

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 72**

April 13, 2015

SPONSOR(S): McCarter

SYSTEM(S): Teachers' Retirement System (TRS)

FISCAL IMPACT: By virtue of shifting a portion of normal cost to local school districts, SB 72 will have an indiscernibly positive fiscal impact upon the State. *This impact note will be updated upon receipt of a cost study dedicated to the changes proposed by this bill.*

SUBJECT MATTER: SB 72 amends the Downstate Teachers Article of the Illinois Pension Code to; beginning in 2016, incrementally shift a portion of the normal costs of the Teachers' Retirement System from the State to the local school districts, if certain State mandates are funded. Under this bill, the lesser of 9% of payroll or 100% of the normal costs of the Teachers' Retirement System will be paid by the local school districts by 2025.

COMMENT: SB 72 proposes a gradual shift of the normal cost to individual school districts participating in the Teachers' Retirement System;

- TRS Cost Shift
 - FY 2016: .5% of local district's payroll
 - FY 2017: 1%
 - Each fiscal year after FY 2017 and including FY 2025, the amount will increase by one percentage point.
 - In FY 2025 and beyond, 9% of employer payroll.
 - The minimum required contribution will never exceed TRS's normal costs.
 - *However*, individual school districts will not have to contribute towards the normal cost for that fiscal year *if* certain State mandates have not been fully funded (including the School Breakfast and Lunch Program).
 - School districts have 90 days to make the required contribution without penalty.
 - Interest will accrue on the balance starting on the 91st day
 - Payment must be concluded within 3 years of receipt of the bill.

MD:dkb

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