# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

#### PENSION IMPACT NOTE

### 99TH GENERAL ASSEMBLY

BILL NO: **SB 1294** February 19, 2015

SPONSOR (S): Link

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

FISCAL IMPACT: SB 1294 would be substantially positive for both Cook County Funds. At the end of 2013, the Cook County Employees Pension Fund had unfunded liabilities in the amount of \$6.4 billion, and a funding ratio of 56.6%. At the end of 2013, the Cook County Forest Preserve Pension Fund had unfunded liabilities of approximately \$124 million, and a funding ratio of 59.5%. The most recent actuarial projections provided to COGFA by the Cook County funds show both funds running out of assets in the year 2038.

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SUBJECT MATTER: SB 1294 gradually increases the tax multipliers for both the Cook County Employees and Cook County Forest Preserve Pension funds. The tax multiplier is the mechanism by which both Cook County and the Cook County Forest Preserve District make employer contributions to each respective fund. Beginning in 2023, the bill eliminates a set multiplier and places both funds on a 30-year rolling amortization.

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<u>COMMENT</u>: Under current law, for purposes of making employer contributions to the Cook County Employees pension fund, the Cook County Board levies a property tax equal to the amount of employee contributions during the calendar year 2 years prior to the year for which the tax is levied, multiplied by 1.54. For the Cook County Forest Preserve Pension Fund, employer contributions are made in the same manner by the Cook County Forest Preserve District, with the multiplier set in statute at 1.30. SB 1294 would increase each respective tax multiplier in the following manner:

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### Cook County Employees Pension Fund

- 2.25 for the years 2016 through 2018;
- For 2023 and each year thereafter, the tax levy will be an amount sufficient to fund the normal cost of the fund plus an amount necessary to amortize the unfunded liabilities over a period of 30 years from the effective date of the evaluation.

## Cook County Forest Preserve Pension Fund

- 2.25 for the years 2015 through 2018;
- 3.00 for the years 2019 through 2022;
- Beginning in the year 2023, and for each year thereafter, the forest preserve will levy a tax that will be sufficient to fund the normal cost of the fund plus an amount necessary to amortize the unfunded liabilities over a period of 30 years from the effective date of the evaluation.

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