



# Oklahoma State Senate

# Legislative Brief

June 1998

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## Retirement and Other Benefits for Education Employees

### Issue Background

Once again the Legislature concentrated heavily on improving compensation and benefits received for active and retired members of the Teachers' Retirement System of Oklahoma (OTRS). Membership in the OTRS is composed of approximately thirty thousand nine hundred and two (30,902) retired members and seventy-nine thousand five hundred and ten (79,510) active members. The Legislature passed several measures that increased health care and retirement benefits for active teachers as well as increasing the steps in the Minimum Teacher Salary Schedule. Retirees of the System received an increase in their retirement benefits for the first time since 1994.

### Teacher Credit

SB 776

- Effective July 1, 1998, teachers who are employed by any school district or area vocational-technical school district who qualify for a minimum salary pursuant to §18-114.7 of Title 70, shall receive a pay increase based upon either a reduction in employee retirement contributions or a pay increase in districts where the employee retirement contribution is paid by the district. This teacher credit is similar to the teacher credit presented last year; however, the taxable status of the credit has been determined not to be currently taxable to the employee.

### New Flexible Benefits Program

SB 902

- The Education Flexible Benefits Allowance Act creates a flexible benefit allowance for classified personnel and other personnel of public schools and area vocational-technical schools. The benefit allowance can be used by employees to help meet the cost of their health insurance premiums or other benefits offered by their district (including dental, vision, dependent care life insurance, etc.). If an employee chooses not to participate in a health care plan, then the benefit allowance shall be used as an increase in compensation.
- The benefit allowance for classified employees is \$57.00 per month (\$684 annually). Other personnel receive a benefit allowance of \$84.00 per month (\$1,020 annually).
- This act also requires school districts to pay one-half of employees' health insurance of which the flexible benefit allowance may be deducted. This provision also applies to school districts not participating in a health insurance plan, including the HMO plans, offered by the Oklahoma State and Education Employee Group Insurance Board (OSEEGIB).
- Beginning in FY'00 the benefit allowance shall continue only for school districts who participate in a health insurance plan, including the HMO plans, offered by the OSEEGIB or who are self-insured.
- This act also states Legislative intent that by FY'00 the benefit allowances in this act would equal 50% of the OSEEGIB premium for classified employees and 100% for other personnel.

### Minimum Salary Schedule Increases

SB 902

- To correct inequities in the Minimum Salary Schedule the Legislature equalized all step increases from 1 to 25. The difference between each step is now \$332. The new Minimum Salary Schedule (Section 18-114.7 of Title 70) is as follows:

### New Minimum Salary Schedule

| Years of Experience | Bachelor's Degree | Master's Degree | Doctor's Degree |
|---------------------|-------------------|-----------------|-----------------|
| 0                   | \$24,060          | \$25,166        | \$26,272        |
| 1                   | \$25,221          | \$26,327        | \$27,433        |
| 2                   | \$25,553          | \$26,659        | \$27,765        |
| 3                   | \$25,885          | \$26,991        | \$28,097        |
| 4                   | \$26,217          | \$27,323        | \$28,429        |
| 5                   | \$26,549          | \$27,655        | \$28,761        |
| 6                   | \$26,881          | \$27,987        | \$29,093        |
| 7                   | \$27,213          | \$28,319        | \$29,425        |
| 8                   | \$27,545          | \$28,651        | \$29,757        |
| 9                   | \$27,877          | \$28,983        | \$30,089        |
| 10                  | \$28,209          | \$29,315        | \$30,421        |
| 11                  | \$28,541          | \$29,647        | \$30,753        |
| 12                  | \$28,873          | \$29,979        | \$31,085        |
| 13                  | \$29,205          | \$30,311        | \$31,417        |
| 14                  | \$29,537          | \$30,643        | \$31,749        |
| 15                  | \$29,869          | \$30,975        | \$32,081        |
| 16                  | \$30,201          | \$31,307        | \$32,413        |
| 17                  | \$30,533          | \$31,639        | \$32,745        |
| 18                  | \$30,865          | \$31,971        | \$33,077        |
| 19                  | \$31,197          | \$32,303        | \$33,409        |
| 20                  | \$31,529          | \$32,635        | \$33,741        |
| 21                  | \$31,861          | \$32,967        | \$34,073        |
| 22                  | \$32,193          | \$33,299        | \$34,405        |
| 23                  | \$32,525          | \$33,631        | \$34,737        |
| 24                  | \$32,857          | \$33,963        | \$35,069        |
| 25+                 | \$33,189          | \$34,295        | \$35,401        |

**Payment Upon Death of Retiree**

**SB 1032**

- Effective July 1, 1998, the final benefit payment, upon the death of a retiree of the OTRS, will equal a full-monthly payment regardless of the day of the month the retiree died.

**Child-related Leave of Absence**

**SB 1033**

- Effective July 1, 1998, a teacher who has exhausted sick leave and extended leave may take a leave without pay to care for his or her child for up to ninety (90) days during the first year of the child's life. Upon return to work, the teacher may pay actuarial cost in order to receive retirement credit for the time taken on leave of absence. The teacher shall notify his or her employer within thirty (30) days that he or she desires to pay the actuarial cost. The teacher shall have up to twelve months to make payment.

**Retirement Benefit Increase**

**SB 1037 and HB 2695**

- Effective July 1, 1998, retired members who retired prior to July 1, 1997, shall receive a benefit increase based upon a recalculation of their retirement benefit by adding One Thousand Four Hundred Dollars (\$1,400.00) to his or her final average salary for classified school employees and Seven Hundred Dollars (\$700.00) for unclassified employees. Certain retired members receiving benefits pursuant to §17-105 of title 70 shall receive a five and four-tenths percent (5.4%) increase. The retirement benefit increase shall terminate June 30, 1999, and may be reauthorized by the Legislature.

- Retirees will receive an average benefit increase of 5.4%. The total cost to the retirement system for the benefit enhancement is \$175,000,000.

## **Tax Deferral of Employee Contributions**

**SB 1037**

- Effective July 1, 1998, employee contributions to OTRS shall be treated as tax deferred by all school districts.

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