

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

CONFERENCE COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
SENATE BILL 1003

By: Haney and Hobson of the  
Senate

and

Mass and Bonny of the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to schools; amending 70 O.S. 2001, Section 26-104, which relates to flexible benefit allowance for school personnel; modifying permitted uses of flexible benefit allowance; making Larry Dickerson Flexible Benefits Allowance Act applicable to school districts participating in Oklahoma State Education and Employees Group Insurance Board plan and self-insured districts; requiring school districts to pay fifty percent of cost of certain health care for employees not otherwise covered; prohibiting decrease in contributions by school districts toward employees' health insurance; requiring certain contributions by school districts toward employees' health insurance to be paid in salary or fringe benefits in subsequent years and providing formula for calculating amount of payment; authorizing State Board of Education to waive certain penalties; setting criteria for consideration of certain waiver applications; requiring approval of application by district board of education before consideration by State Board; requiring school districts to reduce administrative expenses by certain percentage; providing for noncodification; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 26-104, is amended to read as follows:

Section 26-104. A. The Legislature shall annually appropriate adequate funding to the State Board of Education and the State Board of Career and Technology Education for the purpose of providing a flexible benefit allowance to school district employees pursuant to this act. The funding shall be based on the number of eligible

school district employees employed by a school district which is participating in the health insurance plan offered by the State and Education Employees Group Insurance Board or is self-insured as counted on May 1st of each year. Each Board shall disburse the flexible benefit allowance funds in appropriate amounts to school districts.

B. Every school district shall establish or make available to school district employees a cafeteria plan pursuant to 26 U.S.C. Section 125 of the United States Code. The plan shall offer, as a benefit, major medical health care plan coverage.

C. The flexible benefit allowance amount established pursuant to Section 26-105 of this title shall be credited to each eligible school district employee. School district employees shall elect whether to use the flexible benefit allowance to pay for coverage in the health insurance plan offered by the State and Education Employees Group Insurance Board or the self-insured plan offered by the school district, ~~or to~~ and may receive the excess flexible benefit allowance as taxable compensation as provided in Section 26-105 of this title.

D. The administrator of the cafeteria plan shall maintain a separate account for each participating school district employee. School districts shall forward the school district employee flexible benefit allowance amounts to the administrator for elected purchases of cafeteria plan benefits.

E. Expenses included in an employee's salary adjustment agreement pursuant to the cafeteria plan shall be limited to expenses for:

1. Premiums for any health insurance, health maintenance organization, life insurance, long term disability insurance, dental insurance or high deductible health benefit plan offered to employees and their dependents; and

2. All other eligible benefit programs offered under 26 U.S.C. Section 125 of the United States Code.

F. The flexible benefit allowance amount established in Section 26-105 of this title shall not be included as income in computation of state retirement contributions and benefits or as part of the Minimum Salary Schedule for teachers established in Section 18-114.7 of this title. School districts shall not consider the flexible benefit allowance amount as income for eligible support employees and thereby shall not reduce the salary of an eligible support employee.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 26-105.1 of Title 70, unless there is created a duplication in numbering, reads as follows:

The provisions of the Larry Dickerson Flexible Benefits Allowance Act shall apply to school districts participating in the Oklahoma State Education and Employees Group Insurance Board plan or school districts that are self-insured.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1310.2 of Title 74, unless there is created a duplication in numbering, reads as follows:

A school district shall pay fifty percent (50%) of the cost of the individual health care premium amount for school district employees who are not otherwise covered pursuant to Section 1310.1 of Title 74 of the Oklahoma Statutes or Section 26-105 of Title 70 of the Oklahoma Statutes, if such employee elects health care coverage under a plan offered by a school district, including a plan offered by the State and education Employees Group Insurance Board or a self-insured plan offered by the school district.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 18-114.10 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. For school year 2002-2003 and subsequent school years, the following provisions shall apply:

1. If a school district's contribution toward employees' health insurance for the school year 2001-2002 was articulated as a percentage, the district shall not decrease the percentage of the district employees' health insurance coverage paid by the district for school year 2002-2003 and subsequent school years; or

2. If a school district's contribution toward employees' health insurance for the school year 2001-2002 was articulated as a fixed dollar amount, the district shall not decrease the dollar amount of the district employees' health coverage paid by the district for school year 2002-2003 and subsequent school years.

B. In addition to the provisions of subsection A, the following formula shall be applied for school year 2002-2003 and subsequent school years:

1. Compute the amount the district paid for health insurance for a certified or support employee, as applicable, in 2001-2002 by adding the dollar amount the district paid over and above the flexible benefit allowance for an employee pursuant to Section 26-105 of Title 70 of the Oklahoma Statutes in order to meet the payment for school year 2001-2002 mandated in Section 1310.1 of Title 74 of the Oklahoma Statutes plus any additional contribution paid by the school district toward employee health insurance for school year 2001-2002 (not including the flexible benefit allowance);

2. Compute the amount the district will be paying for health insurance for a certified or support employee, as applicable, in 2002-2003, or the applicable school year, by adding the dollar amount the district is required to pay over and above the flexible benefit allowance for an employee pursuant to Section 26-105 of Title 70 of the Oklahoma Statutes in order to meet the payment mandated in Section 1310.1 of Title 74 of the Oklahoma Statutes or

Section 3 of this act, as applicable, plus any additional contribution paid by the school district toward employee health insurance (not including the flexible benefit allowance); and

3. Subtract the amount computed in paragraph 2 from the amount computed in paragraph 1.

4. Any positive dollar amount resulting from the formula shall be paid to employees for 2002-2003 and subsequent school years, in taxable compensation or fringe benefits or paid pursuant to the terms of a collective bargaining agreement, in addition to any other taxable compensation and fringe benefits mandated by law or collective bargaining agreement.

SECTION 5. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. The State Board of Education may waive any penalties that would be imposed upon a school district pursuant to Sections 18-113.1, 18-113.2, 18-113.3, or 18-113.4 of Title 70 of the Oklahoma Statutes for class size violations that may occur during school year 2002-2003 upon a showing of economic hardship as set forth in this section. Waived penalties shall not count as penalties for purposes of denying accreditation pursuant to subsection E of Section 18-113.1, subsection B of Section 18-113.2, and subsection G of Section 18-113.3 of Title 70 of the Oklahoma Statutes.

B. The State Board of Education shall establish guidelines by which a school district, upon approval of the district board of education, may apply for a class-size penalty waiver. The guidelines shall allow districts to apply by February 1, 2003. Upon a showing that the sum of the district's State Aid revenues, as adjusted by the December calculation pursuant to subsection C of Section 18-200.1 of Title 70 of the Oklahoma Statutes, for the school year 2002-2003 plus the district's revenues from local and dedicated state revenue sources listed in subparagraph b of paragraph 1 of subsection D of Section 18-200.1 of Title 70 of the

Oklahoma Statutes for school year 2002-2003 is at least four percent (4%) less than the sum of the district's State Aid Revenues, as adjusted by the December calculation pursuant to subsection C of Section 18-200.1 of Title 70 of the Oklahoma Statutes, for school year 2001-2002, prior to any proration adjustment to State Aid revenue for the school year 2001-2002, plus the district's revenue from local and dedicated state revenue sources listed in subparagraph b of paragraph 1 of subsection D of Section 18-200.1 of Title 70 of the Oklahoma Statutes for school year 2001-2002, the Board shall consider the waiver application. The Board shall render a decision on an application no later than sixty (60) days following the receipt of the application by the State Department of Education unless the district requests an extension of time.

SECTION 6. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

For school year 2002-2003, each school district shall reduce its expenditures for administrative costs by one and six-tenths percent (1.6%) of the amount reported for administrative costs as defined and reported through the Oklahoma Cost Accounting System for the school year 2000-2001.

SECTION 7. This act shall become effective July 1, 2002.

SECTION 8. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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