

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **SB 0005** January 23, 2017
SPONSOR (S): Cullerton
SYSTEM(S): Chicago Teachers

FISCAL IMPACT: SB 0005 will have a positive impact on the Chicago Teacher Pension Fund. An actuarial cost study has not been made available to COGFA. At the end of FY 2015, CTPF had an unfunded liability of \$9.6 billion, and a funded ratio of 51.8%.

SUBJECT MATTER: SB 0005 amends the Chicago Teacher Article of the Illinois Pension Code and the State Pension Funds Continuing Appropriation Act to establish an ongoing annual State appropriation to the Chicago Teacher fund as described below.

COMMENT: SB 0005 requires the State to contribute to the Chicago Teacher Pension Fund (CTPF) the following amounts for FY 2017 and beyond:

- FY 2017, \$215.2 million
- FY 2018, \$221.3 million
- Beginning in FY 2019, an amount equal to the fund's normal cost plus an amount determined to defray health insurance costs.

SB 0005 sets forth a requirement that CTPF shall submit an annual certification to the State Actuary, the Governor, and the General Assembly for the amount due for the ensuing fiscal year. On or before January 1 of each year, beginning in 2018, the State Actuary shall issue a preliminary report concerning the proposed certification. The report will identify any recommended changes in assumptions that the CTPF board must consider before finalizing its certification of the required contribution. On or before January 15th, 2018, and each fiscal year thereafter, the CTPF board shall issue its final certification. The foregoing process mirrors the annual review established for the State Retirement Systems under P.A. 97-0694, the State Actuary Law.

In addition, SB 0005 brings the foregoing appropriations process under the purview of the State Pension Funds Continuing Appropriation Act, under which any monthly

deficiencies in State contributions will be defrayed by payments from the Common School Fund.

SB 0005 contains language stating that the bill does not take effect unless SB's 1-12 of the 100th GA all become law.

DH:dkb

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