



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *103RD General Assembly*

BILL NO: SB 2739

January 29, 2024

SPONSOR (S): Martwick

SYSTEM: All State Systems (TRS, SURS, SERS, GARS, JRS)

FISCAL IMPACT

SB 2739 establishes a program of multiple-month vouchering by the 5 State Systems, to be deployed at the discretion of the Office of the Comptroller. Nothing in the bill allows for a greater annual appropriation to any of the 5 State Systems than that approved by the General Assembly. SERS maintains that the goal of the legislation is to provide flexibility in distributing State contributions to the 5 State Systems so that they may more rapidly leverage greater investment returns due to longer exposure to the financial markets. To the extent that marginally greater returns are achieved, the bill would have a positive fiscal impact upon the State Systems.

SUBJECT MATTER: SB 2739 amends the five State System articles of the Pension Code (SERS, TRS, SURS, GARS, and JRS). The bill implements a system of multiple-month vouchering, to be deployed at the behest of the Comptroller. Under current law, the five State Systems are required to submit 12 monthly vouchers that comprise their respective annual appropriations. Nothing in the bill allows for a greater annual appropriation than that approved by the General Assembly under P.A. 88-593 or any supplemental appropriations the General Assembly may approve.

COMMENT: SB 2739 amends the five State System articles of the Pension Code (SERS, TRS, SURS, GARS, and JRS). Under current law, the five State systems submit monthly vouchers to the Comptroller for 1/12th of the annual certified appropriation in a given fiscal year. Current law mandates that such vouchers shall be submitted on the 15th day of each month, or as soon thereafter as may be practicable.

SB 2739 makes two modifications to the vouchering process: 1) the Comptroller may request that the board of the applicable system submit vouchers for multiple monthly payments for advance payments of State contributions, and the systems shall comply with this request; and 2) if such vouchers are submitted for multiple monthly payments at one time, the systems may not request an amount that would result in an annual appropriation that is higher than the certified annual amount under P.A. 88-593, unless such additional amount is appropriated by the General Assembly.

SB 2739 is an initiative of the Comptroller's office. IOC does not foresee any cash flow issues or investment losses in GRF if this bill were to be enacted. According to both IOC and SERS, this change provides the Comptroller with greater flexibility in distributing funds to the five State systems, allowing the systems to potentially leverage greater investment returns due to longer exposure to the financial markets.

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