

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 98TH GENERAL ASSEMBLY

BILL NO: **HB 1280**

February 14, 2013

SPONSOR (S): Senger

SYSTEM(S): Downstate Fire, IMRF

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**FISCAL IMPACT:** The fiscal impact of HB 1280 cannot be determined as the number of fire chiefs who would be impacted is unknown. Presumably, this bill would be most applicable in situations where the fire chief is the only full-time employee of a municipal fire department and the municipality does not wish to form an Article 4 fund for only one person. According to IMRF's 2011 CAFR, the statewide average employer rate for 2011 was 12.85% of payroll for the regular IMRF formula. By contrast, the City of Aurora fire pension fund had an employer's normal cost of 24.34% of payroll. The City of Rockford fire pension fund had an employer's normal cost rate of 14.68% of payroll.

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**SUBJECT MATTER:** HB 1280 amends the Downstate Fire and IMRF Articles of the Pension Code. The bill allows the chief of certain fire departments to elect to participate in IMRF rather than an Article 4 fire pension fund.

**FISCAL IMPACT:** The fiscal impact of HB 1280 cannot be determined as the number of fire chiefs who would be impacted is unknown. Presumably, this bill would be most applicable in situations where the fire chief is the only full-time employee of a municipal fire department and the municipality does not wish to form an Article 4 fund for only one person. According to IMRF's 2011 CAFR, the statewide average employer rate for 2011 was 12.85% of payroll for the regular IMRF formula. By contrast, the City of Aurora fire pension fund had an employer's normal cost of 24.34% of payroll. The City of Rockford fire pension fund had an employer's normal cost rate of 14.68% of payroll.

**COMMENT:** Under current law, Suburban and Downstate police chiefs have the ability to remain in IMRF as long as they remain continuously employed with the same police department. HB 1280 would extend this same opportunity to fire chiefs. This bill would be most applicable in situations where the fire chief is the only full-time employee and the municipality does not wish to create an Article 4 pension fund for one person.

DH:dkb

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