An Act

RBH No. 9908

ENROLLED HOUSE
BILL NO. 2611

By: McDaniel (Randy) of the House

and

Brinkley of the Senate

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.

SUBJECT: Teachers' Retirement System of Oklahoma

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.

(2) "Public school" shall mean a school district, a state college or university, the State Board of Education, the State Board

of Career and Technology Education and any other state educational entity conducted within the state supported wholly or partly by public funds and operating under the authority and supervision of a legally constituted board or agency having authority and responsibility for any function of public education. "Public school" shall also mean a tuition free, nonprofit alternative school of choice that provides education, therapeutic counseling and outreach programs which is aligned with a school district and which receives grant funds from governmental sources.

(3) "Classified personnel" shall mean any teacher, principal, superintendent, supervisor, administrator, librarian, certified or registered nurse, college professor, or college president whose salary is paid wholly or in part from public funds. An employee of any state department, board, board of regents or board of trustees, who is in a supervisory or an administrative position, the function of which is primarily devoted to public education, shall be considered classified personnel under the meaning of this act, at the discretion of the Board of Trustees of the Teachers' Retirement System. The term "teacher" shall also include instructors and counselors employed by the Department of Corrections and holding valid teaching certificates issued by the State Department of Education. Provided, that a person employed by the Department of Corrections as an instructor or counselor shall have been actively engaged in the teaching profession for a period of not less than three (3) years prior to employment to be eligible to participate in the Oklahoma Teachers' Retirement System. The Department of Corrections shall contribute the employer's share to the Oklahoma Teachers' Retirement System.

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

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

of directors of a tuition free, nonprofit alternative school of choice that provides education, therapeutic counseling and outreach programs which is aligned with a school district and which receives grant funds from governmental sources.

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

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

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

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

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

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

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

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

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

(15) "Average salary":

(a) for those members who joined the System prior to July 1, 1992, shall mean the average of the salaries for the three (3) years on which the highest contributions to the Teachers' Retirement System was paid not to exceed the maximum contribution level specified in

Section 17-116.2 of this title or the maximum compensation level specified in subsection (28) of this section. Provided, no member shall retire with an average salary in excess of Twenty-five Thousand Dollars ($25,000.00) unless the member has made the required election and paid the required contributions on such salary in excess of Twenty-five Thousand Dollars ($25,000.00), or unless an eligible member fulfills the requirements of Section 17-116.2C of this title in order to have pre-cap removal service included in the retirement benefit computation of the member using the regular annual compensation of the member for any pre-cap removal year of service so included subject to the maximum average salary amount, and

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

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

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

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

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

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

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

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

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

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

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

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

(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 (a) of this subsection but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax-sheltered annuity program or to finance benefit options under a cafeteria plan qualifying under the United States Internal Revenue Code, 26 U.S.C., Section 101 et seq.,

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

(d) excluded from regular annual compensation are:

1. expense reimbursement payments,

2. office, vehicle, housing or other maintenance allowances,

3. the flexible benefit allowance provided pursuant to Section 26-105 of this title,

4. payment for unused vacation and sick leave,

5. any payment made for reason of termination or retirement not specifically provided for in subparagraphs (a) through (c) of this subsection,

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) Professional Practice Plan or Oklahoma State University Center for Health Sciences (OSU-CHS) Professional Practice Plan,

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

(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.

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

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

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

(c) Twenty-seven Thousand Five Hundred Dollars ($27,500.00) for members who, as of June 30, 1995, had

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

(d) Thirty-two Thousand Five Hundred Dollars ($32,500.00) for members employed by a comprehensive university if the member meets the requirements imposed by Section 17-116.2A of this title and 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,

(e) Forty-four Thousand Dollars ($44,000.00) for members who, as of June 30, 1995, had elected to have a maximum compensation level in excess of Twenty-five Thousand Dollars ($25,000.00), and who were employed by an entity or institution within The Oklahoma State System of Higher Education for creditable service authorized and performed on or after July 1, 1995, but not later than June 30, 1996, if such member does not elect a higher maximum compensation level for this period as authorized by Section 17-116.2A of this title,

(f) Forty-nine Thousand Dollars ($49,000.00) for members employed by a comprehensive university if the member meets the requirements imposed by Section 17-116.2A of this title and 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,

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

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

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

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

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

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

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

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

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

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

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

(x) Seventy-seven Thousand Five Hundred Dollars ($77,500.00) for service authorized and performed on or after July 1, 2006, but not 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 July 1, 2001, but not later than June 30, 2002,

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

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

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

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

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

(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 (g) of this subsection 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 of this act 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.

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

Presiding Officer of the House of Representatives

Passed the Senate the 15th day of April, 2014.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 16th day of April, 20 14, at 3:20 o'clock P M.

By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 22nd day of April, 20 14, at 2:57 o'clock P M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 22nd day of April, 20 14, at 4:17 o'clock P. M.

By: Chris Benge

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January 6, 2014

Representative Randy McDaniel
Room 438

Re: RBH No. 9039

RBH No. 9039 excludes compensation for clinical related activity performed for Oklahoma State University for Health Sciences from the definition of compensation used by OTRS for benefit purposes and contributions.

RBH No. 9039 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

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February 5, 2014

Representative Randy McDaniel
Room 438

Re: Proposed Committee Substitute for HB No. 2611

Proposed Committee Substitute for HB No. 2611 excludes compensation for clinical related activity performed for Oklahoma State University for Health Sciences from the definition of compensation used by OTRS for benefit purposes and contributions.

Proposed Committee Substitute for HB No. 2611is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

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February 6, 2014

Representative Randy McDaniel
Room 438

Re: Committee Substitute for HB No. 2611

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