

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3350
Version:	Committee Substitute
Request Number:	
Author:	Rep. Frix
Date:	3/10/2020
Impact:	See Charts Below

Research Analysis

The committee substitute for HB3350 authorizes a cost of living adjustment (COLA) between two and four percent for retirees of the following pension systems:

Teachers' Retirement System of Oklahoma;
Oklahoma Public Employees Retirement System;
Oklahoma Firefighters Pension and Retirement System;
Oklahoma Police Pension and Retirement System;
Oklahoma Law Enforcement Retirement System; and
Uniform Retirement System for Justices and Judges.

The COLA percentage is based on the number of years that the retiree has been retired as of July 1, 2020.

Number of Years Retired as of 07/01/2020	Proposed COLA Percentage
Less than 2 years	0%
At least 2 years but less than 5 years	2%
5 years or more	4%

If the measure is enacted with an emergency clause, the COLA will take effect July 1, 2020. If no emergency clause is included in the enrolled version of the bill, the COLA will take effect November 1, 2020 although each applicable retirement system will be required to pay eligible retirees for COLA increases attributable to the month of July, August, September and October of 2020.

The measure also amend the Oklahoma Pension Legislation Actuarial Analysis Act to include a safe harbor clause that allows the bill to be treated as a nonfiscal retirement bill in the legislative process.

Prepared By: Quyen Do

Fiscal Analysis

HB 3350 in its current form provides cost of living adjustments (COLA) to certain retirees of the:

Teachers' Retirement System of Oklahoma (OTRS),
Oklahoma Public Employees Retirement System (OPERS),
Oklahoma Firefighters Pension and Retirement System (Firefighters),

Oklahoma Police Pension and Retirement System (Police),
Oklahoma Law Enforcement Retirement System (OLERS), and
Uniform Retirement System for Justices and Judges (URSJJ).

The measure provides COLAs in amounts based on years since retirement. The tiers are based on years retired prior to July 1, 2020, the percentage increases are as follows:

Years Retired	COLA Increase
less than 2 years	0%
2 yrs. but less than 5 yrs.	2%
5 year or greater	4%

The estimated actuarial impact on the unfunded actuarially accrued liability as calculated by the Legislative Actuary and estimates of funded ratio impacts as estimated by House Fiscal Staff, for each system are as follows:

System	Liability (millions)	Funded Ratio Impact (percentage)
OTRS	\$444.2	-1.3%
OPERS	\$188.3	-1.8%
Firefighters	\$64.5	-1.2%
Police	\$50.3	-2.0%
OLERS	\$23.0	-1.7%
URSJJ	\$5.8	-2.1%

Prepared By: John McPhetridge

Other Considerations

None.