

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 5334**

February 18, 2014

SPONSOR (S): Davis, Monique

SYSTEM(S): Chicago Teachers

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**FISCAL IMPACT:** HB 5334 would have a positive impact upon the Chicago Teachers Pension Fund. According to the pension fund's 2012 actuarial valuation, CTPF had assets of \$9.4 billion (actuarial value) and liabilities of \$17.4 billion and a funding ratio of 54.1%. If HB 5334 is enacted into law, the FY 2015 State contribution to CTPF would increase to \$343.9 million.

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**SUBJECT MATTER:** HB 5334 amends the Chicago Teacher article of the Pension Code to require the State to contribute \$343.9 million to CTPF in FY 2015. For each year thereafter, the State would be required to make an annual appropriation to CTPF in the amount of 10% of the annual appropriation to TRS.

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**COMMENT:** P.A. 90-0582 requires the State to contribute 0.544% of the Chicago Teacher Pension Fund's total payroll when the CTPF funded ratio drops below 90%. On February 14<sup>th</sup>, 2013, CTPF certified a FY 2014 State contribution in the amount of \$11.9 million (the certification for FY 2015 is expected by the end of February). HB 5334 would require an FY 2015 State appropriation to CTPF in the amount of \$343.9 million, and in subsequent years, the State would be required to make an annual appropriation to CTPF in the amount of 10% of the annual appropriation to TRS.

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