

Long-Term Services and Supports Trust Commission Investment Strategy Subcommittee Charter

Purpose

The Long-Term Services and Supports Trust Program ([Title 50B RCW](#)), now known as the [WA Cares Fund](#), was enacted in the 2019 legislative session. It creates a public long-term care insurance benefit for all eligible Washington employees funded through an employee payroll premium that will be collected beginning in January 2022. Beginning in January 2025, the benefit will be available to assist eligible Washingtonians with meeting their needs for assistance with long-term services and supports.

The statute establishes a Long-Term Services and Supports Trust Commission. The Commission is responsible to establish an Investment Strategy Subcommittee (Subcommittee) to provide guidance and advice to the Washington State Investment Board (WSIB) on investment strategies for the ~~LTSS Trust Account~~[WA Cares Fund](#), including seeking counsel and advice on the types of investments that are constitutionally permitted.

Subcommittee Members

The Subcommittee is made up of a subset of the LTSS Trust Commission members as voting members, and four nonvoting members appointed by the Governor who are considered experienced and qualified in the field of investment. Current members are listed in the table below.

Investment Strategy Subcommittee Member	Name
State Representative (R)	Paul Harris
State Representative (D)	Frank Chopp
State Representative (D)	Nicole Macri
State Representative (R)	Drew MacEwen
Senator (D)	Karen Keiser
Senator (R)	Judy Warnick
Senator (D)	Steve Conway
Senator (R)	Curtis King
DSHS Designee	Bill Moss
ESD Designee	Kelly Lindseth
Governor appointment #1	TBD
Governor appointment #2	TBD
Governor appointment #3	TBD
Governor appointment #4	TBD

Investment Strategy Subcommittee Chair

The LTSS Trust Commission Chair will chair the first Subcommittee meeting. At the first meeting a Subcommittee chair ~~will be~~[was](#) elected for a one-year term for the calendar year 2021. A new chair will be elected every year. The chair shall be a member of the House of Representatives in odd-numbered years and a member of the Senate in even-numbered years.

Subcommittee Staff

DSHS ~~LTSS Trust~~[WA Cares Fund](#) staff will staff the Subcommittee.

~~LTSS Trust Account~~ **WA Cares Fund Investment Policies**

Per RCW 50B.04.110:

(1) The Department of Social and Health Services shall have the State Investment Board invest the funds in the account. The State Investment Board has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the account. All investment and operating costs associated with the investment of money shall be paid under RCW 43.33A.160 and 43.84.160. With the exception of these expenses, the earnings from the investment of the money shall be retained by the accounts.

(2) All investments made by the State Investment Board shall be made with the degree of judgment and care required under RCW 43.33A.140 and the investment policy established by the State Investment Board.

(3) As deemed appropriate by the State Investment Board, money in the account may be commingled for investment with other funds subject to investment by the State Investment Board.

(4) Members of the State Investment Board may not be considered an insurer of the funds or assets and are not liable for any action or inaction.

(5) Members of the State Investment Board are not liable to the state, to the account, or to any other person as a result of their activities as members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law. The State Investment Board in its discretion may purchase liability insurance for members.

(6) The authority to establish all policies relating to the account, other than the investment policies as provided in subsections (1) through (3) of this section, resides with the Department of Social and Health Services acting in accordance with the principles set forth in this chapter. With the exception of expenses of the State Investment Board under subsection (1) of this section, disbursements from the account shall be made only on the authorization of the Department of Social and Health Services or its designee, and moneys in the account may be spent only for the purposes specified in this chapter.

(7) The State Investment Board shall routinely consult and communicate with the Department of Social and Health Services on the investment policy, earnings of the accounts, and related needs of the program.

Subcommittee Meetings

- The Subcommittee ~~will hold~~held their first meeting on November 12, 2020.
- The Subcommittee will meet in the spring and again in the fall of 2021, additional meetings will be added if needed in 2021.
- In 2022 the Subcommittee will establish the meeting schedule for that point onward.

Subcommittee Working with the Washington State Investment Board and Timeline

- At the November 12, 2020 Subcommittee meeting
 - WSIB staff ~~will provide~~d an introductory briefing to the Subcommittee about the role of the WSIB and how it works.
 - The Subcommittee ~~will authorize~~d the process for WSIB staff to conduct an LTSS Trust asset allocation study to be completed and approved by the WSIB Board of Trustees on or before December 17, 2021.¹
- WSIB investment staff will gather research, market assumptions, program inputs, and actuarial projections from OSA and Milliman.
- The WSIB will ~~complete develop~~e the ~~LTSS Trust asset allocation study~~investment policy and implementation plan.

¹ Because ESJR 8212 failed after this authorization, the WA Cares Fund has limited investment options and no longer requires an asset allocation study. WSIB will instead develop an investment and implementation plan.

- During 2021 WSIB staff will work with DSHS LTSS staff, the Office of the State Actuary and others to ensure a clear and workable schedule of the investment launch process.
- In the spring and fall of 2021 the WSIB will provide a progress update on the asset allocation study investment policy and cash management investment and implementation plan to the Subcommittee and timelines for reviews and approvals of the plan will be confirmed.
- ~~During the fall of 2021, the WSIB will provide investment policy and implementation plan recommendations from the asset allocation study in order to allow for all the necessary reviews and approvals, and to allow for investment implementation of assets beginning in early 2022.~~
- ~~During the fall of 2021 the Subcommittee will provide an update regarding the asset allocation study investment policy and implementation plan to the LTSS Trust Commission.~~
- ~~Upon review and input from the Subcommittee, and upon approval of WSIB's Board members, WSIB staff are authorized to implement the asset allocation investment policy and implementation plan and the accompanying investment policy as outlined in the recommendations when premium collections start in 2022.~~
- Starting in 2022, WSIB staff will provide quarterly reports on fund/market performance to the Investment Strategy Subcommittee and administrative updates related to the investment account as needed.
- WSIB staff will work closely with the Office of the State Actuary to ensure future investment work is informed by broader assumptions and planning for the program.
- WSIB staff will perform new asset allocation studies for the LTSS Trust every four years or sooner if changing market conditions or new program changes require something in the interim.

Bylaws

The Subcommittee will follow the bylaws established by the LTSS Trust Commission.

Charter Approval

The Investment Strategy Subcommittee approved the charter by majority vote on June 14, 2021.