COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **SB 1582** February 24, 2011

SPONSOR (S): Jacobs

SYSTEM(S): Cook County, Cook County Forest Preserve

FISCAL IMPACT: The exact fiscal impact of SB 1582 has not been calculated. The bill requires Cook County to ramp up the annual tax levy for the purpose of making employer contributions to both of its pension funds until FY 2020, when the employer contribution must be equal to the amount necessary to amortize the fund's unfunded liabilities over a 30-year period.

According to the Cook County Employees' Pension Fund's FY 2009 actuarial valuation, the actuarially determined contribution requirement for FY 2010 was $572.3 million, while the expected employer contribution for FY 2010 was $186.4 million. For the Cook County Forest Preserve Pension Fund, the FY 2010 actuarially determined contribution was $10.7 million, while the expected employer contribution was estimated to be $2.7 million. While the foregoing comparisons only reflect FY 2010, the differences between the actuarially determined contributions and the statutorily-mandated contributions are quite substantial, and the actuarially determined amounts will be much larger in FY 2020.

SUBJECT MATTER: SB 1582 amends the Cook County and Cook County Forest Preserve Articles of the Pension Code to gradually increase each fund's tax multiplier until both funds are collecting amounts that are sufficient to amortize an amount equal to each fund's respective unfunded liabilities over a 30-year period.

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COMMENT: Under current law, Cook County levies an annual tax equal to 1.54 times the employee contributions in the calendar year 2 years prior to the year for which the annual applicable tax is levied for purposes of making employer contributions to the Cook County Employees Pension Fund. For the Forest Preserve Fund, the County levies a tax equal to 1.30 times the employee contributions made in the calendar year 2 years prior to the year for which the applicable tax is levied. SB 1582 requires the County to gradually ramp up the tax multiplier for both funds until FY 2020, when the County will be required to contribute an amount equal to the amount required to amortize both funds' respective unfunded liabilities over a 30-year period.

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