Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Capital Budget Committee

HB 1791

Brief Description: Creating a developmental disabilities community trust account.

Sponsors: Representatives Dunshee, Schual-Berke, Kenney, Hankins, Lovick, Morrell, Wood, Kagi, Simpson, McDonald, Eickmeyer, Appleton, O'Brien, Ormsby, DeBolt, Wallace, Upthegrove, Strow, Moeller, Jarrett, Kessler, Miloscia, Murray, Cody, Conway, McCune, Lantz, P. Sullivan, Tom, Ericks, Haigh, McDermott, Hasegawa and Linville.

Brief Summary of Bill

- Requires that excess property identified in the 2002 Joint Legislative Audit and Review Committee capacity study of Residential Habilitation Centers must be managed to provide as much income as feasible.
- Creates a Developmental Disabilities Community Trust Account. All income from the lease of land, conservation easements, sale of timber, or other activities short of the sale of property must be deposited in the account. Exempts property at the Rainier School under the control of Washington State University used for extension services.
- Retains investment income and interest in the account. Provides that investment income from the account must be spent only after appropriation and must be used solely for community development disability services for persons with developmental disabilities who are unserved.

Hearing Date: 2/10/05

Staff: Marziah Kiehn-Sanford (786-7349).

Background:

The Division of Developmental Disabilities (DDD) in the Department of Social and Health Services (DSHS) operates five Residential Habilitation Centers (RHCs), which provide 24-hour residential housing for qualified individuals with developmental disabilities needing institutional care. In addition, RHCs provide respite care and other specialized services to eligible individuals living in the community. Specific services provided at RHCs include occupational and physical therapy, limited job training, medical and dental care, pharmaceutical services, and all other services necessary to a population in an institutional setting, such as transportation, food service, recreation, personal hygiene, and social activities. The RHCs currently in operation are: Fircrest School, located in Shoreline; Frances Haddon Morgan Center, located in Bremerton; Lakeland

Village, located in Medical Lake; Rainier School, located in Buckley; and Yakima Valley School, located in Selah.

Lakeland Village, the first RHC in the state, opened in 1915. At peak occupancy in 1967, 4,145 people with developmental disabilities lived in the state's six RHCs. At present, fewer than 1,000 of the state's 33,000 clients with developmental disabilities live in the five institutions, while the remaining 97 percent live in their communities.

In 2002, the Joint Legislative Audit and Review Committee (JLARC) completed a capital study of the RHCs. In the report, the JLARC concluded that Lakeland Village, Rainier School, and Yakima Valley School have excess property that can be sold with no impact on current institutional operations. The JLARC estimates that the sale of the excess parcels at these three facilities would generate approximately $7 million. Sale of timber is another potential revenue generating activity identified by the JLARC report.

The 2003-05 operating budget provided funds for transitional costs associated with downsizing the Fircrest School. The 2003-05 capital budget provided $6 million for RHC consolidation related activities.

Summary of Bill:

Excess property identified in the 2002 JLARC capital study of RHCs must be managed to maximize income. The income generated from the lease of land, conservation easements, sale of timber, or other activities must be deposited into the Developmental Disabilities Community Trust Account (Account). Income and expenditure conditions do not apply to the portion of excess property at the Rainier School under the cognizance and control of Washington State University and used for extension services. Income for deposit into the account will not come from sale of property. By June 30, 2006, the DSHS must report on its efforts and strategies to provide income to the account from activities on or sale of excess property identified in the JLARC study.

The interest earnings from the account stays with the account rather than going to the general fund. Investment income from the account may be spent only after appropriation and must be used solely for community developmental disability services for persons with developmental disabilities who are unserved. Moneys in the account may not be used to supplant ongoing expenditures for community services to persons with developmental disabilities.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2005, except for section 5, relating to accounts which may retain account earnings, which takes effect July 1, 2006.