

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

SENATE BILL 1584

By: Paxton

AS INTRODUCED

An Act relating to Teachers' Retirement System; amending 70 O.S. 2021, Sections 17-108.1 and 17-116.2B, which relate to contributions and creditable service; requiring University of Oklahoma make employer contributions to System for certain employees; requiring certain members of System receive proportional credit for specific service; requiring Board of Regents develop certain procedure; providing maximum allowed credit in a calendar year; requiring payment of employer and employee contributions to system for creditable service to be attained; and updating statutory reference.

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

SECTION 1. AMENDATORY 70 O.S. 2021, Section 17-108.1, is amended to read as follows:

Section 17-108.1. A. 1. Except as provided in paragraph 2 of this subsection, the employer of any member of the Teachers' Retirement System of Oklahoma shall make the following contributions to the System:

- a. beginning July 1, 1998, through June 30, 1999, eleven and one-half percent (11 1/2%) of the regular annual

- 1 compensation of the member not in excess of any
2 applicable maximum compensation level of the member,
3 b. beginning July 1, 1999, through June 30, 2000, four
4 and eight-tenths percent (4.8%) of the regular annual
5 compensation of the member not in excess of any
6 applicable maximum compensation level of the member,
7 c. beginning July 1, 2000, through June 30, 2001, five
8 and eight-tenths percent (5.8%) of the regular annual
9 compensation of the member not in excess of any
10 applicable maximum compensation level of the member,
11 d. beginning July 1, 2001, through June 30, 2002, six and
12 eight-tenths percent (6.8%) of the regular annual
13 compensation of the member not in excess of any
14 applicable maximum compensation level of the member,
15 e. beginning July 1, 2002, through December 31, 2006,
16 seven and five-hundredths percent (7.05%) of the
17 regular annual compensation of the member not in
18 excess of any applicable maximum compensation level of
19 the member,
20 f. beginning January 1, 2007, through June 30, 2007,
21 seven and six-tenths percent (7.6%) of the regular
22 annual compensation of the member not in excess of any
23 applicable maximum compensation level of the member,
24

- 1 g. beginning July 1, 2007, through December 31, 2007,
2 seven and eighty-five hundredths percent (7.85%) of
3 the regular annual compensation of the member not in
4 excess of any applicable maximum compensation level of
5 the member,
- 6 h. beginning January 1, 2008, through June 30, 2008,
7 eight and thirty-five hundredths percent (8.35%) of
8 the regular annual compensation of the member not in
9 excess of any applicable maximum compensation level of
10 the member,
- 11 i. beginning July 1, 2008, through December 31, 2008,
12 eight and five-tenths percent (8.5%) of the regular
13 annual compensation of the member not in excess of any
14 applicable maximum compensation level of the member,
- 15 j. beginning January 1, 2009, through December 31, 2009,
16 nine percent (9%) of the regular annual compensation
17 of the member not in excess of any applicable maximum
18 compensation level of the member,
- 19 k. beginning January 1, 2010, through June 30, 2010, nine
20 and five-tenths percent (9.5%) of the regular annual
21 compensation of the member not in excess of any
22 applicable maximum compensation level of the member,
23 and
24

1 1. beginning July 1, 2010, through June 30, 2011, and for
2 each fiscal year thereafter, nine and five-tenths
3 percent (9.5%) of the regular annual compensation of
4 the member not in excess of any applicable maximum
5 compensation level of the member.

6 The employer contribution rate increase that would otherwise be
7 effective, as provided by subparagraphs f, g, h, i, j, k and l of
8 this paragraph, shall not become effective as law unless funding
9 levels to each of the affected participating employers within the
10 System are increased so that the additional employer contribution
11 obligation is funded through an appropriation or transfer of monies
12 instead of requiring the additional employer contribution to be paid
13 for from existing budgetary resources of such participating
14 employers. The participating employers shall use any monies
15 specifically made available for purposes of making employer
16 contributions for such purpose and to the extent of the funds made
17 available for that purpose.

18 2. a. Beginning January 1, 2007, through December 31, 2007,
19 a participating employer that employs an employee of a
20 comprehensive university or a regional institution
21 offering a four-year degree program as designated or
22 authorized by the Oklahoma State Regents for Higher
23 Education shall make contributions to the System with
24 respect to such employees at the rate of seven and

1 five-hundredths percent (7.05%) of the regular annual
2 compensation of the member not in excess of any
3 applicable maximum compensation level.

4 b. Beginning January 1, 2008, through December 31, 2008,
5 a participating employer that employs an employee of a
6 comprehensive university or a regional institution
7 offering a four-year degree program as designated or
8 authorized by the Oklahoma State Regents for Higher
9 Education shall make contributions to the System with
10 respect to such employees at the rate of seven and
11 fifty-five hundredths percent (7.55%) of the regular
12 annual compensation of the member not in excess of any
13 applicable maximum compensation level of the member.

14 c. Beginning January 1, 2009, through December 31, 2009,
15 a participating employer that employs an employee of a
16 comprehensive university or a regional institution
17 offering a four-year degree program as designated or
18 authorized by the Oklahoma State Regents for Higher
19 Education shall make contributions to the System with
20 respect to such employees at the rate of eight and
21 five hundredths percent (8.05%) of the regular annual
22 compensation of the member not in excess of any
23 applicable maximum compensation level of the member.

1 d. Beginning January 1, 2010, through June 30, 2010, a
2 participating employer that employs an employee of a
3 comprehensive university or a regional institution
4 offering a four-year degree program as designated or
5 authorized by the Oklahoma State Regents for Higher
6 Education shall make contributions to the System with
7 respect to such employees at the rate of eight and
8 fifty-five hundredths percent (8.55%) of the regular
9 annual compensation of the member not in excess of any
10 applicable maximum compensation level of the member.

11 e. Beginning July 1, 2010, through June 30, 2011, and for
12 each fiscal year thereafter, a participating employer
13 that employs an employee of a comprehensive university
14 or a regional institution offering a four-year degree
15 program as designated or authorized by the Oklahoma
16 State Regents for Higher Education shall make
17 contributions to the System with respect to such
18 employees at the rate of eight and fifty-five
19 hundredths percent (8.55%) of the regular annual
20 compensation of the member not in excess of any
21 applicable maximum compensation level of the member.

22 The employer contribution rate increase that would otherwise be
23 effective as provided by subparagraphs b, c, d and e of this
24 paragraph shall not become effective as law unless funding levels

1 are increased so that the additional employer contribution
2 obligation is funded through such an appropriation or transfer of
3 monies instead of requiring the additional employer contribution to
4 be paid for from existing budgetary resources of such participating
5 employers. The participating employers shall use any monies
6 specifically made available for purposes of making employer
7 contributions for such purpose and to the extent of the funds made
8 available for that purpose.

9 3. Any employer contribution paid to the System pursuant to
10 this subsection shall not be considered as salary, fringe benefit,
11 or total compensation due to members for the purpose of meeting any
12 legislative or contractual obligation of the employer.

13 B. For entities or institutions within The Oklahoma State
14 System of Higher Education, the contributions to the System shall be
15 made on regular annual compensation of a member who is an employee
16 of such entity or institution not to exceed the maximum compensation
17 level in effect for the member as prescribed by law.

18 C. With respect to members subject to the provisions of
19 subsection D of Section 17-116.2B of this title, the University of
20 Oklahoma shall make the employer contributions to the System for
21 employment described in paragraph 1 of subsection D of Section 17-
22 116.2B of this title and for employment in furtherance of the
23 mission of the University of Oklahoma as described in paragraph 2 of
24 subsection D of Section 17-116.2B of this title.

1 D. Employers paying contributions to the System pursuant to
2 subsection A or B of this section shall receive credit for that
3 portion of the gross production tax on natural gas and/or casinghead
4 gas apportioned to the System pursuant to paragraph 2 of subsection
5 2 B of Section 1004 of Title 68 of the Oklahoma Statutes in meeting
6 the total required employer contribution. On an annual basis, the
7 Board of Trustees of the Teachers' Retirement System of Oklahoma
8 shall estimate the net additional cost required to be paid by the
9 contributing employers in order to meet the total employer
10 contribution as provided in subsection A or B of this section. The
11 Board of Trustees shall approve the amount of the additional
12 contribution required to be paid by contributing employers as a
13 percentage of total member salaries and fringe benefits for each
14 fiscal year ending June 30, no later than April 1 of the previous
15 fiscal year. In no event shall the additional contribution required
16 to be paid by the contributing employer under this subsection be
17 less than the contribution required under this subsection in the
18 prior year. In the event actual contributions do not equal the
19 required total contribution as provided in subsection A or B of this
20 section, the net difference between the actual contributions and the
21 required total contributions shall be determined and shall be
22 included in the amount of the additional contribution required to be
23 paid by contributing employers for the next fiscal year. All
24 contributing employers shall pay the same percentage of total member

1 salaries and fringe benefits during each fiscal year. The
2 provisions of this subsection shall terminate June 30, 1999.

3 ~~D.~~ E. Any school district, state college or university, State
4 Board of Education, State Board of Career and Technology Education,
5 or other state agency may, for and on behalf of any member of the
6 System, pay all or any portion of the contribution required by
7 Section 17-108 of this title. Provided, the contribution so paid by
8 any school district, state college or university, State Board of
9 Education, State Board of Career and Technology Education, or other
10 state agency shall be and remain subject to the withdrawal
11 provisions set forth under the System. Wherever the term
12 "contribution" is used, it shall be deemed to include contributions
13 paid for and on behalf of a member by a school district, state
14 college or university, State Board of Education, State Board of
15 Career and Technology Education, or other state agency.

16 ~~E.~~ F. All participating employers shall provide a complete
17 record of the total compensation paid to each employee, including
18 any person who is a retired member of the System, whether or not
19 employer and employee contributions are made with respect to such
20 compensation. The employer shall provide the report required by
21 this subsection on a monthly basis on a form or using such method as
22 the Teachers' Retirement System of Oklahoma may require and shall
23 provide a comprehensive annual report showing the correct
24 compensation, service credit and contributions for the prior fiscal

1 year. Each participating employer shall provide reasonable access
2 to its payroll records, records of contribution payments to the
3 System and all other records relevant to the participation of its
4 employees in the System, to the System, its employees or authorized
5 agents. A participating employer shall cooperate with auditors
6 retained by the System to audit its financial statements or
7 otherwise audit the financial operations of the System.

8 SECTION 2. AMENDATORY 70 O.S. 2021, Section 17-116.2B,
9 is amended to read as follows:

10 Section 17-116.2B. A. Beginning July 1, 2004, a member who has
11 any creditable service as an employee of an entity or institution
12 within The Oklahoma State System of Higher Education on or after
13 July 1, 1995, who retires on or after the member's normal retirement
14 age or whose retirement is because of disability shall receive an
15 annual allowance for life, payable monthly, as follows:

16 1. If the member becomes a member after June 30, 1995, and was
17 not eligible to become a member prior to July 1, 1995, in an amount
18 equal to two percent (2%) of the member's average salary upon which
19 member contributions were made, multiplied by the number of the
20 member's years of creditable service;

21 2. If the member became a member or is eligible to become a
22 member prior to July 1, 1995, and elected to have a maximum
23 compensation level in excess of Twenty-five Thousand Dollars
24 (\$25,000.00) pursuant to paragraph 1 of subsection C of Section 17-

1 116.2 of this title or pursuant to subsection E of Section 17-116.2
2 of this title, or if the member's salary never exceeded Twenty-five
3 Thousand Dollars (\$25,000.00) prior to July 1, 1995, in an amount
4 equal to:

5 a. two percent (2%) of the member's average salary upon
6 which member contributions were made, not to exceed
7 Forty Thousand Dollars (\$40,000.00), multiplied by the
8 number of the member's years of creditable service
9 authorized and performed prior to July 1, 1995, plus
10 any years of prior service authorized under this
11 title, plus

12 b. two percent (2%) of the average of the member's
13 maximum compensation level upon which member
14 contributions were made for those years between July
15 1, 1995, and June 30, 2007, in which the member's
16 regular annual compensation meets or exceeds the
17 maximum compensation level in effect for the member
18 for the period July 1, 1995, through June 30, 2007,
19 multiplied by the number of the member's years of
20 creditable service for the period July 1, 1995,
21 through June 30, 2007, in which the member's regular
22 annual compensation meets or exceeds the maximum
23 compensation in effect for the member for the period
24 July 1, 1995, through June 30, 2007, plus

1 c. two percent (2%) of the member's average salary upon
2 which member contributions were made, multiplied by
3 the number of the member's years of creditable service
4 authorized and performed for an employer other than a
5 comprehensive university or for service performed for
6 an employer other than an entity or institution within
7 The Oklahoma State System of Higher Education on or
8 after July 1, 1995, but not later than June 30, 2007,
9 plus

10 d. two percent (2%) of the member's average salary upon
11 which member contributions were made, multiplied by
12 the number of the member's years of creditable service
13 in which contributions were made that did not meet or
14 exceed the member's maximum compensation level in
15 effect for the member for the period July 1, 1995,
16 through June 30, 2007, and the number of the member's
17 years of creditable service authorized and performed
18 after June 30, 2007;

19 3. If the member became a member or is eligible to become a
20 member prior to July 1, 1995, and was eligible to elect to have a
21 maximum compensation level in excess of Twenty-five Thousand Dollars
22 (\$25,000.00) and did not elect or elected not to have a maximum
23 compensation level of Forty Thousand Dollars (\$40,000.00) pursuant
24 to paragraph 1 of subsection C of Section 17-116.2 of this title or

1 pursuant to subsection E of Section 17-116.2 of this title, in an
2 amount equal to:

3 a. two percent (2%) of the member's average salary upon
4 which member contributions were made, not to exceed
5 Twenty-five Thousand Dollars (\$25,000.00), multiplied
6 by the number of the member's years of creditable
7 service authorized and performed prior to July 1,
8 1995, plus any years of prior service authorized under
9 this title, plus

10 b. two percent (2%) of the average of the member's
11 maximum compensation level upon which member
12 contributions were made for those years of service
13 between July 1, 1995, and June 30, 2007, in which the
14 member's regular annual compensation meets or exceeds
15 the maximum compensation level in effect for the
16 member for the period July 1, 1995, through June 30,
17 2007, multiplied by the number of the member's years
18 of creditable service for the period July 1, 1995,
19 through June 30, 2007, in which the member's regular
20 annual compensation meets or exceeds the maximum
21 compensation in effect for the member for the period
22 July 1, 1995, through June 30, 2007, plus

23 c. two percent (2%) of the member's average salary upon
24 which member contributions were made, multiplied by

1 the number of the member's years of creditable service
2 authorized and performed for an employer other than a
3 comprehensive university or for service performed for
4 an employer other than an entity or institution within
5 The Oklahoma State System of Higher Education on or
6 after July 1, 1995, but not later than June 30, 2007,
7 plus

- 8 d. two percent (2%) of the member's average salary upon
9 which member contributions were made, multiplied by
10 the number of the member's years of creditable service
11 in which contributions were made that did not meet or
12 exceed the member's maximum compensation level in
13 effect for the member for the period July 1, 1995,
14 through June 30, 2007, and the number of the member's
15 years of creditable service authorized and performed
16 after June 30, 2007;

17 4. Any member who retired on or after July 1, 1995, shall be
18 eligible to have the benefits recalculated in accordance with the
19 terms and provisions of paragraphs 2 and 3 of this section. In the
20 event such calculation results in an increase in benefits, such
21 benefits will be adjusted commencing January 1, 2005, and
22 thereafter. No such recalculation shall be applied in a retroactive
23 manner to result in any increase in benefits which have been paid
24 between July 1, 1995, and December 31, 2004;

1 5. For purposes of this section, the term "average of the
2 member's maximum compensation level" means an average of the annual
3 salary on which the maximum contributions were made to the Teachers'
4 Retirement System of Oklahoma for the period between July 1, 1995,
5 and June 30, 2007. The average for each member will be applied in
6 accordance with paragraph (15) of Section 17-101 of this title;

7 6. In the event there are insufficient number of years for the
8 time period between July 1, 1995, and June 30, 2007, to reach the
9 high three (3) or high consecutive five (5) years in accordance with
10 paragraph (15) of Section 17-101 of this title, the member's maximum
11 compensation level shall be determined by an average of the salary
12 on which maximum contributions were made. In no case shall the
13 member's maximum compensation level exceed the average salary as
14 determined by paragraph (15) of Section 17-101 of this title; and

15 7. Beginning July 1, 2018, an active member of the Teachers'
16 Retirement System of Oklahoma who is employed and participating with
17 an entity or institution within The Oklahoma State System of Higher
18 Education may purchase not to exceed two (2) years of incentive
19 credit if:

- 20 a. the member has reached his or her normal retirement
21 date or is within two (2) years of reaching the
22 member's normal retirement date as authorized in
23 Section 17-105 of this title, or

1 b. the member is eligible for or is within two (2) years
2 of being eligible for early retirement pursuant to
3 paragraph 1 of subsection A of Section 17-116.2 of
4 this title.

5 B. Purchased incentive credit may only be used as participation
6 service to qualify the member for normal or early retirement.

7 C. To receive the incentive credit, the member shall pay the
8 amount determined by the Board pursuant to Section 17-116.8 of this
9 title.

10 D. With respect to an active member of the Teachers' Retirement
11 System of Oklahoma who is employed and participating with an entity
12 or institution within the University of Oklahoma system as a full-
13 time or part-time employee in calendar year 2022 and who, effective
14 January 1, 2023, or thereafter, is employed and participating as a
15 part-time employee with the University of Oklahoma and is
16 concurrently employed as a part-time employee or who after January
17 1, 2023 becomes a full-time employee with a non-profit entity of
18 which the University of Oklahoma is a member or which has entered
19 into a joint operating agreement with the University Hospitals Trust
20 or is a subsidiary of such an entity, creditable service in the
21 Teachers' Retirement System shall be received for calendar year 2023
22 and subsequent calendar years, subject to the following provisions:
23 1. The member shall receive credit for service for part-time
24 employment with the University of Oklahoma in the proportion of the

1 number of hours of such employment in the year, divided by the
2 number of hours of full-time employment in the year;

3 2. The member shall receive credit for service for full-time or
4 part-time employment in furtherance of the mission of the University
5 with the non-profit entity that the University is a member or has
6 entered into a joint operating agreement with the University
7 Hospitals Trust or is a subsidiary of such an organization, in the
8 proportion of the number of hours actually engaged in the
9 supervision of students, residents and fellows of the University of
10 Oklahoma in the year or providing care to patients or assisting in
11 the clinical operations of the University Hospitals as described in
12 Section 3202 of Title 63 of the Oklahoma Statutes or their
13 associated clinics, divided by the number of hours of full-time
14 employment in the year. The Board of Regents of the University of
15 Oklahoma shall develop a procedure for certifying the number of
16 hours of qualifying service and reporting the service to the
17 Teachers' Retirement System each year;

18 3. In no event shall a member receive more than one year of
19 credit in any calendar year;

20 4. No service shall be considered creditable service unless the
21 employer and employee contributions required by law have been paid
22 in full with respect to such service. The employer contributions
23 shall be paid as required in subsection C of Section 17-108.1 of
24

1 this title and the employee contributions shall be paid by the
2 employee.

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