

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **SB 1570**

March 6, 2016

SPONSOR (S): Martinez – VanPelt

SYSTEM(S): Chicago Teachers

FISCAL IMPACT: SB 1570 would presumably help improve administrative processes and hence, the fiscal impact would be positive but minimal, and confined to administrative expenses.

SUBJECT MATTER: SB 1570 amends the Chicago Teacher Article of the Illinois Pension Code. This bill amends internal administrative processes of Chicago Teachers' Pension Fund (CTPF) with respect to the receipt of payroll records or pension contributions from an employer.

COMMENT: SB 1570 makes technical changes to CTPF's internal administrative processes when CTPF receives payroll records or pension contributions from an employer.

- A written notice of delinquency
 - When CTPF finds out that any payroll record or pension contribution is not timely submitted or certified, a written notice of delinquency shall be provided to an employer within 10 business days.
 - 30 business days would be provided to respond if an employer wishes to dispute the notice of delinquency.
- Penalty
 - Penalty cannot be charged if CTPF fails to provide a written notice of delinquency within 10 business days of the CTPF's discovery.
 - No penalty shall be charged if an employer corrects necessary information on a payroll record or makes an incomplete contribution before receiving such written notice.
 - Penalty shall not exceed 100% of the principal contributions due.
- Deadline for submissions of necessary information or a required contribution.
 - An employer shall provide necessary information or make a required contribution within 12 months after receiving the notice of delinquency to avoid a statutorily set penalty.

According to CTPF, the current practice is CTPF's internal auditors have to be involved in the processes to verify the data. When information is updated or delayed after it has been submitted, administrative processes could be delayed. In order to help the internal administrative processes, SB 1570 limits all submissions to 12 months.

Under SB 1570, the amount of penalty charged to an employer would remain the same as current law, but the maximum amount of penalty is specified on SB 1570; An employer would be subject to the amount of \$100 per day for each day that necessary information or a required contribution is delayed, but the total amount of penalty shall not exceed 100% of the principal.

JB:dkb

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