

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5021**

Chapter 12, Laws of 2021

67th Legislature  
2021 Regular Session

PUBLIC EMPLOYEE RETIREMENT BENEFITS--EFFECT OF EXPENDITURE REDUCTIONS

EFFECTIVE DATE: July 25, 2021

Passed by the Senate February 23,  
2021

Yeas 29 Nays 20

DENNY HECK

**President of the Senate**

Passed by the House March 24, 2021

Yeas 65 Nays 32

Laurie Jinkins

**Speaker of the House of  
Representatives**

Approved April 7, 2021 3:38 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5021** as passed by the Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

**Secretary**

FILED

April 7, 2021

**Secretary of State  
State of Washington**

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**SENATE BILL 5021**

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Passed Legislature - 2021 Regular Session

**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senators Hunt, Conway, Saldaña, and Wilson, C.; by request of Department of Retirement Systems

Prefiled 12/17/20. Read first time 01/11/21. Referred to Committee on Ways & Means.

1 AN ACT Relating to the effect of expenditure reduction efforts on  
2 retirement benefits for public employees, including those  
3 participating in the shared work program; amending RCW 41.26.030,  
4 41.32.010, 41.34.040, 41.35.010, 41.37.010, 41.40.010, and 43.43.120;  
5 adding a new section to chapter 41.50 RCW; and creating a new  
6 section.

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

8 NEW SECTION. **Sec. 1.** It is the intent of the legislature that  
9 this act be curative, remedial, and retroactively applied.

10 **Sec. 2.** RCW 41.26.030 and 2020 c 107 s 6 are each amended to  
11 read as follows:

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

14 (1) "Accumulated contributions" means the employee's  
15 contributions made by a member, including any amount paid under RCW  
16 41.50.165(2), plus accrued interest credited thereon.

17 (2) "Actuarial reserve" means a method of financing a pension or  
18 retirement plan wherein reserves are accumulated as the liabilities  
19 for benefit payments are incurred in order that sufficient funds will

1 be available on the date of retirement of each member to pay the  
2 member's future benefits during the period of retirement.

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

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

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

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

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

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

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

39 (6) (a) "Child" or "children" means an unmarried person who is  
40 under the age of eighteen or mentally or physically disabled as

1 determined by the department, except a person who is disabled and in  
2 the full time care of a state institution, who is:

3 (i) A natural born child;

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

6 (iii) A posthumous child;

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

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

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

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

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

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

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

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

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

34 (13) "Employee" means any law enforcement officer or firefighter  
35 as defined in subsections (17) and (19) of this section.

36 (14)(a) "Employer" for plan 1 members, means the legislative  
37 authority of any city, town, county, district, or regional fire  
38 protection service authority or the elected officials of any  
39 municipal corporation that employs any law enforcement officer and/or  
40 firefighter, any authorized association of such municipalities, and,

1 except for the purposes of RCW 41.26.150, any labor guild,  
2 association, or organization, which represents the firefighters or  
3 law enforcement officers of at least seven cities of over 20,000  
4 population and the membership of each local lodge or division of  
5 which is composed of at least sixty percent law enforcement officers  
6 or firefighters as defined in this chapter.

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

10 (i) The legislative authority of any city, town, county,  
11 district, public corporation, or regional fire protection service  
12 authority established under RCW 35.21.730 to provide emergency  
13 medical services as defined in RCW 18.73.030;

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

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

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

19 (v) The department of social and health services or the  
20 department of corrections when employing firefighters serving at a  
21 prison or civil commitment center on an island.

22 (c) Except as otherwise specifically provided in this chapter,  
23 "employer" does not include a government contractor. For purposes of  
24 this subsection, a "government contractor" is any entity, including a  
25 partnership, limited liability company, for-profit or nonprofit  
26 corporation, or person, that provides services pursuant to a contract  
27 with an "employer." The determination whether an employer-employee  
28 relationship has been established is not based on the relationship  
29 between a government contractor and an "employer," but is based  
30 solely on the relationship between a government contractor's employee  
31 and an "employer" under this chapter.

32 (15)(a) "Final average salary" for plan 1 members, means (i) for  
33 a member holding the same position or rank for a minimum of twelve  
34 months preceding the date of retirement, the basic salary attached to  
35 such same position or rank at time of retirement; (ii) for any other  
36 member, including a civil service member who has not served a minimum  
37 of twelve months in the same position or rank preceding the date of  
38 retirement, the average of the greatest basic salaries payable to  
39 such member during any consecutive twenty-four month period within  
40 such member's last ten years of service for which service credit is

1 allowed, computed by dividing the total basic salaries payable to  
2 such member during the selected twenty-four month period by twenty-  
3 four; (iii) in the case of disability of any member, the basic salary  
4 payable to such member at the time of disability retirement; (iv) in  
5 the case of a member who hereafter vests pursuant to RCW 41.26.090,  
6 the basic salary payable to such member at the time of vesting.

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

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

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

22 (ii) Any compensation forgone by a member employed by the state  
23 or a local government employer during the 2011-2013 fiscal biennium  
24 as a result of reduced work hours, mandatory leave without pay,  
25 temporary layoffs, or reductions to current pay if the reduced  
26 compensation is an integral part of the employer's expenditure  
27 reduction efforts, as certified by the employer. Reductions to  
28 current pay shall not include elimination of previously agreed upon  
29 future salary increases; and

30 (iii) Any compensation forgone by a member employed by the state  
31 or a local government employer during the 2019-2021 and 2021-2023  
32 fiscal biennia as a result of reduced work hours, mandatory leave  
33 without pay, temporary layoffs, furloughs, reductions to current pay,  
34 or other similar measures resulting from the COVID-19 budgetary  
35 crisis, if the reduced compensation is an integral part of the  
36 employer's expenditure reduction efforts, as certified by the  
37 employer. Reductions to current pay shall not include elimination of  
38 previously agreed upon future salary increases.

39 (16) "Fire department" includes a fire station operated by the  
40 department of social and health services or the department of

1 corrections when employing firefighters serving a prison or civil  
2 commitment center on an island.

3 (17) "Firefighter" means:

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

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

10 (c) Supervisory firefighter personnel;

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

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

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

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

28 (h) Any person who is employed on a full-time, fully compensated  
29 basis by an employer as an emergency medical technician that meets  
30 the requirements of RCW 18.71.200 or 18.73.030(12), and whose duties  
31 include providing emergency medical services as defined in RCW  
32 18.73.030.

33 (18) "General authority law enforcement agency" means any agency,  
34 department, or division of a municipal corporation, political  
35 subdivision, or other unit of local government of this state, and any  
36 agency, department, or division of state government, having as its  
37 primary function the detection and apprehension of persons committing  
38 infractions or violating the traffic or criminal laws in general, but  
39 not including the Washington state patrol. Such an agency,  
40 department, or division is distinguished from a limited authority law

1 enforcement agency having as one of its functions the apprehension or  
2 detection of persons committing infractions or violating the traffic  
3 or criminal laws relating to limited subject areas, including but not  
4 limited to, the state departments of natural resources and social and  
5 health services, the state gambling commission, the state lottery  
6 commission, the state parks and recreation commission, the state  
7 utilities and transportation commission, the state liquor and  
8 cannabis board, and the state department of corrections. A general  
9 authority law enforcement agency under this chapter does not include  
10 a government contractor.

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

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

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

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

31 (d) The term "law enforcement officer" also includes the  
32 executive secretary of a labor guild, association or organization  
33 (which is an employer under subsection (14) of this section) if that  
34 individual has five years previous membership in the retirement  
35 system established in chapter 41.20 RCW. The provisions of this  
36 subsection (19)(d) shall not apply to plan 2 members; and

37 (e) The term "law enforcement officer" also includes a person  
38 employed on or after January 1, 1993, as a public safety officer or  
39 director of public safety, so long as the job duties substantially  
40 involve only either police or fire duties, or both, and no other



1 duties in a city or town with a population of less than ten thousand.  
2 The provisions of this subsection (19)(e) shall not apply to any  
3 public safety officer or director of public safety who is receiving a  
4 retirement allowance under this chapter as of May 12, 1993.

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

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

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

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

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

18 (i) The fees of the following:

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

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

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

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

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

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

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

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

33 (D) Anesthesia and oxygen;

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

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

37 (G) Professional ambulance service when used to transport the  
38 member to or from a hospital when injured by an accident or stricken  
39 by a disease;

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

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

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

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

8 (L) An optometrist licensed under the provisions of chapter 18.53  
9 RCW.

10 (21) "Member" means any firefighter, law enforcement officer, or  
11 other person as would apply under subsection (17) or (19) of this  
12 section whose membership is transferred to the Washington law  
13 enforcement officers' and firefighters' retirement system on or after  
14 March 1, 1970, and every law enforcement officer and firefighter who  
15 is employed in that capacity on or after such date.

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

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

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

26 (25) "Regular interest" means such rate as the director may  
27 determine.

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

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

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

38 (29)(a) "Service" for plan 1 members, means all periods of  
39 employment for an employer as a firefighter or law enforcement  
40 officer, for which compensation is paid, together with periods of

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

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

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

26 (iii) Reduction efforts such as furloughs, reduced work hours,  
27 mandatory leave without pay, temporary layoffs, or other similar  
28 situations as contemplated by subsection (15)(c)(iii) of this section  
29 do not result in a reduction in service credit that otherwise would  
30 have been earned for that month of work, and the member shall receive  
31 the full service credit for the hours that were scheduled to be  
32 worked before the reduction.

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

1 earned for less than seventy hours shall constitute a one-quarter  
2 service credit month.

3 (ii) Members of the retirement system who are elected or  
4 appointed to a state elective position may elect to continue to be  
5 members of this retirement system.

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

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

20 (v) Reduction efforts such as furloughs, reduced work hours,  
21 mandatory leave without pay, temporary layoffs, or other similar  
22 situations as contemplated by subsection (15)(c)(iii) of this section  
23 do not result in a reduction in service credit that otherwise would  
24 have been earned for that month of work, and the member shall receive  
25 the full service credit for the hours that were scheduled to be  
26 worked before the reduction.

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

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

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

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

37 (34) "Surviving spouse" means the surviving widow or widower of a  
38 member. "Surviving spouse" shall not include the divorced spouse of a  
39 member except as provided in RCW 41.26.162.

1       **Sec. 3.** RCW 41.32.010 and 2018 c 257 s 2 are each amended to  
2 read as follows:

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

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

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

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

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

18       (4) "Annual increase" means, initially, fifty-nine cents per  
19 month per year of service which amount shall be increased each July  
20 1st by three percent, rounded to the nearest cent.

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

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

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

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

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

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

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

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

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

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

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

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

14 (ii) For an employee member of the retirement system teaching in  
15 an extended school year program, two consecutive extended school  
16 years, as defined by the employer school district, may be used as the  
17 annual period for determining earnable compensation in lieu of the  
18 two fiscal years.

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

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

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

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

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

20 (A) Remuneration for unused sick leave authorized under RCW  
21 41.04.340, 28A.400.210, or 28A.310.490;

22 (B) Remuneration for unused annual leave in excess of two hundred  
23 forty hours as authorized by RCW 43.01.044 and 43.01.041.

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

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

36 (i) Retroactive payments to an individual by an employer on  
37 reinstatement of the employee in a position or payments by an  
38 employer to an individual in lieu of reinstatement in a position  
39 which are awarded or granted as the equivalent of the salary or wages  
40 which the individual would have earned during a payroll period shall

1 be considered earnable compensation, to the extent provided above,  
2 and the individual shall receive the equivalent service credit.

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

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

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

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

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

23 (ii) Any compensation forgone by a member during the 2011-2013  
24 fiscal biennium as a result of reduced work hours, mandatory leave  
25 without pay, temporary layoffs, or reductions to current pay if the  
26 reduced compensation is an integral part of the employer's  
27 expenditure reduction efforts, as certified by the employer.  
28 Reductions to current pay shall not include elimination of previously  
29 agreed upon future salary reductions; and

30 (iii) Any compensation forgone by a member during the 2019-2021  
31 and 2021-2023 fiscal biennia as a result of reduced work hours,  
32 mandatory leave without pay, temporary layoffs, furloughs, reductions  
33 to current pay, or other similar measures resulting from the COVID-19  
34 budgetary crisis, if the reduced compensation is an integral part of  
35 the employer's expenditure reduction efforts, as certified by the  
36 employer. Reductions to current pay shall not include elimination of  
37 previously agreed upon future salary increases.

38 (15)(a) "Eligible position" for plan 2 members from June 7, 1990,  
39 through September 1, 1991, means a position which normally requires



1 two or more uninterrupted months of creditable service during  
2 September through August of the following year.

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

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

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

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

18 (17) "Employer" means the state of Washington, the school  
19 district, or any agency of the state of Washington by which the  
20 member is paid. Except as otherwise specifically provided in this  
21 chapter, "employer" does not include a government contractor. For  
22 purposes of this subsection, a "government contractor" is any entity,  
23 including a partnership, limited liability company, for-profit or  
24 nonprofit corporation, or person, that provides services pursuant to  
25 a contract with an employer. The determination whether an employer-  
26 employee relationship has been established is not based on the  
27 relationship between a government contractor and an employer, but is  
28 based solely on the relationship between a government contractor's  
29 employee and an employer under this chapter. For the purposes of  
30 retirement plan membership, this subsection includes tribal schools  
31 who have chosen to participate in the retirement system and satisfied  
32 the requirements of RCW 28A.715.010(7).

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

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

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

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

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

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

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

9 (25) "Member" means any teacher included in the membership of the  
10 retirement system who has not been removed from membership under RCW  
11 41.32.878 or 41.32.768. Also, any other employee of the public  
12 schools who, on July 1, 1947, had not elected to be exempt from  
13 membership and who, prior to that date, had by an authorized payroll  
14 deduction, contributed to the member reserve.

15 (26) "Member account" or "member's account" for purposes of plan  
16 3 means the sum of the contributions and earnings on behalf of the  
17 member in the defined contribution portion of plan 3.

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

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

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

29 (30) "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  
32 to be paid.

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

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

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

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

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

12 (36) "Public school" means any institution or activity operated  
13 by the state of Washington or any instrumentality or political  
14 subdivision thereof employing teachers, except the University of  
15 Washington and Washington State University. For the purposes of  
16 retirement plan membership, this subsection includes tribal schools  
17 who have chosen to participate in the retirement system and satisfied  
18 the requirements of RCW 28A.715.010(7).

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

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

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

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

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

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

36 (42) "Separation from service or employment" occurs when a person  
37 has terminated all employment with an employer. Separation from  
38 service or employment does not occur, and if claimed by an employer  
39 or employee may be a violation of RCW 41.32.055, when an employee and  
40 employer have a written or oral agreement to resume employment with

1 the same employer following termination. Mere expressions or  
2 inquiries about postretirement employment by an employer or employee  
3 that do not constitute a commitment to reemploy the employee after  
4 retirement are not an agreement under this section.

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

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

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

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

17 (iv) Reduction efforts such as furloughs, reduced work hours,  
18 mandatory leave without pay, temporary layoffs, or other similar  
19 situations as contemplated by subsection (14)(c)(iii) of this section  
20 do not result in a reduction in service credit that otherwise would  
21 have been earned for that month of work, and the member shall receive  
22 the full service credit for the hours that were scheduled to be  
23 worked before the reduction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (vii) Reduction efforts such as furloughs, reduced work hours,  
15 mandatory leave without pay, temporary layoffs, or other similar  
16 situations as contemplated by subsection (14)(c)(iii) of this section  
17 do not result in a reduction in service credit that otherwise would  
18 have been earned for that month of work, and the member shall receive  
19 the full service credit for the hours that were scheduled to be  
20 worked before the reduction.

21 (viii) The department shall adopt rules implementing this  
22 subsection.

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

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

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

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

33 (48) "Substitute teacher" means:

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

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

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

9 **Sec. 4.** RCW 41.34.040 and 2014 c 95 s 1 are each amended to read  
10 as follows:

11 (1) A member shall contribute from (~~his or her~~) the member's  
12 compensation according to one of the following rate structures in  
13 addition to the mandatory minimum five percent:

14	Option A	Contribution Rate
15	All Ages	0.0% fixed
16	Option B	
17	Up to Age 35	0.0%
18	Age 35 to 44	1.0%
19	Age 45 and above	2.5%
20	Option C	
21	Up to Age 35	1.0%
22	Age 35 to 44	2.5%
23	Age 45 and above	3.5%
24	Option D	
25	All Ages	2.0%
26	Option E	
27	All Ages	5.0%
28	Option F	
29	All Ages	10.0%

30 (2) The department shall have the right to offer contribution  
31 rate options in addition to those listed in subsection (1) of this  
32 section, provided that no significant additional administrative costs  
33 are created. All options offered by the department shall conform to  
34 the requirements stated in subsections (3) and (5) of this section.

1 (3) (a) For members of the teachers' retirement system entering  
2 plan 3 under RCW 41.32.835 or members of the school employees'  
3 retirement system entering plan 3 under RCW 41.35.610, within ninety  
4 days of becoming a member (~~he or she~~) the member has an option to  
5 choose one of the above contribution rate structures. If the member  
6 does not select an option within the ninety-day period, (~~he or she~~)  
7 the member shall be assigned option A.

8 (b) For members of the public employees' retirement system  
9 entering plan 3 under RCW 41.40.785, within the ninety days described  
10 in RCW 41.40.785 an employee who irrevocably chooses plan 3 shall  
11 select one of the above contribution rate structures. If the member  
12 does not select an option within the ninety-day period, (~~he or she~~)  
13 the member shall be assigned option A.

14 (c) For members of the teachers' retirement system transferring  
15 to plan 3 under RCW 41.32.817, members of the school employees'  
16 retirement system transferring to plan 3 under RCW 41.35.510, or  
17 members of the public employees' retirement system transferring to  
18 plan 3 under RCW 41.40.795, upon election to plan 3 (~~he or she~~) the  
19 member must choose one of the above contribution rate structures.

20 (d) Within ninety days of the date that an employee changes  
21 employers, (~~he or she~~) the member has an option to choose one of  
22 the above contribution rate structures. If the member does not select  
23 an option within this ninety-day period, (~~he or she~~) the member  
24 shall be assigned option A.

25 (4) Each year, through January of 2015, members of plan 3 of the  
26 teachers' retirement system may change their contribution rate option  
27 by notifying their employer in writing during the month of January.  
28 After January of 2015, a member of plan 3 of the teachers' retirement  
29 system may only change their contribution rate option under  
30 subsection (3)(d) of this section. The termination of this annual  
31 contribution rate change option in January 2015 is required to meet  
32 the plan qualification requirements in section 401(a) of the internal  
33 revenue code. Consistent with plan qualification requirements in the  
34 internal revenue code, this annual contribution rate change has never  
35 been available to plan 3 members of the public employees' retirement  
36 system and the school employees' retirement system.

37 (5) Contributions shall begin the first day of the pay cycle in  
38 which the rate option is made, or the first day of the pay cycle in  
39 which the end of the ninety-day period occurs.



1       (6) The contribution of plan 3 members is not affected by any  
2 reduction in hours worked because of participation of their employer  
3 in a shared work program under chapter 50.60 RCW. Plan 3 members  
4 shall continue to make contributions as if the member did not incur a  
5 reduction in hours through participating in an approved shared work  
6 compensation plan under chapter 50.60 RCW.

7       **Sec. 5.** RCW 41.35.010 and 2018 c 257 s 3 are each amended to  
8 read as follows:

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

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

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

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

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

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

29       (b) In calculating average final compensation under (a) of this  
30 subsection, the department of retirement systems shall include  
31 ~~((any))~~:

32       (i) Any compensation forgone by a member during the 2011-2013  
33 fiscal biennium as a result of reduced work hours, mandatory leave  
34 without pay, temporary layoffs, or reductions to current pay if the  
35 reduced compensation is an integral part of the employer's  
36 expenditure reduction efforts, as certified by the employer.  
37 Reductions to current pay shall not include elimination of previously  
38 agreed upon future salary reductions; and

1        (ii) Any compensation forgone by a member during the 2019-2021  
2 and 2021-2023 fiscal biennia as a result of reduced work hours,  
3 mandatory leave without pay, temporary layoffs, furloughs, reductions  
4 to current pay, or other similar measures resulting from the COVID-19  
5 budgetary crisis, if the reduced compensation is an integral part of  
6 the employer's expenditure reduction efforts, as certified by the  
7 employer. Reductions to current pay shall not include elimination of  
8 previously agreed upon future salary increases.

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

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

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

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

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

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

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

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

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

12 (iv) Compensation that a member would have received but for a  
13 disability occurring in the line of duty only as authorized by RCW  
14 41.40.038;

15 (v) Compensation that a member receives due to participation in  
16 the leave sharing program only as authorized by RCW 41.04.650 through  
17 41.04.670; and

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

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

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

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

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

38 (13) "Employer," for plan 2 and plan 3 members, means a school  
39 district, an educational service district, or tribal school that has  
40 chosen to participate in the retirement system and has satisfied the

1 requirements of RCW 28A.715.010(7). Except as otherwise specifically  
2 provided in this chapter, "employer" does not include a government  
3 contractor. For purposes of this subsection, a "government  
4 contractor" is any entity, including a partnership, limited liability  
5 company, for-profit or nonprofit corporation, or person, that  
6 provides services pursuant to a contract with an employer. The  
7 determination whether an employer-employee relationship has been  
8 established is not based on the relationship between a government  
9 contractor and an employer, but is based solely on the relationship  
10 between a government contractor's employee and an employer under this  
11 chapter.

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

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

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

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

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

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

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

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

32 (22) "Membership service" means all service rendered as a member.

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

36 (24) "Plan 2" means the Washington school employees' retirement  
37 system plan 2 providing the benefits and funding provisions covering  
38 persons who first became members of the public employees' retirement  
39 system on and after October 1, 1977, and transferred to the  
40 Washington school employees' retirement system under RCW 41.40.750.

1 (25) "Plan 3" means the Washington school employees' retirement  
2 system plan 3 providing the benefits and funding provisions covering  
3 persons who first became members of the system on and after September  
4 1, 2000, or who transfer from plan 2 under RCW 41.35.510.

5 (26) "Regular interest" means such rate as the director may  
6 determine.

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

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

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

15 (30) "Retirement system" means the Washington school employees'  
16 retirement system provided for in this chapter.

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

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

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

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

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

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

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

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

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

14 (d) Reduction efforts such as furloughs, reduced work hours,  
15 mandatory leave without pay, temporary layoffs, or other similar  
16 situations as contemplated by subsection (5)(b)(ii) of this section  
17 do not result in a reduction in service credit that otherwise would  
18 have been earned for that month of work, and the member shall receive  
19 the full service credit for the hours that were scheduled to be  
20 worked before the reduction.

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

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

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

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

30 (37) "State treasurer" means the treasurer of the state of  
31 Washington.

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

35 **Sec. 6.** RCW 41.37.010 and 2020 c 108 s 1 are each amended to  
36 read as follows:

37 The definitions in this section apply throughout this chapter  
38 unless the context clearly requires otherwise.

1 (1) "Accumulated contributions" means the sum of all  
2 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 and other tables as may be  
7 adopted by the director.

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

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

13 (5)(a) "Average final compensation" means the member's average  
14 compensation earnable of the highest consecutive sixty months of  
15 service credit months prior to such member's retirement, termination,  
16 or death. Periods constituting authorized leaves of absence may not  
17 be used in the calculation of average final compensation except under  
18 RCW 41.37.290.

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

21 (i) Any compensation forgone by a member employed by a state  
22 agency or institution during the 2009-2011 fiscal biennium as a  
23 result of reduced work hours, mandatory or voluntary leave without  
24 pay, temporary reduction in pay implemented prior to December 11,  
25 2010, or temporary layoffs if the reduced compensation is an integral  
26 part of the employer's expenditure reduction efforts, as certified by  
27 the employer; (~~and~~)

28 (ii) Any compensation forgone by a member employed by the state  
29 or a local government employer during the 2011-2013 fiscal biennium  
30 as a result of reduced work hours, mandatory leave without pay,  
31 temporary layoffs, or reductions to current pay if the reduced  
32 compensation is an integral part of the employer's expenditure  
33 reduction efforts, as certified by the employer. Reductions to  
34 current pay shall not include elimination of previously agreed upon  
35 future salary increases; and

36 (iii) Any compensation forgone by a member during the 2019-2021  
37 and 2021-2023 fiscal biennia as a result of reduced work hours,  
38 mandatory leave without pay, temporary layoffs, furloughs, reductions  
39 to current pay, or other similar measures resulting from the COVID-19  
40 budgetary crisis, if the reduced compensation is an integral part of

1 the employer's expenditure reduction efforts, as certified by the  
2 employer. Reductions to current pay shall not include elimination of  
3 previously agreed upon future salary increases.

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

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

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

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

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

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

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

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



1 (iv) Compensation that a member would have received but for a  
2 disability occurring in the line of duty only as authorized by RCW  
3 41.37.060;

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

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

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

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

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

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

22 (12) "Employer" means the Washington state department of  
23 corrections, the Washington state parks and recreation commission,  
24 the Washington state gambling commission, the Washington state  
25 patrol, the Washington state department of natural resources, the  
26 Washington state liquor and cannabis board, the Washington state  
27 department of veterans affairs, the Washington state department of  
28 children, youth, and families, and the Washington state department of  
29 social and health services; any county corrections department; any  
30 city corrections department not covered under chapter 41.28 RCW; and  
31 any public corrections entity created under RCW 39.34.030 by  
32 counties, cities not covered under chapter 41.28 RCW, or both. Except  
33 as otherwise specifically provided in this chapter, "employer" does  
34 not include a government contractor. For purposes of this subsection,  
35 a "government contractor" is any entity, including a partnership,  
36 limited liability company, for-profit or nonprofit corporation, or  
37 person, that provides services pursuant to a contract with an  
38 employer. The determination whether an employer-employee relationship  
39 has been established is not based on the relationship between a  
40 government contractor and an employer, but is based solely on the

1 relationship between a government contractor's employee and an  
2 employer under this chapter.

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

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

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

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

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

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

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

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

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

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

29 (d) Whose primary responsibility is to provide nursing care to,  
30 or to ensure the custody and safety of, offender, adult probationary,  
31 or patient populations; and who is in a position that requires  
32 completion of defensive tactics training or de-escalation training;  
33 and who is employed by one of the following state institutions or  
34 centers operated by the department of social and health services or  
35 the department of children, youth, and families:

36 (i) Juvenile rehabilitation administration institutions, not  
37 including community facilities;

38 (ii) Mental health hospitals;

39 (iii) Child study and treatment centers; or

1 (iv) Institutions or residential sites that serve developmentally  
2 disabled patients or offenders, or perform competency restoration  
3 services, except for state-operated living alternatives facilities;

4 (e) Whose primary responsibility is to provide nursing care to  
5 offender and patient populations in institutions and centers operated  
6 by the following employers: A city or county corrections department  
7 as set forth in subsection (12) of this section, a public corrections  
8 entity as set forth in subsection (12) of this section, the  
9 Washington state department of corrections, or the Washington state  
10 department of veterans affairs; or

11 (f) Whose primary responsibility is to supervise members eligible  
12 under this subsection.

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

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

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

19 (23) "Regular interest" means such rate as the director may  
20 determine.

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

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

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

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

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

32 (29) "Service" means periods of employment by a member on or  
33 after July 1, 2006, for one or more employers for which compensation  
34 earnable is paid. Compensation earnable earned for ninety or more  
35 hours in any calendar month shall constitute one service credit  
36 month. Compensation earnable earned for at least seventy hours but  
37 less than ninety hours in any calendar month shall constitute one-  
38 half service credit month of service. Compensation earnable earned  
39 for less than seventy hours in any calendar month shall constitute

1 one-quarter service credit month of service. Time spent in standby  
2 status, whether compensated or not, is not service.

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

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

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

13 (c) Reduction efforts such as furloughs, reduced work hours,  
14 mandatory leave without pay, temporary layoffs, or other similar  
15 situations as contemplated by subsection (5)(b)(iii) of this section  
16 do not result in a reduction in service credit that otherwise would  
17 have been earned for that month of work, and the member shall receive  
18 the full service credit for the hours that were scheduled to be  
19 worked before the reduction.

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

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

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

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

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

31 **Sec. 7.** RCW 41.40.010 and 2012 c 236 s 6 are each amended to  
32 read as follows:

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

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

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

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

6 (4) "Annual increase" means, initially, fifty-nine cents per  
7 month per year of service which amount shall be increased each July  
8 1st by three percent, rounded to the nearest cent.

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

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

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

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

29 (i) Any compensation forgone by the member during the 2009-2011  
30 fiscal biennium as a result of reduced work hours, voluntary leave  
31 without pay, temporary reduction in pay implemented prior to December  
32 11, 2010, or temporary furloughs if the reduced compensation is an  
33 integral part of the employer's expenditure reduction efforts, as  
34 certified by the employer; (~~and~~)

35 (ii) Any compensation forgone by a member employed by the state  
36 or a local government during the 2011-2013 fiscal biennium as a  
37 result of reduced work hours, mandatory leave without pay, temporary  
38 layoffs, or reductions to current pay if the reduced compensation is  
39 an integral part of the employer's expenditure reduction efforts, as  
40 certified by the employer. Reductions to current pay shall not

1 include elimination of previously agreed upon future salary  
2 increases; and

3 (iii) Any compensation forgone by a member during the 2019-2021  
4 and 2021-2023 fiscal biennia as a result of reduced work hours,  
5 mandatory leave without pay, temporary layoffs, furloughs, reductions  
6 to current pay, or other similar measures resulting from the COVID-19  
7 budgetary crisis, if the reduced compensation is an integral part of  
8 the employer's expenditure reduction efforts, as certified by the  
9 employer. Reductions to current pay shall not include elimination of  
10 previously agreed upon future salary increases.

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

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

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

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

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

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

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

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

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

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

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

13 (A) Remuneration for unused sick leave authorized under RCW  
14 41.04.340, 28A.400.210, or 28A.310.490;

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

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

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

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

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

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

1 (B) Such member's actual compensation earnable received for  
2 nonlegislative public employment and legislative service combined.  
3 Any additional contributions to the retirement system required  
4 because compensation earnable under (b)(ii)(A) of this subsection is  
5 greater than compensation earnable under (b)(ii)(B) of this  
6 subsection shall be paid by the member for both member and employer  
7 contributions;

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

10 (iv) Compensation that a member would have received but for a  
11 disability occurring in the line of duty only as authorized by RCW  
12 41.40.038;

13 (v) Compensation that a member receives due to participation in  
14 the leave sharing program only as authorized by RCW 41.04.650 through  
15 41.04.670; and

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

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

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

24 (11) "Eligible position" means:

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

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

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



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

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

20           (c) Except as otherwise specifically provided in this chapter,  
21 "employer" does not include a government contractor. For purposes of  
22 this subsection, a "government contractor" is any entity, including a  
23 partnership, limited liability company, for-profit or nonprofit  
24 corporation, or person, that provides services pursuant to a contract  
25 with an "employer." The determination whether an employer-employee  
26 relationship has been established is not based on the relationship  
27 between a government contractor and an "employer," but is based  
28 solely on the relationship between a government contractor's employee  
29 and an "employer" under this chapter.

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

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

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

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

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

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

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

7 (21) "Member" means any employee included in the membership of  
8 the retirement system, as provided for in RCW 41.40.023. RCW  
9 41.26.045 does not prohibit a person otherwise eligible for  
10 membership in the retirement system from establishing such membership  
11 effective when he or she first entered an eligible position.

12 (22) "Member account" or "member's account" for purposes of plan  
13 3 means the sum of the contributions and earnings on behalf of the  
14 member in the defined contribution portion of plan 3.

15 (23) "Membership service" means:

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

17 (b) All service after October 1, 1947, to any employer prior to  
18 the time of its admission into the retirement system for which member  
19 and employer contributions, plus interest as required by RCW  
20 41.50.125, have been paid under RCW 41.40.056 or 41.40.057;

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

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

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

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

1 (a) Any person who became a member of the system prior to April  
2 1, 1949;

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

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

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

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

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

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

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

37 (28) "Plan 2" means the public employees' retirement system, plan  
38 2 providing the benefits and funding provisions covering persons who  
39 first became members of the system on and after October 1, 1977, and  
40 are not included in plan 3.

1 (29) "Plan 3" means the public employees' retirement system, plan  
2 3 providing the benefits and funding provisions covering persons who:

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

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

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

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

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

13 (31) "Regular interest" means such rate as the director may  
14 determine.

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

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

20 (34) "Retirement allowance" means the sum of the annuity and the  
21 pension.

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

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

33 (37)(a) "Service" for plan 1 members, except as provided in RCW  
34 41.40.088, means periods of employment in an eligible position or  
35 positions for one or more employers rendered to any employer for  
36 which compensation is paid, and includes time spent in office as an  
37 elected or appointed official of an employer. Compensation earnable  
38 earned in full time work for seventy hours or more in any given  
39 calendar month shall constitute one service credit month except as  
40 provided in RCW 41.40.088. Compensation earnable earned for less than

1 seventy hours in any calendar month shall constitute one-quarter  
2 service credit month of service except as provided in RCW 41.40.088.  
3 Only service credit months and one-quarter service credit months  
4 shall be counted in the computation of any retirement allowance or  
5 other benefit provided for in this chapter. Any fraction of a year of  
6 service shall be taken into account in the computation of such  
7 retirement allowance or benefits. Time spent in standby status,  
8 whether compensated or not, is not service.

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

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

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

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

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

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

33 (iv) Reduction efforts such as furloughs, reduced work hours,  
34 mandatory leave without pay, temporary layoffs, or other similar  
35 situations as contemplated by subsection (6)(c)(iii) of this section  
36 do not result in a reduction in service credit that otherwise would  
37 have been earned for that month of work, and the member shall receive  
38 the full service credit for the hours that were scheduled to be  
39 worked before the reduction.

1 (b) "Service" for plan 2 and plan 3 members, means periods of  
2 employment by a member in an eligible position or positions for one  
3 or more employers for which compensation earnable is paid.  
4 Compensation earnable earned for ninety or more hours in any calendar  
5 month shall constitute one service credit month except as provided in  
6 RCW 41.40.088. Compensation earnable earned for at least seventy  
7 hours but less than ninety hours in any calendar month shall  
8 constitute one-half service credit month of service. Compensation  
9 earnable earned for less than seventy hours in any calendar month  
10 shall constitute one-quarter service credit month of service. Time  
11 spent in standby status, whether compensated or not, is not service.

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

14 (i) Service in any state elective position shall be deemed to be  
15 full time service, except that persons serving in state elective  
16 positions who are members of the Washington school employees'  
17 retirement system, teachers' retirement system, public safety  
18 employees' retirement system, or law enforcement officers' and  
19 firefighters' retirement system at the time of election or  
20 appointment to such position may elect to continue membership in the  
21 Washington school employees' retirement system, teachers' retirement  
22 system, public safety employees' retirement system, or law  
23 enforcement officers' and firefighters' retirement system.

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

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

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

39 (B) Eleven or more days but less than twenty-two days equals one-  
40 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  
5 equals one and one-half service credit month.

6 (iv) Reduction efforts such as furloughs, reduced work hours,  
7 mandatory leave without pay, temporary layoffs, or other similar  
8 situations as contemplated by subsection (6)(c)(iii) of this section  
9 do not result in a reduction in service credit that otherwise would  
10 have been earned for that month of work, and the member shall receive  
11 the full service credit for the hours that were scheduled to be  
12 worked before the reduction.

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

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

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

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

22 (42) "State treasurer" means the treasurer of the state of  
23 Washington.

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

27 **Sec. 8.** RCW 43.43.120 and 2020 c 97 s 2 are each amended to read  
28 as follows:

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

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

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

38 (3)(a) "Average final salary," for members commissioned prior to  
39 January 1, 2003, shall mean the average monthly salary received by a

1 member during the member's last two years of service or any  
2 consecutive two-year period of service, whichever is the greater, as  
3 an employee of the Washington state patrol; or if the member has less  
4 than two years of service, then the average monthly salary received  
5 by the member during the member's total years of service.

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

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

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

20 (ii) Any compensation forgone by a member during the 2011-2013  
21 fiscal biennium as a result of reduced work hours, mandatory leave  
22 without pay, temporary layoffs, or reductions to current pay if the  
23 reduced compensation is an integral part of the employer's  
24 expenditure reduction efforts, as certified by the chief. Reductions  
25 to current pay shall not include elimination of previously agreed  
26 upon future salary reductions; and

27 (iii) Any compensation forgone by a member during the 2019-2021  
28 and 2021-2023 fiscal biennia as a result of reduced work hours,  
29 mandatory leave without pay, temporary layoffs, furloughs, reductions  
30 to current pay, or other similar measures resulting from the COVID-19  
31 budgetary crisis, if the reduced compensation is an integral part of  
32 the employer's expenditure reduction efforts, as certified by the  
33 chief. Reductions to current pay shall not include elimination of  
34 previously agreed upon future salary increases.

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

37 (5) (a) "Cadet," for a person who became a member of the  
38 retirement system after June 12, 1980, is a person who has passed the  
39 Washington state patrol's entry-level oral, written, physical  
40 performance, and background examinations and is, thereby, appointed



1 by the chief as a candidate to be a commissioned officer of the  
2 Washington state patrol.

3 (b) "Cadet," for a person who became a member of the retirement  
4 system before June 12, 1980, is a trooper cadet, patrol cadet, or  
5 employee of like classification, employed for the express purpose of  
6 receiving the on-the-job training required for attendance at the  
7 state patrol academy and for becoming a commissioned trooper. "Like  
8 classification" includes: Radio operators or dispatchers; persons  
9 providing security for the governor or legislature; patrol officers;  
10 drivers' license examiners; weighmasters; vehicle safety inspectors;  
11 central wireless operators; and warehouse workers.

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

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

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

19 (9) "Director" means the director of the department of retirement  
20 systems.

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

23 (11) "Employee" means any commissioned employee of the Washington  
24 state patrol.

25 (12) "Insurance commissioner" means the insurance commissioner of  
26 the state of Washington.

27 (13) "Lieutenant governor" means the lieutenant governor of the  
28 state of Washington.

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

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

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

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

3 (18) "Retirement board" means the board provided for in this  
4 chapter.

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

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

9 (21)(a) "Salary," for members commissioned prior to July 1, 2001,  
10 shall exclude any overtime earnings related to RCW 47.46.040, or any  
11 voluntary overtime, earned on or after July 1, 2001, and prior to  
12 July 1, 2017. On or after July 1, 2017, salary shall exclude overtime  
13 earnings in excess of seventy hours per year in total related to  
14 either RCW 47.46.040 or any voluntary overtime.

15 (b) "Salary," for members commissioned from July 1, 2001, to  
16 December 31, 2002, shall exclude any overtime earnings related to RCW  
17 47.46.040 or any voluntary overtime, earned prior to July 1, 2017,  
18 lump sum payments for deferred annual sick leave, or any form of  
19 severance pay. On or after July 1, 2017, salary shall exclude  
20 overtime earnings in excess of seventy hours per year in total  
21 related to either RCW 47.46.040 or any voluntary overtime.

22 (c) "Salary," for members commissioned on or after January 1,  
23 2003, shall exclude any overtime earnings related to RCW 47.46.040 or  
24 any voluntary overtime, earned prior to July 1, 2017, lump sum  
25 payments for deferred annual sick leave, unused accumulated vacation,  
26 unused accumulated annual leave, holiday pay, or any form of  
27 severance pay. On or after July 1, 2017, salary shall exclude  
28 overtime earnings in excess of seventy hours per year in total  
29 related to either RCW 47.46.040 or any voluntary overtime.

30 (d) The addition of overtime earnings related to RCW 47.46.040 or  
31 any voluntary overtime earned on or after July 1, 2017, in chapter  
32 181, Laws of 2017 is a benefit improvement that increases the member  
33 maximum contribution rate under RCW 41.45.0631(1) by 1.10 percent.

34 (22)(a) "Service" shall mean services rendered to the state of  
35 Washington or any political subdivisions thereof for which  
36 compensation has been paid. Full time employment for seventy or more  
37 hours in any given calendar month shall constitute one month of  
38 service. An employee who is reinstated in accordance with RCW  
39 43.43.110 shall suffer no loss of service for the period reinstated  
40 subject to the contribution requirements of this chapter. Only months

1 of service shall be counted in the computation of any retirement  
2 allowance or other benefit provided for herein. Years of service  
3 shall be determined by dividing the total number of months of service  
4 by twelve. Any fraction of a year of service as so determined shall  
5 be taken into account in the computation of such retirement allowance  
6 or benefit.

7 (b) Reduction efforts such as furloughs, reduced work hours,  
8 mandatory leave without pay, temporary layoffs, or other similar  
9 situations as contemplated by subsection (3)(c)(iii) of this section  
10 do not result in a reduction in service credit that otherwise would  
11 have been earned for that month of work, and the member shall receive  
12 the full service credit for the hours that were scheduled to be  
13 worked before the reduction.

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

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

18 Unless the context expressly indicates otherwise, words importing  
19 the masculine gender shall be extended to include the feminine gender  
20 and words importing the feminine gender shall be extended to include  
21 the masculine gender.

22 NEW SECTION. Sec. 9. A new section is added to chapter 41.50  
23 RCW to read as follows:

24 (1) With respect to plans administered by the department:

25 (a) If an employer participates in the shared work program under  
26 chapter 50.60 RCW, any reduction in hours worked by a member as a  
27 result of the employer's participation in the program does not impact  
28 the retirement benefit the member would otherwise be entitled to  
29 receive had the member's hours not been reduced. A member's benefit  
30 will be calculated as if the member did not incur a reduction in  
31 hours through participating in an approved shared work compensation  
32 plan under chapter 50.60 RCW.

33 (b) This section does not apply to deferred compensation plans.

34 (2) This section applies both prospectively and retroactively to  
35 July 28, 2013, the date that chapter 79, Laws of 2013 became  
36 effective.

Passed by the Senate February 23, 2021.  
Passed by the House March 24, 2021.  
Approved by the Governor April 7, 2021.

Filed in Office of Secretary of State April 7, 2021.

--- **END** ---