

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB2288
Version:	FULLPCS1
Request Number:	13047
Author:	Speaker Hilbert
Date:	3/5/2025
Impact:	TRS Funded Ratio Decrease: 1.2%

Research Analysis

The proposed committee substitute for HB2288 eliminates the post-retirement earnings limitations for retirees of the Teachers' Retirement System of Oklahoma (OTRS) and prohibits benefit reductions for any OTRS member that returns to work for a public school.

The measure also amends the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA) to include a safe harbor clause to allow the bill to be treated as a nonfiscal retirement bill in the legislative process.

Prepared By: Quyen Do

Fiscal Analysis

Officials for the Teachers' Retirement System (TRS) provided the following information from the System's actuaries, regarding the actuarial impact of HB 2288 in its current form:

Provisions of the Proposal

HB2288 continues to not allow retired members to be employed in the public schools of Oklahoma for 60 days after retirement. However, after 60 days, members would be able to return to public school employment with no earnings limitation.

Analysis

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 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 as many active members would seek the opportunity to maintain a similar salary while also drawing their retirement benefits from OTRS.

Exhibit I shows the immediate cost impact of adopting the proposal. Adopting this proposal would increase the unfunded actuarial accrued liability (UAAL) by \$488 million and increase the normal cost by 0.21%. Finally, the funding period (the projected amount of time needed to reach a 100% funded ratio or a zero UAAL) would increase from 11 to 12 years.

Teachers' Retirement System of Oklahoma

Exhibit I – Impact of House Bill 2288 (\$ millions)

Item	Valuation as of June 30, 2024	Proposal	Increase/ (Decrease)
1. Normal cost (including admin expenses)	10.81%	11.02%	0.21%
2. Unfunded actuarial accrued liability (UAAL, millions)	\$6,758	\$7,246	\$488
3. Funded ratio	77.0%	75.8%	-1.2%
4. Funding period	11 years	12 years	1 year

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

Prepared By: John McPhetridge, House Fiscal Director

Other Considerations

None.