

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 HOUSE BILL 3485

By: McCane

6 AS INTRODUCED

7 An Act relating to the Larry Dickerson Education
8 Flexible Benefits Allowance Act; amending 70 O.S.
9 2021, Section 26-103, which relates to definitions;
10 defining dependent; amending 70 O.S. 2021, Section
11 26-104, as amended by Section 2, Chapter 245, O.S.L.
12 2024 (70 O.S. Supp. 2025, Section 26-104), which
13 relates to funding of flexible benefit allowance;
14 expanding coverage to eligible school district
15 employee dependents; updating citation; amending 70
16 O.S. 2021, Section 26-105, as amended by Section 3,
17 Chapter 245, O.S.L. 2024 (70 O.S. Supp. 2025, Section
18 26-105), which relates to amount of benefit
19 allowance; linking flexible benefit allowance amounts
20 to state employee flexible benefit allowance amounts;
21 providing an effective date; and declaring an
22 emergency.

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

24 SECTION 1. AMENDATORY 70 O.S. 2021, Section 26-103, is
25 amended to read as follows:

26 Section 26-103. The following words and phrases as used in
27 Section 26-101 et seq. of this title, unless a different meaning is
28 clearly required by the context, shall have the following meanings:

29 1. "Benefit" means any of the benefits which may be purchased
30 or are required to be purchased under the cafeteria plan;

1 2. "Cafeteria plan" means a benefit plan established pursuant
2 to 26 U.S.C. Section 125;

3 3. "Flexible benefit allowance" means amounts credited by the
4 school district for each school district employee for the purchase
5 of benefits under the cafeteria plan;

6 4. "Support personnel" means full-time employees of a school
7 district as determined by the standard period of labor which is
8 customarily understood to constitute full-time employment for the
9 type of services performed by the employees who are employed a
10 minimum of six (6) hours per day for a minimum of one hundred
11 seventy-two (172) days or a minimum of six (6) hours per day for a
12 minimum of one thousand thirty-two (1,032) hours per year and who
13 provide services not performed by certified personnel, which is
14 necessary for the efficient and satisfactory functioning of a school
15 district, and shall include cooks, janitors, maintenance personnel,
16 bus drivers, noncertified or nonregistered nurses, noncertified
17 librarians, and clerical employees of a school district but shall
18 not include adult education instructors or adult coordinators
19 employed by technology center school districts;

20 5. "Plan year" means the twelve-month period established by the
21 school district for the cafeteria plan;

22 6. "School district" means the public school districts and
23 technology center school districts of this state;

24

1 7. "School district employee" means certified or support
2 personnel as defined in Section 26-101 et seq. of this title.
3 Employees of an educational service provider contracted with a
4 school district pursuant to subsection G of Section 5-117 of this
5 title who perform functions that would otherwise be performed by a
6 school district employee shall be considered employees of a school
7 district for purposes of the Larry Dickerson Education Flexible
8 Benefits Allowance Act unless otherwise provided for in the contract
9 between the educational service provider and the contracting school
10 district;

11 8. "Certified personnel" means a certified person employed on a
12 full-time basis to serve as a teacher, principal, supervisor,
13 administrator, counselor, librarian, or certified or registered
14 nurse, but shall not mean a superintendent of a school district; and

15 9. "Self-insured" means a health care program in which the
16 school district funds the benefit plans from its own resources
17 without purchasing insurance and which may be administered by the
18 school district or by an outside administrator under contract with
19 the school district for administrative services. The State Board of
20 Education shall prepare by May 1st of each year a list of each
21 school district in the state that is self-insured and the number of
22 support personnel and the number of certified personnel that are
23 participating in each self-insured school district plan; and

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1 10. "Dependent" means a school district employee's spouse or
2 any unmarried child:

3 a. under the age of twenty-five (25) years, regardless of
4 residence, provided that the school district employee
5 is primarily responsible for their support, including:
6 (1) an adopted child, and
7 (2) a stepchild or child who lives with the school
8 district employee in a regular parent-child
9 relationship, or
10 b. regardless of age who is incapable of self-support
11 because of mental or physical incapacity that existed
12 prior to reaching the age of twenty-five (25) years.

13 SECTION 2. AMENDATORY 70 O.S. 2021, Section 26-104, as
14 amended by Section 2, Chapter 245, O.S.L. 2024 (70 O.S. Supp. 2025,
15 Section 26-104), is amended to read as follows:

16 Section 26-104. A. Each fiscal year, the Legislature shall
17 appropriate adequate funding to the State Board of Education and the
18 State Board of Career and Technology Education for the purpose of
19 providing a flexible benefit allowance to school district employees
20 and their dependents pursuant to this act. Unless the Legislature
21 appropriates adequate funding specifically for the purpose of
22 providing a flexible benefit allowance to school district employees
23 and their dependents, the Oklahoma State Board of Education shall
24 allocate from the funds appropriated to the Oklahoma State Board of

1 Education for the support of public school activities an amount to
2 fully fund the flexible benefit allowance, which shall occur first
3 prior to allocating the funds for any other purpose. The amount
4 appropriated for funding and disbursed to school districts shall be
5 calculated by multiplying the number of eligible school district
6 employees and their dependents employed by school districts which
7 are participating in the health insurance plan offered by the
8 Oklahoma Employees Insurance and Benefits Board or are self-insured
9 as counted in February of each year by the amount of the flexible
10 benefit allowance credited to the eligible school employees as
11 established in Section 26-105 of this title. Each Board shall
12 disburse the total amount appropriated for funding the flexible
13 benefit allowance to school districts during the fiscal year. From
14 the total amount appropriated, each Board shall disburse the
15 appropriate amounts, based on the number of eligible school district
16 employees and their eligible dependents employed by that school
17 district, to each school district.

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

23 C. The flexible benefit allowance amount amounts established
24 pursuant to Section 26-105 of this title shall be credited to each

1 | eligible school district employee for the eligible school district
2 | employee and their eligible dependents. School district employees
3 | shall elect whether to use the flexible benefit allowance to pay for
4 | coverage in the health insurance plan offered by the Oklahoma
5 | Employees Insurance and Benefits Board or the self-insured plan
6 | offered by the school district and may receive the excess flexible
7 | benefit allowance as taxable compensation as provided in Section 26-
8 | 105 of this title.

9 | D. The administrator of the cafeteria plan shall maintain a
10 | separate account for each participating school district employee.
11 | School districts shall forward the school district employee and
12 | their dependents flexible benefit allowance amounts to the
13 | administrator for elected purchases of cafeteria plan benefits.

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

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

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

23 | F. The flexible benefit allowance amount amounts established in
24 | Section 26-105 of this title shall not be included as income in

1 computation of state retirement contributions and benefits or as
2 part of the Minimum Salary Schedule for teachers established in
3 Section ~~18-114.12~~ 18-114.15 of this title. School districts shall
4 not consider the flexible benefit allowance amount as income for
5 eligible support employees and thereby shall not reduce the salary
6 of an eligible support employee.

7 SECTION 3. AMENDATORY 70 O.S. 2021, Section 26-105, as
8 amended by Section 3, Chapter 245, O.S.L. 2024 (70 O.S. Supp. 2025,
9 Section 26-105), is amended to read as follows:

10 Section 26-105. A. The flexible benefit allowance shall be
11 used by a school district employee who is participating in the
12 cafeteria plan to purchase major medical health care plan coverage
13 offered by the school district through a cafeteria plan. Any excess
14 flexible benefit allowance over the cost of the major medical
15 coverage purchased by the employee who is participating in the
16 cafeteria plan may be used to purchase any of the additional
17 benefits offered by the school district or may be taken as taxable
18 compensation as provided in subsection C of this section. Certified
19 personnel who choose not to participate in the school-district-
20 sponsored cafeteria plan shall receive Sixty-nine Dollars and
21 seventy-one cents (\$69.71) per month as taxable compensation in lieu
22 of the flexible benefit allowance amount provided in subsection B of
23 this section. Support personnel who choose not to participate in
24 the school-district-sponsored cafeteria plan shall receive One

1 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per month
2 as taxable compensation in lieu of the flexible benefit allowance
3 amount provided in subsection B of this section.

4 B. Each eligible school district employee shall be credited
5 annually with a specified amount as a flexible benefit allowance
6 which shall be available for the purchase of benefits. The amount
7 of the flexible benefit allowance credited to each eligible school
8 district employee shall be communicated to the employee prior to the
9 enrollment period for each plan year.

10 1. For the fiscal year ending June 30, 2002, the flexible
11 benefit allowance amount for certified personnel shall be no less
12 than Sixty-nine Dollars and seventy-one cents (\$69.71) per month.
13 For the fiscal year ending June 30, 2002, the flexible benefit
14 allowance amount for support personnel shall be no less than One
15 Hundred Eighty-nine Dollars and sixty-nine cents (\$189.69) per
16 month.

17 2. For the fiscal year ending June 30, 2004, the flexible
18 benefit allowance amount for certified personnel shall be no less
19 than fifty-eight percent (58%) of the premium amount for the
20 HealthChoice (Hi) option plan for an individual offered by the
21 Oklahoma Employees Insurance and Benefits Board. For the fiscal
22 year ending June 30, 2003, and each fiscal year thereafter, the
23 flexible benefit allowance amount for support personnel shall be no
24 less than one hundred percent (100%) of the premium amount for the

1 HealthChoice (Hi) option plan for an individual offered by the
2 Oklahoma Employees Insurance and Benefits Board.

3 3. For the fiscal year ending June 30, 2005, ~~and each fiscal~~
4 ~~year thereafter,~~ the flexible benefit allowance amount for certified
5 personnel shall be no less than one hundred percent (100%) of the
6 premium amount for the HealthChoice (Hi) option plan for an
7 individual offered by the Oklahoma Employees Insurance and Benefits
8 Board.

9 4. For the fiscal year ending June 30, 2027, and each fiscal
10 year thereafter, the flexible benefit allowance amount for certified
11 personnel and their dependents shall be no less than the flexible
12 benefit allowance amounts provided for in Section 1370 of Title 74
13 of the Oklahoma Statutes.

14 C. If a school district employee who is participating in the
15 cafeteria plan elects benefits whose sum total is less than the
16 flexible benefit allowance, the employee shall receive any excess
17 flexible benefit allowance as taxable compensation. Such taxable
18 compensation shall be paid in substantially equal amounts each pay
19 period over the plan year. Except as otherwise provided for in
20 subsection D of this section, on termination during a plan year, a
21 participating school district employee shall have no right to
22 receive any taxable cash compensation allocated to the portion of
23 the plan year after the termination of the employee.

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1 D. In cases where the employee of a school district fulfills
2 the terms of their contract and terminates employment for the
3 subsequent year, the employee shall be entitled to the flexible
4 benefit allowance for the remainder of the current benefit term.
5 For purposes of this subsection, "benefit term" shall mean the
6 twelve-month period after the initiation of benefits for the
7 position held by the employee.

8 E. Each school district employee shall make an annual election
9 of benefits under the plan during an enrollment period to be held
10 prior to the beginning of each plan year. The enrollment period
11 dates will be determined annually and will be announced by the
12 school district, providing the enrollment period shall end no later
13 than thirty (30) days before the beginning of the plan year. Each
14 school district employee shall make an irrevocable advance election
15 for the plan year or the remainder of the plan year pursuant to
16 procedures the school district shall prescribe.

17 F. The school district shall prescribe the forms that school
18 district employees shall be required to use in making their
19 elections, and may prescribe deadlines and other procedures for
20 filing the elections.

21 G. School district employees hired after the closing of the
22 enrollment period shall be allowed to make an election as provided
23 in this act.

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1 H. A district board of education shall have the option of
2 providing a flexible benefit allowance to the superintendent of the
3 school district in an amount not more than the amount of the
4 flexible benefit allowance established for certified personnel in
5 subsection B of this section. Funding for the flexible benefit
6 allowance for a superintendent shall be provided through local
7 revenue.

8 SECTION 4. This act shall become effective July 1, 2026.

9 SECTION 5. 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 60-2-15616 AQH 12/09/25

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