

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 5334**

February 15, 2012

SPONSOR (S): Colvin

SYSTEM(S): Chicago Teachers

FISCAL IMPACT: HB 5334 would have a positive impact upon the Chicago Teachers Pension Fund. According to the pension fund's 2010 CAFR, CTPF had assets of \$10.9 billion (actuarial value) and liabilities of \$16.3 billion and a funding ratio of 66.9%. Under HB 5334, contributions by the State would be made in addition to Board of Education contributions until CTPF reaches a 90% funding ratio.

SUBJECT MATTER: HB 5334 amends the Chicago Teacher article of the Pension Code to stipulate that Chicago Board of Education contributions to CTPF shall be treated as a credit against contributions by the State only if the CTPF board has certified a 90% funding ratio.

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COMMENT: P.A. 96-0889, which implemented a second tier of benefits for new employees in the State systems, also made significant changes to the funding plan for the Chicago Teachers Pension Fund. The Act set a new funding target for CTPF of 90% in the year 2059 (previously 2045). The Act also contained language stating that any contribution by the State to CTPF shall be treated as a credit against any contribution by the Board of Education. HB 5334 makes this provision contingent upon CTPF attaining a 90% funding ratio. Hence, under the current funding ratio of 66.9%, State contributions would be made in addition to Board of Ed contributions.