
ENGROSSED SUBSTITUTE HOUSE BILL 2910

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Education (originally sponsored by Representatives B. Thomas, Foreman, Talcott, Cairnes, Robertson, L. Thomas, Horn, Johnson, Cooke, Kessler, Huff, D. Sommers, Basich, Campbell, Smith, Quall and Carlson)

Read first time 02/02/96.

1 AN ACT Relating to charter schools; reenacting and amending RCW
2 41.32.010 and 41.40.010; adding a new section to chapter 28A.150 RCW;
3 adding a new section to chapter 28A.155 RCW; adding a new section to
4 chapter 28A.165 RCW; adding a new section to chapter 28A.175 RCW;
5 adding a new section to chapter 28A.180 RCW; adding a new section to
6 chapter 28A.185 RCW; adding a new section to chapter 28A.210 RCW;
7 adding a new section to chapter 28A.220 RCW; adding a new section to
8 chapter 28A.225 RCW; adding a new section to chapter 28A.230 RCW;
9 adding a new section to chapter 28A.235 RCW; adding a new section to
10 chapter 28A.300 RCW; adding a new section to chapter 28A.305 RCW;
11 adding a new section to chapter 28A.320 RCW; adding a new section to
12 chapter 28A.330 RCW; adding a new section to chapter 28A.400 RCW;
13 adding a new section to chapter 28A.405 RCW; adding a new section to
14 chapter 28A.410 RCW; adding a new section to chapter 28A.600 RCW;
15 adding a new section to chapter 28A.605 RCW; adding a new section to
16 chapter 28A.640 RCW; adding a new chapter to Title 28A RCW; creating
17 new sections; and providing an effective date.

18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

1 NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature
2 finds that the state has an obligation to develop and maintain a system
3 of public schools to provide quality education services to the children
4 of our state. The legislature further finds that this interest is
5 served through educational structures emphasizing enhanced school
6 autonomy, expanded parental choice among public schools, meaningful
7 parental involvement, significant community involvement and greater
8 accountability for student and school performance.

9 (2) The legislature therefore authorizes the establishment of
10 alternative public schools to be called charter schools, operating
11 pursuant to an agreement between the school and a state education
12 agency, including school districts' boards of directors, and in
13 accordance with the terms of this chapter. The approved charter school
14 shall be granted greater autonomy in instructional program and
15 operations in exchange for assurance of accountability for student
16 performance and sound fiscal management.

17 (3) The purposes of this chapter are:

18 (a) To improve academic achievement in all public schools;

19 (b) To provide parents and students with expanded choices in the
20 types of educational opportunities that are available within the public
21 school system;

22 (c) To promote meaningful parental and community involvement with
23 students in public schools;

24 (d) To match learning environments more closely to the differing
25 educational needs of students;

26 (e) To create new professional opportunities for teachers,
27 principals, and other certificated staff, including the opportunity to
28 be responsible for the learning process at the school site; and

29 (f) To hold teachers and school administrators accountable for
30 meeting measurable educational results.

31 NEW SECTION. **Sec. 2.** DEFINITIONS. Unless the context clearly
32 requires otherwise, the definitions in this section apply throughout
33 this chapter.

34 (1) "Applicant" means an individual, organization, or public entity
35 as identified in section 6(1) of this act that has submitted an
36 application to a sponsor to obtain approval to operate a charter
37 school.

1 (2) "Charter" means an agreement between an applicant and a
2 sponsor. The charter establishes, in accordance with this chapter, the
3 terms and conditions for the management, operation, and educational
4 program of the charter school. The terms of a charter shall constitute
5 a contract between the charter school and the sponsor.

6 (3) "Charter school" means a public school managed by a governing
7 council and operating independently of any school district board under
8 a charter approved in accordance with this chapter.

9 (4) "Governing council" means a council created in accordance with
10 the school's charter and with this chapter that is responsible for the
11 policy and operational decisions of the charter school.

12 (5) "Sponsor" means a school district or the superintendent of
13 public instruction, whichever is applicable, that has approved a
14 charter for a charter school.

15 NEW SECTION. **Sec. 3.** CHARTER SCHOOLS--LEGAL STATUS--POWERS. (1)
16 Charter schools sponsored by school district boards under this chapter
17 are local government entities for purposes of RCW 4.96.010. Charter
18 schools sponsored by the superintendent of public instruction under
19 this chapter are state agencies for purposes of RCW 4.92.090.

20 (2) The members of the charter school's governing council shall be
21 deemed public agents authorized by the state, and by the school
22 district, as appropriate, to operate the charter school. The governing
23 council of a charter school may hire, manage, and discharge any charter
24 school employee in accordance with the terms of this chapter and that
25 school's charter.

26 (3) A charter school may enter into a contract with any school
27 district, or any other public or private nonsectarian entity also
28 empowered to enter into contracts, for any and all real property,
29 equipment, goods, supplies, and services, to include educational
30 instructional services.

31 (4) Charter schools may rent, lease, or own property, but may not
32 acquire property by eminent domain. Charter schools may accept gifts
33 and donations from other governmental and private entities, excluding
34 sectarian or religious organizations. Charter schools shall not accept
35 any gifts or donations the conditions of which violate this chapter.

36 (5) Charter schools shall not charge tuition, levy taxes, or issue
37 bonds.

1 NEW SECTION. **Sec. 4.** CHARTER SCHOOLS--SCOPE--CONDITIONS AND
2 REQUIREMENTS. (1) A charter school shall operate independently of any
3 school district board, under a charter approved by a sponsor pursuant
4 to this chapter. Charter schools are exempt from all state statutes
5 and rules relating to school districts except as provided in this
6 chapter and in the school's approved charter.

7 (2) All approved charter schools shall:

8 (a) Be free from sectarian influence or control in their programs,
9 admission policies, employment practices, and all other operations, in
10 accordance with Article IX, section 4 of the state Constitution;

11 (b) Comply with state and federal health, safety, and civil rights
12 laws and rules applicable to school districts;

13 (c) Pursuant to a charter approved by the sponsor, establish a
14 governing council that is responsible for the policy and operational
15 decisions of the charter school and that is accountable to the sponsor
16 for compliance with the charter and this chapter;

17 (d) Provide a comprehensive program of instruction for at least
18 kindergarten or any grade or grades between grades one and twelve,
19 except that a school may offer this curriculum with an emphasis on a
20 specific learning philosophy, teaching style, specialized educational
21 need, or specific subject area, including but not limited to,
22 mathematics, science, fine arts, or foreign languages;

23 (e) Meet or exceed the student performance and assessment standards
24 as established for students in other public schools;

25 (f) Participate in nationally normed standardized achievement tests
26 as required in RCW 28A.230.190, 28A.230.230, and 28A.230.240;

27 (g) Comply with state and federal laws relating to the education of
28 children with disabilities;

29 (h) Employ certificated instructional staff in accordance with
30 chapter 28A.410 RCW;

31 (i) Comply with the employee record check requirements in RCW
32 28A.400.303;

33 (j) Be subject to the same financial and audit requirements as a
34 school district. The superintendent of public instruction, the state
35 auditor, and the legislative budget committee may conduct financial,
36 program, performance, or compliance audits, as authorized by law;

37 (k) Comply with the annual school performance report in RCW
38 28A.320.205;

1 (l) Report at least annually to its sponsor and to parents of
2 children enrolled at the charter school on progress toward the student
3 performance goals specified in the charter;

4 (m) Maintain adequate insurance; and

5 (n) Comply with the open public meetings act in chapter 42.30 RCW
6 and with public disclosure requirements in chapter 42.17 RCW.

7 NEW SECTION. **Sec. 5.** ADMISSION REQUIREMENTS. (1) A charter
8 school shall enroll all students who submit a timely application. If
9 capacity is insufficient to enroll all students who submit a timely
10 application, the charter school shall give enrollment priority to
11 students who reside within the boundaries of the school district in
12 which the charter school is physically located. Priority also shall be
13 given to siblings of students who are currently enrolled in the school.
14 Students shall be selected through an equitable selection process, such
15 as a lottery, to fill any remaining spaces.

16 (2) A charter school shall use the same student admissions criteria
17 as other public schools. A charter school shall not limit admission
18 based on race, religion, ethnicity, national origin, gender, income
19 level, intellectual ability, disabling condition, proficiency in the
20 English language, or athletic ability. A charter school may limit
21 admission to students within a given age group or grade level.

22 (3) A charter school shall admit students who reside in a school
23 district that is a party to an agreement with the United States
24 department of education office for civil rights directed toward
25 remediating alleged or proven racial discrimination unless notice is
26 received from the resident school that the admission would violate the
27 agreement. If a charter school admits a student after notice is
28 received that the admission would constitute such a violation, the
29 charter school may not include in its student count the students
30 wrongfully admitted.

31 (4) A student may not be required by a school district to attend a
32 charter school.

33 NEW SECTION. **Sec. 6.** CHARTER APPLICATION--CONTENT--AMENDMENT.

34 (1) Applicants to establish a charter school may include nonprofit
35 corporations or cooperatives, public colleges and universities,
36 existing public schools, other public bodies, private persons, and
37 private organizations.

1 (2) An applicant seeking to establish a charter school shall submit
2 a written application to the board of directors of the school district
3 in which the proposed school is to be located, as prescribed in this
4 section.

5 (3) The charter application shall be a proposed agreement and shall
6 include:

7 (a) The name of the charter applicant or applicants;

8 (b) A statement of the goals and mission of the proposed charter
9 school;

10 (c) A description of the grade or grades or ages to be served;

11 (d) The proposed mailing address and street address of the school,
12 and the facility or facilities in which it will be housed;

13 (e) A statement affirming that the applicant has met or is prepared
14 to meet the requirements of sections 4 and 5 of this act, applicable to
15 all charter schools, including, but not limited to, proposed plans to
16 meet applicable health, safety, and insurance requirements;

17 (f) A description of the proposed charter school's governance
18 structure, organizational structure, and staff responsibilities,
19 including the procedures to be followed to ensure parental involvement;

20 (g) Evidence that parents of the children who would attend the
21 school support the planned structure, operation, and goals of the
22 school;

23 (h) Evidence of community support for the school;

24 (i) A description of the academic performance standards that will
25 be expected of students. Such standards must meet or exceed any
26 standards adopted by the school district in which the charter school is
27 located;

28 (j) A description of the school's educational program and
29 curriculum, which must be designed to enable each student to achieve
30 the academic performance standards;

31 (k) A description of the assessment methods that will be used to
32 measure student academic performance, and the corrective actions that
33 will be taken in the event that student performance falls short of such
34 standards. The proposed charter shall require that the school report
35 to the sponsor at least once each year on student progress toward
36 achievement of such standards, as measured by these assessments;

37 (l) A financial plan for the school's first three years of
38 operation and a description of its financial system for payroll,

1 benefits, and taxes, providing evidence that the plan for the charter
2 school is economically sound;

3 (m) An explanation of the school's personnel and compensation
4 policies, including procedures for hiring, managing, and discharging
5 staff;

6 (n) A description of how the school plans to meet the
7 transportation needs of its students;

8 (o) In the case of an existing school that intends to convert to a
9 charter school, a proposal for reassignment of students who choose not
10 to attend the charter school;

11 (p) A description of the form, structure, and responsibilities of
12 the charter school's governing council. The applicant shall provide
13 the names of individuals willing to serve on the council; and

14 (q) A statement of whether or not the school will participate as an
15 employer in the teachers' retirement system and the public employees'
16 retirement system pursuant to chapters 41.32 and 41.40 RCW.

17 (4) The school board shall hold at least one public hearing on the
18 charter application. The school district board of directors shall
19 either approve or reject the application within sixty days of its
20 receipt, based on a determination that the applicant has or has not met
21 the requirements of this section. The time limit in this subsection
22 may be extended with the mutual consent of the applicant and the school
23 board. Upon approval of the charter application, the board of
24 directors shall appoint the members of the charter school's governing
25 council, pursuant to the provisions of the charter application.

26 (5) A school board may grant approval for a charter school before
27 the applicant's securing space, equipment, and personnel on the basis
28 of the proposal submitted under this section.

29 (6) If the school board rejects the application, the school board
30 shall notify the applicant in writing of the reasons for the rejection.
31 The applicant may request, and the school board may provide, technical
32 assistance to improve the application. An applicant may submit a
33 revised application for reconsideration by the school board.

34 NEW SECTION. **Sec. 7.** APPEAL PROCESS--EDUCATIONAL SERVICE
35 DISTRICTS--SUPERINTENDENT OF PUBLIC INSTRUCTION. (1) If the school
36 board rejects a charter application, the superintendent of the
37 educational service district in which the school district is located,
38 at the request of the applicant, shall convene a review panel within

1 sixty days to review the decision of the school district board of
2 directors. The review panel shall consist of three school board
3 members and three teachers from other school districts within the
4 educational service district. The review panel shall hold at least one
5 public hearing for the purpose of receiving testimony on the decision
6 of the school board. If the review panel determines that the school
7 board acted arbitrarily in rejecting the application, the review panel
8 shall request the school district board of directors to reconsider the
9 charter application. In the case of a tie vote of the panel, the
10 educational service district superintendent shall vote to break the
11 tie. Upon request of the review panel, the school board shall
12 reconsider the application in accordance with the terms of this
13 chapter.

14 (2) If a charter application is rejected by a school district board
15 of directors, it may be submitted by the applicant to the
16 superintendent of public instruction for sponsorship after December 31,
17 1998. The superintendent of public instruction shall review the
18 application and, within sixty days of receipt of the application, shall
19 approve the application if it meets the requirements of this chapter.
20 Upon approval of the charter application, the superintendent of public
21 instruction shall appoint the members of the charter school's governing
22 council, pursuant to the provisions of the charter application. A
23 school district board of directors has no legal authority over or
24 responsibility for a charter school sponsored by the superintendent of
25 public instruction.

26 NEW SECTION. **Sec. 8.** CHARTER AGREEMENT--AMENDMENT. (1) A charter
27 application approved by a sponsor shall constitute a charter.

28 (2) A charter may be amended during its term at the request of the
29 governing council and on the approval of the sponsor.

30 NEW SECTION. **Sec. 9.** SUPERINTENDENT OF PUBLIC INSTRUCTION--
31 DUTIES. (1) The superintendent of public instruction shall:

32 (a) Grant charter approval to qualified applicants for charter
33 schools pursuant to section 7 of this act;

34 (b) Disseminate information about procedures for the establishment,
35 funding, and operation of charter schools, in conformance with this
36 chapter;

1 (c) Provide technical assistance to charter school applicants in
2 the preparation of applications, and to charter school governing boards
3 in matters related to the educational program, management, and
4 financial operation of the charter school;

5 (d) Monitor the performance and operation of charter schools; and

6 (e) Annually report to the education and fiscal committees of the
7 legislature the number of charter school applications received by
8 school districts and by the superintendent of public instruction, the
9 number approved by each, and such other information concerning charter
10 schools as it deems appropriate.

11 (2) Each school district board shall notify the superintendent of
12 public instruction when it: Receives a charter school application;
13 approves or rejects a charter school application; and renews, fails to
14 renew, or revokes a charter, acting in conformance with this chapter.

15 NEW SECTION. **Sec. 10.** CHARTER RENEWAL AND REVOCATION. (1) An
16 approved plan to establish a charter school is effective for five years
17 from the first day of operation. At the conclusion of the first three
18 years of operation, the charter school may apply to the sponsor for
19 renewal.

20 (2) A charter school renewal application shall include:

21 (a) A report on the progress of the charter school in achieving the
22 goals, student performance standards, and other terms of the initial
23 approved charter; and

24 (b) A financial statement that discloses the costs of
25 administration, instruction, and other expenditure objects and
26 activities of the charter school, in a form that is understandable to
27 the general public and that will allow comparison of such costs to
28 those of other public schools.

29 (3) The sponsor may reject the application for renewal if, in its
30 judgment, any of the following occurred:

31 (a) The charter school materially violated its contract with the
32 sponsor, as set forth in the initial approved charter;

33 (b) The students enrolled in the charter school failed to meet or
34 make reasonable progress toward achievement of the student performance
35 standards identified in the initial approved charter;

36 (c) The charter school failed to meet generally accepted standards
37 of fiscal management; or

1 (d) The charter school violated provisions in law that have not
2 been waived in accordance with this chapter.

3 (4) A sponsor shall give written notice of its intent not to renew
4 the charter school's request for renewal to the charter school at least
5 twelve months before the expiration of the approved charter to allow
6 the charter school an opportunity to correct identified deficiencies in
7 its operation or to apply to another sponsor for approval of the
8 operation of the charter school. At the request of the governing
9 council of the charter school, the sponsor shall review its decision
10 for nonrenewal after the charter school has corrected any identified
11 deficiencies. If the charter is transferred by application to another
12 sponsor, the five-year term of the charter shall be repeated.

13 (5) The sponsor may revoke a previously approved charter before the
14 expiration of the term of the charter, and prior to application for
15 renewal, for any of the reasons specified in subsection (3) of this
16 section. In addition, the sponsor may revoke a charter after two years
17 if the academic achievement of students is significantly below the
18 academic achievement of comparable students in the school district.
19 Except in cases of emergency, where the health and safety of children
20 are at risk, no charter may be revoked unless the sponsor first
21 provides written notice of the specific violations alleged, a public
22 hearing, and a reasonable opportunity for the charter school to correct
23 the identified areas of concern. The sponsor of a charter school shall
24 provide for an appeal process upon a determination by the sponsor that
25 grounds exist to revoke a charter.

26 NEW SECTION. **Sec. 11.** FUNDING. (1) The superintendent of public
27 instruction shall separately calculate and allocate to charter schools
28 sponsored by school district boards moneys appropriated for basic
29 education under RCW 28A.150.260. The amount of funding for charter
30 schools shall be determined by the number of full-time equivalent
31 students enrolled in the school multiplied by the estimated state-wide
32 annual average per full-time equivalent student allocation under RCW
33 28A.150.260 and applicable rules.

34 (2) State funding to charter schools sponsored by school district
35 boards for students who are eligible for special education under
36 chapter 28A.155 RCW; the learning assistance program under chapter
37 28A.165 RCW; and the transitional bilingual instruction program under

1 chapter 28A.180 RCW shall be determined in accordance with applicable
2 statutes and rules that apply to school districts.

3 (3) State funding for the transportation of students who are
4 transported shall be based on the average full-time equivalent student
5 transportation allocation for transported students in the district in
6 which the school is located or on the allocation formula used by school
7 districts.

8 (4) For each annual full-time equivalent student enrolled in a
9 charter school sponsored by a school district board, the charter
10 schools shall be entitled to an amount equal to ninety-eight percent of
11 the maintenance and operation excess tax levy rate per annual average
12 full-time equivalent student of the district in which each full-time
13 equivalent student who attends the charter school resides. These funds
14 shall be paid to the charter school by the school district in which the
15 student resides in equal monthly installments, adjusted for any changes
16 in enrollment, between October and July each year, by the fifteenth of
17 each month.

18 (5) The superintendent of public instruction shall establish rules
19 for the calculation and payment of state and school district funds to
20 charter schools.

21 (6) On or before October 15th of each year, the superintendent of
22 public instruction shall transmit to charter schools one-tenth of the
23 total state amount to be apportioned during the fiscal year. The
24 remaining funds shall be apportioned in equal monthly installments,
25 adjusted for any changes in enrollment and other factors, between
26 November and July by the fifteenth of each month.

27 (7) Charter schools are eligible to apply for education grant
28 programs and special education safety net funding.

29 (8) Transportation of students attending a charter school may be
30 provided by the sponsoring school district, if applicable, through a
31 cooperative agreement with another school district, through a contract
32 with a third party, or by parents.

33 NEW SECTION. **Sec. 12.** STUDY OF FUNDING SUPERINTENDENT OF PUBLIC
34 INSTRUCTION-SPONSORED CHARTER SCHOOLS. The fiscal committees of the
35 house of representatives and the senate shall jointly study alternative
36 means of providing public funding for charter schools sponsored after
37 December 31, 1998, by the superintendent of public instruction, with
38 concern for sufficiency of financial support and equity in relation to

1 other public schools. The committees shall report their findings and
2 recommendations to the legislature before December 1, 1997.

3 NEW SECTION. **Sec. 13.** EDUCATIONAL EMPLOYEES--LEAVE OF ABSENCE--
4 RETIREMENT--BARGAINING--UNLAWFUL REPRISALS. (1) If a school district
5 employee makes a written request for an extended leave of absence to
6 work at a charter school, the school district shall grant the leave.
7 The school district may require that the request for a leave be made up
8 to ninety days before the employee would otherwise have to report for
9 duty. If the employee returns to the school district, the employee
10 shall be rehired before the district hires anyone else with fewer years
11 of service, with respect to any position for which the returning
12 employee is certificated or otherwise qualified.

13 (2) An employee taking leave under subsection (1) of this section
14 shall continue to accumulate benefits and credits in the employee's
15 retirement system if the employee makes the appropriate employee and
16 employer contributions. The department of retirement systems may
17 impose reasonable requirements to administer this section efficiently.

18 (3) Employees of charter schools may, if otherwise eligible,
19 organize under chapters 41.59 and 41.56 RCW and comply with the
20 provisions of these chapters. Charter schools are public employers,
21 for the purposes of chapters 41.59 and 41.56 RCW, upon formation of one
22 or more bargaining units at the school. Bargaining units at the
23 charter school shall be separate from any other units.

24 (4) School districts shall not discharge, discipline, or otherwise
25 discriminate against an employee of the school district where the sole
26 basis of the district's action is the employee's direct or indirect
27 involvement in an application to establish a charter school.

28 NEW SECTION. **Sec. 14.** CHARTER SCHOOL DISTRICTS. (1) In addition
29 to the process prescribed in this chapter for establishing charter
30 schools, a school district board of directors may apply to an
31 educational service district board to receive approval for the school
32 district to be designated a charter school district. Charter school
33 districts are exempt from all state education statutes and rules
34 relating to school districts except as provided in this section and in
35 the charter school district's approved charter.

36 (2) A school district board of directors that is interested in
37 having its school district be designated a charter school district

1 shall submit a written application to the educational service district
2 in which the school district is located. The application shall
3 include:

4 (a) A statement of the goals and mission of the school district;

5 (b) A statement affirming that the school district has met or is
6 prepared to meet the requirements of subsection (3) of this section;

7 (c) Evidence of community support for being designated a charter
8 school district, and the steps taken to solicit public input on the
9 application;

10 (d) A description of the academic performance standards that will
11 be expected of students;

12 (e) A description of the school district's educational program and
13 curriculum, which must be designed to enable each student to achieve
14 the academic performance standards;

15 (f) A description of the assessment methods that will be used to
16 measure student academic performance, and the corrective actions that
17 will be taken in the event that student performance falls short of such
18 standards;

19 (g) A listing of state statutes and regulations with which the
20 school district will comply; and

21 (h) Other information as determined by the superintendent of the
22 educational service district.

23 (3) A charter school district shall:

24 (a) Be free from sectarian and religious influence or control in
25 its programs, admission policies, employment practices, and all other
26 operations, in accordance with Article IX, section 4 of the state
27 Constitution;

28 (b) Comply with state and federal statutes and rules applicable to
29 school districts pertaining to health, safety, civil rights, school
30 board membership and selection, maintenance and operation levy
31 limitations, and employee compensation limitations;

32 (c) Meet student performance and assessment standards at least as
33 rigorous as those established for students in other public school
34 districts;

35 (d) Participate in nationally normed standardized achievement tests
36 as required in RCW 28A.230.190, 28A.230.230, and 28A.230.240;

37 (e) Comply with state and federal laws relating to the education of
38 children with disabilities;

1 (f) Employ certificated instructional staff in accordance with
2 chapter 28A.410 RCW;

3 (g) Comply with the employee record check requirements in RCW
4 28A.400.303;

5 (h) Be subject to the same financial and audit requirements as
6 other school districts. The superintendent of public instruction, the
7 state auditor, and the legislative budget committee may conduct
8 financial, program, performance, or compliance audits, as authorized by
9 law;

10 (i) Comply with the annual school performance report requirement in
11 RCW 28A.320.205;

12 (j) Report at least annually to its sponsor and to parents of
13 children enrolled in the school district on progress toward the student
14 performance standards;

15 (k) Maintain adequate insurance; and

16 (l) Comply with the open public meetings act in chapter 42.30 RCW
17 and with public disclosure requirements in chapter 42.17 RCW.

18 (4) The educational service district board shall approve or deny an
19 application under this section based on a determination that the school
20 district has met the requirements of this section. However, an
21 educational service district shall not approve more than one charter
22 school district. If multiple applications are submitted, the
23 educational service district board of directors shall be given
24 discretion in deciding which application to approve.

25 (5) The length, renewal, amendment, and revocation of school
26 district charters shall be in accordance with the requirements and
27 criteria in sections 8 and 10 of this act. For purposes of these
28 sections, the educational service district board shall be considered
29 the sponsor.

30 (6) State funding for charter school districts shall be the same as
31 with other school districts. However, except as required in this
32 section, charter school districts shall not be required to comply with
33 state statutory and regulatory funding requirements and restrictions
34 unless the superintendent of public instruction finds that
35 noncompliance with the requirements and restrictions would likely lead
36 to unacceptable reductions in fiscal and financial accountability.

37 NEW SECTION. **Sec. 15.** VACANT BUILDINGS. The superintendent of
38 public instruction, in conjunction with the department of general

1 administration, shall annually publish a list of vacant and unused
2 buildings and vacant and unused portions of buildings that are owned by
3 this state or by school districts and that may be suitable for the
4 operation of a charter school. The superintendent of public instruction
5 shall make the list available to applicants for charter schools and to
6 existing charter schools. The list shall include the address of each
7 building, a short description of the building, and the name of the
8 owner of the building. This section does not require the owner of a
9 building on the list to sell or lease the building or a portion of the
10 building to a charter school or to any other school or to any other
11 prospective buyer or tenant.

12 **Sec. 16.** RCW 41.32.010 and 1995 c 345 s 9 and 1995 c 239 s 102 are
13 each reenacted and amended to read as follows:

14 As used in this chapter, unless a different meaning is plainly
15 required by the context:

16 (1)(a) "Accumulated contributions" for plan I members, means the
17 sum of all regular annuity contributions and, except for the purpose of
18 withdrawal at the time of retirement, any amount paid under RCW
19 41.50.165(2) with regular interest thereon.

20 (b) "Accumulated contributions" for plan II members, means the sum
21 of all contributions standing to the credit of a member in the member's
22 individual account, including any amount paid under RCW 41.50.165(2),
23 together with the regular interest thereon.

24 (2) "Actuarial equivalent" means a benefit of equal value when
25 computed upon the basis of such mortality tables and regulations as
26 shall be adopted by the director and regular interest.

27 (3) "Annuity" means the moneys payable per year during life by
28 reason of accumulated contributions of a member.

29 (4) "Member reserve" means the fund in which all of the accumulated
30 contributions of members are held.

31 (5)(a) "Beneficiary" for plan I members, means any person in
32 receipt of a retirement allowance or other benefit provided by this
33 chapter.

34 (b) "Beneficiary" for plan II and plan III members, means any
35 person in receipt of a retirement allowance or other benefit provided
36 by this chapter resulting from service rendered to an employer by
37 another person.

1 (6) "Contract" means any agreement for service and compensation
2 between a member and an employer.

3 (7) "Creditable service" means membership service plus prior
4 service for which credit is allowable. This subsection shall apply
5 only to plan I members.

6 (8) "Dependent" means receiving one-half or more of support from a
7 member.

8 (9) "Disability allowance" means monthly payments during
9 disability. This subsection shall apply only to plan I members.

10 (10)(a) "Earnable compensation" for plan I members, means:

11 (i) All salaries and wages paid by an employer to an employee
12 member of the retirement system for personal services rendered during
13 a fiscal year. In all cases where compensation includes maintenance
14 the employer shall fix the value of that part of the compensation not
15 paid in money.

16 (ii) "Earnable compensation" for plan I members also includes the
17 following actual or imputed payments, which are not paid for personal
18 services:

19 (A) Retroactive payments to an individual by an employer on
20 reinstatement of the employee in a position, or payments by an employer
21 to an individual in lieu of reinstatement in a position which are
22 awarded or granted as the equivalent of the salary or wages which the
23 individual would have earned during a payroll period shall be
24 considered earnable compensation and the individual shall receive the
25 equivalent service credit.

26 (B) If a leave of absence, without pay, is taken by a member for
27 the purpose of serving as a member of the state legislature, and such
28 member has served in the legislature five or more years, the salary
29 which would have been received for the position from which the leave of
30 absence was taken shall be considered as compensation earnable if the
31 employee's contribution thereon is paid by the employee. In addition,
32 where a member has been a member of the state legislature for five or
33 more years, earnable compensation for the member's two highest
34 compensated consecutive years of service shall include a sum not to
35 exceed thirty-six hundred dollars for each of such two consecutive
36 years, regardless of whether or not legislative service was rendered
37 during those two years.

38 (iii) For members employed less than full time under written
39 contract with a school district, or community college district, in an

1 instructional position, for which the member receives service credit of
2 less than one year in all of the years used to determine the earnable
3 compensation used for computing benefits due under RCW 41.32.497,
4 41.32.498, and 41.32.520, the member may elect to have earnable
5 compensation defined as provided in RCW 41.32.345. For the purposes of
6 this subsection, the term "instructional position" means a position in
7 which more than seventy-five percent of the member's time is spent as
8 a classroom instructor (including office hours), a librarian, or a
9 counselor. Earnable compensation shall be so defined only for the
10 purpose of the calculation of retirement benefits and only as necessary
11 to insure that members who receive fractional service credit under RCW
12 41.32.270 receive benefits proportional to those received by members
13 who have received full-time service credit.

14 (iv) "Earnable compensation" does not include:

15 (A) Remuneration for unused sick leave authorized under RCW
16 41.04.340, 28A.400.210, or 28A.310.490;

17 (B) Remuneration for unused annual leave in excess of thirty days
18 as authorized by RCW 43.01.044 and 43.01.041.

19 (b) "Earnable compensation" for plan II and plan III members, means
20 salaries or wages earned by a member during a payroll period for
21 personal services, including overtime payments, and shall include wages
22 and salaries deferred under provisions established pursuant to sections
23 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
24 shall exclude lump sum payments for deferred annual sick leave, unused
25 accumulated vacation, unused accumulated annual leave, or any form of
26 severance pay.

27 "Earnable compensation" for plan II and plan III members also
28 includes the following actual or imputed payments which, except in the
29 case of (b)(ii)(B) of this subsection, are not paid for personal
30 services:

31 (i) Retroactive payments to an individual by an employer on
32 reinstatement of the employee in a position or payments by an employer
33 to an individual in lieu of reinstatement in a position which are
34 awarded or granted as the equivalent of the salary or wages which the
35 individual would have earned during a payroll period shall be
36 considered earnable compensation, to the extent provided above, and the
37 individual shall receive the equivalent service credit.

1 (ii) In any year in which a member serves in the legislature the
2 member shall have the option of having such member's earnable
3 compensation be the greater of:

4 (A) The earnable compensation the member would have received had
5 such member not served in the legislature; or

6 (B) Such member's actual earnable compensation received for
7 teaching and legislative service combined. Any additional
8 contributions to the retirement system required because compensation
9 earnable under (b)(ii)(A) of this subsection is greater than
10 compensation earnable under (b)(ii)(B) of this subsection shall be paid
11 by the member for both member and employer contributions.

12 (11) "Employer" means the state of Washington, the school district,
13 or any agency of the state of Washington by which the member is paid,
14 and includes charter schools that have elected to participate as
15 employers.

16 (12) "Fiscal year" means a year which begins July 1st and ends June
17 30th of the following year.

18 (13) "Former state fund" means the state retirement fund in
19 operation for teachers under chapter 187, Laws of 1923, as amended.

20 (14) "Local fund" means any of the local retirement funds for
21 teachers operated in any school district in accordance with the
22 provisions of chapter 163, Laws of 1917 as amended.

23 (15) "Member" means any teacher included in the membership of the
24 retirement system, and includes teachers employed by charter schools
25 that have elected to participate as employers. Also, any other
26 employee of the public schools who, on July 1, 1947, had not elected to
27 be exempt from membership and who, prior to that date, had by an
28 authorized payroll deduction, contributed to the member reserve.

29 (16) "Membership service" means service rendered subsequent to the
30 first day of eligibility of a person to membership in the retirement
31 system: PROVIDED, That where a member is employed by two or more
32 employers the individual shall receive no more than one service credit
33 month during any calendar month in which multiple service is rendered.
34 The provisions of this subsection shall apply only to plan I members.

35 (17) "Pension" means the moneys payable per year during life from
36 the pension reserve.

37 (18) "Pension reserve" is a fund in which shall be accumulated an
38 actuarial reserve adequate to meet present and future pension

1 liabilities of the system and from which all pension obligations are to
2 be paid.

3 (19) "Prior service" means service rendered prior to the first date
4 of eligibility to membership in the retirement system for which credit
5 is allowable. The provisions of this subsection shall apply only to
6 plan I members.

7 (20) "Prior service contributions" means contributions made by a
8 member to secure credit for prior service. The provisions of this
9 subsection shall apply only to plan I members.

10 (21) "Public school" means any institution or activity operated by
11 the state of Washington or any instrumentality or political subdivision
12 thereof employing teachers, except the University of Washington and
13 Washington State University.

14 (22) "Regular contributions" means the amounts required to be
15 deducted from the compensation of a member and credited to the member's
16 individual account in the member reserve. This subsection shall apply
17 only to plan I members.

18 (23) "Regular interest" means such rate as the director may
19 determine.

20 (24)(a) "Retirement allowance" for plan I members, means monthly
21 payments based on the sum of annuity and pension, or any optional
22 benefits payable in lieu thereof.

23 (b) "Retirement allowance" for plan II and plan III members, means
24 monthly payments to a retiree or beneficiary as provided in this
25 chapter.

26 (25) "Retirement system" means the Washington state teachers'
27 retirement system.

28 (26)(a) "Service" for plan I members means the time during which a
29 member has been employed by an employer for compensation.

30 (i) If a member is employed by two or more employers the individual
31 shall receive no more than one service credit month during any calendar
32 month in which multiple service is rendered.

33 (ii) As authorized by RCW 28A.400.300, up to forty-five days of
34 sick leave may be creditable as service solely for the purpose of
35 determining eligibility to retire under RCW 41.32.470.

36 (iii) As authorized in RCW 41.32.065, service earned in an out-of-
37 state retirement system that covers teachers in public schools may be
38 applied solely for the purpose of determining eligibility to retire
39 under RCW 41.32.470.

1 (b) "Service" for plan II and plan III members, means periods of
2 employment by a member for one or more employers for which earnable
3 compensation is earned subject to the following conditions:

4 (i) A member employed in an eligible position or as a substitute
5 shall receive one service credit month for each month of September
6 through August of the following year if he or she earns earnable
7 compensation for eight hundred ten or more hours during that period and
8 is employed during nine of those months, except that a member may not
9 receive credit for any period prior to the member's employment in an
10 eligible position except as provided in RCW 41.32.812 and 41.50.132;

11 (ii) If a member is employed either in an eligible position or as
12 a substitute teacher for nine months of the twelve month period between
13 September through August of the following year but earns earnable
14 compensation for less than eight hundred ten hours but for at least six
15 hundred thirty hours, he or she will receive one-half of a service
16 credit month for each month of the twelve month period;

17 (iii) All other members in an eligible position or as a substitute
18 teacher shall receive service credit as follows:

19 (A) A service credit month is earned in those calendar months where
20 earnable compensation is earned for ninety or more hours;

21 (B) A half-service credit month is earned in those calendar months
22 where earnable compensation is earned for at least seventy hours but
23 less than ninety hours; and

24 (C) A quarter-service credit month is earned in those calendar
25 months where earnable compensation is earned for less than seventy
26 hours.

27 (iv) Any person who is a member of the teachers' retirement system
28 and who is elected or appointed to a state elective position may
29 continue to be a member of the retirement system and continue to
30 receive a service credit month for each of the months in a state
31 elective position by making the required member contributions.

32 (v) When an individual is employed by two or more employers the
33 individual shall only receive one month's service credit during any
34 calendar month in which multiple service for ninety or more hours is
35 rendered.

36 (vi) As authorized by RCW 28A.400.300, up to forty-five days of
37 sick leave may be creditable as service solely for the purpose of
38 determining eligibility to retire under RCW 41.32.470. For purposes of
39 plan II "forty-five days" as used in RCW 28A.400.300 is equal to two

1 service credit months. Use of less than forty-five days of sick leave
2 is creditable as allowed under this subsection as follows:

3 (A) Less than eleven days equals one-quarter service credit month;

4 (B) Eleven or more days but less than twenty-two days equals one-
5 half service credit month;

6 (C) Twenty-two days equals one service credit month;

7 (D) More than twenty-two days but less than thirty-three days
8 equals one and one-quarter service credit month;

9 (E) Thirty-three or more days but less than forty-five days equals
10 one and one-half service credit month.

11 (vii) As authorized in RCW 41.32.065, service earned in an out-of-
12 state retirement system that covers teachers in public schools may be
13 applied solely for the purpose of determining eligibility to retire
14 under RCW 41.32.470.

15 (viii) The department shall adopt rules implementing this
16 subsection.

17 (27) "Service credit year" means an accumulation of months of
18 service credit which is equal to one when divided by twelve.

19 (28) "Service credit month" means a full service credit month or an
20 accumulation of partial service credit months that are equal to one.

21 (29) "Teacher" means any person qualified to teach who is engaged
22 by a public school in an instructional, administrative, or supervisory
23 capacity. The term includes state, educational service district, and
24 school district superintendents and their assistants and all employees
25 certificated by the superintendent of public instruction; and in
26 addition thereto any full time school doctor who is employed by a
27 public school and renders service of an instructional or educational
28 nature.

29 (30) "Average final compensation" for plan II and plan III members,
30 means the member's average earnable compensation of the highest
31 consecutive sixty service credit months prior to such member's
32 retirement, termination, or death. Periods constituting authorized
33 leaves of absence may not be used in the calculation of average final
34 compensation except under RCW 41.32.810(2).

35 (31) "Retiree" means any person in receipt of a retirement
36 allowance or other benefit provided by this chapter resulting from
37 service rendered to an employer while a member. A person is in receipt
38 of a retirement allowance as defined in subsection (24) of this section
39 or other benefit as provided by this chapter when the department mails,

1 causes to be mailed, or otherwise transmits the retirement allowance
2 warrant.

3 (32) "Department" means the department of retirement systems
4 created in chapter 41.50 RCW.

5 (33) "Director" means the director of the department.

6 (34) "State elective position" means any position held by any
7 person elected or appointed to state-wide office or elected or
8 appointed as a member of the legislature.

9 (35) "State actuary" or "actuary" means the person appointed
10 pursuant to RCW 44.44.010(2).

11 (36) "Substitute teacher" means:

12 (a) A teacher who is hired by an employer to work as a temporary
13 teacher, except for teachers who are annual contract employees of an
14 employer and are guaranteed a minimum number of hours; or

15 (b) Teachers who either (i) work in ineligible positions for more
16 than one employer or (ii) work in an ineligible position or positions
17 together with an eligible position.

18 (37)(a) "Eligible position" for plan II members from June 7, 1990,
19 through September 1, 1991, means a position which normally requires two
20 or more uninterrupted months of creditable service during September
21 through August of the following year.

22 (b) "Eligible position" for plan II and plan III on and after
23 September 1, 1991, means a position that, as defined by the employer,
24 normally requires five or more months of at least seventy hours of
25 earnable compensation during September through August of the following
26 year.

27 (c) For purposes of this chapter an employer shall not define
28 "position" in such a manner that an employee's monthly work for that
29 employer is divided into more than one position.

30 (d) The elected position of the superintendent of public
31 instruction is an eligible position.

32 (38) "Plan I" means the teachers' retirement system, plan I
33 providing the benefits and funding provisions covering persons who
34 first became members of the system prior to October 1, 1977.

35 (39) "Plan II" means the teachers' retirement system, plan II
36 providing the benefits and funding provisions covering persons who
37 first became members of the system on and after October 1, 1977, and
38 prior to July 1, 1996.

1 (40) "Plan III" means the teachers' retirement system, plan III
2 providing the benefits and funding provisions covering persons who
3 first become members of the system on and after July 1, 1996, or who
4 transfer under RCW 41.32.817.

5 (41) "Education association" means an association organized to
6 carry out collective bargaining activities, the majority of whose
7 members are employees covered by chapter 41.59 RCW or academic
8 employees covered by chapter 28B.52 RCW.

9 (42) "Index" means, for any calendar year, that year's annual
10 average consumer price index, Seattle, Washington area, for urban wage
11 earners and clerical workers, all items compiled by the bureau of labor
12 statistics, United States department of labor.

13 (43) "Index A" means the index for the year prior to the
14 determination of a postretirement adjustment.

15 (44) "Index B" means the index for the year prior to index A.

16 (45) "Index year" means the earliest calendar year in which the
17 index is more than sixty percent of index A.

18 (46) "Adjustment ratio" means the value of index A divided by index
19 B.

20 (47) "Annual increase" means, initially, fifty-nine cents per month
21 per year of service which amount shall be increased each July 1st by
22 three percent, rounded to the nearest cent.

23 **Sec. 17.** RCW 41.40.010 and 1995 c 345 s 10, 1995 c 286 s 1, and
24 1995 c 244 s 3 are each reenacted and amended to read as follows:

25 As used in this chapter, unless a different meaning is plainly
26 required by the context:

27 (1) "Retirement system" means the public employees' retirement
28 system provided for in this chapter.

29 (2) "Department" means the department of retirement systems created
30 in chapter 41.50 RCW.

31 (3) "State treasurer" means the treasurer of the state of
32 Washington.

33 (4)(a) "Employer" for plan I members, means every branch,
34 department, agency, commission, board, and office of the state, any
35 political subdivision or association of political subdivisions of the
36 state admitted into the retirement system, and legal entities
37 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW; and the
38 term shall also include any labor guild, association, or organization

1 the membership of a local lodge or division of which is comprised of at
2 least forty percent employees of an employer (other than such labor
3 guild, association, or organization) within this chapter. The term may
4 also include any city of the first class that has its own retirement
5 system.

6 (b) "Employer" for plan II members, means every branch, department,
7 agency, commission, board, and office of the state, and any political
8 subdivision and municipal corporation of the state admitted into the
9 retirement system, including public agencies created pursuant to RCW
10 35.63.070, 36.70.060, and 39.34.030, and includes charter schools that
11 have elected to participate as employers.

12 (5) "Member" means any employee included in the membership of the
13 retirement system, as provided for in RCW 41.40.023. RCW 41.26.045
14 does not prohibit a person otherwise eligible for membership in the
15 retirement system from establishing such membership effective when he
16 or she first entered an eligible position, and includes noncertificated
17 employees employed by charter schools that have elected to participate
18 as employers.

19 (6) "Original member" of this retirement system means:

20 (a) Any person who became a member of the system prior to April 1,
21 1949;

22 (b) Any person who becomes a member through the admission of an
23 employer into the retirement system on and after April 1, 1949, and
24 prior to April 1, 1951;

25 (c) Any person who first becomes a member by securing employment
26 with an employer prior to April 1, 1951, provided the member has
27 rendered at least one or more years of service to any employer prior to
28 October 1, 1947;

29 (d) Any person who first becomes a member through the admission of
30 an employer into the retirement system on or after April 1, 1951,
31 provided, such person has been in the regular employ of the employer
32 for at least six months of the twelve-month period preceding the said
33 admission date;

34 (e) Any member who has restored all contributions that may have
35 been withdrawn as provided by RCW 41.40.150 and who on the effective
36 date of the individual's retirement becomes entitled to be credited
37 with ten years or more of membership service except that the provisions
38 relating to the minimum amount of retirement allowance for the member

1 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
2 apply to the member;

3 (f) Any member who has been a contributor under the system for two
4 or more years and who has restored all contributions that may have been
5 withdrawn as provided by RCW 41.40.150 and who on the effective date of
6 the individual's retirement has rendered five or more years of service
7 for the state or any political subdivision prior to the time of the
8 admission of the employer into the system; except that the provisions
9 relating to the minimum amount of retirement allowance for the member
10 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
11 apply to the member.

12 (7) "New member" means a person who becomes a member on or after
13 April 1, 1949, except as otherwise provided in this section.

14 (8)(a) "Compensation earnable" for plan I members, means salaries
15 or wages earned during a payroll period for personal services and where
16 the compensation is not all paid in money, maintenance compensation
17 shall be included upon the basis of the schedules established by the
18 member's employer.

19 (i) "Compensation earnable" for plan I members also includes the
20 following actual or imputed payments, which are not paid for personal
21 services:

22 (A) Retroactive payments to an individual by an employer on
23 reinstatement of the employee in a position, or payments by an employer
24 to an individual in lieu of reinstatement in a position which are
25 awarded or granted as the equivalent of the salary or wage which the
26 individual would have earned during a payroll period shall be
27 considered compensation earnable and the individual shall receive the
28 equivalent service credit;

29 (B) If a leave of absence is taken by an individual for the purpose
30 of serving in the state legislature, the salary which would have been
31 received for the position from which the leave of absence was taken,
32 shall be considered as compensation earnable if the employee's
33 contribution is paid by the employee and the employer's contribution is
34 paid by the employer or employee;

35 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and
36 72.09.240;

37 (D) Compensation that a member would have received but for a
38 disability occurring in the line of duty only as authorized by RCW
39 41.40.038;

1 (E) Compensation that a member receives due to participation in the
2 leave sharing program only as authorized by RCW 41.04.650 through
3 41.04.670; and

4 (F) Compensation that a member receives for being in standby
5 status. For the purposes of this section, a member is in standby
6 status when not being paid for time actually worked and the employer
7 requires the member to be prepared to report immediately for work, if
8 the need arises, although the need may not arise. Standby compensation
9 is regular salary for the purposes of RCW 41.50.150(2).

10 (ii) "Compensation earnable" does not include:

11 (A) Remuneration for unused sick leave authorized under RCW
12 41.04.340, 28A.400.210, or 28A.310.490;

13 (B) Remuneration for unused annual leave in excess of thirty days
14 as authorized by RCW 43.01.044 and 43.01.041.

15 (b) "Compensation earnable" for plan II members, means salaries or
16 wages earned by a member during a payroll period for personal services,
17 including overtime payments, and shall include wages and salaries
18 deferred under provisions established pursuant to sections 403(b),
19 414(h), and 457 of the United States Internal Revenue Code, but shall
20 exclude nonmoney maintenance compensation and lump sum or other
21 payments for deferred annual sick leave, unused accumulated vacation,
22 unused accumulated annual leave, or any form of severance pay.

23 "Compensation earnable" for plan II members also includes the
24 following actual or imputed payments, which are not paid for personal
25 services:

26 (i) Retroactive payments to an individual by an employer on
27 reinstatement of the employee in a position, or payments by an employer
28 to an individual in lieu of reinstatement in a position which are
29 awarded or granted as the equivalent of the salary or wage which the
30 individual would have earned during a payroll period shall be
31 considered compensation earnable to the extent provided above, and the
32 individual shall receive the equivalent service credit;

33 (ii) In any year in which a member serves in the legislature, the
34 member shall have the option of having such member's compensation
35 earnable be the greater of:

36 (A) The compensation earnable the member would have received had
37 such member not served in the legislature; or

38 (B) Such member's actual compensation earnable received for
39 nonlegislative public employment and legislative service combined. Any

1 additional contributions to the retirement system required because
2 compensation earnable under (b)(ii)((~~B~~))(A) of this subsection is
3 greater than compensation earnable under (b)(ii)((~~A~~))(B) of this
4 subsection shall be paid by the member for both member and employer
5 contributions;

6 (iii) Assault pay only as authorized by RCW 27.04.100, 72.01.045,
7 and 72.09.240;

8 (iv) Compensation that a member would have received but for a
9 disability occurring in the line of duty only as authorized by RCW
10 41.40.038;

11 (v) Compensation that a member receives due to participation in the
12 leave sharing program only as authorized by RCW 41.04.650 through
13 41.04.670; and

14 (vi) Compensation that a member receives for being in standby
15 status. For the purposes of this section, a member is in standby
16 status when not being paid for time actually worked and the employer
17 requires the member to be prepared to report immediately for work, if
18 the need arises, although the need may not arise. Standby compensation
19 is regular salary for the purposes of RCW 41.50.150(2).

20 (9)(a) "Service" for plan I members, except as provided in RCW
21 41.40.088, means periods of employment in an eligible position or
22 positions for one or more employers rendered to any employer for which
23 compensation is paid, and includes time spent in office as an elected
24 or appointed official of an employer. Compensation earnable earned in
25 full time work for seventy hours or more in any given calendar month
26 shall constitute one service credit month except as provided in RCW
27 41.40.088. Compensation earnable earned for less than seventy hours in
28 any calendar month shall constitute one-quarter service credit month of
29 service except as provided in RCW 41.40.088. Only service credit
30 months and one-quarter service credit months shall be counted in the
31 computation of any retirement allowance or other benefit provided for
32 in this chapter. Any fraction of a year of service shall be taken into
33 account in the computation of such retirement allowance or benefits.
34 Time spent in standby status, whether compensated or not, is not
35 service.

36 (i) Service by a state employee officially assigned by the state on
37 a temporary basis to assist another public agency, shall be considered
38 as service as a state employee: PROVIDED, That service to any other
39 public agency shall not be considered service as a state employee if

1 such service has been used to establish benefits in any other public
2 retirement system.

3 (ii) An individual shall receive no more than a total of twelve
4 service credit months of service during any calendar year. If an
5 individual is employed in an eligible position by one or more employers
6 the individual shall receive no more than one service credit month
7 during any calendar month in which multiple service for seventy or more
8 hours is rendered.

9 (iii) A school district employee may count up to forty-five days of
10 sick leave as creditable service solely for the purpose of determining
11 eligibility to retire under RCW 41.40.180 as authorized by RCW
12 28A.400.300. For purposes of plan I "forty-five days" as used in RCW
13 28A.400.300 is equal to two service credit months. Use of less than
14 forty-five days of sick leave is creditable as allowed under this
15 subsection as follows:

16 (A) Less than twenty-two days equals one-quarter service credit
17 month;

18 (B) Twenty-two days equals one service credit month;

19 (C) More than twenty-two days but less than forty-five days equals
20 one and one-quarter service credit month.

21 (b) "Service" for plan II members, means periods of employment by
22 a member in an eligible position or positions for one or more employers
23 for which compensation earnable is paid. Compensation earnable earned
24 for ninety or more hours in any calendar month shall constitute one
25 service credit month except as provided in RCW 41.40.088. Compensation
26 earnable earned for at least seventy hours but less than ninety hours
27 in any calendar month shall constitute one-half service credit month of
28 service. Compensation earnable earned for less than seventy hours in
29 any calendar month shall constitute one-quarter service credit month of
30 service. Time spent in standby status, whether compensated or not, is
31 not service.

32 Any fraction of a year of service shall be taken into account in
33 the computation of such retirement allowance or benefits.

34 (i) Service in any state elective position shall be deemed to be
35 full time service, except that persons serving in state elective
36 positions who are members of the teachers' retirement system or law
37 enforcement officers' and fire fighters' retirement system at the time
38 of election or appointment to such position may elect to continue

1 membership in the teachers' retirement system or law enforcement
2 officers' and fire fighters' retirement system.

3 (ii) A member shall receive a total of not more than twelve service
4 credit months of service for such calendar year. If an individual is
5 employed in an eligible position by one or more employers the
6 individual shall receive no more than one service credit month during
7 any calendar month in which multiple service for ninety or more hours
8 is rendered.

9 (iii) Up to forty-five days of sick leave may be creditable as
10 service solely for the purpose of determining eligibility to retire
11 under RCW 41.40.180 as authorized by RCW 28A.400.300. For purposes of
12 plan II "forty-five days" as used in RCW 28A.400.300 is equal to two
13 service credit months. Use of less than forty-five days of sick leave
14 is creditable as allowed under this subsection as follows:

15 (A) Less than eleven days equals one-quarter service credit month;

16 (B) Eleven or more days but less than twenty-two days equals one-
17 half service credit month;

18 (C) Twenty-two days equals one service credit month;

19 (D) More than twenty-two days but less than thirty-three days
20 equals one and one-quarter service credit month;

21 (E) Thirty-three or more days but less than forty-five days equals
22 one and one-half service credit month.

23 (10) "Service credit year" means an accumulation of months of
24 service credit which is equal to one when divided by twelve.

25 (11) "Service credit month" means a month or an accumulation of
26 months of service credit which is equal to one.

27 (12) "Prior service" means all service of an original member
28 rendered to any employer prior to October 1, 1947.

29 (13) "Membership service" means:

30 (a) All service rendered, as a member, after October 1, 1947;

31 (b) All service after October 1, 1947, to any employer prior to the
32 time of its admission into the retirement system for which member and
33 employer contributions, plus interest as required by RCW 41.50.125,
34 have been paid under RCW 41.40.056 or 41.40.057;

35 (c) Service not to exceed six consecutive months of probationary
36 service rendered after April 1, 1949, and prior to becoming a member,
37 in the case of any member, upon payment in full by such member of the
38 total amount of the employer's contribution to the retirement fund
39 which would have been required under the law in effect when such

1 probationary service was rendered if the member had been a member
2 during such period, except that the amount of the employer's
3 contribution shall be calculated by the director based on the first
4 month's compensation earnable as a member;

5 (d) Service not to exceed six consecutive months of probationary
6 service, rendered after October 1, 1947, and before April 1, 1949, and
7 prior to becoming a member, in the case of any member, upon payment in
8 full by such member of five percent of such member's salary during said
9 period of probationary service, except that the amount of the
10 employer's contribution shall be calculated by the director based on
11 the first month's compensation earnable as a member.

12 (14)(a) "Beneficiary" for plan I members, means any person in
13 receipt of a retirement allowance, pension or other benefit provided by
14 this chapter.

15 (b) "Beneficiary" for plan II members, means any person in receipt
16 of a retirement allowance or other benefit provided by this chapter
17 resulting from service rendered to an employer by another person.

18 (15) "Regular interest" means such rate as the director may
19 determine.

20 (16) "Accumulated contributions" means the sum of all contributions
21 standing to the credit of a member in the member's individual account,
22 including any amount paid under RCW 41.50.165(2), together with the
23 regular interest thereon.

24 (17)(a) "Average final compensation" for plan I members, means the
25 annual average of the greatest compensation earnable by a member during
26 any consecutive two year period of service credit months for which
27 service credit is allowed; or if the member has less than two years of
28 service credit months then the annual average compensation earnable
29 during the total years of service for which service credit is allowed.

30 (b) "Average final compensation" for plan II members, means the
31 member's average compensation earnable of the highest consecutive sixty
32 months of service credit months prior to such member's retirement,
33 termination, or death. Periods constituting authorized leaves of
34 absence may not be used in the calculation of average final
35 compensation except under RCW 41.40.710(2).

36 (18) "Final compensation" means the annual rate of compensation
37 earnable by a member at the time of termination of employment.

1 (19) "Annuity" means payments for life derived from accumulated
2 contributions of a member. All annuities shall be paid in monthly
3 installments.

4 (20) "Pension" means payments for life derived from contributions
5 made by the employer. All pensions shall be paid in monthly
6 installments.

7 (21) "Retirement allowance" means the sum of the annuity and the
8 pension.

9 (22) "Employee" means any person who may become eligible for
10 membership under this chapter, as set forth in RCW 41.40.023.

11 (23) "Actuarial equivalent" means a benefit of equal value when
12 computed upon the basis of such mortality and other tables as may be
13 adopted by the director.

14 (24) "Retirement" means withdrawal from active service with a
15 retirement allowance as provided by this chapter.

16 (25) "Eligible position" means:

17 (a) Any position that, as defined by the employer, normally
18 requires five or more months of service a year for which regular
19 compensation for at least seventy hours is earned by the occupant
20 thereof. For purposes of this chapter an employer shall not define
21 "position" in such a manner that an employee's monthly work for that
22 employer is divided into more than one position;

23 (b) Any position occupied by an elected official or person
24 appointed directly by the governor for which compensation is paid.

25 (26) "Ineligible position" means any position which does not
26 conform with the requirements set forth in subsection (25) of this
27 section.

28 (27) "Leave of absence" means the period of time a member is
29 authorized by the employer to be absent from service without being
30 separated from membership.

31 (28) "Totally incapacitated for duty" means total inability to
32 perform the duties of a member's employment or office or any other work
33 for which the member is qualified by training or experience.

34 (29) "Retiree" means any person in receipt of a retirement
35 allowance or other benefit provided by this chapter resulting from
36 service rendered to an employer while a member. A person is in receipt
37 of a retirement allowance as defined in subsection (21) of this section
38 or other benefit as provided by this chapter when the department mails,

1 causes to be mailed, or otherwise transmits the retirement allowance
2 warrant.

3 (30) "Director" means the director of the department.

4 (31) "State elective position" means any position held by any
5 person elected or appointed to state-wide office or elected or
6 appointed as a member of the legislature.

7 (32) "State actuary" or "actuary" means the person appointed
8 pursuant to RCW 44.44.010(2).

9 (33) "Plan I" means the public employees' retirement system, plan
10 I providing the benefits and funding provisions covering persons who
11 first became members of the system prior to October 1, 1977.

12 (34) "Plan II" means the public employees' retirement system, plan
13 II providing the benefits and funding provisions covering persons who
14 first became members of the system on and after October 1, 1977.

15 (35) "Index" means, for any calendar year, that year's annual
16 average consumer price index, Seattle, Washington area, for urban wage
17 earners and clerical workers, all items, compiled by the bureau of
18 labor statistics, United States department of labor.

19 (36) "Index A" means the index for the year prior to the
20 determination of a postretirement adjustment.

21 (37) "Index B" means the index for the year prior to index A.

22 (38) "Index year" means the earliest calendar year in which the
23 index is more than sixty percent of index A.

24 (39) "Adjustment ratio" means the value of index A divided by index
25 B.

26 (40) "Annual increase" means, initially, fifty-nine cents per month
27 per year of service which amount shall be increased each July 1st by
28 three percent, rounded to the nearest cent.

29 NEW SECTION. **Sec. 18.** RETIREMENT BENEFITS STUDY. The legislative
30 joint committee on pension policy shall study alternative means of
31 providing retirement benefits to employees of charter schools and shall
32 report to the fiscal and education committees of the legislature by
33 January 1, 1997.

34 NEW SECTION. **Sec. 19.** The department of retirement systems shall
35 implement the provisions of sections 16 and 17 of this act, subject to
36 and conditioned upon receiving any approvals the department deems

1 appropriate from the internal revenue service and the United States
2 department of labor.

3 NEW SECTION. **Sec. 20.** A new section is added to chapter 28A.150
4 RCW to read as follows:

5 Except as otherwise provided, this chapter does not apply to
6 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
7 act).

8 NEW SECTION. **Sec. 21.** A new section is added to chapter 28A.155
9 RCW to read as follows:

10 Except as otherwise provided, this chapter does not apply to
11 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
12 act).

13 NEW SECTION. **Sec. 22.** A new section is added to chapter 28A.165
14 RCW to read as follows:

15 Except as otherwise provided, this chapter does not apply to
16 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
17 act).

18 NEW SECTION. **Sec. 23.** A new section is added to chapter 28A.175
19 RCW to read as follows:

20 Except as otherwise provided, this chapter does not apply to
21 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
22 act).

23 NEW SECTION. **Sec. 24.** A new section is added to chapter 28A.180
24 RCW to read as follows:

25 Except as otherwise provided, this chapter does not apply to
26 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
27 act).

28 NEW SECTION. **Sec. 25.** A new section is added to chapter 28A.185
29 RCW to read as follows:

30 Except as otherwise provided, this chapter does not apply to
31 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
32 act).

1 NEW SECTION. **Sec. 26.** A new section is added to chapter 28A.210
2 RCW to read as follows:

3 Except as otherwise provided, this chapter does not apply to
4 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
5 act).

6 NEW SECTION. **Sec. 27.** A new section is added to chapter 28A.220
7 RCW to read as follows:

8 Except as otherwise provided, this chapter does not apply to
9 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
10 act).

11 NEW SECTION. **Sec. 28.** A new section is added to chapter 28A.225
12 RCW to read as follows:

13 Except as otherwise provided, this chapter does not apply to
14 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
15 act).

16 NEW SECTION. **Sec. 29.** A new section is added to chapter 28A.230
17 RCW to read as follows:

18 Except as otherwise provided, this chapter does not apply to
19 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
20 act).

21 NEW SECTION. **Sec. 30.** A new section is added to chapter 28A.235
22 RCW to read as follows:

23 Except as otherwise provided, this chapter does not apply to
24 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
25 act).

26 NEW SECTION. **Sec. 31.** A new section is added to chapter 28A.300
27 RCW to read as follows:

28 Except as otherwise provided, this chapter does not apply to
29 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
30 act).

31 NEW SECTION. **Sec. 32.** A new section is added to chapter 28A.305
32 RCW to read as follows:

1 Except as otherwise provided, this chapter does not apply to
2 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
3 act).

4 NEW SECTION. **Sec. 33.** A new section is added to chapter 28A.320
5 RCW to read as follows:

6 Except as otherwise provided, this chapter does not apply to
7 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
8 act).

9 NEW SECTION. **Sec. 34.** A new section is added to chapter 28A.330
10 RCW to read as follows:

11 Except as otherwise provided, this chapter does not apply to
12 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
13 act).

14 NEW SECTION. **Sec. 35.** A new section is added to chapter 28A.400
15 RCW to read as follows:

16 Except as otherwise provided, this chapter does not apply to
17 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
18 act).

19 NEW SECTION. **Sec. 36.** A new section is added to chapter 28A.405
20 RCW to read as follows:

21 Except as otherwise provided, this chapter does not apply to
22 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
23 act).

24 NEW SECTION. **Sec. 37.** A new section is added to chapter 28A.410
25 RCW to read as follows:

26 Except as otherwise provided, this chapter does not apply to
27 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
28 act).

29 NEW SECTION. **Sec. 38.** A new section is added to chapter 28A.600
30 RCW to read as follows:

31 Except as otherwise provided, this chapter does not apply to
32 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
33 act).

1 NEW SECTION. **Sec. 39.** A new section is added to chapter 28A.605
2 RCW to read as follows:

3 Except as otherwise provided, this chapter does not apply to
4 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
5 act).

6 NEW SECTION. **Sec. 40.** A new section is added to chapter 28A.640
7 RCW to read as follows:

8 Except as otherwise provided, this chapter does not apply to
9 charter schools under chapter 28A.-- RCW (sections 1 through 15 of this
10 act).

11 NEW SECTION. **Sec. 41.** Sections 1 through 15 of this act shall
12 constitute a new chapter in Title 28A RCW.

13 NEW SECTION. **Sec. 42.** CAPTIONS NOT LAW. Captions used in this
14 act do not constitute any part of the law.

15 NEW SECTION. **Sec. 43.** Section 16 of this act shall take effect
16 July 1, 1996.

17 NEW SECTION. **Sec. 44.** Nothing herein shall be deemed to limit in
18 any way the rights of parents to educate their children at home or in
19 nonpublic schools.

20 NEW SECTION. **Sec. 45.** This act shall be liberally construed to
21 effectuate its purposes. If any provision of this act or its
22 application to any person or circumstance is held invalid, the
23 remainder of the act or its application to any other persons or
24 circumstances shall not be affected.

25 NEW SECTION. **Sec. 46.** This 1996 act shall constitute an
26 alternative to Initiative 177.

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