

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2922**

Chapter 116, Laws of 1998

55th Legislature  
1998 Regular Session

STATE INVESTMENT BOARD AND EMPLOYEE RETIREMENT BENEFITS BOARD--  
CLARIFYING TRUSTEESHIP ROLES

EFFECTIVE DATE: 6/11/98

Passed by the House February 17, 1998  
Yeas 96 Nays 0

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Passed by the Senate March 5, 1998  
Yeas 46 Nays 1

BRAD OWEN  
**President of the Senate**

Approved March 23, 1998

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2922** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

March 23, 1998 - 4:30 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2922**

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Passed Legislature - 1998 Regular Session

**State of Washington                      55th Legislature                      1998 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representatives Carlson, H. Sommers, Alexander and Huff; by request of Department of Retirement Systems)

Read first time 02/05/98. Referred to Committee on .

1            AN ACT Relating to clarifying the trusteeship role of the state  
2 investment board and the employee retirement benefits board; amending  
3 RCW 41.04.020, 41.04.340, 41.04.605, 41.04.610, 41.04.615, 41.04.620,  
4 41.04.630, 41.04.635, 41.04.640, 41.50.088, 41.50.770, 41.50.780, and  
5 28B.50.874; and adding a new section to chapter 43.33A RCW.

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

7            **Sec. 1.** RCW 41.04.020 and 1982 c 107 s 1 are each amended to read  
8 as follows:

9            Any employee or group of employees of the state of Washington or  
10 any of its political subdivisions, or of any institution supported, in  
11 whole or in part, by the state or any of its political subdivisions,  
12 may authorize the deduction from his or ((their)) her salaries or wages  
13 and payment to another, the amount or amounts of his or ((their)) her  
14 subscription payments or contributions to any person, firm, or  
15 corporation administering, furnishing, or providing (1) medical,  
16 surgical, and hospital care or either of them, or (2) life insurance or  
17 accident and health disability insurance, or (3) any individual  
18 retirement account selected by the employee or the employee's spouse  
19 established under applicable state or federal law(~~(, or (4) any~~

1 individual retirement account which is (a) offered through the  
2 committee for deferred compensation, (b) selected by the employee, and  
3 (c) established under applicable state or federal law)): PROVIDED,  
4 That such authorization by said employee or group of employees, shall  
5 be first approved by the head of the department, division office or  
6 institution of the state or any political subdivision thereof,  
7 employing such person or group of persons, and filed with the  
8 department of personnel; or in the case of political subdivisions of  
9 the state of Washington, with the auditor of such political subdivision  
10 or the person authorized by law to draw warrants against the funds of  
11 said political subdivision.

12 **Sec. 2.** RCW 41.04.340 and 1997 c 232 s 2 are each amended to read  
13 as follows:

14 (1) An attendance incentive program is established for all eligible  
15 employees. As used in this section the term "eligible employee" means  
16 any employee of the state, other than eligible employees of the  
17 community and technical colleges and the state board for community and  
18 technical colleges identified in RCW 28B.50.553, and teaching and  
19 research faculty at the state and regional universities and The  
20 Evergreen State College, entitled to accumulate sick leave and for whom  
21 accurate sick leave records have been maintained. No employee may  
22 receive compensation under this section for any portion of sick leave  
23 accumulated at a rate in excess of one day per month. The state and  
24 regional universities and The Evergreen State College shall maintain  
25 complete and accurate sick leave records for all teaching and research  
26 faculty.

27 (2) In January of the year following any year in which a minimum of  
28 sixty days of sick leave is accrued, and each January thereafter, any  
29 eligible employee may receive remuneration for unused sick leave  
30 accumulated in the previous year at a rate equal to one day's monetary  
31 compensation of the employee for each four full days of accrued sick  
32 leave in excess of sixty days. Sick leave for which compensation has  
33 been received shall be deducted from accrued sick leave at the rate of  
34 four days for every one day's monetary compensation.

35 (3) At the time of separation from state service due to retirement  
36 or death, an eligible employee or the employee's estate may elect to  
37 receive remuneration at a rate equal to one day's current monetary

1 compensation of the employee for each four full days of accrued sick  
2 leave.

3 ~~(4) ((Pursuant to this subsection, in lieu of cash remuneration the  
4 state may, with equivalent funds, provide eligible employees with a  
5 benefit plan providing for reimbursement of medical expenses. The  
6 committee for deferred compensation shall develop any benefit plan  
7 established under this subsection, but may offer and administer the  
8 plan only if (a) each eligible employee has the option of whether to  
9 receive cash remuneration or to have his or her employer transfer  
10 equivalent funds to the plan; and (b) the committee has received an  
11 opinion from the United States internal revenue service stating that  
12 participating employees, prior to the time of receiving reimbursement  
13 for expenses, will incur no United States income tax liability on the  
14 amount of the equivalent funds transferred to the plan.~~

15 ~~(5))~~ Remuneration or benefits received under this section shall  
16 not be included for the purpose of computing a retirement allowance  
17 under any public retirement system in this state.

18 ~~((6) With the exception of subsection (4) of this section,))~~ (5)  
19 This section shall be administered, and rules shall be adopted to carry  
20 out its purposes, by the Washington personnel resources board for  
21 persons subject to chapter 41.06 RCW: PROVIDED, That determination of  
22 classes of eligible employees shall be subject to approval by the  
23 office of financial management.

24 ~~((7))~~ (6) Should the legislature revoke any remuneration or  
25 benefits granted under this section, no affected employee shall be  
26 entitled thereafter to receive such benefits as a matter of contractual  
27 right.

28 **Sec. 3.** RCW 41.04.605 and 1987 c 475 s 2 are each amended to read  
29 as follows:

30 Unless the context clearly requires otherwise, the definitions in  
31 this section apply throughout RCW 41.04.610 through 41.04.635.

32 (1) "Salary reduction plan" means a plan whereby state employees  
33 and officers may agree to a reduction of salary which reduction will  
34 allow the employee to participate in benefits offered pursuant to 26  
35 U.S.C. Sec. 125.

36 (2) (~~"Committee"~~) "Department" means the (~~committee for deferred  
37 compensation~~) department of retirement systems.

1 (3) "Salary" means a state employee's or officer's monthly salary  
2 or wages.

3 (4) "Dependent care program" means the program for the care of  
4 dependents pursuant to 26 U.S.C. Sec. 129 financed from funds deposited  
5 in the salary reduction account in the state treasury for the purpose  
6 of holding and disbursing the funds deposited under the auspices of the  
7 salary reduction plan.

8 (5) "Participant" means an individual who fulfills the eligibility  
9 and enrollment requirements under the salary reduction plan.

10 (6) "Plan year" means the time period established by the  
11 ((committee)) department.

12 **Sec. 4.** RCW 41.04.610 and 1987 c 475 s 3 are each amended to read  
13 as follows:

14 The ((committee)) department shall have responsibility for the  
15 formulation and adoption of a plan and policies and procedures designed  
16 to guide, direct, and administer the salary reduction plan.

17 **Sec. 5.** RCW 41.04.615 and 1993 c 34 s 1 are each amended to read  
18 as follows:

19 (1) A plan document describing the salary reduction plan shall be  
20 adopted and administered by the ((committee)) department. The  
21 ((committee)) department shall represent the state in all matters  
22 concerning the administration of the plan. The state through the  
23 ((committee)) department, may engage the services of a professional  
24 consultant or administrator on a contractual basis to serve as an agent  
25 to assist the ((committee)) department in carrying out the purposes of  
26 RCW 41.04.600 through 41.04.645.

27 (2) The ((committee)) department shall formulate and establish  
28 policies and procedures for the administration of the salary reduction  
29 plan that are consistent with existing state law, the internal revenue  
30 code, and the regulations adopted by the internal revenue service as  
31 they may apply to the benefits offered to participants under the plan.

32 (3) The funds held by the state for the dependent care program  
33 shall be deposited in the salary reduction account in the state  
34 treasury. Any interest in excess of the amount used to defray the cost  
35 of administering the salary reduction plan shall become a part of the  
36 general fund. Unclaimed moneys remaining in the salary reduction  
37 account at the end of a plan year after all timely submitted claims for

1 that plan year have been processed shall become a part of the dependent  
2 care administrative account. The ((committee)) department may assess  
3 each participant a fee for administering the salary reduction plan. In  
4 addition to moneys for initial costs, moneys may be appropriated from  
5 the general fund or dependent care administrative account for any  
6 expense relating to the administration of the salary reduction plan.

7 (4) The dependent care administrative account is created in the  
8 state treasury. The ((committee)) department may periodically bill  
9 agencies for employer savings experienced as the result of dependent  
10 care program participation by employees. All receipts from the  
11 following shall be deposited in the account: (a) Charges to agencies  
12 for all or a portion of the estimated savings due to reductions in  
13 employer contributions under the social security act; (b) charges for  
14 other similar savings; (c) unclaimed moneys in the salary reduction  
15 account at the end of the plan year after all timely submitted claims  
16 for that plan year have been processed; and (d) fees charged to  
17 participants. Moneys in the account may be spent only after  
18 appropriation. Expenditures from the account may be used only for any  
19 expense related to the administration of the salary reduction plan.

20 (5) Every action taken by the ((committee)) department in  
21 administering RCW 41.04.600 through 41.04.645 shall be presumed to be  
22 a fair and reasonable exercise of the authority vested in or the duties  
23 imposed upon it. The ((committee)) department shall be presumed to  
24 have exercised reasonable care, diligence, and prudence and to have  
25 acted impartially as to all persons interested unless the contrary be  
26 proved by clear and convincing affirmative evidence.

27 **Sec. 6.** RCW 41.04.620 and 1987 c 475 s 5 are each amended to read  
28 as follows:

29 (1) Elected officials and all permanent officers and employees of  
30 the state are eligible to participate in the salary reduction plan and  
31 reduce their salary by agreement with the ((committee)) department.  
32 The ((committee)) department may adopt rules to permit participation in  
33 the plan by temporary employees of the state.

34 (2) Persons eligible under subsection (1) of this section may enter  
35 into salary reduction agreements with the state.

36 (3)(a) In the initial year of the salary reduction plan, an  
37 eligible person may become a participant after the adoption of the plan  
38 and before its effective date by agreeing to have a portion of his or

1 her gross salary reduced and deposited into a dependent care account to  
2 be used for reimbursement of expenses covered by the plan.

3 (b) After the initial year of the salary reduction plan, an  
4 eligible person may become a participant for a full plan year, with  
5 annual benefit selection for each new plan year made before the  
6 beginning of the plan year, as determined by the ((committee))  
7 department, or upon becoming eligible.

8 (c) Once an eligible person elects to participate and determines  
9 the amount his or her salary shall be reduced and the benefit for which  
10 the funds are to be used during the plan year, the agreement shall be  
11 irrevocable and may not be amended during the plan year except as  
12 provided in (d) of this subsection. Prior to making an election to  
13 participate in the salary reduction plan, the eligible person shall be  
14 informed in writing of all the benefits and reductions that will occur  
15 as a result of such election.

16 (d) The ((committee)) department shall provide in the salary  
17 reduction plan that a participant may enroll, terminate, or change his  
18 or her election after the plan year has begun if there is a significant  
19 change in a participant's status, as provided by 26 U.S.C. Sec. 125 and  
20 the regulations adopted under that section.

21 (4) The ((committee)) department shall establish as part of the  
22 salary reduction plan the procedures for and effect of withdrawal from  
23 the plan by reason of retirement, death, leave of absence, or  
24 termination of employment. To the extent possible under federal law,  
25 the ((committee)) department shall protect participants from forfeiture  
26 of rights under the plan.

27 (5) Any salary reduced under the salary reduction plan shall  
28 continue to be included as regular compensation for the purpose of  
29 computing the state retirement and pension benefits earned by the  
30 employee.

31 **Sec. 7.** RCW 41.04.630 and 1987 c 475 s 7 are each amended to read  
32 as follows:

33 (1) The ((committee)) department shall keep or cause to be kept  
34 full and adequate accounts and records of the assets, obligations,  
35 transactions, and affairs of a salary reduction plan created under RCW  
36 41.04.615.

37 (2) The ((committee)) department shall file an annual report of the  
38 financial condition, transactions, and affairs of the salary reduction

1 plan under the ~~((committee's))~~ department's jurisdiction. A copy of  
2 the annual report shall be filed with the speaker of the house of  
3 representatives, the president of the senate, the governor, and the  
4 state auditor.

5 ~~((3) Members of the committee shall be deemed to stand in a  
6 fiduciary relationship to the employees participating in the salary  
7 reduction plan and shall discharge their duties in good faith and with  
8 that diligence, care, and skill which ordinary prudent persons would  
9 exercise under similar circumstances in like positions.))~~

10 **Sec. 8.** RCW 41.04.635 and 1987 c 475 s 8 are each amended to read  
11 as follows:

12 (1) The state may terminate the salary reduction plan at the end of  
13 the plan year or upon notification of federal action affecting the  
14 status of the plan.

15 (2) The ~~((committee))~~ department may amend the salary reduction  
16 plan at any time if the amendment does not affect the rights of the  
17 participants to receive eligible reimbursement from the participants'  
18 dependent care accounts.

19 **Sec. 9.** RCW 41.04.640 and 1987 c 475 s 9 are each amended to read  
20 as follows:

21 The ~~((committee))~~ department shall adopt rules to implement RCW  
22 41.04.610 through 41.04.635.

23 **Sec. 10.** RCW 41.50.088 and 1995 c 239 s 302 are each amended to  
24 read as follows:

25 (1) The board shall adopt rules as necessary and exercise all the  
26 powers and perform all duties prescribed by law with respect to:

27 ~~((1))~~ (a) The preselection of options for members to choose from  
28 for self-directed investment deemed by the board to be in the best  
29 interest of the member. At the board's request, the state investment  
30 board may provide investment options for purposes of this subsection;

31 ~~((2))~~ (b) The selection of optional benefit payment schedules  
32 available to members and survivors of members upon the death,  
33 disability, retirement, or termination of the member. The optional  
34 benefit payments may include but not be limited to: Fixed and  
35 participating annuities, joint and survivor annuities, and payments  
36 that bridge to social security or defined benefit plan payments;



1       (~~(3)~~) (c) Approval of actuarially equivalent annuities that may  
2 be purchased from the combined plan II and plan III funds under RCW  
3 41.50.075 (2) or (3); and

4       (~~(4)~~) (d) Determination of the basis for administrative charges  
5 to the self-directed investment fund to offset self-directed account  
6 expenses(~~(; and~~

7       ~~(5) Selection of investment options for the deferred compensation~~  
8 ~~program)).~~

9       (2) The board shall recommend to the state investment board types  
10 of options for participant self-directed investment in the state  
11 deferred compensation plan, as deemed by the board to be reflective of  
12 the participants' preferences.

13       **Sec. 11.** RCW 41.50.770 and 1995 c 239 s 314 are each amended to  
14 read as follows:

15       (1) "Employee" as used in this section and RCW 41.50.780 includes  
16 all full-time, part-time, and career seasonal employees of the state,  
17 a county, a municipality, or other political subdivision of the state,  
18 whether or not covered by civil service; elected and appointed  
19 officials of the executive branch of the government, including full-  
20 time members of boards, commissions, or committees; justices of the  
21 supreme court and judges of the court of appeals and of the superior  
22 and district courts; and members of the state legislature or of the  
23 legislative authority of any county, city, or town.

24       (2) The state, through the department, and any county,  
25 municipality, or other political subdivision of the state acting  
26 through its principal supervising official or governing body is  
27 authorized to contract with an employee to defer a portion of that  
28 employee's income, which deferred portion shall in no event exceed the  
29 amount allowable under 26 U.S.C. Sec. 457, and deposit or invest such  
30 deferred portion in a credit union, savings and loan association, bank,  
31 or mutual savings bank or purchase life insurance, shares of an  
32 investment company, or fixed and/or variable annuity contracts from any  
33 insurance company or any investment company licensed to contract  
34 business in this state.

35       (3) Employees participating in the state deferred compensation plan  
36 administered by the department shall self-direct the investment of the  
37 deferred portion of their income through the selection of investment  
38 options as set forth in subsection (4) of this section.

1       (4) The department can provide such plans as (~~the employee~~  
2 ~~retirement benefits board, established under RCW 41.50.086,~~) it deems  
3 are in the interests of state employees. In addition to the types of  
4 investments described in this section, the (~~department may~~) state  
5 investment board, with respect to the state deferred compensation plan,  
6 shall invest the deferred portion of an employee's income, without  
7 limitation as to amount, (~~in any of the class of investments described~~  
8 ~~in RCW 43.84.150 as in effect on January 1, 1981~~) in accordance with  
9 RCW 43.84.150, 43.33A.140, and 41.50.780, and pursuant to investment  
10 policy established by the state investment board for the state deferred  
11 compensation plans. The state investment board, after consultation  
12 with the employee retirement benefits board regarding any  
13 recommendations made pursuant to RCW 41.50.088(2), shall provide a set  
14 of options for participants to choose from for investment of the  
15 deferred portion of their income. Any income deferred under such a  
16 plan shall continue to be included as regular compensation, for the  
17 purpose of computing the state or local retirement and pension benefits  
18 earned by any employee.

19       (~~(4)~~) (5) Coverage of an employee under a deferred compensation  
20 plan under this section shall not render such employee ineligible for  
21 simultaneous membership and participation in any pension system for  
22 public employees.

23       **Sec. 12.** RCW 41.50.780 and 1995 c 239 s 315 are each amended to  
24 read as follows:

25       (1) The deferred compensation principal account is hereby created  
26 in the state treasury. Any deficiency in the deferred compensation  
27 administrative account caused by an excess of administrative expenses  
28 disbursed from that account over (~~earnings of investments of~~)  
29 balances credited to that account shall be eliminated by transferring  
30 moneys to that account from the deferred compensation principal  
31 account.

32       (2) The amount of compensation deferred by employees under  
33 agreements entered into under the authority contained in RCW 41.50.770  
34 shall be paid into the deferred compensation principal account and  
35 shall be sufficient to cover costs of administration and staffing in  
36 addition to such other amounts as determined by the department. The  
37 deferred compensation principal account shall be used to carry out the  
38 purposes of RCW 41.50.770. All eligible state employees shall be given

1 the opportunity to participate in agreements entered into by the  
2 department under RCW 41.50.770. State agencies shall cooperate with  
3 the department in providing employees with the opportunity to  
4 participate.

5 (3) Any county, municipality, or other subdivision of the state may  
6 elect to participate in any agreements entered into by the department  
7 under RCW 41.50.770, including the making of payments therefrom to the  
8 employees participating in a deferred compensation plan upon their  
9 separation from state or other qualifying service. Accordingly, the  
10 deferred compensation principal account shall be considered to be a  
11 public pension or retirement fund within the meaning of Article XXIX,  
12 section 1 of the state Constitution, for the purpose of determining  
13 eligible investments and deposits of the moneys therein.

14 (4) All moneys in the state deferred compensation principal account  
15 and the state deferred compensation administrative account, all  
16 property and rights purchased therewith, and all income attributable  
17 thereto, shall ~~((remain (until made available to the participating~~  
18 ~~employee or other beneficiary) solely the money, property, and rights~~  
19 ~~of the state and participating counties, municipalities, and~~  
20 ~~subdivisions (without being restricted to the provision of benefits~~  
21 ~~under the plan) subject only to the claims of the state's and~~  
22 ~~participating jurisdictions' general creditors. Participating~~  
23 ~~jurisdictions shall each retain property rights separately))~~ be held in  
24 trust by the state investment board, as set forth under RCW 43.33A.030,  
25 for the exclusive benefit of the state deferred compensation plan's  
26 participants and their beneficiaries. Neither the participant, nor the  
27 participant's beneficiary or beneficiaries, nor any other designee, has  
28 any right to commute, sell, assign, transfer, or otherwise convey the  
29 right to receive any payments under the plan. These payments and right  
30 thereto are nonassignable and nontransferable. Unpaid accumulated  
31 deferrals are not subject to attachment, garnishment, or execution and  
32 are not transferable by operation of law in event of bankruptcy or  
33 insolvency, except to the extent otherwise required by law.

34 (5) The state investment board~~((, at the request of the employee~~  
35 ~~retirement benefits board as established under RCW 41.50.086, is~~  
36 ~~authorized to invest))~~ has the full power to invest moneys in the state  
37 deferred compensation principal account and the state deferred  
38 compensation administrative account in accordance with RCW 43.84.150((-  
39 Except as provided in RCW 43.33A.160)), 43.33A.140, and 41.50.770, and

1 cumulative investment directions received pursuant to RCW 41.50.770.  
2 All investment and operating costs of the state investment board  
3 associated with the investment of the deferred compensation plan assets  
4 shall be paid pursuant to RCW 43.33A.160 and 43.84.160. With the  
5 exception of these expenses, one hundred percent of all earnings from  
6 these investments shall accrue directly to the deferred compensation  
7 principal account.

8 (6)(a) No state board or commission, agency, or any officer,  
9 employee, or member thereof is liable for any loss or deficiency  
10 resulting from participant investments selected pursuant to RCW  
11 41.50.770(3).

12 (b) Neither the employee retirement benefits board nor the state  
13 investment board, nor any officer, employee, or member thereof is  
14 liable for any loss or deficiency resulting from reasonable efforts to  
15 implement investment directions pursuant to RCW 41.50.770(3).

16 (7) The deferred compensation administrative account is hereby  
17 created in the state treasury. All expenses of the department  
18 pertaining to the deferred compensation plan including staffing and  
19 administrative expenses shall be paid out of the deferred compensation  
20 administrative account. Any excess ((of earnings of investments of))  
21 balances credited to this account over administrative expenses  
22 disbursed from this account shall be transferred to the deferred  
23 compensation principal account at such time and in such amounts as may  
24 be determined by the department with the approval of the office of  
25 financial management. Any deficiency in the deferred compensation  
26 administrative account caused by an excess of administrative expenses  
27 disbursed from this account ((over earnings of investments of balances  
28 credited to this account)) shall be transferred to this account from  
29 the deferred compensation principal account.

30 ((+7)) (8) In addition to the duties specified in this section and  
31 RCW 41.50.770, the department shall administer the salary reduction  
32 plan established in RCW 41.04.600 through 41.04.645.

33 ((+8)) (9) The department shall keep or cause to be kept full and  
34 adequate accounts and records of the assets of each individual  
35 participant, obligations, transactions, and affairs of any deferred  
36 compensation plans created under RCW 41.50.770 and this section. The  
37 department shall account for and report on the investment of state  
38 deferred compensation plan assets or may enter into an agreement with  
39 the state investment board for such accounting and reporting.

1       (~~(9)~~) (10) The department shall file an annual report of the  
2 financial condition, transactions, and affairs of the deferred  
3 compensation plans under its jurisdiction. A copy of the annual report  
4 shall be filed with the speaker of the house of representatives, the  
5 president of the senate, the governor, and the state auditor.

6       (~~(10) Members of the employee retirement benefits board  
7 established under RCW 41.50.086 shall be deemed to stand in a fiduciary  
8 relationship to the employees participating in the deferred  
9 compensation plans created under RCW 41.50.770 and this section and  
10 shall discharge the duties of their respective positions in good faith  
11 and with that diligence, care, and skill which ordinary prudent persons  
12 would exercise under similar circumstances in like positions.))~~

13       (11) The department may adopt rules necessary to carry out the  
14 purposes of RCW 41.50.770 and this section.

15       NEW SECTION.   **Sec. 13.** A new section is added to chapter 43.33A  
16 RCW to read as follows:

17       The state investment board has the full power to establish  
18 investment policy, develop participant investment options, and manage  
19 investment funds for the state deferred compensation plan, consistent  
20 with the provisions of RCW 41.50.770 and 41.50.780. The board may  
21 continue to offer the investment options provided as of the effective  
22 date of this act until the board establishes a deferred compensation  
23 plan investment policy and adopts new investment options after  
24 considering the recommendations of the employee retirement benefits  
25 board.

26       **Sec. 14.** RCW 28B.50.874 and 1991 c 238 s 83 are each amended to  
27 read as follows:

28       When the state system of community and technical colleges assumes  
29 administrative control of the vocational-technical institutes,  
30 personnel employed by the vocational-technical institutes shall:

31       (1) Suffer no reduction in compensation, benefits, seniority, or  
32 employment status. After September 1, 1991, classified employees shall  
33 continue to be covered by chapter 41.56 RCW and faculty members and  
34 administrators shall be covered by chapter 28B.50 RCW;

35       (2) To the extent applicable to faculty members, any faculty  
36 currently employed on a "continuing contract" basis under RCW  
37 28A.405.210 be awarded tenure pursuant to RCW 28B.50.851 through

1 28B.50.873, except for any faculty members who are provisional  
2 employees under RCW 28A.405.220;

3 (3) Be eligible to participate in the health care and other  
4 insurance plans provided by the health care authority and the state  
5 employee benefits board pursuant to chapter 41.05 RCW;

6 (4) Be eligible to participate in old age annuities or retirement  
7 income plans under the rules of the state board for community and  
8 technical colleges pursuant to RCW 28B.10.400 or the teachers'  
9 retirement system plan I for personnel employed before July 1, 1977, or  
10 plan II for personnel employed after July 1, 1977, under chapter 41.32  
11 RCW; however, no affected vocational-technical institute employee shall  
12 be required to choose from among any available retirement plan options  
13 prior to six months after September 1, 1991;

14 (5) Have transferred to their new administrative college district  
15 all accrued sick and vacation leave and thereafter shall earn and use  
16 all such leave under the rule established pursuant to RCW 28B.50.551;

17 (6) Be eligible to participate in the deferred compensation plan  
18 (~~((pursuant to RCW 41.04.250))~~) and the dependent care program pursuant  
19 to RCW 41.04.600 under the applicable rules (~~((established by the state  
20 deferred compensation committee))~~).

21 An exclusive bargaining representative certified to represent a  
22 bargaining unit covering employees of a vocational technical institute  
23 on September 1, 1991, shall remain the exclusive representative of such  
24 employees thereafter until and unless such representative is replaced  
25 or decertified in accordance with state law.

26 Any collective bargaining agreement in effect on June 30, 1991,  
27 shall remain in effect as it applies to employees of vocational  
28 technical institutes until its expiration or renewal date or until  
29 renegotiated or renewed in accordance with chapter 28B.52 or 41.56 RCW.  
30 After the expiration date of a collective bargaining agreement, all of  
31 the terms and conditions specified in the collective bargaining  
32 agreement, as it applies to employees of vocational-technical  
33 institutes, shall remain in effect until the effective date of a  
34 subsequent agreement, not to exceed one year from the termination date  
35 stated in the agreement. The board of trustees and the employees may  
36 mutually agree to continue the terms and conditions of the agreement  
37 beyond the one year extension. However, nothing in this section shall  
38 be construed to deny any employee right granted under chapter 28B.52 or  
39 41.56 RCW. Labor relations processes and agreements covering faculty

1 members of vocational technical institutes after September 1, 1991,  
2 shall be governed by chapter 28B.52 RCW. Labor relations processes and  
3 agreements covering classified employees of vocational technical  
4 institutes after September 1, 1991, shall continue to be governed by  
5 chapter 41.56 RCW.

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