COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **SB 1581** February 23, 2011

SPONSOR (S): Jacobs

SYSTEM(S): Chicago Park District Pension Fund

FISCAL IMPACT: According to data taken from the Chicago Park District Pension Fund's 2009 Comprehensive Annual Financial Report, the actuarial funding requirement for FY 2009 was $21.9 million, while the amount actually contributed according to statute was estimated to be $9.7 million, resulting in an increase in the unfunded liability of $12.2 million. The fund's actuary had estimated the FY 2010 contribution to be $22.4 million based on GASB 25 funding requirements, which requires the employer to contribute an amount equal to the employer's normal cost, plus an amount that is sufficient to amortize the unfunded liability over a 30-year period as a level percentage of payroll. While the estimated FY 2013 actuarial contribution amount is unknown, it will most likely be in excess of $23 million.

SUBJECT MATTER: SB 1581 amends the Chicago Park article of the Pension Code. The bill requires the board of park commissioners to levy a tax upon all taxable property that will produce an amount equal to the annual actuarial requirements of the pension fund. This new funding requirement will take effect in FY 2013.

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COMMENT: Under current law, the board of park commissioners is required to levy a tax in an amount equal to 1.10 times the employee contribution during the fiscal year 2 years prior to the fiscal year for which the applicable tax is levied. SB 1581 amends the Chicago Park District article of the Pension Code to require the fund to levy a tax equal to the actuarial requirements of the fund as determined by the fund's actuary.

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