

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

CONFERENCE COMMITTEE  
SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL NO. 2293

By: Roberts (Dustin) of the  
House

and

Paxton of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-108, which relates to matching contribution amounts; providing for differential rates; defining terms; modifying requirements with respect to summer school programs; imposing requirements related to contracts; providing exceptions; and providing methodology for certain contribution rate.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-108, is amended to read as follows:

Section 17-108. A. Each local school district, or state college or university, or State Board of Education, or State Board of Career and Technology Education, or other state agencies whose employees are members of the Teachers' Retirement System ("participating employers"), shall match, on a pro rata basis, in

1 accordance with subsection B of this section the contributions of  
2 members whose salaries are paid by federal funds or externally  
3 sponsored agreements such as grants, contracts and cooperative  
4 agreements. These funds shall be remitted at the same time as the  
5 regular contributions of members are remitted to the Teachers'  
6 Retirement System of Oklahoma and deposited in the Retirement  
7 Benefit Fund.

8 B. On an annual basis, the Board of Trustees shall set ~~the~~ two  
9 contribution ~~rate~~ rates to be paid by contributing employers as  
10 provided in subsection A of this section. ~~The~~ Both contribution  
11 ~~rate~~ rates shall be determined using cost principles established by  
12 federal regulations and shall be consistent with policies,  
13 regulations and procedures that apply uniformly to both federally  
14 assisted and other activities, and be accorded consistent treatment  
15 through application of generally accepted accounting principles.  
16 The Board shall approve the contribution ~~rate~~ rates for each fiscal  
17 year ending June 30, no later than April 1 of the previous fiscal  
18 year. The first rate shall be applied to service performed during  
19 the regular school year of the participating employer. The second  
20 rate shall be applied to service performed by members during a  
21 summer school program of the participating employer. For the  
22 purposes of this subsection, "summer school program" is defined as a  
23 program offering academic enrichment for students from Pre-K through  
24 12th grades during the summer term after the close of the school

1 year. Members shall only be considered as providing service to a  
2 summer school program if such service is provided pursuant to a  
3 separate summer school contract between the member and the  
4 participating employer. The term "summer school program" does not  
5 include services performed at a participating employer offering an  
6 extended school year pursuant to Section 1-109.1 of this title, or  
7 services performed by staff pursuant to a twelve-month contract with  
8 the employer. The method applied to setting the second contribution  
9 rate may take into consideration whether, or to what extent, such  
10 service is likely to add to members' service credit or final average  
11 salary; provided, however, the second rate shall not exceed one-half  
12 (1/2) of the first rate established in this subsection. The actuary  
13 retained by the Board may recommend such rates using assumptions  
14 that apply to the group of those members whose service is subject to  
15 the second contribution rate.

16 C. All the assets of the retirement system shall be credited  
17 according to the purpose for which they are held to one of eight  
18 funds, namely: The Teachers' Savings Fund, the Retirement Benefit  
19 Fund, the Interest Fund, the Permanent Retirement Fund, the Expense  
20 Fund, the Suspense Fund, the Teachers' Deposit Fund, and the Retiree  
21 Medical Benefit Fund.

22 1. The Teachers' Savings Fund shall be a fund in which shall be  
23 accumulated the regular contributions from the compensation of  
24 members, including interest earnings prior to July 1, 1968.

1 Contributions to and payments from the Teachers' Savings Fund shall  
2 be made as specifically provided in each plan available within the  
3 retirement system.

4       2. The deductions provided for in the plans within the  
5 retirement system shall be made notwithstanding that the minimum  
6 compensation provided for any member shall be reduced thereby.  
7 Every member shall be deemed to consent and agree to the deductions  
8 made and provided for herein and payment of salary or compensation,  
9 less the deduction, shall be a full and complete discharge and  
10 acquittance of all claims and demands whatsoever for the services  
11 rendered by such person during the period covered by such payment,  
12 except as to the benefits provided under this act. The employer  
13 shall certify to the Board of Trustees on each and every payroll, or  
14 in such other manner as the Board may prescribe, the amounts to be  
15 deducted, and each of the amounts shall be deducted, and when  
16 deducted shall be paid into the Teachers' Savings Fund, and shall be  
17 credited to the individual account of the member from whose  
18 compensation the deduction was made.

19       3. Following the termination of membership in the retirement  
20 system for any member who has been absent from service for five (5)  
21 years in any period of six (6) consecutive years, the Teachers'  
22 Savings Fund Account of such member shall be closed and the amount  
23 due the member as provided in Section 17-105 of this title shall be  
24 paid upon the filing of formal application. At the time such

1 membership is terminated the amount due the member as provided in  
2 Section 17-105 of this title shall be transferred to the Suspense  
3 Fund.

4 4. Upon the retirement of a member, the balance of money he or  
5 she had in the Teachers' Savings Fund shall be transferred to the  
6 Retirement Benefit Fund.

7 5. Retirement Benefit Fund.

8 a. After August 2, 1969, there shall be transferred from  
9 the Teachers' Savings Fund for those members drawing  
10 retirement benefits from the Teachers' Retirement  
11 System of Oklahoma an amount necessary to provide the  
12 monthly annuity payments and pension payments as  
13 required in Section 17-107 of this title. In addition  
14 the fund shall consist of monies received from any  
15 state dedicated revenue, monies received from state  
16 appropriations, monies received from federal matching  
17 funds, and the residue of the interest on investments  
18 after the requirements of Section 17-107 of this title  
19 have been fully met. The Retirement Benefit Fund  
20 shall consist of an amount of money necessary for the  
21 making of retirement payments to retirees.

22 b. Should a member have deposits in the Teachers' Deposit  
23 Fund or the Tax-Sheltered Annuity Fund and wish to  
24 receive monthly retirement benefits on such deposits,

1 the actuarial equivalent of a two-year period and each  
2 succeeding fiscal year thereafter shall be transferred  
3 to the Retirement Benefit Fund. The member may choose  
4 any of the plans available in the Teachers' Retirement  
5 Act as a method of receiving monthly retirement  
6 benefits on the money he has on deposit in the  
7 Teachers' Deposit Fund or the Tax-Sheltered Annuity  
8 Fund. The monthly retirement benefits paid from the  
9 Teachers' Deposit Fund or the Tax-Sheltered Annuity  
10 Fund shall be in addition to the regular retirement  
11 benefits and the money transferred from the Teachers'  
12 Deposit Fund or Tax-Sheltered Annuity Fund shall not  
13 be matched by the State of Oklahoma.

- 14 c. From the Retirement Benefit Fund shall be paid all  
15 monthly retirement benefits.
- 16 d. At the death of a retired member who has retired under  
17 the Maximum Plan of Retirement, Option 1 or Option 4,  
18 the balance of money the member has in the Teachers'  
19 Savings Fund shall be transferred to the Retirement  
20 Benefit Fund and the amount due the beneficiary or his  
21 or her estate under Option 1 or Option 4 shall be paid  
22 from the Retirement Benefit Fund.
- 23 e. At the death of both a retired member and the retired  
24 member's spouse, who had retired under Option 2 or 3,

1 any balance in the Teachers' Savings Fund shall be  
2 transferred from the Teachers' Savings Fund to the  
3 Retirement Benefit Fund.

4 f. At the death of a retired member who had retired under  
5 Option 5, the balance of any monies the member had in  
6 the Teachers' Savings Fund shall be transferred to the  
7 Retirement Benefit Fund for the purpose of making a  
8 lump-sum settlement to the beneficiary or his estate.  
9 Providing that if the surviving spouse elects to  
10 receive the balance under the Maximum Plan of  
11 Retirement or Option 1 the member's money, if any, on  
12 a monthly basis, constituting actuarial equivalent of  
13 two (2) years' payments, and each year thereafter the  
14 annual actuarial equivalent, shall be transferred from  
15 the Teachers' Savings Fund for the purpose of paying  
16 monthly retirement benefits to the spouse under this  
17 option.

18 6. The Interest Fund is hereby created to facilitate the  
19 crediting of interest to the various other funds to which interest  
20 is to be credited. All income, interest and dividends derived from  
21 the deposits and investments authorized by this act shall be paid  
22 into the Interest Fund. On June 30, each year, interest shall be  
23 transferred to the other funds as herein provided.  
24

1           7. The Permanent Retirement Fund shall consist of the  
2 accumulated gifts, awards, and bequests made to the retirement  
3 system, and transfers from the Suspense Fund, the principal of which  
4 is hereby held and dedicated as a perpetual endowment of the  
5 retirement system and shall not be diverted or appropriated to any  
6 other cause or purpose unless specifically provided for in such  
7 gifts, awards or bequests.

8           8. The Expense Fund shall be the fund from which the expense of  
9 administration and maintenance of the retirement system shall be  
10 paid. The Board of Trustees shall cause to be prepared and adopt  
11 annually an itemized budget showing the amount required to defray  
12 the expenses for the ensuing fiscal year.

13           Transfers to and payments from this fund shall be made as  
14 follows: first, from the Interest Fund; second, from any dedicated  
15 revenue; and, third, from appropriation by the Oklahoma Legislature.

16           All monies for the operation of the Teachers' Retirement System  
17 of Oklahoma shall be paid from the Expense Fund upon the approval by  
18 the Board of Trustees and the checks signed by two people designated  
19 to sign such checks by the Board of Trustees of the Teachers'  
20 Retirement System of Oklahoma.

21           9. The Suspense Fund shall be comprised of amounts transferred  
22 to the fund as provided in this section and Section 17-105 of this  
23 title and obligations of the retirement system to any member or  
24 person which cannot be legally discharged.



1        10. Teachers' Deposit Fund.

2        Any member may request, prior to a pay period, that his or her  
3 employer make additional deposits for him or her, for tax-sheltered  
4 annuity purposes. However, the amount deposited shall not exceed  
5 the limits as defined in Section 402(g) and Section 415 of the  
6 Internal Revenue Code of 1986, as amended, and applicable federal  
7 regulations. All such deposits shall be credited to the member's  
8 account in the Teachers' Deposit Fund for the purchase of a tax-  
9 sheltered annuity. The amount thus accumulated, with earnings,  
10 shall be used upon the member's retirement, separation from service,  
11 death or disability to purchase an annuity in addition to his or her  
12 regular service retirement allowance. The amount a member  
13 accumulates in the Teachers' Deposit Fund, not including interest,  
14 may be used to pay distributions in the case of hardship as provided  
15 in Section 403(b)(11) of the Internal Revenue Code of 1986, as  
16 amended, and applicable federal regulations.

17        11. Collection of Contributions.

18                The collection of members' contributions shall be as  
19 follows:

- 20                (1) Each employer shall cause to be deducted on each  
21 and every payroll or claim of a member for each  
22 and every payroll claim period subsequent to the  
23 date of establishment of the retirement system  
24 the contribution payable by such member as

1 provided in this act. With each and every  
2 payroll or claim the employer shall deliver to  
3 the treasurer of the employer warrants issued to  
4 the employees as shown to be due by the payroll  
5 or claim, together with a warrant or warrants in  
6 favor of the Teachers' Retirement System as shown  
7 by the payroll or claim.

8 (2) The treasurer or disbursing officer upon delivery  
9 of the warrants and a true copy of the payroll or  
10 claims as provided above shall register the  
11 warrants as provided for the registration of  
12 other school warrants, and shall deliver to the  
13 employer warrants issued in favor of the  
14 employees, and shall deliver warrants issued in  
15 favor of the Teachers' Retirement System and the  
16 copy of the payroll or claims to the school  
17 district superintendent as designated by the  
18 Board of Trustees. For the purpose of collecting  
19 contributions of teachers in the public schools,  
20 the superintendent of a school district is hereby  
21 designated to receive the Teachers' Retirement  
22 warrants from the treasurer or proper disbursing  
23 officer of the several school districts for the  
24 purpose of transmitting such warrants and payroll

1 or claims to the Executive Director of the  
2 Teachers' Retirement System of the State of  
3 Oklahoma. Any college or university or other  
4 educational institution or agency operated in  
5 whole or in part by the state shall have the  
6 amount retained or deducted from the funds  
7 regularly appropriated by the state for the  
8 current maintenance for such educational  
9 departments and institutions.

- 10 (3) For the purpose of enabling the collection of the  
11 contributions of the members of the retirement  
12 system to be made as simple as possible, the  
13 Board of Trustees shall require the secretary or  
14 other officer of each employer-board or agency,  
15 within thirty (30) days after the beginning of  
16 each school year, to make a list of all teachers  
17 in its employ who are members of the retirement  
18 system, certify to the correctness of this list,  
19 and file the same with the Executive Director of  
20 the Board of Trustees of the Teachers' Retirement  
21 System. If additions to or deductions from this  
22 list should be made during the year such  
23 additions or deductions shall likewise be  
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1 certified to the Board of Trustees of the  
2 Teachers' Retirement System.

3 (4) The State Treasurer shall furnish annually to the  
4 Board of Trustees a sworn statement of the amount  
5 of the funds in his or her custody belonging to  
6 the retirement system. The records of the Board  
7 of Trustees shall be open to public inspection  
8 and any member of the retirement system shall be  
9 furnished with a statement of the amount of the  
10 credit to his or her individual account upon  
11 written request by such member, provided the  
12 Board of Trustees shall not be required to answer  
13 more than one such request of a member in any one  
14 (1) year.

15 (5) Failure of any superintendent, officer, or other  
16 person to discharge the duties imposed upon him  
17 or her by this act shall render him or her or his  
18 or her bondsman liable for any loss occasioned  
19 thereby to the Teachers' Retirement System or the  
20 employees of the school district, or both.

21 (6) On a showing by the Teachers' Retirement System  
22 that a warrant, voucher or check issued to it  
23 has, for any reason, been lost or never received,  
24 after ninety (90) days from the date of issue or

1 from transmittal for payment, it shall be the  
2 duty of the issuing authority forthwith, without  
3 any indemnifying bond or other requirements, to  
4 issue a duplicate thereof in lieu of that which  
5 was lost, to the Teachers' Retirement System; and  
6 the Teachers' Retirement System shall save  
7 harmless any school district or agency of state  
8 government making payment under the provisions  
9 hereof to the State Teachers' Retirement System  
10 if the original warrant, voucher or check is  
11 later presented for payment and same is paid  
12 after a duplicate warrant, voucher or check has  
13 been issued and paid to the Teachers' Retirement  
14 System, and any loss sustained therefrom shall be  
15 charged to the Interest Fund.

16 12. Rollover Contributions and Direct Trustee-to-Trustee  
17 Transfers from Other Plans.

18 Any member may purchase credit for service, to the extent  
19 specified in this title, with rollovers from an eligible retirement  
20 plan as defined by the Internal Revenue Code of 1986, as amended  
21 from time to time. A member may also purchase permissive service  
22 credit, as defined by Code Section 415(n)(3)(A), with a direct  
23 trustee-to-trustee transfer from a governmental Code Section 403(b)  
24 plan or governmental Code Section 457(b) plan. All rollovers and

1 direct trustee-to-trustee transfers shall be allowed to the extent  
2 permitted by federal law. Rollovers or direct transfers in excess  
3 of the amount necessary to purchase such service credit shall not be  
4 allowed.

5 13. Retiree Medical Benefit Fund.

6 The Retiree Medical Benefit Fund shall be maintained as a  
7 subaccount under the Retirement Benefit Fund. The Retiree Medical  
8 Benefit Fund is composed of all assets contributed to this  
9 subaccount to pay the retirement system's portion of the monthly  
10 retiree health insurance benefits described in Section 1316.3 of  
11 Title 74 of the Oklahoma Statutes. All allocated assets and the  
12 earnings thereon in the Retiree Medical Benefit Fund shall be held  
13 for the exclusive purpose of providing retiree medical benefits  
14 pursuant to Section 1316.3 of Title 74 of the Oklahoma Statutes.  
15 The Retiree Medical Benefit Fund shall be administered in accordance  
16 with the requirements under Section 401(h) of the Internal Revenue  
17 Code of 1986, as amended from time to time. An amount necessary to  
18 pay the health insurance premiums for retired members as provided by  
19 Section 1316.3 of Title 74 of the Oklahoma Statutes shall be  
20 deposited each month into the Retiree Medical Benefit Fund.

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