

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 0580, as amended by HA 2**

April 12, 2016

SPONSOR (S): Welch – Smiddy, et al.

SYSTEM(S): None

FISCAL IMPACT: A fiscal impact is possible to the extent that the provisions of this bill would cause SERS to change its current actuarial salary increase assumptions. According to SERS, if a new Collective Bargaining Agreement (CBA) is enacted, the Board would not automatically adopt a new salary increase assumption. On the contrary, when the actuaries review the plan experience for any given fiscal year, they may identify changes that warrant the recommendation of the modification of the salary increase assumptions, as a result of a CBA. Therefore, it is possible that a CBA can indirectly modify the salary increase assumptions, but more information would be needed to establish the parameters for an actuarial cost study.

SUBJECT MATTER: HB 0580, as amended by HA 2, amends the Illinois Public Labor Relations Act by granting either party the option to initiate the impasse arbitration procedures, if collective bargaining agreements are not resolved by their initial expiration.

COMMENT: HB 0580, as amended by HA 2, amends the Illinois Public Labor Relations Act. It proposes that, with respect to collective bargaining agreements between the State and State employees initially scheduled to expire within the next 3 years, which are not resolved by the initial expiration date of the agreement, mediation of the outstanding issues shall be initiated, within 30 days from that date. Should a mediator be unable to bring the parties to agreement, either party may initiate the impasse arbitration procedures. Arbitration procedures shall be deemed to have been initiated prior to the commencement of any fiscal year occurring after the initial expiration date of the agreement.

JL:bj

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