

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: SB 3232

February 19, 2014

SPONSOR(S): McConnaughay - Biss

SYSTEM(S): General Provisions Article

FISCAL IMPACT: SB 3232 has the potential to reduce future liabilities for each fund that would be impacted. Of the aggregate 226,000 active members in IMRF, Chicago Municipal, and Cook County, **no active members will be affected and no more than 1.21% of future headcount might** be affected (refer to appendix A). The impact on IMRF will be minimal since, according to IMRF, the bill essentially codifies current practice.

SUBJECT MATTER: SB 3232 amends the General Provisions Article of the Pension Code. The bill disallows certain new members from participation in IMRF, the Municipal Employees Annuity and Benefit Fund of Chicago, and the Cook County Annuity and Benefit Fund. This bill also defines for part-time employment.

FISCAL IMPACT: SB 3232 has the potential to reduce future liabilities for each of these funds. Of the aggregate 226,000 active members in IMRF, Chicago Municipal, and Cook County, **no active members will be affected and no more than 1.21% of future headcount might** be affected (refer to appendix A). The impact on IMRF will be minimal as the proposals in this bill essentially codify current practice.

COMMENT: According to current law, new members to the above-noted funds may participate if otherwise qualified to do so, except in IMRF where pensions for public office holders are already optional and are only available if their municipality has filed a resolution qualifying them to participate in IMRF. SB 3232 changes the law so as to not offer pensions to certain newly-elected office-holders and new members of a board or commission of local government.

For IMRF, the Municipal Employees Annuity and Benefit Fund of Chicago, and the Cook County Annuity and Benefit Fund, current members may continue participating in the fund. However, all elected offices and board/commission are subject to review of the Department of Insurance to assess whether each position qualifies for full-time status. Inasmuch, any newly-elected officers in a part-time position may not participate in these funds.

Appendix A

The following headcounts make for a good starting point in assessing how many elected positions exist in IL, but these figures make no distinction between full-time and part-time employees.

<u>Proposal</u>	<u>Elected Official Headcount</u>		
	Elected	Total Active	Elected %
Fund\#'			
CMEAB	50	31326	0.16%
Cook County	28	21000	0.13%
IMRF	2655	173957	1.53%
Total	2733	226283	1.21%
* IMRF pensions for elected officials are offered on an elective basis			

Do note that this bill also applies to board/commission members of local government and were included in the IMRF number of elected officials as it was unfeasible to differentiate between elected and appointed member headcount. Cook County and Chicago Municipal had no board member data to contribute.

MD:dkb

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