COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 3081** March 1, 2011

SPONSOR (S): Harris, David

SYSTEM(S): General Provisions Article

FISCAL IMPACT: The fiscal impact of HB 3081 has not been calculated, but would be substantial since the bill decreases annual increases for current annuitants as well as current and future active members.

<u>SUBJECT MATTER</u>: HB 3081 amends the General Provisions Article of the Pension Code to decrease the amount of annual increases for annuitants and participants in the State-funded systems both before and after Jan. 1, 2011.

<u>FISCAL IMPACT</u>: The fiscal impact of HB 3081 has not been calculated, but would be substantial since the bill decreases annual increases for current annuitants as well as current and future active members.

<u>COMMENT</u>: Under HB 3081, people who were annuitants, participants, and survivors in any one of the five State-funded retirement systems before Jan. 1, 2011 will be eligible to receive automatic annual compounded increases of 2% (currently 3% compounded). Those persons hired after Jan. 1, 2011 will receive non-compounded annual increases of 2% or one-half the annual increase in the Consumer Price Index, whichever is less, but not less than zero.

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