

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 6256**

February 19, 2010

SPONSOR(S): DeLuca

SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: Please see below for the fiscal impact HB 6256 would have on SERS.

SUBJECT MATTER: HB 6256 amends the State Employee Article of the Illinois Pension Code to allow employees to receive up to 24 days of service credit for voluntary or involuntary furloughs used to address a State fiscal emergency. No additional employee contribution is required to establish this credit.

FISCAL IMPACT: HB 6256 would have a significant increase in normal cost for SERS, depending on the number of employees who opt to establish this service credit. The following chart shows the increase in normal cost in accordance with the number of employees who might choose to establish 24 days of service credit for furloughs:

1 Employee	\$736.6
1,000 Employees	\$736,610.9
5,000 Employees	\$3,683,054.6
10,000 Employees	\$7,366,109.2

The following information was used to determine the fiscal impact HB 6256 would have on SERS:

Average Salary for SERS Employee	Employer's Normal Cost	12 Service Credit Days as % of Full Year	Employee Contribution
\$57,091.00	9.44%	4.80%	4.00%

The following chart shows the fiscal impact of HB 6256 on SERS for one employee:

SERS Normal Cost for 12 Days of Service Credit	=	$\$57,091.0 \times 9.44\% \times 4.8\%$	=	\$258.7
Loss of Employee Contribution For 12 Days of Service Credit	=	$\$57,091.0 \times 4\% \times 4.8\%$	=	\$109.6
Total Impact to the System for 12 Furlough Days	=	$\$258.7 + \109.6	=	\$368.3
Total Impact to the System for 24 Furlough Days	=	$\$368.3 \times 2$	=	\$736.6

COMMENT: HB 6256 would allow employees who were furloughed, either voluntarily or involuntarily, to receive up to 24 days of service credit for the applicable time of the furlough period. HB 6256 requires that the furlough must begin on or after July 1, 2009 and must end on or before June 30, 2011. An SERS member must submit in writing to the System on or before July 1, 2012 to receive this credit. HB 6256 clarifies that no additional contribution is required for this credit.

MDM: bj
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