

# 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 WA Cares Fund, including seeking counsel and advice on the types of investments that are constitutionally permitted.

In their work, the Investment Strategy Subcommittee will adhere to the LTSS Trust Foundational Principles that were approved by the LTSS Trust Commission in September 2020:

- Respect the dignity and autonomy of beneficiaries in determining how and from whom they receive care
- Be customer focused
- Provide a seamless, quality user experience
- Be accessible to all Washingtonians both online and through a strong community presence
- Promote development of a long-term services and supports workforce and provider network to meet increased demand with high-quality, culturally competent services
- Ensure beneficiaries have a broad range of services and supports from which to choose
- Ensure outreach and policies are consistent with values of diversity, equity and inclusion
- Focus on solutions that are not rooted in tradition but are tailored to delivering new program benefits and meeting needs of current and future participants
- Respond to changing conditions, needs, and opportunities
- Be strong stewards of worker contributions by maintaining the financial stability and sustainability of the Trust
- Protect beneficiaries and the Trust Fund from program fraud
- Raise awareness of the benefit among all Washingtonians
- Provide accurate data to decision makers

## 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

Investment Strategy Subcommittee Member	Name
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 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 WA Cares Fund staff will staff the Subcommittee.

### 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 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 provided an introductory briefing to the Subcommittee about the role of the WSIB and how it works.
  - The Subcommittee authorized 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.<sup>1</sup>
- WSIB investment staff will gather research, market assumptions, program inputs, and actuarial projections from OSA and Milliman.
- The WSIB will develop the 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 investment and implementation plan to the Subcommittee and timelines for reviews and approval of the plan will be confirmed.
- 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.

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<sup>1</sup> 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.  
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