

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **SB 2954**

February 22, 2018

SPONSOR (S): Aquino

SYSTEM(S): State Universities Retirement System (SURS)

FISCAL IMPACT: There is no discernible fiscal impact associated with SB 2954. To the extent the bill allows for more efficient collection of 6% final average salary cap penalties under P.A. 94-0004, it will have a positive impact on SURS.

SUBJECT MATTER: SB 2954 amends the State Universities Article (SURS) of the Illinois Pension Code. It allows SURS to receive delinquent employer payments directly from the State Comptroller or the county treasurer of the county where an employer is located.

COMMENT: Under current law, for the purposes of determining the final average salary, when an employee's annual salary increase exceeds 6% with the same employer, the employer shall make additional 6% cap penalty payments to SURS. These payments should be paid within 3 years after the bills are issued.

However, according to SURS, there are cases where the payments were not paid within the 3-year timeframe. The only way to receive the delinquent payments is to sue an employer who failed to make the payments, which SURS says is difficult to do when there are more than 60 different employers with several delinquent payments. Also, according to SURS, an amount that is not paid under the 6% cap penalty law correspondingly increases the State contributions to SURS.

JB:bj

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