

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 4256**

July 28, 2015

SPONSOR (S): Ives - Sandack

SYSTEM(S): State Universities Retirement System

FISCAL IMPACT: The fiscal impact of HB 4256 cannot be determined as the portion of pensionable salary that is attributable to the factors listed in this bill is not known, according to SURS. However, the table below shows SURS' projection of new hires over the next five years, from FY 2016 through 2020. Hence, over this time period, 34,101 employees would be subjected to the more stringent definition of "basic compensation."

Fiscal Year Ending	Cumulative Number of Future Employees
2016	16,106
2017	22,497
2018	27,086
2019	30,803
2020	34,101

SUBJECT MATTER: HB 4256 amends the SURS article of the Pension Code. The bill redefines "basic compensation" for an employee who becomes a participant on or after the effective date of the amendatory act. The new definition of "basic compensation" is minimized by excluding items which are included for an existing employee such as the value of maintenance, living quarters, employee contributions, and other items.

COMMENT: Current law defines "basic compensation" as the gross basic rate of salary payable by an employer. "Basic compensation" also includes items such as the value of maintenance, board, living quarters, personal laundry or other allowances furnished in lieu of salary which are considered gross income under the Internal Revenue Code

HB 4256 redefines “basic compensation” for an employee who becomes a participant in SURS on or after the effective date of this amendatory Act. The new definition of “basic compensation” is minimized by excluding items which are included for an existing employee such as the value of maintenance, living quarters, or other allowances, employee contributions, and amount of money made in a custodial investment account by any employers for an employee.

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