

COMMITTEE AMENDMENT

HOUSE OF REPRESENTATIVES

State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB2120 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by
inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Randy McDaniel

Adopted: _____

Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

PROPOSED
COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL NO. 2120

By: Brinkley, Mazzei and
Bingman of the Senate

and

McDaniel (Randy) of the
House

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to the Teachers' Retirement System of Oklahoma; 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 definitions; modifying definition of regular annual compensation; excluding certain 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:

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

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

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

17 (3) "Classified personnel" shall mean any teacher, principal,
18 superintendent, supervisor, administrator, librarian, certified or
19 registered nurse, college professor, or college president whose
20 salary is paid wholly or in part from public funds. An employee of
21 any state department, board, board of regents or board of trustees,
22 who is in a supervisory or an administrative position, the function
23 of which is primarily devoted to public education, shall be
24 considered classified personnel under the meaning of this act, at

1 the discretion of the Board of Trustees of the Teachers' Retirement
2 System. The term "teacher" shall also include instructors and
3 counselors employed by the Department of Corrections and holding
4 valid teaching certificates issued by the State Department of
5 Education. Provided, that a person employed by the Department of
6 Corrections as an instructor or counselor shall have been actively
7 engaged in the teaching profession for a period of not less than
8 three (3) years prior to employment to be eligible to participate in
9 the Oklahoma Teachers' Retirement System. The Department of
10 Corrections shall contribute the employer's share to the Oklahoma
11 Teachers' Retirement System.

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

20 (5) "Employer" shall mean the state and any of its designated
21 agents or agencies with responsibility and authority for public
22 education, such as boards of education of elementary and independent
23 school districts, boards of regents, boards of control or any other
24 agency of and within the state by which a person may be employed for

1 service in public education. "Employer" shall also mean the board
2 of directors of a tuition free, nonprofit alternative school of
3 choice that provides education, therapeutic counseling and outreach
4 programs which is aligned with a school district and which receives
5 grant funds from governmental sources.

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

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

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

14 (9) "Prior service" shall mean service rendered prior to July
15 1, 1943.

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

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

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

23 (13) "Accumulated contributions" shall mean the sum of all
24 amounts deducted from the compensation of a member and credited to

1 his individual account in the Teacher Savings Fund, together with
2 interest as of June 30, 1968.

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

6 (15) "Average salary":

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

1 included subject to the maximum average salary amount,
2 and

3 (b) for those members who join the System after June 30,
4 1992, shall mean the average of the salaries for five
5 (5) consecutive years on which the highest
6 contribution to the Teachers' Retirement System was
7 paid. Only salary on which required contributions
8 have been made may be used in computing average
9 salary.

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

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

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

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

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

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

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

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

10 (24) "Normal retirement age" means the earliest date upon
11 which:

12 (a) a member reaches the age sixty-two (62) with respect
13 to a member whose first creditable service occurs
14 prior to November 1, 2011, unless the member reaches a
15 normal retirement date pursuant to subparagraph (c) or
16 subparagraph (d) of this paragraph, or

17 (b) a member reaches the age of sixty-five (65) with
18 respect to a member whose first creditable service
19 occurs on or after November 1, 2011, or with respect
20 to a member whose first creditable service occurs on
21 or after November 1, 2011, reaches a normal retirement
22 date pursuant to subparagraph (d) of this paragraph
23 having attained a minimum age of sixty (60) years, or
24

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

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

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

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

(b) amounts that would otherwise qualify as salary under ~~paragraph~~ subparagraph (a) of this ~~subsection~~ paragraph but are not received directly by the member

1 pursuant to a good faith, voluntary written salary
2 reduction agreement in order to finance payments to a
3 deferred compensation or tax-sheltered annuity program
4 or to finance benefit options under a cafeteria plan
5 qualifying under the United States Internal Revenue
6 Code, 26 U.S.C., Section 101 et seq.,

7 (c) group health and disability insurance, group term life
8 insurance, annuities and pension plans, provided on a
9 periodic basis to all qualified employees of the
10 employer, which qualify as fringe benefits under the
11 United States Internal Revenue Code, and

12 (d) excluded from regular annual compensation are:

- 13 1. expense reimbursement payments,
- 14 2. office, vehicle, housing or other maintenance
15 allowances,
- 16 3. the flexible benefit allowance provided pursuant
17 to Section 26-105 of this title,
- 18 4. payment for unused vacation and sick leave,
- 19 5. any payment made for reason of termination or
20 retirement not specifically provided for in
21 subparagraphs (a) through (c) of this ~~subsection~~
22 paragraph,
- 23 6. maintenance or other nonmonetary compensation,

7. payment received as an independent contractor or consultant, pursuant to a lawful contract which complies with the requirements of subsection B of Section 6-101.2 of this title,
8. any benefit payments not made pursuant to a valid employment agreement,
9. compensation for clinical related activity performed in the University of Oklahoma Health Sciences Center (OUHSC) or Oklahoma State University Center for Health Sciences (OSU-CHS) Professional Practice ~~Plan~~ Plans, and
10. any other compensation not described in subparagraphs (a) through (c) of this ~~subsection~~ paragraph.

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

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

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

4 (a) Twenty-five Thousand Dollars (\$25,000.00) for
5 creditable service authorized and performed prior to
6 July 1, 1995, for members not electing a higher
7 maximum compensation level,

8 (b) Forty Thousand Dollars (\$40,000.00) for creditable
9 service authorized and performed prior to July 1,
10 1995, for members electing a maximum compensation
11 level in excess of Twenty-five Thousand Dollars
12 (\$25,000.00),

13 (c) Twenty-seven Thousand Five Hundred Dollars
14 (\$27,500.00) for members who, as of June 30, 1995, had
15 elected to have a maximum compensation level not in
16 excess of Twenty-five Thousand Dollars (\$25,000.00),
17 and who were employed by an entity or institution
18 within The Oklahoma State System of Higher Education
19 for creditable service authorized and performed on or
20 after July 1, 1995, but not later than June 30, 1996,
21 if such member does not elect a higher maximum
22 compensation level for this period as authorized by
23 Section 17-116.2A of this title,
24

- 1 (d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00)
2 for members employed by a comprehensive university if
3 the member meets the requirements imposed by Section
4 17-116.2A of this title and the member elects to
5 impose a higher maximum compensation level for service
6 performed on or after July 1, 1995, but not later than
7 June 30, 1996,
- 8 (e) Forty-four Thousand Dollars (\$44,000.00) for members
9 who, as of June 30, 1995, had elected to have a
10 maximum compensation level in excess of Twenty-five
11 Thousand Dollars (\$25,000.00), and who were employed
12 by an entity or institution within The Oklahoma State
13 System of Higher Education for creditable service
14 authorized and performed on or after July 1, 1995, but
15 not later than June 30, 1996, if such member does not
16 elect a higher maximum compensation level for this
17 period as authorized by Section 17-116.2A of this
18 title,
- 19 (f) Forty-nine Thousand Dollars (\$49,000.00) for members
20 employed by a comprehensive university if the member
21 meets the requirements imposed by Section 17-116.2A of
22 this title and the member elects to impose a higher
23 maximum compensation level for service performed on or
24 after July 1, 1995, but not later than June 30, 1996,

1 (g) the following amounts for creditable service
2 authorized and performed by members employed by a
3 comprehensive university, based upon the election of
4 the member in effect as of June 30, 1995:

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

8 (i) Thirty-two Thousand Five Hundred Dollars
9 (\$32,500.00) for service authorized and
10 performed on or after July 1, 1996, but not
11 later than June 30, 1997,

12 (ii) Thirty-seven Thousand Five Hundred Dollars
13 (\$37,500.00) for service authorized and
14 performed on or after July 1, 1997, but not
15 later than June 30, 1998,

16 (iii) Forty-two Thousand Five Hundred Dollars
17 (\$42,500.00) for service authorized and
18 performed on or after July 1, 1998, but not
19 later than June 30, 2000,

20 (iv) Forty-seven Thousand Five Hundred Dollars
21 (\$47,500.00) for service authorized and
22 performed on or after July 1, 2000, but not
23 later than June 30, 2001,
24

1 (v) Fifty-two Thousand Five Hundred Dollars
2 (\$52,500.00) for service authorized and
3 performed on or after July 1, 2001, but not
4 later than June 30, 2002,

5 (vi) Fifty-seven Thousand Five Hundred Dollars
6 (\$57,500.00) for service authorized and
7 performed on or after July 1, 2002, but not
8 later than June 30, 2003,

9 (vii) Sixty-two Thousand Five Hundred Dollars
10 (\$62,500.00) for service authorized and
11 performed on or after July 1, 2003, but not
12 later than June 30, 2004,

13 (viii) Sixty-seven Thousand Five Hundred Dollars
14 (\$67,500.00) for service authorized and
15 performed on or after July 1, 2004, but not
16 later than June 30, 2005,

17 (ix) Seventy-two Thousand Five Hundred Dollars
18 (\$72,500.00) for service authorized and
19 performed on or after July 1, 2005, but not
20 later than June 30, 2006,

21 (x) Seventy-seven Thousand Five Hundred Dollars
22 (\$77,500.00) for service authorized and
23 performed on or after July 1, 2006, but not
24 later than June 30, 2007,

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

2. for members who elected a maximum compensation
level in excess of Twenty-five Thousand Dollars
(\$25,000.00):

(i) Forty-nine Thousand Dollars (\$49,000.00) for
service authorized and performed on or after
July 1, 1996, but not later than June 30,
1997,

(ii) Fifty-four Thousand Dollars (\$54,000.00) for
service authorized and performed on or after
July 1, 1997, but not later than June 30,
1998,

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

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

(v) Sixty-nine Thousand Dollars (\$69,000.00) for
service authorized and performed on or after

1 July 1, 2001, but not later than June 30,
2 2002,

3 (vi) Seventy-four Thousand Dollars (\$74,000.00)
4 for service authorized and performed on or
5 after July 1, 2002, but not later than June
6 30, 2003,

7 (vii) Seventy-nine Thousand Dollars (\$79,000.00)
8 for service authorized and performed on or
9 after July 1, 2003, but not later than June
10 30, 2004,

11 (viii) Eighty-four Thousand Dollars (\$84,000.00)
12 for service authorized and performed on or
13 after July 1, 2004, but not later than June
14 30, 2005,

15 (ix) Eighty-nine Thousand Dollars (\$89,000.00)
16 for service authorized and performed on or
17 after July 1, 2005, but not later than June
18 30, 2006,

19 (x) Ninety-four Thousand Dollars (\$94,000.00)
20 for service authorized and performed on or
21 after July 1, 2006, but not later than June
22 30, 2007,
23
24

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

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

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

4. a member of the retirement system who is first employed on or after July 1, 1996, by any entity or institution within The Oklahoma State System of Higher Education, including a comprehensive university, for creditable service authorized and performed on or after July 1, 1996,
5. a member of the retirement system who, as of July 1, 1996, is subject to a maximum compensation level pursuant to ~~paragraph~~ subparagraph (g) of this ~~subsection~~ paragraph if the member terminates service with a comprehensive university and is subsequently reemployed by a comprehensive university,
6. a member of the retirement system employed by a comprehensive university for all service performed on and after July 1, 2007, or
7. an eligible member of the retirement system who fulfills the requirements of Section ~~2~~ 17-116.2C of this ~~act~~ title with respect to pre-cap removal service included in the retirement benefit computation of the member at the average salary of the member subject to the maximum average salary amount.

(29) "Comprehensive university" shall mean:

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

(b) Oklahoma State University and all of its constituent agencies, including the Oklahoma State University Agricultural Experiment Station, the Oklahoma State University Agricultural Extension Division, the Oklahoma State University College of Veterinary Medicine, the Oklahoma State University Center for Health Sciences, the Technical Branch at Oklahoma City, the Oklahoma State University Institute of Technology-Okmulgee and Oklahoma State University-Tulsa.

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

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

54-2-10801 MAH 04/04/14