
HOUSE BILL 1082

State of Washington

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By Representatives Ruderman, Tom, Hunter, Jarrett, McDermott, Nixon, Clibborn, Sommers, Sullivan, McIntire, O'Brien, Simpson, Hunt, Moeller, Kirby, Cooper, Chase, Wood, Miloscia, Shabro, Hudgins, Kenney, Conway, Kagi and Dickerson

Read first time 01/15/2003. Referred to Committee on Education.

1 AN ACT Relating to housing allowances for nonsupervisory K-12
2 employees; amending RCW 28A.400.200, 84.52.0531, 41.32.010, 41.40.010,
3 and 41.35.010; adding a new section to chapter 28A.400 RCW; adding a
4 new section to chapter 28A.500 RCW; adding a new section to chapter
5 84.52 RCW; and creating a new section.

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

7 NEW SECTION. **Sec. 1.** As the disparity in the cost-of-living
8 between school districts across the state has grown in recent years,
9 the purchasing power of equalized salaries has become more disparate
10 for K-12 employees. A major contributor to these costs is housing.
11 The purpose of this act is to authorize a housing allowance for
12 nonsupervisory public school employees in order to encourage these
13 employees to live in the districts in which they work.

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

16 (1) Eligible school districts may provide a housing allowance for
17 nonsupervisory classified and certificated employees with revenues
18 raised from a housing allowance levy authorized under this section.

1 (2) The cost of the housing for each school district and the
2 statewide median shall be determined every four years based on a
3 standard set of housing specifications and on data reported for the
4 most recent annual period for which data are available. The collection
5 of data shall be done by a nationally recognized entity that collects
6 statistically valid housing cost data for federal government agencies
7 and businesses, selected by the superintendent of public instruction
8 and subject to approval by the legislative fiscal committees and the
9 office of financial management. The office of financial management
10 shall contract with the entity selected under this subsection (2) from
11 funds provided for this purpose. For the purposes of this section, the
12 "statewide median cost of housing" is the cost at which there is an
13 equal number of districts with higher housing costs and with lower
14 housing costs.

15 (3) The maximum housing allowance levy allowed for a school
16 district shall be the sum of the following: Each nonsupervisory
17 employee's full-time equivalence multiplied by the difference between
18 the statewide median cost of housing and the lesser of (a) the
19 district's cost of housing or (b) the cost of housing in the district
20 in which each employee resides. For purposes of this calculation, the
21 difference between the district's cost of housing and the statewide
22 median shall not exceed fifty percent of the median.

23 (4) Individual payment of the housing allowance to nonsupervisory
24 classified and certificated employees is subject to collective
25 bargaining but shall be paid only to actively employed nonsupervisory
26 classified and certificated employees using a formula that recognizes
27 and is responsive to the disproportionate housing assistance needs of
28 new teachers and of certificated and classified employees at the bottom
29 end of a salary schedule or pay scale. The housing allowance shall not
30 be considered as within the definition of basic education for the
31 purposes of chapter 28A.150 RCW, nor is it earnable compensation as
32 defined in RCW 41.32.010 or compensation earnable as defined in RCW
33 41.40.010 and 41.35.010.

34 (5) Local school districts may submit to voters an excess general
35 fund levy on real property to support up to and including the maximum
36 housing levy authority determined in subsection (3) of this section.
37 This levy is not subject to the limitations in RCW 84.52.0531. This

1 levy does not qualify a school district for local effort assistance
2 under chapter 28A.500 RCW.

3 (6) The office of the superintendent of public instruction shall
4 administer the housing allowance program and shall adopt rules for
5 implementation.

6 NEW SECTION. **Sec. 3.** A new section is added to chapter 28A.500
7 RCW to read as follows:

8 Levies authorized under section 2 of this act shall not be
9 considered in determining a school district's eligibility for local
10 effort assistance under this chapter.

11 **Sec. 4.** RCW 28A.400.200 and 2002 c 353 s 2 are each amended to
12 read as follows:

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

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

20 (b) Salaries for certificated instructional staff with a masters
21 degree shall not be less than the salary provided in the appropriations
22 act in the statewide salary allocation schedule for an employee with a
23 masters degree and zero years of service;

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

29 (b) Fringe benefit contributions for certificated instructional
30 staff shall be included as salary under (a) of this subsection only to
31 the extent that the district's actual average benefit contribution
32 exceeds the amount of the insurance benefits allocation provided per
33 certificated instructional staff unit in the state operating
34 appropriations act in effect at the time the compensation is payable.
35 For purposes of this section, fringe benefits shall not include payment
36 for unused leave for illness or injury under RCW 28A.400.210; employer

1 contributions for old age survivors insurance, workers' compensation,
2 unemployment compensation, and retirement benefits under the Washington
3 state retirement system; or employer contributions for health benefits
4 in excess of the insurance benefits allocation provided per
5 certificated instructional staff unit in the state operating
6 appropriations act in effect at the time the compensation is payable.
7 A school district may not use state funds to provide employer
8 contributions for such excess health benefits.

9 (c) Salary and benefits for certificated instructional staff in
10 programs other than basic education shall be consistent with the salary
11 and benefits paid to certificated instructional staff in the basic
12 education program.

13 (4) Salaries and benefits for certificated instructional staff may
14 exceed the limitations in subsection (3) of this section only by
15 separate contract for additional time, additional responsibilities, or
16 incentives. Supplemental contracts shall not cause the state to incur
17 any present or future funding obligation. Supplemental contracts shall
18 be subject to the collective bargaining provisions of chapter 41.59 RCW
19 and the provisions of RCW 28A.405.240, shall not exceed one year, and
20 if not renewed shall not constitute adverse change in accordance with
21 RCW 28A.405.300 through 28A.405.380. No district may enter into a
22 supplemental contract under this subsection for the provision of
23 services which are a part of the basic education program required by
24 Article IX, section 3 of the state Constitution.

25 (5) Employee benefit plans offered by any district shall comply
26 with RCW 28A.400.350 and 28A.400.275 and 28A.400.280.

27 (6) Housing allowances authorized in section 2 of this act shall
28 not be included as salary under this section and shall not be included
29 in salary limitations.

30 **Sec. 5.** RCW 84.52.0531 and 1997 c 259 s 2 are each amended to read
31 as follows:

32 The maximum dollar amount which may be levied by or for any school
33 district for maintenance and operation support under the provisions of
34 RCW 84.52.053 shall be determined as follows:

35 (1) For excess levies for collection in calendar year 1997, the
36 maximum dollar amount shall be calculated pursuant to the laws and
37 rules in effect in November 1996.

1 (2) For excess levies for collection in calendar year 1998 and
2 thereafter, the maximum dollar amount shall be the sum of (a) plus or
3 minus (b) and (c) of this subsection minus (d) of this subsection:

4 (a) The district's levy base as defined in subsection (3) of this
5 section multiplied by the district's maximum levy percentage as defined
6 in subsection (4) of this section;

7 (b) For districts in a high/nonhigh relationship, the high school
8 district's maximum levy amount shall be reduced and the nonhigh school
9 district's maximum levy amount shall be increased by an amount equal to
10 the estimated amount of the nonhigh payment due to the high school
11 district under RCW 28A.545.030(3) and 28A.545.050 for the school year
12 commencing the year of the levy;

13 (c) For districts in an interdistrict cooperative agreement, the
14 nonresident school district's maximum levy amount shall be reduced and
15 the resident school district's maximum levy amount shall be increased
16 by an amount equal to the per pupil basic education allocation included
17 in the nonresident district's levy base under subsection (3) of this
18 section multiplied by:

19 (i) The number of full-time equivalent students served from the
20 resident district in the prior school year; multiplied by:

21 (ii) The serving district's maximum levy percentage determined
22 under subsection (4) of this section; increased by:

23 (iii) The percent increase per full-time equivalent student as
24 stated in the state basic education appropriation section of the
25 biennial budget between the prior school year and the current school
26 year divided by fifty-five percent;

27 (d) The district's maximum levy amount shall be reduced by the
28 maximum amount of state matching funds for which the district is
29 eligible under RCW 28A.500.010.

30 (3) For excess levies for collection in calendar year 1998 and
31 thereafter, a district's levy base shall be the sum of allocations in
32 (a) through (c) of this subsection received by the district for the
33 prior school year, including allocations for compensation increases,
34 plus the sum of such allocations multiplied by the percent increase per
35 full time equivalent student as stated in the state basic education
36 appropriation section of the biennial budget between the prior school
37 year and the current school year and divided by fifty-five percent. A

1 district's levy base shall not include local school district property
2 tax levies or other local revenues, or state and federal allocations
3 not identified in (a) through (c) of this subsection.

4 (a) The district's basic education allocation as determined
5 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

6 (b) State and federal categorical allocations for the following
7 programs:

8 (i) Pupil transportation;

9 (ii) Special education;

10 (iii) Education of highly capable students;

11 (iv) Compensatory education, including but not limited to learning
12 assistance, migrant education, Indian education, refugee programs, and
13 bilingual education;

14 (v) Food services; and

15 (vi) Statewide block grant programs; and

16 (c) Any other federal allocations for elementary and secondary
17 school programs, including direct grants, other than federal impact aid
18 funds and allocations in lieu of taxes.

19 (4) A district's maximum levy percentage shall be twenty-two
20 percent in 1998 and twenty-four percent in 1999 and every year
21 thereafter; plus, for qualifying districts, the grandfathered
22 percentage determined as follows:

23 (a) For 1997, the difference between the district's 1993 maximum
24 levy percentage and twenty percent; and

25 (b) For 1998 and thereafter, the percentage calculated as follows:

26 (i) Multiply the grandfathered percentage for the prior year times
27 the district's levy base determined under subsection (3) of this
28 section;

29 (ii) Reduce the result of (b)(i) of this subsection by any levy
30 reduction funds as defined in subsection (5) of this section that are
31 to be allocated to the district for the current school year;

32 (iii) Divide the result of (b)(ii) of this subsection by the
33 district's levy base; and

34 (iv) Take the greater of zero or the percentage calculated in
35 (b)(iii) of this subsection.

36 (5) "Levy reduction funds" shall mean increases in state funds from
37 the prior school year for programs included under subsection (3) of
38 this section: (a) That are not attributable to enrollment changes,

1 compensation increases, or inflationary adjustments; and (b) that are
2 or were specifically identified as levy reduction funds in the
3 appropriations act. If levy reduction funds are dependent on formula
4 factors which would not be finalized until after the start of the
5 current school year, the superintendent of public instruction shall
6 estimate the total amount of levy reduction funds by using prior school
7 year data in place of current school year data. Levy reduction funds
8 shall not include moneys received by school districts from cities or
9 counties.

10 (6) For the purposes of this section, "prior school year" means the
11 most recent school year completed prior to the year in which the levies
12 are to be collected.

13 (7) For the purposes of this section, "current school year" means
14 the year immediately following the prior school year.

15 (8) Funds collected from transportation vehicle fund tax levies
16 shall not be subject to the levy limitations in this section.

17 (9) The limitations in this section do not apply to excess general
18 fund levies for the support of the housing allowance provided for in
19 section 2 of this act.

20 (10) The superintendent of public instruction shall develop rules
21 (~~and regulations~~) and inform school districts of the pertinent data
22 necessary to carry out the provisions of this section.

23 NEW SECTION. Sec. 6. A new section is added to chapter 84.52 RCW
24 to read as follows:

25 A levy submitted to voters under section 2 of this act may be
26 submitted as a separate levy, or as part of a maintenance and operation
27 levy if the housing allowance levy is separately identified.

28 **Sec. 7.** RCW 41.32.010 and 1997 c 254 s 3 are each amended to read
29 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) "Earnable compensation" for plan 1 members also includes the
35 following actual or imputed payments, which are not paid for personal
36 services:

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

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

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

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

33 (iv) "Earnable compensation" 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 (C) Housing allowances authorized in section 2 of this act.

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

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

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

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

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

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

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

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

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

37 (14) "Local fund" means any of the local retirement funds for

1 teachers operated in any school district in accordance with the
2 provisions of chapter 163, Laws of 1917 as amended.

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

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

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

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

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

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

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

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

35 (23) "Regular interest" means such rate as the director may
36 determine.

37 (24)(a) "Retirement allowance" for plan 1 members, means monthly

1 payments based on the sum of annuity and pension, or any optional
2 benefits payable in lieu thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (36) "Substitute teacher" means:

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

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

37 (37)(a) "Eligible position" for plan 2 members from June 7, 1990,

1 through September 1, 1991, means a position which normally requires two
2 or more uninterrupted months of creditable service during September
3 through August of the following year.

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

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

12 (d) The elected position of the superintendent of public
13 instruction is an eligible position.

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

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

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

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

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

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

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

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

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

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

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

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

11 **Sec. 8.** RCW 41.40.010 and 2000 c 247 s 102 are each amended to
12 read as follows:

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

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

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

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

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

32 (b) "Employer" for plan 2 and plan 3 members, means every branch,
33 department, agency, commission, board, and office of the state, and any
34 political subdivision and municipal corporation of the state admitted
35 into the retirement system, including public agencies created pursuant
36 to RCW 35.63.070, 36.70.060, and 39.34.030; except that after August

1 31, 2000, school districts and educational service districts will no
2 longer be employers for the public employees' retirement system plan 2.

3 (5) "Member" means any employee included in the membership of the
4 retirement system, as provided for in RCW 41.40.023. RCW 41.26.045
5 does not prohibit a person otherwise eligible for membership in the
6 retirement system from establishing such membership effective when he
7 or she first entered an eligible position.

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

9 (a) Any person who became a member of the system prior to April 1,
10 1949;

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

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

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

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

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

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

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

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

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

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

24 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and
25 72.09.240;

26 (D) Compensation that a member would have received but for a
27 disability occurring in the line of duty only as authorized by RCW
28 41.40.038;

29 (E) Compensation that a member receives due to participation in the
30 leave sharing program only as authorized by RCW 41.04.650 through
31 41.04.670; and

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

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

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

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

5 (C) Housing allowances authorized in section 2 of this act.

6 (b) "Compensation earnable" for plan 2 and plan 3 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 nonmoney maintenance compensation and lump sum or other
12 payments for deferred annual sick leave, unused accumulated vacation,
13 unused accumulated annual leave, ~~((or))~~ any form of severance pay, and
14 housing allowances authorized in section 2 of this act.

15 "Compensation earnable" for plan 2 and plan 3 members also includes
16 the following actual or imputed payments, which are not paid for
17 personal 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 wage which the
22 individual would have earned during a payroll period shall be
23 considered compensation earnable 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 compensation
27 earnable be the greater of:

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

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

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

1 (iv) Compensation that a member would have received but for a
2 disability occurring in the line of duty only as authorized by RCW
3 41.40.038;

4 (v) Compensation that a member receives due to participation in the
5 leave sharing program only as authorized by RCW 41.04.650 through
6 41.04.670; and

7 (vi) Compensation that a member receives for being in standby
8 status. For the purposes of this section, a member is in standby
9 status when not being paid for time actually worked and the employer
10 requires the member to be prepared to report immediately for work, if
11 the need arises, although the need may not arise.

12 (9)(a) "Service" for plan 1 members, except as provided in RCW
13 41.40.088, means periods of employment in an eligible position or
14 positions for one or more employers rendered to any employer for which
15 compensation is paid, and includes time spent in office as an elected
16 or appointed official of an employer. Compensation earnable earned in
17 full time work for seventy hours or more in any given calendar month
18 shall constitute one service credit month except as provided in RCW
19 41.40.088. Compensation earnable earned for less than seventy hours in
20 any calendar month shall constitute one-quarter service credit month of
21 service except as provided in RCW 41.40.088. Only service credit
22 months and one-quarter service credit months shall be counted in the
23 computation of any retirement allowance or other benefit provided for
24 in this chapter. Any fraction of a year of service shall be taken into
25 account in the computation of such retirement allowance or benefits.
26 Time spent in standby status, whether compensated or not, is not
27 service.

28 (i) Service by a state employee officially assigned by the state on
29 a temporary basis to assist another public agency, shall be considered
30 as service as a state employee: PROVIDED, That service to any other
31 public agency shall not be considered service as a state employee if
32 such service has been used to establish benefits in any other public
33 retirement system.

34 (ii) An individual shall receive no more than a total of twelve
35 service credit months of service during any calendar year. If an
36 individual is employed in an eligible position by one or more employers
37 the individual shall receive no more than one service credit month

1 during any calendar month in which multiple service for seventy or more
2 hours is rendered.

3 (iii) A school district employee may count up to forty-five days of
4 sick leave as creditable service solely for the purpose of determining
5 eligibility to retire under RCW 41.40.180 as authorized by RCW
6 28A.400.300. For purposes of plan 1 "forty-five days" as used in RCW
7 28A.400.300 is equal to two service credit months. Use of less than
8 forty-five days of sick leave is creditable as allowed under this
9 subsection as follows:

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

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

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

15 (b) "Service" for plan 2 and plan 3 members, means periods of
16 employment by a member in an eligible position or positions for one or
17 more employers for which compensation earnable is paid. Compensation
18 earnable earned for ninety or more hours in any calendar month shall
19 constitute one service credit month except as provided in RCW
20 41.40.088. Compensation earnable earned for at least seventy hours but
21 less than ninety hours in any calendar month shall constitute one-half
22 service credit month of service. Compensation earnable earned for less
23 than seventy hours in any calendar month shall constitute one-quarter
24 service credit month of service. Time spent in standby status, whether
25 compensated or not, is not service.

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

28 (i) Service in any state elective position shall be deemed to be
29 full time service, except that persons serving in state elective
30 positions who are members of the Washington school employees'
31 retirement system, teachers' retirement system, or law enforcement
32 officers' and fire fighters' retirement system at the time of election
33 or appointment to such position may elect to continue membership in the
34 Washington school employees' retirement system, teachers' retirement
35 system, or law enforcement officers' and fire fighters' retirement
36 system.

37 (ii) A member shall receive a total of not more than twelve service
38 credit months of service for such calendar year. If an individual is

1 employed in an eligible position by one or more employers the
2 individual shall receive no more than one service credit month during
3 any calendar month in which multiple service for ninety or more hours
4 is rendered.

5 (iii) Up to forty-five days of sick leave may be creditable as
6 service solely for the purpose of determining eligibility to retire
7 under RCW 41.40.180 as authorized by RCW 28A.400.300. For purposes of
8 plan 2 and plan 3 "forty-five days" as used in RCW 28A.400.300 is equal
9 to two service credit months. Use of less than forty-five days of sick
10 leave is creditable as allowed under this subsection as follows:

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

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

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

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

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

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

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

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

25 (13) "Membership service" means:

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

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

31 (c) Service not to exceed six consecutive months of probationary
32 service rendered after April 1, 1949, and prior to becoming a member,
33 in the case of any member, upon payment in full by such member of the
34 total amount of the employer's contribution to the retirement fund
35 which would have been required under the law in effect when such
36 probationary service was rendered if the member had been a member
37 during such period, except that the amount of the employer's

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

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

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

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

17 (15) "Regular interest" means such rate as the director may
18 determine.

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

23 (17)(a) "Average final compensation" for plan 1 members, means the
24 annual average of the greatest compensation earnable by a member during
25 any consecutive two year period of service credit months for which
26 service credit is allowed; or if the member has less than two years of
27 service credit months then the annual average compensation earnable
28 during the total years of service for which service credit is allowed.

29 (b) "Average final compensation" for plan 2 and plan 3 members,
30 means the member's average compensation earnable of the highest
31 consecutive sixty months of service credit months prior to such
32 member's retirement, termination, or death. Periods constituting
33 authorized leaves of absence may not be used in the calculation of
34 average final compensation except under RCW 41.40.710(2).

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

37 (19) "Annuity" means payments for life derived from accumulated

1 contributions of a member. All annuities shall be paid in monthly
2 installments.

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

6 (21) "Retirement allowance" means the sum of the annuity and the
7 pension.

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

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

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

18 (25) "Eligible position" means:

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

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

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

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

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

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

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

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

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

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

13 (34) "Plan 2" means the public employees' retirement system, plan
14 2 providing the benefits and funding provisions covering persons who
15 first became members of the system on and after October 1, 1977, and
16 are not included in plan 3.

17 (35) "Plan 3" means the public employees' retirement system, plan
18 3 providing the benefits and funding provisions covering persons who:

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

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

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

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

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

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

32 (38) "Index B" means the index for the year prior to index A.

33 (39) "Index year" means the earliest calendar year in which the
34 index is more than sixty percent of index A.

35 (40) "Adjustment ratio" means the value of index A divided by index
36 B.

37 (41) "Annual increase" means, initially, fifty-nine cents per month

1 per year of service which amount shall be increased each July 1st by
2 three percent, rounded to the nearest cent.

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

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

8 **Sec. 9.** RCW 41.35.010 and 2001 c 180 s 3 are each amended to read
9 as follows:

10 The definitions in this section apply throughout this chapter,
11 unless the context clearly requires otherwise:

12 (1) "Retirement system" means the Washington school employees'
13 retirement 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) "Employer," for plan 2 and plan 3 members, means a school
19 district or an educational service district.

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

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

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

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

1 earned during a payroll period shall be considered compensation
2 earnable to the extent provided in this subsection, and the individual
3 shall receive the equivalent service credit;

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

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

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

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

17 (iv) Compensation that a member would have received but for a
18 disability occurring in the line of duty only as authorized by RCW
19 41.40.038;

20 (v) Compensation that a member receives due to participation in the
21 leave sharing program only as authorized by RCW 41.04.650 through
22 41.04.670; and

23 (vi) Compensation that a member receives for being in standby
24 status. For the purposes of this section, a member is in standby
25 status when not being paid for time actually worked and the employer
26 requires the member to be prepared to report immediately for work, if
27 the need arises, although the need may not arise.

28 (7) "Service" for plan 2 and plan 3 members means periods of
29 employment by a member in an eligible position or positions for one or
30 more employers for which compensation earnable is paid. Compensation
31 earnable earned for ninety or more hours in any calendar month shall
32 constitute one service credit month except as provided in RCW
33 41.35.180. Compensation earnable earned for at least seventy hours but
34 less than ninety hours in any calendar month shall constitute one-half
35 service credit month of service. Compensation earnable earned for less
36 than seventy hours in any calendar month shall constitute one-quarter
37 service credit month of service. Time spent in standby status, whether
38 compensated or not, is not service.

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

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

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

11 (c) For purposes of plan 2 and 3 "forty-five days" as used in RCW
12 28A.400.300 is equal to two service credit months. Use of less than
13 forty-five days of sick leave is creditable as allowed under this
14 subsection as follows:

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

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

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

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

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

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

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

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

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

32 (12) "Regular interest" means such rate as the director may
33 determine.

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

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

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

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

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

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

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

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

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

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

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

37 (24) "Leave of absence" means the period of time a member is

1 authorized by the employer to be absent from service without being
2 separated from membership.

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

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

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

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

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

17 (30) "Plan 3" means the Washington school employees' retirement
18 system plan 3 providing the benefits and funding provisions covering
19 persons who first became members of the system on and after September
20 1, 2000, or who transfer from plan 2 under RCW 41.35.510.

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

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

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

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

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

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

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

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