**SENATE FLOOR VERSION**
February 25, 2015
**AS AMENDED**

SENATE BILL NO. 786 By: Jolley of the Senate

and

Martin of the House

**[ school funding - State Aid portions - distribution - funding for the flexible benefit allowance - codification - ~~effective date~~ - ~~emergency~~ ]**

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 18-200.1a of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Beginning with the 2015-2016 school year, and each school year thereafter, each school district shall receive a portion of State Aid calculated as follows:

1. Funding for the purpose of providing a flexible benefit allowance to school district employees pursuant to Section 26-104 of Title 70 of the Oklahoma Statutes;

2. Funding for the purpose of providing a bonus to teachers who attain National Board certification pursuant to Section 6-204.2 of Title 70 of the Oklahoma Statutes;

3. Funding for the purpose of providing a bonus to school psychologists and speech-language pathologists or audiologists pursuant to Section 6-206 of Title 70 of the Oklahoma Statutes;

4. Funding for the purpose of providing professional development programs for certified teachers and administrators of the district pursuant to Section 6-194 of Title 70 of the Oklahoma Statutes;

5. Funding for the purpose of purchasing textbooks pursuant to Section 16-114a of Title 70 of the Oklahoma Statutes;

6. Funding to implement the components of the Oklahoma Teacher and Leader Effectiveness Evaluation System pursuant to Section 6-101.10 of Title 70 of the Oklahoma Statutes;

7. Funding for alternative education pursuant to Section 1210.568 of Title 70 of the Oklahoma Statutes; and

8. Funding for administration of tests pursuant to Section 1210.508 of Title 70 of the Oklahoma Statutes.

B. The allocations provided for in subsection A of this section shall be distributed by the State Board of Education as provided by law.

C. The State Board of Education shall promulgate rules necessary to implement the provisions of this section.

SECTION 2. AMENDATORY 70 O.S. 2011, Section 26-104, as amended by Section 1, Chapter 321, O.S.L. 2012 (70 O.S. Supp. 2014, Section 26-104), is amended to read as follows:

Section 26-104. A. Each fiscal year, the Legislature shall 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. Unless the Legislature appropriates adequate funding specifically for the purpose of providing a flexible benefit allowance to school district employees, the Oklahoma State Board of Education shall allocate from the funds appropriated to the Oklahoma State Board of Education for the ~~support of public school activities~~ financial support of public schools an amount to fully fund the flexible benefit allowance, which shall occur first prior to allocating the funds for any other purpose. The amount appropriated for funding and disbursed to school districts shall be calculated by multiplying the number of eligible school district employees employed by school districts which are participating in the health insurance plan offered by the State and Education Employees Group Insurance Board or are self-insured as counted in February of each year by the amount of the flexible benefit allowance credited to the eligible school employees as established in Section 26-105 of this title. Each Board shall disburse the total amount appropriated for funding the flexible benefit allowance to school districts during the fiscal year. From the total amount appropriated, each Board shall disburse the appropriate amounts, based on the number of

eligible school district employees employed by that school district, to each school district.

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 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 18-114.14 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 3. This act shall become effective July 1, 2015.**~~

~~**SECTION 4. 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.**~~

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
February 25, 2015 - DO PASS AS AMENDED