

# SENATE BILL REPORT

## SB 6081

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As Reported By Senate Committee On:  
Ways & Means, March 7, 2001

**Title:** An act relating to developmental disabilities endowment.

**Brief Description:** Revising provisions for developmental disabilities endowment.

**Sponsors:** Senator McDonald; by request of Department of Community, Trade, and Economic Development.

**Brief History:**

**Committee Activity:** Ways & Means: 2/27/01, 3/7/01 [DPS].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6081 be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

**Staff:** Michael Groesch (786-7434)

**Background:** The developmental disabilities endowment was established by the Legislature in 1999 to support individuals with developmental disabilities through private contributions and public appropriations. A seven-member governing board was authorized to administer the endowment fund and the Department of Community, Trade, and Economic Development was directed to provide staff and administrative support to the governing board. The board and the department were directed to develop an operating plan for the program and enter into rule-making; however, parameters of the operating plan were not outlined. The Legislature appropriated \$5 million to use as matching funds for contributions to the endowment fund as well as \$310,000 to staff the board and develop the required operating plan.

Clarifying amendments to the original bill were made in the 2000 legislative session including the authorization for the State Investment Board to invest and manage the fund and a definition for developmental disabilities. The authority for individual trust accounts within the developmental disabilities endowment trust fund was established. Basic elements to be considered in developing the operational plan were enumerated in the 2000 legislation, including the requirement that eligibility for state matching funds is predicated on private contributions sufficient to support the beneficiary's approved service plan for a significant portion of the beneficiary's anticipated remaining life.

The Legislature provided additional general fund support of \$284,000 to undertake a needs assessment, provide additional support for rule making and conduct necessary actuarial analysis.

During program development, the need for a disbursement trustee has been identified. A disbursement trustee manages expenditures for individual beneficiaries and individual accounts.

The proposed operational plan has identified the following activities that are necessary to be finalized prior to full implementation of the plan:

- 1) Conduct a rule-making process with input from the public.
- 2) Establish final policies for the endowment fund.
- 3) Conduct competitive contract procurement for trustee services, record keeping and other program administrative functions.

**Summary of Substitute Bill:** Disbursement trustee– is defined as a person or entity designated by the board to make disbursement decisions for expenditures on behalf of individual named beneficiaries.

Administrative fees may be charged by the department under the direction of the board. These fees are not deposited into the developmental disabilities endowment fund. Administrative fee limits are established as a graduated percentage of the total amount of funds managed. The maximum administrative percentage is lowered as total funds increase. The administrative fee limitations expire on June 30, 2007 and are repealed, effective June 30, 2008.

The department may charge operational fees against individual accounts under the direction of the board. These fees must be deposited into the account.

The requirement that private contributions be sufficient to maintain services for the anticipated life of the beneficiary is removed.

General fund appropriations made for the 2001-03 biennium are provided as a loan to the program and shall be repaid through administrative fees by 2005.

**Substitute Bill Compared to Original Bill:** Conflicting references between administrative fees and operational fees are removed. The sunset provision is extended to the fee authority rather than just the fee limitations. In the original bill, the administrative portion of the fund was not subject to appropriation. The substitute added the provision requiring repayment of general fund appropriations made in 2001-03.

**Appropriation:** None.

**Fiscal Note:** Requested on February 26, 2001.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Families are eagerly waiting the implementation of this program that will establish individual trust funds to supplement the resources available to people with developmental disabilities. The program eliminates the hurdles to setting up the trust accounts and offers additional means for families to provide funding for future care. A

certain level of fees to cover the cost of individual participation is appropriate as long as fees do not create a barrier to participation.

**Testimony Against:** None.

**Testified:** Jeanne Marie Thomas, CTED (pro); Scott Boettcher (pro).