

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 3606**

March 1, 2007

SPONSOR (S): Rose

SYSTEM(S): State Universities' Retirement System

FISCAL IMPACT: The fiscal impact of HB 3606 cannot be determined because the number of employees affected is not known.

SUBJECT MATTER: HB 3606 amends the State Universities' Article of the Illinois Pension Code to provide that, when assessing payment for any amount due for salary increases in excess of 6%, the System shall exclude any earnings increase (1) awarded to tenured faculty based upon the completion of criteria specified in a collective bargaining contract, (2) resulting from a promotion for academic professionals, or (3) resulting from a peer group study of compensation.

FISCAL IMPACT: The fiscal impact of HB 3606 cannot be determined because the number of employees affected is not known.

COMMENT/DISCUSSION: The Illinois Pension Code requires the member's employer to pay to the System the present value of the increase in pension benefits resulting from the portion of any salary increase (during the period used to determine final average salary) that is in excess of 6%. In addition, a number of specific situations are excluded from the requirement for these employer payments. HB 3606 amends the Code to provide that, when assessing payment for any amount due for salary increases in excess of 6%, the System shall also exclude any earnings increase (1) awarded to tenured faculty based upon the completion of criteria specified in a collective bargaining contract, (2) resulting from a promotion for academic professionals, or (3) resulting from a peer group study of compensation.

GS:dkb

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