

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 1481, as amended by House Amendment 001** May 31, 2007

SPONSOR (S): Demuzio – Martinez (Joyce)

SYSTEM(S): State Employees' Retirement System

FISCAL IMPACT: The fiscal impact of SB 1481, as amended by HA 001, cannot be determined as the number of members who may wish to purchase these service credits has not been calculated, but is expected to be minor. The bill requires the nurses to pay the employee contribution plus interest from the date of service to the date of payment. The Department of Human Services is required to make an employer contribution for these nurses determined by SERS to be equal to the employer's normal cost of the benefit, plus interest.

Members choosing to purchase service credits for specified leaves of absence are required to pay both the employee and employer's contributions, plus interest, from the date of the leave until the date of payment.

SUBJECT MATTER: SB 1481, as amended by HA 001, amends the State Employees' Article of the Illinois Pension Code to permit nurses to purchase service credit for any work under a contractual agreement for the Department of Public Aid, or its successor agency, the Department of Human Services. The employee had to work in the Client Assessment Unit and subsequently be classified a State Employee by the United States Internal Revenue Service and the Illinois Labor Relations Board. In addition, SB 1481, as amended by HA 001, permits the purchase of service credit by members taking a leave of absence to work for a statewide labor organization that represents members of this system.

FISCAL IMPACT: The fiscal impact of SB 1481, as amended by HA 001, cannot be determined as the number of members who may wish to purchase these service credits has not been calculated, but is expected to be minor. The bill requires the nurses to pay the employee contribution plus interest from the date of service to the date of payment. The Department of Human Services is required to make an employer contribution for these nurses determined by SERS to be equal to the employer's normal cost of the benefit, plus interest.

Members choosing to purchase service credits for specified leaves of absence are required to pay both the employee and employer's contributions, plus interest, from the date of the leave until the date of payment.

COMMENTS: The Illinois Pension Code lists specific conditions and periods of service for which an employee may purchase service credit. SB 1481, as amended by HA 001, amends the State Employees' Article of the Pension Code to add: (1) members who worked as a nurse under a contractual agreement for the Department of Public Aid or its successor agency, the Department of Human Services, in the Client Assessment Unit and were subsequently determined to be State employees by the United States Internal Revenue Service and Illinois Labor Relations Board, and (2) members taking a leave of absence to work for a statewide labor organization that represents members of this system. Members are required to apply by July 1, 2008 and pay all required contributions as of the date specified. In addition, SB 1481, as amended by HA 001, states that allowing members to establish these service credits does not constitute a new benefit increase.

GS:dkb

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