ENROLLED HOUSE
BILL NO. 2855

By: Steidley of the House

and

Monson of the Senate

An Act relating to state employees; amending 74 O.S. 1991, Section 840.3, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 2, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-1.3), which relates to definitions used in the Oklahoma Personnel Act; clarifying applicability of definitions; amending 74 O.S. 1991, Section 841.14, as last amended by Section 6, Chapter 287, O.S.L. 1997, and as last renumbered by Section 20, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-2.27C), which relates to reduction-in-force plans; adding requirement for creation of an interagency advisory task force under certain circumstances; providing for duties and membership; amending Sections 7 and 12, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Sections 840-2.27D and 840-2.28), which relate to severance benefits and voluntary out benefits; modifying agency severance benefits; deleting certain severance benefit options; modifying and authorizing certain insurance coverages for additional lengths of time for state employees separated as a result of certain reductions-in-force; adding eligibility requirements for severance benefits for part-time employees; authorizing former state employees to reinstate health insurance coverage under certain circumstances; providing for payment of the insurance premium; modifying agency voluntary out benefits; modifying and deleting certain voluntary out options; adding eligibility requirements for voluntary out benefits for part-time employees; deleting requirements and restrictions concerning voluntary out benefits; amending 74 O.S. 1991, Section 1316.2, as last amended by Section 22, Chapter 2, O.S.L. 1997 and 1316.3, as last amended by Section 23, Chapter 2, O.S.L. 1997 (74 O.S. Supp. 1997, Sections 1316.2 and 1316.3), which relate to the State and Education Employees Group Insurance Act; adding exception to insurance reinstatement prohibition; allowing certain members of Oklahoma Law Enforcement Retirement System and the Teachers' Retirement System of Oklahoma to purchase termination credit if terminated pursuant to a reduction-in-force; providing procedures, requirements, and restrictions for the purchase and use of termination credit; amending Section 1, Chapter 285, O.S.L. 1997 (74 O.S. Supp. 1997, Section 913c), which relates to termination credit in the Oklahoma Public Employees Retirement System; modifying eligibility date for reductions-in-force under which termination credit may be purchased; repealing Section 13, Chapter 287, O.S.L. 1997 (47 O.S. Supp. 1997, Section 2-307.6), which relates to the purchase of retirement source credit in the Oklahoma Law Enforcement Retirement System; repealing Section 14, Chapter 287, O.S.L. 1997 (70 O.S. Supp. 1997, Section 17-116.11), which relates to the purchase of retirement service credit in the Teachers' Retirement System of Oklahoma; repealing Section 11, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-2.27H), which relates to the Reduction-In-Force Premium Payment Fund; repealing Section 15, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 913d), which relates to the purchase of severance credit in the Oklahoma Public Employees Retirement System; 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 74 O.S. 1991, Section 840.3, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 2, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-1.3), is amended to read as follows:

Section 840-1.3 As used in the Oklahoma Personnel Act, unless otherwise provided ~~by law~~ in Sections 840-1.1 through 840-6.9 of this title:

1. "Agency" means any office, department, board, commission or institution of the executive branch of state government;

2. "Employee" or "state employee" means an elected or appointed officer or employee of an agency unless otherwise indicated;

3. "Appointing authority" means the chief administrative officer of an agency;

4. "Class" or "class of positions" means positions that are sufficiently similar in duties, levels of responsibility, and requirements of the work to warrant similar treatment as to title, pay grade, and minimum qualifications;

5. "Class specification" means a written document that describes a class;

6. "Classification plan" means the orderly arrangement of positions within an agency into separate and distinct classes so that each class will contain those positions which involve similar or comparable skills, duties and responsibilities;

7. "Classified service" means state employees and positions under the jurisdiction of the Oklahoma Merit System of Personnel Administration;

8. "Entrance examination" means any employment test used by the Office of Personnel Management to rank the names of applicants who possess the minimum requirements of education, experience, or licensure for a class on a register of eligibles established by the Office of Personnel Management;

9. "Promotional examination" means any employment test designated by the Office of Personnel Management to determine further the qualifications of a permanent classified employee of a state agency for employment in a different class for which the

employee possesses the minimum qualifications of education, experience, or licensure within that agency;

10. "Interagency transfer" means an action in which an employee leaves employment with one agency and enters employment with another agency while continuously employed with the state;

11. "Intra-agency transfer" means moving an employee from one position to another position with the same agency either with or without reclassification;

12. "Job-related organization" means a membership association which collects annual dues, conducts annual meetings and provides job-related education for its members and which includes state employees, including any association for which payroll deductions for membership dues are authorized pursuant to paragraph 5 of subsection B of Section 7.10 of Title 62 of the Oklahoma Statutes;

13. "Lateral transfer" means reclassification of an employee to another class with the same salary grade;

14. "Merit Rules" or "Merit Rules for Employment" or "Merit System of Personnel Administration Rules" means rules adopted by the Administrator of the Office of Personnel Management or the Oklahoma Merit Protection Commission pursuant to the Oklahoma Personnel Act;

15. "Noncompetitive appointment" means the appointment of a person to a noncompetitive class;

16. "Noncompetitive class" means a class of positions of unskilled or semiskilled labor or a similar class designated by the Office of Personnel Management as noncompetitive;

17. "Permanent classified employee" means a classified service employee who has acquired permanent status in accordance with the Oklahoma Personnel Act, and rules adopted pursuant thereto, and who has the right to appeal involuntary demotion, suspension without pay, and discharge to the Commission;

18. "Presiding official" means a person serving the Oklahoma Merit Protection Commission in the capacity of administrative hearing officer, mediator, or other alternative dispute resolution arbitrator or facilitator;

19. "Progressive discipline" means a system designed to ensure the consistency, impartiality and predictability of discipline and the flexibility to vary penalties if justified by aggravating or mitigating conditions;

20. "Regular and consistent" means, in connection with the work assignments of an employee, the usual and normal work assignments of the employee, excluding incidental, casual, or occasional tasks and activities the employee assumes without direction to do so. Temporary work assignments of less than sixty (60) days in any twelve (12) consecutive months period shall not be considered regular and consistent;

21. "Regular unclassified service employee" means an unclassified service employee who is not on a temporary or other time-limited appointment;

22. "Unclassified service" or "exempt service" means employees and positions excluded from coverage of the Oklahoma Merit System of Personnel Administration;

23. "Merit System" means the Oklahoma Merit System of Personnel Administration;

24. "Administrator" means the appointing authority of the Office of Personnel Management;

25. "Executive Director" means the appointing authority of the Oklahoma Merit Protection Commission;

26. "Office" means the Office of Personnel Management;

27. "Commission" means the Oklahoma Merit Protection Commission;

28. "Veteran" means a person who has been honorably discharged from the Armed Forces of the United States and has been a resident of Oklahoma for at least one (1) year prior to the date of the examination; and

29. "Voluntary out" means the voluntary separation of employees from the state service in exchange for benefits offered by an agency in order to reduce or eliminate the adverse impact of an imminent reduction-in-force.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 841.14, as last amended by Section 6, Chapter 287, O.S.L. 1997, and as last renumbered by Section 20, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-2.27C), is amended to read as follows:

Section 840-2.27C A. Whenever a reduction-in-force occurs, the appointing authority shall provide a plan for such reduction-in-force at least sixty (60) days before the scheduled beginning of reduction-in-force separations or as otherwise provided by law. A reduction-in-force shall not be used as a disciplinary action. The reduction-in-force plan of an agency, except for the fiscal components of the plan as provided by paragraph 1 of this subsection, in the executive branch of state government is subject to the approval of the Administrator of the Office of Personnel Management who shall reject any plan that is not in substantial compliance with this section and the rules promulgated hereunder.

1. The Director of the Office of State Finance shall review the fiscal components of the plan and reject any plan that does not:

a. demonstrate that funds are available to cover projected costs,

b. contain an estimate of the number of affected employees likely to participate in the education voucher program established in Section ~~7~~ 840-2.27D of this ~~act~~ title, and

c. contain an estimate of the cost savings or reduced expenditures likely to be achieved by the agency.

2. If the reduction-in-force is conducted pursuant to a reorganization, the fiscal components of the reduction-in-force plan shall contain reasons for the reorganization, which may include, but not be limited to, increased efficiency, improved service delivery, or enhanced quality of service.

B. The reduction-in-force plan and subsequent personnel transactions directly related to the reduction-in-force shall be in compliance with rules adopted by the Administrator. The appointing authority shall post in each office of executive branch agencies affected by the proposed reduction-in-force plan a copy of the plan five (5) days prior to the submission of the proposed plan to the Administrator and the Director of State Finance. An approved reduction-in-force plan, the description of and reasons for displacement limits and protections from displacement actions, severance benefits that will be offered pursuant to Section ~~7~~ 840-2.27D of this ~~act~~ title, and the implementation schedule shall be posted in each office affected by the plan within two (2) business days after approval of the plan by the Administrator for executive branch agencies or appointing authorities in the legislative and judicial departments. The plan shall:

1. Provide for the appointing authority to determine the specific position or positions to be abolished within specified units, divisions, facilities, agency-wide or any parts thereof;

2. Provide for retention of affected employees based on classification and type of appointment. If an agency has both classified and unclassified positions in affected classes, the

appointing authority shall not reduce a higher percentage of occupied classified positions than occupied unclassified positions;

3. Require the separation of probationary classified affected employees in affected classes, except those affected employees on probationary status after reinstatement from permanent classified status without a break in service, prior to the separation or displacement of any permanent classified affected employee in an affected class;

4. Require the separation of limited term unclassified affected employees and regular unclassified affected employees with less than six (6) months continuous service in affected classes prior to the separation or displacement of regular unclassified affected employees with six (6) months or more of continuous service in an affected class;

5. Provide for retention of permanent classified affected employees in affected classes and those affected employees on probationary status after reinstatement from permanent classified status without a break in service based upon consideration of years of service;

6. Provide for exercise of displacement opportunities by permanent classified affected employees and those affected employees on probationary status after reinstatement from permanent classified status without a break in service if any displacement opportunities exist; and

7. Provide outplacement assistance and employment counseling from the Oklahoma Employment Security Commission and any other outplacement assistance and employment counseling made available by the agency to affected employees regarding the options available pursuant to ~~this act~~ <u>the State Government Reduction-in-Force and Severance Benefits Act</u> prior to the date that a reduction-in-force is implemented.

C. The appointing authority may limit displacement of affected employees at the time of a reduction-in-force. Displacement limits shall not be subject to the approval of the Administrator. Any limitation shall be based upon reasonable, written, articulated criteria as certified by the appointing authority. If displacement is limited, the appointing authority shall take action to avoid or minimize any adverse impact on minorities or women. However, if an appointing authority does not limit displacement, the appointing authority shall explain in writing the reasons displacement was not limited.

1. The appointing authority may protect from displacement action up to twenty percent (20%) of projected post-reduction-in-force employees in affected positions within displacement limits; provided, that any fractional number resulting from the final mathematical calculation of the number of those positions shall be rounded to the next higher whole number. The appointing authority must explain why affected employees are being protected, which explanation shall not be subject to the approval of the Administrator.

2. If the affected employee has not held within the last five (5) years a position in the class in which the affected employee is otherwise eligible for a displacement opportunity, the appointing authority may determine that the affected employee does not possess the recent relevant experience for the position and deny in writing the displacement opportunity.

3. An affected permanent classified employee may exercise a displacement privilege, if one exists, if the affected employee has received an overall rating of at least "satisfactory", or its equivalent, on the most recent annual service rating. If an

affected employee has not been rated in accordance with the time limits established in Section 840-4.17 of this title, the employee shall be deemed to have received an overall rating of at least "satisfactory" on the most recent service rating. An affected employee who exercises a displacement privilege pursuant to this section shall:

a. be required, as a condition of continued employment by the agency, to sign an agreement, in a form to be prescribed by the Administrator of the Office of Personnel Management, acknowledging that the employee had an opportunity to receive severance benefits and affirmatively elected to exercise a displacement privilege and to forego such benefits. An affected employee who signs the agreement required by this subparagraph waives any privilege which might otherwise have been available to the affected employee pursuant to the agreement for the provision of severance benefits, and

b. not have the right to exercise any subsequent right to receive severance benefits from the agency for which the affected employee performs services on the date that the employee exercises a displacement privilege. The provisions of this section shall not prohibit any person from exercising a displacement privilege in, or accepting severance benefits from, more than one agency during employment with the State of Oklahoma or from the agency which the affected employee exercised a displacement privilege in any future reduction-in-force.

D. An affected employee who does not agree pursuant to Section ~~8~~ 840-2.27E of this ~~act~~ title to accept severance benefits and who does not have a displacement opportunity or does not accept a displacement opportunity shall be separated by the reduction-in-force and shall not receive any severance benefits that would have otherwise been provided pursuant to Section ~~7~~ 840-2.27D of this ~~act~~ title.

E. Permanent classified affected employees and those affected employees on probationary status after reinstatement from permanent classified status without a break in service removed from a class by taking a position in another class through displacement or separated after foregoing severance benefits shall be recalled by the agency to the class from which removed in inverse order of removal before the agency may appoint other persons to the class, from the employment register, by internal action or from Priority Reemployment Consideration Rosters as provided by this section. Upon declination of an offer of reappointment to the class from which removed or eighteen (18) months after the date of removal from the class, whichever is first, this right to be recalled shall expire.

F. The names of permanent classified affected employees, those affected employees on probationary status after reinstatement from permanent classified status without a break in service and regular unclassified affected employees with six (6) months or more continuous service who have been separated pursuant to the State Government Reduction-in-Force and Severance Benefits Act, who apply and meet all requirements for state jobs in the classified service shall be placed on Priority Reemployment Consideration Rosters in accordance with their individual final earned ratings for a maximum of eighteen (18) months after the date of separation. Before any vacant position is filled by any individual eligible for initial appointment from the employment register, individuals on the Priority Reemployment Consideration Rosters shall be given priority consideration for reemployment by any state agency within eighteen (18) months after the date of the reduction-in-force. Upon declination of an offer of reemployment to a class having the same or higher grade than that class from which removed, or eighteen (18) months after the date of separation, whichever is first, this priority consideration for reemployment shall expire. If an agency, including but not limited to the University Hospitals Authority, has posted a reduction-in-force plan and implementation schedule, all affected employees in positions covered by the plan and any within the displacement limits established by the appointing authority of the agency who have been separated shall be eligible for priority reemployment consideration.

G. If an agency or any part thereof is scheduled to be closed or abolished as a result of legislation or a court order, the affected employees, who would be eligible for Priority Reemployment Consideration after their separation in accordance with subsection F of this section, may apply and, if qualified and eligible, shall be accorded Priority Reemployment Consideration not to exceed twelve (12) months before the scheduled date of separation. If an agency, including but not limited to the University Hospitals Authority, has posted a reduction-in-force plan and implementation schedule, all affected employees in positions covered by the plan and any within the displacement limits established by the appointing authority of the agency shall be eligible for Priority Reemployment Consideration beginning with the date the schedule is posted, not to exceed twelve (12) months before the scheduled date of separation.

H. When the Legislature is not in session, the Contingency Review Board may, upon the request of the Governor, direct agencies, boards and commissions to reduce the number of employees working for said agency, board or commission whenever it is deemed necessary and proper. Such reduction shall be made pursuant to reduction-in-force plans as provided in this section.

I. 1. When the Legislature is not in session, the Contingency Review Board may, upon the request of the Governor, direct and require mandatory furloughs for all state employees whenever it is deemed necessary and proper. The Contingency Review Board shall specify the effective dates for furloughs and shall note any exceptions to state employees affected by same. All classified, unclassified, exempt or nonmerit employees, including those employees of agencies or offices established by statute or the Constitution, shall be affected by such actions.

2. Mandatory furlough means the involuntary temporary reduction of work hours or the placement of an employee on involuntary leave without pay. Rules governing leave regulations, longevity pay and participation in the State Employees Group Health, Dental, Disability, and Life Insurance program shall not be affected by mandatory furloughs. Furlough, as provided for in this section or by rules adopted by the Administrator of the Office of Personnel Management, shall not be appealable under the provisions of the Oklahoma Personnel Act.

3. Notwithstanding existing laws or provisions to the contrary, members of state boards and commissions shall not receive per diem expenses during periods of mandatory furlough. The Contingency Review Board shall additionally call upon elected officials, members of the judiciary, and other public officers whose salary or emoluments cannot be altered during current terms of office, to voluntarily donate to the General Revenue Fund any portion of their

salary which would otherwise have been affected by a mandatory furlough.

J. All agencies directed by the Contingency Review Board to terminate or furlough employees, shall report the cumulative cost savings achieved by the reductions-in-force or furloughs to the Governor, President Pro Tempore of the Senate and Speaker of the House of Representatives on a quarterly basis for one (1) year following the effective date of the action.

K. The appointing authority of an agency which has an approved reduction-in-force plan pursuant to the State Government Reduction-in-Force and Severance Benefits Act may request the Administrator of the Office of Personnel Management to appoint an interagency advisory task force for the purpose of assisting the agency and its employees with the implementation of the reduction-in-force. The appointing authority of state agencies requested by the Administrator to participate on a task force shall assign appropriate administrative personnel necessary to facilitate the necessary assistance required for the efficient implementation of the approved reduction-in-force.

L. Except as otherwise provided, the University Hospitals Authority shall not be subject to the provisions of this section. Beginning ~~after the effective date of this act~~ August 25, 1995, the provisions of subsection E of this section regarding priority reemployment consideration shall apply to any employee of the University Hospitals Authority who was employed on or became employed after February 1, 1995, and who ~~are~~ is separated from state service as a result of a reduction-in-force. The University Hospitals Authority shall conduct a reduction-in-force to terminate employees, regardless of status, whose positions are eliminated because of a contract with a private nongovernmental entity for the lease and operations of the University Hospitals pursuant to the University Hospitals Authority Act.

SECTION 3. AMENDATORY Section 7, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-2.27D), is amended to read as follows:

Section 840-2.27D A. Agencies shall provide severance benefits to the following categories of affected employees who are separated from the state service as a result of a reduction-in-force ~~which occurs after the effective date of this act~~: permanent classified affected employees, affected employees on probationary status after reinstatement from permanent classified status without a break in service, and regular unclassified affected employees with six (6) months or more continuous state service; provided, however, affected employees of the University Hospitals Authority must have been continuously employed in the state service since on or before January 1, 1995, to receive severance benefits. Affected employees who qualify for severance benefits pursuant to this section, in addition to the payment of any compensable accrued leave or other benefits an affected employee is eligible to receive upon separation from the state service, shall receive severance benefits consisting of the following elements:

1. All agency severance benefits shall provide the following:

   a. payment ~~of~~ equal to the affected employee's current health insurance premium for the affected employee only for ~~the~~ eighteen (18) months ~~following separation or payment of an equivalent amount for current health insurance premiums that the affected employee would otherwise have received, pursuant to this subsection,~~ based on the cost of the premium at the time of the reduction-in-force. ~~The affected employee can~~

~~maintain other insurance coverages offered to state employees during the eighteen-month period, provided that the affected employee shall pay all nonhealth premiums. The affected employee shall pay premiums directly to the Oklahoma State Employees Benefits Council. Provided, however, the affected employee shall be eligible during the annual option period to change health insurance carriers and other insurance coverages for which the affected employee is paying premiums. Following the initial eighteen-month period after separation, the affected employee shall be entitled to any health and other insurance coverage pursuant to federal law. If the affected employee elects the continued health insurance coverage option in this subparagraph and the affected employee, within the coverage period, decides to cancel the coverage or the affected employee receives coverage under another employer's health benefit plan, the affected employee's rights to benefits pursuant to this subsection shall terminate. The affected employee shall receive a payment for the equivalent of the cost of the remaining months of coverage based on the premium at the time of the reduction-in-force. Agencies which are abolished shall transfer monies to the Reduction-in-Force Premium Payment Fund created by Section 11 of this act to provide premium payment if applicable for affected employees of abolished agencies.~~ The appointing authority of the agency can ask the Director of the Office of State Finance to waive the severance benefit provision in this subparagraph or to reduce the length of coverage or subsequent severance benefit payment upon demonstration of the agency's inability to fund the full benefit,

b. a longevity payment, as prescribed by Section 840-2.18 of ~~Title 74 of the Oklahoma Statutes~~ <u>this title</u>, in the amount which would otherwise be paid to the affected employee on the affected employee's next anniversary date. For the purposes of this subparagraph, the University Hospitals Authority shall calculate longevity for affected employees who were members of the University Hospitals Authority Model Personnel System pursuant to Section 3211 of Title 63 of the Oklahoma Statutes for all state service as would otherwise be determined by Section 840-2.18 of ~~Title 74 of the Oklahoma Statutes~~ <u>this title</u>, and

c. outplacement assistance and employment counseling prior to and after the reduction-in-force from the Oklahoma Employment Security Commission and other state or private entities that the entity may contract with to assist individuals who may be impacted by a reduction-in-force;

2. In addition to the severance benefits provided by paragraph 1 of this subsection, agencies may give affected employees, except as otherwise provided by paragraph 3 of this subsection, severance benefit packages based on any combination of the following options, provided that all affected employees who receive severance benefits in the reduction-in-force shall be accorded uniform treatment pursuant to the State Government Reduction-in-Force and Severance Benefits Act:

a. up to one (1) week of pay, calculated by dividing the affected employee's current annual salary by the whole number fifty-two (52), for each year of service,

b. a maximum lump-sum payment of Five Thousand Dollars ($5,000.00), and

c. payment for accumulated sick leave or extended illness benefits at up to one-half of the affected employee's hourly rate not otherwise used pursuant to law for conversion to credited retirement credit~~, and~~

~~d. payment of health benefit premiums as provided by the Public Health Service Act, 42 U.S.C., Section 300bb-1 et seq., for a period not to exceed eighteen (18) months. The agency shall not be authorized to make a cash payment to the affected employee in lieu of the payment by the agency of the cost of continued health care coverage for the affected employee~~; and

3. ~~In lieu of the~~ An affected employee may direct payment of all or a portion of the affected employee's severance benefits to the options authorized by ~~paragraphs 1 and 2 of this subsection, the affected employee may:~~

~~a. exercise an option to have the agency make payment to the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma or the Oklahoma Public Employees Retirement System of the amount, or some part of the amount, which would otherwise have resulted in a cash payment to the affected employee. The payment authorized by this subparagraph may be applied toward the cost of the purchase by the affected employee of as many additional years of service within the applicable retirement system as can be purchased with available funds. Other sources of funds may not be used to purchase retirement credit pursuant to this section. Purchases of such service shall be subject to the requirements of:~~

~~(1) Section 13 of this act for service purchased in the Oklahoma Law Enforcement Retirement System,~~

~~(2) Section 14 this act for service purchased in the Teachers' Retirement System of Oklahoma, and~~

~~(3) Section 15 of this act for service purchased in the Oklahoma Public Employees Retirement System.~~

~~If the cash available for purchase of the retirement credit equals the cost of the retirement credit purchased by the affected employee, the affected employee shall receive no further severance benefits offered pursuant to paragraphs 1 and 2 of this subsection. If the cash available for purchase of the retirement credit is greater than the cost of the retirement credit purchased by the affected employee, the affected employee shall have the right to use the balance of the payments to acquire other severance benefits,~~

~~b. exercise an option to acquire additional insurance products offered to state employees either for the affected employee or the dependents of the affected employee, or~~

~~c. exercise~~ this paragraph by exercising an option to receive education vouchers for use in connection with the Reduction-in-Force Education Voucher Action Fund subject to the following requirements and rules of the

Administrator of the Office of Personnel Management, provided that the agency offers to match employee severance funds pursuant to this paragraph. In such case:

~~(1)~~ a. the affected employee may purchase One Dollar ($1.00) in voucher credit for each One Dollar ($1.00) contributed by the affected employee to the fund subject to a maximum affected employee contribution of Three Thousand Dollars ($3,000.00) which may be matched by a maximum agency contribution of Three Thousand Dollars ($3,000.00); provided, that the agency contribution shall not exceed the contribution of the affected employee,

~~(2)~~ b. the affected employee may pay the cost for the voucher program directly, subject to the requirements of ~~division (1)~~ subparagraph a of this ~~subparagraph~~ paragraph, or the employing agency of the affected employee may pay the cost of the voucher from funds which would otherwise have been used to make payments to the displaced affected employee pursuant to an election by the affected employee to receive severance benefits,

~~(3)~~ c. no voucher issued pursuant to the provisions of this paragraph shall:

~~(a)~~ (1) be redeemed by the affected employee for cash or anything of value other than the cost of tuition and fees at a public or private educational institution within the State of Oklahoma, or

~~(b)~~ (2) be valid longer than a period of four (4) years from the date upon which the voucher is issued to the affected employee,

~~(4)~~ d. the Administrator of the Office of Personnel Management shall pay tuition and fees directly to the educational institution and shall receive any refunds for payment of tuition and fees from the educational institution which shall be credited to the affected employee's account, and

~~(5)~~ e. the Administrator of the Office of Personnel Management shall distribute to the affected employee and the agency any monies remaining in the affected employee's account after the voucher credit has expired. The distribution shall be based on the proportional share of contributions made by the affected employee and the agency.

B. Each affected employee who is separated from state service as a result of a reduction-in-force after July 1, 1998, besides being eligible for the eighteen (18) months of continuation coverages provided by the Public Health Service Act, 42 U.S.C., Section 30066-1 et seq., i.e., health, dental, vision and healthcare reimbursement account options, under this severance benefit, shall also be eligible to elect additional continuation coverage for any life insurance, in twenty-thousand-dollar units, on self or five-thousand-dollar units, on dependents, and to continue participation in the dependent care reimbursement account provided that these additional coverages were in effect immediately prior to the effective date of the reduction-in-force, the date of which shall serve as the qualifying event date. Provided, that no coverage elected for continuation through the Public Health Service Act for the full eighteen-month period is allowed to lapse, then that affected employee may elect to continue those same coverages for an additional eighteen (18) months at whatever rate is then in effect. This additional eighteen-month continuation period of coverage shall be administered by the Oklahoma State Employees Benefits Council following the initial eighteen-month period of continuation which shall be administered by the COBRA office at the State and Education Employees Group Insurance Board.

C. Part-time affected employees shall receive benefits pursuant to this section on a prorated basis. Part-time employees shall have been compensated for at least one thousand (1,000) hours during the twelve (12) months immediately preceding the effective date of the reduction-in-force to be eligible for severance benefits pursuant to the State Government Reduction-in-Force and Severance Benefits Act.

~~C.~~ D. No appointing authority shall grant affected employees in a reduction-in-force severance benefits except as provided in this section.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27I of Title 74, unless there is created a duplication in numbering, reads as follows:

A. An affected former state employee who:

1. Had a vested or retirement benefit pursuant to the provisions of any of the state public retirement systems;

2. Was separated from state service as a result of a reduction-in-force since July 1, 1997; and

3. Was offered severance benefits pursuant to the State Government Reduction-in-Force and Severance Benefits Act,

may reinstate health insurance coverage any time within two (2) years following the date of the reduction-in-force from the state, and be eligible for the purchase of all other benefits available to former employees with a vested benefit of the state public retirement system of which the employee is a member.

B. Former employees who elect to reinstate health insurance coverage pursuant to this section shall provide satisfactory evidence of insurability after a break in coverage of one hundred eighty (180) days or more.

C. The provisions of subsection A of this section shall apply to an affected former state employee who may have elected non-state-sponsored health insurance coverage or who initially may have elected one of the available state-sponsored health insurance plans but later cancels either of those elected coverages.

D. A former employee who reinstates health insurance coverage pursuant to this section shall pay the full cost of the insurance premium at the then available rate and pursuant to the rules and enrollment procedures established by the State and Education Employees Group Insurance Board. The former employee will be subject to the same rate changes as those made available to all other state vested or retired employees. The former employee may elect coverage for the employee's current dependents if the election is made within thirty (30) days of reinstatement of health insurance.

SECTION 5. AMENDATORY Section 12, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-2.28), is amended to read as follows:

Section 840-2.28 A. Agencies shall be authorized to provide voluntary out benefits to permanent classified employees and regular unclassified employees with six (6) months of continuous state service who are voluntarily separated ~~after the effective date of this act~~ from the state service in order to reduce or eliminate the adverse impact of an imminent reduction-in-force. For purposes of this section, "agency" or "agencies" shall include agencies, boards, commissions, or departments of all three branches of state government. Voluntary out benefit payments made pursuant to this section, in addition to the payment of any compensable accrued leave and other benefits an employee who voluntarily separates is eligible to receive upon separation from the state service, shall consist of the following elements:

1. All agency voluntary out benefits shall provide the following:

a. payment ~~of~~ equal to the employee's current health insurance premium for the employee only for ~~the~~ eighteen (18) months ~~following separation or payment of an equivalent amount for current health insurance premiums that the employee would otherwise have received, pursuant to this subsection,~~ based on the cost of the premium at the time of the voluntary separation~~. The employee can maintain other insurance coverages offered to state employees during the eighteen-month period, provided that the employee shall pay all nonhealth premiums. The employee shall pay premiums directly to the Oklahoma State Employees Benefits Council. Provided, however, the employee shall be eligible during the annual option period to change health insurance carriers and other insurance coverages for which the employee is paying premiums. Following the initial eighteen-month period after separation, the employee shall be entitled to any health and other insurance coverage pursuant to federal law. If the employee elects the continued health insurance coverage option in this subparagraph and the employee, within the coverage period, decides to cancel the coverage or the employee receives coverage under another employer's health benefit plan, the employee's rights to benefits pursuant to this subsection shall terminate. The employee shall receive a payment for the equivalent of the cost of the remaining months of coverage based on the premium at the time of the reduction-in-force. Agencies which are abolished shall transfer monies to the Reduction-in-Force Premium Payment Fund created by Section 11 of this act to provide premium payment if applicable for affected employees of abolished agencies~~, and

b. a longevity payment, as prescribed by Section 840-2.18 of ~~Title 74 of the Oklahoma Statutes~~ this title in the amount which would otherwise be paid to the employee on the employee's next anniversary date. For the purposes of this subparagraph, the University Hospitals Authority shall calculate longevity for employees who were members of the University Hospitals Authority Model Personnel System pursuant to Section 3211 of Title 63 of the Oklahoma Statutes for all state service as would otherwise be determined by Section 840-2.18 of ~~Title 74 of the Oklahoma Statutes~~ this title;

2. In addition to the voluntary out benefits provided by paragraph 1 of this subsection, agencies may give employees, except as otherwise provided by paragraph 3 of this subsection, voluntary out benefit packages based on any combination of the following options, provided that all employees who are separated as a result of the agency offer of a voluntary out benefit pursuant to this section in anticipation of the imminent reduction-in-force are accorded uniform treatment pursuant to this section:

a. up to one (1) week of pay, calculated by dividing the employee's current annual salary by the whole number fifty-two (52), for each year of service,

b. a maximum lump-sum payment of Five Thousand Dollars ($5,000.00),

c. payment for accumulated sick leave or extended illness benefits at up to one-half of the employee's hourly rate not otherwise used pursuant to law for conversion to credited retirement credit, and

d. payment of health benefit premiums as provided by the Public Health Service Act, 42 U.S.C., Section 300bb-1 et seq., for a period not to exceed eighteen (18) months. The agency shall not be authorized to make a cash payment to the employee in lieu of the payment by the agency of the cost of continued health care coverage for the employee; and

3. ~~In lieu of the~~ An employee may direct payment of all or a portion of the employee's voluntary out benefits to the options authorized by ~~paragraphs 1 and 2 of this subsection, the employee may:~~

~~a. exercise an option to have the agency make payment to the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma or the Oklahoma Public Employees Retirement System of the amount, or some part of the amount, which would otherwise have resulted in a cash payment to the employee. The payment authorized by this subparagraph may be applied toward the cost of the purchase by the employee of as many additional years of service within the applicable retirement system as can be purchased with available funds. Other sources of funds may not be used to purchase retirement credit pursuant to this section. Purchases of such service shall be subject to the requirements of:~~

~~(1) Section 13 of this act for service purchased in the Oklahoma Law Enforcement Retirement System,~~

~~(2) Section 14 of this act for service purchased in the Teachers' Retirement System of Oklahoma, and~~

~~(3) Section 15 of this act for service purchased in the Oklahoma Public Employees Retirement System.~~

~~If the cash available for purchase of the retirement credit equals the cost of the retirement credit purchased by the employee, the employee shall receive no further voluntary out benefits offered pursuant to paragraphs 1 and 2 of this subsection. If the cash available for purchase of the retirement credit is greater than the cost of the retirement credit purchased by the employee, the employee shall have the right to use the balance of the payments to acquire other voluntary out benefits,~~

~~b. exercise an option to acquire additional insurance products offered to state employees either for the employee or the dependents of the employee, or~~

~~c. exercise~~ this paragraph by exercising an option to receive education vouchers for use in connection with the Reduction-in-Force Education Voucher Action Fund subject to the following requirements and rules of the Administrator of the Office of Personnel Management, provided that the agency offers to match employee voluntary out funds pursuant to this paragraph. In such case:

~~(1)~~ a. the employee may purchase One Dollar ($1.00) in voucher credit for each One Dollar ($1.00) contributed by the employee to the fund subject to a maximum employee contribution of Three Thousand Dollars ($3,000.00) which may be matched by a maximum agency contribution of Three Thousand Dollars ($3,000.00); provided, that the agency contribution shall not exceed the contribution of the employee,

~~(2)~~ b. the employee may pay the cost for the voucher program directly, subject to the requirements of ~~division (1)~~ subparagraph a of this ~~subparagraph~~ paragraph, or the employing agency of the employee may pay the cost of the voucher from funds which would otherwise have been used to make payments to the displaced employee pursuant to an election by the employee to receive voluntary out benefits,

~~(3)~~ c. no voucher issued pursuant to the provisions of this paragraph shall:

~~(a)~~ (1) be redeemed by the employee for cash or anything of value other than the cost of tuition and fees at a public or private educational institution within the State of Oklahoma, or

~~(b)~~ (2) be valid longer than a period of four (4) years from the date upon which the voucher is issued to the employee,

~~(4)~~ d. the Administrator of the Office of Personnel Management shall pay tuition and fees directly to the educational institution and shall receive any refunds for payment of tuition and fees from the educational institution which shall be credited to the employee's account, and

~~(5)~~ e. the Administrator of the Office of Personnel Management shall distribute to the affected employee and the agency any monies remaining in the employee's account after the voucher credit has expired. The distribution shall be based on the proportional share of contributions made by the employee and the agency.

B. Appointing authorities in agencies of the executive branch shall submit to the Director of the Office of State Finance, prior to offering voluntary out benefits pursuant to this section, a plan with details on why the agency has determined a reduction-in-force is imminent, the anticipated impact of the imminent reduction-in-force on the agency or part of the agency, the voluntary out benefits the agency intends to offer pursuant to this section and their cost, and how the agency intends to execute the offer of the voluntary out benefits. The Director shall review the fiscal components of the plan and have ten (10) business days to disapprove it.

C. Part-time employees who are eligible to receive voluntary out benefits shall receive benefits pursuant to this section on a prorated basis. Part-time employees shall have been compensated for at least one thousand (1,000) hours during the twelve (12) months immediately preceding the separation of the employee due to the employee's acceptance of a voluntary out benefit.

D. An employee who accepts voluntary out benefits pursuant to this section shall not be eligible to accept any future voluntary out benefits pursuant to this section.

~~E. An employee who accepts a voluntary out and receives voluntary out benefits pursuant to this section shall sign an agreement acknowledging that the employee knows and understands that the receipt of voluntary out benefits is in exchange, to the extent allowed by federal or state law, for any rights the employee may have had to:~~

~~1. Continued employment with any agency; and~~

~~2. Future employment with the agency for a period of one (1) year from the date of the agreement, provided that nothing in this subparagraph shall prohibit an appointing authority of any agency from employing an employee who has received a voluntary out benefit if the employee repays all voluntary out benefits received pursuant to this section on a proportional basis. The repayment amount of the voluntary out benefits received by or paid on behalf of the employee shall be reduced one-three-hundred-sixty-fifths (1/365) for each day after the separation of the employee, provided that any education voucher credit benefits shall not include agency contributions.~~

~~F. Except as provided in this section, no appointing authority shall grant employees voluntary out benefits.~~

~~G. This section shall not apply to agencies which are to be abolished pursuant to law.~~

SECTION 6. AMENDATORY 74 O.S. 1991, Section 1316.2, as last amended by Section 22, Chapter 2, O.S.L. 1997 (74 O.S. Supp. 1997, Section 1316.2), is amended to read as follows:

Section 1316.2 (1) Any employee other than an education employee who retires pursuant to the provisions of the Oklahoma Public Employees Retirement System or who has a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act, if such election to continue in force is made within thirty (30) days from the date of termination of service. Health insurance benefits offered pursuant to this section shall include the state indemnity plan, managed care plans offered in alternative to the state indemnity plan, Medicare supplements offered by the Oklahoma State and Education Employees Group Insurance Board which shall include prescription drug coverage, and Medicare risk-sharing contracts offered in alternative to the Board's Medicare supplement. Provided, all Medicare risk-sharing contracts shall be subject to a risk adjustment factor, based on generally accepted actuarial principals for adverse selection which may occur. ~~Health~~ Except as otherwise provided for in Section 4 of this act, health and dental insurance coverage may not be reinstated at a later time if the election to continue in force is declined. Vested employees other than education employees who have terminated service and are not receiving benefits and effective July 1, 1996, nonvested persons who have terminated service with more than eight (8) years of participating service with a participating employer, who within thirty (30) days from the date of termination elect to continue such coverage, shall pay the full cost of said insurance premium at the rate and pursuant to the terms and conditions established by the Board. Provided also, any employee other than an education employee who commences employment with a participating employer on or after September 1, 1991, who terminates service with such employer on or after July 1, 1996, but who otherwise has insufficient years of service to retire or terminate service with a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System or to elect to continue coverage as a nonvested employee as provided in this section, but who, immediately prior to employment with the participating employer was covered as a dependent on the health and dental insurance policy of a spouse who was an active employee other than an education employee, may count as part of his or her credited service for the purpose of determining eligibility to elect to continue coverage under this section, the time during which said terminating employee was covered as such a dependent.

(2) A retired employee other than an education employee who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board or Seventy-five Dollars ($75.00), whichever is less, which shall be paid by the Oklahoma Public Employees Retirement System to the Board in the manner specified in subsection (9) of this section.

(3) A retired employee other than an education employee who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, is sixty-five (65) years of age or older or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board shall have Seventy-five Dollars ($75.00), or the premium rate of the Medicare supplement, whichever is less, paid by the Oklahoma Public Employees Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Public Employees Retirement System does not cover the full cost of the Medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have Seventy-five Dollars ($75.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Oklahoma Public Employees Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Public Employees Retirement System does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(4) A retired employee other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board or Seventy-five Dollars ($75.00), whichever is less, which shall be paid by the Oklahoma Law Enforcement Retirement

System to the Board in the manner specified in subsection (9) of this section.

(5) A retired employee other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is sixty-five (65) years of age or older or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board shall have Seventy-five Dollars ($75.00), or the premium rate of the Medicare supplement, whichever is less, paid by the Oklahoma Law Enforcement Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Law Enforcement Retirement System does not cover the full cost of the Medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have Seventy-five Dollars ($75.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Oklahoma Law Enforcement Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Law Enforcement Retirement System does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(6) A retired employee other than an education employee who is receiving benefits from the Uniform Retirement System for Justices and Judges after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board or Seventy-five Dollars ($75.00), whichever is less, which shall be paid by the Uniform Retirement System for Justices and Judges to the Board in the manner specified in subsection (9) of this section.

(7) A retired employee other than an education employee who is receiving benefits from the Uniform Retirement System for Justices and Judges after September 30, 1988, is sixty-five (65) years of age or older or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board shall have Seventy-five Dollars ($75.00), or the premium rate of the Medicare supplement, whichever is less, paid by the Uniform Retirement System for Justices and Judges to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Uniform Retirement System for Justices and Judges does not cover the full cost of the Medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have Seventy-five Dollars ($75.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Uniform Retirement System for the Justices and Judges to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Uniform Retirement System for Justices and Judges

does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(8) Dependents of a deceased employee other than an education employee who was on active work status or on a disability leave at the time of death or of a participating retirant or of any person who has elected to receive a vested benefit under the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges or the Oklahoma Law Enforcement Retirement System may continue the health and dental insurance benefits in force provided said dependents pay the full cost of such insurance and they were covered as eligible dependents at the time of such death and such election is made within thirty (30) days of date of death. The eligibility for said benefits shall terminate for the surviving spouse when said spouse remarries or becomes eligible for another group health insurance plan. The eligibility for said benefits shall terminate for the surviving children when said children cease to qualify as dependents.

(9) The amounts required to be paid by the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges and the Oklahoma Law Enforcement Retirement System pursuant to this section shall be forwarded no later than the tenth day of each month following the month for which payment is due by the Oklahoma Public Employees Retirement System Board of Trustees or the Oklahoma Law Enforcement Retirement Board to the State and Education Employees Group Insurance Board for deposit in the Health, Dental and Life Insurance Reserve Fund.

SECTION 7. AMENDATORY 74 O.S. 1991, Section 1316.3, as last amended by Section 23, Chapter 2, O.S.L. 1997 (74 O.S. Supp. 1997, Section 1316.3), is amended to read as follows:

Section 1316.3 (1) Any person who retires pursuant to the provisions of the Teachers' Retirement System of Oklahoma or who has a vested benefit, pursuant to the provisions of the Teachers' Retirement System of Oklahoma may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act or may begin the health and dental insurance coverage if the education entity of the person is not a participant in the State and Education Employees Group Insurance Act or if the person did not participate when the education entity of the person participated in the State and Education Employees Group Insurance Act if such election to continue in force or begin is made within thirty (30) days from the date of termination of service. Health insurance benefits offered pursuant to this section shall include the state indemnity plan, managed care plans offered in alternative to the state indemnity plan, Medicare supplements offered by the Oklahoma State and Education Employees Group Insurance Board which shall include prescription drug coverage, and Medicare risk-sharing contracts offered in alternative to the Board's Medicare supplement. Provided, all Medicare risk-sharing contracts shall be subject to a risk adjustment factor, based on generally accepted actuarial principals for adverse selection which may occur. Except as provided in subsection E of Sections 5-117.5 and 14-108.1 of Title 70 of the Oklahoma Statutes and Section 4 of this act, health and dental insurance coverage may not be reinstated at a later time if the election to continue in force or begin coverage is declined. Vested persons who have terminated service and are not receiving benefits and effective July 1, 1996, nonvested persons who have terminated service with more than ten (10) years of participating service with a qualifying employer, who within thirty (30) days from the date of termination, elect to continue such coverage, shall pay the full cost of said insurance premium at the rate and pursuant to the terms and conditions established by the Board.

(2) (a) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to begin or to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board or the amount determined pursuant to subsection (4) of this section, whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section.

(b) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after June 30, 1993, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and participates in a health insurance plan provided by a participating education employer of the Teachers' Retirement System of Oklahoma other than a health insurance plan offered pursuant to the State and Education Employees Group Insurance Act or an alternative health plan offered pursuant to the Oklahoma State Employees Benefits Act shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board or the amount determined pursuant to subsection (4) of this section, whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to said education employer that provides the health insurance plan to said retired person.

(3) (a) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1988, made contributions to the system and is sixty-five (65) years of age or older, or who is under sixty-five (65) years of age and is eligible for Medicare and is a participant in the State and Education Employees Group Insurance Act and elects coverage under the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board, shall have the amount determined pursuant to subsection (4) of this section, or the premium rate of the Medicare supplement, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare supplement, the retired person shall pay to the Board the remaining amount if the retired person wants to continue the coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have the amount determined pursuant to subsection (4) of this section or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(b) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after June 30, 1993, made contributions to the system and is sixty-five (65) years of age or older, or who is under sixty-five (65) years of age and is eligible for Medicare and participates in a health insurance plan provided by a participating education employer of the Teachers' Retirement System of Oklahoma other than a health insurance plan offered pursuant to the State and Education Employees Group Insurance Act or an alternative health plan offered pursuant to the Oklahoma State Employees Benefits Act and elects coverage under the Medicare supplement offered by the Oklahoma State and Education Employees Group Insurance Board, shall have the amount determined pursuant to subsection (4) of this section, or the premium rate of the Medicare supplement, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the education employer that provides the health insurance plan to said retired person. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare supplement, the retired person shall pay to said employer the remaining amount if the retired person wants to continue the coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have the amount determined pursuant to subsection (4) of this section or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (8) of this section. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(4) Beginning July 1, 1993, the maximum benefit payable by the Teachers' Retirement System of Oklahoma on behalf of a retired person toward said person's monthly premium for health insurance shall be determined in accordance with the following schedule:

		LESS THAN	
		25 YEARS BUT	GREATER
	LESS THAN	GREATER THAN	THAN
24.99			
AVERAGE SALARY	15 YEARS OF	14.99 YEARS	YEARS OF
USED FOR DETERMINING	CREDITABLE	OF CREDITABLE	
	CREDITABLE		
RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
Less than $20,000.00	$73.00	$74.00	$75.00
Less than $30,000.00 but greater than $19,999.99	$72.00	$73.00	$74.00
Less than $40,000.00 but greater than $29,999.99	$71.00	$72.00	$73.00
$40,000.00 or greater	$70.00	$71.00	$72.00

(5) If a person retires and begins to receive benefits from the Teachers' Retirement System of Oklahoma or terminates service and has a vested benefit with the Teachers' Retirement System of Oklahoma, the person may elect, in the manner provided in subsection (1) of this section, to participate in the dental insurance plan offered through the State and Education Employees Group Insurance Act. The person shall pay the full cost of the dental insurance.

(6) Those persons who are receiving benefits from the Teachers' Retirement System of Oklahoma and have health insurance coverage which on the operative date of this section is being paid by the education entity from which the person retired shall make the election required in subsection (1) of this section within thirty (30) days of the termination of said health insurance coverage. The

person making the election shall give the Board certified documentation satisfactory to the Board of the termination date of the other health insurance coverage.

(7) Dependents of a deceased education employee who was on active work status or on a disability leave at the time of death or of a participating retirant or of any person who has elected to receive a vested benefit under the Teachers' Retirement System of Oklahoma may continue the health and dental insurance benefits in force provided said dependents pay the full cost of such insurance and they were covered as eligible dependents at the time of such death and such election is made within thirty (30) days of date of death. The eligibility for said benefits shall terminate for the surviving spouse when said spouse remarries or becomes eligible for another group health insurance plan. The eligibility for said benefits shall terminate for the surviving children when said children cease to qualify as dependents.

(8) The amounts required to be paid by the Teachers' Retirement System of Oklahoma pursuant to this section shall be forwarded no later than the tenth day of each month following the month for which payment is due by the Board of Trustees of the Teachers' Retirement System of Oklahoma to the State and Education Employees Group Insurance Board for deposit in the Education Employees Group Insurance Reserve Fund.

(9) Notwithstanding any provision in this section to the contrary, any person who retires pursuant to the provisions of the Teachers' Retirement System of Oklahoma after June 30, 1995, or terminates service with a vested benefit, pursuant to the provisions of the Teachers' Retirement System of Oklahoma after June 30, 1995, may participate in the health and dental plans authorized by the provisions of the State and Education Employees Group Insurance Act only if said person continues to participate in said insurance plans offered by the State and Education Employees Group Insurance Board for a period of at least three (3) consecutive years immediately prior to retirement or termination of service, or the education employer from which the person either retires or terminates service with a vested benefit obtains health and dental insurance coverage as provided for in the State and Education Employees Group Insurance Act.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2-307.7 of Title 47, unless there is created a duplication in numbering, reads as follows:

A. A member of the Oklahoma Law Enforcement Retirement System who has ten (10) or more years of full-time-equivalent employment with a participating employer, and who is terminated by a state agency or other state governmental entity because the member's position is eliminated through a reduction-in-force after July 1, 1998, and is within three (3) years of a normal retirement date as defined in paragraph 7 of Section 2-300 of Title 47 of the Oklahoma Statutes may purchase termination credit of a period not to exceed the lesser of three (3) years or the number of years or months or both years and months required in order for the member to reach normal retirement date in the same period of time and with the same service credit which would have otherwise accrued if the termination had not occurred.

B. In order to receive the termination credit authorized by this section, the member shall be required to file an election with the System indicating an intent to purchase the credit. The member shall have a period of six (6) months from the date the member is terminated as described in subsection A of this section within which to file the election.

C. To purchase the termination credit, the member shall be required to make payment to the System of an amount equal to both the employer and employee contributions which would have been paid to the System based upon the actual paid base salary as defined in paragraph 8 of Section 2-300 of Title 47 of the Oklahoma Statutes, which was received by the member in the last full month that the member was employed by the state agency or other state governmental entity multiplied by the number of months required in order for the combination of the participating service and member's age to equal the amount required for the member to reach normal retirement date with an unreduced benefit as if the member had not been terminated.

D. The member must make full payment to the System of all required contribution amounts within sixty (60) days of filing the election to purchase the credit. The member must vest his or her benefits with a declared future retirement date as of the first month the member is eligible for normal retirement. Failure to make the full payment to the System of the required contribution amounts, for any reason, within the time prescribed, shall result in cancellation of the election provided pursuant to this section, and return of the purchase amount tendered, without interest.

E. Purchased termination credit may only be used as service credit to qualify the member for normal retirement.

F. If the member chooses to retire at any time prior to the member's normal retirement date or returns to employment with a participating employer of the System at any time prior to retirement, the purchase of termination credit pursuant to this section shall be void and the System will return the purchase amount tendered, without interest.

G. In the event of the death of the member prior to retirement, the member's spouse, if otherwise eligible for benefits pursuant to Section 2-306 of Title 47 of the Oklahoma Statutes, may elect to receive benefits which include the termination credit on the member's declared future retirement date, or may elect to receive a return of the purchase amount tendered, without interest.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-116.12 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. A member of the Teachers' Retirement System of Oklahoma who has ten (10) or more years of full-time-equivalent employment with a participating employer, and who is terminated by a state agency or other state governmental entity because the member's position is eliminated through a reduction-in-force after July 1, 1998, and is within three (3) years of retirement as prescribed in Section 17-105 of Title 70 of the Oklahoma Statutes, may purchase termination credit of a period not to exceed the lesser of three (3) years or the number of years or months or both years and months required in order for the member to reach normal retirement date in the same period of time and with the same service credit which would have otherwise accrued if the termination had not occurred.

B. In order to receive the termination credit authorized by this section, the member shall be required to file an election with the System indicating an intent to purchase the credit. The member shall have a period of six (6) months from the date the member is terminated as described in subsection A of this section within which to file the election.

C. To purchase the termination credit, the member shall be required to make payment to the System of an amount equal to both the employer and employee contributions which would have been paid to the System based upon the maximum compensation level as defined in subsection (28) of Section 17-101 of Title 70 of the Oklahoma

Statutes, which was received by the member in the last full month that the member was employed by the state agency or other state governmental entity multiplied by the number of months required in order for the combination of the participating service and member's age to equal the amount required for the member to reach normal retirement date with an unreduced benefit as if the member had not been terminated.

D. The member must make full payment to the System of all required contribution amounts within sixty (60) days of filing the election to purchase the credit. The member must vest his or her benefits with a declared future retirement date as of the first month the member is eligible for normal retirement. Failure to make the full payment to the System of the required contribution amounts, for any reason, within the time prescribed, shall result in cancellation of the election provided pursuant to this section, and return of the purchase amount tendered, without interest.

E. Purchased termination credit may only be used as service credit to qualify the member for normal retirement.

F. If the member chooses to retire at any time prior to the member's normal retirement date or returns to employment with a participating employer of the System at any time prior to retirement, the purchase of termination credit pursuant to this section shall be void, and the System will return the purchase amount tendered, without interest.

G. In the event of the death of the member prior to retirement, the member's spouse, if otherwise eligible for benefits pursuant to Section 17-105 of Title 70 of the Oklahoma Statutes, may elect to receive benefits which include the termination credit on the member's declared future retirement date, or may elect to receive a return of the purchase amount tendered, without interest.

SECTION 10. AMENDATORY Section 1, Chapter 285, O.S.L. 1997 (74 O.S. Supp. 1997, Section 913c), is amended to read as follows:

Section 913c. A. A member of the Oklahoma Public Employees Retirement System who has six (6) or more years of full-time-equivalent employment with a participating employer, and who is terminated by a state agency or other state governmental entity because the member's position is eliminated through a reduction-in-force ~~between the effective date of this act and~~ <u>after</u> July 1, 1998, and:

1. Is within three (3) years of a normal retirement date as defined in paragraph (a) of subsection (23) of Section 902 of ~~Title 74 of the Oklahoma Statutes~~ <u>this title</u>; or

2. Is within six (6) years of a normal retirement date as defined in paragraph (b) of subsection (23) of Section 902 of ~~Title 74 of the Oklahoma Statutes~~ <u>this title</u> or in paragraph (c) of subsection (23) of Section 902 of ~~Title 74 of the Oklahoma Statutes~~ <u>this title</u>,

may purchase termination credit of a period not to exceed the lesser of three (3) years or the number of years or months or both years and months required in order for the member to reach normal retirement date in the same period of time and with the same service credit which would have otherwise accrued if the termination had not occurred.

B. In order to receive the termination credit authorized by this section, the member shall be required to file an election with the System indicating an intent to purchase the credit. The member shall have a period of six (6) months from the date the member is terminated as described in subsection A of this section within which to file the election.

C. To purchase the termination credit, the member shall be required to make payment to the System of an amount equal to both the employer and employee contributions which would have been paid to the System based upon the compensation as defined in subsection (9) of Section 902 of ~~Title 74 of the Oklahoma Statutes~~ this title, which was received by the member in the last full month that the member was employed by the state agency or other state governmental entity multiplied by the number of months required in order for the combination of the participating service and member's age to equal the amount required for the member to reach normal retirement date with an unreduced benefit as if the member had not been terminated.

D. The member must make full payment to the System of all required contribution amounts within sixty (60) days of filing the election to purchase the credit. The member must vest his or her benefits with a declared future retirement date as of the first month the member is eligible for normal retirement. Failure to make the full payment to the System of the required contribution amounts, for any reason, within the time prescribed, shall result in cancellation of the election provided pursuant to this section, and return of the purchase amount tendered, without interest.

E. Purchased termination credit may only be used as service credit to qualify the member for normal retirement. Eligible members may purchase termination credit or the incentive credit authorized pursuant to Section 913b of ~~Title 74 of the Oklahoma Statutes~~ this title, but may not purchase both termination credit and incentive credit. This purchase will not be used in the calculation for final average compensation.

F. If the member chooses to retire at any time prior to the member's normal retirement date or returns to employment with a participating employer of the System at any time prior to retirement, the purchase of termination credit pursuant to this section shall be void and the System will return the purchase amount tendered, without interest.

G. In the event of the death of the member prior to retirement, the member's spouse, if otherwise eligible for benefits pursuant to paragraph (5) of Section 918 of ~~Title 74 of the Oklahoma Statutes~~ this title, may elect to receive benefits which include the termination credit on the member's declared future retirement date, or may elect to receive a return of the purchase amount tendered, without interest.

SECTION 11. REPEALER Section 13, Chapter 287, O.S.L. 1997 (47 O.S. Supp. 1997, Section 2-307.6), Section 14, Chapter 287, O.S.L. 1997 (70 O.S. Supp. 1997, Section 17-116.11), Section 11, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 840-2.27H), and Section 15, Chapter 287, O.S.L. 1997 (74 O.S. Supp. 1997, Section 913d), are hereby repealed.

SECTION 12. This act shall become effective July 1, 1998.

SECTION 13. 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.

Passed the House of Representatives the 20th day of May, 1998.

Speaker of the House of Representatives

Passed the Senate the 20th day of May, 1998.

President of the Senate