
SENATE BILL 5860

State of Washington 62nd Legislature 2011 Regular Session

By Senator Murray; by request of Office of Financial Management

Read first time 03/01/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to state government employee compensation; amending
2 RCW 43.03.030, 41.60.150, 41.06.560, 41.26.030, 43.43.120, and
3 41.45.070; reenacting and amending RCW 41.06.070, 41.06.133, 41.06.500,
4 43.03.040, 41.32.010, 41.37.010, and 41.40.010; adding a new section to
5 chapter 41.06 RCW; adding a new section to chapter 43.03 RCW; adding a
6 new section to chapter 41.50 RCW; creating new sections; providing an
7 effective date; and declaring an emergency.

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

9 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.06 RCW
10 to read as follows:

11 (1) Except as provided in this section, from July 1, 2011, through
12 June 29, 2013, base salaries are reduced three percent for all state
13 employees of the executive, legislative, and judicial branches,
14 including those employees in the Washington management service, and
15 including exempt employees under this chapter.

16 (2) The following employees of the executive, legislative, and
17 judicial branches are not subject to subsection (1) of this section:

18 (a) Elected officials whose salaries are set by the commission on
19 salaries for elected officials;

1 (b) Employees at state institutions of higher education;

2 (c) Certificated employees of the state school for the blind and
3 the center for childhood deafness and hearing loss;

4 (d) Commissioned officers of the Washington state patrol
5 represented by the state patrol troopers association and the Washington
6 state patrol lieutenants association;

7 (e) Represented ferry workers of the Washington state department of
8 transportation; and

9 (f) Employees whose monthly full-time equivalent salary is less
10 than two thousand five hundred dollars per month.

11 (3) Except as provided in subsection (4) of this section, if an
12 employee subject to the three percent salary reduction under subsection
13 (1) of this section is entitled to leave, the employee will receive
14 temporary salary reduction leave of up to five and two-tenths hours per
15 month. The director of the department of personnel shall adopt rules
16 governing the accrual and use of temporary salary reduction leave for
17 nonrepresented employees. For represented employees, the accrual and
18 use of temporary salary reduction leave shall be in accordance with the
19 provisions of the collective bargaining agreements.

20 (4) If provisions of collective bargaining agreements prevent the
21 implementation of subsection (1) of this section, agencies of the
22 executive, legislative, and judicial branches shall achieve a three
23 percent salary reduction for each employee through employee leave
24 without pay, mandatory and voluntary temporary layoffs, reduced work
25 hours, or other actions consistent with collective bargaining
26 agreements. This subsection does not prohibit an agency from granting
27 temporary salary reduction leave for employees entitled to leave in
28 accordance with subsection (3) of this section.

29 (5) Subsection (2) of this section does not prohibit employers of
30 the executive, legislative, and judicial branches from implementing a
31 salary reduction for employees exempted under subsection (2) of this
32 section. Employers of the executive, legislative, and judicial
33 branches are encouraged to implement a salary reduction for employees
34 exempted under subsection (2) of this section, except for those
35 employees whose monthly full-time equivalent salary is less than two
36 thousand five hundred dollars per month.

37 (6) Subsection (2) of this section does not prohibit elected

1 officials whose salaries are set by the commission on salaries for
2 elected officials to voluntarily agree to a reduction in salary and
3 elected officials are encouraged to take such action.

4 (7) This section does not prohibit a state agency or institution
5 during the 2011-2013 fiscal biennium from instituting reduced work
6 hours, mandatory or voluntary leave without pay, reductions in
7 salaries, or temporary layoffs as an integral part of the employer's
8 expenditure reduction efforts, as certified by the employer. This
9 subsection must be implemented consistent with collective bargaining
10 agreements.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.03 RCW
12 to read as follows:

13 (1) From July 1, 2011, through June 29, 2013, any state elected
14 official of the executive branch may voluntarily reduce his or her
15 salary from that established pursuant to Article XXVIII, section 1 of
16 the state Constitution by three percent.

17 (2) The department of personnel and office of financial management
18 shall develop a form to be used by any state elected official of the
19 executive branch to execute the salary reduction under subsection (1)
20 of this section through the state's central personnel payroll system.

21 (3) A voluntary reduction in salary shall be effective and continue
22 through June 29, 2013, unless the state elected official of the
23 executive branch directs in writing that the department of personnel
24 discontinue the reduction.

25 NEW SECTION. **Sec. 3.** (1) Except as provided in this section,
26 institutions of higher education are to achieve compensation reductions
27 as specifically set forth in the 2011-2013 fiscal biennium omnibus
28 appropriations act. For classified employees, the three percent salary
29 reduction shall be implemented through a temporary salary reduction,
30 voluntary or mandatory leave without pay, temporary layoffs or
31 reduction in work hours, or a reduction in the percentage of an
32 employee's position. Institutions of higher education shall not
33 include reductions in the classified employee workforce to achieve the
34 compensation reductions specifically set forth in the 2011-2013 fiscal
35 biennium omnibus appropriations act.

1 (2) Student employees and employees whose monthly full-time
2 equivalent salary is less than two thousand five hundred dollars per
3 month are not subject to subsection (1) of this section.

4 (3) This section does not prohibit institutions of higher education
5 from implementing temporary salary reduction leave for employees who
6 are entitled to leave.

7 **Sec. 4.** RCW 41.06.070 and 2010 c 271 s 801, 2010 c 2 s 2, and 2010
8 c 1 s 1 are each reenacted and amended to read as follows:

9 (1) The provisions of this chapter do not apply to:

10 (a) The members of the legislature or to any employee of, or
11 position in, the legislative branch of the state government including
12 members, officers, and employees of the legislative council, joint
13 legislative audit and review committee, statute law committee, and any
14 interim committee of the legislature;

15 (b) The justices of the supreme court, judges of the court of
16 appeals, judges of the superior courts or of the inferior courts, or to
17 any employee of, or position in the judicial branch of state
18 government;

19 (c) Officers, academic personnel, and employees of technical
20 colleges;

21 (d) The officers of the Washington state patrol;

22 (e) Elective officers of the state;

23 (f) The chief executive officer of each agency;

24 (g) In the departments of employment security and social and health
25 services, the director and the director's confidential secretary; in
26 all other departments, the executive head of which is an individual
27 appointed by the governor, the director, his or her confidential
28 secretary, and his or her statutory assistant directors;

29 (h) In the case of a multimember board, commission, or committee,
30 whether the members thereof are elected, appointed by the governor or
31 other authority, serve ex officio, or are otherwise chosen:

32 (i) All members of such boards, commissions, or committees;

33 (ii) If the members of the board, commission, or committee serve on
34 a part-time basis and there is a statutory executive officer: The
35 secretary of the board, commission, or committee; the chief executive
36 officer of the board, commission, or committee; and the confidential

1 secretary of the chief executive officer of the board, commission, or
2 committee;

3 (iii) If the members of the board, commission, or committee serve
4 on a full-time basis: The chief executive officer or administrative
5 officer as designated by the board, commission, or committee; and a
6 confidential secretary to the chair of the board, commission, or
7 committee;

8 (iv) If all members of the board, commission, or committee serve ex
9 officio: The chief executive officer; and the confidential secretary
10 of such chief executive officer;

11 (i) The confidential secretaries and administrative assistants in
12 the immediate offices of the elective officers of the state;

13 (j) Assistant attorneys general;

14 (k) Commissioned and enlisted personnel in the military service of
15 the state;

16 (l) Inmate, student, part-time, or temporary employees, and part-
17 time professional consultants, as defined by the Washington personnel
18 resources board;

19 (m) The public printer or to any employees of or positions in the
20 state printing plant;

21 (n) Officers and employees of the Washington state fruit
22 commission;

23 (o) Officers and employees of the Washington apple commission;

24 (p) Officers and employees of the Washington state dairy products
25 commission;

26 (q) Officers and employees of the Washington tree fruit research
27 commission;

28 (r) Officers and employees of the Washington state beef commission;

29 (s) Officers and employees of the Washington grain commission;

30 (t) Officers and employees of any commission formed under chapter
31 15.66 RCW;

32 (u) Officers and employees of agricultural commissions formed under
33 chapter 15.65 RCW;

34 ~~(v) ((Officers and employees of the nonprofit corporation formed
35 under chapter 67.40 RCW;~~

36 ~~(w))~~ Executive assistants for personnel administration and labor
37 relations in all state agencies employing such executive assistants
38 including but not limited to all departments, offices, commissions,

1 committees, boards, or other bodies subject to the provisions of this
2 chapter and this subsection shall prevail over any provision of law
3 inconsistent herewith unless specific exception is made in such law;

4 ~~((+x+))~~ (w) In each agency with fifty or more employees: Deputy
5 agency heads, assistant directors or division directors, and not more
6 than three principal policy assistants who report directly to the
7 agency head or deputy agency heads;

8 ~~((+y+))~~ (x) All employees of the marine employees' commission;

9 ~~((+z+))~~ (y) Staff employed by the department of commerce to
10 administer energy policy functions;

11 ~~((+aa+))~~ (z) The manager of the energy facility site evaluation
12 council;

13 ~~((+bb+))~~ (aa) A maximum of ten staff employed by the department of
14 commerce to administer innovation and policy functions, including the
15 three principal policy assistants exempted under ~~((+x+))~~ (w) of this
16 subsection;

17 ~~((+cc+))~~ (bb) Staff employed by Washington State University to
18 administer energy education, applied research, and technology transfer
19 programs under RCW 43.21F.045 as provided in RCW 28B.30.900(5).

20 (2) The following classifications, positions, and employees of
21 institutions of higher education and related boards are hereby exempted
22 from coverage of this chapter:

23 (a) Members of the governing board of each institution of higher
24 education and related boards, all presidents, vice presidents, and
25 their confidential secretaries, administrative, and personal
26 assistants; deans, directors, and chairs; academic personnel; and
27 executive heads of major administrative or academic divisions employed
28 by institutions of higher education; principal assistants to executive
29 heads of major administrative or academic divisions; other managerial
30 or professional employees in an institution or related board having
31 substantial responsibility for directing or controlling program
32 operations and accountable for allocation of resources and program
33 results, or for the formulation of institutional policy, or for
34 carrying out personnel administration or labor relations functions,
35 legislative relations, public information, development, senior computer
36 systems and network programming, or internal audits and investigations;
37 and any employee of a community college district whose place of work is

1 one which is physically located outside the state of Washington and who
2 is employed pursuant to RCW 28B.50.092 and assigned to an educational
3 program operating outside of the state of Washington;

4 (b) The governing board of each institution, and related boards,
5 may also exempt from this chapter classifications involving research
6 activities, counseling of students, extension or continuing education
7 activities, graphic arts or publications activities requiring
8 prescribed academic preparation or special training as determined by
9 the board: PROVIDED, That no nonacademic employee engaged in office,
10 clerical, maintenance, or food and trade services may be exempted by
11 the board under this provision;

12 (c) Printing craft employees in the department of printing at the
13 University of Washington.

14 (3) In addition to the exemptions specifically provided by this
15 chapter, the director of personnel may provide for further exemptions
16 pursuant to the following procedures. The governor or other
17 appropriate elected official may submit requests for exemption to the
18 director of personnel stating the reasons for requesting such
19 exemptions. The director of personnel shall hold a public hearing,
20 after proper notice, on requests submitted pursuant to this subsection.
21 If the director determines that the position for which exemption is
22 requested is one involving substantial responsibility for the
23 formulation of basic agency or executive policy or one involving
24 directing and controlling program operations of an agency or a major
25 administrative division thereof, the director of personnel shall grant
26 the request and such determination shall be final as to any decision
27 made before July 1, 1993. The total number of additional exemptions
28 permitted under this subsection shall not exceed one percent of the
29 number of employees in the classified service not including employees
30 of institutions of higher education and related boards for those
31 agencies not directly under the authority of any elected public
32 official other than the governor, and shall not exceed a total of
33 twenty-five for all agencies under the authority of elected public
34 officials other than the governor.

35 The salary and fringe benefits of all positions presently or
36 hereafter exempted except for the chief executive officer of each
37 agency, full-time members of boards and commissions, administrative
38 assistants and confidential secretaries in the immediate office of an

1 elected state official, and the personnel listed in subsections (1)(j)
2 through ~~((+v))~~ (u) and ~~((+y))~~ (x) and (2) of this section, shall be
3 determined by the director of personnel. Changes to the classification
4 plan affecting exempt salaries must meet the same provisions for
5 classified salary increases resulting from adjustments to the
6 classification plan as outlined in RCW 41.06.152.

7 From February 18, 2009, through June 30, ~~((2011))~~ 2013, a salary or
8 wage increase shall not be granted to any position exempt from
9 classification under this chapter, except that a salary or wage
10 increase may be granted to employees pursuant to collective bargaining
11 agreements negotiated under chapter 28B.52, 41.56, 47.64, or 41.76 RCW,
12 ~~((or negotiated by the nonprofit corporation formed under chapter 67.40~~
13 ~~RCW,))~~ and except that increases may be granted for positions for which
14 the employer has demonstrated difficulty retaining qualified employees
15 if the following conditions are met:

16 (a) The salary increase can be paid within existing resources; and

17 (b) The salary increase will not adversely impact the provision of
18 client services.

19 Any agency granting a salary increase from February 15, 2010,
20 through June 30, 2011, to a position exempt from classification under
21 this chapter shall submit a report to the fiscal committees of the
22 legislature no later than July 31, 2011, detailing the positions for
23 which salary increases were granted, the size of the increases, and the
24 reasons for giving the increases.

25 Any agency granting a salary increase from July 1, 2011, through
26 June 30, 2013, to a position exempt from classification under this
27 chapter shall submit a report to the fiscal committees of the
28 legislature by July 31, 2012, and July 31, 2013, detailing the
29 positions for which salary increases were granted during the preceding
30 fiscal year, the size of the increases, and the reasons for giving the
31 increases.

32 Any person holding a classified position subject to the provisions
33 of this chapter shall, when and if such position is subsequently
34 exempted from the application of this chapter, be afforded the
35 following rights: If such person previously held permanent status in
36 another classified position, such person shall have a right of
37 reversion to the highest class of position previously held, or to a
38 position of similar nature and salary.

1 Any classified employee having civil service status in a classified
2 position who accepts an appointment in an exempt position shall have
3 the right of reversion to the highest class of position previously
4 held, or to a position of similar nature and salary.

5 A person occupying an exempt position who is terminated from the
6 position for gross misconduct or malfeasance does not have the right of
7 reversion to a classified position as provided for in this section.

8 From February 15, 2010, until June 30, (~~2011~~) 2013, no monetary
9 performance-based awards or incentives may be granted by the director
10 or employers to employees covered by rules adopted under this section.
11 This subsection does not prohibit the payment of awards provided for in
12 chapter 41.60 RCW.

13 From July 1, 2011, until June 30, 2013, no performance-based awards
14 or incentives may be granted by the director or employers to employees
15 pursuant to a performance management confirmation granted by the
16 department of personnel under WAC 357-37-055.

17 **Sec. 5.** RCW 41.06.133 and 2010 c 2 s 3 and 2010 c 1 s 2 are each
18 reenacted and amended to read as follows:

19 (1) The director shall adopt rules, consistent with the purposes
20 and provisions of this chapter and with the best standards of personnel
21 administration, regarding the basis and procedures to be followed for:

22 (a) The reduction, dismissal, suspension, or demotion of an
23 employee;

24 (b) Training and career development;

25 (c) Probationary periods of six to twelve months and rejections of
26 probationary employees, depending on the job requirements of the class,
27 except that entry level state park rangers shall serve a probationary
28 period of twelve months;

29 (d) Transfers;

30 (e) Promotional preferences;

31 (f) Sick leaves and vacations;

32 (g) Hours of work;

33 (h) Layoffs when necessary and subsequent reemployment, except for
34 the financial basis for layoffs;

35 (i) The number of names to be certified for vacancies;

36 (j) Adoption and revision of a state salary schedule to reflect the
37 prevailing rates in Washington state private industries and other

1 governmental units. The rates in the salary schedules or plans shall
2 be increased if necessary to attain comparable worth under an
3 implementation plan under RCW 41.06.155 and, for institutions of higher
4 education and related boards, shall be competitive for positions of a
5 similar nature in the state or the locality in which an institution of
6 higher education or related board is located. Such adoption and
7 revision is subject to approval by the director of financial management
8 in accordance with chapter 43.88 RCW;

9 (k) Increment increases within the series of steps for each pay
10 grade based on length of service for all employees whose standards of
11 performance are such as to permit them to retain job status in the
12 classified service. From February 18, 2009, through June 30, ((2011))
13 2013, a salary or wage increase shall not be granted to any exempt
14 position under this chapter, except that a salary or wage increase may
15 be granted to employees pursuant to collective bargaining agreements
16 negotiated under chapter 28B.52, 41.56, 47.64, or 41.76 RCW, ((~~or~~
17 ~~negotiated by the nonprofit corporation formed under chapter 67.40~~
18 ~~RCW~~)) and except that increases may be granted for positions for which
19 the employer has demonstrated difficulty retaining qualified employees
20 if the following conditions are met:

21 (i) The salary increase can be paid within existing resources; and

22 (ii) The salary increase will not adversely impact the provision of
23 client services;

24 Any agency granting a salary increase from February 15, 2010,
25 through June 30, 2011, to a position exempt under this chapter shall
26 submit a report to the fiscal committees of the legislature no later
27 than July 31, 2011, detailing the positions for which salary increases
28 were granted, the size of the increases, and the reasons for giving the
29 increases;

30 Any agency granting a salary increase from July 1, 2011, through
31 June 30, 2013, to a position exempt under this chapter shall submit a
32 report to the fiscal committees of the legislature by July 31, 2012,
33 and July 31, 2013, detailing the positions for which salary increases
34 were granted during the preceding fiscal year, the size of the
35 increases, and the reasons for giving the increases;

36 (l) Optional lump sum relocation compensation approved by the
37 agency director, whenever it is reasonably necessary that a person make
38 a domiciliary move in accepting a transfer or other employment with the

1 state. An agency must provide lump sum compensation within existing
2 resources. If the person receiving the relocation payment terminates
3 or causes termination with the state, for reasons other than layoff,
4 disability separation, or other good cause as determined by an agency
5 director, within one year of the date of the employment, the state is
6 entitled to reimbursement of the lump sum compensation from the person;

7 (m) Providing for veteran's preference as required by existing
8 statutes, with recognition of preference in regard to layoffs and
9 subsequent reemployment for veterans and their surviving spouses by
10 giving such eligible veterans and their surviving spouses additional
11 credit in computing their seniority by adding to their unbroken state
12 service, as defined by the director, the veteran's service in the
13 military not to exceed five years. For the purposes of this section,
14 "veteran" means any person who has one or more years of active military
15 service in any branch of the armed forces of the United States or who
16 has less than one year's service and is discharged with a disability
17 incurred in the line of duty or is discharged at the convenience of the
18 government and who, upon termination of such service, has received an
19 honorable discharge, a discharge for physical reasons with an honorable
20 record, or a release from active military service with evidence of
21 service other than that for which an undesirable, bad conduct, or
22 dishonorable discharge shall be given. However, the surviving spouse
23 of a veteran is entitled to the benefits of this section regardless of
24 the veteran's length of active military service. For the purposes of
25 this section, "veteran" does not include any person who has voluntarily
26 retired with twenty or more years of active military service and whose
27 military retirement pay is in excess of five hundred dollars per month.

28 (2) Rules adopted under this section by the director shall provide
29 for local administration and management by the institutions of higher
30 education and related boards, subject to periodic audit and review by
31 the director.

32 (3) Rules adopted by the director under this section may be
33 superseded by the provisions of a collective bargaining agreement
34 negotiated under RCW 41.80.001 and 41.80.010 through 41.80.130. The
35 supersession of such rules shall only affect employees in the
36 respective collective bargaining units.

37 (4)(a) The director shall require that each state agency report
38 annually the following data:

1 (i) The number of classified, Washington management service, and
2 exempt employees in the agency and the change compared to the previous
3 report;

4 (ii) The number of bonuses and performance-based incentives awarded
5 to agency staff and the base wages of such employees; and

6 (iii) The cost of each bonus or incentive awarded.

7 (b) A report that compiles the data in (a) of this subsection for
8 all agencies will be provided annually to the governor and the
9 appropriate committees of the legislature and must be posted for the
10 public on the department of personnel's agency web site.

11 (5) From February 15, 2010, until June 30, (~~2011~~) 2013, no
12 monetary performance-based awards or incentives may be granted by the
13 director or employers to employees covered by rules adopted under this
14 section. This subsection does not prohibit the payment of awards
15 provided for in chapter 41.60 RCW.

16 From July 1, 2011, until June 30, 2013, no performance-based awards
17 or incentives may be granted by the director or employers to employees
18 pursuant to a performance management confirmation granted by the
19 department of personnel under WAC 357-37-055.

20 **Sec. 6.** RCW 41.06.500 and 2010 c 2 s 4 and 2010 c 1 s 3 are each
21 reenacted and amended to read as follows:

22 (1) Except as provided in RCW 41.06.070, notwithstanding any other
23 provisions of this chapter, the director is authorized to adopt, after
24 consultation with state agencies and employee organizations, rules for
25 managers as defined in RCW 41.06.022. These rules shall not apply to
26 managers employed by institutions of higher education or related boards
27 or whose positions are exempt. The rules shall govern recruitment,
28 appointment, classification and allocation of positions, examination,
29 training and career development, hours of work, probation,
30 certification, compensation, transfer, affirmative action, promotion,
31 layoff, reemployment, performance appraisals, discipline, and any and
32 all other personnel practices for managers. These rules shall be
33 separate from rules adopted for other employees, and to the extent that
34 the rules adopted under this section apply only to managers shall take
35 precedence over rules adopted for other employees, and are not subject
36 to review by the board.

1 (2) In establishing rules for managers, the director shall adhere
2 to the following goals:

3 (a) Development of a simplified classification system that
4 facilitates movement of managers between agencies and promotes upward
5 mobility;

6 (b) Creation of a compensation system that provides flexibility in
7 setting and changing salaries, and shall require review and approval by
8 the director in the case of any salary changes greater than five
9 percent proposed for any group of employees;

10 (c) Establishment of a performance appraisal system that emphasizes
11 individual accountability for program results and efficient management
12 of resources; effective planning, organization, and communication
13 skills; valuing and managing workplace diversity; development of
14 leadership and interpersonal abilities; and employee development;

15 (d) Strengthening management training and career development
16 programs that build critical management knowledge, skills, and
17 abilities; focusing on managing and valuing workplace diversity;
18 empowering employees by enabling them to share in workplace decision
19 making and to be innovative, willing to take risks, and able to accept
20 and deal with change; promoting a workplace where the overall focus is
21 on the recipient of the government services and how these services can
22 be improved; and enhancing mobility and career advancement
23 opportunities;

24 (e) Permitting flexible recruitment and hiring procedures that
25 enable agencies to compete effectively with other employers, both
26 public and private, for managers with appropriate skills and training;
27 allowing consideration of all qualified candidates for positions as
28 managers; and achieving affirmative action goals and diversity in the
29 workplace;

30 (f) Providing that managers may only be reduced, dismissed,
31 suspended, or demoted for cause; and

32 (g) Facilitating decentralized and regional administration.

33 (3) From February 18, 2009, through June 30, (~~2011~~) 2013, a
34 salary or wage increase shall not be granted to any position under this
35 section, except that increases may be granted for positions for which
36 the employer has demonstrated difficulty retaining qualified employees
37 if the following conditions are met:

38 (a) The salary increase can be paid within existing resources; and

1 (b) The salary increase will not adversely impact the provision of
2 client services.

3 Any agency granting a salary increase from February 15, 2010,
4 through June 30, 2011, to a position under this section shall submit a
5 report to the fiscal committees of the legislature no later than July
6 31, 2011, detailing the positions for which salary increases were
7 granted, the size of the increases, and the reasons for giving the
8 increases.

9 Any agency granting a salary increase from July 1, 2011, through
10 June 30, 2013, to a position under this section shall submit a report
11 to the fiscal committees of the legislature by July 31, 2012, and July
12 31, 2013, detailing the positions for which salary increases were
13 granted during the preceding fiscal year, the size of the increases,
14 and the reasons for giving the increases.

15 (4) From February 15, 2010, until June 30, (~~2011~~) 2013, no
16 monetary performance-based awards or growth and development progression
17 adjustments may be granted by the director or employers to the
18 Washington management service employees covered by the rules adopted
19 under this section. This subsection does not prohibit the payment of
20 awards provided for in chapter 41.60 RCW.

21 From July 1, 2011, until June 30, 2013, no performance-based awards
22 or incentives may be granted by the director or employers to employees
23 pursuant to a performance management confirmation granted by the
24 department of personnel under WAC 357-37-055.

25 **Sec. 7.** RCW 43.03.030 and 2010 c 1 s 4 are each amended to read as
26 follows:

27 (1) Wherever the compensation of any appointive state officer or
28 employee is fixed by statute, it may be hereafter increased or
29 decreased in the manner provided by law for the fixing of compensation
30 of other appointive state officers or employees; but this subsection
31 shall not apply to the heads of state departments.

32 (2) Wherever the compensation of any state officer appointed by the
33 governor, or of any employee in any office or department under the
34 control of any such officer, is fixed by statute, such compensation may
35 hereafter, from time to time, be changed by the governor, and he or she
36 shall have power to fix such compensation at any amount not to exceed
37 the amount fixed by statute.

1 (3) From February 18, 2009, through June 30, ((2011)) 2013, a
2 salary or wage increase shall not be granted to any position under this
3 section, except that increases may be granted for positions for which
4 the employer has demonstrated difficulty retaining qualified employees
5 if the following conditions are met:

6 (a) The salary increase can be paid within existing resources; and

7 (b) The salary increase will not adversely impact the provision of
8 client services.

9 Any agency granting a salary increase from February 15, 2010,
10 through June 30, 2011, to a position exempt under this section shall
11 submit a report to the fiscal committees of the legislature no later
12 than July 31, 2011, detailing the positions for which salary increases
13 were granted, the size of the increases, and the reasons for giving the
14 increases.

15 Any agency granting a salary increase from July 1, 2011, through
16 June 30, 2013, to a position exempt under this section shall submit a
17 report to the fiscal committees of the legislature by July 31, 2012,
18 and July 31, 2013, detailing the positions for which salary increases
19 were granted during the preceding fiscal year, the size of the
20 increases, and the reasons for giving the increases.

21 **Sec. 8.** RCW 43.03.040 and 2010 1st sp.s. c 7 s 5 and 2010 c 1 s 5
22 are each reenacted and amended to read as follows:

23 The directors of the several departments and members of the several
24 boards and commissions, whose salaries are fixed by the governor and
25 the chief executive officers of the agencies named in RCW 43.03.028(1)
26 as now or hereafter amended shall each severally receive such salaries,
27 payable in monthly installments, as shall be fixed by the governor or
28 the appropriate salary fixing authority, in an amount not to exceed the
29 recommendations of the department of personnel. From February 18,
30 2009, through June 30, ((2011)) 2013, a salary or wage increase shall
31 not be granted to any position under this section, except that
32 increases may be granted for positions for which the employer has
33 demonstrated difficulty retaining qualified employees if the following
34 conditions are met:

35 (1) The salary increase can be paid within existing resources; and

36 (2) The salary increase will not adversely impact the provision
37 ((to)) of client services.

1 Any agency granting a salary increase from February 15, 2010,
2 through June 30, 2011, to a position under this section shall submit a
3 report to the fiscal committees of the legislature no later than July
4 31, 2011, detailing the positions for which salary increases were
5 granted, the size of the increases, and the reasons for giving the
6 increases.

7 Any agency granting a salary increase from July 1, 2011, through
8 June 30, 2013, to a position under this section shall submit a report
9 to the fiscal committees of the legislature by July 31, 2012, and July
10 31, 2013, detailing the positions for which salary increases were
11 granted during the preceding fiscal year, the size of the increases,
12 and the reasons for giving the increases.

13 **Sec. 9.** RCW 41.60.150 and 2010 c 1 s 6 are each amended to read as
14 follows:

15 Other than suggestion awards and incentive pay unit awards,
16 agencies shall have the authority to recognize employees, either
17 individually or as a class, for accomplishments including outstanding
18 achievements, safety performance, longevity, outstanding public
19 service, or service as employee suggestion evaluators and implementors.
20 Recognition awards may not exceed two hundred dollars in value per
21 award. Such awards may include, but not be limited to, cash or such
22 items as pen and desk sets, plaques, pins, framed certificates, clocks,
23 and calculators. Award costs shall be paid by the agency giving the
24 award. From February 15, 2010, through June 30, ((2011)) 2013,
25 recognition awards may not be given in the form of cash or cash
26 equivalents such as gift certificates or gift cards.

27 NEW SECTION. **Sec. 10.** (1) Notwithstanding sections 4 through 8 of
28 this act, during the 2011-2013 fiscal biennium institutions of higher
29 education may grant a wage or salary increase for additional academic
30 responsibilities during the summer quarter if the following conditions
31 are met:

32 (a) The salary increase can be paid within existing resources; and
33 (b) The salary increase will not adversely impact the provision of
34 client services.

35 (2) Any institution granting a wage or salary increase under this
36 section from July 1, 2011, through June 30, 2013, shall submit a report

1 to the fiscal committees of the legislature by July 31, 2012, and July
2 31, 2013, detailing the positions for which salary increases were
3 granted, the size of the increases, and the reasons for giving the
4 increases.

5 **Sec. 11.** RCW 41.06.560 and 2010 c 2 s 6 are each amended to read
6 as follows:

7 From February 15, 2010, until June 30, (~~2011~~) 2013, no monetary
8 performance-based awards or incentives may be granted by the director
9 or employers to employees covered by rules adopted under this section.
10 This section does not prohibit the payment of awards provided for in
11 chapter 41.60 RCW.

12 From July 1, 2011, until June 30, 2013, no performance-based awards
13 or incentives may be granted by the director or employers to employees
14 pursuant to a performance management confirmation granted by the
15 department of personnel under WAC 357-37-055.

16 **Sec. 12.** RCW 41.26.030 and 2010 2nd sp.s. c 1 s 903 are each
17 amended to read as follows:

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

20 (1) "Accumulated contributions" means the employee's contributions
21 made by a member, including any amount paid under RCW 41.50.165(2),
22 plus accrued interest credited thereon.

23 (2) "Actuarial reserve" means a method of financing a pension or
24 retirement plan wherein reserves are accumulated as the liabilities for
25 benefit payments are incurred in order that sufficient funds will be
26 available on the date of retirement of each member to pay the member's
27 future benefits during the period of retirement.

28 (3) "Actuarial valuation" means a mathematical determination of the
29 financial condition of a retirement plan. It includes the computation
30 of the present monetary value of benefits payable to present members,
31 and the present monetary value of future employer and employee
32 contributions, giving effect to mortality among active and retired
33 members and also to the rates of disability, retirement, withdrawal
34 from service, salary and interest earned on investments.

35 (4)(a) "Basic salary" for plan 1 members, means the basic monthly
36 rate of salary or wages, including longevity pay but not including

1 overtime earnings or special salary or wages, upon which pension or
2 retirement benefits will be computed and upon which employer
3 contributions and salary deductions will be based.

4 (b) "Basic salary" for plan 2 members, means salaries or wages
5 earned by a member during a payroll period for personal services,
6 including overtime payments, and shall include wages and salaries
7 deferred under provisions established pursuant to sections 403(b),
8 414(h), and 457 of the United States Internal Revenue Code, but shall
9 exclude lump sum payments for deferred annual sick leave, unused
10 accumulated vacation, unused accumulated annual leave, or any form of
11 severance pay. In any year in which a member serves in the legislature
12 the member shall have the option of having such member's basic salary
13 be the greater of:

14 (i) The basic salary the member would have received had such member
15 not served in the legislature; or

16 (ii) Such member's actual basic salary received for nonlegislative
17 public employment and legislative service combined. Any additional
18 contributions to the retirement system required because basic salary
19 under (b)(i) of this subsection is greater than basic salary under
20 (b)(ii) of this subsection shall be paid by the member for both member
21 and employer contributions.

22 (5)(a) "Beneficiary" for plan 1 members, means any person in
23 receipt of a retirement allowance, disability allowance, death benefit,
24 or any other benefit described herein.

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

28 (6)(a) "Child" or "children" means an unmarried person who is under
29 the age of eighteen or mentally or physically disabled as determined by
30 the department, except a person who is disabled and in the full time
31 care of a state institution, who is:

32 (i) A natural born child;

33 (ii) A stepchild where that relationship was in existence prior to
34 the date benefits are payable under this chapter;

35 (iii) A posthumous child;

36 (iv) A child legally adopted or made a legal ward of a member prior
37 to the date benefits are payable under this chapter; or

1 (v) An illegitimate child legitimized prior to the date any
2 benefits are payable under this chapter.

3 (b) A person shall also be deemed to be a child up to and including
4 the age of twenty years and eleven months while attending any high
5 school, college, or vocational or other educational institution
6 accredited, licensed, or approved by the state, in which it is located,
7 including the summer vacation months and all other normal and regular
8 vacation periods at the particular educational institution after which
9 the child returns to school.

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

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

13 (9) "Disability board" for plan 1 members means either the county
14 disability board or the city disability board established in RCW
15 41.26.110.

16 (10) "Disability leave" means the period of six months or any
17 portion thereof during which a member is on leave at an allowance equal
18 to the member's full salary prior to the commencement of disability
19 retirement. The definition contained in this subsection shall apply
20 only to plan 1 members.

21 (11) "Disability retirement" for plan 1 members, means the period
22 following termination of a member's disability leave, during which the
23 member is in receipt of a disability retirement allowance.

24 (12) "Domestic partners" means two adults who have registered as
25 domestic partners under RCW 26.60.020.

26 (13) "Employee" means any law enforcement officer or firefighter as
27 defined in subsections (16) and (18) of this section.

28 (14)(a) "Employer" for plan 1 members, means the legislative
29 authority of any city, town, county, or district or the elected
30 officials of any municipal corporation that employs any law enforcement
31 officer and/or firefighter, any authorized association of such
32 municipalities, and, except for the purposes of RCW 41.26.150, any
33 labor guild, association, or organization, which represents the
34 firefighters or law enforcement officers of at least seven cities of
35 over 20,000 population and the membership of each local lodge or
36 division of which is composed of at least sixty percent law enforcement
37 officers or firefighters as defined in this chapter.

1 (b) "Employer" for plan 2 members, means the following entities to
2 the extent that the entity employs any law enforcement officer and/or
3 firefighter:

4 (i) The legislative authority of any city, town, county, or
5 district;

6 (ii) The elected officials of any municipal corporation;

7 (iii) The governing body of any other general authority law
8 enforcement agency; or

9 (iv) A four-year institution of higher education having a fully
10 operational fire department as of January 1, 1996.

11 (15)(a) "Final average salary" for plan 1 members, means (i) for a
12 member holding the same position or rank for a minimum of twelve months
13 preceding the date of retirement, the basic salary attached to such
14 same position or rank at time of retirement; (ii) for any other member,
15 including a civil service member who has not served a minimum of twelve
16 months in the same position or rank preceding the date of retirement,
17 the average of the greatest basic salaries payable to such member
18 during any consecutive twenty-four month period within such member's
19 last ten years of service for which service credit is allowed, computed
20 by dividing the total basic salaries payable to such member during the
21 selected twenty-four month period by twenty-four; (iii) in the case of
22 disability of any member, the basic salary payable to such member at
23 the time of disability retirement; (iv) in the case of a member who
24 hereafter vests pursuant to RCW 41.26.090, the basic salary payable to
25 such member at the time of vesting.

26 (b) "Final average salary" for plan 2 members, means the monthly
27 average of the member's basic salary for the highest consecutive sixty
28 service credit months of service prior to such member's retirement,
29 termination, or death. Periods constituting authorized unpaid leaves
30 of absence may not be used in the calculation of final average salary.

31 (c) In calculating final average salary under (a) or (b) of this
32 subsection, the department of retirement systems shall include:

33 (i) Any compensation forgone by a member employed by a state agency
34 or institution during the 2009-2011 fiscal biennium as a result of
35 reduced work hours, mandatory or voluntary leave without pay, temporary
36 reduction in pay implemented prior to December 11, 2010, or temporary
37 layoffs if the reduced compensation is an integral part of the

1 employer's expenditure reduction efforts, as certified by the employer;
2 and

3 (ii) Any compensation forgone by a member employed by a state
4 agency or institution during the 2011-2013 fiscal biennium under
5 sections 1 through 3 of this act.

6 (16) "Firefighter" means:

7 (a) Any person who is serving on a full time, fully compensated
8 basis as a member of a fire department of an employer and who is
9 serving in a position which requires passing a civil service
10 examination for firefighter, and who is actively employed as such;

11 (b) Anyone who is actively employed as a full time firefighter
12 where the fire department does not have a civil service examination;

13 (c) Supervisory firefighter personnel;

14 (d) Any full time executive secretary of an association of fire
15 protection districts authorized under RCW 52.12.031. The provisions of
16 this subsection (16)(d) shall not apply to plan 2 members;

17 (e) The executive secretary of a labor guild, association or
18 organization (which is an employer under subsection (14) of this
19 section), if such individual has five years previous membership in a
20 retirement system established in chapter 41.16 or 41.18 RCW. The
21 provisions of this subsection (16)(e) shall not apply to plan 2
22 members;

23 (f) Any person who is serving on a full time, fully compensated
24 basis for an employer, as a fire dispatcher, in a department in which,
25 on March 1, 1970, a dispatcher was required to have passed a civil
26 service examination for firefighter;

27 (g) Any person who on March 1, 1970, was employed on a full time,
28 fully compensated basis by an employer, and who on May 21, 1971, was
29 making retirement contributions under the provisions of chapter 41.16
30 or 41.18 RCW; and

31 (h) Any person who is employed on a full-time, fully compensated
32 basis by an employer as an emergency medical technician.

33 (17) "General authority law enforcement agency" means any agency,
34 department, or division of a municipal corporation, political
35 subdivision, or other unit of local government of this state, and any
36 agency, department, or division of state government, having as its
37 primary function the detection and apprehension of persons committing
38 infractions or violating the traffic or criminal laws in general, but

1 not including the Washington state patrol. Such an agency, department,
2 or division is distinguished from a limited authority law enforcement
3 agency having as one of its functions the apprehension or detection of
4 persons committing infractions or violating the traffic or criminal
5 laws relating to limited subject areas, including but not limited to,
6 the state departments of natural resources and social and health
7 services, the state gambling commission, the state lottery commission,
8 the state parks and recreation commission, the state utilities and
9 transportation commission, the state liquor control board, and the
10 state department of corrections.

11 (18) "Law enforcement officer" beginning January 1, 1994, means any
12 person who is commissioned and employed by an employer on a full time,
13 fully compensated basis to enforce the criminal laws of the state of
14 Washington generally, with the following qualifications:

15 (a) No person who is serving in a position that is basically
16 clerical or secretarial in nature, and who is not commissioned shall be
17 considered a law enforcement officer;

18 (b) Only those deputy sheriffs, including those serving under a
19 different title pursuant to county charter, who have successfully
20 completed a civil service examination for deputy sheriff or the
21 equivalent position, where a different title is used, and those persons
22 serving in unclassified positions authorized by RCW 41.14.070 except a
23 private secretary will be considered law enforcement officers;

24 (c) Only such full time commissioned law enforcement personnel as
25 have been appointed to offices, positions, or ranks in the police
26 department which have been specifically created or otherwise expressly
27 provided for and designated by city charter provision or by ordinance
28 enacted by the legislative body of the city shall be considered city
29 police officers;

30 (d) The term "law enforcement officer" also includes the executive
31 secretary of a labor guild, association or organization (which is an
32 employer under subsection (14) of this section) if that individual has
33 five years previous membership in the retirement system established in
34 chapter 41.20 RCW. The provisions of this subsection (18)(d) shall not
35 apply to plan 2 members; and

36 (e) The term "law enforcement officer" also includes a person
37 employed on or after January 1, 1993, as a public safety officer or
38 director of public safety, so long as the job duties substantially

1 involve only either police or fire duties, or both, and no other duties
2 in a city or town with a population of less than ten thousand. The
3 provisions of this subsection (18)(e) shall not apply to any public
4 safety officer or director of public safety who is receiving a
5 retirement allowance under this chapter as of May 12, 1993.

6 (19) "Medical services" for plan 1 members, shall include the
7 following as minimum services to be provided. Reasonable charges for
8 these services shall be paid in accordance with RCW 41.26.150.

9 (a) Hospital expenses: These are the charges made by a hospital,
10 in its own behalf, for

11 (i) Board and room not to exceed semiprivate room rate unless
12 private room is required by the attending physician due to the
13 condition of the patient.

14 (ii) Necessary hospital services, other than board and room,
15 furnished by the hospital.

16 (b) Other medical expenses: The following charges are considered
17 "other medical expenses", provided that they have not been considered
18 as "hospital expenses".

19 (i) The fees of the following:

20 (A) A physician or surgeon licensed under the provisions of chapter
21 18.71 RCW;

22 (B) An osteopathic physician and surgeon licensed under the
23 provisions of chapter 18.57 RCW;

24 (C) A chiropractor licensed under the provisions of chapter 18.25
25 RCW.

26 (ii) The charges of a registered graduate nurse other than a nurse
27 who ordinarily resides in the member's home, or is a member of the
28 family of either the member or the member's spouse.

29 (iii) The charges for the following medical services and supplies:

30 (A) Drugs and medicines upon a physician's prescription;

31 (B) Diagnostic X-ray and laboratory examinations;

32 (C) X-ray, radium, and radioactive isotopes therapy;

33 (D) Anesthesia and oxygen;

34 (E) Rental of iron lung and other durable medical and surgical
35 equipment;

36 (F) Artificial limbs and eyes, and casts, splints, and trusses;

37 (G) Professional ambulance service when used to transport the

1 member to or from a hospital when injured by an accident or stricken by
2 a disease;

3 (H) Dental charges incurred by a member who sustains an accidental
4 injury to his or her teeth and who commences treatment by a legally
5 licensed dentist within ninety days after the accident;

6 (I) Nursing home confinement or hospital extended care facility;

7 (J) Physical therapy by a registered physical therapist;

8 (K) Blood transfusions, including the cost of blood and blood
9 plasma not replaced by voluntary donors;

10 (L) An optometrist licensed under the provisions of chapter 18.53
11 RCW.

12 (20) "Member" means any firefighter, law enforcement officer, or
13 other person as would apply under subsections (16) or (18) of this
14 section whose membership is transferred to the Washington law
15 enforcement officers' and firefighters' retirement system on or after
16 March 1, 1970, and every law enforcement officer and firefighter who is
17 employed in that capacity on or after such date.

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

22 (22) "Plan 2" means the law enforcement officers' and firefighters'
23 retirement system, plan 2 providing the benefits and funding provisions
24 covering persons who first became members of the system on and after
25 October 1, 1977.

26 (23) "Position" means the employment held at any particular time,
27 which may or may not be the same as civil service rank.

28 (24) "Regular interest" means such rate as the director may
29 determine.

30 (25) "Retiree" for persons who establish membership in the
31 retirement system on or after October 1, 1977, means any member in
32 receipt of a retirement allowance or other benefit provided by this
33 chapter resulting from service rendered to an employer by such member.

34 (26) "Retirement fund" means the "Washington law enforcement
35 officers' and firefighters' retirement system fund" as provided for
36 herein.

37 (27) "Retirement system" means the "Washington law enforcement
38 officers' and firefighters' retirement system" provided herein.

1 (28)(a) "Service" for plan 1 members, means all periods of
2 employment for an employer as a firefighter or law enforcement officer,
3 for which compensation is paid, together with periods of suspension not
4 exceeding thirty days in duration. For the purposes of this chapter
5 service shall also include service in the armed forces of the United
6 States as provided in RCW 41.26.190. Credit shall be allowed for all
7 service credit months of service rendered by a member from and after
8 the member's initial commencement of employment as a firefighter or law
9 enforcement officer, during which the member worked for seventy or more
10 hours, or was on disability leave or disability retirement. Only
11 service credit months of service shall be counted in the computation of
12 any retirement allowance or other benefit provided for in this chapter.

13 (i) For members retiring after May 21, 1971 who were employed under
14 the coverage of a prior pension act before March 1, 1970, "service"
15 shall also include (A) such military service not exceeding five years
16 as was creditable to the member as of March 1, 1970, under the member's
17 particular prior pension act, and (B) such other periods of service as
18 were then creditable to a particular member under the provisions of RCW
19 41.18.165, 41.20.160, or 41.20.170. However, in no event shall credit
20 be allowed for any service rendered prior to March 1, 1970, where the
21 member at the time of rendition of such service was employed in a
22 position covered by a prior pension act, unless such service, at the
23 time credit is claimed therefor, is also creditable under the
24 provisions of such prior act.

25 (ii) A member who is employed by two employers at the same time
26 shall only be credited with service to one such employer for any month
27 during which the member rendered such dual service.

28 (b) "Service" for plan 2 members, means periods of employment by a
29 member for one or more employers for which basic salary is earned for
30 ninety or more hours per calendar month which shall constitute a
31 service credit month. Periods of employment by a member for one or
32 more employers for which basic salary is earned for at least seventy
33 hours but less than ninety hours per calendar month shall constitute
34 one-half service credit month. Periods of employment by a member for
35 one or more employers for which basic salary is earned for less than
36 seventy hours shall constitute a one-quarter service credit month.

37 Members of the retirement system who are elected or appointed to a

1 state elective position may elect to continue to be members of this
2 retirement system.

3 Service credit years of service shall be determined by dividing the
4 total number of service credit months of service by twelve. Any
5 fraction of a service credit year of service as so determined shall be
6 taken into account in the computation of such retirement allowance or
7 benefits.

8 If a member receives basic salary from two or more employers during
9 any calendar month, the individual shall receive one service credit
10 month's service credit during any calendar month in which multiple
11 service for ninety or more hours is rendered; or one-half service
12 credit month's service credit during any calendar month in which
13 multiple service for at least seventy hours but less than ninety hours
14 is rendered; or one-quarter service credit month during any calendar
15 month in which multiple service for less than seventy hours is
16 rendered.

17 (29) "Service credit month" means a full service credit month or an
18 accumulation of partial service credit months that are equal to one.

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

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

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

26 (33) "Surviving spouse" means the surviving widow or widower of a
27 member. "Surviving spouse" shall not include the divorced spouse of a
28 member except as provided in RCW 41.26.162.

29 **Sec. 13.** RCW 41.32.010 and 2010 2nd sp.s. c 1 s 904 are each
30 reenacted and amended to read as follows:

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

33 (1)(a) "Accumulated contributions" for plan 1 members, means the
34 sum of all regular annuity contributions and, except for the purpose of
35 withdrawal at the time of retirement, any amount paid under RCW
36 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) "Adjustment ratio" means the value of index A divided by index
9 B.

10 (4) "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 (5) "Annuity" means the moneys payable per year during life by
14 reason of accumulated contributions of a member.

15 (6) "Average final compensation" for plan 2 and plan 3 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 (7)(a) "Beneficiary" for plan 1 members, means any person in
22 receipt of a retirement allowance or other benefit provided by this
23 chapter.

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

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

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

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

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

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

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

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

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

9 (ii) For an employee member of the retirement system teaching in an
10 extended school year program, two consecutive extended school years, as
11 defined by the employer school district, may be used as the annual
12 period for determining earnable compensation in lieu of the two fiscal
13 years.

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

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

24 (B) If a leave of absence, without pay, is taken by a member for
25 the purpose of serving as a member of the state legislature, and such
26 member has served in the legislature five or more years, the salary
27 which would have been received for the position from which the leave of
28 absence was taken shall be considered as compensation earnable if the
29 employee's contribution thereon is paid by the employee. In addition,
30 where a member has been a member of the state legislature for five or
31 more years, earnable compensation for the member's two highest
32 compensated consecutive years of service shall include a sum not to
33 exceed thirty-six hundred dollars for each of such two consecutive
34 years, regardless of whether or not legislative service was rendered
35 during those two years.

36 (iv) For members employed less than full time under written
37 contract with a school district, or community college district, in an
38 instructional position, for which the member receives service credit of

1 less than one year in all of the years used to determine the earnable
2 compensation used for computing benefits due under RCW 41.32.497,
3 41.32.498, and 41.32.520, the member may elect to have earnable
4 compensation defined as provided in RCW 41.32.345. For the purposes of
5 this subsection, the term "instructional position" means a position in
6 which more than seventy-five percent of the member's time is spent as
7 a classroom instructor (including office hours), a librarian, a
8 psychologist, a social worker, a nurse, a physical therapist, an
9 occupational therapist, a speech language pathologist or audiologist,
10 or a counselor. Earnable compensation shall be so defined only for the
11 purpose of the calculation of retirement benefits and only as necessary
12 to insure that members who receive fractional service credit under RCW
13 41.32.270 receive benefits proportional to those received by members
14 who have received full-time service credit.

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

16 (A) Remuneration for unused sick leave authorized under RCW
17 41.04.340, 28A.400.210, or 28A.310.490;

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

20 (b) "Earnable compensation" for plan 2 and plan 3 members, means
21 salaries or wages earned by a member during a payroll period for
22 personal services, including overtime payments, and shall include wages
23 and salaries deferred under provisions established pursuant to sections
24 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
25 shall exclude lump sum payments for deferred annual sick leave, unused
26 accumulated vacation, unused accumulated annual leave, or any form of
27 severance pay.

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

31 (i) Retroactive payments to an individual by an employer on
32 reinstatement of the employee in a position or payments by an employer
33 to an individual in lieu of reinstatement in a position which are
34 awarded or granted as the equivalent of the salary or wages which the
35 individual would have earned during a payroll period shall be
36 considered earnable compensation, to the extent provided above, and the
37 individual shall receive the equivalent service credit.

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

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

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

12 (c) In calculating earnable compensation under (a) or (b) of this
13 subsection, the department of retirement systems shall include:

14 (i) Any compensation forgone by a member employed by a state agency
15 or institution during the 2009-2011 fiscal biennium as a result of
16 reduced work hours, mandatory or voluntary leave without pay, temporary
17 reduction in pay implemented prior to December 11, 2010, or temporary
18 layoffs if the reduced compensation is an integral part of the
19 employer's expenditure reduction efforts, as certified by the employer;
20 and

21 (ii) Any compensation forgone by a member employed by a state
22 agency or institution during the 2011-2013 fiscal biennium under
23 sections 1 through 3 of this act.

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

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

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

36 (d) The elected position of the superintendent of public
37 instruction is an eligible position.

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

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

8 (18) "Fiscal year" means a year which begins July 1st and ends June
9 30th of the following year.

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

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

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

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

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

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

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

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

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

35 (28) "Membership service" means service rendered subsequent to the
36 first day of eligibility of a person to membership in the retirement
37 system: PROVIDED, That where a member is employed by two or more

1 employers the individual shall receive no more than one service credit
2 month during any calendar month in which multiple service is rendered.
3 The provisions of this subsection shall apply only to plan 1 members.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (48) "Substitute teacher" means:

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

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

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

12 **Sec. 14.** RCW 41.37.010 and 2010 2nd sp.s. c 1 s 905 are each
13 reenacted and amended to read as follows:

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

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

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

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

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

28 (5)(a) "Average final compensation" means the member's average
29 compensation earnable of the highest consecutive sixty months of
30 service credit months prior to such member's retirement, termination,
31 or death. Periods constituting authorized leaves of absence may not be
32 used in the calculation of average final compensation except under RCW
33 41.37.290.

34 (b) In calculating average final compensation under (a) of this
35 subsection, the department of retirement systems shall include:

36 (i) Any compensation forgone by a member employed by a state agency
37 or institution during the 2009-2011 fiscal biennium as a result of

1 reduced work hours, mandatory or voluntary leave without pay, temporary
2 reduction in pay implemented prior to December 11, 2010, or temporary
3 layoffs if the reduced compensation is an integral part of the
4 employer's expenditure reduction efforts, as certified by the employer;
5 and

6 (ii) Any compensation forgone by a member employed by a state
7 agency or institution during the 2011-2013 fiscal biennium under
8 sections 1 through 3 of this act.

9 (6) "Beneficiary" means any person in receipt of a retirement
10 allowance or other benefit provided by this chapter resulting from
11 service rendered to an employer by another person.

12 (7)(a) "Compensation earnable" for members, means salaries or wages
13 earned by a member during a payroll period for personal services,
14 including overtime payments, and shall include wages and salaries
15 deferred under provisions established pursuant to sections 403(b),
16 414(h), and 457 of the United States internal revenue code, but shall
17 exclude nonmoney maintenance compensation and lump sum or other
18 payments for deferred annual sick leave, unused accumulated vacation,
19 unused accumulated annual leave, or any form of severance pay.

20 (b) "Compensation earnable" for members also includes the following
21 actual or imputed payments, which are not paid for personal services:

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

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

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

34 (B) Such member's actual compensation earnable received for
35 nonlegislative public employment and legislative service combined. Any
36 additional contributions to the retirement system required because
37 compensation earnable under (b)(ii)(A) of this subsection is greater

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

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

5 (iv) Compensation that a member would have received but for a
6 disability occurring in the line of duty only as authorized by RCW
7 41.37.060;

8 (v) Compensation that a member receives due to participation in the
9 leave sharing program only as authorized by RCW 41.04.650 through
10 41.04.670; and

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

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

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

19 (10) "Eligible position" means any permanent, full-time position
20 included in subsection (19) of this section.

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

26 (12) "Employer" means the Washington state department of
27 corrections, the Washington state parks and recreation commission, the
28 Washington state gambling commission, the Washington state patrol, the
29 Washington state department of natural resources, and the Washington
30 state liquor control board; any county corrections department; or any
31 city corrections department not covered under chapter 41.28 RCW.

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

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

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

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

4 (17) "Ineligible position" means any position which does not
5 conform with the requirements set forth in subsection (10) of this
6 section.

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

10 (19) "Member" means any employee employed by an employer on a full-
11 time basis:

12 (a) Who is in a position that requires completion of a certified
13 criminal justice training course and is authorized by their employer to
14 arrest, conduct criminal investigations, enforce the criminal laws of
15 the state of Washington, and carry a firearm as part of the job;

16 (b) Whose primary responsibility is to ensure the custody and
17 security of incarcerated or probationary individuals as a corrections
18 officer, probation officer, or jailer;

19 (c) Who is a limited authority Washington peace officer, as defined
20 in RCW 10.93.020, for an employer; or

21 (d) Whose primary responsibility is to supervise members eligible
22 under this subsection.

23 (20) "Membership service" means all service rendered as a member.

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

27 (22) "Plan" means the Washington public safety employees'
28 retirement system plan 2.

29 (23) "Regular interest" means such rate as the director may
30 determine.

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

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

36 (26) "Retirement allowance" means monthly payments to a retiree or
37 beneficiary as provided in this chapter.

1 (27) "Retirement system" means the Washington public safety
2 employees' retirement system provided for in this chapter.

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

5 (29) "Service" means periods of employment by a member on or after
6 July 1, 2006, for one or more employers for which compensation earnable
7 is paid. Compensation earnable earned for ninety or more hours in any
8 calendar month shall constitute one service credit month. Compensation
9 earnable earned for at least seventy hours but less than ninety hours
10 in any calendar month shall constitute one-half service credit month of
11 service. Compensation earnable earned for less than seventy hours in
12 any calendar month shall constitute one-quarter service credit month of
13 service. Time spent in standby status, whether compensated or not, is
14 not service.

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

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

19 (b) A member shall receive a total of not more than twelve service
20 credit months of service for such calendar year. If an individual is
21 employed in an eligible position by one or more employers the
22 individual shall receive no more than one service credit month during
23 any calendar month in which multiple service for ninety or more hours
24 is rendered.

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

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

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

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

34 (34) "State treasurer" means the treasurer of the state of
35 Washington.

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

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

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

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

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

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

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

18 (6)(a) "Average final compensation" for plan 1 members, means the
19 annual average of the greatest compensation earnable by a member during
20 any consecutive two year period of service credit months for which
21 service credit is allowed; or if the member has less than two years of
22 service credit months then the annual average compensation earnable
23 during the total years of service for which service credit is allowed.

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

31 (c) In calculating average final compensation under this subsection
32 for a member of plan 1, 2, or 3, the department of retirement systems
33 shall include:

34 (i) Any compensation forgone by the member during the 2009-2011
35 fiscal biennium as a result of reduced work hours, voluntary leave
36 without pay, temporary reduction in pay implemented prior to December
37 11, 2010, or temporary furloughs if the reduced compensation is an

1 integral part of the employer's expenditure reduction efforts, as
2 certified by the employer; and

3 (ii) Any compensation forgone by a member employed by a state
4 agency or institution during the 2011-2013 fiscal biennium under
5 sections 1 through 3 of this act.

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

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

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

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

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

28 (B) If a leave of absence is taken by an individual for the purpose
29 of serving in the state legislature, the salary which would have been
30 received for the position from which the leave of absence was taken,
31 shall be considered as compensation earnable if the employee's
32 contribution is paid by the employee and the employer's contribution is
33 paid by the employer or employee;

34 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and
35 72.09.240;

36 (D) Compensation that a member would have received but for a
37 disability occurring in the line of duty only as authorized by RCW
38 41.40.038;

1 (E) Compensation that a member receives due to participation in the
2 leave sharing program only as authorized by RCW 41.04.650 through
3 41.04.670; and

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

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

10 (A) Remuneration for unused sick leave authorized under RCW
11 41.04.340, 28A.400.210, or 28A.310.490;

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

14 (b) "Compensation earnable" for plan 2 and plan 3 members, means
15 salaries or wages earned by a member during a payroll period for
16 personal services, including overtime payments, and shall include wages
17 and salaries deferred under provisions established pursuant to sections
18 403(b), 414(h), and 457 of the United States Internal Revenue Code, but
19 shall exclude nonmoney maintenance compensation and lump sum or other
20 payments for deferred annual sick leave, unused accumulated vacation,
21 unused accumulated annual leave, or any form of severance pay.

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

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

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

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

37 (B) Such member's actual compensation earnable received for
38 nonlegislative public employment and legislative service combined. Any

1 additional contributions to the retirement system required because
2 compensation earnable under (b)(ii)(A) of this subsection is greater
3 than compensation earnable under (b)(ii)(B) of this subsection shall be
4 paid by the member for both member and employer contributions;

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

7 (iv) Compensation that a member would have received but for a
8 disability occurring in the line of duty only as authorized by RCW
9 41.40.038;

10 (v) Compensation that a member receives due to participation in the
11 leave sharing program only as authorized by RCW 41.04.650 through
12 41.04.670; and

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

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

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

21 (11) "Eligible position" means:

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

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

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

37 (13)(a) "Employer" for plan 1 members, means every branch,
38 department, agency, commission, board, and office of the state, any

1 political subdivision or association of political subdivisions of the
2 state admitted into the retirement system, and legal entities
3 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW; and the
4 term shall also include any labor guild, association, or organization
5 the membership of a local lodge or division of which is comprised of at
6 least forty percent employees of an employer (other than such labor
7 guild, association, or organization) within this chapter. The term may
8 also include any city of the first class that has its own retirement
9 system.

10 (b) "Employer" for plan 2 and plan 3 members, means every branch,
11 department, agency, commission, board, and office of the state, and any
12 political subdivision and municipal corporation of the state admitted
13 into the retirement system, including public agencies created pursuant
14 to RCW 35.63.070, 36.70.060, and 39.34.030; except that after August
15 31, 2000, school districts and educational service districts will no
16 longer be employers for the public employees' retirement system plan 2.

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

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

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

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

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

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

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

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

1 (22) "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 (23) "Membership service" means:

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

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

10 (c) Service not to exceed six consecutive months of probationary
11 service rendered after April 1, 1949, and prior to becoming a member,
12 in the case of any member, upon payment in full by such member of the
13 total amount of the employer's contribution to the retirement fund
14 which would have been required under the law in effect when such
15 probationary service was rendered if the member had been a member
16 during such period, except that the amount of the employer's
17 contribution shall be calculated by the director based on the first
18 month's compensation earnable as a member;

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

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

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

29 (a) Any person who became a member of the system prior to April 1,
30 1949;

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

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

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

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

13 (f) Any member who has been a contributor under the system for two
14 or more years and who has restored all contributions that may have been
15 withdrawn as provided by RCW 41.40.150 and who on the effective date of
16 the individual's retirement has rendered five or more years of service
17 for the state or any political subdivision prior to the time of the
18 admission of the employer into the system; except that the provisions
19 relating to the minimum amount of retirement allowance for the member
20 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
21 apply to the member.

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

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

28 (28) "Plan 2" means the public employees' retirement system, plan
29 2 providing the benefits and funding provisions covering persons who
30 first became members of the system on and after October 1, 1977, and
31 are not included in plan 3.

32 (29) "Plan 3" means the public employees' retirement system, plan
33 3 providing the benefits and funding provisions covering persons who:

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

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

37 (ii) September 1, 2002, and are employed by other than a state

1 agency or institute of higher education and who did not choose to enter
2 plan 2; or

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

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

6 (31) "Regular interest" means such rate as the director may
7 determine.

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

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

13 (34) "Retirement allowance" means the sum of the annuity and the
14 pension.

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

17 (36) "Separation from service" occurs when a person has terminated
18 all employment with an employer. Separation from service or employment
19 does not occur, and if claimed by an employer or employee may be a
20 violation of RCW 41.40.055, when an employee and employer have a
21 written or oral agreement to resume employment with the same employer
22 following termination. Mere expressions or inquiries about
23 postretirement employment by an employer or employee that do not
24 constitute a commitment to reemploy the employee after retirement are
25 not an agreement under this subsection.

26 (37)(a) "Service" for plan 1 members, except as provided in RCW
27 41.40.088, means periods of employment in an eligible position or
28 positions for one or more employers rendered to any employer for which
29 compensation is paid, and includes time spent in office as an elected
30 or appointed official of an employer. Compensation earnable earned in
31 full time work for seventy hours or more in any given calendar month
32 shall constitute one service credit month except as provided in RCW
33 41.40.088. Compensation earnable earned for less than seventy hours in
34 any calendar month shall constitute one-quarter service credit month of
35 service except as provided in RCW 41.40.088. Only service credit
36 months and one-quarter service credit months shall be counted in the
37 computation of any retirement allowance or other benefit provided for
38 in this chapter. Any fraction of a year of service shall be taken into

1 account in the computation of such retirement allowance or benefits.
2 Time spent in standby status, whether compensated or not, is not
3 service.

4 (i) Service by a state employee officially assigned by the state on
5 a temporary basis to assist another public agency, shall be considered
6 as service as a state employee: PROVIDED, That service to any other
7 public agency shall not be considered service as a state employee if
8 such service has been used to establish benefits in any other public
9 retirement system.

10 (ii) An individual shall receive no more than a total of twelve
11 service credit months of service during any calendar year. If an
12 individual is employed in an eligible position by one or more employers
13 the individual shall receive no more than one service credit month
14 during any calendar month in which multiple service for seventy or more
15 hours is rendered.

16 (iii) A school district employee may count up to forty-five days of
17 sick leave as creditable service solely for the purpose of determining
18 eligibility to retire under RCW 41.40.180 as authorized by RCW
19 28A.400.300. For purposes of plan 1 "forty-five days" as used in RCW
20 28A.400.300 is equal to two service credit months. Use of less than
21 forty-five days of sick leave is creditable as allowed under this
22 subsection as follows:

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

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

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

28 (b) "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 41.40.088. 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 (i) Service in any state elective position shall be deemed to be
4 full time service, except that persons serving in state elective
5 positions who are members of the Washington school employees'
6 retirement system, teachers' retirement system, public safety
7 employees' retirement system, or law enforcement officers' and
8 firefighters' retirement system at the time of election or appointment
9 to such position may elect to continue membership in the Washington
10 school employees' retirement system, teachers' retirement system,
11 public safety employees' retirement system, or law enforcement
12 officers' and firefighters' retirement system.

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

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

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

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

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

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

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

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

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

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

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

4 (42) "State treasurer" means the treasurer of the state of
5 Washington.

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

9 **Sec. 16.** RCW 43.43.120 and 2010 2nd sp.s. c 1 s 907 are each
10 amended to read as follows:

11 As used in this section and RCW 43.43.130 through 43.43.320, unless
12 a different meaning is plainly required by the context:

13 (1) "Actuarial equivalent" shall mean a benefit of equal value when
14 computed upon the basis of such mortality table as may be adopted and
15 such interest rate as may be determined by the director.

16 (2) "Annual increase" means as of July 1, 1999, seventy-seven cents
17 per month per year of service which amount shall be increased each
18 subsequent July 1st by three percent, rounded to the nearest cent.

19 (3)(a) "Average final salary," for members commissioned prior to
20 January 1, 2003, shall mean the average monthly salary received by a
21 member during the member's last two years of service or any consecutive
22 two-year period of service, whichever is the greater, as an employee of
23 the Washington state patrol; or if the member has less than two years
24 of service, then the average monthly salary received by the member
25 during the member's total years of service.

26 (b) "Average final salary," for members commissioned on or after
27 January 1, 2003, shall mean the average monthly salary received by a
28 member for the highest consecutive sixty service credit months; or if
29 the member has less than sixty months of service, then the average
30 monthly salary received by the member during the member's total months
31 of service.

32 (c) In calculating average final salary under (a) or (b) of this
33 subsection, the department of retirement systems shall include:

34 (i) Any compensation forgone by the member during the 2009-2011
35 fiscal biennium as a result of reduced work hours, mandatory or
36 voluntary leave without pay, temporary reduction in pay implemented

1 prior to December 11, 2010, or temporary layoffs if the reduced
2 compensation is an integral part of the employer's expenditure
3 reduction efforts, as certified by the chief; and

4 (ii) Any compensation forgone by a member employed by a state
5 agency or institution during the 2011-2013 fiscal biennium under
6 sections 1 through 3 of this act.

7 (4) "Beneficiary" means any person in receipt of retirement
8 allowance or any other benefit allowed by this chapter.

9 (5)(a) "Cadet," for a person who became a member of the retirement
10 system after June 12, 1980, is a person who has passed the Washington
11 state patrol's entry-level oral, written, physical performance, and
12 background examinations and is, thereby, appointed by the chief as a
13 candidate to be a commissioned officer of the Washington state patrol.

14 (b) "Cadet," for a person who became a member of the retirement
15 system before June 12, 1980, is a trooper cadet, patrol cadet, or
16 employee of like classification, employed for the express purpose of
17 receiving the on-the-job training required for attendance at the state
18 patrol academy and for becoming a commissioned trooper. "Like
19 classification" includes: Radio operators or dispatchers; persons
20 providing security for the governor or legislature; patrol officers;
21 drivers' license examiners; weighmasters; vehicle safety inspectors;
22 central wireless operators; and warehouse workers.

23 (6) "Contributions" means the deduction from the compensation of
24 each member in accordance with the contribution rates established under
25 chapter 41.45 RCW.

26 (7) "Current service" shall mean all service as a member rendered
27 on or after August 1, 1947.

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

30 (9) "Director" means the director of the department of retirement
31 systems.

32 (10) "Domestic partners" means two adults who have registered as
33 domestic partners under RCW 26.60.040.

34 (11) "Employee" means any commissioned employee of the Washington
35 state patrol.

36 (12) "Insurance commissioner" means the insurance commissioner of
37 the state of Washington.

1 (13) "Lieutenant governor" means the lieutenant governor of the
2 state of Washington.

3 (14) "Member" means any person included in the membership of the
4 retirement fund.

5 (15) "Plan 2" means the Washington state patrol retirement system
6 plan 2, providing the benefits and funding provisions covering
7 commissioned employees who first become members of the system on or
8 after January 1, 2003.

9 (16) "Prior service" shall mean all services rendered by a member
10 to the state of Washington, or any of its political subdivisions prior
11 to August 1, 1947, unless such service has been credited in another
12 public retirement or pension system operating in the state of
13 Washington.

14 (17) "Regular interest" means interest compounded annually at such
15 rates as may be determined by the director.

16 (18) "Retirement board" means the board provided for in this
17 chapter.

18 (19) "Retirement fund" means the Washington state patrol retirement
19 fund.

20 (20) "Retirement system" means the Washington state patrol
21 retirement system.

22 (21)(a) "Salary," for members commissioned prior to July 1, 2001,
23 shall exclude any overtime earnings related to RCW 47.46.040, or any
24 voluntary overtime, earned on or after July 1, 2001.

25 (b) "Salary," for members commissioned on or after July 1, 2001,
26 shall exclude any overtime earnings related to RCW 47.46.040 or any
27 voluntary overtime, lump sum payments for deferred annual sick leave,
28 unused accumulated vacation, unused accumulated annual leave, holiday
29 pay, or any form of severance pay.

30 (22) "Service" shall mean services rendered to the state of
31 Washington or any political subdivisions thereof for which compensation
32 has been paid. Full time employment for seventy or more hours in any
33 given calendar month shall constitute one month of service. An
34 employee who is reinstated in accordance with RCW 43.43.110 shall
35 suffer no loss of service for the period reinstated subject to the
36 contribution requirements of this chapter. Only months of service
37 shall be counted in the computation of any retirement allowance or
38 other benefit provided for herein. Years of service shall be

1 determined by dividing the total number of months of service by twelve.
2 Any fraction of a year of service as so determined shall be taken into
3 account in the computation of such retirement allowance or benefit.

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

6 (24) "State treasurer" means the treasurer of the state of
7 Washington.

8 Unless the context expressly indicates otherwise, words importing
9 the masculine gender shall be extended to include the feminine gender
10 and words importing the feminine gender shall be extended to include
11 the masculine gender.

12 NEW SECTION. **Sec. 17.** A new section is added to chapter 41.50 RCW
13 to read as follows:

14 State agencies and institutions, as directed by the office of
15 financial management, shall remit amounts representing the employer
16 contributions related to compensation reductions under section 1 of
17 this act to the director of retirement systems for deposit in the
18 appropriate pension accounts.

19 **Sec. 18.** RCW 41.45.070 and 2009 c 561 s 4 are each amended to read
20 as follows:

21 (1) In addition to the basic employer contribution rate established
22 in RCW 41.45.060 or 41.45.054, the department shall also charge
23 employers of public employees' retirement system, teachers' retirement
24 system, school employees' retirement system, public safety employees'
25 retirement system, or Washington state patrol retirement system members
26 an additional supplemental rate to pay for the cost of additional
27 benefits, if any, granted to members of those systems. Except as
28 provided in subsections (6), (7), and (9) of this section, the
29 supplemental contribution rates required by this section shall be
30 calculated by the state actuary and shall be charged regardless of
31 language to the contrary contained in the statute which authorizes
32 additional benefits.

33 (2) In addition to the basic member, employer, and state
34 contribution rate established in RCW 41.45.0604 for the law enforcement
35 officers' and firefighters' retirement system plan 2, the department
36 shall also establish supplemental rates to pay for the cost of

1 additional benefits, if any, granted to members of the law enforcement
2 officers' and firefighters' retirement system plan 2. Except as
3 provided in subsection (6) of this section, these supplemental rates
4 shall be calculated by the actuary retained by the law enforcement
5 officers' and firefighters' board and the state actuary through the
6 process provided in RCW 41.26.720(1)(a) and the state treasurer shall
7 transfer the additional required contributions regardless of language
8 to the contrary contained in the statute which authorizes the
9 additional benefits.

10 (3) Beginning July 1, 2009, the supplemental rate charged under
11 this section to fund benefit increases provided to active members of
12 the public employees' retirement system plan 1 and the teachers'
13 retirement system plan 1 shall be calculated as the level percentage of
14 all system pay needed to fund the cost of the benefit over a fixed ten-
15 year period, using projected future salary growth and growth in system
16 membership. The supplemental rate to fund benefit increases provided
17 to active members of the public employees' retirement system plan 1
18 shall be charged to all system employers in the public employees'
19 retirement system, the school employees' retirement system, and the
20 public safety employees' retirement system. The supplemental rate to
21 fund benefit increases provided to active members of the teachers'
22 retirement system plan 1 shall be charged to all system employers in
23 the teachers' retirement system.

24 (4) The supplemental rate charged under this section to fund
25 benefit increases provided to active and retired members of the public
26 employees' retirement system plan 2 and plan 3, the teachers'
27 retirement system plan 2 and plan 3, the public safety employees'
28 retirement system plan 2, the school employees' retirement system plan
29 2 and plan 3, or the Washington state patrol retirement system shall be
30 calculated as the level percentage of all members' pay needed to fund
31 the cost of the benefit, as calculated under RCW 41.45.060, 41.45.061,
32 41.45.0631, or 41.45.067.

33 (5) The supplemental rate charged under this section to fund
34 postretirement adjustments which are provided on a nonautomatic basis
35 to current retirees shall be calculated as the percentage of pay needed
36 to fund the adjustments as they are paid to the retirees. Beginning
37 July 1, 2009, the supplemental rate charged under this section to fund
38 increases in the automatic postretirement adjustments for active or

1 retired members of the public employees' retirement system plan 1 and
2 the teachers' retirement system plan 1 shall be calculated as the level
3 percentage of pay needed to fund the cost of the automatic adjustments
4 over a fixed ten-year period, using projected future salary growth and
5 growth in system membership. The supplemental rate to fund increases
6 in the automatic postretirement adjustments for active members or
7 retired members of the public employees' retirement system plan 1 shall
8 be charged to all system employers in the public employees' retirement
9 system, the school employees' retirement system, and the public safety
10 employees' retirement system. The supplemental rate to fund increases
11 in automatic postretirement adjustments for active members or retired
12 members of the teachers' retirement system plan 1 shall be charged to
13 all system employers in the teachers' retirement system.

14 (6) A supplemental rate shall not be charged to pay for the cost of
15 additional benefits granted to members pursuant to chapter 340, Laws of
16 1998.

17 (7) A supplemental rate shall not be charged to pay for the cost of
18 additional benefits granted to members pursuant to chapter 41.31A RCW;
19 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,
20 Laws of 1998.

21 (8) A supplemental rate shall not be charged to pay for the cost of
22 additional benefits granted to members and survivors pursuant to
23 chapter 94, Laws of 2006.

24 (9) A supplemental rate shall not be charged to pay for the cost of
25 the additional benefits granted to members of the teachers' retirement
26 system and the school employees' retirement system plans 2 and 3 in
27 sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until September 1,
28 2008. A supplemental rate shall not be charged to pay for the cost of
29 the additional benefits granted to members of the public employees'
30 retirement system plans 2 and 3 under sections 9 and 10, chapter 491,
31 Laws of 2007 until July 1, 2008.

32 (10) During the 2011-2013 fiscal biennium, a supplemental rate
33 shall not be charged to pay for the cost of including forgone
34 compensation in final average compensation for members employed by
35 state agencies and institutions due to salary reductions under section
36 1 of this act, in recognition of the remittances made by those agencies
37 and institutions to the director of retirement systems for deposit in
38 the appropriate pension accounts.

1 NEW SECTION. **Sec. 19.** The director of the department of personnel
2 and the director of the department of retirement systems shall adopt
3 rules as necessary to implement the salary reductions and pension
4 provisions of this act.

5 NEW SECTION. **Sec. 20.** This act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of the
7 state government and its existing public institutions, and takes effect
8 July 1, 2011.

--- END ---