

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: SB 60 January 22, 2019
SPONSOR (S): Bertino-Tarrant, Fowler, et al.
SYSTEM(S): TRS, SURS

FISCAL IMPACT: Currently there is no data available for analysis of the fiscal impact of SB 60. 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.

SUBJECT MATTER: SB 60 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. SB 60 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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