
SENATE BILL 5829

State of Washington

62nd Legislature

2011 Regular Session

By Senator McAuliffe

Read first time 02/18/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to providing school districts with temporary
2 flexibility in implementing compensation adjustments made in the
3 omnibus appropriations act; amending RCW 28A.305.140, 28A.400.200, and
4 41.35.010; reenacting and amending RCW 41.32.010 and 41.40.010; adding
5 a new section to chapter 28A.400 RCW; creating a new section; providing
6 expiration dates; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** The legislature acknowledges that despite
9 growing demands in other state programs, amply providing a program of
10 basic education remains the state's paramount duty. The legislature
11 understands the fiscal strain schools are currently under and
12 recognizes that the state cannot let funding impede its unified efforts
13 for continuing educational reform and the existing quality instruction
14 that is crucial to providing all students with the opportunity to
15 succeed.

16 The legislature recognizes that a key component of providing
17 quality instruction is providing funding for school employee salaries
18 that are at a sufficient level to attract and retain quality
19 individuals. The legislature finds that while compensation is a

1 component of basic education funding, the Washington supreme court has
2 recognized that compensation is a type of funding stream and not a
3 specific type of instructional program protected by the constitutional
4 mandate in Article IX of the state Constitution. The legislature
5 anticipates that like all state employees, state funding for
6 compensation of teachers, school administrators, and classified staff
7 will be reduced. The legislature does not believe such action
8 jeopardizes basic education since the salary sufficient to attract and
9 retain quality teachers in these times of high unemployment is assumed
10 to be a lesser amount.

11 In continued recognition of the importance of local control and an
12 emphasis on quality over quantity in Washington's performance-based
13 education system, the legislature finds that it must provide schools
14 additional flexibility to implement any reductions made in compensation
15 and judge for themselves how best to preserve the quality instructional
16 programs in their classrooms that best reflect the values of their
17 community. It is therefore the intent of the legislature to allow
18 school districts to have limited authority to waive the hour and day
19 requirements found in the state's basic education definition in order
20 to use state resources in the most efficient manner to provide
21 instruction in the essential academic learning requirements sufficient
22 to ensure students are provided the opportunities set forth in RCW
23 28A.150.200 and to respond to the demands and values of their own
24 communities.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.400
26 RCW to read as follows:

27 (1) Each school district shall submit to the state board of
28 education a compensation adjustment plan explaining how the district
29 intends to achieve the compensation reductions in the 2011-2013 omnibus
30 appropriations act, excluding any reductions to the anticipated cost-
31 of-living increases provided under RCW 28A.400.205 and any reductions
32 to national board bonuses provided under RCW 28A.405.415. In order to
33 provide school districts with maximum flexibility in implementing the
34 compensation reductions, the compensation adjustment plan of each
35 school district may include employee leave without pay, including
36 mandatory and voluntary temporary layoffs that result in a shortened
37 school year or reduced work day up to a maximum of five days. Any plan

1 that includes provisions for a shortened school year or reduced work
2 day must include a waiver request for the day or hour provisions of RCW
3 28A.150.200 through 28A.150.220, as appropriate, and must provide that
4 the school district will maintain a quality instructional program. Any
5 plan for a shortened school year or reduced work day must be applicable
6 to all full and part-time school district staff in a proportionally
7 equal manner in terms of number of days or hours of mandatory temporary
8 layoffs or employee leave without pay. For the purposes of determining
9 continuing health benefit eligibility during the applicability of the
10 compensation adjustment plan, an employee's hours shall be calculated
11 as if the reductions in hours or days required under the school
12 district plan did not occur.

13 (2) The compensation adjustment plan shall be made publicly
14 available on the school district's web site before submission to the
15 state board of education.

16 (3) This section expires September 1, 2013.

17 **Sec. 3.** RCW 28A.305.140 and 1990 c 33 s 267 are each amended to
18 read as follows:

19 (1)(a) The state board of education may grant waivers to school
20 districts from the provisions of RCW 28A.150.200 through 28A.150.220 on
21 the basis that such waiver or waivers are necessary to implement
22 successfully a local plan to provide for all students in the district
23 an effective education system that is designed to enhance the
24 educational program for each student. The local plan may include
25 alternative ways to provide effective educational programs for students
26 who experience difficulty with the regular education program.

27 (b) The state board shall adopt criteria to evaluate the need for
28 the waiver or waivers submitted under the authority of this subsection
29 (1).

30 (2) The state board of education shall grant waivers requested by
31 school districts to the day and hour provisions of RCW 28A.150.200
32 through 28A.150.220 on the basis that such waivers are necessary to
33 implement successfully the compensation adjustment plan submitted by
34 the district under the provisions of section 2 of this act, while
35 maintaining a quality instructional program. The state board of
36 education shall report to the legislature by December 1, 2013, a

1 summary of the number of waivers approved under this subsection and the
2 types of compensation adjustment plans submitted.

3 **Sec. 4.** RCW 28A.400.200 and 2010 c 235 s 401 are each amended to
4 read as follows:

5 (1) Every school district board of directors shall fix, alter,
6 allow, and order paid salaries and compensation for all district
7 employees in conformance with this section.

8 (2)(a) Salaries for certificated instructional staff shall not be
9 less than the salary provided in the appropriations act in the
10 statewide salary allocation schedule for an employee with a
11 baccalaureate degree and zero years of service; and

12 (b) Salaries for certificated instructional staff with a master's
13 degree shall not be less than the salary provided in the appropriations
14 act in the statewide salary allocation schedule for an employee with a
15 master's degree and zero years of service.

16 (3)(a) The actual average salary paid to certificated instructional
17 staff shall not exceed the district's average certificated
18 instructional staff salary used for the state basic education
19 allocations for that school year as determined pursuant to RCW
20 28A.150.410.

21 (b) Fringe benefit contributions for certificated instructional
22 staff shall be included as salary under (a) of this subsection only to
23 the extent that the district's actual average benefit contribution
24 exceeds the amount of the insurance benefits allocation provided per
25 certificated instructional staff unit in the state operating
26 appropriations act in effect at the time the compensation is payable.
27 For purposes of this section, fringe benefits shall not include payment
28 for unused leave for illness or injury under RCW 28A.400.210; employer
29 contributions for old age survivors insurance, workers' compensation,
30 unemployment compensation, and retirement benefits under the Washington
31 state retirement system; or employer contributions for health benefits
32 in excess of the insurance benefits allocation provided per
33 certificated instructional staff unit in the state operating
34 appropriations act in effect at the time the compensation is payable.
35 A school district may not use state funds to provide employer
36 contributions for such excess health benefits.

1 (c) Salary and benefits for certificated instructional staff in
2 programs other than basic education shall be consistent with the salary
3 and benefits paid to certificated instructional staff in the basic
4 education program.

5 (d) Until July 1, 2013, any temporary compensation reductions
6 included in the 2011-2013 omnibus appropriations act shall be
7 considered in determining actual average salary paid under (a) of this
8 subsection, unless the school district chooses to use the waiver
9 authority granted under section 2 of this act and RCW 28A.305.140 as
10 the manner in which to achieve the same reduction.

11 (4) Salaries and benefits for certificated instructional staff may
12 exceed the limitations in subsection (3) of this section only by
13 separate contract for additional time, for additional responsibilities,
14 for incentives, or for implementing specific measurable innovative
15 activities, including professional development, specified by the school
16 district to: (a) Close one or more achievement gaps, (b) focus on
17 development of science, technology, engineering, and mathematics (STEM)
18 learning opportunities, or (c) provide arts education. Beginning
19 September 1, 2011, school districts shall annually provide a brief
20 description of the innovative activities included in any supplemental
21 contract to the office of the superintendent of public instruction.
22 The office of the superintendent of public instruction shall summarize
23 the district information and submit an annual report to the education
24 committees of the house of representatives and the senate.
25 Supplemental contracts shall not cause the state to incur any present
26 or future funding obligation. Supplemental contracts shall be subject
27 to the collective bargaining provisions of chapter 41.59 RCW and the
28 provisions of RCW 28A.405.240, shall not exceed one year, and if not
29 renewed shall not constitute adverse change in accordance with RCW
30 28A.405.300 through 28A.405.380. No district may enter into a
31 supplemental contract under this subsection for the provision of
32 services which are a part of the basic education program required by
33 Article IX, section 3 of the state Constitution.

34 (5) Employee benefit plans offered by any district shall comply
35 with RCW 28A.400.350 (~~and~~), 28A.400.275, and 28A.400.280.

36 **Sec. 5.** RCW 41.32.010 and 2010 2nd sp.s. c 1 s 904 are each
37 reenacted and amended to read as follows:

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

3 (1)(a) "Accumulated contributions" for plan 1 members, means the
4 sum of all regular annuity contributions and, except for the purpose of
5 withdrawal at the time of retirement, any amount paid under RCW
6 41.50.165(2) with regular interest thereon.

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

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

14 (3) "Adjustment ratio" means the value of index A divided by index
15 B.

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

19 (5) "Annuity" means the moneys payable per year during life by
20 reason of accumulated contributions of a member.

21 (6) "Average final compensation" for plan 2 and plan 3 members,
22 means the member's average earnable compensation of the highest
23 consecutive sixty service credit months prior to such member's
24 retirement, termination, or death. Periods constituting authorized
25 leaves of absence may not be used in the calculation of average final
26 compensation except under RCW 41.32.810(2).

27 (7)(a) "Beneficiary" for plan 1 members, means any person in
28 receipt of a retirement allowance or other benefit provided by this
29 chapter.

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

34 (8) "Contract" means any agreement for service and compensation
35 between a member and an employer.

36 (9) "Creditable service" means membership service plus prior
37 service for which credit is allowable. This subsection shall apply
38 only to plan 1 members.

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

3 (11) "Dependent" means receiving one-half or more of support from
4 a member.

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

6 (13) "Disability allowance" means monthly payments during
7 disability. This subsection shall apply only to plan 1 members.

8 (14)(a) "Earnable compensation" for plan 1 members, means:

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

14 (ii) For an employee member of the retirement system teaching in an
15 extended school year program, two consecutive extended school years, as
16 defined by the employer school district, may be used as the annual
17 period for determining earnable compensation in lieu of the two fiscal
18 years.

19 (iii) "Earnable compensation" for plan 1 members also includes the
20 following actual or imputed payments, which are not paid for personal
21 services:

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

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

1 exceed thirty-six hundred dollars for each of such two consecutive
2 years, regardless of whether or not legislative service was rendered
3 during those two years.

4 (iv) For members employed less than full time under written
5 contract with a school district, or community college district, in an
6 instructional position, for which the member receives service credit of
7 less than one year in all of the years used to determine the earnable
8 compensation used for computing benefits due under RCW 41.32.497,
9 41.32.498, and 41.32.520, the member may elect to have earnable
10 compensation defined as provided in RCW 41.32.345. For the purposes of
11 this subsection, the term "instructional position" means a position in
12 which more than seventy-five percent of the member's time is spent as
13 a classroom instructor (including office hours), a librarian, a
14 psychologist, a social worker, a nurse, a physical therapist, an
15 occupational therapist, a speech language pathologist or audiologist,
16 or a counselor. Earnable compensation shall be so defined only for the
17 purpose of the calculation of retirement benefits and only as necessary
18 to insure that members who receive fractional service credit under RCW
19 41.32.270 receive benefits proportional to those received by members
20 who have received full-time service credit.

21 (v) "Earnable compensation" does not include:

22 (A) Remuneration for unused sick leave authorized under RCW
23 41.04.340, 28A.400.210, or 28A.310.490;

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

26 (b) "Earnable compensation" for plan 2 and plan 3 members, means
27 salaries or wages earned by a member during a payroll period for
28 personal services, including overtime payments, and shall include wages
29 and salaries deferred under provisions established pursuant to sections
30 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
31 shall exclude lump sum payments for deferred annual sick leave, unused
32 accumulated vacation, unused accumulated annual leave, or any form of
33 severance pay.

34 "Earnable compensation" for plan 2 and plan 3 members also includes
35 the following actual or imputed payments which, except in the case of
36 (b)(ii)(B) of this subsection, are not paid for personal services:

37 (i) Retroactive payments to an individual by an employer on
38 reinstatement of the employee in a position or payments by an employer

1 to an individual in lieu of reinstatement in a position which are
2 awarded or granted as the equivalent of the salary or wages which the
3 individual would have earned during a payroll period shall be
4 considered earnable compensation, to the extent provided above, and the
5 individual shall receive the equivalent service credit.

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

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

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

17 (c) In calculating earnable compensation under (a) or (b) of this
18 subsection, the department of retirement systems shall include any
19 compensation forgone by a member employed by a state agency or
20 institution during the 2009-2011 fiscal biennium or the 2011-2013
21 fiscal biennium as a result of reduced work hours, mandatory or
22 voluntary leave without pay, temporary reduction in pay implemented
23 prior to December 11, 2010, or temporary layoffs if the reduced
24 compensation is an integral part of the employer's expenditure
25 reduction efforts, as certified by the employer.

26 (15)(a) "Eligible position" for plan 2 members from June 7, 1990,
27 through September 1, 1991, means a position which normally requires two
28 or more uninterrupted months of creditable service during September
29 through August of the following year.

30 (b) "Eligible position" for plan 2 and plan 3 on and after
31 September 1, 1991, means a position that, as defined by the employer,
32 normally requires five or more months of at least seventy hours of
33 earnable compensation during September through August of the following
34 year.

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

1 (d) The elected position of the superintendent of public
2 instruction is an eligible position.

3 (16) "Employed" or "employee" means a person who is providing
4 services for compensation to an employer, unless the person is free
5 from the employer's direction and control over the performance of work.
6 The department shall adopt rules and interpret this subsection
7 consistent with common law.

8 (17) "Employer" means the state of Washington, the school district,
9 or any agency of the state of Washington by which the member is paid.

10 (18) "Fiscal year" means a year which begins July 1st and ends June
11 30th of the following year.

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

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

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

20 (22) "Index B" means the index for the year prior to index A.

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

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

26 (25) "Member" means any teacher included in the membership of the
27 retirement system who has not been removed from membership under RCW
28 41.32.878 or 41.32.768. Also, any other employee of the public schools
29 who, on July 1, 1947, had not elected to be exempt from membership and
30 who, prior to that date, had by an authorized payroll deduction,
31 contributed to the member reserve.

32 (26) "Member account" or "member's account" for purposes of plan 3
33 means the sum of the contributions and earnings on behalf of the member
34 in the defined contribution portion of plan 3.

35 (27) "Member reserve" means the fund in which all of the
36 accumulated contributions of members are held.

37 (28) "Membership service" means service rendered subsequent to the
38 first day of eligibility of a person to membership in the retirement

1 system: PROVIDED, That where a member is employed by two or more
2 employers the individual shall receive no more than one service credit
3 month during any calendar month in which multiple service is rendered.
4 The provisions of this subsection shall apply only to plan 1 members.

5 (29) "Pension" means the moneys payable per year during life from
6 the pension reserve.

7 (30) "Pension reserve" is a fund in which shall be accumulated an
8 actuarial reserve adequate to meet present and future pension
9 liabilities of the system and from which all pension obligations are to
10 be paid.

11 (31) "Plan 1" means the teachers' retirement system, plan 1
12 providing the benefits and funding provisions covering persons who
13 first became members of the system prior to October 1, 1977.

14 (32) "Plan 2" means the teachers' retirement system, plan 2
15 providing the benefits and funding provisions covering persons who
16 first became members of the system on and after October 1, 1977, and
17 prior to July 1, 1996.

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

22 (34) "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 1 members.

26 (35) "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 1 members.

29 (36) "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 (37) "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 1 members.

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

1 (39) "Retiree" means any person who has begun accruing a retirement
2 allowance or other benefit provided by this chapter resulting from
3 service rendered to an employer while a member.

4 (40)(a) "Retirement allowance" for plan 1 members, means monthly
5 payments based on the sum of annuity and pension, or any optional
6 benefits payable in lieu thereof.

7 (b) "Retirement allowance" for plan 2 and plan 3 members, means
8 monthly payments to a retiree or beneficiary as provided in this
9 chapter.

10 (41) "Retirement system" means the Washington state teachers'
11 retirement system.

12 (42) "Separation from service or employment" occurs when a person
13 has terminated all employment with an employer. Separation from
14 service or employment does not occur, and if claimed by an employer or
15 employee may be a violation of RCW 41.32.055, when an employee and
16 employer have a written or oral agreement to resume employment with the
17 same employer following termination. Mere expressions or inquiries
18 about postretirement employment by an employer or employee that do not
19 constitute a commitment to reemploy the employee after retirement are
20 not an agreement under this section.

21 (43)(a) "Service" for plan 1 members means the time during which a
22 member has been employed by an employer for compensation.

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

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

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

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

36 (i) A member employed in an eligible position or as a substitute
37 shall receive one service credit month for each month of September
38 through August of the following year if he or she earns earnable

1 compensation for eight hundred ten or more hours during that period and
2 is employed during nine of those months, except that a member may not
3 receive credit for any period prior to the member's employment in an
4 eligible position except as provided in RCW 41.32.812 and 41.50.132.

5 (ii) Any other member employed in an eligible position or as a
6 substitute who earns earnable compensation during the period from
7 September through August shall receive service credit according to one
8 of the following methods, whichever provides the most service credit to
9 the member:

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

16 (B) If a member is employed in an eligible position or as a
17 substitute teacher for at least five months of a six-month period
18 between September through August of the following year and earns
19 earnable compensation for six hundred thirty or more hours within the
20 six-month period, he or she will receive a maximum of six service
21 credit months for the school year, which shall be recorded as one
22 service credit month for each month of the six-month period;

23 (C) All other members employed in an eligible position or as a
24 substitute teacher shall receive service credit as follows:

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

27 (II) A half-service credit month is earned in those calendar months
28 where earnable compensation is earned for at least seventy hours but
29 less than ninety hours; and

30 (III) A quarter-service credit month is earned in those calendar
31 months where earnable compensation is earned for less than seventy
32 hours.

33 (iii) Any person who is a member of the teachers' retirement system
34 and who is elected or appointed to a state elective position may
35 continue to be a member of the retirement system and continue to
36 receive a service credit month for each of the months in a state
37 elective position by making the required member contributions.

1 (iv) When an individual is employed by two or more employers the
2 individual shall only receive one month's service credit during any
3 calendar month in which multiple service for ninety or more hours is
4 rendered.

5 (v) As authorized by RCW 28A.400.300, up to forty-five days of sick
6 leave may be creditable as service solely for the purpose of
7 determining eligibility to retire under RCW 41.32.470. For purposes of
8 plan 2 and plan 3 "forty-five days" as used in RCW 28A.400.300 is equal
9 to two service credit months. Use of less than forty-five days of sick
10 leave is creditable as allowed under this subsection as follows:

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

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

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

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

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

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

23 (vii) The department shall adopt rules implementing this
24 subsection.

25 (44) "Service credit month" means a full service credit month or an
26 accumulation of partial service credit months that are equal to one.

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

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

31 (47) "State elective position" means any position held by any
32 person elected or appointed to statewide office or elected or appointed
33 as a member of the legislature.

34 (48) "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 (49) "Teacher" means any person qualified to teach who is engaged
5 by a public school in an instructional, administrative, or supervisory
6 capacity. The term includes state, educational service district, and
7 school district superintendents and their assistants and all employees
8 certificated by the superintendent of public instruction; and in
9 addition thereto any full time school doctor who is employed by a
10 public school and renders service of an instructional or educational
11 nature.

12 **Sec. 6.** RCW 41.35.010 and 2003 c 157 s 1 are each amended to read
13 as follows:

14 The definitions in this section apply throughout this chapter,
15 unless the context clearly requires otherwise.

16 (1) "Retirement system" means the Washington school employees'
17 retirement system provided for in this chapter.

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

20 (3) "State treasurer" means the treasurer of the state of
21 Washington.

22 (4) "Employer," for plan 2 and plan 3 members, means a school
23 district or an educational service district.

24 (5) "Member" means any employee included in the membership of the
25 retirement system, as provided for in RCW 41.35.030.

26 (6)(a) "Compensation earnable" for plan 2 and plan 3 members, means
27 salaries or wages earned by a member during a payroll period for
28 personal services, including overtime payments, and shall include wages
29 and salaries deferred under provisions established pursuant to sections
30 403(b), 414(h), and 457 of the United States internal revenue code, but
31 shall exclude nonmoney maintenance compensation and lump sum or other
32 payments for deferred annual sick leave, unused accumulated vacation,
33 unused accumulated annual leave, or any form of severance pay.

34 (b) "Compensation earnable" for plan 2 and plan 3 members also
35 includes the following actual or imputed payments, which are not paid
36 for personal services:

1 (i) 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, which are awarded or granted
4 as the equivalent of the salary or wage which the individual would have
5 earned during a payroll period shall be considered compensation
6 earnable to the extent provided in this subsection, and the individual
7 shall receive the equivalent service credit;

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

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

13 (B) Such member's actual compensation earnable received for
14 nonlegislative public employment and legislative service combined. Any
15 additional contributions to the retirement system required because
16 compensation earnable under (b)(ii)(A) of this subsection is greater
17 than compensation earnable under this (b)(ii)(B) of this subsection
18 shall be paid by the member for both member and employer contributions;

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

21 (iv) 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 (v) 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 (vi) 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.

32 (7) "Service" for plan 2 and plan 3 members means periods of
33 employment by a member in an eligible position or positions for one or
34 more employers for which compensation earnable is paid. Compensation
35 earnable earned for ninety or more hours in any calendar month shall
36 constitute one service credit month except as provided in RCW
37 41.35.180. Compensation earnable earned for at least seventy hours but
38 less than ninety hours in any calendar month shall constitute one-half

1 service credit month of service. Compensation earnable earned for less
2 than seventy hours in any calendar month shall constitute one-quarter
3 service credit month of service. Time spent in standby status, whether
4 compensated or not, is not service.

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

7 (a) Service in any state elective position shall be deemed to be
8 full-time service.

9 (b) A member shall receive a total of not more than twelve service
10 credit months of service for such calendar year. If an individual is
11 employed in an eligible position by one or more employers the
12 individual shall receive no more than one service credit month during
13 any calendar month in which multiple service for ninety or more hours
14 is rendered.

15 (c) For purposes of plan 2 and 3 "forty-five days" as used in RCW
16 28A.400.300 is equal to two service credit months. Use of less than
17 forty-five days of sick leave is creditable as allowed under this
18 subsection as follows:

19 (i) Less than eleven days equals one-quarter service credit month;

20 (ii) Eleven or more days but less than twenty-two days equals one-
21 half service credit month;

22 (iii) Twenty-two days equals one service credit month;

23 (iv) More than twenty-two days but less than thirty-three days
24 equals one and one-quarter service credit month; and

25 (v) Thirty-three or more days but less than forty-five days equals
26 one and one-half service credit month.

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

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

31 (10) "Membership service" means all service rendered as a member.

32 (11) "Beneficiary" for plan 2 and plan 3 members means any person
33 in receipt of a retirement allowance or other benefit provided by this
34 chapter resulting from service rendered to an employer by another
35 person.

36 (12) "Regular interest" means such rate as the director may
37 determine.

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

5 (14)(a) "Average final compensation" for plan 2 and plan 3 members
6 means the member's average compensation earnable of the highest
7 consecutive sixty months of service credit months prior to such
8 member's retirement, termination, or death. Periods constituting
9 authorized leaves of absence may not be used in the calculation of
10 average final compensation except under RCW 41.40.710(2).

11 (b) In calculating earnable compensation under (a) or (b) of this
12 subsection, the department of retirement systems shall include any
13 compensation forgone by a member employed by a state agency or
14 institution during the 2011-2013 fiscal biennium as a result of reduced
15 work hours, mandatory or voluntary leave without pay, temporary
16 reduction in pay implemented before December 11, 2010, or temporary
17 layoffs if the reduced compensation is an integral part of the
18 employer's expenditure reduction efforts, as certified by the employer.

19 (15) "Final compensation" means the annual rate of compensation
20 earnable by a member at the time of termination of employment.

21 (16) "Annuity" means payments for life derived from accumulated
22 contributions of a member. All annuities shall be paid in monthly
23 installments.

24 (17) "Pension" means payments for life derived from contributions
25 made by the employer. All pensions shall be paid in monthly
26 installments.

27 (18) "Retirement allowance" for plan 2 and plan 3 members means
28 monthly payments to a retiree or beneficiary as provided in this
29 chapter.

30 (19) "Employee" or "employed" means a person who is providing
31 services for compensation to an employer, unless the person is free
32 from the employer's direction and control over the performance of work.
33 The department shall adopt rules and interpret this subsection
34 consistent with common law.

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

1 (21) "Retirement" means withdrawal from active service with a
2 retirement allowance as provided by this chapter.

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

9 (23) "Ineligible position" means any position which does not
10 conform with the requirements set forth in subsection (22) of this
11 section.

12 (24) "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 (25) "Retiree" means any person who has begun accruing a retirement
16 allowance or other benefit provided by this chapter resulting from
17 service rendered to an employer while a member.

18 (26) "Director" means the director of the department.

19 (27) "State elective position" means any position held by any
20 person elected or appointed to statewide office or elected or appointed
21 as a member of the legislature.

22 (28) "State actuary" or "actuary" means the person appointed
23 pursuant to RCW 44.44.010(2).

24 (29) "Plan 2" means the Washington school employees' retirement
25 system plan 2 providing the benefits and funding provisions covering
26 persons who first became members of the public employees' retirement
27 system on and after October 1, 1977, and transferred to the Washington
28 school employees' retirement system under RCW 41.40.750.

29 (30) "Plan 3" means the Washington school employees' retirement
30 system plan 3 providing the benefits and funding provisions covering
31 persons who first became members of the system on and after September
32 1, 2000, or who transfer from plan 2 under RCW 41.35.510.

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

37 (32) "Index A" means the index for the year prior to the
38 determination of a postretirement adjustment.

1 (33) "Index B" means the index for the year prior to index A.

2 (34) "Adjustment ratio" means the value of index A divided by index
3 B.

4 (35) "Separation from service" occurs when a person has terminated
5 all employment with an employer.

6 (36) "Member account" or "member's account" for purposes of plan 3
7 means the sum of the contributions and earnings on behalf of the member
8 in the defined contribution portion of plan 3.

9 (37) "Classified employee" means an employee of a school district
10 or an educational service district who is not eligible for membership
11 in the teachers' retirement system established under chapter 41.32 RCW.

12 (38) "Substitute employee" means a classified employee who is
13 employed by an employer exclusively as a substitute for an absent
14 employee.

15 **Sec. 7.** RCW 41.40.010 and 2010 2nd sp.s. c 1 s 906 are each
16 reenacted and amended to read as follows:

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

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

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

26 (3) "Adjustment ratio" means the value of index A divided by index
27 B.

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

31 (5) "Annuity" means payments for life derived from accumulated
32 contributions of a member. All annuities shall be paid in monthly
33 installments.

34 (6)(a) "Average final compensation" for plan 1 members, means the
35 annual average of the greatest compensation earnable by a member during
36 any consecutive two year period of service credit months for which

1 service credit is allowed; or if the member has less than two years of
2 service credit months then the annual average compensation earnable
3 during the total years of service for which service credit is allowed.

4 (b) "Average final compensation" for plan 2 and plan 3 members,
5 means the member's average compensation earnable of the highest
6 consecutive sixty months of service credit months prior to such
7 member's retirement, termination, or death. Periods constituting
8 authorized leaves of absence may not be used in the calculation of
9 average final compensation except under RCW 41.40.710(2) or (c) of this
10 subsection.

11 (c) In calculating average final compensation under this subsection
12 for a member of plan 1, 2, or 3, the department of retirement systems
13 shall include any compensation forgone by the member during the 2009-
14 2011 fiscal biennium or the 2011-2013 fiscal biennium as a result of
15 reduced work hours, voluntary leave without pay, temporary reduction in
16 pay implemented prior to December 11, 2010, or temporary furloughs if
17 the reduced compensation is an integral part of the employer's
18 expenditure reduction efforts, as certified by the employer.

19 (7)(a) "Beneficiary" for plan 1 members, means any person in
20 receipt of a retirement allowance, pension or other benefit provided by
21 this chapter.

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

26 (8)(a) "Compensation earnable" for plan 1 members, means salaries
27 or wages earned during a payroll period for personal services and where
28 the compensation is not all paid in money, maintenance compensation
29 shall be included upon the basis of the schedules established by the
30 member's employer.

31 (i) "Compensation earnable" for plan 1 members also includes the
32 following actual or imputed payments, which are not paid for personal
33 services:

34 (A) Retroactive payments to an individual by an employer on
35 reinstatement of the employee in a position, or payments by an employer
36 to an individual in lieu of reinstatement in a position which are
37 awarded or granted as the equivalent of the salary or wage which the

1 individual would have earned during a payroll period shall be
2 considered compensation earnable and the individual shall receive the
3 equivalent service credit;

4 (B) If a leave of absence is taken by an individual for the purpose
5 of serving in the state legislature, the salary which would have been
6 received for the position from which the leave of absence was taken,
7 shall be considered as compensation earnable if the employee's
8 contribution is paid by the employee and the employer's contribution is
9 paid by the employer or employee;

10 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and
11 72.09.240;

12 (D) Compensation that a member would have received but for a
13 disability occurring in the line of duty only as authorized by RCW
14 41.40.038;

15 (E) Compensation that a member receives due to participation in the
16 leave sharing program only as authorized by RCW 41.04.650 through
17 41.04.670; and

18 (F) Compensation that a member receives for being in standby
19 status. For the purposes of this section, a member is in standby
20 status when not being paid for time actually worked and the employer
21 requires the member to be prepared to report immediately for work, if
22 the need arises, although the need may not arise.

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

24 (A) Remuneration for unused sick leave authorized under RCW
25 41.04.340, 28A.400.210, or 28A.310.490;

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

28 (b) "Compensation earnable" for plan 2 and plan 3 members, means
29 salaries or wages earned by a member during a payroll period for
30 personal services, including overtime payments, and shall include wages
31 and salaries deferred under provisions established pursuant to sections
32 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
33 shall exclude nonmoney maintenance compensation and lump sum or other
34 payments for deferred annual sick leave, unused accumulated vacation,
35 unused accumulated annual leave, or any form of severance pay.

36 "Compensation earnable" for plan 2 and plan 3 members also includes
37 the following actual or imputed payments, which are not paid for
38 personal services:

1 (i) 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 wage which the
5 individual would have earned during a payroll period shall be
6 considered compensation earnable to the extent provided above, and the
7 individual shall receive the equivalent service credit;

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

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

13 (B) Such member's actual compensation earnable received for
14 nonlegislative public employment and legislative service combined. Any
15 additional contributions to the retirement system required because
16 compensation earnable under (b)(ii)(A) of this subsection is greater
17 than compensation earnable under (b)(ii)(B) of this subsection shall be
18 paid by the member for both member and employer contributions;

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

21 (iv) 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 (v) 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 (vi) 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.

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

34 (10) "Director" means the director of the department.

35 (11) "Eligible position" means:

36 (a) Any position that, as defined by the employer, normally
37 requires five or more months of service a year for which regular
38 compensation for at least seventy hours is earned by the occupant

1 thereof. For purposes of this chapter an employer shall not define
2 "position" in such a manner that an employee's monthly work for that
3 employer is divided into more than one position;

4 (b) Any position occupied by an elected official or person
5 appointed directly by the governor, or appointed by the chief justice
6 of the supreme court under RCW 2.04.240(2) or 2.06.150(2), for which
7 compensation is paid.

8 (12) "Employee" or "employed" means a person who is providing
9 services for compensation to an employer, unless the person is free
10 from the employer's direction and control over the performance of work.
11 The department shall adopt rules and interpret this subsection
12 consistent with common law.

13 (13)(a) "Employer" for plan 1 members, means every branch,
14 department, agency, commission, board, and office of the state, any
15 political subdivision or association of political subdivisions of the
16 state admitted into the retirement system, and legal entities
17 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW; and the
18 term shall also include any labor guild, association, or organization
19 the membership of a local lodge or division of which is comprised of at
20 least forty percent employees of an employer (other than such labor
21 guild, association, or organization) within this chapter. The term may
22 also include any city of the first class that has its own retirement
23 system.

24 (b) "Employer" for plan 2 and plan 3 members, means every branch,
25 department, agency, commission, board, and office of the state, and any
26 political subdivision and municipal corporation of the state admitted
27 into the retirement system, including public agencies created pursuant
28 to RCW 35.63.070, 36.70.060, and 39.34.030; except that after August
29 31, 2000, school districts and educational service districts will no
30 longer be employers for the public employees' retirement system plan 2.

31 (14) "Final compensation" means the annual rate of compensation
32 earnable by a member at the time of termination of employment.

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

37 (16) "Index A" means the index for the year prior to the
38 determination of a postretirement adjustment.

1 (17) "Index B" means the index for the year prior to index A.

2 (18) "Index year" means the earliest calendar year in which the
3 index is more than sixty percent of index A.

4 (19) "Ineligible position" means any position which does not
5 conform with the requirements set forth in subsection (11) of this
6 section.

7 (20) "Leave of absence" means the period of time a member is
8 authorized by the employer to be absent from service without being
9 separated from membership.

10 (21) "Member" means any employee included in the membership of the
11 retirement system, as provided for in RCW 41.40.023. RCW 41.26.045
12 does not prohibit a person otherwise eligible for membership in the
13 retirement system from establishing such membership effective when he
14 or she first entered an eligible position.

15 (22) "Member account" or "member's account" for purposes of plan 3
16 means the sum of the contributions and earnings on behalf of the member
17 in the defined contribution portion of plan 3.

18 (23) "Membership service" means:

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

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

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

33 (d) Service not to exceed six consecutive months of probationary
34 service, rendered after October 1, 1947, and before April 1, 1949, and
35 prior to becoming a member, in the case of any member, upon payment in
36 full by such member of five percent of such member's salary during said
37 period of probationary service, except that the amount of the

1 employer's contribution shall be calculated by the director based on
2 the first month's compensation earnable as a member.

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

5 (25) "Original member" of this retirement system means:

6 (a) Any person who became a member of the system prior to April 1,
7 1949;

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

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

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

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

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

36 (26) "Pension" means payments for life derived from contributions
37 made by the employer. All pensions shall be paid in monthly
38 installments.

1 (27) "Plan 1" means the public employees' retirement system, plan
2 1 providing the benefits and funding provisions covering persons who
3 first became members of the system prior to October 1, 1977.

4 (28) "Plan 2" means the public employees' retirement system, plan
5 2 providing the benefits and funding provisions covering persons who
6 first became members of the system on and after October 1, 1977, and
7 are not included in plan 3.

8 (29) "Plan 3" means the public employees' retirement system, plan
9 3 providing the benefits and funding provisions covering persons who:

10 (a) First become a member on or after:

11 (i) March 1, 2002, and are employed by a state agency or institute
12 of higher education and who did not choose to enter plan 2; or

13 (ii) September 1, 2002, and are employed by other than a state
14 agency or institute of higher education and who did not choose to enter
15 plan 2; or

16 (b) Transferred to plan 3 under RCW 41.40.795.

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

19 (31) "Regular interest" means such rate as the director may
20 determine.

21 (32) "Retiree" means any person who has begun accruing a retirement
22 allowance or other benefit provided by this chapter resulting from
23 service rendered to an employer while a member.

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

26 (34) "Retirement allowance" means the sum of the annuity and the
27 pension.

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

30 (36) "Separation from service" occurs when a person has terminated
31 all employment with an employer. Separation from service or employment
32 does not occur, and if claimed by an employer or employee may be a
33 violation of RCW 41.40.055, when an employee and employer have a
34 written or oral agreement to resume employment with the same employer
35 following termination. Mere expressions or inquiries about
36 postretirement employment by an employer or employee that do not
37 constitute a commitment to reemploy the employee after retirement are
38 not an agreement under this subsection.

1 (37)(a) "Service" for plan 1 members, except as provided in RCW
2 41.40.088, means periods of employment in an eligible position or
3 positions for one or more employers rendered to any employer for which
4 compensation is paid, and includes time spent in office as an elected
5 or appointed official of an employer. Compensation earnable earned in
6 full time work for seventy hours or more in any given calendar month
7 shall constitute one service credit month except as provided in RCW
8 41.40.088. Compensation earnable earned for less than seventy hours in
9 any calendar month shall constitute one-quarter service credit month of
10 service except as provided in RCW 41.40.088. Only service credit
11 months and one-quarter service credit months shall be counted in the
12 computation of any retirement allowance or other benefit provided for
13 in this chapter. Any fraction of a year of service shall be taken into
14 account in the computation of such retirement allowance or benefits.
15 Time spent in standby status, whether compensated or not, is not
16 service.

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

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

29 (iii) A school district employee may count up to forty-five days of
30 sick leave as creditable service solely for the purpose of determining
31 eligibility to retire under RCW 41.40.180 as authorized by RCW
32 28A.400.300. For purposes of plan 1 "forty-five days" as used in RCW
33 28A.400.300 is equal to two service credit months. Use of less than
34 forty-five days of sick leave is creditable as allowed under this
35 subsection as follows:

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

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

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

3 (b) "Service" for plan 2 and plan 3 members, means periods of
4 employment by a member in an eligible position or positions for one or
5 more employers for which compensation earnable is paid. Compensation
6 earnable earned for ninety or more hours in any calendar month shall
7 constitute one service credit month except as provided in RCW
8 41.40.088. Compensation earnable earned for at least seventy hours but
9 less than ninety hours in any calendar month shall constitute one-half
10 service credit month of service. Compensation earnable earned for less
11 than seventy hours in any calendar month shall constitute one-quarter
12 service credit month of service. Time spent in standby status, whether
13 compensated or not, is not service.

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

16 (i) Service in any state elective position shall be deemed to be
17 full time service, except that persons serving in state elective
18 positions who are members of the Washington school employees'
19 retirement system, teachers' retirement system, public safety
20 employees' retirement system, or law enforcement officers' and
21 firefighters' retirement system at the time of election or appointment
22 to such position may elect to continue membership in the Washington
23 school employees' retirement system, teachers' retirement system,
24 public safety employees' retirement system, or law enforcement
25 officers' and firefighters' 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 2 and plan 3 "forty-five days" as used in RCW 28A.400.300 is equal
36 to two service credit months. Use of less than forty-five days of sick
37 leave 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 (38) "Service credit month" means a month or an accumulation of
9 months of service credit which is equal to one.

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

12 (40) "State actuary" or "actuary" means the person appointed
13 pursuant to RCW 44.44.010(2).

14 (41) "State elective position" means any position held by any
15 person elected or appointed to statewide office or elected or appointed
16 as a member of the legislature.

17 (42) "State treasurer" means the treasurer of the state of
18 Washington.

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

22 NEW SECTION. **Sec. 8.** Sections 3 and 4 of this act expire
23 September 1, 2013.

24 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 immediately.

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