

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 1428, as amended by HA 1** April 22, 2021

SPONSOR (S): Evans – Welch, et al.

SYSTEM(S): Chicago Transit Authority (CTA)

FISCAL IMPACT: HB 1428, as amended by HA 1, would lower employee contributions to 1% of compensation from 3% for the CTA's Retiree Health Care Trust, effective January 1, 2022. According to the 2019 actuarial valuation report of the CTA Retiree Health Care Trust, the total OPEB (Other Post-Employment Benefits) liability of the plan was \$635.5 million, and the Plan Fiduciary Net Position (the plan's assets) was \$935.5 million. As a result, the Net OPEB liability was -\$300.0 million (i.e. the liability being less than the assets by \$300 million), and the Plan Fiduciary Net Position as a percentage of the total OPEB liability was 147.2% as of December 31, 2019.

SUBJECT MATTER: HB 1428, as amended by HA 1, amends the Miscellaneous Collateral Provisions Article of the Illinois Pension Code. The bill requires all employees of CTA to contribute an amount not less than 1% of compensation (rather than 3%) to the Retiree Health Care Trust, effective January 1, 2022.

COMMENT: Under current law, CTA employees are required to contribute 3% of their compensation to the Retiree Health Care Trust. This legislation would lower the employee contributions to 1%. As of December 31, 2019, the net position of the CTA's Retiree Health Care Trust as a percentage of the total OPEB liability was 147.2%.

JB:bs

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