

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 5088, as amended by SA #001** May 29, 2008
SPONSOR (S): Molaro – Fritchey, et al. (Demuzio – Crotty, et al.)
SYSTEM(S): All State Systems

FISCAL IMPACT: HB 5088, as amended, will have a positive impact on the State-funded retirement systems as all monies disbursed to the systems from the State Pensions fund will no longer comprise any portion of the regular State appropriation to the retirement systems. These amounts disbursed from the State Pensions Fund will be in addition to the regular annual appropriation.

SUBJECT MATTER: HB 5088 amends the State Finance Act to provide that, beginning in FY 2011, moneys in the State Pensions Fund shall be used for funding of the five State retirement systems in addition to, rather than in lieu of, any State contributions required under the Illinois Pension Code.

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COMMENT: Prior to the enactment of P.A. 94-0091 on July 1, 2005, monies in the State Pensions fund were disbursed to the five State-funded systems in proportion to each system's share of the total State unfunded liability. This disbursement comprised a portion of the State's annual appropriation to each retirement system. P.A. 94-0091 amended the State Finance Act to direct all monies in the Pensions Fund to the State Universities Retirement System, so long as the fund balance in the State Pensions Fund remained at or above \$5 million. HB 5088, as amended, provides that, beginning in FY 2011, moneys in the State Pensions Fund shall be used for funding of the five State-funded retirement systems in addition to, rather than in lieu of, any State contributions required under the Illinois Pension Code. The bill specifies that State Pensions Fund monies will be disbursed to the systems in proportion to each system's share of the total State unfunded liability.