

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 2156, as amended by SA 2 & 3** April 5, 2016

SPONSOR (S): Cunningham – Connelly, et al.

SYSTEM(S): State Universities Retirement System (SURS)

FISCAL IMPACT: The precise fiscal impact of SB 2156, as amended by SA 2 and 3 is not known as SURS is not able to identify the amount of pensionable earnings associated with the aspects of basic compensation that are being excluded by this bill. However, it is expected to be positive.

SUBJECT MATTER: SB 2156, as amended by SA 002 and 003 prohibits an individual who starts working on or after the effective date of this bill with certain entities from being eligible to participant in SURS with respect to that employment. The bill also places restrictions on certain items which are currently included in basic compensation and earnings for an employee who first becomes a participant on or after the effective date of this bill for the following items: bonuses, housing allowances, vehicle allowances, or club memberships or dues shall not be included in basic compensation and earnings.

COMMENT: Certain entities which are not considered employers for the purposes of pension for an individual who starts working (on or after the effective date of this bill) are listed below.

- Any association of community college boards organized under the Public Community College Act;
- The Association of Illinois Middle-Grade Schools;
- The Illinois Association of School Administrators;
- The Illinois Association for Supervision and Curriculum Development;
- The Illinois Principals Association;
- The Illinois Association of School Business Officials;
- The Illinois Special Olympics; or
- An entity not defined as an employer

However, if an individual who is employed by a such entity listed above is already participating in the System with respect to that employment on the effective date of

this bill, he or she shall be allowed to continue participating in the System for the duration of that employment. In the case of doubt regarding if an individual would be defined as an employee regarding this matter, a final decision shall depend upon the decision of the Board of SURS.

Under this bill, the System can request information necessary for the proper operating of the system from any participant or beneficiary or annuitant or any current or former employer of a participant or annuitant.

- If an employer does not respond within the 90 calendar days of the System's request, a penalty of \$500 per calendar day would be charged until the System receives such information, with a maximum penalty of \$50,000.
- In case that a participant, beneficiary, or annuitant fail to provide information that the System requests within 90 calendar days, the System may immediately cease processing the benefit and may not pay any additional benefit payment to the participant, beneficiary, or annuitant until the requested information is provided.

In addition, under the current law, "any association of community college boards organized under the Public Community College Act" would be deemed an SURS employer. The foregoing entity shall not be considered an employer under this bill.

JB:dkb

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