

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 1593**

February 25, 2015

SPONSOR (S): Murphy

SYSTEM(S): All

FISCAL IMPACT: SB 1593 would have an uncertain impact on pension liabilities, as some state systems either do not usually use overtime pay (TRS) or are uncertain of the extent overtime pay is used in addition to regular salaried compensation (SURS). Many employees receiving overtime are younger and far from retirement, so this legislation would likely have no impact for them, in the case of SERS. Under this legislation, overtime pay would no longer be used to calculate pensionable salary, earnings, or compensation.

SUBJECT MATTER: SB 1593 amends the General Provisions Article of the Illinois Pension Code to eliminate overtime pay from being used for determining pensionable salary, earnings, or compensation.

FISCAL IMPACT: SB 1593 would have an uncertain impact on pension liabilities, as some state systems either do not usually use overtime pay (TRS) or are uncertain of the extent overtime pay is used in addition to regular salaried compensation (SURS). Many employees receiving overtime are younger and far from retirement, so this legislation would likely have no impact for them, in the case of SERS. Under this legislation, overtime pay would no longer be used to calculate pensionable salary, earnings, or compensation.

COMMENT: SERS employee contributions already include overtime pay, which would reduce income for the systems affected by this legislation. This legislation is similar to HB 253 in the 99th GA, though this legislation affects all systems, rather than only SERS.

AB:dkb

LRB099 09649 RPS 29858 b