

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 52<sup>nd</sup> Legislature

<b>Bill No.:</b>	<b>SB 1580</b>
<b>Version:</b>	<b>2nd Conf. Committee Sub.</b>
<b>Author:</b>	<b>Rep. Miller/ Sen. Mike Johnson</b>
<b>Date:</b>	<b>5/27/2010</b>
<b>Impact:</b>	<b>FY-11 Agency Savings: \$12.6 Million</b>

**Bill Summary**

Research Analyst: "Click and type"  
Pending

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**Fiscal Summary**

Fiscal Analyst: John McPhetridge

SB 1580 in its current form, amends the employer contribution rate schedule paid to the Oklahoma Public Employees Retirement System (OPERS). The measure freezes the rate at 15.5% of compensation for FY-11. The rate was previously scheduled to increase on July 1, 2010 to 16.5%, this increase will be delayed until July 1, 2011.

**Fiscal Analysis**

SB 1580 in its current form, would allow state agencies to cumulatively avoid additional employment costs of an estimated \$12,570,000 in FY-11, based on calculations provided by the Legislative Actuary. Though state agencies would experience a sizeable savings it would be at the dollar for dollar expense of OPERS.

As required by the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA), the measure was sent to the Legislative Actuary for review. SB 1580 was deemed a non fiscal retirement bill under OPLAAA, because though the bill reduces anticipated revenue for the system it does not add additional liability. OPLAAA safeguards the retirement systems against measures increasing liability.

**Long Term Fiscal Considerations**

The measure would reduce OPERS's anticipated revenue for FY-11. The funded ratio as of the most recent OPERS actuarial report was 66.8%.

Fiscal Analysis Reviewed By:

*Janice Buchanan*

House Fiscal Director

May 27, 2010

Senator Mike Johnson  
Room 519

Re: 2nd Conference Committee Substitute for Senate Bill No. 1580  
RBS No. 4106

The 2<sup>nd</sup> Conference Committee Substitute for Senate Bill No. 1580 sets the state's contribution rate to OPERS at the current rate of 15.5% of compensation for FY July 1, 2010 – June 30, 2011 . The contribution rate is 16.5% for all years after July 1, 2011.

2<sup>nd</sup> Conference Committee Substitute for Senate Bill No. 1580 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Freezing contributions to a retirement systems increases the unfunded accrued actuarial liability but does not increase the accrued actuarial liability. A retirement bill must increase the accrued actuarial liability to be considered a fiscal retirement bill having a fiscal impact under OPLAA.

*Thomas E. Cummins*

Thomas E. Cummins, MAAA