

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2611

By: McDaniel (Randy)

COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; amending 70 O.S. 2011, Section 17-101, as amended by Section 1, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2013, Section 17-101), which relates to the Teachers' Retirement System of Oklahoma; modifying definition of regular annual compensation; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-101, as amended by Section 1, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2013, Section 17-101), is amended to read as follows:

Section 17-101. The following words and phrases as used in this act, unless a different meaning is clearly required by the context, shall have the following meanings:

(1) "Retirement system" shall mean the Teachers' Retirement System of Oklahoma, as defined in Section 17-102 of this title.

1 (2) "Public school" shall mean a school district, a state
2 college or university, the State Board of Education, the State Board
3 of Career and Technology Education and any other state educational
4 entity conducted within the state supported wholly or partly by
5 public funds and operating under the authority and supervision of a
6 legally constituted board or agency having authority and
7 responsibility for any function of public education. "Public
8 school" shall also mean a tuition free, nonprofit alternative school
9 of choice that provides education, therapeutic counseling and
10 outreach programs which is aligned with a school district and which
11 receives grant funds from governmental sources.

12 (3) "Classified personnel" shall mean any teacher, principal,
13 superintendent, supervisor, administrator, librarian, certified or
14 registered nurse, college professor, or college president whose
15 salary is paid wholly or in part from public funds. An employee of
16 any state department, board, board of regents or board of trustees,
17 who is in a supervisory or an administrative position, the function
18 of which is primarily devoted to public education, shall be
19 considered classified personnel under the meaning of this act, at
20 the discretion of the Board of Trustees of the Teachers' Retirement
21 System. The term "teacher" shall also include instructors and
22 counselors employed by the Department of Corrections and holding
23 valid teaching certificates issued by the State Department of
24 Education. Provided, that a person employed by the Department of

1 Corrections as an instructor or counselor shall have been actively
2 engaged in the teaching profession for a period of not less than
3 three (3) years prior to employment to be eligible to participate in
4 the Oklahoma Teachers' Retirement System. The Department of
5 Corrections shall contribute the employer's share to the Oklahoma
6 Teachers' Retirement System.

7 (4) "Nonclassified optional personnel" shall include cooks,
8 janitors, maintenance personnel not in a supervisory capacity, bus
9 drivers, noncertified or nonregistered nurses, noncertified
10 librarians, and clerical employees of the public schools, state
11 colleges, universities or any state department, board, board of
12 regents or board of trustees, the functions of which are primarily
13 devoted to public education and whose salaries are paid wholly or in
14 part from public funds.

15 (5) "Employer" shall mean the state and any of its designated
16 agents or agencies with responsibility and authority for public
17 education, such as boards of education of elementary and independent
18 school districts, boards of regents, boards of control or any other
19 agency of and within the state by which a person may be employed for
20 service in public education. "Employer" shall also mean the board
21 of directors of a tuition free, nonprofit alternative school of
22 choice that provides education, therapeutic counseling and outreach
23 programs which is aligned with a school district and which receives
24 grant funds from governmental sources.

1 (6) "Member" shall mean any teacher or other employee included
2 in the membership of the system as provided in Section 17-103 of
3 this title.

4 (7) "Board of Trustees" shall mean the board provided for in
5 Section 17-106 of this title to administer the retirement system.

6 (8) "Service" shall mean service as a classified or
7 nonclassified optional employee in the public school system, or any
8 other service devoted primarily to public education in the state.

9 (9) "Prior service" shall mean service rendered prior to July
10 1, 1943.

11 (10) "Membership service" shall mean service as a member of the
12 classified or nonclassified personnel as defined in paragraphs (3)
13 and (4) of this section.

14 (11) "Creditable service" shall mean membership service plus
15 any prior service authorized under this title.

16 (12) "Annuitant" shall mean any person in receipt of a
17 retirement allowance as provided in this title.

18 (13) "Accumulated contributions" shall mean the sum of all
19 amounts deducted from the compensation of a member and credited to
20 his individual account in the Teacher Savings Fund, together with
21 interest as of June 30, 1968.

22 (14) "Earnable compensation" shall mean the full rate of the
23 compensation that would be payable to a member if he worked the full
24 normal working time.

1 (15) "Average salary":

- 2 (a) for those members who joined the System prior to July
3 1, 1992, shall mean the average of the salaries for
4 the three (3) years on which the highest contributions
5 to the Teachers' Retirement System was paid not to
6 exceed the maximum contribution level specified in
7 Section 17-116.2 of this title or the maximum
8 compensation level specified in subsection (28) of
9 this section. Provided, no member shall retire with
10 an average salary in excess of Twenty-five Thousand
11 Dollars (\$25,000.00) unless the member has made the
12 required election and paid the required contributions
13 on such salary in excess of Twenty-five Thousand
14 Dollars (\$25,000.00), or unless an eligible member
15 fulfills the requirements of Section 17-116.2C of this
16 title in order to have pre-cap removal service
17 included in the retirement benefit computation of the
18 member using the regular annual compensation of the
19 member for any pre-cap removal year of service so
20 included subject to the maximum average salary amount,
21 and
- 22 (b) for those members who join the System after June 30,
23 1992, shall mean the average of the salaries for five
24 (5) consecutive years on which the highest

1 contribution to the Teachers' Retirement System was
2 paid. Only salary on which required contributions
3 have been made may be used in computing average
4 salary.

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

8 (17) "Pension" shall mean payments for life derived from money
9 provided by the employer. All pensions shall be payable in equal
10 monthly installments.

11 (18) "Monthly retirement allowance" is one-twelfth (1/12) of
12 the annual retirement allowance which shall be payable monthly.

13 (19) "Retirement Benefit Fund" shall mean the fund from which
14 all retirement benefits shall be paid based on such mortality tables
15 as shall be adopted by the Board of Trustees.

16 (20) "Actuary" shall mean a person especially skilled through
17 training and experience in financial calculation respecting the
18 expectancy and duration of life.

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

22 (22) The masculine pronoun, whenever used, shall include the
23 feminine.

1 (23) "Actuarially determined cost" shall mean the single sum
2 which is actuarially equivalent in value to a specified pension
3 amount as determined on the basis of mortality and interest
4 assumptions adopted by the Board of Trustees.

5 (24) "Normal retirement age" means the earliest date upon
6 which:

7 (a) a member reaches the age sixty-two (62) with respect
8 to a member whose first creditable service occurs
9 prior to November 1, 2011, unless the member reaches a
10 normal retirement date pursuant to subparagraph (c) or
11 subparagraph (d) of this paragraph, or

12 (b) a member reaches the age of sixty-five (65) with
13 respect to a member whose first creditable service
14 occurs on or after November 1, 2011, or with respect
15 to a member whose first creditable service occurs on
16 or after November 1, 2011, reaches a normal retirement
17 date pursuant to subparagraph (d) of this paragraph
18 having attained a minimum age of sixty (60) years, or

19 (c) the age at which the sum of a member's age and number
20 of years of creditable service total eighty (80), with
21 respect to a member whose first creditable service
22 occurred prior to July 1, 1992, and who does not reach
23 a normal retirement age pursuant to subparagraph (a)
24 of this paragraph, or

1 (d) the age at which the sum of a member's age and number
2 of years of creditable service total ninety (90), with
3 respect to a member whose first creditable service
4 occurred on or after July 1, 1992, but prior to
5 November 1, 2011, if the member does not reach a
6 normal retirement age pursuant to subparagraph (a) of
7 this paragraph.

8 (25) "Regular annual compensation" means salary plus fringe
9 benefits, excluding the flexible benefit allowance pursuant to
10 Section 26-105 of this title and for purposes pursuant to Section
11 17-101 et seq. of this title. For purposes of this definition,
12 regular annual compensation shall include:

13 (a) salary which accrues on a regular basis in proportion
14 to the service performed, including payments for staff
15 development,

16 (b) amounts that would otherwise qualify as salary under
17 paragraph (a) of this subsection but are not received
18 directly by the member pursuant to a good faith,
19 voluntary written salary reduction agreement in order
20 to finance payments to a deferred compensation or tax-
21 sheltered annuity program or to finance benefit
22 options under a cafeteria plan qualifying under the
23 United States Internal Revenue Code, 26 U.S.C.,
24 Section 101 et seq.,

1 (c) group health and disability insurance, group term life
2 insurance, annuities and pension plans, provided on a
3 periodic basis to all qualified employees of the
4 employer, which qualify as fringe benefits under the
5 United States Internal Revenue Code, and

6 (d) excluded from regular annual compensation are:

- 7 1. expense reimbursement payments,
- 8 2. office, vehicle, housing or other maintenance
9 allowances,
- 10 3. the flexible benefit allowance provided pursuant
11 to Section 26-105 of this title,
- 12 4. payment for unused vacation and sick leave,
- 13 5. any payment made for reason of termination or
14 retirement not specifically provided for in
15 subparagraphs (a) through (c) of this subsection,
- 16 6. maintenance or other nonmonetary compensation,
- 17 7. payment received as an independent contractor or
18 consultant, pursuant to a lawful contract which
19 complies with the requirements of subsection B of
20 Section 6-101.2 of this title,
- 21 8. any benefit payments not made pursuant to a valid
22 employment agreement,
- 23 9. compensation for clinical related activity
24 performed in the University of Oklahoma Health

1 Sciences Center (OUHSC) Professional Practice
2 Plan or Oklahoma State University Center for
3 Health Sciences (OSU-CHS) Professional Practice
4 Plan,

5 10. any other compensation not described in
6 subparagraphs (a) through (c) of this subsection.

7 (26) "Teacher" means classified personnel and nonclassified
8 optional personnel.

9 (27) "Active classroom teacher" means a person employed by a
10 school district to teach students specifically identified classes
11 for specifically identified subjects during the course of a
12 semester, and who holds a valid certificate or license issued by and
13 in accordance with the rules and regulations of the State Board of
14 Education.

15 (28) "Maximum compensation level" shall, except as otherwise
16 authorized pursuant to the provisions of Section 17-116.2C of this
17 title, mean:

18 (a) Twenty-five Thousand Dollars (\$25,000.00) for
19 creditable service authorized and performed prior to
20 July 1, 1995, for members not electing a higher
21 maximum compensation level,

22 (b) Forty Thousand Dollars (\$40,000.00) for creditable
23 service authorized and performed prior to July 1,
24 1995, for members electing a maximum compensation

1 level in excess of Twenty-five Thousand Dollars
2 (\$25,000.00),

3 (c) Twenty-seven Thousand Five Hundred Dollars

4 (\$27,500.00) for members who, as of June 30, 1995, had
5 elected to have a maximum compensation level not in
6 excess of Twenty-five Thousand Dollars (\$25,000.00),
7 and who were employed by an entity or institution
8 within The Oklahoma State System of Higher Education
9 for creditable service authorized and performed on or
10 after July 1, 1995, but not later than June 30, 1996,
11 if such member does not elect a higher maximum
12 compensation level for this period as authorized by
13 Section 17-116.2A of this title,

14 (d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00)

15 for members employed by a comprehensive university if
16 the member meets the requirements imposed by Section
17 17-116.2A of this title and the member elects to
18 impose a higher maximum compensation level for service
19 performed on or after July 1, 1995, but not later than
20 June 30, 1996,

21 (e) Forty-four Thousand Dollars (\$44,000.00) for members

22 who, as of June 30, 1995, had elected to have a
23 maximum compensation level in excess of Twenty-five
24 Thousand Dollars (\$25,000.00), and who were employed

1 by an entity or institution within The Oklahoma State
2 System of Higher Education for creditable service
3 authorized and performed on or after July 1, 1995, but
4 not later than June 30, 1996, if such member does not
5 elect a higher maximum compensation level for this
6 period as authorized by Section 17-116.2A of this
7 title,

8 (f) Forty-nine Thousand Dollars (\$49,000.00) for members
9 employed by a comprehensive university if the member
10 meets the requirements imposed by Section 17-116.2A of
11 this title and the member elects to impose a higher
12 maximum compensation level for service performed on or
13 after July 1, 1995, but not later than June 30, 1996,

14 (g) the following amounts for creditable service
15 authorized and performed by members employed by a
16 comprehensive university, based upon the election of
17 the member in effect as of June 30, 1995:

18 1. for members who elected a maximum compensation
19 level not in excess of Twenty-five Thousand
20 Dollars (\$25,000.00):

21 (i) Thirty-two Thousand Five Hundred Dollars
22 (\$32,500.00) for service authorized and
23 performed on or after July 1, 1996, but not
24 later than June 30, 1997,

1 (ii) Thirty-seven Thousand Five Hundred Dollars
2 (\$37,500.00) for service authorized and
3 performed on or after July 1, 1997, but not
4 later than June 30, 1998,

5 (iii) Forty-two Thousand Five Hundred Dollars
6 (\$42,500.00) for service authorized and
7 performed on or after July 1, 1998, but not
8 later than June 30, 2000,

9 (iv) Forty-seven Thousand Five Hundred Dollars
10 (\$47,500.00) for service authorized and
11 performed on or after July 1, 2000, but not
12 later than June 30, 2001,

13 (v) Fifty-two Thousand Five Hundred Dollars
14 (\$52,500.00) for service authorized and
15 performed on or after July 1, 2001, but not
16 later than June 30, 2002,

17 (vi) Fifty-seven Thousand Five Hundred Dollars
18 (\$57,500.00) for service authorized and
19 performed on or after July 1, 2002, but not
20 later than June 30, 2003,

21 (vii) Sixty-two Thousand Five Hundred Dollars
22 (\$62,500.00) for service authorized and
23 performed on or after July 1, 2003, but not
24 later than June 30, 2004,

- 1 (viii) Sixty-seven Thousand Five Hundred Dollars
2 (\$67,500.00) for service authorized and
3 performed on or after July 1, 2004, but not
4 later than June 30, 2005,
- 5 (ix) Seventy-two Thousand Five Hundred Dollars
6 (\$72,500.00) for service authorized and
7 performed on or after July 1, 2005, but not
8 later than June 30, 2006,
- 9 (x) Seventy-seven Thousand Five Hundred Dollars
10 (\$77,500.00) for service authorized and
11 performed on or after July 1, 2006, but not
12 later than June 30, 2007,
- 13 (xi) the full amount of regular annual
14 compensation for service authorized and
15 performed on or after July 1, 2007, and
- 16 2. for members who elected a maximum compensation
17 level in excess of Twenty-five Thousand Dollars
18 (\$25,000.00):
- 19 (i) Forty-nine Thousand Dollars (\$49,000.00) for
20 service authorized and performed on or after
21 July 1, 1996, but not later than June 30,
22 1997,
- 23 (ii) Fifty-four Thousand Dollars (\$54,000.00) for
24 service authorized and performed on or after

1 July 1, 1997, but not later than June 30,
2 1998,

3 (iii) Fifty-nine Thousand Dollars (\$59,000.00) for
4 service authorized and performed on or after
5 July 1, 1998, but not later than June 30,
6 2000,

7 (iv) Sixty-four Thousand Dollars (\$64,000.00) for
8 service authorized and performed on or after
9 July 1, 2000, but not later than June 30,
10 2001,

11 (v) Sixty-nine Thousand Dollars (\$69,000.00) for
12 service authorized and performed on or after
13 July 1, 2001, but not later than June 30,
14 2002,

15 (vi) Seventy-four Thousand Dollars (\$74,000.00)
16 for service authorized and performed on or
17 after July 1, 2002, but not later than June
18 30, 2003,

19 (vii) Seventy-nine Thousand Dollars (\$79,000.00)
20 for service authorized and performed on or
21 after July 1, 2003, but not later than June
22 30, 2004,

23 (viii) Eighty-four Thousand Dollars (\$84,000.00)
24 for service authorized and performed on or

1 after July 1, 2004, but not later than June
 2 30, 2005,

3 (ix) Eighty-nine Thousand Dollars (\$89,000.00)
 4 for service authorized and performed on or
 5 after July 1, 2005, but not later than June
 6 30, 2006,

7 (x) Ninety-four Thousand Dollars (\$94,000.00)
 8 for service authorized and performed on or
 9 after July 1, 2006, but not later than June
 10 30, 2007,

11 (xi) the full amount of regular annual
 12 compensation for service authorized and
 13 performed on or after July 1, 2007,

14 (h) the full amount of regular annual compensation of:

- 15 1. a member of the retirement system not employed by
 16 an entity or institution within The Oklahoma
 17 State System of Higher Education for all
 18 creditable service authorized and performed on or
 19 after July 1, 1995,
- 20 2. a member of the retirement system first employed
 21 on or after July 1, 1995, by an entity or
 22 institution within The Oklahoma State System of
 23 Higher Education for all creditable service
 24

1 authorized and performed on or after July 1,
2 1995, but not later than June 30, 1996,

3 3. a member of the retirement system employed by an
4 entity or institution within The Oklahoma State
5 System of Higher Education, other than a
6 comprehensive university, if the member elects to
7 impose a higher maximum compensation level for
8 service performed on or after July 1, 1995, but
9 not later than June 30, 1996, pursuant to
10 subsection B of Section 17-116.2A of this title,

11 4. a member of the retirement system who is first
12 employed on or after July 1, 1996, by any entity
13 or institution within The Oklahoma State System
14 of Higher Education, including a comprehensive
15 university, for creditable service authorized and
16 performed on or after July 1, 1996,

17 5. a member of the retirement system who, as of July
18 1, 1996, is subject to a maximum compensation
19 level pursuant to paragraph (g) of this
20 subsection if the member terminates service with
21 a comprehensive university and is subsequently
22 reemployed by a comprehensive university,
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1 6. a member of the retirement system employed by a
2 comprehensive university for all service
3 performed on and after July 1, 2007, or

4 7. an eligible member of the retirement system who
5 fulfills the requirements of Section 2 of this
6 act with respect to pre-cap removal service
7 included in the retirement benefit computation of
8 the member at the average salary of the member
9 subject to the maximum average salary amount.

10 (29) "Comprehensive university" shall mean:

11 (a) the University of Oklahoma and all of its constituent
12 agencies, including the University of Oklahoma Health
13 Sciences Center, the University of Oklahoma Law Center
14 and the Geological Survey, and

15 (b) Oklahoma State University and all of its constituent
16 agencies, including the Oklahoma State University
17 Agricultural Experiment Station, the Oklahoma State
18 University Agricultural Extension Division, the
19 Oklahoma State University College of Veterinary
20 Medicine, the Oklahoma State University Center for
21 Health Sciences, the Technical Branch at Oklahoma
22 City, the Oklahoma State University Institute of
23 Technology-Okmulgee and Oklahoma State University-
24 Tulsa.

1 (30) "Retirement contract" means the document prepared by the
2 Teachers' Retirement System upon member request, which incorporates
3 member's selected retirement option, and which must be executed and
4 submitted to the Teachers' Retirement System no less than thirty
5 (30) days prior to the projected retirement date.

6 SECTION 2. This act shall become effective November 1, 2014.

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