
SUBSTITUTE SENATE BILL 5752

State of Washington

67th Legislature

2022 Regular Session

By Senate Human Services, Reentry & Rehabilitation (originally sponsored by Senators Trudeau, Lovick, Das, Dhingra, Frockt, Hasegawa, Keiser, Lias, Lovelett, Nguyen, Nobles, Pedersen, Randall, Rivers, Salomon, Stanford, Wellman, and C. Wilson; 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;

16 (vi) The state treasurer shall appoint one member representing a
17 financial institution;

18 (vii) The state treasurer shall appoint one member representing
19 either a chamber of commerce or an associated development
20 organization;

21 (viii) The director of the Washington health care authority, or
22 the director's designee;

23 (ix) The executive director of the Washington housing finance
24 commission, or the executive director's designee;

25 (x) The secretary of the department of social and health
26 services, or the secretary's designee; and

27 (xi) The director of the department of commerce, or the
28 director's designee.

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

32 (i) At least annual meetings through 2034;

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

34 (iii) Quarterly meetings in 2040 through 2042.

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

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

- 1 (a) Efficient distribution of funds in accordance with the intent
2 of the trust;
- 3 (b) Direct distribution of funds to entities as directed by
4 beneficiaries in accordance with this chapter;
- 5 (c) The adequacy of the definition of financial hardship to
6 achieve programmatic goals;
- 7 (d) The designated beneficiary's use of funds to ensure
8 compliance with program requirements;
- 9 (e) The program's impact on generational wealth inequities based
10 on consulting with experts to study issues of generational wealth
11 inequity and how the program impacts generational wealth inequities;
- 12 (f) An evaluation of fund solvency and performance relative to
13 programmatic objectives and goals; and
- 14 (g) Other policy considerations that may arise and be pertinent
15 to the programmatic elements of the trust.
- 16 (4) Committee reports to the legislature as required under this
17 section may include recommendations for legislative action.
- 18 (5) Staff support for the committee is provided by the office of
19 the state treasurer.
- 20 (6) Legislative members of the committee are reimbursed for
21 travel expenses in accordance with RCW 44.04.120. Nonlegislative
22 members are not entitled to be reimbursed for travel expenses if they
23 are elected officials or are participating on behalf of an employer,
24 governmental entity, or other organization. Stipends may be provided
25 to cover the costs of attending meetings including transportation,
26 lodging, and child care, if these costs are not covered by a
27 committee member's employer. Any reimbursement for other
28 nonlegislative members is subject to chapter 43.03 RCW.
- 29 (7) Committee expenditures are subject to approval by the senate
30 facilities and operations committee and the house of representatives
31 executive rules committee, or their successor committees.
- 32 (8) In compliance with RCW 43.01.036, the committee shall provide
33 annual updates on the progress of its work including any legislative
34 recommendations to the appropriate committees of the legislature
35 annually starting December 1, 2023, through December 1, 2039, as well
36 as provide a final report of its findings and recommendations to the
37 appropriate committees of the legislature by December 1, 2040.
- 38 (9) This section expires December 31, 2044.

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

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

6 (a) A claims process for receipt of funds including distribution
7 of funds;

8 (b) Balancing the right of the parent giving birth to opt out of
9 disclosing information relevant for the designated beneficiary while
10 allowing a person who believes oneself to be qualified to be a
11 designated beneficiary alternative methods of proving eligibility to
12 be considered a designated beneficiary;

13 (c) Determination of eligibility at the time of the claim
14 including identification verification;

15 (d) Implementation of automated eligibility processes for
16 designated beneficiaries where applicable;

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

19 (f) The identification and approval of financial education course
20 offerings or equivalent; and

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

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

32 (2) All moneys in the fund, all property and rights purchased
33 from the fund, and all income attributable to the fund, shall be held
34 in trust by the state investment board, as provided in RCW
35 43.33A.030, for the exclusive benefit of fund beneficiaries.

36 (3) The legislature must provide general fund appropriation
37 authority for the state treasurer for the Washington future fund
38 trust fund program administration costs.

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

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

7 (3) All investments made by the state investment board shall be
8 made with the exercise of judgment and care required by RCW
9 43.33A.140 and consistent with the investment policy established by
10 the state investment board.

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

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

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

20 NEW SECTION. **Sec. 7.** (1) The state treasurer shall administer
21 the Washington future fund trust fund. To the extent that funds are
22 appropriated for this purpose, the office of the state treasurer
23 shall provide staff and administrative support to the state
24 treasurer.

25 (2) The state treasurer, the office of the state treasurer, and
26 the state investment board shall not be considered an insurer of the
27 funds or assets of the trust or the individual trust accounts.
28 Neither the state treasurer, the office of the state treasurer, nor
29 the state investment board are liable for the action or inaction of
30 the other.

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

1 NEW SECTION. **Sec. 8.** (1) Any person denied benefits under this
2 chapter may file a complaint with the state treasurer. Such
3 complaints shall be resolved as provided by chapter 34.05 RCW. All
4 complaints must: Be in writing, include the complainant's name,
5 telephone number, and mailing address, and include a clear and
6 concise description of the alleged error.

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

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

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

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

21 NEW SECTION. **Sec. 9.** (1) Beginning on a designated
22 beneficiary's 18th birthday and before the designated beneficiary's
23 31st birthday, a designated beneficiary is eligible to receive the
24 total sum of the initial investment and investment earnings to be
25 used for an eligible expenditure. The designated beneficiary may
26 submit a claim for benefits subject to the following conditions:

27 (a) The designated beneficiary must be a resident of the state of
28 Washington;

29 (b) The designated beneficiary must have successfully completed a
30 financial education course or a comparable financial education
31 offering as determined by the state treasurer;

32 (c) The designated beneficiary must be facing financial hardship;
33 and

34 (d) The designated beneficiary must complete a new business or
35 start-up education course or consult with a local associated
36 development organization prior to the use of any benefits from the
37 Washington future fund to form a business.

38 (2) If a designated beneficiary is deceased before submitting a
39 valid claim or does not submit a valid claim before the designated

1 beneficiary's 31st birthday, such accounting shall be credited back
2 to the assets of the trust.

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

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

15 (2) The legislature must appropriate from the state general fund
16 into the Washington future fund trust fund for the fiscal year ending
17 June 30, 2022, and each fiscal year thereafter, a total amount based
18 on the number of Washington births eligible for medical assistance,
19 as described in RCW 74.09.470, in the previous year multiplied by
20 \$3,200.

21 NEW SECTION. **Sec. 11.** The state treasurer may solicit or
22 receive gifts, grants, and endowments from public or private sources
23 as may be made from time to time, in trust or otherwise, for the use
24 and benefit of the purposes of the Washington future fund trust fund,
25 and the state treasurer may expend the gifts, grants, and endowments
26 according to their terms.

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

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

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

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

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

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

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

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

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

31 (b) The following accounts and funds must receive their
32 proportionate share of earnings based upon each account's or fund's
33 average daily balance for the period: The 24/7 sobriety account, the
34 Washington promise scholarship account, the Gina Grant Bull memorial
35 legislative page scholarship account, the Rosa Franklin legislative
36 internship program scholarship (~~(account)~~) account, the Washington
37 advanced college tuition payment program account, the Washington
38 college savings program account, the accessible communities account,
39 the Washington achieving a better life experience program account,

1 the community and technical college innovation account, the
2 agricultural local fund, the American Indian scholarship endowment
3 fund, the foster care scholarship endowment fund, the foster care
4 endowed scholarship trust fund, the contract harvesting revolving
5 account, the Washington state combined fund drive account, the
6 commemorative works account, the county enhanced 911 excise tax
7 account, the county road administration board emergency loan account,
8 the toll collection account, the developmental disabilities endowment
9 trust fund, the energy account, the fair fund, the family and medical
10 leave insurance account, the fish and wildlife federal lands
11 revolving account, the natural resources federal lands revolving
12 account, the food animal veterinarian conditional scholarship
13 account, the forest health revolving account, the fruit and vegetable
14 inspection account, the educator conditional scholarship account, the
15 game farm alternative account, the GET ready for math and science
16 scholarship account, the Washington global health technologies and
17 product development account, the grain inspection revolving fund, the
18 Washington history day account, the industrial insurance rainy day
19 fund, the juvenile accountability incentive account, the law
20 enforcement officers' and firefighters' plan 2 expense fund, the
21 local tourism promotion account, the low-income home rehabilitation
22 revolving loan program account, the multiagency permitting team
23 account, the northeast Washington wolf-livestock management account,
24 the produce railcar pool account, the public use general aviation
25 airport loan revolving account, the regional transportation
26 investment district account, the rural rehabilitation account, the
27 Washington sexual assault kit account, the stadium and exhibition
28 center account, the youth athletic facility account, the self-
29 insurance revolving fund, the children's trust fund, the Washington
30 horse racing commission Washington bred owners' bonus fund and
31 breeder awards account, the Washington horse racing commission class
32 C purse fund account, the individual development account program
33 account, the Washington horse racing commission operating account,
34 the life sciences discovery fund, the Washington state library-
35 archives building account, the reduced cigarette ignition propensity
36 account, the center for deaf and hard of hearing youth account, the
37 school for the blind account, the Millersylvania park trust fund, the
38 public employees' and retirees' insurance reserve fund, the school
39 employees' benefits board insurance reserve fund, the public
40 employees' and retirees' insurance account, the school employees'

1 insurance account, the long-term services and supports trust account,
2 the radiation perpetual maintenance fund, the Indian health
3 improvement reinvestment account, the department of licensing tuition
4 recovery trust fund, the student achievement council tuition recovery
5 trust fund, the tuition recovery trust fund, the industrial insurance
6 premium refund account, the mobile home park relocation fund, the
7 natural resources deposit fund, the Washington state health insurance
8 pool account, the federal forest revolving account, (~~and~~) the
9 library operations account, and the Washington future fund trust
10 fund.

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

18 (d) Any state agency that has independent authority over accounts
19 or funds not statutorily required to be held in the custody of the
20 state treasurer that deposits funds into a fund or account in the
21 custody of the state treasurer pursuant to an agreement with the
22 office of the state treasurer shall receive its proportionate share
23 of earnings based upon each account's or fund's average daily balance
24 for the period.

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. 15.** Sections 1 through 12 of this act
29 constitute a new chapter in Title 43 RCW.

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