

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 5262, as amended by HA #1** February 25, 2010

SPONSOR(S): Hatcher

SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: The exact number of workers who have been laid off and then became reemployed by the State is not known. Since the bill requires the laid off employee to make a contribution equal to the employee contributions, employer's normal cost, plus interest at the actuarially assumed rate (8.5%), the cost to the System should be minimal.

SUBJECT MATTER: HB 5262, as amended, amends the State Employee Article of the Illinois Pension Code to allow an employee who was previously laid off but then returned to any State employment to establish creditable service for the period of the layoff. Also, HB 5262, as amended, provides that the funding for any new benefit increase will be provided by employee contributions.

FISCAL IMPACT: The exact number of workers who have been laid off and then became reemployed by the State is not known. Since the bill requires the laid off employee to make a contribution equal to the employee contributions, employer's normal cost, plus interest at the actuarially assumed rate (8.5%), the cost to the System should be minimal.

COMMENT: HB 5262, as amended, provides that an employee of the State who has been laid off but has returned to work for any State employment is able to establish creditable service in SERS for the period of the layoff under the following circumstances: (1) the applicant must apply for the creditable service within 6 months of the effective date of this Act, (2) the applicant will not receive credit for that period of service under any other provision of this Code, (3) at the time of the layoff, the applicant cannot be in an initial probationary status consistent with the rules of the Department of Central Management Services, and (4) the total amount of creditable service established by the applicant cannot exceed 3 years.