

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 4582** January 12, 2010

SPONSOR (S): Davis, M.

SYSTEM(S): Chicago Teachers' Pension Fund

FISCAL IMPACT: The Teachers' Retirement System has certified a FY 2011 contribution of \$2.4 billion. If HB 4582 becomes law, the State would be obligated to make an additional contribution of \$472 million in FY 2011 to the Chicago Teachers' Pension Fund.

SUBJECT MATTER: HB 4582 amends the Chicago Teachers' Article of the Illinois Pension Code to stipulate that the General Assembly must make annual contributions to the Fund of an amount equal to 20% of the amount of the annual State Contribution to the Teachers' Retirement System.

FISCAL IMPACT: The Teachers' Retirement System has certified a FY 2011 contribution of \$2.4 billion. If HB 4582 becomes law, the State would be obligated to make an additional contribution of \$472 million in FY 2011 to the Chicago Teachers' Pension Fund.

COMMENT: P.A. 89-0015 requires the State to make contributions to the Chicago Teachers' Pension Fund when the funded ratio of the fund drops below 90% (the contribution is equal to 0.544% of the Fund's total teacher payroll). Pursuant to this requirement, the fund's actuary projects that the State will make an FY 2011 contribution of \$10.4 million. The State has historically made an annual appropriation to the fund to defray the costs of retiree health insurance; this annual contribution has been in the amount of \$65.0 million for the past several years.

HB 4582 obligates the State to make an annual contribution to the Chicago Teachers' Fund in the amount of 20% of the annual appropriation to TRS. Pursuant to P.A. 88-0593, TRS has certified an FY 2011 State contribution of \$2.4 billion. If this bill becomes law, the State will be required make an FY 2011 contribution to CTPF in the amount of \$472 million, in addition to the \$10.4 million currently required under law.

DH:dkb

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