

Multiple Agency Fiscal Note Summary

Bill Number: 5752 SB	Title: Future fund trust fund
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Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	(64,000,000)	(64,000,000)	0	0	0	0	0	0	0
State Investment Board	0	0	426,000	0	0	812,000	0	0	812,000
Total \$	(64,000,000)	(64,000,000)	426,000	0	0	812,000	0	0	812,000

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.4	0	0	157,000	.5	0	0	226,000	.5	0	0	226,000
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
State Investment Board	.8	0	0	426,000	1.6	0	0	812,000	1.6	0	0	812,000
Total \$	1.2	0	0	583,000	2.1	0	0	1,038,000	2.1	0	0	1,038,000

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
State Investment Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 1/27/2022
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Individual State Agency Fiscal Note

Bill Number: 5752 SB	Title: Future fund trust fund	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
General Fund-State 001-1	(64,000,000)		(64,000,000)		
Washington Future Fund Trust Fund-Non-Appropriated New-6	64,000,000		64,000,000		
Total \$					

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2	0.5	0.4	0.5	0.5
Account					
Washington Future Fund Trust Fund-State New-1	44,000	113,000	157,000	226,000	226,000
Total \$	44,000	113,000	157,000	226,000	226,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Alison Mendiola	Phone: 360-786-7488	Date: 01/09/2022
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/14/2022
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/14/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/14/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency .

SB 5752 creates the Washington future fund trust fund program. The state treasurer administers the program and provides staff support for the Washington future fund trust fund committee. Program administration costs are subject to appropriation.

The program will assist Washington citizens, who are born into families of limited means, for pursuing opportunities for education, housing, and entrepreneurship by starting a small business. The legislature also intends for this chapter to create opportunities that will foster financial independence and correspondingly reduce the need for certain state support.

The Washington future fund trust fund is created and this legislation allows the account to retain its earnings from investments. The state investment board will invest the cash.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

Under section 12, \$64 million is appropriated from the general fund for the purposes of beginning investments in the Washington future fund trust fund.

Under section 8,

- On or before the first day of September in each year, beginning September 1, 2025, the health care authority shall inform the treasurer of the number of designated beneficiaries born in the prior fiscal year. Promptly thereafter, the treasurer shall submit to the office of financial management a calculation of the total amount required to deposit to the trust in an amount equal to \$3,200 per designated beneficiary born in the prior fiscal year.
- Currently, estimates are not available.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

- The new assignments will require additional resources in order to engage in the efforts associated the program.
- For starters, a senior policy advisor & analyst (half time) is required. The estimated position cost is included in this fiscal note.
 - As the program matures, additional staff will be required - costs are currently indeterminable. Assumption: the legislature will provide the necessary appropriations for continued program administration costs.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
New-1	Washington Future Fund Trust Fund	State	44,000	113,000	157,000	226,000	226,000
Total \$			44,000	113,000	157,000	226,000	226,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2	0.5	0.4	0.5	0.5
A-Salaries and Wages	15,000	50,000	65,000	100,000	100,000
B-Employee Benefits	4,000	13,000	17,000	26,000	26,000
C-Professional Service Contracts					
E-Goods and Other Services	25,000	50,000	75,000	100,000	100,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	44,000	113,000	157,000	226,000	226,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Senior Policy Advisor & Analyst - Exempt	100,000	0.2	0.5	0.4	0.5	0.5
Total FTEs		0.2	0.5	0.4	0.5	0.5

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules .

Under section 11, the state treasurer may adopt rules.

Individual State Agency Fiscal Note

Bill Number: 5752 SB	Title: Future fund trust fund	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Alison Mendiola	Phone: 360-786-7488	Date: 01/09/2022
Agency Preparation: Sue Eckroth	Phone: 360-725-1899	Date: 01/27/2022
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 01/27/2022
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/27/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency .

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Please see attached narrative.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB

NONE

Part V: New Rule Making Required

HCA Fiscal Note

Bill Number: 5752 SB

HCA Request #: 22-022

Part II: Narrative Explanation

II. A - Brief Description of What the Measure Does That Has Fiscal Impact

This bill is for an act relating to the creation of the Washington future fund trust fund program; reenacting and amending RCW 43.79A.040; adding a new section to chapter 74.09 RCW; adding a new chapter to Title 43 RCW; making an appropriation; and providing an expiration date.

Washington Health Care Authority (HCA) is impacted by: Sections 3, 7, 8 and 13 directly.

New Sections 1 through 11 of this act constitute a new chapter in Title 43 RCW.

Section 1: Establishes a Washington future fund trust fund for individuals who are born into families of limited means to pursue opportunities for: Housing. Post-secondary education and trade schooling, entrepreneurship by starting a small business.

Section 2: Establishes definitions used throughout the bill, including what a "Designated beneficiary" for the trust fund is: An individual born after January 1, 2024; Born on Medicaid provided under Apple Health for Kids in RCW 74.09.470, and facing financial hardship at the time of making a claim for funds.

Section 3: Establishes a committee on the Washington future fund trust.

- Section 3(1)(a)(vi) states the Director of HCA or their designee will sit on this committee.
- Section 3(8) states Section 3 expires January 1, 2045.

Section 4: Establishes the fund will be under the custody of the State Treasurer.

Section 5: Establishes the State Investment Board (SIB) has the power to invest and manage the money in the trust fund.

Section 6: Establishes the State Treasurer will administer the trust fund and liability that the Treasurer and SIB hold for the fund.

Section 7: Lays out how the funds from the trust fund will be distributed, and all the requirements that must be met for an individual to receive the funds.

Section 7(3) states HCA must enter a memorandum of understanding with the State Treasurer to allow HCA to share confidential information related to the designated beneficiaries.

Section 8: On or before the first day of September in each year, beginning September 1, 2025, HCA will inform the treasurer of the number of designated beneficiaries born in the prior fiscal year. Promptly thereafter, the Treasurer shall submit to the Office of Financial Management (OFM) a calculation of the total amount required to deposit to the trust in an amount equal to \$3,200 per designated beneficiary born in the prior fiscal year.

Section 9: Treasurer may receive money from other sources (gifts, grants, endowments, etc.) both public and private to the Washington future trust fund.

HCA Fiscal Note

Bill Number: 5752 SB

HCA Request #: 22-022

Section 10: Trust assets held are not assets that can be considered for the purposes of determining an individual's eligibility for assistance under any program administered by the Department of Social and Health Services (DSHS) or for grants offered by public educational institutions in the state.

Section 11: Treasurer may adopt rules under 34.05 RCW for implementation of this bill.

Section 12 is a new section: The sum of \$64,000,000 is appropriated for the fiscal year ending June 30, 2022, from the general fund to the Office of the State Treasurer (OST) for the purposes of beginning investments in the trust fund.

Section 13 adds to chapter 74.09 RCW, Data Sharing Agreement (DSA): HCA must enter DSA with OST to share the necessary data to facilitate the trust fund under the new RCW chapter created as part of this act. HCA must then retain client eligibility records for children born under Apple Health until they reach 31 years old.

Section 14: Amends RCW 43.79A.040 and sets forth how the fund may be deposited, invested, and reinvested in accordance with established RCW.

II. B - Cash Receipts Impact

None.

II. C – Expenditures

No fiscal impact.

HCA assumes additional work required by this bill can be absorbed with current resources.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5752 SB	Title: Future fund trust fund	Agency: 126-State Investment Board
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
State Investment Board Expense Account-State 031-1		426,000	426,000	812,000	812,000
Total \$		426,000	426,000	812,000	812,000

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	1.6	0.8	1.6	1.6
Account					
State Investment Board Expense Account-State 031-1	0	426,000	426,000	812,000	812,000
Total \$	0	426,000	426,000	812,000	812,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Alison Mendiola	Phone: 360-786-7488	Date: 01/09/2022
Agency Preparation: Celina Verme	Phone: (360) 956-4740	Date: 01/24/2022
Agency Approval: Allyson Tucker	Phone: 360-956-4710	Date: 01/24/2022
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/24/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The Washington Future Fund Trust Fund is established in the custody of the State Treasurer, comprised of private or public sources, as well as a combination of both private and public sources, to finance benefits for designated beneficiaries.

This bill appropriates the sum of \$64,000,000 in fiscal year 2022 from the General Fund for the purpose of beginning investments in the Washington Future Fund Trust Fund.

Sections 4 (5) – States that all moneys in the fund, all property and rights purchased from the fund, and all income attributable to the fund, shall be held in trust by the State Investment Board (SIB).

Section 5 – Gives the SIB the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the Trust. All of the earnings from the investment of money shall be paid in accordance with state law. All investments made by the SIB are to be made with the exercise of judgment and care required by statute and consistent with the investment policy established by the SIB. As deemed appropriate by the SIB, money in the Trust may be commingled for investment with other funds subject to investment by the SIB. The authority to establish all policies relating to the trust, other than the investment policies, resides with the State Treasurer. The SIB is to routinely consult and communicate with the State Treasurer on the investment policy, earnings of the Trust, and related needs of the program.

FISCAL IMPACT ASSUMPTIONS

The Washington State Investment Board (WSIB) expects the scope of the proposed Washington Future Fund Trust Fund will require a diversified investment fund with broad public markets exposure (stocks, bonds, cash) utilizing existing WSIB investment vehicles, where permitted and deemed appropriate. A strategic asset allocation study would be required to determine the appropriate investment vehicles and asset mix. Expected return for the portfolio would be determined from the strategic asset allocation study. For a fund of this nature, the WSIB would likely obtain fixed income exposure through a fund such as the WSIB Bond Market Fund and equity exposure through one of the Board's passive global equity managers.

For purposes of setting preliminary expectations based on WSIB's current Capital Market Assumptions, the WSIB is able to reasonably estimate 15-year median returns of 5.8 percent for a 60 percent equity / 40 percent fixed income portfolio and can estimate 15-year median returns of 3.3 percent for a 100 percent fixed income portfolio. Estimated returns for a cash portfolio would be significantly lower if investment in equities is constitutionally prohibited. Actual returns are not guaranteed and the range of actual performance for any portfolio can vary substantially from these estimates. Capital Market Assumptions are adopted by the WSIB every two years and are subject to change. Return estimates provided in this fiscal note are for informational purposes only and not intended for any other use.

The WSIB expects that returns for this fund will be lower than the returns of the WSIB Commingled Trust Fund, which is limited to qualified retirement assets and includes significant long-standing investments in private market asset classes.

For purposes of determining expenditures necessary to implement the bill, the WSIB assumes, consistent with its statutory authority, that the Treasurer's Office will handle participant recordkeeping and accounting including claims processing, individual interest calculations, and claims settlement and payments.

The assumed fiscal impact is detailed in the expenditure impact section.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

WSIB’s operating expenses are funded based on a formula established by statute. Accordingly, each investment fund managed by the WSIB pays a proportional share of the WSIB’s operating costs based on the value of the assets in the fund.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The WSIB anticipates the following costs :

Staffing:

- 0.60 Investment Officer FTE will be necessary for initial stakeholder /onboarding work; initial and periodic strategic asset allocation studies and investment policy development/updates; daily strategic asset allocation monitoring; ongoing oversight of managers/programs (public equity manager, cash manager, securities lending); risk monitoring; fixed income portfolio management; and periodic meetings and discussions with the governing board.
- 0.20 Investment Officer FTE will be necessary to complete quarterly performance reports and periodic presentations of results to the State Treasurer and/or the governing body of the fund.
- 0.25 Investment Officer FTE will be necessary to work on bidder solicitation, review, negotiation of terms, draft amendments, incorporation of updated contract changes, contract review, international market openings, internal policy compliance, U.S. and international regulatory compliance, reclaims, alert reporting, treaty benefit compliance, internal reporting, legal advice on tax efficiencies, and state law issues.
- 0.50 Assistant Investment Officer FTE will be necessary to support the increase in the investment balances and transactions. A new fund adds additional investment accounting responsibility for investments and related accrual. Additional custodial accounts are required to be maintained and reconciled. An additional set of financial statements will be required along with periodic stakeholder reporting. The transaction volumes for investment trades, income collection on securities and increased expense payment volume will also increase with the addition of the new fund.

Professional Services Contracts:

WSIB will utilize a consultant to audit an additional set of annual financial statements with a cost of \$12,000 (estimating it would take 65-70 hours).

Goods and Services, Travel, and Equipment :

Associated costs for goods and services, travel, and equipment are included based on the addition of FTEs noted above.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
031-1	State Investment Board Expense Account	State	0	426,000	426,000	812,000	812,000
Total \$			0	426,000	426,000	812,000	812,000

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		1.6	0.8	1.6	1.6
A-Salaries and Wages		276,000	276,000	552,000	552,000
B-Employee Benefits		70,000	70,000	140,000	140,000
C-Professional Service Contracts		12,000	12,000	24,000	24,000
E-Goods and Other Services		33,000	33,000	66,000	66,000
G-Travel		11,000	11,000	22,000	22,000
J-Capital Outlays		24,000	24,000	8,000	8,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	426,000	426,000	812,000	812,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Assistant Investment Officer	133,000		0.5	0.3	0.5	0.5
Investment Officer	199,000		1.1	0.5	1.1	1.1
Total FTEs			1.6	0.8	1.6	1.6

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact**IV. A - Capital Budget Expenditures**

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required