

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

REVISED

BILL NO: **SB 0212**

March 2, 2021

SPONSOR (S): Villivalam

SYSTEM(S): Chicago Municipal

FISCAL IMPACT: The contributions required from the City of Chicago to the Municipal Pension Fund for fiscal years 2021 and 2022 are unknown, as the bill would base these contributions on percentages of the long-term amortization plan rather than the amounts currently enshrined in statute. An actuarial study would be required before these amounts could be ascertained. The pension fund says that the bill would result in contribution increases for 2021 and 2022, but the amounts of the increases are unknown as an actuarial study has not been disseminated.

SUBJECT MATTER: SB 0212 amends the Chicago Municipal article of the Pension Code. The bill strikes the statutorily-required, fixed-dollar City contributions by the employer (the City of Chicago) in 2021 and 2022, and instead requires contributions in these years that would be percentages of the long-term actuarial amortization plan in statute, as explained below.

COMMENT: Under current law, the City of Chicago is required to make contributions to the Municipal Employees' fund in specified amounts in each year from 2018 through 2022, after which a long-term amortization funding plan begins. Under the long-term plan, the fund must attain a 90% funding ratio by the end of 2058. Current law requires City contributions in the amounts of \$499 million in 2021 and \$576 million in 2022.

SB 0212 would strike these foregoing city contribution amounts for 2020 and 2021 and require City contributions of 80% of the amount that would be required under the long-term amortization plan for 2021 and 90% of the long-term amortization amount for 2022. Essentially, the bill would immediately implement the long-term amortization plan and eliminate the 5-year "ramp up" period. An updated actuarial forecast from the pension fund would be needed to ascertain the amount of the change in the city contribution as a result of this bill, but the pension fund says city contributions would increase for 2021 and 2022.

DH:bs

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