



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: **HB 5450**

February 20, 2024

SPONSOR: Ford

SYSTEM: SURS

FISCAL IMPACT

Eliminating the requirement for the Illinois Board of Higher Education (IBHE) and the Governor's Office of Management and Budget (GOMB) to prepare a yearly report on cost reduction as a result of the termination of compensable sick leave will not have a fiscal impact on SURS. The system incurs no administrative costs on the preparation of this report and would not be substantively impacted by its elimination.

SUBJECT MATTER: HB 5450 amends the SURS Article of the Pension Code by eliminating the requirement for ISBE and GOMB to prepare a yearly report on any cost reductions that come about as a result of termination of compensable sick leave. Essentially, the bill repeals the sick leave accrual reporting requirement that was implemented via P.A. 90-0009, as discussed below in the Comment section.

COMMENT: Under current law, IBHE and GOMB are required to prepare a yearly report that describes any reduction in costs for SURS as a result of the termination of compensable sick leave. This annual reporting requirement was implemented by P.A. 90-0009 and became effective July 1, 1997. The report focuses on costs due to compensable sick leave accrued on and after January 1, 1998. The practice of allowing payouts of accrued sick leave was implemented by P.A. 83-0976, starting January 1, 1984. However, compensable sick leave payouts were abolished by P.A. 90-0065, which took effect on July 7, 1997.

HB 5450 removes the requirement for IBHE and GOMB to prepare a yearly report on cost reduction for SURS as a result of termination of compensable sick leave. This bill is an initiative of the IBHE. The Board states that the fiscal liability of the compensable sick leave is less than \$25 million as of Fiscal Year 2023. This fiscal liability has been reduced by an average of \$5

million each year from FY 2013 to FY 2023, and IBHE anticipates the fiscal liability to be eliminated in about 5 years.

SURS states that they do not utilize the information in the report for any purpose whatsoever, and that its continued publication is no longer necessary.

MH:bs

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