

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO:       **HB 3135**

March 2, 2021

SPONSOR (S):   Moeller

SYSTEM(S):     SERS

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**FISCAL IMPACT:** According to SERS, the prior service portion of HB 3135 would have a negative, though minimal, fiscal impact to the state, as employer normal cost for the service credit being applied for by the participants is not being paid by the member. Tier 2 Human Services security employees would accrue service credit under the alternative (state police) formula when the bill goes into effect.

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**SUBJECT MATTER:** HB 3135 amends the General Provisions and State Employees articles of the Illinois Pension Code to allow Tier 2 Human Services security employees to qualify for the alternative (state police) formula in SERS, and to convert up to nine years of prior service credit as a Human Services security employee into eligible pensionable service under the SERS alternative formula.

**COMMENT:** According to SERS, this legislation would affect approximately 500-600 active Human Services security employees. Some unfunded liability would be created if the prior service credit provision is utilized by the eligible security employees, as there is no provision for payment of the employer normal cost portion of the nine years of optional service credit. The employee is still required to make a payment for the amount of employee contributions that would have been paid normally for Tier 2 service credit. Human Services security employees would accrue future service credit under the alternative formula after the effective date of this legislation.

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