Senate Fiscal Summary

1st Session of the 60th Legislature

Senate Bill 172

Version:	**INT**
Agency:	**OFPRS, URSJJ, OPERS, OLERS, TRSO, OPPRS**
Senate Author:	**Bullard**
House Author:	
FY'26 Impact:	**$ Pending**
Full Year Impact:	**$ Pending**

Bill Summary and Fiscal Analysis:

SB 172 authorizes Oklahoma Firefighters Pension and Retirement System (OFPRS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Public Employees Retirement System (OPERS), Oklahoma Law Enforcement Retirement System (OLERS), Teachers' Retirement System of Oklahoma (TRSO), and the Oklahoma Police Pension and Retirement System (OPPRS) boards to approve a 2% cost-of-living adjustment (COLA) when each respective System's funding ratio exceeds 80%, provided the COLA does not cause the System to fall below the 80% funding ratio. A subsequent COLA may be approved each time the ratio increases by 2.5%. The measure specifies that this mechanism shall not qualify as a fiscal bill and is not subject to the provisions of the Oklahoma Pension Legislation Actuarial Analysis Act.

The OFPRS is projected to be eligible after the July 1, 2030 valuation and every other year thereafter. Anticipating the bill provisions in the July 1, 2024 valuation and a 1% COLA every year results in an unfunded accrued liability increase of $208 million and reduction in the funded status from 71.7% to 68.7%.

The URSJJ is estimated to be eligible for the COLA in about half of all years. Assuming a 1.00% COLA on the July 1, 2024 valuation, there is an estimated increase of $31.5 million in actuarial accrued liabilities, which decreases the funded ratio by around 8%. This would result in an annual increase in the actuarially determined contribution rate of 8.71% of payroll for 15 years and 2.42% of pay thereafter.

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The OPERS is estimated to be eligible for the COLA in all or nearly all years. Assuming a 2.00% COLA on the July 1, 2024 valuation, there is an estimated increase of $2.06 billion in actuarial accrued liabilities, which decreases the funded ratio by around 15%. This would result in an annual increase in the actuarially determined contribution rate of 9.45% of payroll for 15 years and 1.95% of pay thereafter.

OLERS estimates that SB172 will increase actuarial accrued liabilities by $5.3 million and decrease the funded ratio by 0.3%. The actuarially determined contribution is estimated to have an annual increase of 0.79% of payroll.

The OPPRS is estimated to be eligible for the COLA in about half of all years. Assuming a 1.00% COLA on the July 1, 2024 valuation, there is an increase of $274 million in unfunded actuarial accrued liability (UAAL), which decreases the funded ratio by around 7%. This would result in an increase in the actuarially determined contribution rate of 17.2% of payroll (1.9% increase in the normal cost rate and 15.3% increase in the UAAL amortization payment).

Fiscal Impacts provided by CavMac Actuarial Consulting Services, Definiti, OFPRS, URSJJ, OPERS, OLERS, and OPPRS.

TRSO is pending.

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