

SSB 6503 - H COMM AMD  
By Committee on Ways & Means

NOT CONSIDERED 03/11/2010

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature declares that unprecedented  
4 revenue shortfalls necessitate immediate action to reduce expenditures  
5 during the 2009-2011 fiscal biennium. From the effective date of this  
6 section, it is the intent of the legislature that state agencies of the  
7 legislative branch, judicial branch, and executive branch including  
8 institutions of higher education, shall achieve a reduction in  
9 government operating expenses approximately equivalent to fifty million  
10 dollars from the general fund--state and education legacy account--  
11 state, and additional proportional amounts from other funds and  
12 accounts through the methods described in this act. It is the  
13 legislature's intent that, to the extent that the reductions in  
14 expenditures reduce compensation costs, agencies and institutions shall  
15 strive to preserve family wage jobs by reducing the impact of temporary  
16 layoffs on lower-wage jobs.

17 NEW SECTION. **Sec. 2.** (1)(a) The office of financial management  
18 shall certify to each executive branch state agency and institution of  
19 higher education the compensation reduction amount to be achieved by  
20 that agency or institution, based on the savings achieved by  
21 subsections (2) through (9) of this section.

22 (b) By May 15, 2010, each executive branch state agency other than  
23 institutions of higher education may submit to the office of financial  
24 management a compensation reduction plan to achieve the cost reductions  
25 that would be achieved by implementing subsections (2) through (9) of  
26 this section. The compensation reduction plan of each executive branch  
27 agency may include, but is not limited to, employee leave without pay,  
28 including additional mandatory and voluntary temporary layoffs,  
29 reductions in the agency workforce, compensation reductions, and

1 reduced work hours, as well as voluntary retirement, separation, and  
2 other incentive programs authorized by section 912, chapter 564, Laws  
3 of 2009. The amount of compensation cost reductions to be achieved by  
4 each agency shall be adjusted to reflect voluntary and mandatory  
5 temporary layoffs at the agency during the 2009-2011 fiscal biennium  
6 and implemented prior to January 1, 2010, but not adjusted by other  
7 compensation reduction plans adopted as a result of the enactment of  
8 chapter 564, Laws of 2009, or the enactment of other compensation cost  
9 reduction measures applicable to the 2009-2011 fiscal biennium.

10 (c) By May 15, 2010, each institution of higher education may  
11 submit to the office of financial management a compensation reduction  
12 plan to achieve at least the cost reductions that would be achieved by  
13 implementing subsections (2) through (9) of this section. For purposes  
14 of the compensation reduction plan, the state board of community and  
15 technical colleges shall submit a single plan on behalf of all  
16 community and technical colleges. The compensation reduction plan of  
17 each institution may include, but is not limited to, employee leave  
18 without pay, including mandatory and voluntary temporary layoffs,  
19 reductions in the institution workforce, compensation reductions, and  
20 reduced work hours, as well as voluntary retirement, separation, and  
21 other incentive programs authorized by section 912, chapter 564, Laws  
22 of 2009. The amount of compensation cost reductions to be achieved by  
23 each institution shall be adjusted to reflect voluntary and mandatory  
24 temporary layoffs at the institution during the 2009-2011 fiscal  
25 biennium and implemented prior to January 1, 2010, but not adjusted by  
26 other compensation reduction plans adopted as a result of the enactment  
27 of chapter 564, Laws of 2009, or the enactment of other compensation  
28 cost reduction measures applicable to the 2009-2011 fiscal biennium.  
29 The impact on individual compensation caused by the plans submitted by  
30 institutions of higher education shall, at the request of employees, be  
31 prorated to the extent that annual proration of compensation is  
32 otherwise made available to the employees.

33 (d) By June 1, 2010, the director of financial management shall  
34 review, approve, and submit to the legislative fiscal committees those  
35 executive branch state agencies and higher education institution  
36 compensation reduction plans that achieve the cost reductions required  
37 by subsections (2) through (9) of this section. For those executive  
38 branch state agencies and institutions of higher education that do not

1 have an approved compensation reduction plan by June 1, 2010, the  
2 institution shall be closed on the dates specified in subsection (2) of  
3 this section.

4 (e) For each agency of the legislative branch, the chief clerk of  
5 the house of representatives and the secretary of the senate shall  
6 review and approve a plan of employee mandatory and voluntary leave for  
7 the 2009-2011 fiscal biennium equivalent to the eleven closure days  
8 specified in subsection (2) of this section. Total leave under the  
9 program shall be adjusted to reflect voluntary and mandatory temporary  
10 layoffs at the agencies during the 2009-2011 fiscal biennium and  
11 implemented prior to January 1, 2010.

12 (f) For each agency of the judicial branch, the supreme court shall  
13 review and approve a plan of employee mandatory and voluntary leave for  
14 the 2009-2011 fiscal biennium equivalent to the eleven closure days  
15 specified in subsection (2) of this section. Total leave under the  
16 program shall be adjusted to reflect voluntary and mandatory temporary  
17 layoffs at the agencies during the 2009-2011 fiscal biennium and  
18 implemented prior to January 1, 2010.

19 (2) Each state agency of the executive, legislative, and judicial  
20 branch, and any institution that does not have an approved plan in  
21 accordance with subsection (1) of this section shall be closed on the  
22 following dates in addition to the legal holidays specified in RCW  
23 1.16.050:

- 24 (a) Monday, June 14, 2010;
- 25 (b) Monday, July 12, 2010;
- 26 (c) Friday, August 6, 2010;
- 27 (d) Tuesday, September 7, 2010;
- 28 (e) Monday, October 11, 2010;
- 29 (f) Monday, December 27, 2010;
- 30 (g) Friday, January 28, 2011;
- 31 (h) Tuesday, February 22, 2011;
- 32 (i) Friday, March 11, 2011;
- 33 (j) Friday, April 22, 2011;
- 34 (k) Friday, June 10, 2011.

35 (3) If an institution of higher education is closed on the dates  
36 required by subsection (2) of this section, then the institution of  
37 higher education shall, at the request of employees, prorate the impact

1 of any reductions to employee compensation to the extent that annual  
2 proration of compensation is otherwise made available to the employees.

3 (4) If the closure of state agencies or institutions under  
4 subsection (2) of this section prevents the performance of any action,  
5 the action shall be considered timely if performed on the next business  
6 day.

7 (5) The following activities of state agencies and institutions of  
8 higher education are exempt from subsections (1) and (2) of this  
9 section:

10 (a) Direct custody, supervision, and patient care in: (i)  
11 Corrections; (ii) juvenile rehabilitation; (iii) institutional care of  
12 veterans, or individuals with mental illness, and individuals with  
13 developmental disabilities; (iv) state hospitals, the University of  
14 Washington medical center, and Harborview medical center; (v) the  
15 special commitment center; (vi) the school for the blind; (vii) the  
16 state center for childhood deafness and hearing loss; and (viii) the  
17 Washington youth academy;

18 (b) Direct protective services to children and other vulnerable  
19 populations, child support enforcement, disability determination  
20 services in the department of social and health services;

21 (c) Washington state patrol, except for management and  
22 administrative functions not directly related to public safety  
23 response;

24 (d) Hazardous materials response or emergency response and cleanup;

25 (e) Emergency public health and patient safety response and the  
26 public health laboratory;

27 (f) Military operations and emergency management within the  
28 military department;

29 (g) Firefighting;

30 (h) Enforcement officers in the department of fish and wildlife,  
31 the liquor control board, the gambling commission, the department of  
32 financial institutions, and the department of natural resources;

33 (i) State parks operated by the parks and recreation commission;

34 (j) In institutions of higher education, classroom instruction,  
35 operations not funded from state funds or tuition, campus police and  
36 security, emergency management and response, and student health care;

37 (k) Operations of liquor control board business enterprises and  
38 games conducted by the state lottery;

1 (l) Agricultural commodity commissions and boards, and agricultural  
2 inspection programs operated by the department of agriculture;

3 (m) The unemployment insurance program and reemployment services of  
4 the employment security department;

5 (n) The workers' compensation program and workplace safety and  
6 health compliance activities of the department of labor and industries;

7 (o) The operation, maintenance, and construction of state ferries  
8 and state highways;

9 (p) The department of revenue, except for management and  
10 administrative functions not directly related to revenue generation;

11 (q) The office of the attorney general, except for management and  
12 administrative functions not directly related to civil, criminal, or  
13 administrative actions;

14 (r) The board of industrial insurance appeals;

15 (s) Licensing service offices in the department of licensing that  
16 are open no more than two days per week, and no licensing service  
17 office closures may occur on Saturdays as a result of this section;

18 (t) The labor relations office of the office of financial  
19 management through November 1, 2010;

20 (u) The governor, lieutenant governor, legislative agencies, and  
21 the office of financial management, during sessions of the legislature  
22 under Article II, section 12 of the state Constitution and the twenty-  
23 day veto period under Article IV, section 12 of the state Constitution;  
24 and

25 (v) The minimal use of state employees on the specified closure  
26 dates as necessary to protect public assets and information technology  
27 systems, and to maintain public safety.

28 (6) The closure of an office of a state agency or institution of  
29 higher education under this section shall result in the temporary  
30 layoff of the employees of the agency or institution. The compensation  
31 of the employees shall be reduced proportionately to the duration of  
32 the temporary layoff. Temporary layoffs under this section shall not  
33 affect the employees' vacation leave accrual, seniority, health  
34 insurance, or sick leave credits. For the purposes of chapter 430,  
35 Laws of 2009, the compensation reductions under this section are deemed  
36 to be an integral part of an employer's expenditure reduction efforts  
37 and shall not result in the loss of retirement benefits in any state

1 defined benefit retirement plan for an employee whose period of average  
2 final compensation includes a portion of the period from the effective  
3 date of this section through June 30, 2011.

4 (7) Except as provided in subsection (5) of this section, for  
5 employees not scheduled to work on a day specified in subsection (2) of  
6 this section, the employing agency must designate an alternative day  
7 during that month on which the employee is scheduled to work that the  
8 employee will take temporary leave without pay.

9 (8) To the extent that the implementation of this section is  
10 subject to collective bargaining under chapter 41.80 RCW, the  
11 bargaining shall be conducted pursuant to section 4 of this act. To  
12 the extent that the implementation of this section is subject to  
13 collective bargaining under chapters 28B.52, 41.56, 41.76, or 47.64  
14 RCW, the bargaining shall be conducted pursuant to these chapters.

15 (9) For all or a portion of the employees of an agency of the  
16 executive branch, the office of financial management may approve the  
17 substitution of temporary layoffs on an alternative date for any date  
18 specified in subsection (2) of this section as necessary for the  
19 critical work of any agency.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.80 RCW  
21 to read as follows:

22 (1) To the extent that the implementation of section 2 of this act  
23 is subject to collective bargaining:

24 (a) For state agencies, negotiations regarding impacts of the  
25 temporary layoffs mandated by section 2(2) of this act shall be  
26 conducted between the employer and each local unit of exclusive  
27 bargaining representatives subject to chapter 41.80 RCW.

28 (b) For institutions of higher education that have elected to have  
29 negotiations conducted by the governor or governor's designee in  
30 accordance with RCW 41.80.010(4), and that have submitted a  
31 compensation reduction plan under section 2(1) of this act,  
32 negotiations regarding impacts of the compensation reduction plan shall  
33 be conducted between the governor or governor's designee and a  
34 coalition at each college, college district, or university of all of  
35 the exclusive bargaining representatives subject to chapter 41.80 RCW;

36 (c) For institutions of higher education that have elected to have  
37 negotiations conducted by the governor or governor's designee in

1 accordance with RCW 41.80.010(4), and that have not submitted a  
2 compensation reduction plan under section 2(1) of this act,  
3 negotiations regarding impacts of the temporary layoffs under section  
4 2(2) of this act shall be conducted between the governor or governor's  
5 designee and one coalition of all of the exclusive bargaining  
6 representatives subject to chapter 41.80 RCW; and

7 (d) For institutions of higher education that have not elected to  
8 have negotiations conducted by the governor or governor's designee  
9 under RCW 41.80.010(4), negotiations regarding impacts of section 2 of  
10 this act shall be conducted between each institution of higher  
11 education and the exclusive bargaining representatives.

12 (2) This section expires on June 30, 2011.

13 **Sec. 4.** RCW 42.04.060 and 2009 c 428 s 1 are each amended to read  
14 as follows:

15 Except as provided in section 2 of this act, all state elective and  
16 appointive officers shall keep their offices open for the transaction  
17 of business for a minimum of forty hours per week, except weeks that  
18 include state legal holidays. Customary business hours must be posted  
19 on the agency or office's web site and made known by other means  
20 designed to provide the public with notice.

21 ~~((This section shall not apply to the courts of record of this~~  
22 ~~state or to their officers nor to the office of the attorney general~~  
23 ~~and the lieutenant governor.))~~

24 **Sec. 5.** RCW 41.26.030 and 2009 c 523 s 3 are each reenacted and  
25 amended to read as follows:

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

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

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

1 (3) "Actuarial valuation" means a mathematical determination of the  
2 financial condition of a retirement plan. It includes the computation  
3 of the present monetary value of benefits payable to present members,  
4 and the present monetary value of future employer and employee  
5 contributions, giving effect to mortality among active and retired  
6 members and also to the rates of disability, retirement, withdrawal  
7 from service, salary and interest earned on investments.

8 (4)(a) "Basic salary" for plan 1 members, means the basic monthly  
9 rate of salary or wages, including longevity pay but not including  
10 overtime earnings or special salary or wages, upon which pension or  
11 retirement benefits will be computed and upon which employer  
12 contributions and salary deductions will be based.

13 (b) "Basic salary" for plan 2 members, means salaries or wages  
14 earned by a member during a payroll period for personal services,  
15 including overtime payments, and shall include wages and salaries  
16 deferred under provisions established pursuant to sections 403(b),  
17 414(h), and 457 of the United States Internal Revenue Code, but shall  
18 exclude lump sum payments for deferred annual sick leave, unused  
19 accumulated vacation, unused accumulated annual leave, or any form of  
20 severance pay. In any year in which a member serves in the legislature  
21 the member shall have the option of having such member's basic salary  
22 be the greater of:

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

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

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

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

37 (6)(a) "Child" or "children" means an unmarried person who is under



1 the age of eighteen or mentally or physically disabled as determined by  
2 the department, except a person who is disabled and in the full time  
3 care of a state institution, who is:

4 (i) A natural born child;

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

7 (iii) A posthumous child;

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

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

12 (b) A person shall also be deemed to be a child up to and including  
13 the age of twenty years and eleven months while attending any high  
14 school, college, or vocational or other educational institution  
15 accredited, licensed, or approved by the state, in which it is located,  
16 including the summer vacation months and all other normal and regular  
17 vacation periods at the particular educational institution after which  
18 the child returns to school.

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

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

22 (9) "Disability board" for plan 1 members means either the county  
23 disability board or the city disability board established in RCW  
24 41.26.110.

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

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

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

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

37 (14)(a) "Employer" for plan 1 members, means the legislative  
38 authority of any city, town, county, or district or the elected

1 officials of any municipal corporation that employs any law enforcement  
2 officer and/or firefighter, any authorized association of such  
3 municipalities, and, except for the purposes of RCW 41.26.150, any  
4 labor guild, association, or organization, which represents the  
5 firefighters or law enforcement officers of at least seven cities of  
6 over 20,000 population and the membership of each local lodge or  
7 division of which is composed of at least sixty percent law enforcement  
8 officers or firefighters as defined in this chapter.

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

12 (i) The legislative authority of any city, town, county, or  
13 district;

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

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

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

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

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

1        (c) In calculating final average salary under (a) or (b) of this  
2 subsection, the department of retirement systems shall include any  
3 compensation forgone by a member employed by a state agency or  
4 institution during the 2009-2011 fiscal biennium as a result of reduced  
5 work hours, mandatory or voluntary leave without pay, or temporary  
6 layoffs if the reduced compensation is an integral part of the  
7 employer's expenditure reduction efforts, as certified by the employer.

8        (16) "Firefighter" means:

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

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

15        (c) Supervisory firefighter personnel;

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

19        (e) The executive secretary of a labor guild, association or  
20 organization (which is an employer under (~~RCW 41.26.030(14) as now or~~  
21 ~~hereafter amended~~)) subsection (14) of this section), if such  
22 individual has five years previous membership in a retirement system  
23 established in chapter 41.16 or 41.18 RCW. The provisions of this  
24 subsection (16)(e) shall not apply to plan 2 members;

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

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

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

35        (17) "General authority law enforcement agency" means any agency,  
36 department, or division of a municipal corporation, political  
37 subdivision, or other unit of local government of this state, and any  
38 agency, department, or division of state government, having as its

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

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

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

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

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

32 (d) The term "law enforcement officer" also includes the executive  
33 secretary of a labor guild, association or organization (which is an  
34 employer under (~~RCW 41.26.030(14)~~) subsection (14) of this section)  
35 if that individual has five years previous membership in the retirement  
36 system established in chapter 41.20 RCW. The provisions of this  
37 subsection (18)(d) shall not apply to plan 2 members; and

1 (e) The term "law enforcement officer" also includes a person  
2 employed on or after January 1, 1993, as a public safety officer or  
3 director of public safety, so long as the job duties substantially  
4 involve only either police or fire duties, or both, and no other duties  
5 in a city or town with a population of less than ten thousand. The  
6 provisions of this subsection (18)(e) shall not apply to any public  
7 safety officer or director of public safety who is receiving a  
8 retirement allowance under this chapter as of May 12, 1993.

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

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

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

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

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

22 (i) The fees of the following:

23 (A) A physician or surgeon licensed under the provisions of chapter  
24 18.71 RCW;

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

27 (C) A chiropractor licensed under the provisions of chapter 18.25  
28 RCW.

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

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

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

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

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

36 (D) Anesthesia and oxygen;

37 (E) Rental of iron lung and other durable medical and surgical  
38 equipment;

1 (F) Artificial limbs and eyes, and casts, splints, and trusses;  
2 (G) Professional ambulance service when used to transport the  
3 member to or from a hospital when injured by an accident or stricken by  
4 a disease;  
5 (H) Dental charges incurred by a member who sustains an accidental  
6 injury to his or her teeth and who commences treatment by a legally  
7 licensed dentist within ninety days after the accident;  
8 (I) Nursing home confinement or hospital extended care facility;  
9 (J) Physical therapy by a registered physical therapist;  
10 (K) Blood transfusions, including the cost of blood and blood  
11 plasma not replaced by voluntary donors;  
12 (L) An optometrist licensed under the provisions of chapter 18.53  
13 RCW.  
14 (20) "Member" means any firefighter, law enforcement officer, or  
15 other person as would apply under subsections (16) or (18) of this  
16 section whose membership is transferred to the Washington law  
17 enforcement officers' and firefighters' retirement system on or after  
18 March 1, 1970, and every law enforcement officer and firefighter who is  
19 employed in that capacity on or after such date.  
20 (21) "Plan 1" means the law enforcement officers' and firefighters'  
21 retirement system, plan 1 providing the benefits and funding provisions  
22 covering persons who first became members of the system prior to  
23 October 1, 1977.  
24 (22) "Plan 2" means the law enforcement officers' and firefighters'  
25 retirement system, plan 2 providing the benefits and funding provisions  
26 covering persons who first became members of the system on and after  
27 October 1, 1977.  
28 (23) "Position" means the employment held at any particular time,  
29 which may or may not be the same as civil service rank.  
30 (24) "Regular interest" means such rate as the director may  
31 determine.  
32 (25) "Retiree" for persons who establish membership in the  
33 retirement system on or after October 1, 1977, means any member in  
34 receipt of a retirement allowance or other benefit provided by this  
35 chapter resulting from service rendered to an employer by such member.  
36 (26) "Retirement fund" means the "Washington law enforcement  
37 officers' and firefighters' retirement system fund" as provided for  
38 herein.

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

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

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

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

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

1 Members of the retirement system who are elected or appointed to a  
2 state elective position may elect to continue to be members of this  
3 retirement system.

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

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

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

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

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

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

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

30 **Sec. 6.** RCW 41.32.010 and 2008 c 204 s 1 and 2008 c 175 s 1 are  
31 each reenacted and amended to read as follows:

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

34 (1)(a) "Accumulated contributions" for plan 1 members, means the  
35 sum of all regular annuity contributions and, except for the purpose of  
36 withdrawal at the time of retirement, any amount paid under RCW  
37 41.50.165(2) with regular interest thereon.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (c) In calculating earnable compensation under (a) or (b) of this  
38 subsection, the department of retirement systems shall include any

1 compensation forgone by a member employed by a state agency or  
2 institution during the 2009-2011 fiscal biennium as a result of reduced  
3 work hours, mandatory or voluntary leave without pay, or temporary  
4 layoffs if the reduced compensation is an integral part of the  
5 employer's expenditure reduction efforts, as certified by the employer.

6 (11) "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 (12) "Fiscal year" means a year which begins July 1st and ends June  
9 30th of the following year.

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

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

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

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

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

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

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

37 (20) "Prior service contributions" means contributions made by a

1 member to secure credit for prior service. The provisions of this  
2 subsection shall apply only to plan 1 members.

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

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

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

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

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

19 (25) "Retirement system" means the Washington state teachers'  
20 retirement system.

21 (26)(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  
5 41.50.132((+))\_.

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

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

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

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

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

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

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

34 (iii) Any person who is a member of the teachers' retirement system  
35 and who is elected or appointed to a state elective position may  
36 continue to be a member of the retirement system and continue to  
37 receive a service credit month for each of the months in a state  
38 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 (27) "Service credit year" means an accumulation of months of  
26 service credit which is equal to one when divided by twelve.

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

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

37 (30) "Average final compensation" for plan 2 and plan 3 members,  
38 means the member's average earnable compensation of the highest

1 consecutive sixty service credit months prior to such member's  
2 retirement, termination, or death. Periods constituting authorized  
3 leaves of absence may not be used in the calculation of average final  
4 compensation except under RCW 41.32.810(2).

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

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

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

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

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

16 (36) "Substitute teacher" means:

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

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

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

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

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

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

37 (38) "Plan 1" means the teachers' retirement system, plan 1



1 providing the benefits and funding provisions covering persons who  
2 first became members of the system prior to October 1, 1977.

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

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

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

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

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

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

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

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

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

28 (48) "Separation from service or employment" occurs when a person  
29 has terminated all employment with an employer. Separation from  
30 service or employment does not occur, and if claimed by an employer or  
31 employee may be a violation of RCW 41.32.055, when an employee and  
32 employer have a written or oral agreement to resume employment with the  
33 same employer following termination. Mere expressions or inquiries  
34 about postretirement employment by an employer or employee that do not  
35 constitute a commitment to reemploy the employee after retirement are  
36 not an agreement under this section.

37 (49) "Employed" or "employee" means a person who is providing  
38 services for compensation to an employer, unless the person is free

1 from the employer's direction and control over the performance of work.  
2 The department shall adopt rules and interpret this subsection  
3 consistent with common law.

4 **Sec. 7.** RCW 41.37.010 and 2007 c 492 s 11 and 2007 c 294 s 1 are  
5 each reenacted and amended to read as follows:

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

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

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

12 (3) "State treasurer" means the treasurer of the state of  
13 Washington.

14 (4) "Employer" means the Washington state department of  
15 corrections, the Washington state parks and recreation commission, the  
16 Washington state gambling commission, the Washington state patrol, the  
17 Washington state department of natural resources, and the Washington  
18 state liquor control board; any county corrections department; or any  
19 city corrections department not covered under chapter 41.28 RCW.

20 (5) "Member" means any employee employed by an employer on a full-  
21 time basis:

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

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

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

31 (d) Whose primary responsibility is to supervise members eligible  
32 under this subsection.

33 (6)(a) "Compensation earnable" for members, means salaries or wages  
34 earned by a member during a payroll period for personal services,  
35 including overtime payments, and shall include wages and salaries  
36 deferred under provisions established pursuant to sections 403(b),  
37 414(h), and 457 of the United States internal revenue code, but shall

1 exclude nonmoney maintenance compensation and lump sum or other  
2 payments for deferred annual sick leave, unused accumulated vacation,  
3 unused accumulated annual leave, or any form of severance pay.

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

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

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

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

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

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

26 (iv) Compensation that a member would have received but for a  
27 disability occurring in the line of duty only as authorized by RCW  
28 41.37.060;

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

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

37 (7) "Service" means periods of employment by a member on or after  
38 July 1, 2006, for one or more employers for which compensation earnable

1 is paid. Compensation earnable earned for ninety or more hours in any  
2 calendar month shall constitute one service credit month. Compensation  
3 earnable earned for at least seventy hours but less than ninety hours  
4 in any calendar month shall constitute one-half service credit month of  
5 service. Compensation earnable earned for less than seventy hours in  
6 any calendar month shall constitute one-quarter service credit month of  
7 service. Time spent in standby status, whether compensated or not, is  
8 not service.

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

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

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

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

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

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

27 (12) "Regular interest" means such rate as the director may  
28 determine.

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

33 (14)(a) "Average final compensation" means the member's average  
34 compensation earnable of the highest consecutive sixty months of  
35 service credit months prior to such member's retirement, termination,  
36 or death. Periods constituting authorized leaves of absence may not be  
37 used in the calculation of average final compensation except under RCW  
38 41.37.290.

1       (b) In calculating average final compensation under (a) of this  
2 subsection, the department of retirement systems shall include any  
3 compensation forgone by a member employed by a state agency or  
4 institution during the 2009-2011 fiscal biennium as a result of reduced  
5 work hours, mandatory or voluntary leave without pay, or temporary  
6 layoffs if the reduced compensation is an integral part of the  
7 employer's expenditure reduction efforts, as certified by the employer.

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

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

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

16       (18) "Retirement allowance" means monthly payments to a retiree or  
17 beneficiary as provided in this chapter.

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

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

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

28       (22) "Eligible position" means any permanent, full-time position  
29 included in subsection (5) of this section.

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" means the Washington public safety employees'  
8 retirement system plan 2.

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

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

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

16 (33) "Adjustment ratio" means the value of index A divided by index  
17 B.

18 (34) "Separation from service" occurs when a person has terminated  
19 all employment with an employer.

20 **Sec. 8.** RCW 43.43.120 and 2009 c 549 s 5124 and 2009 c 522 s 1 are  
21 each reenacted and amended to read as follows:

22 As used in ((~~RCW 43.43.120~~)) this section and RCW 43.43.130 through  
23 43.43.320, unless a different meaning is plainly required by the  
24 context:

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

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

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

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

7 (c) In calculating average final salary under (a) or (b) of this  
8 subsection, the department of retirement systems shall include any  
9 compensation forgone by the member during the 2009-2011 fiscal biennium  
10 as a result of reduced work hours, mandatory or voluntary leave without  
11 pay, or temporary layoffs if the reduced compensation is an integral  
12 part of the employer's expenditure reduction efforts, as certified by  
13 the chief.

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

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

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

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

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

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

37 (9) "Director" means the director of the department of retirement  
38 systems.

1 (10) "Domestic partners" means two adults who have registered as  
2 domestic partners under RCW ((~~26.60.020~~)) 26.60.040.

3 (11) "Employee" means any commissioned employee of the Washington  
4 state patrol.

5 (12) "Insurance commissioner" means the insurance commissioner of  
6 the state of Washington.

7 (13) "Lieutenant governor" means the lieutenant governor of the  
8 state of Washington.

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

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

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

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

22 (18) "Retirement board" means the board provided for in this  
23 chapter.

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

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

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

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

36 (22) "Service" shall mean services rendered to the state of  
37 Washington or any political subdivisions thereof for which compensation  
38 has been paid. Full time employment for seventy or more hours in any



1 given calendar month shall constitute one month of service. An  
2 employee who is reinstated in accordance with RCW 43.43.110 shall  
3 suffer no loss of service for the period reinstated subject to the  
4 contribution requirements of this chapter. Only months of service  
5 shall be counted in the computation of any retirement allowance or  
6 other benefit provided for herein. Years of service shall be  
7 determined by dividing the total number of months of service by twelve.  
8 Any fraction of a year of service as so determined shall be taken into  
9 account in the computation of such retirement allowance or benefit.

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

12 (24) "State treasurer" means the treasurer of the state of  
13 Washington.

14 ((+25)) Unless the context expressly indicates otherwise, words  
15 importing the masculine gender shall be extended to include the  
16 feminine gender and words importing the feminine gender shall be  
17 extended to include the masculine gender.

18 NEW SECTION. **Sec. 9.** The office of financial management shall  
19 work with the appropriate state agencies to proportionately reduce  
20 Washington management services and exempt management services general  
21 fund--state compensation expenditures for fiscal year 2010 by seven  
22 hundred fifty thousand dollars and fiscal year 2011 by nine million two  
23 hundred fifty thousand dollars. The office of financial management  
24 shall also work with the appropriate state agencies to also  
25 proportionately reduce Washington management services and exempt  
26 management services compensation expenditures from all other funds and  
27 accounts. Savings for all other funds and accounts shall be calculated  
28 by taking the general fund reduction made in this section, dividing it  
29 by general fund--state Washington management services and exempt  
30 management services compensation and then applying that percentage to  
31 Washington management services and exempt management services  
32 compensation from all other funds and accounts.

33 All savings in this section are in addition to the compensation  
34 savings achieved through agency closures or alternate savings plans in  
35 section 2 of this act.

36 By June 1, 2010, the office of financial management shall reduce  
37 allotments from the general fund--state and all other funds to reflect

1 the reduced agency expenditures for Washington management services and  
2 exempt management services compensation costs to meet the savings  
3 requirements of this section by June 30, 2011. The allotment  
4 reductions shall be placed in unallotted status and remain unexpended.

5 NEW SECTION. **Sec. 10.** If any part of this act is found to be in  
6 conflict with federal requirements that are a prescribed condition to  
7 the allocation of federal funds to the state, the conflicting part of  
8 this act is inoperative solely to the extent of the conflict and with  
9 respect to the agencies directly affected, and this finding does not  
10 affect the operation of the remainder of this act in its application to  
11 the agencies concerned. Rules adopted under this act must meet federal  
12 requirements that are a necessary condition to the receipt of federal  
13 funds by the state.

14 NEW SECTION. **Sec. 11.** If any provision of this act or its  
15 application to any person or circumstance is held invalid, the  
16 remainder of the act or the application of the provision to other  
17 persons or circumstances is not affected.

18 NEW SECTION. **Sec. 12.** This act is necessary for the immediate  
19 preservation of the public peace, health, or safety, or support of the  
20 state government and its existing public institutions, and takes effect  
21 immediately."

22 Correct the title.

EFFECT: The amendment strikes the entirety of the substitute bill. The Legislature intends that state agencies and institutions of higher education shall reduce government operating costs through the methods described in the act by \$50 million from the general fund--state and the education legacy account--state, as well as additional proportionate amounts from other funds. In reducing expenditures, agencies and institutions shall strive to preserve family wage jobs.

The Office of Financial Management (OFM) shall certify to each state agency the compensation reduction amount to be achieved by the executive branch agency or institution.

Executive branch general government state agencies and higher education institutions may submit plans that achieve compensation cost

savings at least equal to closing the agency for eleven days to OFM by May 15, 2010. The State Board for Community and Technical Colleges shall submit a single plan on behalf of all community colleges. Compensation reduction plans submitted by higher education institutions may include leave without pay, temporary layoffs, reductions in force, reduced work hours, and voluntary retirement, separation, and other incentive programs authorized by law. By June 1, 2010, OFM shall review, approve, and submit the higher education institution plans that achieve the required cost reductions to the legislative fiscal committees. Those institutions that do not have approved plans will close on the eleven dates specified in the amendment.

Legislative branch agency plans for mandatory and voluntary leave will achieve savings equivalent to the listed closure days and are subject to the approval of the Chief Clerk of the House of Representatives and the Secretary of the Senate. Judicial branch agencies will similarly submit plans for review and approval by the Supreme Court. Agency closure days will not prevent actions from being considered timely on the next business day.

Specified activities of agencies and institutions are exempt from closure or reductions. Minimal use of state employees by any agency or institution is permitted as necessary to protect public assets, protect information technology systems, and maintain public safety. The agency employing an employee not scheduled to work on an agency closure day must designate an alternative day during the same month for the employee to take temporary leave without pay.

Implementation subject to bargaining will be performed consistent with applicable laws. For state agencies, temporary layoff impacts will be negotiated between the employer and one coalition of all exclusive bargaining representatives. For higher education institutions that have negotiations conducted by the Governor or Governor's designee, and that have submitted a reduction plan, negotiations regarding impacts shall be conducted between coalitions of representatives at each college, college district, or university of all the exclusive representatives. For institutions that do not submit a plan, negotiations regarding impacts shall be conducted between the Governor or Governor's designee and one coalition of all the exclusive bargaining representatives. Institutions that do not have negotiations conducted by the Governor or Governor's designee shall each negotiate institutional impacts.

An exception to the requirement that agencies remain open 40 hours per week is provided.

OFM will additionally reduce allotments to agencies for compensation expenditures for Washington Management Services and Exempt Management Services employees by \$10 million GF-S and proportionate amounts in all other funds.

In addition to the Public Employees Retirement System provisions in current law eliminating the effect of temporary salary reductions on pension calculations (chapter 430, Laws of 2009), members of the Teachers' Retirement System, the Public Safety Employees' Retirement System, the Law Enforcement Officers' and Firefighters' Retirement System and the Washington State Patrol Retirement System will not have pension calculations reduced for salary not earned as a result of compensation reductions integral to expenditure reduction efforts. The act contains an emergency clause and takes effect immediately.

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