

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 2060, as amended by SA 1**

April 9, 2019

SPONSOR (S): Martinez

SYSTEM(S): General Provisions

FISCAL IMPACT: There is no readily discernible fiscal impact associated with SB 2060, as amended by SA 1.

SUBJECT MATTER: SB 2060, as amended by SA 1, amends the General Provisions Article of the Illinois Pension Code. In a provision regarding the adoption of a policy for utilization of emerging investment managers, this proposed legislation requires that total dollar amount of *fees paid* under investment contracts shall be used to make the determination.

COMMENT: Current law encourages a retirement system, pension fund or investment board subject to the Illinois Pension Code to use emerging investment managers in managing its assets by adopting a policy in order to improve the racial, ethnic, and gender diversity of its fiduciaries. In addition, it is currently an aspirational goal to use emerging investment managers for at least 20% of *the total funds under management*, beginning January 1, 2016.

SB 2060, as amended by SA 1, changes a way to set a goal for utilization of emerging investment managers to a fee basis. In other words, this legislation stipulates that such goals shall be based on the percentage of total dollar amount of *fees paid* under investment contracts let to emerging investment managers, and a policy reflecting the change made by this legislation shall be adopted on or before January 1, 2020. Additionally, under this legislation, an aspirational goal will be to use emerging investment managers for at least 20% of *total fees paid* in each asset class, instead of *total funds* under management.

JB:bj

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