

2 **SSB 5693** - S AMD - 377

3 By Senators Wojahn, McDonald, Thibaudeau and Deccio

4 ADOPTED 4/25/99

5 Strike everything after the enacting clause and insert the
6 following:

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

20 The establishment of this endowment is not intended to diminish the
21 state's responsibility for funding services currently available to
22 future endowment participants, subject to available funding, nor is it
23 the intent of the legislature, by the creation of this public/private
24 endowment, to impose additional, unintended financial liabilities on
25 the public.

26 NEW SECTION. **Sec. 2.** DEVELOPMENTAL DISABILITIES ENDOWMENT TRUST
27 FUND. (1) The developmental disabilities endowment trust fund is
28 created in the custody of the state treasurer. Expenditures from the
29 fund may be used only for the purposes of the developmental
30 disabilities endowment established under this chapter. Only the
31 developmental disabilities endowment governing board or the board's
32 designee may authorize expenditures from the fund. The fund shall
33 retain its interest earnings in accordance with RCW 43.79A.040.

34 (2) The developmental disabilities endowment governing board shall
35 deposit in the fund all money received for the program, including state

1 appropriations and private matching contributions. With the exception
2 of investment and operating costs associated with the investment of
3 money by the state treasurer and the investment board paid under RCW
4 43.08.190, 43.79A.040, 43.33A.160, and 43.84.160, the fund shall be
5 credited with all investment income earned by the fund. Disbursements
6 from the fund are exempt from appropriations and the allotment
7 provisions of chapter 43.88 RCW. However, money used for program
8 administration is subject to the allotment and budgetary controls of
9 chapter 43.88 RCW, and an appropriation is required for these
10 expenditures.

11 NEW SECTION. **Sec. 3. INVESTMENT OF FUNDS.** (1) The state
12 investment board has the full power to invest, reinvest, manage,
13 contract, sell, or exchange investment money in the developmental
14 disabilities endowment trust fund. All investment and operating costs
15 associated with the investment of money shall be paid under RCW
16 43.08.190, 49.79A.040, 43.33A.160, and 43.84.160. With the exception
17 of these expenses, the earnings from the investment of the money shall
18 be retained by the fund.

19 (2) All investments made by the state investment board shall be
20 made with the exercise of that degree of judgment and care under RCW
21 43.33A.140 and the investment policy established by the state
22 investment board.

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

26 (4) The authority to establish all policies relating to the fund,
27 other than the investment policies as set forth in subsections (1)
28 through (3) of this section, resides with the developmental
29 disabilities endowment governing board acting in accordance with the
30 principles set forth in section 5 of this act. With the exception of
31 expenses of the state treasurer and the investment board set forth in
32 subsection (1) of this section, disbursements from the fund shall be
33 made only on the authorization of the developmental disabilities
34 endowment governing board or the board's designee, and money in the
35 fund may be spent only for the purposes of the developmental
36 disabilities endowment program as specified in this chapter.

37 (5) The investment board shall routinely consult and communicate
38 with the developmental disabilities endowment governing board on the

1 investment policy, earnings of the trust, and related needs of the
2 program.

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

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

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

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

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

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

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

7 (3) Families should not feel compelled to contribute to the
8 endowment in order to meet the needs of continuing care for their
9 child.

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

13 (5) Services funded through the endowment should be stable,
14 ongoing, of reasonable quality, and respectful of individual and family
15 preferences.

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

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

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

24 (9) In order to be matched with funding from the state's
25 contribution to the endowment, the private contribution on behalf of a
26 beneficiary must be sufficient to support the beneficiary's approved
27 service plan for a significant portion of the beneficiary's anticipated
28 remaining lifetime.

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

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

37 NEW SECTION. **Sec. 6.** PROPOSED OPERATING PLAN. To the extent
38 funds are appropriated for this purpose, the developmental disabilities

1 endowment governing board shall contract with an appropriate
2 organization for the development of a proposed operating plan for the
3 developmental disabilities endowment program. The proposed operating
4 plan shall be consistent with the endowment principles specified in
5 section 5 of this act. The plan shall address at least the following
6 elements:

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

9 (2) An assessment of the number of people likely to apply for
10 participation in the endowment under alternative rates of matching
11 funds, minimum service year requirements, and contribution timing
12 approaches;

13 (3) An actuarial analysis of the number of disabled beneficiaries
14 who are likely to be supported under alternative levels of public
15 contribution to the endowment, and the length of time the beneficiaries
16 are likely to be served, under alternative rates of matching funds,
17 minimum service year requirements, and contribution timing approaches;

18 (4) Recommended eligibility criteria for participation in the
19 endowment program;

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

23 (6) Recommended matching rate of public and private contributions
24 and, for each beneficiary, the maximum annual and lifetime amount of
25 private contributions eligible for public matching funds;

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

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

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

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

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

2 Based on the proposed operating plan under section 6 of this act, and
3 to the extent funds are appropriated for this purpose, the
4 developmental disabilities endowment governing board shall implement
5 and administer, or contract for the administration of, the
6 developmental disabilities endowment program under the principles
7 specified in section 5 of this act. By October 1, 2000, and prior to
8 implementation, the final program design shall be submitted to the
9 appropriate committees of the legislature.

10 The secretary of the department of social and health services shall
11 seek to maximize federal reimbursement and matching funds for
12 expenditures made under the endowment program, and shall seek waivers
13 from federal requirements as necessary for the receipt of federal
14 funds.

15 The governing board may receive gifts, grants, and endowments from
16 public or private sources as may be made from time to time, in trust or
17 otherwise, for the use and benefit of the purposes of the endowment
18 program and may expend the gifts, grants, and endowments according to
19 their terms.

20 **Sec. 8.** RCW 43.79A.040 and 1998 c 268 s 1 are each amended to read
21 as follows:

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

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

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

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

4 (b) The following accounts and funds shall receive their
5 proportionate share of earnings based upon each account's or fund's
6 average daily balance for the period: The Washington advanced college
7 tuition payment program account, the agricultural local fund, the
8 American Indian scholarship endowment fund, the Washington
9 international exchange scholarship endowment fund, the developmental
10 disabilities endowment trust fund, the energy account, the fair fund,
11 the game farm alternative account, the grain inspection revolving fund,
12 the rural rehabilitation account, the stadium and exhibition center
13 account, the youth athletic facility grant account, the self-insurance
14 revolving fund, the sulfur dioxide abatement account, and the
15 children's trust fund. However, the earnings to be distributed shall
16 first be reduced by the allocation to the state treasurer's service
17 fund pursuant to RCW 43.08.190.

18 (c) The following accounts and funds shall receive eighty percent
19 of their proportionate share of earnings based upon each account's or
20 fund's average daily balance for the period: The advanced right of way
21 revolving fund, the advanced environmental mitigation revolving
22 account, the federal narcotics asset forfeitures account, the high
23 occupancy vehicle account, the local rail service assistance account,
24 and the miscellaneous transportation programs account.

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

28 NEW SECTION. **Sec. 9.** CAPTIONS NOT LAW. Captions used in this
29 chapter are not any part of the law.

30 NEW SECTION. **Sec. 10.** Sections 1 through 7 and 9 of this act are
31 each added to chapter 43.330 RCW."

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4 On page 1, line 2 of the title, after "services;" strike the
5 remainder of the title and insert "amending RCW 43.79A.040; and adding
6 new sections to chapter 43.330 RCW."

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