

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 1510**

February 28, 2007

SPONSOR (S): Raoul

SYSTEM(S): Chicago Teachers' Pension Fund

FISCAL IMPACT: SB 1510 does not amend the Pension Code to allow the Chicago Teachers' Pension Fund to provide a higher subsidy for retiree health insurance. Hence, there will be no fiscal impact as a result of implementing a continuing State appropriation for retiree health insurance.

SUBJECT MATTER: SB 1510 creates the Public School Teachers' Pension and Retirement Fund of Chicago Continuing Appropriation Act. The bill provides for a continuing appropriation equal to the greater of \$65,044,700 or the amount of the vouchers submitted by the pension fund pursuant to the School Code.

FISCAL IMPACT: SB 1510 does not amend the Pension Code to allow the Chicago Teachers' Pension Fund to provide a higher subsidy for retiree health insurance. Hence, there will be no fiscal impact as a result of implementing a continuing State appropriation for retiree health insurance.

COMMENT: Currently, the Pension Code allows the Chicago Teachers' Pension Fund to reimburse retirees, survivors, and disability annuitants for a portion of their health insurance coverage. The total reimbursement amount cannot exceed \$65 million annually, plus any amount that was authorized to be paid in any preceding year that was not actually paid. (P.A. 93-0677 raised the cap from \$40 million to \$65 million). The Pension Code further specifies that the total annual amount of payments made for retiree health insurance reimbursement may not exceed 75% of the total cost of the coverage for all recipients who receive payments in that year. This retiree health insurance subsidy is made by the Chicago Teacher Pension Fund via State appropriation, and is not currently mandated by law.

SB 1510 would create a continuing appropriation for the Chicago Teachers' Pension Fund equal to one-twelfth of \$65,044,700 (the amount of the State subsidy for retiree healthcare in FY 2007) or the amount of the vouchers for required State contributions lawfully submitted by the fund pursuant to the School Code.

DH:bs

LRB095 05107 AMC 25176 b