

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 2262

60th Legislature
2007 Regular Session

Passed by the House April 16, 2007
Yeas 93 Nays 2

Speaker of the House of Representatives

Passed by the Senate April 9, 2007
Yeas 45 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 2262** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 2262

AS AMENDED BY THE SENATE

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Barlow, McCoy, Hunter, Seaquist, Eddy, Fromhold, Ormsby, Sells and Morrell)

READ FIRST TIME 03/28/07.

1 AN ACT Relating to salary bonuses for individuals certified by the
2 national board for professional teaching standards; reenacting and
3 amending RCW 41.32.010; adding a new section to chapter 28A.405 RCW;
4 and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds and declares:

7 (1) The national board for professional teaching standards has
8 established high and rigorous standards for what highly accomplished
9 teachers should know and be able to do in order to increase student
10 learning results;

11 (2) The national board certifies teachers who meet these standards
12 through a rigorous, performance-based assessment process;

13 (3) A certificate awarded by the national board attests that a
14 teacher has met high and rigorous standards and has demonstrated the
15 ability to make sound professional judgments about how to best meet
16 students' learning needs and effectively help students meet challenging
17 academic standards; and

18 (4) Teachers who attain national board certification should be

1 acknowledged and rewarded in order to encourage more teachers to pursue
2 certification for the benefit of Washington students.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.405
4 RCW to read as follows:

5 (1) Certificated instructional staff who have attained
6 certification from the national board for professional teaching
7 standards shall receive a bonus each year in which they maintain the
8 certification. The bonus shall be calculated as follows: The annual
9 bonus shall be five thousand dollars in the 2007-08 school year.
10 Thereafter, the annual bonus shall increase by inflation.

11 (2) Certificated instructional staff who have attained
12 certification from the national board for professional teaching
13 standards shall be eligible for bonuses in addition to that provided by
14 subsection (1) of this section if the individual is in an instructional
15 assignment in a school in which at least seventy percent of the
16 students qualify for the free and reduced-price lunch program.

17 (3) The amount of the additional bonus under subsection (2) of this
18 section for those meeting the qualifications of subsection (2) of this
19 section is five thousand dollars.

20 (4) The bonuses provided under this section are in addition to
21 compensation received under a district's salary schedule adopted in
22 accordance with RCW 28A.405.200 and shall not be included in
23 calculations of a district's average salary and associated salary
24 limitations under RCW 28A.400.200.

25 (5) The bonuses provided under this section shall be paid in a lump
26 sum amount and shall not be included in the definition of "earnable
27 compensation" under RCW 41.32.010(10).

28 **Sec. 3.** RCW 41.32.010 and 2005 c 131 s 8 and 2005 c 23 s 1 are
29 each reenacted and amended to read as follows:

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

32 (1)(a) "Accumulated contributions" for plan 1 members, means the
33 sum of all regular annuity contributions and, except for the purpose of
34 withdrawal at the time of retirement, any amount paid under RCW
35 41.50.165(2) with regular interest thereon.

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

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

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

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

12 (5)(a) "Beneficiary" for plan 1 members, means any person in
13 receipt of a retirement allowance or other benefit provided by this
14 chapter.

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

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

21 (7) "Creditable service" means membership service plus prior
22 service for which credit is allowable. This subsection shall apply
23 only to plan 1 members.

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

26 (9) "Disability allowance" means monthly payments during
27 disability. This subsection shall apply only to plan 1 members.

28 (10)(a) "Earnable compensation" for plan 1 members, means:

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

34 (ii) For an employee member of the retirement system teaching in an
35 extended school year program, two consecutive extended school years, as
36 defined by the employer school district, may be used as the annual
37 period for determining earnable compensation in lieu of the two fiscal
38 years.

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

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

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

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

1 41.32.270 receive benefits proportional to those received by members
2 who have received full-time service credit.

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

4 (A) Remuneration for unused sick leave authorized under RCW
5 41.04.340, 28A.400.210, or 28A.310.490;

6 (B) Remuneration for unused annual leave in excess of thirty days
7 as authorized by RCW 43.01.044 and 43.01.041;

8 (C) Bonuses for certification from the national board for
9 professional teaching standards authorized under section 2 of this act.

10 (b) "Earnable compensation" for plan 2 and plan 3 members, means
11 salaries or wages earned by a member during a payroll period for
12 personal services, including overtime payments, and shall include wages
13 and salaries deferred under provisions established pursuant to sections
14 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
15 shall exclude lump sum payments for deferred annual sick leave, unused
16 accumulated vacation, unused accumulated annual leave, bonuses for
17 certification from the national board for professional teaching
18 standards authorized under section 2 of this act, or any form of
19 severance pay.

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

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

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

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

35 (B) Such member's actual earnable compensation received for
36 teaching and legislative service combined. Any additional
37 contributions to the retirement system required because compensation

1 earnable under (b)(ii)(A) of this subsection is greater than
2 compensation earnable under (b)(ii)(B) of this subsection shall be paid
3 by the member for both member and employer contributions.

4 (11) "Employer" means the state of Washington, the school district,
5 or any agency of the state of Washington by which the member is paid.

6 (12) "Fiscal year" means a year which begins July 1st and ends June
7 30th of the following year.

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

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

13 (15) "Member" means any teacher included in the membership of the
14 retirement system who has not been removed from membership under RCW
15 41.32.878 or 41.32.768. Also, any other employee of the public schools
16 who, on July 1, 1947, had not elected to be exempt from membership and
17 who, prior to that date, had by an authorized payroll deduction,
18 contributed to the member reserve.

19 (16) "Membership service" means service rendered subsequent to the
20 first day of eligibility of a person to membership in the retirement
21 system: PROVIDED, That where a member is employed by two or more
22 employers the individual shall receive no more than one service credit
23 month during any calendar month in which multiple service is rendered.
24 The provisions of this subsection shall apply only to plan 1 members.

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

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

31 (19) "Prior service" means service rendered prior to the first date
32 of eligibility to membership in the retirement system for which credit
33 is allowable. The provisions of this subsection shall apply only to
34 plan 1 members.

35 (20) "Prior service contributions" means contributions made by a
36 member to secure credit for prior service. The provisions of this
37 subsection shall apply only to plan 1 members.

1 (21) "Public school" means any institution or activity operated by
2 the state of Washington or any instrumentality or political subdivision
3 thereof employing teachers, except the University of Washington and
4 Washington State University.

5 (22) "Regular contributions" means the amounts required to be
6 deducted from the compensation of a member and credited to the member's
7 individual account in the member reserve. This subsection shall apply
8 only to plan 1 members.

9 (23) "Regular interest" means such rate as the director may
10 determine.

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

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

17 (25) "Retirement system" means the Washington state teachers'
18 retirement system.

19 (26)(a) "Service" for plan 1 members means the time during which a
20 member has been employed by an employer for compensation.

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

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

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

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

34 (i) A member employed in an eligible position or as a substitute
35 shall receive one service credit month for each month of September
36 through August of the following year if he or she earns earnable
37 compensation for eight hundred ten or more hours during that period and

1 is employed during nine of those months, except that a member may not
2 receive credit for any period prior to the member's employment in an
3 eligible position except as provided in RCW 41.32.812 and 41.50.132;

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

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

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

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

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

20 (iv) Any person who is a member of the teachers' retirement system
21 and who is elected or appointed to a state elective position may
22 continue to be a member of the retirement system and continue to
23 receive a service credit month for each of the months in a state
24 elective position by making the required member contributions.

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

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

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

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

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

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

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

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

9 (viii) The department shall adopt rules implementing this
10 subsection.

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

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

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

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

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

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

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

35 (34) "State elective position" means any position held by any
36 person elected or appointed to statewide office or elected or appointed
37 as a member of the legislature.

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

3 (36) "Substitute teacher" means:

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

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

10 (37)(a) "Eligible position" for plan 2 members from June 7, 1990,
11 through September 1, 1991, means a position which normally requires two
12 or more uninterrupted months of creditable service during September
13 through August of the following year.

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

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

22 (d) The elected position of the superintendent of public
23 instruction is an eligible position.

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

27 (39) "Plan 2" means the teachers' retirement system, plan 2
28 providing the benefits and funding provisions covering persons who
29 first became members of the system on and after October 1, 1977, and
30 prior to July 1, 1996.

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

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

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

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

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

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

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

11 (47) "Member account" or "member's account" for purposes of plan 3
12 means the sum of the contributions and earnings on behalf of the member
13 in the defined contribution portion of plan 3.

14 (48) "Separation from service or employment" occurs when a person
15 has terminated all employment with an employer.

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

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