

SENATE CHAMBER
STATE OF OKLAHOMA

DISPOSITION

FLOOR AMENDMENT

No. _____

COMMITTEE AMENDMENT

(Date)

Mr./Madame President:

I move to amend House Bill No. 2293, by substituting the attached floor substitute for the title, enacting clause and entire body of the measure.

Submitted by:

Senator Paxton

Paxton-CB-FS-Req#2118
4/20/2021 5:40 PM

(Floor Amendments Only) Date and Time Filed: _____

Untimely

Amendment Cycle Extended

Secondary Amendment

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

FLOOR SUBSTITUTE
FOR ENGROSSED

HOUSE BILL NO. 2293

By: Roberts (Dustin) of the
House

and

Paxton of the Senate

FLOOR SUBSTITUTE

[teacher retirement - definitions, contributions and
funds and service credits - regular annual
compensation]

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 employer") shall match on a pro rata basis, in
accordance with subsection B of this section the contributions of
members whose salaries are paid by federal funds or externally
sponsored agreements such as grants, contracts and cooperative

1 agreements ("matching contribution"). These funds shall be remitted
2 at the same time as the regular contributions of members are
3 remitted to the Teachers' Retirement System of Oklahoma and
4 deposited in the Retirement Benefit Fund.

5 B. On an annual basis, the Board of Trustees shall set the
6 matching contribution rate to be paid by contributing employers as
7 provided in subsection A of this section. The matching contribution
8 rate shall be determined using cost principles established by
9 federal regulations and shall be consistent with policies,
10 regulations and procedures that apply uniformly to both federally
11 assisted and other activities, and be accorded consistent treatment
12 through application of generally accepted accounting principles.
13 The Board shall approve the matching contribution rate for each
14 fiscal year ending June 30, no later than April 1 of the previous
15 fiscal year. Provided, however, a participating employer shall not
16 be required to pay the matching contribution for service performed
17 by members during a summer school program. Members shall only be
18 considered as providing such service if it is provided pursuant to a
19 separate summer school contract between the member and the
20 participating employer. For the purpose of this subsection, "summer
21 school program" is defined as a program offering academic enrichment
22 for students from pre-kindergarten through twelfth grade during the
23 summer term. It shall not include services performed at a
24 participating employer offering an extended school year pursuant to

1 Section 1-109.1 of this title or services performed by teachers
2 pursuant to a twelve (12) month contract with a participating
3 employer.

4 C. All the assets of the retirement system shall be credited
5 according to the purpose for which they are held to one of eight
6 funds, namely: The Teachers' Savings Fund, the Retirement Benefit
7 Fund, the Interest Fund, the Permanent Retirement Fund, the Expense
8 Fund, the Suspense Fund, the Teachers' Deposit Fund, and the Retiree
9 Medical Benefit Fund.

10 1. The Teachers' Savings Fund shall be a fund in which shall be
11 accumulated the regular contributions from the compensation of
12 members, including interest earnings prior to July 1, 1968.
13 Contributions to and payments from the Teachers' Savings Fund shall
14 be made as specifically provided in each plan available within the
15 retirement system.

16 2. The deductions provided for in the plans within the
17 retirement system shall be made notwithstanding that the minimum
18 compensation provided for any member shall be reduced thereby.
19 Every member shall be deemed to consent and agree to the deductions
20 made and provided for herein and payment of salary or compensation,
21 less the deduction, shall be a full and complete discharge and
22 acquittance of all claims and demands whatsoever for the services
23 rendered by such person during the period covered by such payment,
24 except as to the benefits provided under this act. The employer

1 shall certify to the Board of Trustees on each and every payroll, or
2 in such other manner as the Board may prescribe, the amounts to be
3 deducted, and each of the amounts shall be deducted, and when
4 deducted shall be paid into the Teachers' Savings Fund, and shall be
5 credited to the individual account of the member from whose
6 compensation the deduction was made.

7 3. Following the termination of membership in the retirement
8 system for any member who has been absent from service for five (5)
9 years in any period of six (6) consecutive years, the Teachers'
10 Savings Fund Account of such member shall be closed and the amount
11 due the member as provided in Section 17-105 of this title shall be
12 paid upon the filing of formal application. At the time such
13 membership is terminated the amount due the member as provided in
14 Section 17-105 of this title shall be transferred to the Suspense
15 Fund.

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

19 5. Retirement Benefit Fund.

20 a. After August 2, 1969, there shall be transferred from
21 the Teachers' Savings Fund for those members drawing
22 retirement benefits from the Teachers' Retirement
23 System of Oklahoma an amount necessary to provide the
24 monthly annuity payments and pension payments as

1 required in Section 17-107 of this title. In addition
2 the fund shall consist of monies received from any
3 state dedicated revenue, monies received from state
4 appropriations, monies received from federal matching
5 funds, and the residue of the interest on investments
6 after the requirements of Section 17-107 of this title
7 have been fully met. The Retirement Benefit Fund
8 shall consist of an amount of money necessary for the
9 making of retirement payments to retirees.

10 b. Should a member have deposits in the Teachers' Deposit
11 Fund or the Tax-Sheltered Annuity Fund and wish to
12 receive monthly retirement benefits on such deposits,
13 the actuarial equivalent of a two-year period and each
14 succeeding fiscal year thereafter shall be transferred
15 to the Retirement Benefit Fund. The member may choose
16 any of the plans available in the Teachers' Retirement
17 Act as a method of receiving monthly retirement
18 benefits on the money he has on deposit in the
19 Teachers' Deposit Fund or the Tax-Sheltered Annuity
20 Fund. The monthly retirement benefits paid from the
21 Teachers' Deposit Fund or the Tax-Sheltered Annuity
22 Fund shall be in addition to the regular retirement
23 benefits and the money transferred from the Teachers'

1 Deposit Fund or Tax-Sheltered Annuity Fund shall not
2 be matched by the State of Oklahoma.

3 c. From the Retirement Benefit Fund shall be paid all
4 monthly retirement benefits.

5 d. At the death of a retired member who has retired under
6 the Maximum Plan of Retirement, Option 1 or Option 4,
7 the balance of money the member has in the Teachers'
8 Savings Fund shall be transferred to the Retirement
9 Benefit Fund and the amount due the beneficiary or his
10 or her estate under Option 1 or Option 4 shall be paid
11 from the Retirement Benefit Fund.

12 e. At the death of both a retired member and the retired
13 member's spouse, who had retired under Option 2 or 3,
14 any balance in the Teachers' Savings Fund shall be
15 transferred from the Teachers' Savings Fund to the
16 Retirement Benefit Fund.

17 f. At the death of a retired member who had retired under
18 Option 5, the balance of any monies the member had in
19 the Teachers' Savings Fund shall be transferred to the
20 Retirement Benefit Fund for the purpose of making a
21 lump-sum settlement to the beneficiary or his estate.
22 Providing that if the surviving spouse elects to
23 receive the balance under the Maximum Plan of
24 Retirement or Option 1 the member's money, if any, on

1 a monthly basis, constituting actuarial equivalent of
2 two (2) years' payments, and each year thereafter the
3 annual actuarial equivalent, shall be transferred from
4 the Teachers' Savings Fund for the purpose of paying
5 monthly retirement benefits to the spouse under this
6 option.

7 6. The Interest Fund is hereby created to facilitate the
8 crediting of interest to the various other funds to which interest
9 is to be credited. All income, interest and dividends derived from
10 the deposits and investments authorized by this act shall be paid
11 into the Interest Fund. On June 30, each year, interest shall be
12 transferred to the other funds as herein provided.

13 7. The Permanent Retirement Fund shall consist of the
14 accumulated gifts, awards, and bequests made to the retirement
15 system, and transfers from the Suspense Fund, the principal of which
16 is hereby held and dedicated as a perpetual endowment of the
17 retirement system and shall not be diverted or appropriated to any
18 other cause or purpose unless specifically provided for in such
19 gifts, awards or bequests.

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

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

4 All monies for the operation of the Teachers' Retirement System
5 of Oklahoma shall be paid from the Expense Fund upon the approval by
6 the Board of Trustees and the checks signed by two people designated
7 to sign such checks by the Board of Trustees of the Teachers'
8 Retirement System of Oklahoma.

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

13 10. Teachers' Deposit Fund.

14 Any member may request, prior to a pay period, that his or her
15 employer make additional deposits for him or her, for tax-sheltered
16 annuity purposes. However, the amount deposited shall not exceed
17 the limits as defined in Section 402(g) and Section 415 of the
18 Internal Revenue Code of 1986, as amended, and applicable federal
19 regulations. All such deposits shall be credited to the member's
20 account in the Teachers' Deposit Fund for the purchase of a tax-
21 sheltered annuity. The amount thus accumulated, with earnings,
22 shall be used upon the member's retirement, separation from service,
23 death or disability to purchase an annuity in addition to his or her
24 regular service retirement allowance. The amount a member

1 accumulates in the Teachers' Deposit Fund, not including interest,
2 may be used to pay distributions in the case of hardship as provided
3 in Section 403(b)(11) of the Internal Revenue Code of 1986, as
4 amended, and applicable federal regulations.

5 11. Collection of Contributions.

6 The collection of members' contributions shall be as
7 follows:

8 (1) Each employer shall cause to be deducted on each
9 and every payroll or claim of a member for each
10 and every payroll claim period subsequent to the
11 date of establishment of the retirement system
12 the contribution payable by such member as
13 provided in this act. With each and every
14 payroll or claim the employer shall deliver to
15 the treasurer of the employer warrants issued to
16 the employees as shown to be due by the payroll
17 or claim, together with a warrant or warrants in
18 favor of the Teachers' Retirement System as shown
19 by the payroll or claim.

20 (2) The treasurer or disbursing officer upon delivery
21 of the warrants and a true copy of the payroll or
22 claims as provided above shall register the
23 warrants as provided for the registration of
24 other school warrants, and shall deliver to the

1 employer warrants issued in favor of the
2 employees, and shall deliver warrants issued in
3 favor of the Teachers' Retirement System and the
4 copy of the payroll or claims to the school
5 district superintendent as designated by the
6 Board of Trustees. For the purpose of collecting
7 contributions of teachers in the public schools,
8 the superintendent of a school district is hereby
9 designated to receive the Teachers' Retirement
10 warrants from the treasurer or proper disbursing
11 officer of the several school districts for the
12 purpose of transmitting such warrants and payroll
13 or claims to the Executive Director of the
14 Teachers' Retirement System of the State of
15 Oklahoma. Any college or university or other
16 educational institution or agency operated in
17 whole or in part by the state shall have the
18 amount retained or deducted from the funds
19 regularly appropriated by the state for the
20 current maintenance for such educational
21 departments and institutions.

- 22 (3) For the purpose of enabling the collection of the
23 contributions of the members of the retirement
24 system to be made as simple as possible, the

1 Board of Trustees shall require the secretary or
2 other officer of each employer-board or agency,
3 within thirty (30) days after the beginning of
4 each school year, to make a list of all teachers
5 in its employ who are members of the retirement
6 system, certify to the correctness of this list,
7 and file the same with the Executive Director of
8 the Board of Trustees of the Teachers' Retirement
9 System. If additions to or deductions from this
10 list should be made during the year such
11 additions or deductions shall likewise be
12 certified to the Board of Trustees of the
13 Teachers' Retirement System.

- 14 (4) The State Treasurer shall furnish annually to the
15 Board of Trustees a sworn statement of the amount
16 of the funds in his or her custody belonging to
17 the retirement system. The records of the Board
18 of Trustees shall be open to public inspection
19 and any member of the retirement system shall be
20 furnished with a statement of the amount of the
21 credit to his or her individual account upon
22 written request by such member, provided the
23 Board of Trustees shall not be required to answer
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1 more than one such request of a member in any one
2 (1) year.

3 (5) Failure of any superintendent, officer, or other
4 person to discharge the duties imposed upon him
5 or her by this act shall render him or her or his
6 or her bondsman liable for any loss occasioned
7 thereby to the Teachers' Retirement System or the
8 employees of the school district, or both.

9 (6) On a showing by the Teachers' Retirement System
10 that a warrant, voucher or check issued to it
11 has, for any reason, been lost or never received,
12 after ninety (90) days from the date of issue or
13 from transmittal for payment, it shall be the
14 duty of the issuing authority forthwith, without
15 any indemnifying bond or other requirements, to
16 issue a duplicate thereof in lieu of that which
17 was lost, to the Teachers' Retirement System; and
18 the Teachers' Retirement System shall save
19 harmless any school district or agency of state
20 government making payment under the provisions
21 hereof to the State Teachers' Retirement System
22 if the original warrant, voucher or check is
23 later presented for payment and same is paid
24 after a duplicate warrant, voucher or check has

1 been issued and paid to the Teachers' Retirement
2 System, and any loss sustained therefrom shall be
3 charged to the Interest Fund.

4 12. Rollover Contributions and Direct Trustee-to-Trustee
5 Transfers from Other Plans.

6 Any member may purchase credit for service, to the extent
7 specified in this title, with rollovers from an eligible retirement
8 plan as defined by the Internal Revenue Code of 1986, as amended
9 from time to time. A member may also purchase permissive service
10 credit, as defined by Code Section 415(n)(3)(A), with a direct
11 trustee-to-trustee transfer from a governmental Code Section 403(b)
12 plan or governmental Code Section 457(b) plan. All rollovers and
13 direct trustee-to-trustee transfers shall be allowed to the extent
14 permitted by federal law. Rollovers or direct transfers in excess
15 of the amount necessary to purchase such service credit shall not be
16 allowed.

17 13. Retiree Medical Benefit Fund.

18 The Retiree Medical Benefit Fund shall be maintained as a
19 subaccount under the Retirement Benefit Fund. The Retiree Medical
20 Benefit Fund is composed of all assets contributed to this
21 subaccount to pay the retirement system's portion of the monthly
22 retiree health insurance benefits described in Section 1316.3 of
23 Title 74 of the Oklahoma Statutes. All allocated assets and the
24 earnings thereon in the Retiree Medical Benefit Fund shall be held

1 for the exclusive purpose of providing retiree medical benefits
2 pursuant to Section 1316.3 of Title 74 of the Oklahoma Statutes.
3 The Retiree Medical Benefit Fund shall be administered in accordance
4 with the requirements under Section 401(h) of the Internal Revenue
5 Code of 1986, as amended from time to time. An amount necessary to
6 pay the health insurance premiums for retired members as provided by
7 Section 1316.3 of Title 74 of the Oklahoma Statutes shall be
8 deposited each month into the Retiree Medical Benefit Fund.

9 SECTION 2. It being immediately necessary for the preservation
10 of the public peace, health or safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

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