

2 **SHB 2910 - H AMD 358 ADOPTED 2-27-96**

3 By Representative Talcott

4

5 Strike everything after the enacting clause and insert the
6 following:

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

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

23 (3) The purposes of this chapter are:

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

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

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

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

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

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

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

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

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

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

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

19 (5) "Sponsor" means a school district or the state board for
20 charter schools, whichever is applicable, that has approved a charter
21 for a charter school.

22 NEW SECTION. **Sec. 3.** CHARTER SCHOOLS--LEGAL STATUS--POWERS. (1)
23 Charter schools sponsored by school district boards under this chapter
24 are local government entities for purposes of RCW 4.96.010. Charter
25 schools sponsored by the state board for charter schools under this
26 chapter are state agencies for purposes of RCW 4.92.090.

27 (2) The members of the charter school's governing council shall be
28 deemed public agents authorized by the state, and by the school
29 district, as appropriate, to operate the charter school. The governing
30 council of a charter school may hire, manage, and discharge any charter
31 school employee in accordance with the terms of this chapter and that
32 school's charter.

33 (3) A charter school may enter into a contract with any school
34 district, or any other public or private nonsectarian entity also
35 empowered to enter into contracts, for any and all real property,
36 equipment, goods, supplies, and services, to include educational
37 instructional services.

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

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

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

14 (2) All approved charter schools shall:

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

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

20 (c) Pursuant to a charter approved by the sponsor, establish a
21 governing council that is responsible for the policy and operational
22 decisions of the charter school and that is accountable to the sponsor
23 for compliance with the charter and this chapter;

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

30 (e) Meet student performance and assessment standards at least as
31 rigorous as those established for students in other public schools;

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

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

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

1 (i) Comply with the employee record check requirements in RCW
2 28A.400.303;

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

7 (k) Comply with the annual school performance report in RCW
8 28A.320.205;

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

12 (m) Maintain adequate insurance; and

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

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

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

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

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

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

4 (1) Applicants to establish a charter school may include nonprofit
5 corporations or cooperatives, public colleges and universities,
6 existing public schools, other public bodies, private persons, and
7 private organizations.

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

12 (3) The charter application shall be a proposed agreement and shall
13 include:

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

15 (b) A statement of the goals and mission of the proposed charter
16 school;

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

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

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

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

27 (g) Evidence that parents of the children who would attend the
28 school support the planned structure, operation, and goals of the
29 school;

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

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

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

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

7 (l) A financial plan for the school's first three years of
8 operation and a description of its financial system for payroll,
9 benefits, and taxes, providing evidence that the plan for the charter
10 school is economically sound;

11 (m) An explanation of the school's personnel and compensation
12 policies, including procedures for hiring, managing, and discharging
13 staff;

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

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

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

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

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

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

37 (6) If the school board rejects the application, the school board
38 shall notify the applicant in writing of the reasons for the rejection.
39 The applicant may request, and the school board may provide, technical

1 assistance to improve the application. An applicant may submit a
2 revised application for reconsideration by the school board.

3 NEW SECTION. **Sec. 7.** APPEAL PROCESS--EDUCATIONAL SERVICE
4 DISTRICTS--STATE BOARD FOR CHARTER SCHOOLS. (1) If the school board
5 rejects a charter application, the superintendent of the educational
6 service district in which the school district is located, at the
7 request of the applicant, shall convene a review panel within sixty
8 days to review the decision of the school district board of directors.
9 The review panel shall consist of three school board members and three
10 teachers from other school districts within the educational service
11 district. The review panel shall hold at least one public hearing for
12 the purpose of receiving testimony on the decision of the school board.
13 If the review panel determines that the school board acted arbitrarily
14 in rejecting the application, the review panel shall request the school
15 district board of directors to reconsider the charter application. In
16 the case of a tie vote of the panel, the educational service district
17 superintendent shall vote to break the tie. Upon request of the review
18 panel, the school board shall reconsider the application in accordance
19 with the terms of this chapter.

20 (2) If a charter application is rejected by a school district board
21 of directors, it may be submitted by the applicant to the state board
22 for charter schools for sponsorship after July 1, 1997. The state
23 board for charter schools shall review the application and, within
24 sixty days after receipt of the application, shall approve the
25 application if it meets the requirements of this chapter. Upon
26 approval of the charter application, the state board for charter
27 schools shall appoint the members of the charter school's governing
28 council, pursuant to the provisions of the charter application. A
29 school district board of directors has no legal authority over or
30 responsibility for a charter school sponsored by the state board for
31 charter schools.

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

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

1 NEW SECTION. **Sec. 9.** STATE BOARD FOR CHARTER SCHOOLS--

2 MEMBERSHIP--DUTIES. (1) The state board for charter schools is
3 established in the office of the superintendent of public instruction.
4 The board shall consist of seven members. Members shall include:

5 (a) Two members appointed by the speaker of the house of
6 representatives and two members appointed by the president of the
7 senate;

8 (b) Two members appointed by the governor; and

9 (c) The superintendent of public instruction or his or her
10 designee, who shall serve a term that runs concurrently with the
11 superintendent's term of office.

12 (2) Terms shall be four years. However, all members shall serve at
13 the pleasure of their appointing official. Vacancies shall be filled
14 by the appointing official for the remainder of the unexpired term.

15 (3) The state board for charter schools shall annually elect a
16 chair and such other officers as it deems necessary from among its
17 membership.

18 (4) Nonlegislative members of the state board for charter schools
19 are not eligible to receive additional compensation but are eligible
20 for reimbursement of expenses under RCW 43.03.050 and 43.03.060.
21 Legislative members of the state board for charter schools are not
22 eligible to receive additional compensation but are eligible for
23 reimbursement of expenses under RCW 44.04.120.

24 (5) The state board for charter schools shall:

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

27 (b) Monitor the performance and operation of charter schools
28 sponsored by the state board for charter schools;

29 (c) In consultation with the superintendent of public instruction,
30 disseminate information about procedures for the establishment,
31 funding, and operation of charter schools, in conformance with this
32 chapter;

33 (d) In consultation with the superintendent of public instruction,
34 provide technical assistance to charter school applicants in the
35 preparation of applications, and to charter school governing boards in
36 matters related to the educational program, management, and financial
37 operation of the charter school;

38 (e) Keep a record of its proceedings;

1 (f) Prepare a budget for expenditures necessary for the proper
2 maintenance of the board and the accomplishment of its purpose; and

3 (g) Annually submit to the office of the superintendent of public
4 instruction information on the number of charter school applications
5 received by the state board and by school districts and the number
6 approved, the reported levels of educational achievement at each of the
7 charter schools it sponsors, and such other information concerning
8 charter schools it has sponsored as it deems appropriate.

9 (6) The state board for charter schools may enter into contracts
10 and appoint and employ staff. The superintendent of public instruction
11 shall serve as the fiscal agent for the board.

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

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

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

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

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

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

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

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

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

37 (4) A sponsor shall give written notice of its intent not to renew
38 the charter school's request for renewal to the charter school at least

1 twelve months before the expiration of the approved charter to allow
2 the charter school an opportunity to correct identified deficiencies in
3 its operation or to apply to another sponsor for approval of the
4 operation of the charter school. At the request of the governing
5 council of the charter school, the sponsor shall review its decision
6 for nonrenewal after the charter school has corrected any identified
7 deficiencies. If the charter is transferred by application to another
8 sponsor, the five-year term of the charter shall be repeated.

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

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

30 (2) State funding to charter schools sponsored by school district
31 boards for students who are eligible for special education under
32 chapter 28A.155 RCW; the learning assistance program under chapter
33 28A.165 RCW; and the transitional bilingual instruction program under
34 chapter 28A.180 RCW shall be determined in accordance with applicable
35 statutes and rules that apply to school districts.

36 (3) State funding for the transportation of students who are
37 transported shall be based on the average full-time equivalent student
38 transportation allocation for transported students in the district in

1 which the school is located or on the allocation formula used by school
2 districts.

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

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

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

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

24 (8) Transportation of students attending a charter school may be
25 provided by the sponsoring school district, if applicable, through a
26 cooperative agreement with another school district, through a contract
27 with a third party, or by parents.

28 NEW SECTION. **Sec. 12.** STUDY OF FUNDING STATE BOARD-SPONSORED
29 SCHOOLS. The joint legislative fiscal study committee on K-12 finance
30 shall study alternative means of providing public funding for charter
31 schools sponsored after July 1, 1997, by the state board for charter
32 schools that ensure sufficiency of financial support and equity in
33 relation to other public schools. The committee shall report its
34 findings and recommendations to the education and fiscal committees of
35 the legislature before November 15, 1996.

36 NEW SECTION. **Sec. 13.** EDUCATIONAL EMPLOYEES--LEAVE OF ABSENCE--
37 RETIREMENT--BARGAINING--UNLAWFUL REPRISALS. (1) If a school district

1 employee makes a written request for an extended leave of absence to
2 work at a charter school, the school district shall grant the leave.
3 The school district may require that the request for a leave be made up
4 to ninety days before the employee would otherwise have to report for
5 duty. If the employee returns to the school district, the employee
6 shall be rehired before the district hires anyone else with fewer years
7 of service, with respect to any position for which the returning
8 employee is certificated or otherwise qualified.

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

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

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

24 NEW SECTION. **Sec. 14. VACANT BUILDINGS.** The superintendent of
25 public instruction, in conjunction with the department of general
26 administration, shall annually publish a list of vacant and unused
27 buildings and vacant and unused portions of buildings that are owned by
28 this state or by school districts and that may be suitable for the
29 operation of a charter school. The superintendent of public instruction
30 shall make the list available to applicants for charter schools and to
31 existing charter schools. The list shall include the address of each
32 building, a short description of the building, and the name of the
33 owner of the building. This section does not require the owner of a
34 building on the list to sell or lease the building or a portion of the
35 building to a charter school or to any other school or to any other
36 prospective buyer or tenant.

1 **Sec. 15.** RCW 41.32.010 and 1995 c 345 s 9 and 1995 c 239 s 102 are
2 each reenacted and amended to read as follows:

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

5 (1)(a) "Accumulated contributions" for plan I members, means the
6 sum of all regular annuity contributions and, except for the purpose of
7 withdrawal at the time of retirement, any amount paid under RCW
8 41.50.165(2) with regular interest thereon.

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

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

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

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

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

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

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

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

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

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

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

37 (i) All salaries and wages paid by an employer to an employee
38 member of the retirement system for personal services rendered during
39 a fiscal year. In all cases where compensation includes maintenance

1 the employer shall fix the value of that part of the compensation not
2 paid in money.

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

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

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

25 (iii) For members employed less than full time under written
26 contract with a school district, or community college district, in an
27 instructional position, for which the member receives service credit of
28 less than one year in all of the years used to determine the earnable
29 compensation used for computing benefits due under RCW 41.32.497,
30 41.32.498, and 41.32.520, the member may elect to have earnable
31 compensation defined as provided in RCW 41.32.345. For the purposes of
32 this subsection, the term "instructional position" means a position in
33 which more than seventy-five percent of the member's time is spent as
34 a classroom instructor (including office hours), a librarian, or a
35 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
38 41.32.270 receive benefits proportional to those received by members
39 who have received full-time service credit.

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

2 (A) Remuneration for unused sick leave authorized under RCW
3 41.04.340, 28A.400.210, or 28A.310.490;

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

6 (b) "Earnable compensation" for plan II and plan III members, means
7 salaries or wages earned by a member during a payroll period for
8 personal services, including overtime payments, and shall include wages
9 and salaries deferred under provisions established pursuant to sections
10 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
11 shall exclude lump sum payments for deferred annual sick leave, unused
12 accumulated vacation, unused accumulated annual leave, or any form of
13 severance pay.

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

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

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

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

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

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

1 (12) "Fiscal year" means a year which begins July 1st and ends June
2 30th of the following year.

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

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

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

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

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

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

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

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

33 (21) "Public school" means any institution or activity operated by
34 the state of Washington or any instrumentality or political subdivision
35 thereof employing teachers, except the University of Washington and
36 Washington State University.

37 (22) "Regular contributions" means the amounts required to be
38 deducted from the compensation of a member and credited to the member's

1 individual account in the member reserve. This subsection shall apply
2 only to plan I members.

3 (23) "Regular interest" means such rate as the director may
4 determine.

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

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

11 (25) "Retirement system" means the Washington state teachers'
12 retirement system.

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

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

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

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

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

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

35 (ii) If a member is employed either in an eligible position or as
36 a substitute teacher for nine months of the twelve month period between
37 September through August of the following year but earns earnable
38 compensation for less than eight hundred ten hours but for at least six

1 hundred thirty hours, he or she will receive one-half of a service
2 credit month for each month of the twelve month period;

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (viii) The department shall adopt rules implementing this
2 subsection.

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

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

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

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

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

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

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

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

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

36 (36) "Substitute teacher" means:

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

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

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

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

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

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

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

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

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

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

33 (42) "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 labor
36 statistics, United States department of labor.

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

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

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

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

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

8 **Sec. 16.** RCW 41.40.010 and 1995 c 345 s 10, 1995 c 286 s 1, and
9 1995 c 244 s 3 are each reenacted and amended to read as follows:

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

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

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

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

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

29 (b) "Employer" for plan II members, means every branch, department,
30 agency, commission, board, and office of the state, and any political
31 subdivision and municipal corporation of the state admitted into the
32 retirement system, including public agencies created pursuant to RCW
33 35.63.070, 36.70.060, and 39.34.030, and includes charter schools that
34 have elected to participate as employers.

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

1 or she first entered an eligible position, and includes noncertificated
2 employees employed by charter schools that have elected to participate
3 as employers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (13) "Membership service" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (25) "Eligible position" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 NEW SECTION. **Sec. 17.** RETIREMENT BENEFITS STUDY. The legislative
14 joint committee on pension policy shall study alternative means of
15 providing retirement benefits to employees of charter schools and shall
16 report to the fiscal and education committees of the legislature by
17 January 1, 1997.

18 NEW SECTION. **Sec. 18.** The department of retirement systems shall
19 implement the provisions of sections 15 and 16 of this act, subject to
20 and conditioned upon receiving any approvals the department deems
21 appropriate from the internal revenue service and the United States
22 department of labor.

23 NEW SECTION. **Sec. 19.** A new section is added to chapter 28A.150
24 RCW to read as follows:

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

28 NEW SECTION. **Sec. 20.** A new section is added to chapter 28A.155
29 RCW to read as follows:

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

33 NEW SECTION. **Sec. 21.** A new section is added to chapter 28A.165
34 RCW to read as follows:

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

4 NEW SECTION. **Sec. 22.** A new section is added to chapter 28A.175
5 RCW to read as follows:

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

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

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

14 NEW SECTION. **Sec. 24.** A new section is added to chapter 28A.185
15 RCW to read as follows:

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

19 NEW SECTION. **Sec. 25.** A new section is added to chapter 28A.210
20 RCW to read as follows:

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

24 NEW SECTION. **Sec. 26.** A new section is added to chapter 28A.220
25 RCW to read as follows:

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

29 NEW SECTION. **Sec. 27.** A new section is added to chapter 28A.225
30 RCW to read as follows:

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

1 NEW SECTION. **Sec. 28.** A new section is added to chapter 28A.230
2 RCW to read as follows:

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

6 NEW SECTION. **Sec. 29.** A new section is added to chapter 28A.235
7 RCW to read as follows:

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

11 NEW SECTION. **Sec. 30.** A new section is added to chapter 28A.300
12 RCW to read as follows:

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

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

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

21 NEW SECTION. **Sec. 32.** A new section is added to chapter 28A.320
22 RCW to read as follows:

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

26 NEW SECTION. **Sec. 33.** A new section is added to chapter 28A.330
27 RCW to read as follows:

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

31 NEW SECTION. **Sec. 34.** A new section is added to chapter 28A.400
32 RCW to read as follows:

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

4 NEW SECTION. **Sec. 35.** A new section is added to chapter 28A.405
5 RCW to read as follows:

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

9 NEW SECTION. **Sec. 36.** A new section is added to chapter 28A.410
10 RCW to read as follows:

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

14 NEW SECTION. **Sec. 37.** A new section is added to chapter 28A.600
15 RCW to read as follows:

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

19 NEW SECTION. **Sec. 38.** A new section is added to chapter 28A.605
20 RCW to read as follows:

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

24 NEW SECTION. **Sec. 39.** A new section is added to chapter 28A.640
25 RCW to read as follows:

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

29 NEW SECTION. **Sec. 40.** Sections 1 through 14 of this act shall
30 constitute a new chapter in Title 28A RCW.

31 NEW SECTION. **Sec. 41.** CAPTIONS NOT LAW. Captions used in this
32 act do not constitute any part of the law.

1 NEW SECTION. **Sec. 42.** Section 15 of this act shall take effect
2 July 1, 1996.

3 NEW SECTION. **Sec. 43.** Nothing herein shall be deemed to limit in
4 any way the rights of parents to educate their children at home or in
5 nonpublic schools.

6 NEW SECTION. **Sec. 44.** This act shall be liberally construed to
7 effectuate its purposes. If any provision of this act or its
8 application to any person or circumstance is held invalid, the
9 remainder of the act or its application to any other persons or
10 circumstances shall not be affected."

11 **SHB 2910** - H AMD
12 By Representative

13

14 On page 1, line 1 of the title, after "schools;" strike the
15 remainder of the title and insert "reenacting and amending RCW
16 41.32.010 and 41.40.010; adding a new section to chapter 28A.150 RCW;
17 adding a new section to chapter 28A.155 RCW; adding a new section to
18 chapter 28A.165 RCW; adding a new section to chapter 28A.175 RCW;
19 adding a new section to chapter 28A.180 RCW; adding a new section to
20 chapter 28A.185 RCW; adding a new section to chapter 28A.210 RCW;
21 adding a new section to chapter 28A.220 RCW; adding a new section to
22 chapter 28A.225 RCW; adding a new section to chapter 28A.230 RCW;
23 adding a new section to chapter 28A.235 RCW; adding a new section to
24 chapter 28A.300 RCW; adding a new section to chapter 28A.305 RCW;
25 adding a new section to chapter 28A.320 RCW; adding a new section to
26 chapter 28A.330 RCW; adding a new section to chapter 28A.400 RCW;
27 adding a new section to chapter 28A.405 RCW; adding a new section to
28 chapter 28A.410 RCW; adding a new section to chapter 28A.600 RCW;
29 adding a new section to chapter 28A.605 RCW; adding a new section to
30 chapter 28A.640 RCW; adding a new chapter to Title 28A RCW; creating
31 new sections; and providing an effective date."

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