

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96th GENERAL ASSEMBLY

BILL NO: **HB 3722**

February 27, 2009

SPONSOR (S): Burns - Mathias

SYSTEM(S): General Provisions

FISCAL IMPACT: HB 3722 requires the University of Illinois to create the fiduciary college, and further requires all board members of any fund created under the Illinois Pension Code (exempts Downstate Police and Fire) to attend training of at least 8 hours per year. Since all expenses will be charged by the University to the appropriate retirement system based on the total asset level possessed by the fund, there will be a cost associated with this legislation.

SUBJECT MATTER: HB 3722 amends the Illinois Governmental Ethics Act. The legislation will require members serving on the boards of the 5 State-funded retirement systems to file statements of economic interest. The bill amends the State Officials and Employee Ethics Act. HB 3722 adds provisions concerning investment advisors, consultants, and investment services for investment boards, pension funds, retirement systems other than Downstate Police and Fire pension funds. The bill requires the University of Illinois to create the Illinois Fiduciary College for the purpose of educating board members and staff on ethics.

FISCAL IMPACT: HB 3722 requires the University of Illinois to create the fiduciary college, and further requires all board members of any fund created under the Illinois Pension Code (exempts Downstate Police and Fire) to attend training of at least 8 hours per year. Since all expenses will be charged by the University to the appropriate retirement system based on the total asset level possessed by the fund, there will be a cost associated with this legislation.

COMMENTS: The bill adds many ethical reforms to the Illinois Pension Code and the Illinois Governmental Ethics Act. Members of the board of any pension fund or retirement system established under the Illinois Pension Code, as well as, members of the Illinois State Board of investments are added to the list of persons required to file economic interest statements. The bill also lays out requirements for investment transparency and emerging investment managers. HB 3722 sets a goal to not have less than 12% of the total dollar amount of all contracts let to minority owned businesses.

Lastly, the bill requires that the University of Illinois create a fiduciary college. This college will offer continuing education at any of the University of Illinois campuses or other locations established by the University. All expenses will be charged by the University to the appropriate retirement system as a percentage cost based on the total asset level possessed by the fund.

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