

1 ENGROSSED HOUSE  
2 BILL NO. 2611

By: McDaniel (Randy) of the  
House

3 and

4 Brinkley of the Senate

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6  
7  
8 An Act relating to public retirement systems;  
9 amending 70 O.S. 2011, Section 17-101, as amended by  
10 Section 1, Chapter 101, O.S.L. 2013 (70 O.S. Supp.  
11 2013, Section 17-101), which relates to the Teachers'  
12 Retirement System of Oklahoma; modifying definition  
13 of regular annual compensation; and providing an  
14 effective date.

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

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

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

22 (1) "Retirement system" shall mean the Teachers' Retirement  
23 System of Oklahoma, as defined in Section 17-102 of this title.  
24

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.

24

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.

7 Passed the House of Representatives the 12th day of February,  
8 2014.

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10 \_\_\_\_\_  
11 Presiding Officer of the House  
of Representatives

12 Passed the Senate the \_\_\_ day of \_\_\_\_\_, 2014.

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14 \_\_\_\_\_  
15 Presiding Officer of the Senate

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