
SENATE BILL 6081

State of Washington

57th Legislature

2001 Regular Session

By Senator McDonald; by request of Department of Community, Trade,
and Economic Development

Read first time 02/19/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to developmental disabilities endowment;
2 amending RCW 43.330.195, 43.330.200, 43.330.205, 43.330.210, and
3 43.330.220; adding a new section to chapter 43.330 RCW; and adding
4 new sections to chapter 43.131 RCW.

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

6 **Sec. 1.** RCW 43.330.195 and 2000 c 120 s 2 are each amended to read
7 as follows:

8 The definitions in this section apply throughout RCW 43.330.200
9 through 43.330.230.

10 (1) "Developmental disability" has the meaning in RCW
11 71A.10.020(3).

12 (2) "Developmental disabilities endowment trust fund" means the
13 fund established in the custody of the state treasurer in RCW
14 43.330.200, comprised of private, public, or private and public
15 sources, to finance services for persons with developmental
16 disabilities. All moneys in the fund, all property and rights
17 purchased from the fund, and all income attributable to the fund,
18 shall be held in trust by the state investment board, as provided

1 in RCW 43.33A.030, for the exclusive benefit of fund
2 beneficiaries. The principal and interest of the endowment fund
3 must be maintained until such time as the governing board policy
4 specifies except for the costs and expenses of the state treasurer
5 and the state investment board otherwise provided for in chapter
6 120, Laws of 2000, and administrative fees charged by the
7 department under the direction of the governing board.

8 (3) "Disbursement trustee" means the person designated by the
9 governing board to make disbursement decisions for expenditures on
10 behalf of named individual beneficiaries. The term "person" may be
11 construed to mean a for-profit corporation, a nonprofit
12 corporation, a state or local governmental entity, or an
13 individual. The disbursement trustee functions must be performed
14 either directly by the governing board or through a contractor.

15 (4) "Governing board" means the developmental disabilities
16 endowment governing board in RCW 43.330.205.

17 (~~(4)~~) (5) "Individual trust account" means accounts
18 established within the endowment trust fund for each individual
19 named beneficiary for the benefit of whom contributions have been
20 made to the fund. The money in each of the individual accounts is
21 held in trust as provided for in subsection (2) of this section,
22 and shall not be considered state funds or revenues of the
23 state. The governing board serves as administrator, manager, and
24 recordkeeper for the individual trust accounts for the benefit of
25 the individual beneficiaries. The policies governing the
26 disbursements, and the qualifying services for the trust accounts,
27 shall be established by the governing board. Individual trust
28 accounts are separate accounts within the developmental
29 disabilities endowment trust fund, and are invested for the
30 beneficiaries through the endowment trust fund.

31 **Sec. 2.** RCW 43.330.200 and 2000 c 120 s 3 are each amended to
32 read as follows:

33 (1) The developmental disabilities endowment trust fund is
34 created in the custody of the state treasurer. Expenditures from
35 the fund may be used only for the purposes of the developmental
36 disabilities endowment established under this chapter, except for
37 expenses of the state investment board and the state treasurer and

1 administrative fees charged by the department under the direction
2 of the governing board, as specified in subsection (2) of this
3 section. Only the developmental disabilities endowment governing
4 board or the (~~board's designee~~) disbursement trustee may
5 authorize expenditures from the fund. The fund shall retain its
6 interest earnings in accordance with RCW 43.79A.040.

7 (2) The developmental disabilities endowment governing board
8 shall deposit in the fund all money received for the program,
9 including state appropriations and private contributions. With the
10 exception of investment and operating costs associated with the
11 investment of money by the investment board paid under RCW
12 43.33A.160 and 43.84.160 (~~and~~), the expenses and operating costs
13 of the state treasurer paid under RCW 43.08.190 and 43.79A.040,
14 and administrative fees charged by the department under the
15 direction of the governing board, the fund shall be credited with
16 all investment income earned by the fund. Disbursements from the
17 fund are exempt from appropriations and the allotment provisions
18 of chapter 43.88 RCW. (~~However, money used for program~~
19 ~~administration by the department or the governing board is subject~~
20 ~~to the allotment and budgetary controls of chapter 43.88 RCW, and~~
21 ~~an appropriation is required for these expenditures.~~)

22 NEW SECTION. Sec. 3. A new section is added to chapter 43.330
23 RCW to read as follows:

24 (1) As the developmental disabilities endowment trust fund
25 grows in total dollar size, the percentage of total funds used for
26 program administration must decrease.

27 (2) If the developmental disabilities endowment trust fund
28 reaches ten million dollars or more, the annual administrative
29 budget must not exceed the following percentages of the total
30 amount of funds managed:

31 (a) Five percent of ten million dollars or more, but less than
32 twenty million dollars;

33 (b) Three and four-tenths percent of twenty million dollars or
34 more, but less than thirty million dollars;

35 (c) Two and five-tenths percent of thirty million dollars or
36 more, but less than fifty million dollars;

37 (d) Two percent of fifty million dollars or more, but less than

1 one hundred million dollars; and

2 (e) One and four-tenths percent of one hundred million dollars
3 or more.

4 **Sec. 4.** RCW 43.330.205 and 2000 c 120 s 4 are each amended to read
5 as follows:

6 (1) The state investment board has the full power to invest,
7 reinvest, manage, contract, sell, or exchange investment money in
8 the developmental disabilities endowment trust fund. All investment
9 and operating costs associated with the investment of money shall
10 be paid under RCW 43.33A.160 and 43.84.160. With the exception of
11 these expenses, the earnings from the investment of the money
12 shall be retained by the fund.

13 (2) All investments made by the state investment board shall be
14 made with the exercise of that degree of judgment and care under
15 RCW 43.33A.140 and the investment policy established by the state
16 investment board.

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

20 (4) The authority to establish all policies relating to the
21 fund, other than the investment policies as set forth in
22 subsections (1) through (3) of this section, resides with the
23 governing board acting in accordance with the principles set forth
24 in RCW 43.330.220. With the exception of expenses of the state
25 treasurer in RCW 43.330.200 and the investment board set forth in
26 subsection (1) of this section, disbursements from the fund shall
27 be made only on the authorization of the governing board or the
28 (~~board's designee~~) disbursement trustee, and money in the fund
29 may be spent only for the purposes of the developmental
30 disabilities endowment program as specified in this chapter.

31 (5) The investment board shall routinely consult and
32 communicate with the governing board on the investment policy,
33 earnings of the trust, and related needs of the program.

34 (6) The department, under the direction of the governing board,
35 may impose and assess operational fees against individual trust
36 accounts. These fees must be deposited in the fund.

37

1 **Sec. 5.** RCW 43.330.210 and 2000 c 120 s 5 are each amended to read
2 as follows:

3 The developmental disabilities endowment governing board is
4 established to design and administer the developmental
5 disabilities endowment. To the extent funds are appropriated for
6 this purpose, the director of the department of community, trade,
7 and economic development shall provide staff and administrative
8 support to the governing board.

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

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

15 (b) Three members of the board, who shall be appointed by the
16 governor, shall be persons who have demonstrated expertise and
17 leadership in areas such as business, developmental disabilities
18 service design, management, or public policy, and shall be family
19 members of persons with developmental disabilities.

20 (c) The seventh member of the board, who shall serve as chair
21 of the board, shall be appointed by the remaining six members of
22 the board.

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

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

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

33 (5) Members of the governing board and the state investment
34 board shall not be considered an insurer of the funds or assets of
35 the endowment trust fund or the individual trust accounts. Neither
36 of these two boards or their members shall be liable for the
37 action or (~~inactions~~ ~~[inaction]~~) inaction of the other.

38 (6) Members of the governing board and the state investment

1 board are not liable to the state, to the fund, or to any other
2 person as a result of their activities as members, whether
3 ministerial or discretionary, except for willful dishonesty or
4 intentional violations of law. The department and the state
5 investment board, respectively, may purchase liability insurance
6 for members.

7 **Sec. 6.** RCW 43.330.220 and 2000 c 120 s 6 are each amended to read
8 as follows:

9 The design, implementation, and administration of the
10 developmental disabilities endowment shall be governed by the
11 following principles:

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

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

18 (3) Families should not feel compelled to contribute to the
19 endowment in order to meet the needs of continuing care for their
20 child.

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

24 (5) Services funded through the endowment should be stable,
25 ongoing, of reasonable quality, and respectful of individual and
26 family preferences.

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

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

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

35 (9) ~~((In order to be matched with funding from the state's
36 contribution to the endowment, the private contribution on behalf~~

1 of a beneficiary must be sufficient to support the beneficiary's
2 approved service plan for a significant portion of the
3 beneficiary's anticipated remaining lifetime.

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

9 ~~((11))~~ (10) Private contributions made on behalf of a
10 particular individual, and the associated state match, shall only
11 be used for services provided upon that person's behalf.

12 ~~((12))~~ (11) State funds contributed to the developmental
13 disabilities endowment trust fund are to support the individual
14 trust accounts established by individual private contributions
15 made by families or other interested persons for named individual
16 beneficiaries.

17 ~~((13))~~ (12) The governing board shall explore methods to
18 solicit private donations. The governing board shall explore
19 mechanisms to support individuals with developmental disabilities
20 who do not have individual private contributions made on their
21 behalf. The governing board shall establish policies for the use of
22 any private donations.

23 ~~((14))~~ (13) Types of services funded by money managed through
24 the developmental disabilities endowment trust fund shall be
25 approved by the governing board or its designee.

26 NEW SECTION. Sec. 7. A new section is added to chapter 43.131
27 RCW to read as follows:

28 The developmental disabilities endowment trust fund
29 administrative budget limitations under section 3 of this act
30 shall expire June 30, 2007.

31 NEW SECTION. Sec. 8. A new section is added to chapter 43.131
32 RCW to read as follows:

33 Section 3 of this act is repealed, effective June 30, 2008.

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