

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 2962**

March 6, 2017

SPONSOR (S): Zalewski

SYSTEM(S): Cook County and Cook County Forest Preserve (CCPF)

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**FISCAL IMPACT:** HB 2962 would presumably have a positive impact on the Cook County funds by changing the funding mechanism and by allowing the County and the Forest Preserve District to use any revenue source to pay the employer contributions to their respective funds. An updated note will be issued if an actuarial study becomes available.

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**SUBJECT MATTER:** HB 2962 amends the Cook County and Cook County Forest Preserve Articles of the Illinois Pension Code. This bill makes changes to the funding mechanism by which the County and the Forest Preserve District make contributions to their respective funds. Also, the bill establishes the authority for employer contributions to be made from any source of revenue.

### COMMENTS:

#### **Employer Contributions**

- Under current law, the Cook County and Cook County Forest Preserve use funds from a levied tax to make contributions to the respective pension funds. The required annual contributions of the County or the Forest Preserve District are determined by multiplying the total employee contributions from the 2 previous years by an applicable multiplier of the County or the Forest Preserve District. The current multiplier for the County is 1.54 and for the Forest Preserve District is 1.30.

HB 2962 specifies the county's required annual contributions for the next 5 years starting 2017 and changes the funding mechanism to pay employer contributions.

#### Cook County

- For Payment year 2017: \$555,000,000
- For Payment year 2018: \$566,000,000
- For Payment year 2019: \$577,000,000
- For Payment year 2020: \$588,000,000
- For Payment year 2021: \$599,000,000

- From payment years 2022 through 2051, the County's required annual contributions shall be the sum of (1) the county's portion of the projected normal cost and (2) an amount determined by the CCPF that is sufficient to bring the CCPF funded ratio up to 100% by the end of 2051.
- After payment years 2051, the annual contributions shall be the amount, if any, needed to bring the CCPF funded ratio up to 100% as of the end of the year.

#### Cook County Forest Preserve

- For Payment year 2017: \$4,500,000
- For Payment year 2018: \$5,500,000
- For Payment year 2019: \$6,500,000
- For Payment year 2020: \$7,500,000
- For Payment year 2021: \$8,500,000
- From payment years 2022 through 2051, the Forest Preserve's required annual contributions shall be the sum of (1) the Forest Preserve's portion of the projected normal cost and (2) an amount determined by the pension fund that is sufficient to bring the CCPF funded ratio up to 100% by the end of 2051.
- After payment years 2051, the annual contributions shall be the amount, if any, needed to bring the pension fund funded ratio up to 100% as of the end of the year.

#### *Revenue Source for the Employer Contributions*

As of current law, employer contributions by the County and the Forest Preserve District shall be taken from limited revenue resources. HB 2962 allows the employer contributions could be taken from any revenue source, including, but not limited to, other tax revenue, proceeds of county borrowings, or State or federal funds.

JB:dkb

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