

BILL SUMMARY
2nd Session of the 53rd Legislature

Bill No.:	SB 1001
Version:	Conf. Comm. Sub (CCR A)
Request Number:	RBS 3417
Author:	Rep. R. McDaniel/Sen. Stanislawski
Date:	5/15/2012
Impact:	OLERS Increased Revenue: Approx. \$710,000/yr. OLERS Agencies Increased Expense: Approx. \$710,000/yr. total

Research Analysis

The conference committee substitute to Senate Bill 1001 requires the Department of Public Safety, Oklahoma State Bureau of Investigation, Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma Alcoholic Beverage Control Board, the Oklahoma Tourism and Recreation Department and the State Board of Pharmacy must contribute to the Law Enforcement Retirement System 11 percent of the base salary of each member. This is an increase from 10 percent.

Members joining on or after November 1, 2012, may no longer use the salary of an active member in a comparable position rather than the final salary of the member when calculating retirement benefits.

Prepared By: Dawn Marks

Fiscal Analysis

SB 1001 in its current form addresses contribution rates for the Law Enforcement Retirement System (OLERS) increasing the employer contribution rate from 10% to 11%. Based on system wide total compensation information contained in the July 1 OLERS Actuarial Report, the employer rate increase will provide an estimated \$709,673 in annual revenue to OLERS. The amount will also serve as an increased employment expense for certain state agencies who are OLERS employers.

The measure also removes for new members entering OLERS on or after November 1, 2012 a provision known as the “top based pay provision”. Currently the provision allows a retired member to substitute the current salary of active members in comparable positions, for the actual final average salary of the retired member; when calculating the retired member’s retirement benefit. The removal of this provision should result in an actuarial savings for OLERS; however, these savings will not be realized for many years due to the measure’s application to new hires only.

Prepared By: John McPhetridge

Other Considerations

Under the procedures and provisions of the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA) SB 1001 in its current form has been deemed a non fiscal retirement bill by the

Legislative Actuary, meaning the bill neither grants a benefit increase, adds actuarial liability, nor increases the normal cost of the retirement system affected.