

HOUSE BILL REPORT

HB 2581

As Reported by House Committee On:
Early Learning & Human Services

Title: An act relating to the Washington achieving a better life experience program account.

Brief Description: Concerning the Washington achieving a better life experience program account.

Sponsors: Representatives Kilduff, Dent, Muri and Kagi; by request of Department of Commerce.

Brief History:

Committee Activity:

Early Learning & Human Services: 1/24/18, 1/26/18 [DPS].

Brief Summary of Substitute Bill

- Allows the Washington Achieving a Better Life Experience (ABLE) Governing Board to choose either an investment manager or the State Investment Board to invest the money in the Washington ABLE Program Account (account).
- Provides the Washington ABLE Governing Board with the sole responsibility for contracting with outside firms to provide investment management for the account.
- Allows expenditures from the account to be used for administrative and operating expenses of the program in addition to program expenses.

HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Kagi, Chair; Senn, Vice Chair; Dent, Ranking Minority Member; McCaslin, Assistant Ranking Minority Member; Eslick, Frame, Goodman, Griffey, Kilduff, Klippert, Lovick, Muri and Ortiz-Self.

Staff: Luke Wickham (786-7146).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Achieving a Better Life Experience.

The federal Achieving a Better Life Experience (ABLE) Act was signed into law in 2014. The ABLE Act allows states to help individuals with disabilities maintain financial eligibility for Medicaid, Social Security Income (SSI), and other federal benefits while allowing up to \$14,000 to be invested in a tax-free account.

Washington Achieving a Better Life Experience Program.

In 2016 the Washington ABLE program was signed into law. The Washington ABLE program includes an ABLE Governing Board (Governing Board) which administers the Washington ABLE program. The Governing Board is authorized to contract with other organizations to administer, manage, promote, or market the Washington ABLE program. The Governing Board consists of the following seven members:

- the State Treasurer;
- the program director for the Legislative Advisory Committee on Advanced Tuition Payment;
- the Director of the Office of Financial Management; and
- four members with demonstrated financial, legal, or disability program experience, appointed by the Governor.

Washington Achieving a Better Life Experience Program Account.

The Washington ABLE Program Account (account) exists in the custody of the State Treasurer. Expenditures from the account may be used only for the purposes of the Washington ABLE program, except for the expenses of the State Investment Board (SIB) and the State Treasurer. All payments to the Washington ABLE program are held in trust and must be deposited to the account. The account must be credited with all investment income earned by the account. An appropriation is not required for expenditures. Only the Governing Board or designee may authorize expenditures from the account.

The Governing Board may elect to have the SIB invest the money in the account. The SIB has sole responsibility for contracting with outside investment firms to provide investment management for the individual Washington ABLE program accounts and must manage the performance of investment managers. The Department of Commerce has sole responsibility for contracting with recordkeepers for individual program accounts. The State Treasurer must designate and define the terms of engagement for the custodial banks.

Summary of Substitute Bill:

A Washington Achieving a Better Life Experience (ABLE) Program Account (account) is defined as the account created in the custody of the State Treasurer used only for the purposes of the Washington ABLE program administration and operation. Expenditures from this account may be used for the purposes of the program and for administrative and operating expenses of the program. The requirement that the account be a discrete nontreasury account retaining its interest is removed. The account may be invested in self-directed investment options that comply with the Internal Revenue Code.

The Washington ABLE Governing Board may elect to have either an investment manager or the State Investment Board (SIB) invest the money in the account. The Washington ABLE Governing Board (Governing Board) replaces the SIB as the body with the sole responsibility for contracting with outside investment firms to provide investment management for the account. The Governing Board shall designate and define the terms of engagement for custodial banks under existing authority that the State Treasurer shall delegate with the concurrence of the Office of Financial Management.

Substitute Bill Compared to Original Bill:

The substitute bill specifies that the Washington Achieving a Better Life Experience Governing Board shall designate and define the terms of engagement for custodial banks under existing authority that the State Treasurer shall delegate with the concurrence of the Office of Financial Management.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This is finishing-touch legislation. The last step is to build in cost savings to this program so that there is less time-intensive management of these accounts. The program account moneys may be used for specific purposes including housing, transportation, and education.

The Washington Achieving a Better Life Experience (ABLE) accounts allow people to reach their dreams. The ABLE accounts allow people to have choices.

This bill helps individuals with disabilities make money so that they are not forced to live in poverty. Many people who are on Social Security Income Benefits are not able to save for medical bills, education, and other things that most people routinely save for.

The ABLE accounts allow people to achieve the American dream. Other states have been able to do this, "so come on Washington state."

This bill ensures that the ABLE program will run efficiently. When this bill passed in Washington, it was passed based on the assumption that the State Investment Board (SIB) would invest the money. After careful consideration, it was determined by the ABLE Governing Board that the accounts would be managed more efficiently through a private investment firm than through the SIB.

Changes in the federal law since the passage of the ABLE Act include allowing states to work together to become investment managers. This bill provides the technical fixes that allow this program to begin.

Our partnership with Oregon will provide the most affordable and accessible ABLE program in the nation.

(Opposed) None.

Persons Testifying: Representative Kilduff, prime sponsor; Emma Patterson; Amy Patterson and Jeff Manson, Washington State Achieving a Better Life Experience Governing Board; Ivanova Smith, Self Advocates in Leadership; Leslie Wolff, Department of Commerce; and Brenda Snyder, Office of the State Treasurer.

Persons Signed In To Testify But Not Testifying: None.