
HOUSE BILL 2019

State of Washington

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1997 Regular Session

By Representatives Quall, Talcott, Linville, Johnson, Mason, Sterk, Romero, Smith, Hatfield, Koster, Chopp, Dickerson, Sheahan, Doumit, D. Sommers, Poulsen, Thompson, Veloria, Honeyford, Kastama, Sehlin, Wood, Delvin, O'Brien, Boldt, Anderson, Mitchell, Ogden, Benson, Morris, Huff, Sump, Scott, Lantz, Mastin, Buck, Dunshee, Costa, Tokuda, Sullivan, Regala, Backlund, Grant, Kessler, Kenney, Cody, Crouse, Radcliff, Mielke, Bush, Alexander, Sherstad, Hankins, Pennington, Sheldon, Gombosky, Murray, D. Schmidt, Wensman, Appelwick, Cooke, Zellinsky, Wolfe, Carlson, Hickel, Dunn, B. Thomas, L. Thomas, Van Luven, Keiser and Blalock

Read first time 02/18/97. Referred to Committee on Education.

1 AN ACT Relating to charter schools; amending RCW 41.32.010;
2 reenacting and amending RCW 41.40.010; adding a new section to chapter
3 41.56 RCW; adding a new section to chapter 41.59 RCW; and adding a new
4 chapter to Title 28A RCW.

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

6 NEW SECTION. **Sec. 1.** INTENT. The legislature intends to
7 authorize the establishment of charter schools for the purpose of
8 providing a unique setting for learning that will improve pupil
9 achievement and provide additional public school choices for students,
10 parents, and teachers.

11 NEW SECTION. **Sec. 2.** DEFINITIONS. Unless the context clearly
12 requires otherwise, the definitions in this section apply throughout
13 this chapter.

14 (1) "Applicant" means a public benefit nonprofit corporation as
15 defined in RCW 24.03.490 that has submitted an application to a sponsor
16 to obtain approval to operate a charter school. The public benefit
17 nonprofit corporation may not be a sectarian or religious organization.

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

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

8 (4) "Board of directors" means the board of directors of the public
9 benefit nonprofit corporation that manages and operates the charter
10 school.

11 (5) "Sponsor" means a school district, educational service
12 district, the dean of any college or program of education at a regional
13 university as defined in RCW 28B.10.016, or the superintendent of
14 public instruction, whichever is applicable, that has approved a
15 charter for a charter school.

16 NEW SECTION. **Sec. 3.** CHARTER SCHOOLS--POWERS. (1) The board of
17 directors of a charter school may hire, manage, and discharge any
18 charter school employee in accordance with the terms of this chapter
19 and that school's charter.

20 (2) The charter school's board of directors may enter into a
21 contract with any school district, or any other public or private
22 entity, other than a sectarian or religious entity, also empowered to
23 enter into contracts, for any and all real property, equipment, goods,
24 supplies, and services, including educational instructional services.

25 (3) Charter schools may rent, lease, or own property, but may not
26 acquire property by eminent domain. All charters and charter school
27 contracts with other public and private entities must include
28 provisions regarding the disposition of the property if the charter
29 school fails to open as planned, closes, or the charter is revoked or
30 not renewed. Charter schools may accept gifts and donations from other
31 governmental and private entities, excluding sectarian or religious
32 organizations. Charter schools may not accept any gifts or donations
33 the conditions of which violate this chapter.

34 (4) Charter schools may not charge tuition, levy taxes, or issue
35 bonds, however they may charge fees for optional noncredit
36 extracurricular events.

1 NEW SECTION. **Sec. 4.** LEGAL STATUS. A charter school is a public
2 school including one or more of grades kindergarten through twelve,
3 operated by a public benefit nonprofit corporation, according to the
4 terms of a renewable five-year agreement granted by a sponsor.

5 NEW SECTION. **Sec. 5.** CHARTER SCHOOLS--EXEMPTIONS. (1) A charter
6 school shall operate independently of any school district board, under
7 a charter approved by a sponsor under this chapter.

8 (2) Charter schools are exempt from all state statutes and rules
9 applicable to school districts and school district boards of directors
10 except as provided in this chapter and in the school's approved
11 charter.

12 (3) A charter school's board of directors may elect to comply with
13 one or more provisions of the statutes or rules that are applicable to
14 school districts and school district board of directors.

15 (4) All approved charter schools shall:

16 (a) Comply with state and federal health, safety, and civil rights
17 laws and rules applicable to school districts;

18 (b) Meet or exceed the student performance and assessment standards
19 as established for students in other public schools, including the
20 essential academic learning requirements and performance standards
21 developed under a performance-based education system according to RCW
22 28A.630.885;

23 (c) Participate in nationally normed standardized achievement tests
24 as required in RCW 28A.230.190, 28A.230.230, and 28A.230.240;

25 (d) Employ certificated instructional staff in accordance with
26 chapter 28A.410 RCW in requisite staffing ratios under RCW 28A.150.260.
27 Charter schools may hire noncertificated instructional staff with money
28 received from nonstate sources;

29 (e) Comply with the employee record check requirements in RCW
30 28A.400.303;

31 (f) Be subject to the same financial and audit requirements as a
32 school district;

33 (g) Report at least annually to its sponsor and to parents of
34 children enrolled at the charter school on progress toward the student
35 performance goals specified in the charter; and

36 (h) Meet the obligation on other school districts to spend the
37 allocations received under section 11 of this act for the purposes of
38 funding basic education, special education, learning assistance

1 programs, transitional bilingual instruction programs, and student
2 transportation as required under this title and the state Constitution.

3 NEW SECTION. **Sec. 6.** ADMISSION REQUIREMENTS. (1) A charter
4 school must enroll all students who submit a timely application. If
5 capacity is insufficient to enroll all students who submit a timely
6 application, the charter school must give enrollment priority to
7 students who reside within the school district boundaries in which the
8 charter school is physically located. Priority also must be given to
9 siblings of students who are currently enrolled in the school.
10 Students must be selected through an equitable selection process, such
11 as a lottery, to fill any remaining spaces.

12 (2) A charter school may not limit admission based on race,
13 religion, ethnicity, national origin, gender, income level,
14 intellectual ability, disabling condition, proficiency in the English
15 language, or athletic ability. A charter school may limit admission to
16 students within a given age group or grade level.

17 NEW SECTION. **Sec. 7.** CHARTER APPLICATION--CHARTERING PROCESS.

18 (1) An applicant may apply to a sponsor to establish a charter school
19 as provided in this section.

20 (2) An applicant for a charter school must submit its application
21 to the local school district board of directors of the district in
22 which the proposed school is to be located before the applicant may
23 submit an application to another sponsor.

24 (3) The local school district board of directors must hold a public
25 hearing in the school district on the application within sixty days of
26 receipt of the application. The school board must either accept or
27 reject the application within thirty days after the hearing. The
28 thirty-day deadline for acceptance or rejection of the charter school
29 application may be extended for an additional thirty days if both
30 parties agree in writing.

31 (4) If the local school board rejects the application, the school
32 board must notify the applicant in writing of the reasons for the
33 rejection. The applicant may submit a revised application for the
34 school board's reconsideration. The school board may provide technical
35 assistance to improve the application. If the school board rejects the
36 application after submission of a revised application, the school board
37 must notify the applicant in writing of the reasons for the rejection.

1 (5) If the school board rejects the application, the applicant may
2 submit an application for a charter school to another sponsor or appeal
3 the local school board's decision to the superintendent of public
4 instruction. The alternate sponsor must comply with the procedures
5 specified in subsections (1) through (4) of this section for
6 consideration of the charter application. The alternative sponsor is
7 not bound by the local school board's findings or decision to deny the
8 application.

9 (6) The charter application is a proposed agreement and must
10 include:

11 (a) The identification and description of the public benefit
12 corporation submitting the application, including the names and
13 descriptions of the board of directors and the individuals who will
14 operate the school;

15 (b) The public benefit nonprofit corporation's articles of
16 incorporation, bylaws, and most recent financial statement and balance
17 sheet;

18 (c) A philosophy and mission statement that is consistent with the
19 legislative intent and provisions of this chapter;

20 (d) A description of the curriculum, the expected results, and the
21 verified methods of measuring and reporting objective results,
22 including but not limited to the assessment system developed under RCW
23 28A.630.885;

24 (e) The governance, bylaws, and management structure of the school;

25 (f) A description of admission policies and application procedures;

26 (g) The types and limits of insurance coverage the school plans to
27 obtain;

28 (h) A description of the plan for evaluating student performance
29 and the procedures for taking corrective action in the event that
30 student performance at the charter school falls below established
31 standards;

32 (i) Evidence that the plan for the school is economically viable,
33 including a proposed five-year budget of projected revenues and
34 expenditures, a plan for starting the school, and a description of
35 major contracts planned for equipment and services, leases,
36 improvements, purchases of real property, and insurance;

37 (j) A description of the proposed financial management procedures,
38 including annual audits of the school's financial and administrative

1 operations, which shall meet or exceed generally accepted standards of
2 management and public accounting;

3 (k) A description of how the allocation of funds under section 11
4 of this act will be spent to meet the state's obligation to fund basic
5 education, special education, learning assistance programs,
6 transitional bilingual programs, and student transportation; and

7 (l) A description of the number of students the school plans to
8 enroll the first year and each subsequent year until the year 2001 to
9 comply with the cap on enrollees as provided in section 16 of this act.

10 (7) The sponsor shall grant the application if the applicant meets
11 the requirements of this section.

12 NEW SECTION. **Sec. 8.** APPEAL PROCESS. (1) If a sponsor rejects a
13 charter application, the applicant may submit a motion for appeal to
14 the superintendent of public instruction within thirty days. The
15 superintendent of public instruction shall accept the appeal of a
16 charter school applicant whose application was denied by another
17 sponsor. The rules of the administrative procedure act, chapter 34.05
18 RCW, apply to an appeal of a denial of application.

19 (2) If the superintendent of public instruction denies the
20 application, the superintendent's decision may be appealed to the
21 superior court according to the provisions of the administrative
22 procedure act, chapter 34.05 RCW.

23 NEW SECTION. **Sec. 9.** CHARTER AGREEMENT--AMENDMENT. (1) A charter
24 application approved by a sponsor constitutes a charter.

25 (2) A charter may be amended during its term at the request of the
26 board of directors and on the approval of the sponsor.

27 NEW SECTION. **Sec. 10.** CHARTER RENEWAL AND REVOCATION. (1) An
28 approved plan to establish a charter school is effective for five years
29 from the first day of operation. At the conclusion of the first four
30 years of operation, the charter school may apply to the sponsor for
31 renewal.

32 (2) A charter school renewal application must include:

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

1 (b) A financial statement that discloses the costs of
2 administration, instruction, and other expenditure objects and
3 activities of the charter school.

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

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

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

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

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

15 (4) A sponsor shall give written notice of its intent not to renew
16 the charter school's request for renewal to the charter school at least
17 twelve months before the expiration of the approved charter to allow
18 the charter school an opportunity to correct identified deficiencies in
19 its operation or to apply to another sponsor for approval of the
20 operation of the charter school. At the request of the board of
21 directors of the charter school, the sponsor shall review its decision
22 for nonrenewal after the charter school has corrected any identified
23 deficiencies. If the charter is transferred by application to another
24 sponsor, the five-year term of the charter shall be repeated.

25 (5) The sponsor may revoke a previously approved charter before the
26 expiration of the term of the charter, and before application for
27 renewal, for any of the reasons specified in subsection (3) of this
28 section. In addition, the sponsor may revoke a charter after two years
29 if the academic achievement of students is significantly below the
30 academic achievement of comparable students in the school district.
31 Except in cases of emergency where the health and safety of children
32 are at risk, a charter may not be revoked unless the sponsor first
33 provides written notice of the specific violations alleged, a public
34 hearing, and a reasonable opportunity for the charter school to correct
35 the identified areas of concern. The sponsor of a charter school shall
36 provide for an appeal process upon a determination by the sponsor that
37 grounds exist to revoke a charter.

1 NEW SECTION. **Sec. 11.** FUNDING. (1) The superintendent of public
2 instruction shall separately calculate and allocate to charter schools
3 moneys appropriated for basic education under RCW 28A.150.260. The
4 amount of funding for charter schools shall be determined by the number
5 of full-time equivalent students enrolled in the school multiplied by
6 the estimated state-wide annual average per full-time equivalent
7 student allocation under RCW 28A.150.260 and applicable rules.

8 (2) State funding to charter schools for students who are eligible
9 for special education under chapter 28A.155 RCW; the learning
10 assistance program under chapter 28A.165 RCW; and the transitional
11 bilingual instruction program under chapter 28A.180 RCW shall be
12 determined in accordance with applicable statutes and rules that apply
13 to school districts.

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

19 (4) For each annual full-time equivalent student enrolled in a
20 charter school, the charter schools shall be entitled to an amount
21 equal to two-thirds of the maintenance and operation excess tax levy
22 rate per annual average full-time equivalent student of the district in
23 which each full-time equivalent student who attends the charter school
24 resides.

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

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

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

34 NEW SECTION. **Sec. 12.** VACANT BUILDINGS. The superintendent of
35 public instruction, in conjunction with the department of general
36 administration, shall annually publish a list of vacant and unused
37 buildings and vacant and unused portions of buildings that are owned by
38 this state or by school districts and that may be suitable for the

1 operation of a charter school. The superintendent of public
2 instruction shall make the list available to applicants for charter
3 schools and to existing charter schools. The list shall include the
4 address of each building, a short description of the building, the name
5 of the entity that owns the building, and the name of a contact person.
6 This section does not require the owner of a building on the list to
7 sell or lease the building or a portion of the building to a charter
8 school or to any other school or to any other prospective buyer or
9 tenant.

10 NEW SECTION. **Sec. 13.** CHARTER SCHOOL ASSISTANCE ACCOUNT. The
11 charter school assistance account is created in the custody of the
12 state treasurer. All receipts from appropriations shall be deposited
13 into the account. Expenditures from the account may be used only to
14 provide financial loans to approved charter schools for start-up costs.
15 Charter schools may receive up to twenty-five thousand dollars per
16 building for start-up costs. Only the superintendent of public
17 instruction or the superintendent's designee may authorize expenditures
18 from the account. The account is subject to allotment procedures under
19 chapter 43.88 RCW, but no appropriation is required for expenditures.
20 Start-up moneys shall be distributed to schools with approved charters
21 on a first-come, first-served basis. Repayment of loans provided under
22 the program must be made within five years.

23 NEW SECTION. **Sec. 14.** RULES--LOANS. The office of the
24 superintendent of public instruction shall adopt rules to implement
25 section 13 of this act.

26 If an applicant for a charter school receives a loan under this
27 section and fails to begin operating a charter school within the next
28 eighteen months, the applicant must reimburse the office of the
29 superintendent of public instruction for the amount of the loan plus
30 interest calculated at a rate of ten percent a year.

31 NEW SECTION. **Sec. 15.** CONVERSION SCHOOLS. A public school
32 currently operated by a school district may apply for conversion to a
33 public charter school by holding a meeting for the specific purpose of
34 voting on the proposed conversion by secret ballot. The vote to
35 convert to a charter school must be supported by a majority of the
36 custodial parents or legal guardians of students enrolled in that

1 school and a majority of the certificated employees at the school.
2 Evidence of the results of these votes must be attached to the
3 application. If the parents and teachers vote to convert the school to
4 a charter school, the parents and teachers must become incorporated as
5 a public benefit nonprofit corporation to qualify as an applicant.
6 Teachers who do not want to remain employed at the charter school may
7 be reassigned to another school within the district without any loss of
8 benefits or status. If a parent does not want his or her child to
9 attend the charter school, the child may attend another school within
10 the district.

11 NEW SECTION. **Sec. 16.** CAPS ON CHARTER SCHOOLS. (1) Until January
12 1, 2001, no more than a total of five percent of the annual average
13 full-time equivalent students eligible for enrollment in the school
14 district in which the charter school is located may be enrolled in a
15 charter school or schools in the district.

16 (2) The cap on enrollments in the charter school shall not apply to
17 public schools that convert to charter schools under section 15 of this
18 act.

19 NEW SECTION. **Sec. 17.** LABOR RELATIONS. (1) Employees of a
20 charter school are public employees and have a right to enter into
21 collective bargaining agreements with the board of directors of the
22 charter school under chapters 41.56 and 41.59 RCW, as applicable. The
23 employee bargaining unit is limited to the employees of the charter
24 school and must be separate from other units within the district.

25 (2) Teachers of charter schools are eligible for and retain their
26 status in the Washington state teachers' retirement system under
27 chapter 41.32 RCW.

28 (3) Classified employees of charter schools are eligible for and
29 retain their status in the public employees' retirement system under
30 chapter 41.40 RCW.

31 **Sec. 18.** RCW 41.32.010 and 1996 c 39 s 1 are each amended to read
32 as follows:

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

35 (1)(a) "Accumulated contributions" for plan I members, means the
36 sum of all regular annuity contributions and, except for the purpose of

1 withdrawal at the time of retirement, any amount paid under RCW
2 41.50.165(2) with regular interest thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (A) Retroactive payments to an individual by an employer on
2 reinstatement of the employee in a position, or payments by an employer
3 to an individual in lieu of reinstatement in a position which are
4 awarded or granted as the equivalent of the salary or wages which the
5 individual would have earned during a payroll period shall be
6 considered earnable compensation and the individual shall receive the
7 equivalent service credit.

8 (B) If a leave of absence, without pay, is taken by a member for
9 the purpose of serving as a member of the state legislature, and such
10 member has served in the legislature five or more years, the salary
11 which would have been received for the position from which the leave of
12 absence was taken shall be considered as compensation earnable if the
13 employee's contribution thereon is paid by the employee. In addition,
14 where a member has been a member of the state legislature for five or
15 more years, earnable compensation for the member's two highest
16 compensated consecutive years of service shall include a sum not to
17 exceed thirty-six hundred dollars for each of such two consecutive
18 years, regardless of whether or not legislative service was rendered
19 during those two years.

20 (iii) For members employed less than full time under written
21 contract with a school district, or community college district, in an
22 instructional position, for which the member receives service credit of
23 less than one year in all of the years used to determine the earnable
24 compensation used for computing benefits due under RCW 41.32.497,
25 41.32.498, and 41.32.520, the member may elect to have earnable
26 compensation defined as provided in RCW 41.32.345. For the purposes of
27 this subsection, the term "instructional position" means a position in
28 which more than seventy-five percent of the member's time is spent as
29 a classroom instructor (including office hours), a librarian, or a
30 counselor. Earnable compensation shall be so defined only for the
31 purpose of the calculation of retirement benefits and only as necessary
32 to insure that members who receive fractional service credit under RCW
33 41.32.270 receive benefits proportional to those received by members
34 who have received full-time service credit.

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

36 (A) Remuneration for unused sick leave authorized under RCW
37 41.04.340, 28A.400.210, or 28A.310.490;

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

1 (b) "Earnable compensation" for plan II and plan III members, means
2 salaries or wages earned by a member during a payroll period for
3 personal services, including overtime payments, and shall include wages
4 and salaries deferred under provisions established pursuant to sections
5 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
6 shall exclude lump sum payments for deferred annual sick leave, unused
7 accumulated vacation, unused accumulated annual leave, or any form of
8 severance pay.

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

13 (i) Retroactive payments to an individual by an employer on
14 reinstatement of the employee in a position or payments by an employer
15 to an individual in lieu of reinstatement in a position which are
16 awarded or granted as the equivalent of the salary or wages which the
17 individual would have earned during a payroll period shall be
18 considered earnable compensation, to the extent provided above, and the
19 individual shall receive the equivalent service credit.

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

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

25 (B) Such member's actual earnable compensation received for
26 teaching and legislative service combined. Any additional
27 contributions to the retirement system required because compensation
28 earnable under (b)(ii)(A) of this subsection is greater than
29 compensation earnable under (b)(ii)(B) of this subsection shall be paid
30 by the member for both member and employer contributions.

31 (11) "Employer" means the state of Washington, the school district,
32 a charter school as defined in section 4 of this act, or any agency of
33 the state of Washington by which the member is paid.

34 (12) "Fiscal year" means a year which begins July 1st and ends June
35 30th of the following year.

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

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

4 (15) "Member" means any teacher included in the membership of the
5 retirement system, and includes teachers employed by charter schools.
6 Also, any other employee of the public schools who, on July 1, 1947,
7 had not elected to be exempt from membership and who, prior to that
8 date, had by an authorized payroll deduction, contributed to the member
9 reserve.

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

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

18 (18) "Pension reserve" is a fund in which shall be accumulated an
19 actuarial reserve adequate to meet present and future pension
20 liabilities of the system and from which all pension obligations are to
21 be paid.

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

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

29 (21) "Public school" means any institution or activity operated by
30 the state of Washington or any instrumentality or political subdivision
31 thereof employing teachers, except the University of Washington and
32 Washington State University.

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

37 (23) "Regular interest" means such rate as the director may
38 determine.

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

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

7 (25) "Retirement system" means the Washington state teachers'
8 retirement system.

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

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

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

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

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

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

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

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

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

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

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

9 (iv) Any person who is a member of the teachers' retirement system
10 and who is elected or appointed to a state elective position may
11 continue to be a member of the retirement system and continue to
12 receive a service credit month for each of the months in a state
13 elective position by making the required member contributions.

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

18 (vi) As authorized by RCW 28A.400.300, up to forty-five days of
19 sick leave may be creditable as service solely for the purpose of
20 determining eligibility to retire under RCW 41.32.470. For purposes of
21 plan II and plan III "forty-five days" as used in RCW 28A.400.300 is
22 equal to two service credit months. Use of less than forty-five days
23 of sick leave is creditable as allowed under this subsection as
24 follows:

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

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

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

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

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

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

37 (viii) The department shall adopt rules implementing this
38 subsection.

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

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

5 (29) "Teacher" means any person qualified to teach who is engaged
6 by a public school in an instructional, administrative, or supervisory
7 capacity. The term includes state, educational service district, and
8 school district superintendents and their assistants and all employees
9 certificated by the superintendent of public instruction; and in
10 addition thereto any full time school doctor who is employed by a
11 public school and renders service of an instructional or educational
12 nature.

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

19 (31) "Retiree" means any person in receipt of a retirement
20 allowance or other benefit provided by this chapter resulting from
21 service rendered to an employer while a member. A person is in receipt
22 of a retirement allowance as defined in subsection (24) of this section
23 or other benefit as provided by this chapter when the department mails,
24 causes to be mailed, or otherwise transmits the retirement allowance
25 warrant.

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

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

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

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

34 (36) "Substitute teacher" means:

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

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

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

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

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

16 (d) The elected position of the superintendent of public
17 instruction is an eligible position.

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

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

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

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

33 (42) "Index A" means the index for the year prior to the
34 determination of a postretirement adjustment.

35 (43) "Index B" means the index for the year prior to index A.

36 (44) "Index year" means the earliest calendar year in which the
37 index is more than sixty percent of index A.

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

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

4 (47) "Member account" or "member's account" for purposes of plan
5 III means the sum of the contributions and earnings on behalf of the
6 member in the defined contribution portion of plan III.

7 **Sec. 19.** RCW 41.40.010 and 1995 c 345 s 10, 1995 c 286 s 1, and
8 1995 c 244 s 3 are each reenacted and amended to read as follows:

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

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

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

15 (3) "State treasurer" means the treasurer of the state of
16 Washington.

17 (4)(a) "Employer" for plan I members, means every branch,
18 department, agency, commission, board, and office of the state, any
19 political subdivision or association of political subdivisions of the
20 state admitted into the retirement system, and legal entities
21 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW; and the
22 term shall also include any labor guild, association, or organization
23 the membership of a local lodge or division of which is comprised of at
24 least forty percent employees of an employer (other than such labor
25 guild, association, or organization) within this chapter. The term may
26 also include any city of the first class that has its own retirement
27 system.

28 (b) "Employer" for plan II members, means every branch, department,
29 agency, commission, board, and office of the state, and any political
30 subdivision and municipal corporation of the state admitted into the
31 retirement system, including public agencies created pursuant to RCW
32 35.63.070, 36.70.060, and 39.34.030, and includes charter schools as
33 defined in section 4 of this act.

34 (5) "Member" means any employee included in the membership of the
35 retirement system, as provided for in RCW 41.40.023. RCW 41.26.045
36 does not prohibit a person otherwise eligible for membership in the
37 retirement system from establishing such membership effective when he
38 or she first entered an eligible position, and includes classified

1 employees employed by a charter school as defined in section 4 of this
2 act.

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

4 (a) Any person who became a member of the system prior to April 1,
5 1949;

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

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

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

18 (e) Any member who has restored all contributions that may have
19 been withdrawn as provided by RCW 41.40.150 and who on the effective
20 date of the individual's retirement becomes entitled to be credited
21 with ten years or more of membership service except that the provisions
22 relating to the minimum amount of retirement allowance for the member
23 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
24 apply to the member;

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

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

36 (8)(a) "Compensation earnable" for plan I members, means salaries
37 or wages earned during a payroll period for personal services and where
38 the compensation is not all paid in money, maintenance compensation

1 shall be included upon the basis of the schedules established by the
2 member's employer.

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

6 (A) Retroactive payments to an individual by an employer on
7 reinstatement of the employee in a position, or payments by an employer
8 to an individual in lieu of reinstatement in a position which are
9 awarded or granted as the equivalent of the salary or wage which the
10 individual would have earned during a payroll period shall be
11 considered compensation earnable and the individual shall receive the
12 equivalent service credit;

13 (B) If a leave of absence is taken by an individual for the purpose
14 of serving in the state legislature, the salary which would have been
15 received for the position from which the leave of absence was taken,
16 shall be considered as compensation earnable if the employee's
17 contribution is paid by the employee and the employer's contribution is
18 paid by the employer or employee;

19 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and
20 72.09.240;

21 (D) Compensation that a member would have received but for a
22 disability occurring in the line of duty only as authorized by RCW
23 41.40.038;

24 (E) Compensation that a member receives due to participation in the
25 leave sharing program only as authorized by RCW 41.04.650 through
26 41.04.670; and

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

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

34 (A) Remuneration for unused sick leave authorized under RCW
35 41.04.340, 28A.400.210, or 28A.310.490;

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

38 (b) "Compensation earnable" for plan II members, means salaries or
39 wages earned by a member during a payroll period for personal services,

1 including overtime payments, and shall include wages and salaries
2 deferred under provisions established pursuant to sections 403(b),
3 414(h), and 457 of the United States Internal Revenue Code, but shall
4 exclude nonmoney maintenance compensation and lump sum or other
5 payments for deferred annual sick leave, unused accumulated vacation,
6 unused accumulated annual leave, or any form of severance pay.

7 "Compensation earnable" for plan II members also includes the
8 following actual or imputed payments, which are not paid for personal
9 services:

10 (i) Retroactive payments to an individual by an employer on
11 reinstatement of the employee in a position, or payments by an employer
12 to an individual in lieu of reinstatement in a position which are
13 awarded or granted as the equivalent of the salary or wage which the
14 individual would have earned during a payroll period shall be
15 considered compensation earnable to the extent provided above, and the
16 individual shall receive the equivalent service credit;

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

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

22 (B) Such member's actual compensation earnable received for
23 nonlegislative public employment and legislative service combined. Any
24 additional contributions to the retirement system required because
25 compensation earnable under (b)(ii)((+B)) (A) of this subsection is
26 greater than compensation earnable under (b)(ii)((+A)) (B) of this
27 subsection shall be paid by the member for both member and employer
28 contributions;

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

31 (iv) Compensation that a member would have received but for a
32 disability occurring in the line of duty only as authorized by RCW
33 41.40.038;

34 (v) Compensation that a member receives due to participation in the
35 leave sharing program only as authorized by RCW 41.04.650 through
36 41.04.670; and

37 (vi) Compensation that a member receives for being in standby
38 status. For the purposes of this section, a member is in standby
39 status when not being paid for time actually worked and the employer

1 requires the member to be prepared to report immediately for work, if
2 the need arises, although the need may not arise. Standby compensation
3 is regular salary for the purposes of RCW 41.50.150(2).

4 (9)(a) "Service" for plan I members, except as provided in RCW
5 41.40.088, means periods of employment in an eligible position or
6 positions for one or more employers rendered to any employer for which
7 compensation is paid, and includes time spent in office as an elected
8 or appointed official of an employer. Compensation earnable earned in
9 full time work for seventy hours or more in any given calendar month
10 shall constitute one service credit month except as provided in RCW
11 41.40.088. Compensation earnable earned for less than seventy hours in
12 any calendar month shall constitute one-quarter service credit month of
13 service except as provided in RCW 41.40.088. Only service credit
14 months and one-quarter service credit months shall be counted in the
15 computation of any retirement allowance or other benefit provided for
16 in this chapter. Any fraction of a year of service shall be taken into
17 account in the computation of such retirement allowance or benefits.
18 Time spent in standby status, whether compensated or not, is not
19 service.

20 (i) Service by a state employee officially assigned by the state on
21 a temporary basis to assist another public agency, shall be considered
22 as service as a state employee: PROVIDED, That service to any other
23 public agency shall not be considered service as a state employee if
24 such service has been used to establish benefits in any other public
25 retirement system.

26 (ii) An individual shall receive no more than a total of twelve
27 service credit months of service during any calendar year. If an
28 individual is employed in an eligible position by one or more employers
29 the individual shall receive no more than one service credit month
30 during any calendar month in which multiple service for seventy or more
31 hours is rendered.

32 (iii) A school district employee may count up to forty-five days of
33 sick leave as creditable service solely for the purpose of determining
34 eligibility to retire under RCW 41.40.180 as authorized by RCW
35 28A.400.300. For purposes of plan I "forty-five days" as used in RCW
36 28A.400.300 is equal to two service credit months. Use of less than
37 forty-five days of sick leave is creditable as allowed under this
38 subsection as follows:

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

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

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

6 (b) "Service" for plan II members, means periods of employment by
7 a member in an eligible position or positions for one or more employers
8 for which compensation earnable is paid. Compensation earnable earned
9 for ninety or more hours in any calendar month shall constitute one
10 service credit month except as provided in RCW 41.40.088. Compensation
11 earnable earned for at least seventy hours but less than ninety hours
12 in any calendar month shall constitute one-half service credit month of
13 service. Compensation earnable earned for less than seventy hours in
14 any calendar month shall constitute one-quarter service credit month of
15 service. Time spent in standby status, whether compensated or not, is
16 not service.

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

19 (i) Service in any state elective position shall be deemed to be
20 full time service, except that persons serving in state elective
21 positions who are members of the teachers' retirement system or law
22 enforcement officers' and fire fighters' retirement system at the time
23 of election or appointment to such position may elect to continue
24 membership in the teachers' retirement system or law enforcement
25 officers' and fire fighters' retirement system.

26 (ii) A member shall receive a total of not more than twelve service
27 credit months of service for such calendar year. If an individual is
28 employed in an eligible position by one or more employers the
29 individual shall receive no more than one service credit month during
30 any calendar month in which multiple service for ninety or more hours
31 is rendered.

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

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

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

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

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

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

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

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

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

14 (13) "Membership service" means:

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

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

20 (c) Service not to exceed six consecutive months of probationary
21 service rendered after April 1, 1949, and prior to becoming a member,
22 in the case of any member, upon payment in full by such member of the
23 total amount of the employer's contribution to the retirement fund
24 which would have been required under the law in effect when such
25 probationary service was rendered if the member had been a member
26 during such period, except that the amount of the employer's
27 contribution shall be calculated by the director based on the first
28 month's compensation earnable as a member;

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

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

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

4 (15) "Regular interest" means such rate as the director may
5 determine.

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

10 (17)(a) "Average final compensation" for plan I members, means the
11 annual average of the greatest compensation earnable by a member during
12 any consecutive two year period of service credit months for which
13 service credit is allowed; or if the member has less than two years of
14 service credit months then the annual average compensation earnable
15 during the total years of service for which service credit is allowed.

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

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

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

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

30 (21) "Retirement allowance" means the sum of the annuity and the
31 pension.

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

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

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

39 (25) "Eligible position" means:

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

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

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

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

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

18 (29) "Retiree" means any person in receipt of a retirement
19 allowance or other benefit provided by this chapter resulting from
20 service rendered to an employer while a member. A person is in receipt
21 of a retirement allowance as defined in subsection (21) of this section
22 or other benefit as provided by this chapter when the department mails,
23 causes to be mailed, or otherwise transmits the retirement allowance
24 warrant.

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

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

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

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

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

37 (35) "Index" means, for any calendar year, that year's annual
38 average consumer price index, Seattle, Washington area, for urban wage

1 earners and clerical workers, all items, compiled by the bureau of
2 labor statistics, United States department of labor.

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

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

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

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

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

13 NEW SECTION. **Sec. 20.** A new section is added to chapter 41.56 RCW
14 to read as follows:

15 This chapter applies to charter schools as defined in section 4 of
16 this act and the charter school's employees included in the bargaining
17 unit. The bargaining unit of employees of charter schools must be
18 limited to the employees of the charter school and must be separate
19 from other bargaining units in the school district or educational
20 service district.

21 NEW SECTION. **Sec. 21.** A new section is added to chapter 41.59 RCW
22 to read as follows:

23 This chapter applies to collective bargaining agreements between
24 charter schools and the employees of charter schools included in the
25 bargaining unit. The bargaining unit of employees of charter schools
26 must be limited to the employees of the charter school and must be
27 separate from other bargaining units in the school district.

28 NEW SECTION. **Sec. 22.** CAPTIONS NOT LAW. Captions used in this
29 chapter do not constitute any part of the law.

30 NEW SECTION. **Sec. 23.** Sections 1 through 17 and 22 of this act
31 constitute a new chapter in Title 28A RCW.

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