

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE
5 FOR ENGROSSED
6 SENATE BILL NO. 1520

By: Pemberton and Stephens of
the Senate

and

Hays and **Hilbert** of the
House

11 COMMITTEE SUBSTITUTE

12 An Act relating to the public retirement systems;
13 amending 62 O.S. 2021, Section 3103, as amended by
14 Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp.
15 2023, Section 3103), which relates to the Oklahoma
16 Pension Legislation Actuarial Analysis Act; modifying
17 term; amending 70 O.S. 2021, Section 17-116.10, which
18 relates to postretirement employment; modifying
19 earnings limitation for certain retirees returning to
20 work in a public school; modifying postretirement
21 earning limitation for certain time period; providing
22 effective dates; providing for contingent effective
23 dates based on outcome of approval of the emergency
24 clause; and declaring an emergency.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as
amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2023,
Section 3103), is amended to read as follows:

1 Section 3103. As used in the Oklahoma Pension Legislation
2 Actuarial Analysis Act:

3 1. "Amendment" means any amendment, including a substitute
4 bill, made to a retirement bill by any committee of the House or
5 Senate, any conference committee of the House or Senate or by the
6 House or Senate;

7 2. "RB number" means that number preceded by the letters "RB"
8 assigned to a retirement bill by the respective staffs of the
9 Oklahoma State Senate and the Oklahoma House of Representatives when
10 the respective staff office prepares a retirement bill for a member
11 of the Legislature;

12 3. "Legislative Actuary" means the firm or entity that enters
13 into a contract with the Legislative Service Bureau pursuant to
14 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the
15 actuarial services and other duties provided for in the Oklahoma
16 Pension Legislation Actuarial Analysis Act;

17 4. "Nonfiscal amendment" means an amendment to a retirement
18 bill having a fiscal impact, which amendment does not change any
19 factor of an actuarial investigation specified in subsection A of
20 Section 3109 of this title;

21 5. "Nonfiscal retirement bill" means a retirement bill:

- 22 a. which does not affect the cost or funding factors of a
23 retirement system,

- 1 b. which affects such factors only in a manner which does
2 not:
3 (1) grant a benefit increase under the retirement
4 system affected by the bill,
5 (2) create an actuarial accrued liability for or
6 increase the actuarial accrued liability of the
7 retirement system affected by the bill, or
8 (3) increase the normal cost of the retirement system
9 affected by the bill,
- 10 c. which authorizes the purchase by an active member of
11 the retirement system, at the actuarial cost for the
12 purchase as computed pursuant to the statute in effect
13 on the effective date of the measure allowing such
14 purchase, of years of service for purposes of reaching
15 a normal retirement date in the applicable retirement
16 system, but which cannot be used in order to compute
17 the number of years of service for purposes of
18 computing the retirement benefit for the member,
- 19 d. which provides for the computation of a service-
20 connected disability retirement benefit for members of
21 the Oklahoma Law Enforcement Retirement System
22 pursuant to Section 2-305 of Title 47 of the Oklahoma
23 Statutes if the members were unable to complete twenty
24 (20) years of service as a result of the disability,

1 e. which requires membership in the defined benefit plan
2 authorized by Section 901 et seq. of Title 74 of the
3 Oklahoma Statutes for persons whose first elected or
4 appointed service occurs on or after November 1, 2018,
5 if such persons had any prior service in the Oklahoma
6 Public Employees Retirement System prior to November
7 1, 2015,

8 f. which provides for a one-time increase in retirement
9 benefits if the increase in retirement benefits is not
10 a permanent increase in the gross annual retirement
11 benefit payable to a member or beneficiary, occurs
12 only once pursuant to a single statutory authorization
13 and does not exceed:

14 (1) the lesser of two percent (2%) of the gross
15 annual retirement benefit of the member or One
16 Thousand Dollars (\$1,000.00) and requires that
17 the benefit may only be provided if the funded
18 ratio of the affected retirement system would not
19 be less than sixty percent (60%) but not greater
20 than eighty percent (80%) after the benefit
21 increase is paid,

22 (2) the lesser of two percent (2%) of the gross
23 annual retirement benefit of the member or One
24 Thousand Two Hundred Dollars (\$1,200.00) and

1 requires that the benefit may only be provided if
2 the funded ratio of the affected retirement
3 system would be greater than eighty percent (80%)
4 but not greater than one hundred percent (100%)
5 after the benefit increase is paid,

6 (3) the lesser of two percent (2%) of the gross
7 annual retirement benefit of the member or One
8 Thousand Four Hundred Dollars (\$1,400.00) and
9 requires that the benefit may only be provided if
10 the funded ratio of the affected retirement
11 system would be greater than one hundred percent
12 (100%) after the benefit increase is paid, or

13 (4) the greater of two percent (2%) of the gross
14 annual retirement benefit of the volunteer
15 firefighter or One Hundred Dollars (\$100.00) for
16 persons who retired from the Oklahoma
17 Firefighters Pension and Retirement System as
18 volunteer firefighters and who did not retire
19 from the Oklahoma Firefighters Pension and
20 Retirement System as a paid firefighter.

21 As used in this subparagraph, "funded ratio" means the
22 figure derived by dividing the actuarial value of
23 assets of the applicable retirement system by the
24

1 actuarial accrued liability of the applicable
 2 retirement system,

3 g. which modifies the disability pension standard for
 4 police officers who are members of the Oklahoma Police
 5 Pension and Retirement System as provided by Section 3
 6 ~~of this act~~ 50-115 of Title 11 of the Oklahoma
 7 Statutes,

8 h. which provides a cost-of-living benefit increase
 9 pursuant to the provisions of:

10 (1) Section 49-143.7 of Title 11 of the Oklahoma
 11 Statutes,

12 (2) Section 50-136.9 of Title 11 of the Oklahoma
 13 Statutes,

14 (3) Section 1104K of Title 20 of the Oklahoma
 15 Statutes,

16 (4) Section 2-305.12 of Title 47 of the Oklahoma
 17 Statutes,

18 (5) Section 17-116.22 of Title 70 of the Oklahoma
 19 Statutes,

20 (6) Section 930.11 of Title 74 of the Oklahoma
 21 Statutes, ~~or~~

22 i. which modifies the computation of the line-of-duty
 23 disability benefit pursuant to ~~the provisions of this~~
 24

1 ~~act~~ Sections 50-101 and 50-115 of Title 11 of the
2 Oklahoma Statutes, or

3 j. which provides a restriction on provisions limiting
4 postretirement earnings pursuant to the provisions of
5 this act.

6 A nonfiscal retirement bill shall include any retirement bill that
7 has as its sole purpose the appropriation or distribution or
8 redistribution of monies in some manner to a retirement system for
9 purposes of reducing the unfunded liability of such system or the
10 earmarking of a portion of the revenue from a tax to a retirement
11 system or increasing the percentage of the revenue earmarked from a
12 tax to a retirement system;

13 6. "Reduction-in-cost amendment" means an amendment to a
14 retirement bill having a fiscal impact which reduces the cost of the
15 bill as such cost is determined by the actuarial investigation for
16 the bill prepared pursuant to Section 3109 of this title;

17 7. "Retirement bill" means any bill or joint resolution
18 introduced or any bill or joint resolution amended by a member of
19 the Oklahoma Legislature which creates or amends any law directly
20 affecting a retirement system. A retirement bill shall not mean a
21 bill or resolution that impacts the revenue of any state tax in
22 which a portion of the revenue generated from such tax is earmarked
23 for the benefit of a retirement system;

1 8. "Retirement bill having a fiscal impact" means any
2 retirement bill creating or establishing a retirement system and any
3 other retirement bill other than a nonfiscal retirement bill; and

4 9. "Retirement system" means the Teachers' Retirement System of
5 Oklahoma, the Oklahoma Public Employees Retirement System, the
6 Uniform Retirement System for Justices and Judges, the Oklahoma
7 Firefighters Pension and Retirement System, the Oklahoma Police
8 Pension and Retirement System, the Oklahoma Law Enforcement
9 Retirement System, or a retirement system established after January
10 1, 2006.

11 SECTION 2. AMENDATORY 70 O.S. 2021, Section 17-116.10,
12 is amended to read as follows:

13 Section 17-116.10. A. Subject to the requirements of Section
14 6-101.2 of this title and any other applicable requirements of law,
15 a member of the Teachers' Retirement System of Oklahoma may enter
16 into postretirement employment with a public school of Oklahoma and
17 still receive monthly retirement benefits subject to the following
18 limitations:

19 1. A retired member is not eligible to be employed by the
20 public schools of Oklahoma, in any capacity, for sixty (60) calendar
21 days between the retiree's last day of preretirement public
22 education employment and any postretirement public education
23 employment. For purposes of this section, the term "last day of
24 preretirement employment" shall mean the last day the employee is

1 required to be physically present on the job to complete the terms
2 of the employment contract or agreement. An employee on paid leave
3 is still considered to be employed for purposes of this section.
4 Employment under any conditions during this time, volunteer services
5 for the purpose of obtaining a paid position at a later date, or
6 payment at a later time for services performed during this time
7 period shall cause the forfeiture of all retirement benefits
8 received during the period;

9 2. Unless otherwise provided in this paragraph or in paragraph
10 3 of this subsection, earnings from the public schools may not
11 exceed one-half (1/2) of the member's final average salary used in
12 computing retirement benefits, or the ~~Earnings Limitation~~ earnings
13 limitation for employees allowed by the Social Security
14 Administration, whichever is less. ~~For~~ Until July 1, 2027, for
15 retired members having attained the age of fifty-five (55) years but
16 less than fifty-nine and one-half (59 1/2) years, the limit on
17 allowed earnings from the public schools of Oklahoma for employment
18 for the performance of duties ordinarily performed by classified or
19 nonclassified personnel shall be the lesser of Thirty Thousand
20 Dollars (\$30,000.00) or one-half (1/2) of the member's final average
21 salary used in computing retirement benefits unless the earnings
22 limitation allowed by the Social Security Administration would be
23 greater than Thirty Thousand Dollars (\$30,000.00). Until July 1,
24 2027, for retired members having attained the age of fifty-nine and

1 one-half (59 1/2) years or older, there shall be no limit on allowed
2 earnings from the public schools of Oklahoma for the performance of
3 duties ordinarily performed by classified or nonclassified
4 personnel. Effective July 1, 2027, for retired members under the
5 age of sixty-two (62) years, the limit on allowed earnings from the
6 public schools of Oklahoma for employment for the performance of
7 duties ordinarily performed by classified or nonclassified personnel
8 shall be the lesser of Fifteen Thousand Dollars (\$15,000.00) or one-
9 half (1/2) of the member's final average salary used in computing
10 retirement benefits unless the earnings limitation allowed by the
11 Social Security Administration would be greater than Fifteen
12 Thousand Dollars (\$15,000.00). ~~For~~ Effective July 1, 2027, for
13 retired members sixty-two (62) years of age or older the limit on
14 allowed earnings from the public schools of Oklahoma for the
15 performance of duties ordinarily performed by classified or
16 nonclassified personnel shall be the lesser of Thirty Thousand
17 Dollars (\$30,000.00) or one-half (1/2) of the member's final average
18 salary used in computing retirement benefits.

19 For purposes of this paragraph, the following shall apply:

- 20 a. earnings shall mean "regular annual compensation" as
21 defined in paragraph (25) of Section 17-101 of this
22 title, and shall include any payment by a public
23 school for services rendered by a retired member who
24 is employed for any purpose whatsoever. Supplemental

1 retirement payments paid by a former public school
2 employer pursuant to subsection 9 of Section 17-105 of
3 this title or other state law shall not be considered
4 as earnings,

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

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

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

21 e. earnings in excess of the maximum limit on allowed
22 earnings from public schools of Oklahoma shall result
23 in a loss of future retirement benefits for the year
24 the postretirement employment was performed of One

1 Dollar (\$1.00) for each One Dollar (\$1.00) earned over
2 the maximum allowed earnings amount, and

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

16 3. Notwithstanding paragraph 2 of this subsection, a retired
17 classified or nonclassified member who has been retired for thirty-
18 six (36) or more months and who is employed by a public school to
19 perform duties ordinarily performed by classified or nonclassified
20 personnel shall be able to receive annualized earnings from the
21 public school with no reduction in retirement benefits regardless of
22 the amount of annualized earnings. For a period of three (3) years
23 beginning July 1, 2017, members who have retired as of July 1, 2017,
24 as active classroom teachers, who have been retired and receiving a

1 benefit for at least one (1) year, and who have not been employed by
2 any public school during that one-year period, shall be eligible to
3 be reemployed as an active classroom teacher in common or career
4 tech school districts, with no limitations on earnings. For a
5 period of three (3) years beginning July 1, 2021, members who have
6 retired as of July 1, 2020, who have been retired and receiving a
7 benefit for at least one (1) year, and who have not been employed by
8 any public school during that one-year period, shall be eligible to
9 be reemployed as an active classroom teacher in common or career
10 tech school districts, with no limitations on earnings. The one-
11 year period starts with the retiree's last day of preretirement
12 public education employment. Members returning under this section
13 shall not be subject to any ~~earning limitations~~ earnings limitation
14 following the end of the three-year periods described in this
15 paragraph. Members returning under this section shall only be
16 employed pursuant to a temporary contract; and

17 4. A member shall be considered to be employed by a school
18 district to perform the duties ordinarily performed by classified or
19 nonclassified personnel if the member is hired by the school
20 district in the member's individual capacity to perform the duties
21 or if the member performs the duties through employment with a
22 proprietorship, partnership, corporation, limited liability company
23 or partnership, or any other business structure that has agreed or
24 contracted to provide the services to the school district.

1 B. A public school district that employs a retired member shall
2 be required to make contributions to the System for the retired
3 member in an amount as required in Section 17-108.1 and in paragraph
4 3 of subsection B of Section 17-116.2 of this title.

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

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

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

18 SECTION 3. If the Emergency Clause is not approved pursuant to
19 the requirements of the Oklahoma Constitution as part of this
20 measure, the effective date of Section 1 of this act shall be
21 October 1, 2024.

22 SECTION 4. If the Emergency Clause is not approved pursuant to
23 the requirements of the Oklahoma Constitution as part of this
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1 measure, the effective date of Section 2 of this act shall be
2 November 1, 2024.

3 SECTION 5. Except as otherwise provided by Section 3 of this
4 act, Section 1 of this act shall become effective immediately upon
5 signature by the Governor or as otherwise provided by Section 58 of
6 Article V of the Oklahoma Constitution.

7 SECTION 6. Except as otherwise provided by Section 4 of this
8 act, Section 2 of this act shall become effective July 1, 2024.

9 SECTION 7. 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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14 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 04/15/2024 - DO PASS,
As Amended and Coauthored.

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