

SHORT TITLE: Creating a task force to study the Teachers'
Retirement System; distribution.

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

SENATE CONCURRENT
RESOLUTION NO. 38

By: Taylor of the Senate

and

Benson of the House

AS INTRODUCED

A Concurrent Resolution relating to retirement; creating a task force; stating purpose; providing for study of the Oklahoma Teachers' Retirement System; requiring report; providing for membership and appointment; providing for travel reimbursement; allowing certain consultants to be utilized; and directing distribution.

WHEREAS, the Oklahoma Teachers' Retirement System, as of June 30, 1996, had a funded ratio of thirty-nine and six/tenths percent (39.6%); and

WHEREAS, current funding for the Teachers' Retirement System is predominantly derived from employer and employee contributions, and dedicated revenue from gross production taxes on natural gas and casinghead gas; and

WHEREAS, in recognition of the declining revenue generated from the gross production tax and the future benefit payouts obligated to public education employees, in 1992 the Legislature enrolled Senate Bill No. 568; and

WHEREAS, Senate Bill No. 568 required that regardless of the amount of revenue brought in from the gross production tax, the System would be guaranteed a certain level of contributions from the local employer; and

WHEREAS, despite a schedule of rapidly increasing local employer contributions level, Senate Bill No. 568 only allowed such

contributions to be reduced by the portion of the gross production tax on natural gas which is apportioned to the Oklahoma Teachers' Retirement System; and

WHEREAS, it is expected that the revenue generated from the gross production tax on natural gas will continue to decline, requiring local employers to absorb an even greater percentage of the required contribution rate; and

WHEREAS, it is prudent and financially responsible for the state to explore other options for solving this ongoing problem in order to ensure that the Oklahoma Teachers' Retirement System is able to meet its long-term obligations to fund the retirement benefits for public education employees in the common schools, vocational-technical schools, colleges and universities, and other local and state educational agencies of the State of Oklahoma.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE 1ST SESSION OF THE 46TH OKLAHOMA LEGISLATURE, THE HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

SECTION 1. A. There is hereby created the Oklahoma Teachers' Retirement System Task Force. The purpose of the Task Force shall be to study the current and long-term financial condition of the Oklahoma Teachers' Retirement System and to advise the Oklahoma Executive and Legislative branches of government on the alternatives for solving funding problems.

B. The study shall include, but not be limited to, the following:

1. A review of the current financial condition of the System which assesses the adequacy of current contributions;

2. Investigation of the System's long-term financial prognosis based on expected contributions and benefit levels;

3. Exploration of funding alternatives;

4. Consideration of the System's structure and design; and

5. A discussion of retirees' current and future benefit levels which considers members' needs and concerns.

C. The Task Force shall issue a report of its findings and recommendations to the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives, by January 15, 1998.

D. The Task Force shall include thirty (30) members as follows:

1. The Governor shall appoint two members who are employed by an entity or institution within The Oklahoma State System of Higher Education; two members who are employed by an Oklahoma public school district; one member who is employed by an area vocational-technical school district; two members who are retired members of the Oklahoma Teachers' Retirement System; and three professional members as defined in subsection I of this section;

2. The President Pro Tempore of the Senate shall appoint two members who are employed by an entity or institution within The Oklahoma State System of Higher Education; two members who are employed by an Oklahoma public school district; one member who is employed by an area vocational-technical school district; two members who are retired members of the Oklahoma Teachers' Retirement System; and three professional members as defined in subsection I of this section; and

3. The Speaker of the House of Representatives shall appoint two members who are employed by an entity or institution within The Oklahoma State System of Higher Education; two members who are employed by an Oklahoma public school district; one member who is employed by an area vocational-technical school district; two members who are retired members of the Oklahoma Teachers' Retirement System; and three professional members as defined in subsection I of this section.

Appointments shall be made within thirty (30) days from the effective date of this resolution.

E. The first meeting of the Task Force shall be no later than September 30, 1997. The chair of the Task Force shall be selected by agreement of the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

F. The members of the Task Force shall receive no compensation for serving on the Task Force, but shall receive travel reimbursement as follows:

1. State employee members of the Task Force shall be reimbursed by their respective agencies for their necessary travel expenses incurred in the performance of their duties in accordance with the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes;

2. Members of the Task Force appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives who are not otherwise officers or employees of the state shall be reimbursed by the Legislative Service Bureau in accordance with the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes; and

3. Members of the Task Force appointed by the Governor who are not otherwise officers or employees of the state shall be reimbursed by the Governor's Office in accordance with the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes.

G. The Oklahoma Teachers' Retirement System, the Senate and the House of Representatives shall provide such staff support as required by the Task Force.

H. The Task Force shall utilize consultant services to assist in fulfilling its duties and responsibilities as described in this resolution and shall engage the services of an actuary with direct experience in the analysis of public sector defined benefit plans. As authorized by the Task

Force, an appropriate consultant or consulting firms qualified as experts in the relevant field to assist with completion of the study, including, but not limited to, an actuary with direct experience in the analysis of public sector defined benefit plans shall be retained by or on behalf of the Task Force.

I. Professional members are members who shall:

1. Have demonstrated professional experience in investment or funds management, public funds management, public or private pension fund management or retirement system management;

2. Have demonstrated experience in the banking profession and have demonstrated professional experience in investment or funds management;

3. Be licensed to practice law in this state and have demonstrated professional experience in commercial matters; or

4. Be licensed by the Oklahoma Accountancy Board to practice in this state as a public accountant or a certified public accountant.

The appointing authorities, in making appointments that conform to the requirements of this subsection, shall give due consideration to balancing the appointments among the criteria specified in paragraphs 1 through 4 of this subsection.

SECTION 2. Copies of this resolution shall be distributed to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Executive Director of the Teachers' Retirement System of Oklahoma.

46-1-1738

SJ