

STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

HOUSE BILL 2247

By: McDaniel (Randy)

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; enacting the Experienced Teacher Support Act; amending 70 O.S. 2011, Sections 17-108.1 and 17-116.10, as amended by Section 4, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2015, Section 17-116.10), which relate to employer contribution requirements and postretirement earnings limitations; modifying employer contribution requirement for certain employers with respect to compensation earned by certain retired members; modifying postretirement earnings limitations provisions with respect to certain retired members of the System; providing for noncodification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Experienced Teacher Support Act".

SECTION 2. AMENDATORY 70 O.S. 2011, Section 17-108.1, is amended to read as follows:

Section 17-108.1 A. 1. Except as provided in paragraph 2 or paragraph 4 of this subsection, the employer of any member of the

1 Teachers' Retirement System of Oklahoma shall make the following
2 contributions to the System:

- 3 a. beginning July 1, 1998, through June 30, 1999, eleven
4 and one-half percent (11 1/2%) of the regular annual
5 compensation of the member not in excess of any
6 applicable maximum compensation level of the member,
7 b. beginning July 1, 1999, through June 30, 2000, four
8 and eight-tenths percent (4.8%) of the regular annual
9 compensation of the member not in excess of any
10 applicable maximum compensation level of the member,
11 c. beginning July 1, 2000, through June 30, 2001, five
12 and eight-tenths percent (5.8%) of the regular annual
13 compensation of the member not in excess of any
14 applicable maximum compensation level of the member,
15 d. beginning July 1, 2001, through June 30, 2002, six and
16 eight-tenths percent (6.8%) of the regular annual
17 compensation of the member not in excess of any
18 applicable maximum compensation level of the member,
19 e. beginning July 1, 2002, through December 31, 2006,
20 seven and five-hundredths percent (7.05%) of the
21 regular annual compensation of the member not in
22 excess of any applicable maximum compensation level of
23 the member,
24

- 1 f. beginning January 1, 2007, through June 30, 2007,
2 seven and six-tenths percent (7.6%) of the regular
3 annual compensation of the member not in excess of any
4 applicable maximum compensation level of the member,
- 5 g. beginning July 1, 2007, through December 31, 2007,
6 seven and eighty-five hundredths percent (7.85%) of
7 the regular annual compensation of the member not in
8 excess of any applicable maximum compensation level of
9 the member,
- 10 h. beginning January 1, 2008, through June 30, 2008,
11 eight and thirty-five hundredths percent (8.35%) of
12 the regular annual compensation of the member not in
13 excess of any applicable maximum compensation level of
14 the member,
- 15 i. beginning July 1, 2008, through December 31, 2008,
16 eight and five-tenths percent (8.5%) of the regular
17 annual compensation of the member not in excess of any
18 applicable maximum compensation level of the member,
- 19 j. beginning January 1, 2009, through December 31, 2009,
20 nine percent (9%) of the regular annual compensation
21 of the member not in excess of any applicable maximum
22 compensation level of the member,
- 23 k. beginning January 1, 2010, through June 30, 2010, nine
24 and five-tenths percent (9.5%) of the regular annual

1 compensation of the member not in excess of any
2 applicable maximum compensation level of the member,
3 and

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

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

- 21 2. a. Beginning January 1, 2007, through December 31, 2007,
22 a participating employer that employs an employee of a
23 comprehensive university or a regional institution
24 offering a four-year degree program as designated or

1 authorized by the Oklahoma State Regents for Higher
2 Education shall make contributions to the System with
3 respect to such employees at the rate of seven and
4 five-hundredths percent (7.05%) of the regular annual
5 compensation of the member not in excess of any
6 applicable maximum compensation level.

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

17 c. Beginning January 1, 2009, through December 31, 2009,
18 a participating employer that employs an employee of a
19 comprehensive university or a regional institution
20 offering a four-year degree program as designated or
21 authorized by the Oklahoma State Regents for Higher
22 Education shall make contributions to the System with
23 respect to such employees at the rate of eight and
24 five hundredths percent (8.05%) of the regular annual

1 compensation of the member not in excess of any
2 applicable maximum compensation level of the member.

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

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

24

1 The employer contribution rate increase that would otherwise be
2 effective as provided by subparagraphs b, c, d and e of this
3 paragraph shall not become effective as law unless funding levels
4 are increased so that the additional employer contribution
5 obligation is funded through such an appropriation or transfer of
6 monies instead of requiring the additional employer contribution to
7 be paid for from existing budgetary resources of such participating
8 employers. The participating employers shall use any monies
9 specifically made available for purposes of making employer
10 contributions for such purpose and to the extent of the funds made
11 available for that purpose.

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

16 4. A public school that hires a retired member of the Teachers'
17 Retirement System of Oklahoma on or after the effective date of this
18 act shall make a contribution equal to eleven percent (11%) of the
19 regular annual compensation of the member.

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

1 C. 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 subsection 2 of Section
5 1004 of Title 68 of the Oklahoma Statutes in meeting the total
6 required employer contribution. On an annual basis, the Board of
7 Trustees of the Teachers' Retirement System of Oklahoma shall
8 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. 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. All participating employers shall provide a complete record
17 of the total compensation paid to each employee, including any
18 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.

1 SECTION 3. AMENDATORY 70 O.S. 2011, Section 17-116.10,
2 as amended by Section 4, Chapter 101, O.S.L. 2013 (70 O.S. Supp.
3 2015, Section 17-116.10), is amended to read as follows:

4 Section 17-116.10 A. Subject to the requirements of Section 6-
5 101.2 of this title and any other applicable requirements of law, a
6 member may enter into ~~post-retirement~~ postretirement employment with
7 a public school of Oklahoma and still receive monthly retirement
8 benefits subject to the following limitations:

9 1. A retired member is not eligible to be employed by the
10 public schools of Oklahoma, in any capacity, for sixty (60) calendar
11 days between the retiree's last day of ~~pre-retirement~~ preretirement
12 public-education employment and any ~~post-retirement~~ postretirement
13 public-education employment. For purposes of this section, the term
14 "last day of ~~pre-retirement~~ preretirement employment" shall mean the
15 last day the employee is required to be physically present on the
16 job to complete the terms of the employment contract or agreement.
17 Employment under any conditions during this time, volunteer services
18 for the purpose of obtaining a paid position at a later date, or
19 payment at a later time for services performed during this time
20 period shall cause the forfeiture of all retirement benefits
21 received during the period;

22 2. Unless otherwise provided in paragraph 3 of this subsection,
23 earnings from the public schools may not exceed one-half (1/2) of
24 the member's final average salary used in computing retirement

1 benefits, or the Earnings Limitation for employees allowed by the
2 Social Security Administration, whichever is less. For retired
3 members under the age of sixty-two (62) years, the limit on allowed
4 earnings from the public schools of Oklahoma for employment for the
5 performance of duties ordinarily performed by classified or
6 nonclassified personnel shall be the lesser of Fifteen Thousand
7 Dollars (\$15,000.00) or one-half (1/2) of the member's final average
8 salary used in computing retirement benefits unless the earnings
9 limitation allowed by the Social Security Administration would be
10 greater than Fifteen Thousand Dollars (\$15,000.00). For retired
11 members sixty-two (62) years of age or older the limit on allowed
12 earnings from the public schools of Oklahoma for the performance of
13 duties ordinarily performed by classified or nonclassified personnel
14 shall be the lesser of Thirty Thousand Dollars (\$30,000.00) or one-
15 half (1/2) of the member's final average salary used in computing
16 retirement benefits. For purposes of this paragraph, the following
17 shall apply:

18 a. earnings shall mean "regular annual compensation" as
19 defined in paragraph (25) of Section 17-101 of this
20 title, and shall include any payment by a public
21 school for services rendered by a retired member who
22 is employed for any purpose whatsoever. Supplemental
23 retirement payments paid by a former public school
24 employer pursuant to subsection 9 of Section 17-105 of

1 this title or other state law shall not be considered
2 as earnings,

3 b. the Earnings Limitation for employees allowed by the
4 Social Security Administration to workers between the
5 age of sixty-two (62) years and sixty-five (65) years
6 shall apply to retired members below the age of sixty-
7 two (62) years,

8 c. the limit on allowed earnings from the public schools
9 shall be automatically adjusted effective the first
10 day of January of each year to reflect the current
11 Earnings Limitation for employees as determined from
12 time to time by the Social Security Administration,

13 d. the earnings limit for the calendar year in which a
14 member retires shall be one-twelfth (1/12) of the
15 annual limit multiplied by the number of months the
16 member is eligible to work and receive payments from
17 the public schools of Oklahoma,

18 e. earnings in excess of the maximum limit on allowed
19 earnings from public schools of Oklahoma shall result
20 in a loss of future retirement benefits for the year
21 the ~~post-retirement~~ postretirement employment was
22 performed of One Dollar (\$1.00) for each One Dollar
23 (\$1.00) earned over the maximum allowed earnings
24 amount,

1 f. for those members age seventy (70) years and over, the
2 earnings in excess of the maximum limit allowed
3 earnings from public schools of Oklahoma shall be one-
4 half (1/2) the member's final average salary used in
5 computing retirement benefits. However, any retired
6 member receiving benefits from the Retirement System
7 who reached age seventy (70) years prior to July 1,
8 1991, shall not be restricted by the earnings limits
9 pursuant to this subparagraph until January 1, 1994.
10 To qualify for the provisions of this subparagraph,
11 the member must be employed less than one-half (1/2)
12 time compared to other full-time employees in similar
13 positions;

14 3. Notwithstanding paragraph 2 of this subsection, a retired
15 classified or nonclassified member who has been retired for thirty-
16 six (36) or more months and who is employed by a public school to
17 perform duties ordinarily performed by classified or nonclassified
18 personnel shall be able to receive annualized earnings from the
19 public school with no reduction in retirement benefits regardless of
20 the amount of annualized earnings; and

21 4. A member shall be considered to be employed by a school
22 district to perform the duties ordinarily performed by classified or
23 nonclassified personnel if the member is hired by the school
24 district in the member's individual capacity to perform the duties

1 or if the member performs the duties through employment with a
2 proprietorship, partnership, corporation, limited liability company
3 or partnership, or any other business structure that has agreed or
4 contracted to provide the services to the school district.

5 5. Notwithstanding any other provisions of this section, a
6 retired member of the Teachers' Retirement System of Oklahoma who is
7 employed by a public school on or after the effective date of this
8 act, but prior to the expiration of thirty-six (36) months from the
9 date of the member's retirement may receive earnings from that
10 employment not in excess of Eighteen Thousand Dollars (\$18,000.00)
11 per year without any reduction in the member's retirement benefit.
12 If earnings from such employment exceed Eighteen Thousand Dollars
13 (\$18,000.00) per year, the provisions of subparagraph e of paragraph
14 2 of this subsection shall be applicable to reduce the retirement
15 benefit to which the retired member would otherwise be entitled. If
16 a retired member is employed by a public school for a period in
17 excess of thirty-six (36) months after the member retires, there
18 shall be no limit on allowed earnings of the member for the period
19 of time the member is employed by a public school after the
20 expiration of the thirty-six-month period and there shall be no
21 reduction of the retirement benefit.

22 B. A public school district that employs a retired member shall
23 be required to make contributions to the System for the retired
24

1 member in an amount as required in Section 17-108.1 and in paragraph
2 3 of subsection B of Section 17-116.2 of this title.

3 C. For purposes of this section, ~~post-retirement~~ postretirement
4 employment of less than one thousand (1,000) hours per year with the
5 Governor, the State Senate, the House of Representatives or the
6 Legislative Service Bureau shall not be considered as ~~post-~~
7 ~~retirement~~ postretirement employment with a public school of
8 Oklahoma.

9 D. The Board of Trustees of the Teachers' Retirement System of
10 Oklahoma shall promulgate such rules as are necessary to implement
11 the provisions of this section.

12 E. A member who has entered into ~~post-retirement~~ postretirement
13 employment with a participating employer of the Teachers' Retirement
14 System of Oklahoma must fully comply with all the provisions of the
15 rules promulgated by the Board of Trustees pursuant to this section
16 in order to continue receiving his or her monthly retirement
17 benefit.

18 SECTION 4. This act shall become effective November 1, 2016.

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20 55-2-7648 MAH 10/30/15

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November 2, 2015

Representative Randy McDaniel
Room 438

Re: RBH No. 7648

RBH No. 7648 would allow retired members of OTRS who have been retired at least 60 days to be rehired by public school and earn up to \$18,000 before a reduction in their OTRS pension benefit. There would be no limit on earnings if the retired member has been retired at least 36 months.

The public school who rehires a retired member will make a contribution to OTRS equal to 11% of the regular annual compensation of the rehired member.

RBH No. 7648 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA