



To: Higher Education Institutions State of Oklahoma

From: Mike Lyons, Financial Reporting Manager

Date: September 18, 2026

Re: On-behalf Payments, GASB 24

The Governmental Accounting Standards Board's Statement 24 addresses the accounting and financial reporting of on-behalf payments for fringe benefits and salaries which are defined as:

Direct payments made by one entity (the paying entity or paying government) to a third-party recipient for the employees of another, legally separate entity (the employer entity or the employer government). On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends.

In 1992, the Oklahoma Legislature passed Senate Bill 568. This bill fixed employer pension contributions at certain percentages of annual compensation. At that time, a portion of the required employer contributions came from the State of Oklahoma through the dedicated natural and casinghead gas tax. House Bill 1574, passed during the 1999 legislative session, modified the funding source for on-behalf payments to the Oklahoma Teachers Retirement System (OTRS). On July 1, 1999, the State began making on-behalf contributions to OTRS equal to 3.54% of the State's sales, use and income taxes. This percentage has increased since Senate Bill 1376 went into effect on July 1, 2002, and is currently at the maximum of 5% as of July 1, 2007. The contributions made by the State from these dedicated taxes are considered on-behalf payments and are therefore subject to the accounting and reporting criteria of GASB 24.

GASB 24 encourages employer governments to obtain information regarding the amount of on-behalf payments for fringe benefits and salaries from the third-party recipient. Therefore, the following information regarding the contributions from the dedicated percentage of the state's sales, use and income taxes received by OTRS may be useful in the preparation of your audit report.

Retired Members	70,602
Active Members	104,318
Dedicated Revenue	\$ 455,012,217
OTRS Covered Payroll	\$ 5,903,262,649

This information was obtained from Lisa Van Liew, Chief Financial Officer, at OTRS. Should you have any questions regarding the information obtained from OTRS, please contact Lisa Van Liew at (405) 522-4876. Any other questions or comments regarding this memorandum should be directed to Mike Lyons, Office of Management and Enterprise Services Financial Reporting Manager, at (405) 522-6049.