

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 1302**

February 18, 2015

SPONSOR (S): Jones III, Emil

SYSTEM(S): Chicago Teachers

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**FISCAL IMPACT:** SB 1302 would have a positive impact upon the Chicago Teachers Pension Fund. According to the pension fund's 2013 actuarial valuation, CTPF had assets of \$9.4 billion (actuarial value) and liabilities of \$19.0 billion and a funding ratio of 49.5%. If SB 1302 is enacted into law, the FY 2016 State contribution to CTPF would increase to \$374.3 million.

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**SUBJECT MATTER:** SB 1302 amends the Chicago Teacher article of the Pension Code to require the State to contribute \$374.3 million to CTPF in FY 2016. For each year thereafter, the State would be required to make an annual appropriation to CTPF in the amount of 10% of the annual appropriation to TRS.

**FISCAL IMPACT:** SB 1302 would have a positive impact upon the Chicago Teachers Pension Fund. According to the pension fund's 2012 actuarial valuation, CTPF had assets of \$9.4 billion (actuarial value) and liabilities of \$17.4 billion and a funding ratio of 54.1%. If SB 1302 is enacted into law, the FY 2016 State contribution to CTPF would increase to \$343.9 million.

**COMMENT:** P.A. 90-0582 requires the State to contribute 0.544% of the Chicago Teacher Pension Fund's total payroll when the CTPF funded ratio drops below 90%. On February 21st, 2014, CTPF certified a FY 2015 State contribution in the amount of \$12.1 million, and this amount was appropriated to CTPF in FY 2015 via P.A. 98-0680 (HB 6096). SB 1302 would require an FY 2016 State appropriation to CTPF in the amount of \$374.2 million, and in subsequent years, the State would be required to make an annual appropriation to CTPF in the amount of 10% of the annual appropriation to TRS. *It should be noted that Governor Rauner's FY 2016 budget book proposes eliminating State contributions to the Chicago Teacher Pension Fund.*

DH:dkb

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