
SENATE BILL 6703

State of Washington

55th Legislature

1998 Regular Session

By Senators McDonald, Fairley, Deccio, Kline, Winsley, Bauer, Rasmussen, Stevens, Prentice, Long, Finkbeiner, Wojahn and Kohl

Read first time 01/28/98. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to establishing a public/private endowment for
2 developmental disabilities services; reenacting and amending RCW
3 43.79A.040; adding a new chapter to Title 71A RCW; creating a new
4 section; and making appropriations.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** LEGISLATIVE INTENT. The legislature
7 recognizes that the main and most enduring support for persons with
8 developmental disabilities, along with public resources, is their
9 immediate and extended families. The legislature recognizes that these
10 families are searching for ways to provide for the long-term continuing
11 care of their disabled family member when the family can no longer
12 provide that care. It is the intent of the legislature to encourage
13 and assist families to engage in long-range financial planning and to
14 contribute to the lifetime care of their disabled family member. To
15 further these objectives, this chapter is enacted to finance long-term
16 care for persons with developmental disabilities through an endowment
17 funded jointly by the investment of public funds and dedicated family
18 contributions.

1 The establishment of this endowment is not intended to diminish the
2 state's responsibility for funding either current service entitlements
3 or posthigh school transition programs for persons with developmental
4 disabilities, nor is it the intent of the legislature, by the creation
5 of this public/private endowment, to impose additional, unintended
6 financial liabilities on the public.

7 NEW SECTION. **Sec. 2.** DEVELOPMENTAL DISABILITIES ENDOWMENT TRUST
8 FUND. (1) The developmental disabilities endowment trust fund is
9 created in the custody of the state treasurer. Expenditures from the
10 fund may be used only for the purposes of the developmental
11 disabilities endowment established under this chapter. Only the
12 developmental disabilities endowment governing board or the board's
13 designee may authorize expenditures from the fund. The fund shall be
14 a discrete nontreasury account retaining its interest earnings in
15 accordance with RCW 43.79A.040.

16 (2) The developmental disabilities endowment governing board shall
17 deposit in the fund all money received for the program, including state
18 appropriations and private matching contributions. With the exception
19 of investment and operating costs associated with the investment of
20 money by the investment board paid under RCW 43.33A.160 and 43.84.160,
21 the fund shall be credited with all investment income earned by the
22 fund. Disbursements from the fund are exempt from appropriations and
23 the allotment provisions of chapter 43.88 RCW. However, money used for
24 program administration is subject to the allotment and budgetary
25 controls of chapter 43.88 RCW, and an appropriation is required for
26 these expenditures.

27 NEW SECTION. **Sec. 3.** INVESTMENT OF FUNDS. (1) The state
28 investment board has the full power to invest, reinvest, manage,
29 contract, sell, or exchange investment money in the developmental
30 disabilities endowment trust fund. All investment and operating costs
31 associated with the investment of money shall be paid under RCW
32 43.33A.160 and 43.84.160. With the exception of these expenses, the
33 earnings from the investment of the money shall be retained by the
34 fund.

35 (2) All investments made by the state investment board shall be
36 made with the exercise of that degree of judgment and care under RCW

1 43.33A.140 and the investment policy established by the state
2 investment board.

3 (3) As deemed appropriate by the investment board, money in the
4 fund may be commingled for investment with other funds subject to
5 investment by the board.

6 (4) The authority to establish all policies relating to the fund,
7 other than the investment policies as set forth in subsections (1)
8 through (3) of this section, resides with the developmental
9 disabilities endowment governing board acting in accordance with the
10 principles set forth in section 5 of this act. With the exception of
11 expenses of the investment board set forth in subsection (1) of this
12 section, disbursements from the fund shall be made only on the
13 authorization of the developmental disabilities endowment governing
14 board or the board's designee, and money in the fund may be spent only
15 for the purposes of the developmental disabilities endowment program as
16 specified in this chapter.

17 (5) The investment board shall routinely consult and communicate
18 with the developmental disabilities endowment governing board on the
19 investment policy, earnings of the trust, and related needs of the
20 program.

21 NEW SECTION. **Sec. 4.** DEVELOPMENTAL DISABILITIES ENDOWMENT
22 GOVERNING BOARD. The developmental disabilities endowment governing
23 board is established to design and administer the developmental
24 disabilities endowment. The director of the department of community,
25 trade, and economic development shall provide staff and administrative
26 support to the governing board.

27 (1) The governing board shall consist of seven members as follows:

28 (a) Three of the members, who shall be appointed by the governor,
29 shall be persons who have demonstrated expertise and leadership in
30 areas such as finance, actuarial science, management, business, or
31 public policy.

32 (b) Three members of the board, who shall be appointed by the
33 governor, shall be persons who have demonstrated expertise and
34 leadership in areas such as business, developmental disabilities
35 service design, management, or public policy, and shall be family
36 members of persons with developmental disabilities.

1 (c) The seventh member of the board, who shall serve as chair of
2 the board, shall be appointed by the remaining six members of the
3 board.

4 (2) Members of the board shall serve terms of four years and may be
5 appointed for successive terms of four years at the discretion of the
6 appointing authority. However, the governor may stagger the terms of
7 the initial six members of the board so that approximately one-fourth
8 of the members' terms expire each year.

9 (3) Members of the board shall be compensated for their service
10 under RCW 43.03.240 and shall be reimbursed for travel expenses as
11 provided in RCW 43.03.050 and 43.03.060.

12 (4) The board shall meet periodically as specified by the call of
13 the director, chair, or a majority of the board.

14 NEW SECTION. **Sec. 5.** ENDOWMENT PRINCIPLES. The design,
15 implementation, and administration of the developmental disabilities
16 endowment shall be governed by the following principles:

17 (1) The design and operation of the endowment should reward
18 families who set aside resources for their child's future care and
19 provide incentives for continued caregiving by the family.

20 (2) The endowment should encourage financial planning and reward
21 caregiving by a broad range of families, not just those who have
22 substantial financial resources.

23 (3) Families should not feel compelled to contribute to the
24 endowment in order to assure a basic level of continuing care for their
25 child.

26 (4) All families should have equal access to developmental
27 disabilities services not funded through the endowment regardless of
28 whether they contribute to the endowment.

29 (5) Services funded through the endowment should be stable,
30 ongoing, of reasonable quality, and respectful of individual and family
31 preferences.

32 (6) Endowment resources should be expended economically in order to
33 benefit as many families as possible.

34 (7) Endowment resources should be managed prudently so that
35 families can be confident that their agreement with the endowment on
36 behalf of their child will be honored.

1 (8) The private financial contribution on behalf of each person
2 receiving services from the endowment shall be at least equal to the
3 state's contribution to the endowment.

4 (9) In order to be matched with funding from the state's
5 contribution to the endowment, the private contribution on behalf of a
6 beneficiary must be sufficient to support the beneficiary's approved
7 service plan for a significant portion of the beneficiary's anticipated
8 remaining lifetime.

9 (10) The rate that state appropriations to the endowment are used
10 to match private contributions shall be such that each legislative
11 appropriation to the developmental disabilities endowment trust fund,
12 including principal and investment income, is not depleted in a period
13 of less than five years.

14 NEW SECTION. **Sec. 6.** PROPOSED OPERATING PLAN. The developmental
15 disabilities endowment governing board shall contract with an
16 appropriate organization for the development of a proposed operating
17 plan for the developmental disabilities endowment program. The
18 proposed operating plan shall be consistent with the endowment
19 principles specified in section 5 of this act. The plan shall address
20 at least the following elements:

21 (1) The recommended types of services to be available through the
22 endowment program and their projected average costs per beneficiary;

23 (2) An assessment of the number of people likely to apply for
24 participation in the endowment under alternative rates of matching
25 funds, minimum service year requirements, and contribution timing
26 approaches;

27 (3) An actuarial analysis of the number of disabled beneficiaries
28 who are likely to be supported under alternative levels of public
29 contribution to the endowment, and the length of time the beneficiaries
30 are likely to be served, under alternative rates of matching funds,
31 minimum service year requirements, and contribution timing approaches;

32 (4) Recommended eligibility criteria for participation in the
33 endowment program;

34 (5) Recommended policies regarding withdrawal of private
35 contributions from the endowment in cases of movement out of state,
36 death of the beneficiary, or other circumstances;

1 (6) Recommended matching rate of public and private contributions
2 and, for each beneficiary, the maximum annual and lifetime amount of
3 private contributions eligible for public matching funds;

4 (7) The recommended minimum years of service on behalf of a
5 beneficiary that must be supported by private contributions in order
6 for the contributions to qualify for public matching funds from the
7 endowment;

8 (8) The recommended schedule according to which lump sum or
9 periodic private contributions should be made to the endowment in order
10 to qualify for public matching funds;

11 (9) A recommended program for educating families about the
12 endowment, and about planning for their child's long-term future; and

13 (10) Recommended criteria and procedure for selecting an
14 organization or organizations to administer the developmental
15 disabilities endowment program, and projected administrative costs.

16 NEW SECTION. **Sec. 7.** PROGRAM IMPLEMENTATION AND ADMINISTRATION.

17 Based on the proposed operating plan under section 6 of this act, the
18 developmental disabilities endowment governing board shall implement
19 and administer, or contract for the administration of, the
20 developmental disabilities endowment program under the principles
21 specified in section 5 of this act. By October 1, 1999, and prior to
22 implementation, the final program design shall be submitted to the
23 appropriate committees of the legislature.

24 The director of the department of community, trade, and economic
25 development and the secretary of the department of social and health
26 services shall seek to maximize federal reimbursement and matching
27 funds for expenditures made under the endowment program, and shall seek
28 waivers from federal requirements as necessary for the receipt of
29 federal funds.

30 The governing board may receive gifts, grants, and endowments from
31 public or private sources as may be made from time to time, in trust or
32 otherwise, for the use and benefit of the purposes of the endowment
33 program and may expend the gifts, grants, and endowments according to
34 their terms.

35 **Sec. 8.** RCW 43.79A.040 and 1997 c 368 s 8, 1997 c 289 s 13, 1997
36 c 220 s 221 (Referendum Bill No. 48), 1997 c 140 s 6, and 1997 c 94 s
37 3 are each reenacted and amended to read as follows:

1 (1) Money in the treasurer's trust fund may be deposited, invested,
2 and reinvested by the state treasurer in accordance with RCW 43.84.080
3 in the same manner and to the same extent as if the money were in the
4 state treasury.

5 (2) All income received from investment of the treasurer's trust
6 fund shall be set aside in an account in the treasury trust fund to be
7 known as the investment income account.

8 (3) The investment income account may be utilized for the payment
9 of purchased banking services on behalf of treasurer's trust funds
10 including, but not limited to, depository, safekeeping, and
11 disbursement functions for the state treasurer or affected state
12 agencies. The investment income account is subject in all respects to
13 chapter 43.88 RCW, but no appropriation is required for payments to
14 financial institutions. Payments shall occur prior to distribution of
15 earnings set forth in subsection (4) of this section.

16 (4)(a) Monthly, the state treasurer shall distribute the earnings
17 credited to the investment income account to the state general fund
18 except under (b) and (c) of this subsection.

19 (b) The following accounts and funds shall receive their
20 proportionate share of earnings based upon each account's or fund's
21 average daily balance for the period: The Washington advanced college
22 tuition payment program account, the agricultural local fund, the
23 American Indian scholarship endowment fund, the Washington
24 international exchange scholarship endowment fund, the developmental
25 disabilities endowment trust fund, the energy account, the fair fund,
26 the game farm alternative account, the grain inspection revolving fund,
27 the rural rehabilitation account, the stadium and exhibition center
28 account, the youth athletic facility grant account, the self-insurance
29 revolving fund, and the sulfur dioxide abatement account. However, the
30 earnings to be distributed shall first be reduced by the allocation to
31 the state treasurer's service fund pursuant to RCW 43.08.190.

32 (c) The following accounts and funds shall receive eighty percent
33 of their proportionate share of earnings based upon each account's or
34 fund's average daily balance for the period: The advanced right of way
35 revolving fund, the advanced environmental mitigation revolving
36 account, the federal narcotics asset forfeitures account, the high
37 occupancy vehicle account, the local rail service assistance account,
38 and the miscellaneous transportation programs account.

1 (5) In conformance with Article II, section 37 of the state
2 Constitution, no trust accounts or funds shall be allocated earnings
3 without the specific affirmative directive of this section.

4 NEW SECTION. **Sec. 9.** APPROPRIATIONS. (1) The sum of
5 dollars, or as much thereof as may be necessary, is appropriated from
6 the general fund to the department of community, trade, and economic
7 development for the fiscal year ending June 30, 1999, to carry out the
8 purposes of section 6 of this act.

9 (2) The sum of ten million dollars, or as much thereof as may be
10 necessary, is appropriated from the general fund to the department of
11 community, trade, and economic development for the fiscal year ending
12 June 30, 1999, for deposit in the developmental disabilities endowment
13 trust fund under section 2 of this act.

14 NEW SECTION. **Sec. 10.** Captions used in this act are not any part
15 of the law.

16 NEW SECTION. **Sec. 11.** Sections 1 through 7 of this act constitute
17 a new chapter in Title 71A RCW.

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