

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 5232**

February 24, 2012

SPONSOR (S): Davis, M.

SYSTEM(S): Chicago Teachers Pension Fund

FISCAL IMPACT: HB 5232 would have a positive fiscal impact upon the Chicago Teachers' Pension Fund, but would require a significantly higher State contribution in FY 2013 and beyond. The required FY 2013 State contribution to CTPF would be \$270.3 million, and the projected FY 2014 State contribution to CTPF would be \$289.4 million. The estimated FY 2014 amount is based upon TRS' projected FY 2014 State contribution as reported in their FY 2011 actuarial report.

SUBJECT MATTER: HB 5232 amends the Chicago Teacher article of the Illinois Pension Code to require the State to make an FY 2013 appropriation of \$270.3 million to CTPF. In FY 2014 and each year thereafter, the State would make an annual appropriation to CTPF equal to 10% of the required annual State appropriation to TRS.

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COMMENT: Currently, the State makes an annual contribution to the Chicago Teachers Pension Fund equal to 0.544% of teacher payroll. HB 5232 requires the State to make a contribution to CTPF equal to \$270.3 million in FY 2013. For each year thereafter, the bill requires the State to make an annual contribution to CTPF equal to 10% of its annual appropriation to the Teachers Retirement System. P.A. 96-0889, which implemented a second tier of benefits for many Illinois public retirement systems, including the CTPF, contained a provision stating that any contribution by the State to or for the benefit of CTPF shall be treated as a credit against any contribution required by the Chicago Board of Education. HB 5232 stipulates that State contributions shall be treated as a credit against Board of Ed contributions only if CTPF has attained a 90% funding ratio.

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