
HOUSE BILL 1787

State of Washington 62nd Legislature 2011 Regular Session

By Representatives Rolfes, Seaquist, Sullivan, Ormsby, and Santos

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

1 AN ACT Relating to school district employees' reduced compensation;
2 amending RCW 41.35.010; reenacting and amending RCW 41.32.010; and
3 declaring an emergency.

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

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

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

9 (1)(a) "Accumulated contributions" for plan 1 members, means the
10 sum of all regular annuity contributions and, except for the purpose of
11 withdrawal at the time of retirement, any amount paid under RCW
12 41.50.165(2) with regular interest thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (14)(a) "Earnable compensation" for plan 1 members, means:
34 (i) All salaries and wages paid by an employer to an employee
35 member of the retirement system for personal services rendered during
36 a fiscal year. In all cases where compensation includes maintenance
37 the employer shall fix the value of that part of the compensation not
38 paid in money.

1 (ii) For an employee member of the retirement system teaching in an
2 extended school year program, two consecutive extended school years, as
3 defined by the employer school district, may be used as the annual
4 period for determining earnable compensation in lieu of the two fiscal
5 years.

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

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

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

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

1 occupational therapist, a speech language pathologist or audiologist,
2 or a counselor. Earnable compensation shall be so defined only for the
3 purpose of the calculation of retirement benefits and only as necessary
4 to insure that members who receive fractional service credit under RCW
5 41.32.270 receive benefits proportional to those received by members
6 who have received full-time service credit.

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

8 (A) Remuneration for unused sick leave authorized under RCW
9 41.04.340, 28A.400.210, or 28A.310.490;

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

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

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

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

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

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

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

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

4 (c) In calculating earnable compensation under (a) or (b) of this
5 subsection, the department of retirement systems shall include any
6 compensation forgone by a member employed by a state agency, school
7 district, or institution during the 2009-2011 fiscal biennium as a
8 result of reduced work hours, mandatory or voluntary leave without pay,
9 temporary reduction in pay implemented prior to December 11, 2010, or
10 temporary layoffs if the reduced compensation is an integral part of
11 the employer's expenditure reduction efforts, as certified by the
12 employer.

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

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

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

25 (d) The elected position of the superintendent of public
26 instruction is an eligible position.

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

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

34 (18) "Fiscal year" means a year which begins July 1st and ends June
35 30th of the following year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (36) "Public school" means any institution or activity operated by
17 the state of Washington or any instrumentality or political subdivision
18 thereof employing teachers, except the University of Washington and
19 Washington State University.

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

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

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

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

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

35 (41) "Retirement system" means the Washington state teachers'
36 retirement system.

37 (42) "Separation from service or employment" occurs when a person
38 has terminated all employment with an employer. Separation from

1 service or employment does not occur, and if claimed by an employer or
2 employee may be a violation of RCW 41.32.055, when an employee and
3 employer have a written or oral agreement to resume employment with the
4 same employer following termination. Mere expressions or inquiries
5 about postretirement employment by an employer or employee that do not
6 constitute a commitment to reemploy the employee after retirement are
7 not an agreement under this section.

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

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

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

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

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

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

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

35 (A) If a member is employed either in an eligible position or as a
36 substitute teacher for nine months of the twelve month period between
37 September through August of the following year but earns earnable

1 compensation for less than eight hundred ten hours but for at least six
2 hundred thirty hours, he or she will receive one-half of a service
3 credit month for each month of the twelve month period;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (vii) The department shall adopt rules implementing this
11 subsection.

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

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

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

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

21 (48) "Substitute teacher" means:

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

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

28 (49) "Teacher" means any person qualified to teach who is engaged
29 by a public school in an instructional, administrative, or supervisory
30 capacity. The term includes state, educational service district, and
31 school district superintendents and their assistants and all employees
32 certificated by the superintendent of public instruction; and in
33 addition thereto any full time school doctor who is employed by a
34 public school and renders service of an instructional or educational
35 nature.

36 **Sec. 2.** RCW 41.35.010 and 2003 c 157 s 1 are each amended to read
37 as follows:

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

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

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

7 (3) "State treasurer" means the treasurer of the state of
8 Washington.

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (7) "Service" for plan 2 and plan 3 members means periods of
18 employment by a member in an eligible position or positions for one or
19 more employers for which compensation earnable is paid. Compensation
20 earnable earned for ninety or more hours in any calendar month shall
21 constitute one service credit month except as provided in RCW
22 41.35.180. Compensation earnable earned for at least seventy hours but
23 less than ninety hours in any calendar month shall constitute one-half
24 service credit month of service. Compensation earnable earned for less
25 than seventy hours in any calendar month shall constitute one-quarter
26 service credit month of service. Time spent in standby status, whether
27 compensated or not, is not service.

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

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

32 (b) A member shall receive a total of not more than twelve service
33 credit months of service for such calendar year. If an individual is
34 employed in an eligible position by one or more employers the
35 individual shall receive no more than one service credit month during
36 any calendar month in which multiple service for ninety or more hours
37 is rendered.

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

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

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

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

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

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

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

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

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

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

22 (12) "Regular interest" means such rate as the director may
23 determine.

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

28 (14) "Average final compensation" for plan 2 and plan 3 members
29 means the member's average compensation earnable of the highest
30 consecutive sixty months of service credit months prior to such
31 member's retirement, termination, or death. Any compensation forgone
32 by a member employed by a school district during the 2009-2011 fiscal
33 biennium as a result of reduced work hours, mandatory or voluntary
34 leave without pay, temporary reduction in pay implemented prior to
35 December 11, 2010, or temporary layoffs if the reduced compensation is
36 an integral part of the employer's expenditure reduction efforts, as
37 certified by the employer. Periods constituting authorized leaves of

1 absence may not be used in the calculation of average final
2 compensation except under RCW 41.40.710(2).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (30) "Plan 3" means the Washington school employees' retirement
13 system plan 3 providing the benefits and funding provisions covering
14 persons who first became members of the system on and after September
15 1, 2000, or who transfer from plan 2 under RCW 41.35.510.

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

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

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

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

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

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

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

33 (38) "Substitute employee" means a classified employee who is
34 employed by an employer exclusively as a substitute for an absent
35 employee.

36 NEW SECTION. **Sec. 3.** This act is necessary for the immediate

1 preservation of the public peace, health, or safety, or support of the
2 state government and its existing public institutions, and takes effect
3 immediately.

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