



# Oklahoma State Senate

# Legislative Brief

June 1998

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## Retirement and Other Benefits for State Law Enforcement Officers

### Issue Background

Issues that pertain to active and retired members of the Oklahoma Law Enforcement Retirement System (OLERS) have always been an important topic on the Legislative agenda. Membership in the OLERS is composed of approximately nine hundred and twenty-nine (929) retired members and one thousand and sixteen (1,016) active members. During the FY '98 Legislative Session, a decision was made to address 1) retirement benefits issues; 2) pay raise issues for active members; and 3) health insurance issues for active members' dependents.

In order to address the issue of retiree benefits, a decision was made to conduct a study to review retiree benefits and determine whether there existed erosion of purchasing power. The study compared the growth rate of retirement benefits attributable to historical cost of living adjustments to the growth rate of the Consumer Price Index (CPI) over the corresponding time period. (1) The study concluded that many retirees have experienced a decrease of purchasing power, while certain retirees, particularly those that receive the automatic escalator, have experienced an increase of purchasing power. As a result, the Legislature decided that an affordable and equitable benefit enhancement for retirees of the System would be the replacement of 100% purchasing power for members whose benefits have not kept up with inflation.

(1) The consumer price index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods from A to Z. As inflation erodes consumers' purchasing power, the CPI is often used to adjust consumers' income payments.

In addition to the Replacement of purchasing power for OLERS Retirees, the Legislature 1) provided for the payment upon death of a retiree uniform among the six State Retirement Systems, 2) passed pay raise legislation for active members of the OLERS, and 3) modified the flexible benefit allowance for active members of the OLERS to provide additional amounts to cover dependent care health insurance premiums. The following is an outline of benefit enhancements enacted this session for members of the OLERS:

### **Payment Upon Death of Retiree**

**SB 1032**

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

### **Cost of Living Adjustment**

**SB 1037**

- Effective July 1, 1998, retired members of OLERS who were receiving benefits as of June 30, 1997, will receive a benefit increase equal to one hundred percent (100%) of the retiree's loss of purchasing power, if any, based on the Consumer Price Index for all urban consumers (CPI-U).
- Retirees eligible for the benefit enhancement will receive an average benefit increase of 16.7%.
- The total cost to the System for 100% replacement of purchasing power for all retirees in the System is \$18,500,000.

### **Salary and Step Increases**

**HB 3160**

- Effective January 1, 1999, officers of the Oklahoma Highway Patrol Division shall receive a pay increase for each position and step, excluding Step 1.

- Effective July 1, 1998, the Lake Patrol Section of the Oklahoma Highway Patrol Division shall be created and the Oklahoma Lake Patrol Division shall be abolished. A salary and step schedule for officers of the Lake Patrol Section shall be established similar to that of the Oklahoma Highway Patrol Division.
- Effective January 1, 1999, an Oklahoma Capitol Patrol Division shall be created within the Department of Public Safety. A salary and step schedule for officers of the Capitol Patrol Division shall be established similar to that of the Oklahoma Highway Patrol Division.
- Effective July 1, 1998, the Communications Division shall be created within the Department of Public Safety. A salary and step schedule for officers and dispatchers within the Communications Division shall be established similar to that of the Oklahoma Highway Patrol Division.

## Flexible Benefit Allowance

HB 2928

- The flexible benefit allowance has been modified, effective July 1, 1998, to provide additional amounts to cover dependent care, if so covered. A single employee not covering any dependents shall have a benefit allowance of Two Hundred Sixty-two Dollars and nineteen cents (\$262.19). If a state employee is carrying coverage for a dependent, then the amount they shall receive will equal Two Hundred Twenty-four Dollars and sixty-nine cents (\$224.69) plus an additional amount as follows:
  - (a) One Hundred Two Dollars and seventy-eight cents (\$102.78) for covering only a spouse;
  - (b) Thirty-nine Dollars and twelve cents (\$39.12) for one child;
  - (c) Sixty-nine Dollars and ninety-nine cents (\$69.99) for two or more children;
  - (d) One Hundred Forty-one Dollars and ninety-one cents (\$141.91) for a spouse and one child; or
  - (e) One Hundred Seventy-two Dollars and seventy-seven cents (\$172.77) for a spouse and two or more children.

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