BILL SUMMARY
1st Session of the 53rd Legislature

Bill No.:	**HB 2132**
Version:	**Senate Amendments**
Request Number:	**N/A**
Author:	**Speaker Steele**
Date:	**5/2/2011**
Impact:	**Decreased Unfunded Liabilities: OTRS - $2.9 Billion OPERS - $1.4 Billion URSJJ - $43.4 Million FPRS - $472.4 Million PPRS - $414.3 Million**

Research Analysis

The Senate Amendments to HB 2132 modify the Oklahoma Pension Legislation Actuarial Analysis Act by changing the definition of a nonfiscal retirement bill and by removing a certain provision that allows a cost-of-living adjustment (COLA) to be considered nonfiscal, thereby requiring that COLAs be concurrently funded by the Legislature at the time they are enacted.

Prepared By: Alexandra Edwards

Fiscal Analysis

HB 2123 as as amended by the Senate, amends the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA), so that Cost of Living Adjustments (COLAs) are considered fiscal retirement bills for purposes of OPLAAA procedure, thus requiring COLAs be concurrently funded by the Legislature at the time of enactment. The practical application of the concurrent funding requirement would suggest the retirement systems remove their unfunded COLA assumption. According to Legislative Actuary calculations, removal of COLA assumptions will impact the Unfunded Actuarially Accrued Liabilities (UAAL) and the Funded Ratios of the pension systems as follows:

OTRS - UAAL will decrease by approximately $2.9 billion and increase OTRS's funded ratio from 48% to 56%;
OPERS - UAAL will decrease by approximately $1.4 billion and increase the OPERS funded ratio from 66% to 77%;
URSJJ - UAAL will decrease by approximately $43.4 million and increase the URSJJ funded ratio from 81% to 96%;
FPRS - UAAL will decrease by approximately $472.4 million and increase the FPRS funded ratio from 53% to 63%;
PPRS - UAAL will decrease by approximately$414.3 million and increase the PPRS funded ratio from 75% to 91%
OLERS - according to officials at OLERS their Funded Ratio increase would be minimal because OLERS has a statutory provision that adjusts retiree benefits, in the place of ad hoc COLAs, based on increases in active employee pay.

Prepared By: John McPhetridge

Other Considerations

The measure 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.