

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: HB 5937 October 23, 2018

SPONSOR (S): Phelps Finnie – Bristow, et al.

SYSTEM(S): Teachers Retirement System (TRS) and State Universities Retirement System (SURS)

FISCAL IMPACT: Currently there is no data available for analysis of the fiscal impact of HB 5937. Payments for the excess salary increase penalty for SURS amounted to \$15.9 million to SURS and \$45.5 million to TRS between 2008 and 2017.

SUBJECT MATTER: HB 5937 amends the Downstate Teachers and State Universities Articles of the Illinois Pension Code. The bill would repeal the 3% final average salary cap “penalty” for universities and school districts implemented via P.A. 100-0587.

COMMENT: Prior to the enactment of P.A. 100-0587, the FY 2019 Budget Implementation Bill, school districts and universities were responsible for paying the increase in the present value of any pension payable as a result of a pay increase granted in excess of 6% in an employee’s final average salary period. P.A. 100-0587 lowered this final rate of earnings cap to 3%, effective July 1, 2018. HB 5937 would essentially repeal the 3% cap language contained in P.A. 100-0587, and reinstate the previous 6% cap.

EW:bj
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