

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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3 ADOPTED 4/25/99

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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