

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2320</b>
<b>Version:</b>	<b>FA1</b>
<b>Request Number:</b>	<b>10541</b>
<b>Author:</b>	<b>Rep. Hilbert</b>
<b>Date:</b>	<b>3/12/2024</b>
<b>Impact:</b>	<b>See Analysis Below</b>

**Research Analysis**

The floor substitute for HB2320 establishes a moratorium on postretirement earnings limitations for retirees of the Oklahoma Teachers' Retirement System who return to work for a public school while continuing to receive retirement benefits until June 30, 2027.

The measure also includes a safe harbor clause to allow the bill to be treated as a non-fiscal retirement bill and bypass the requirements of the Oklahoma Pension Legislation Actuarial Analysis Act.

**DIFFERENCES BETWEEN FLOOR SUBSTITUTE AND INTRODUCED VERSION**

The floor substitute adds a safe harbor amendment to bypass OPLAAA and establishes a temporary moratorium on postretirement earnings limits instead of the permanent elimination that was proposed in the introduced version.

Prepared By: Quyen Do

**Fiscal Analysis**

The floor substitute allows a teacher who retires after the effective date and prior to June 30th 2027 to not have limitations on post retirement earnings and continue to receive Oklahoma Teachers Retirement System (OTRS) pension payments. Officials from OTRS provided the actuarial impact on the system below.

"The impact of current retirees being able to return to employment without limitations would have minimal impact. The impact from this proposal will come from current active members changing their behavior in the future to utilize the new provisions. The current provisions generally require retirees returning to work to make reductions to their schedule and/or responsibilities in order to meet the earnings limits. The proposed changes would allow, if retiring over the next three years, active members the opportunity to retire and return to work after 60 days with no change in their schedule and/or responsibilities. The 60 days is short enough that members could retire at the end of one school year and have returned to employment by the beginning of the next school year. As a result, we would expect high utilization of this provision over the next three years as many active members would seek the opportunity to maintain a similar salary while also drawing their retirement benefits from OTRS. The analysis below shows the immediate cost impact of adopting the proposal. Adopting this proposal would increase the unfunded actuarial accrued liability (UAAL) by Two Hundred Fifteen Million (\$215,000,000) but there would be no change to the funding period (the projected amount of time needed to reach a 100% funded ratio or a zero UAAL) of 12 years.

## Teachers' Retirement System of Oklahoma

### Exhibit I – Impact of House Bill 2320 (\$ millions)

Item	Valuation as of June 30, 2023	Proposal	Increase/ (Decrease)
1. Normal cost (including admin expenses)	10.46%	10.46%	0.00%
2. Unfunded actuarial accrued liability (UAAL, millions)	\$7,104	\$7,319	\$215
3. Funded ratio	75.1%	74.5%	-0.6%
4. Funding period	12 years	12 years	0 years

*All of the results are based on the actuarial value of assets.*

Prepared By: Alexandra Ladner, House Fiscal Staff

#### **Other Considerations**

None.