the full Community Reinvestment Plan for details on scoring criteria for each particular grant program.

- Evidence of partnership with Washington-based "by and for" organizations
- Endorsement of funding allocation from state "by and for" organizations or a body of people with lived experience in Black, Hispanic and Indigenous communities in Washington
- Demonstrated ability to affect structural racism for the most impacted communities
- Demonstrated ability to address the mental and spiritual impact of the war on drugs
- Demonstrated ability to address community harm
- Evidence of strong organizational capacity
- Prior experience in focus area
- Demonstrated potential impact of the proposed project
- Alignment with the Community Reinvestment Plan
- Demonstrated ability to produce long-term economic benefits
- Description of a clear plan for accountability measures
- Description of a clear plan for tracking
- Description of a clear plan to center populations disproportionately impacted by the war on drugs, including Black, Indigenous and Hispanic communities