

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 0932**

February 20, 2007

SPONSOR(S): Joyce

SYSTEM(S): Chicago Police Pension Fund

FISCAL IMPACT: HB 0932 would significantly increase the annual employer contributions to the Fund. In Calendar Year 2005, the City of Chicago made employer contributions of approximately \$177.9 million, using a property tax multiplier of 2.00. If a property tax multiplier of 2.26 had been in effect that year, the employer contributions generated by the tax levy would have totaled approximately \$201.0 million, an increase of \$23.1 million.

SUBJECT MATTER: HB 0932 amends the Chicago Police Article of the Pension Code to permanently increase the maximum property tax multiplier from 2.00 to 2.26, beginning in 2008. Increasing the multiplier raises the amount generated by that portion of the City of Chicago property tax levy earmarked for employer pension contributions.

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COMMENT: The funding provisions of the Chicago Police Fund requires an employer contribution, funded by City property taxes, which cannot be more than the total amount of employee contributions to the Fund made in the calendar year two years previous, multiplied by 2.00. HB 0932 increases the multiplier from 2.00 to 2.26. According to the Chicago Police Fund's 2005 annual report, a multiplier of 5.3 would be needed in order to pay the normal cost plus amortize the unfunded liability over 40 years.

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