

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 101ST GENERAL ASSEMBLY

BILL NO: HB 350 January 16, 2018  
SPONSOR (S): Willis - Halpin  
SYSTEM(S): Teachers Retirement System (TRS) and State Universities  
Retirement System (SURS)

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**FISCAL IMPACT:** Currently there is no data available for analysis of the fiscal impact of HB 350. From the period between Fiscal Years 2008 and 2017, payments for the 6% excess salary increase penalty implemented by P.A. 94-0004 amounted to \$15.9 million paid to SURS and \$45.5 million paid to TRS.

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**SUBJECT MATTER:** HB 350 amends the Downstate Teachers and State Universities Articles of the Illinois Pension Code. The bill would repeal the 3% final average salary cap “penalty” for universities and school districts implemented via P.A. 100-0587.

**COMMENT:** Prior to the enactment of P.A. 100-0587, the FY 2019 Budget Implementation Bill, school districts and universities were responsible for paying the increase in the present value of any pension payable as a result of a pay increase granted in excess of 6% in the teacher’s final average salary period. P.A. 100-0587 lowers this final rate of earnings cap to 3%, effective July 1, 2018. HB 350 would essentially repeal the 3% cap language contained in P.A. 100-0587, and reinstate the previous 6% cap.

EW:bj  
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