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**SUBSTITUTE HOUSE BILL 1861**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** House Housing, Human Services & Veterans (originally sponsored by Representatives Stonier, Berry, Macri, Harris, Orwall, Wylie, Simmons, Chopp, J. Johnson, Riccelli, Harris-Talley, Bergquist, Ramel, and Frame; by request of State Treasurer)

READ FIRST TIME 01/31/22.

1 AN ACT Relating to the creation of the Washington future fund  
2 trust fund program; reenacting and amending RCW 43.79A.040; adding a  
3 new section to chapter 74.09 RCW; adding a new chapter to Title 43  
4 RCW; making an appropriation; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that persistent and  
7 disproportionate wealth inequities exist in Washington state. As  
8 wealth is the key indicator of long-term economic stability and well-  
9 being, those born into families of limited means face additional and  
10 substantial barriers to accessing reliable pathways out of poverty  
11 such as owning a home, completing postsecondary education, or  
12 starting a small business. The legislature declares that it is the  
13 public policy of the state and a recognized governmental function to  
14 assist individuals who are born into families of limited means to  
15 overcome economic and other disadvantages that would otherwise limit  
16 their opportunities as adults, making them better able to contribute  
17 to the general welfare.

18 Nearly half of all births in Washington state occur with a public  
19 subsidy. This indicates that a significant population of  
20 Washingtonians are born every year without financial stability.

1 The legislature recognizes that the effects of economic hardship  
2 are well-documented. Poverty causes negative outcomes for children,  
3 adults, and families. Further, financial hardship to individuals can  
4 result in state expenditures that could have been avoided if affected  
5 individuals were empowered to be more financially independent.

6 The purpose of this chapter is to establish a Washington future  
7 fund trust fund program housed in the office of the state treasurer  
8 to provide a sum of money in a savings and investment account for  
9 individuals who are born into families of limited means, and  
10 experiencing persistent poverty, to assist them in pursuing  
11 opportunities for education, housing, and entrepreneurship by  
12 starting a small business. The legislature also intends for this  
13 chapter to create opportunities that will foster financial  
14 independence and correspondingly reduce the need for certain state  
15 support.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply  
17 throughout this chapter unless the context clearly requires  
18 otherwise.

19 (1) "Designated beneficiary" means an individual:

20 (a) Born on or after January 1, 2024, in Washington state;

21 (b) Whose birth was eligible for or subject to medical assistance  
22 as described in RCW 74.09.470; and

23 (c) Who is facing financial hardship at the time of making a  
24 claim for funds provided in this chapter.

25 (2) "Eligible expenditure" means an expenditure associated with  
26 any of the following:

27 (a) Postsecondary education of a designated beneficiary in  
28 Washington state, including universities, colleges, community and  
29 technical schools, trade schools, apprenticeships, and technical  
30 certifications and licensures;

31 (b) Purchase of a home in Washington state by a designated  
32 beneficiary; or

33 (c) The formation of a business in Washington state by a  
34 designated beneficiary.

35 (3) "Facing financial hardship" means having an income that is  
36 less than 215 percent of the federal poverty level.

37 (4) "Washington future fund trust fund" or "trust" means the fund  
38 established in the custody of the state treasurer by section 5 of

1 this act, comprised of private, public, or private and public  
2 sources, to finance benefits for designated beneficiaries.

3 NEW SECTION. **Sec. 3.** (1)(a) A committee on the Washington  
4 future fund trust fund is established, with members as provided in  
5 this subsection:

6 (i) The president of the senate shall appoint one member of the  
7 senate from each of the two largest caucuses;

8 (ii) The speaker of the house of representatives shall appoint  
9 one member of the house of representatives from each of the two  
10 largest caucuses;

11 (iii) The state treasurer, or the state treasurer's designee;

12 (iv) The state treasurer shall appoint three members representing  
13 underrepresented communities;

14 (v) The state treasurer shall appoint one member representing an  
15 economic empowerment organization; and

16 (vi) The director of the Washington health care authority, or the  
17 director's designee;

18 (vii) The executive director of the Washington housing finance  
19 commission, or the executive director's designee;

20 (viii) The secretary of the department of social and health  
21 services, or the secretary's designee; and

22 (ix) The director of the department of commerce, or the  
23 director's designee.

24 (b) The committee shall be chaired by the state treasurer. The  
25 state treasurer must convene the initial meeting of the committee by  
26 June 1, 2023. Subsequent meetings shall be held as follows:

27 (i) At least annual meetings through 2034;

28 (ii) Twice annual meetings in 2035 through 2039; and

29 (iii) Quarterly meetings in 2040 through 2042.

30 (2) All appointed members shall serve two-year terms that begin  
31 January 1st unless appointed to fill a mid-year vacancy.

32 (3) The committee shall review the following topics and report to  
33 the legislature on:

34 (a) Efficient distribution of funds in accordance with the intent  
35 of the trust;

36 (b) Direct distribution of funds to entities as directed by  
37 beneficiaries in accordance with this chapter;

38 (c) The adequacy of the definition of financial hardship to  
39 achieve programmatic goals;

1 (d) The designated beneficiary's use of funds to ensure  
2 compliance with program requirements;

3 (e) The program's impact on generational wealth inequities based  
4 on consulting with experts to study issues of generational wealth  
5 inequity and how the program impacts generational wealth inequities;

6 (f) An evaluation of fund solvency and performance relative to  
7 programmatic objectives and goals; and

8 (g) Other policy considerations that may arise and be pertinent  
9 to the programmatic elements of the trust.

10 (4) Committee reports to the legislature as required under this  
11 section may include recommendations for legislative action.

12 (5) Staff support for the committee is provided by the office of  
13 the state treasurer.

14 (6) Legislative members of the committee are reimbursed for  
15 travel expenses in accordance with RCW 44.04.120. Nonlegislative  
16 members are not entitled to be reimbursed for travel expenses if they  
17 are elected officials or are participating on behalf of an employer,  
18 governmental entity, or other organization. Stipends may be provided  
19 to cover the costs of attending meetings including transportation,  
20 lodging, and child care, if these costs are not covered by a  
21 committee member's employer. Any reimbursement for other  
22 nonlegislative members is subject to chapter 43.03 RCW.

23 (7) Committee expenditures are subject to approval by the senate  
24 facilities and operations committee and the house of representatives  
25 executive rules committee, or their successor committees.

26 (8) In compliance with RCW 43.01.036, the committee shall provide  
27 annual updates on the progress of its work including any legislative  
28 recommendations to the appropriate committees of the legislature  
29 annually starting December 1, 2023, through December 1, 2039, as well  
30 as provide a final report of its findings and recommendations to the  
31 appropriate committees of the legislature by December 1, 2040.

32 (9) This section expires December 31, 2044.

33 NEW SECTION. **Sec. 4.** (1) The Washington future fund trust fund  
34 program is administered under the office of the state treasurer.

35 (2) The state treasurer may adopt rules to implement this  
36 chapter, including rules on all technical aspects related to the  
37 Washington future fund trust fund program including:

38 (a) A claims process for receipt of funds including distribution  
39 of funds;

1 (b) Balancing the right of the parent giving birth to opt out of  
2 disclosing information relevant for the designated beneficiary while  
3 allowing a person who believes oneself to be qualified to be a  
4 designated beneficiary alternative methods of proving eligibility to  
5 be considered a designated beneficiary;

6 (c) Determination of eligibility at the time of the claim  
7 including identification verification;

8 (d) Implementation of automated eligibility processes for  
9 designated beneficiaries where applicable;

10 (e) Creation of promotional campaigns to increase public  
11 awareness of beneficiary eligibility for the program;

12 (f) The identification and approval of financial education course  
13 offerings or equivalent; and

14 (g) Other technical considerations that may arise and be  
15 pertinent to the administration of the trust.

16 NEW SECTION. **Sec. 5.** (1) The Washington future fund trust fund  
17 is created in the custody of the state treasurer. Expenditures from  
18 the fund may be used only for the purposes of the Washington future  
19 fund trust fund established under this chapter. All receipts from all  
20 sources for the Washington future fund trust fund program must be  
21 deposited into the fund. An appropriation is not required for  
22 expenditures and the fund is not subject to allotment procedures  
23 under chapter 43.88 RCW. Only the state treasurer or the state  
24 treasurer's designee may authorize expenditures from the fund.

25 (2) All moneys in the fund, all property and rights purchased  
26 from the fund, and all income attributable to the fund, shall be held  
27 in trust by the state investment board, as provided in RCW  
28 43.33A.030, for the exclusive benefit of fund beneficiaries.

29 (3) The legislature must provide general fund appropriation  
30 authority for the state treasurer for the Washington future fund  
31 trust fund program administration costs.

32 NEW SECTION. **Sec. 6.** (1) The state investment board has the  
33 full power to invest, reinvest, manage, contract, sell, or exchange  
34 investment money in the trust. All of the earnings from the  
35 investment of the money shall be retained by the trust.

36 (2) All investment and operating costs associated with the  
37 investment of money shall be paid under RCW 43.33A.160 and 43.84.160.

1 (3) All investments made by the state investment board shall be  
2 made with the exercise of judgment and care required by RCW  
3 43.33A.140 and consistent with the investment policy established by  
4 the state investment board.

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

8 (5) The authority to establish all policies relating to the  
9 trust, other than the investment policies as set forth in subsections  
10 (1) through (3) of this section, resides with the state treasurer.

11 (6) The state investment board shall routinely consult and  
12 communicate with the state treasurer on the investment policy,  
13 earnings of the trust, and related needs of the program.

14 NEW SECTION. **Sec. 7.** (1) The state treasurer shall administer  
15 the Washington future fund trust fund. To the extent that funds are  
16 appropriated for this purpose, the office of the state treasurer  
17 shall provide staff and administrative support to the state  
18 treasurer.

19 (2) The state treasurer, the office of the state treasurer, and  
20 the state investment board shall not be considered an insurer of the  
21 funds or assets of the trust or the individual trust accounts.  
22 Neither the state treasurer, the office of the state treasurer, nor  
23 the state investment board are liable for the action or inaction of  
24 the other.

25 (3) The state treasurer, the office of the state treasurer, and  
26 the state investment board are not liable to the state, to the trust,  
27 or to any other person as a result of their activities relating to  
28 this chapter, whether those activities are ministerial or  
29 discretionary, except for willful dishonesty or intentional  
30 violations of law. The state treasurer may purchase liability  
31 insurance for the state treasurer and the office of the state  
32 treasurer, and the state investment board may purchase liability  
33 insurance for its members.

34 NEW SECTION. **Sec. 8.** (1) Any person denied benefits under this  
35 chapter may file a complaint with the state treasurer. Such  
36 complaints shall be resolved as provided by chapter 34.05 RCW. All  
37 complaints must: Be in writing, include the complainant's name,

1 telephone number, and mailing address, and include a clear and  
2 concise description of the alleged error.

3 (2) Where applicable, state treasurer staff may provide  
4 assistance in preparing a written complaint.

5 (3) Nothing in this chapter creates any other remedy for the  
6 erroneous denial of benefits.

7 (4) The applicant or recipient must file the application for an  
8 adjudicative proceeding with the state treasurer within 90 days after  
9 receiving notice of the aggrieving decision unless good cause is  
10 shown. For the purpose of this subsection, good cause is defined as a  
11 substantive reason or legal justification for failing to meet a  
12 hearing deadline. Good cause to fail to meet a hearing deadline may  
13 include, but is not limited to: Military deployment, medical reasons,  
14 housing instability, language barriers, or domestic violence.

15 (5) The adjudicative proceeding is governed by chapter 34.05 RCW  
16 and this section.

17 NEW SECTION.

**Sec. 9.**

(1) Beginning on a designated  
18 beneficiary's 18th birthday and before the designated beneficiary's  
19 31st birthday, a designated beneficiary is eligible to receive the  
20 total sum of the initial investment and investment earnings to be  
21 used for an eligible expenditure. The designated beneficiary may  
22 submit a claim for benefits subject to the following conditions:

23 (a) The designated beneficiary must be a resident of the state of  
24 Washington;

25 (b) The designated beneficiary must have successfully completed a  
26 financial education course or a comparable financial education  
27 offering as determined by the state treasurer; and

28 (c) The designated beneficiary must be facing financial hardship.

29 (2) If a designated beneficiary is deceased before submitting a  
30 valid claim or does not submit a valid claim before the designated  
31 beneficiary's 31st birthday, such accounting shall be credited back  
32 to the assets of the trust.

33 (3) Subject to federal and state laws governing the disclosure of  
34 confidential information related to designated beneficiaries, the  
35 state treasurer and the Washington health care authority shall enter  
36 into a memorandum of understanding to establish information-sharing  
37 practices in order to carry out the purposes of this chapter.  
38 Disclosure under this subsection is mandatory for the purpose of the  
39 federal health insurance portability and accountability act.

1        NEW SECTION.     **Sec. 10.**     (1) On or before the first day of  
2     September in each year, beginning September 1, 2022, the state  
3     treasurer shall submit to the office of financial management the  
4     total number of Washington births eligible for medical assistance, as  
5     described in RCW 74.09.470, in the prior year.

6        (2) The legislature must appropriate from the state general fund  
7     into the Washington future fund trust fund for the fiscal year ending  
8     June 30, 2022, and each fiscal year thereafter, a total amount based  
9     on the number of Washington births eligible for medical assistance,  
10    as described in RCW 74.09.470, in the previous year multiplied by  
11    \$3,200.

12       NEW SECTION.     **Sec. 11.**     The state treasurer may solicit or  
13    receive gifts, grants, and endowments from public or private sources  
14    as may be made from time to time, in trust or otherwise, for the use  
15    and benefit of the purposes of the Washington future fund trust fund,  
16    and the state treasurer may expend the gifts, grants, and endowments  
17    according to their terms.

18       NEW SECTION.     **Sec. 12.**     (1) Trust assets are not considered  
19    assets for purposes of determining an individual's eligibility for  
20    assistance under any program administered by the department of social  
21    and health services.

22       (2) Trust assets are not considered assets for purposes of  
23    determining an individual's eligibility for need-based, institutional  
24    aid grants offered to an individual at the public educational  
25    institutions in the state.

26       NEW SECTION.     **Sec. 13.**     A new section is added to chapter 74.09  
27    RCW to read as follows:

28       The authority must enter into a data-sharing agreement with the  
29    office of the state treasurer to share the necessary data to  
30    facilitate the Washington future fund trust fund under chapter 43.---  
31    RCW (the new chapter created in section 15 of this act). To  
32    effectuate this agreement, the authority must retain client  
33    eligibility records for children whose births were covered under  
34    medical assistance, as described in RCW 74.09.470, until they turn 31  
35    years old. Disclosure under this section is mandatory for the purpose  
36    of the federal health insurance portability and accountability act.

1       **Sec. 14.** RCW 43.79A.040 and 2021 c 175 s 10 and 2021 c 108 s 5  
2 are each reenacted and amended to read as follows:

3       (1) Money in the treasurer's trust fund may be deposited,  
4 invested, and reinvested by the state treasurer in accordance with  
5 RCW 43.84.080 in the same manner and to the same extent as if the  
6 money were in the state treasury, and may be commingled with moneys  
7 in the state treasury for cash management and cash balance purposes.

8       (2) All income received from investment of the treasurer's trust  
9 fund must be set aside in an account in the treasury trust fund to be  
10 known as the investment income account.

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

19       (4)(a) Monthly, the state treasurer must distribute the earnings  
20 credited to the investment income account to the state general fund  
21 except under (b), (c), and (d) of this subsection.

22       (b) The following accounts and funds must receive their  
23 proportionate share of earnings based upon each account's or fund's  
24 average daily balance for the period: The 24/7 sobriety account, the  
25 Washington promise scholarship account, the Gina Grant Bull memorial  
26 legislative page scholarship account, the Rosa Franklin legislative  
27 internship program scholarship (~~(account)~~) account, the Washington  
28 advanced college tuition payment program account, the Washington  
29 college savings program account, the accessible communities account,  
30 the Washington achieving a better life experience program account,  
31 the community and technical college innovation account, the  
32 agricultural local fund, the American Indian scholarship endowment  
33 fund, the foster care scholarship endowment fund, the foster care  
34 endowed scholarship trust fund, the contract harvesting revolving  
35 account, the Washington state combined fund drive account, the  
36 commemorative works account, the county enhanced 911 excise tax  
37 account, the county road administration board emergency loan account,  
38 the toll collection account, the developmental disabilities endowment  
39 trust fund, the energy account, the fair fund, the family and medical  
40 leave insurance account, the fish and wildlife federal lands

1 revolving account, the natural resources federal lands revolving  
2 account, the food animal veterinarian conditional scholarship  
3 account, the forest health revolving account, the fruit and vegetable  
4 inspection account, the educator conditional scholarship account, the  
5 game farm alternative account, the GET ready for math and science  
6 scholarship account, the Washington global health technologies and  
7 product development account, the grain inspection revolving fund, the  
8 Washington history day account, the industrial insurance rainy day  
9 fund, the juvenile accountability incentive account, the law  
10 enforcement officers' and firefighters' plan 2 expense fund, the  
11 local tourism promotion account, the low-income home rehabilitation  
12 revolving loan program account, the multiagency permitting team  
13 account, the northeast Washington wolf-livestock management account,  
14 the produce railcar pool account, the public use general aviation  
15 airport loan revolving account, the regional transportation  
16 investment district account, the rural rehabilitation account, the  
17 Washington sexual assault kit account, the stadium and exhibition  
18 center account, the youth athletic facility account, the self-  
19 insurance revolving fund, the children's trust fund, the Washington  
20 horse racing commission Washington bred owners' bonus fund and  
21 breeder awards account, the Washington horse racing commission class  
22 C purse fund account, the individual development account program  
23 account, the Washington horse racing commission operating account,  
24 the life sciences discovery fund, the Washington state library-  
25 archives building account, the reduced cigarette ignition propensity  
26 account, the center for deaf and hard of hearing youth account, the  
27 school for the blind account, the Millersylvania park trust fund, the  
28 public employees' and retirees' insurance reserve fund, the school  
29 employees' benefits board insurance reserve fund, the public  
30 employees' and retirees' insurance account, the school employees'  
31 insurance account, the long-term services and supports trust account,  
32 the radiation perpetual maintenance fund, the Indian health  
33 improvement reinvestment account, the department of licensing tuition  
34 recovery trust fund, the student achievement council tuition recovery  
35 trust fund, the tuition recovery trust fund, the industrial insurance  
36 premium refund account, the mobile home park relocation fund, the  
37 natural resources deposit fund, the Washington state health insurance  
38 pool account, the federal forest revolving account, (~~and~~) the  
39 library operations account, and the Washington future fund trust  
40 fund.

1 (c) The following accounts and funds must receive eighty percent  
2 of their proportionate share of earnings based upon each account's or  
3 fund's average daily balance for the period: The advance right-of-way  
4 revolving fund, the advanced environmental mitigation revolving  
5 account, the federal narcotics asset forfeitures account, the high  
6 occupancy vehicle account, the local rail service assistance account,  
7 and the miscellaneous transportation programs account.

8 (d) Any state agency that has independent authority over accounts  
9 or funds not statutorily required to be held in the custody of the  
10 state treasurer that deposits funds into a fund or account in the  
11 custody of the state treasurer pursuant to an agreement with the  
12 office of the state treasurer shall receive its proportionate share  
13 of earnings based upon each account's or fund's average daily balance  
14 for the period.

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

18 NEW SECTION. **Sec. 15.** Sections 1 through 12 of this act  
19 constitute a new chapter in Title 43 RCW.

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