Commission on Government Forecasting and Accountability

802 Stratton Ofc. Bldg., Springfield, IL 62706

MONTHLY BRIEFING FOR THE MONTH ENDED: JUNE 2021

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INSIDE THIS ISSUE

REVENUE: JUNE RECEIPTS DIP DUE TO AN EXPECTED WEAKER MONTH FOR FEDERAL SOURCES—FY 2021 BASE REVENUES GROW $6.792B—ECONOMIC SOURCES COUPLED WITH FEDERAL REIMBURSEMENTS RESULTS IN RAPID REVENUE RECOVERY

Jim Muschinske, Revenue Manager

Absent June 2020's $1.2 billion of borrowing proceeds, base general funds revenues fell a modest $196 million in the last month of FY 2021. Despite another impressive month in performance of the larger economically related revenue areas [in part due to last year's receipt timing patterns disrupted by the pandemic], an expected large drop-off in federal source reimbursements resulted in the overall June decline. The number of receipting days in the month were the same as last year.

For the month, gross corporate income tax grew $374 million, or $300 million on a net basis. Gross sales tax also performed comparatively stronger, rising $274 million or $253 million on a net basis. Gross personal income taxes increased $243 million or $212 net. Insurance taxes and fees experienced another comparatively stronger month by growing $40 million. For the month, both cigarette taxes and corporate franchise taxes each increased $8 million, while vehicle use tax eked out a $1 million gain.

A few sources experienced a falloff in June. Other sources were down $148 million due to significantly lower Build Illinois Escrow levels. The GOMB initiated movement of BI Escrow funds to the GRF are historically made in June. Last fiscal year the amount was $224 million, however this year the GOMB initiated only $50 million to be deposited into the GRF [of what was previously expected to be $263 million per the FY 2022 Budget Book]. Interest income earnings dropped $10 million in June, while inheritance tax receipts were off $4 million and liquor taxes $2 million.

Overall June transfers into the general funds fell $104 million. Lottery transfers took a monthly pause from an otherwise good year, dropping $40 million. All other miscellaneous transfers also contributed to the decline, falling $64 million. As mentioned, federal sources experienced a comparatively much weaker month as receipts fell $750 million in June. The primary reason for that significant year-over-year decline was due to timing, as proceeds from the $1.2 billion in borrowing undertaken in June 2020 was directed towards reimbursable spending.

Year End

Excluding borrowing related activity, base receipts finished the fiscal year up a stunning $6.792 billion. In addition to a surge in federal sources, that exceptional growth also reflected the timing of income tax receipts related to last year's [2020] filing deadline extension, as well as stronger underlying economic conditions as post-COVID normalcy returns by degrees. For the fiscal year, combined net income tax receipts were up $5.536 billion. While approximately $1.3 billion of those gains were attributed to the shift of FY 2020 final payments into early FY 2021, despite repeated upward revisions, strong income tax performance continued to meet and exceed expectations. With strong consumer spending reflecting stimulus payments, improving job picture, and improved consumer confidence, the year-long upward trend of sales tax receipts resulted in net receipts growing $1.113 million over last fiscal year.

All of the other revenue sources combined finished behind last year's pace by $165 million. Exceptional performance was seen from inheritance tax, insurance tax, and corporate franchise tax. However, those gains were erased by lower interest earnings, public utility tax receipts, as well as all other miscellaneous revenues directed into the general funds including those related to $193 million in one-time court settlement proceeds receipted last fiscal year and the aforementioned $174 million reduction in BI Escrow payments.

Overall transfers were off considerably, down $885 million for the fiscal year, reflecting the lack of riverboat gaming transfers [$195 million] significantly lower Income Tax Refund transfer levels [$336 million] as well as lower other miscellaneous transfers [$497 million]. Fueled by overall stronger revenues as well as borrowing proceeds, Federal sources experienced an exceptional year of receipting. Despite the significant falloff in June reimbursements, federal receipts finished up $1.193 billion.

Review of FY 2021 Revenue Estimates vs. Actual

The below summary table as well as a more detailed table on page x, displays and compares the last official estimates of both CGFA and GOMB that were released in the first-half of May. Despite both agencies making several significant upward revisions over the course of the fiscal year, as shown, FY 2021 ended up exceeding even late-stage attempts at capturing the impressive growth trajectory. In total, excluding borrowing related items, actual "base" receipts for FY 2021 finished $1.234 billion or 2.8% above CGFA's last official May projection. In comparison, actual "base" receipt performance finished $1.901 billion or 4.4% above the GOMB revision released in May.

Overall, FY 2021 proved to be another challenging year for revenue estimating. While the Commission performed better in the estimates related to the larger economic related sources such as personal and corporate income tax as well as sales tax, the GOMB's projections of transfers as well as federal sources ended the fiscal year closer to actuals.

FY 2021 Actuals vs. CGFA and GOMB Estimates

($ millions)

Revenue Sources	ACTUAL FY 2021	CGFA EST. May-21 FY 2021	DIFFERENCE ACTUALS FROM ESTIMATE	GOMB EST. May-21 FY 2021	DIFFERENCE ACTUALS FROM ESTIMATE
Personal Income Taxes [Net]	$22,525	$21,745	$780	$21,230	$1,295
Corporate Income Taxes [Net]	$3,563	$3,287	$276	$3,097	$466
Sales Tax [Net]	$9,368	$9,189	$179	$9,118	$250
All Other Sources	$3,096	$3,236	($140)	$3,258	($162)
Transfers	$1,556	$1,777	($221)	$1,654	($98)
Federal Sources	$4,744	$4,384	$360	$4,594	$150
Subtotal General Funds	$44,852	$43,618	$1,234	$42,951	$1,901
Treasurer's Investments	$400	$400	$0	$400	$0
Municipal Liquidity Facility Borrowing	$1,998	$1,998	$0	$1,998	$0
Total General Funds	$47,250	$46,016	$1,234	$45,349	$1,901

June
FY 2021 vs. FY 2020
($ million)

Revenue Sources	June FY 2021	June FY 2020	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$2,251	$2,008	$243	12.1%
Corporate Income Tax (regular)	787	413	374	90.6%
Sales Taxes	978	704	274	38.9%
Public Utility Taxes (regular)	60	60	0	0.0%
Cigarette Tax	28	20	8	40.0%
Liquor Gallonage Taxes	13	15	(2)	-13.3%
Vehicle Use Tax	3	2	1	50.0%
Inheritance Tax	25	29	(4)	-13.8%
Insurance Taxes and Fees	68	28	40	142.9%
Corporate Franchise Tax & Fees	20	12	8	66.7%
Interest on State Funds & Investments	1	11	(10)	-90.9%
Cook County IGT	0	0	0	N/A
Other Sources	101	249	(148)	-59.4%
Subtotal	$4,335	$3,551	$784	22.1%
Transfers				
Lottery	$55	$95	($40)	-42.1%
Riverboat transfers & receipts	0	0	0	N/A
Proceeds from Sale of 10th license	0	0	0	N/A
Refund Fund transfer	0	0	0	N/A
Other	46	110	(64)	-58.2%
Total State Sources	$4,436	$3,756	$680	18.1%
Federal Sources	$205	$955	($750)	-78.5%
Total Federal & State Sources	$4,641	$4,711	($70)	-1.5%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($203)	($191)	($12)	6.3%
Corporate Income Tax	(110)	(59)	(51)	86.4%
LGDF--Direct from PIT	(124)	(105)	(19)	18.1%
LGDF--Direct from CIT	(46)	(23)	(23)	100.0%
Downstate Pub/Trans--Direct from Sales	(64)	(43)	(21)	48.8%
Subtotal General Funds	$4,094	$4,290	($196)	-4.6%
Treasurer's Investments	$0	$0	$0	N/A
Interfund Borrowing	$0	$0	$0	N/A
Short Term Borrowing [MLF]	$0	$1,198	($1,198)	N/A
Total General Funds	$4,094	$5,488	($1,394)	-25.4%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 2-Jul-21

GENERAL FUNDS RECEIPTS: YEAR END

FY 2021 vs. FY 2020

($ million)

Revenue Sources	FY 2021	FY 2020	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$26,350	$21,657	$4,693	21.7%
Corporate Income Tax (regular)	4,450	2,596	1,854	71.4%
Sales Taxes	9,799	8,691	1,108	12.7%
Public Utility Taxes (regular)	752	831	(79)	-9.5%
Cigarette Tax	281	267	14	5.2%
Liquor Gallonage Taxes	177	177	0	0.0%
Vehicle Use Tax	36	26	10	38.5%
Inheritance Tax	450	283	167	59.0%
Insurance Taxes and Fees	480	361	119	33.0%
Corporate Franchise Tax & Fees	322	210	112	53.3%
Interest on State Funds & Investments	57	137	(80)	-58.4%
Cook County IGT	244	244	0	0.0%
Other Sources	297	725	(428)	-59.0%
Subtotal	$43,695	$36,205	$7,490	20.7%
Transfers				
Lottery	$777	$630	$147	23.3%
Riverboat transfers & receipts	0	195	(195)	-100.0%
Proceeds from Sale of 10th license	6	10	(4)	-40.0%
Refund Fund transfer	281	617	(336)	-54.5%
Other	492	989	(497)	-50.3%
Total State Sources	$45,251	$38,646	$6,605	17.1%
Federal Sources	$4,744	$3,551	$1,193	33.6%
Total Federal & State Sources	$49,995	$42,197	$7,798	18.5%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($2,372)	($2,058)	($314)	15.3%
Corporate Income Tax	(625)	(370)	(255)	68.9%
LGDF--Direct from PIT	(1,453)	(1,128)	(325)	28.8%
LGDF--Direct from CIT	(262)	(145)	(117)	80.7%
Downstate Pub/Trans--Direct from Sales	(431)	(436)	5	-1.1%
Subtotal General Funds	$44,852	$38,060	$6,792	17.8%
Treasurer's Investments	$400	$400	$0	0.0%
Interfund Borrowing	$0	$462	($462)	N/A
Short Term Borrowing [MLF]	$1,998	$1,198	$800	N/A
Total General Funds	$47,250	$40,120	$7,130	17.8%

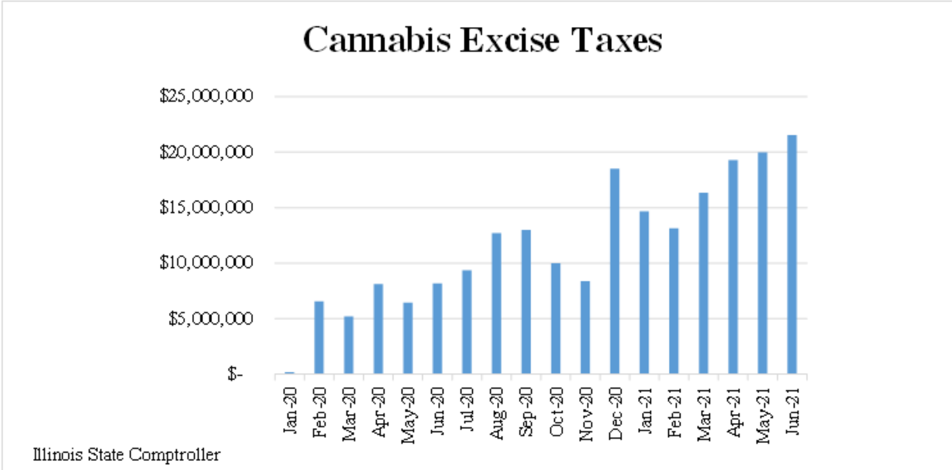
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 2-Jul-21

FY 2021 Actuals vs. CGFA & GOMB Estimates ($ millions)					
Revenue Sources	**ACTUAL FY 2021**	**CGFA EST. May-21 FY 2021**	**DIFFERENCE ACTUALS FROM ESTIMATE**	**GOMB EST. May-21 FY 2021**	**DIFFERENCE ACTUALS FROM ESTIMATE**
State Taxes					
Personal Income Tax	$26,350	$25,437	$913	$24,835	$1,515
Corporate Income Tax (regular)	$4,450	$4,103	$347	$3,866	$584
Sales Taxes	$9,799	$9,623	$176	$9,549	$250
Public Utility (regular)	$752	$754	($2)	$767	($15)
Cigarette Tax	$281	$275	$6	$280	$1
Liquor Gallonage Taxes	$177	$178	($1)	$176	$1
Vehicle Use Tax	$36	$35	$1	$35	$1
Inheritance Tax	$450	$440	$10	$444	$6
Insurance Taxes & Fees	$480	$469	$11	$469	$11
Corporate Franchise Tax & Fees	$322	$298	$24	$300	$22
Interest on State Funds & Investments	$57	$55	$2	$70	($13)
Cook County Intergovernmental Transfer	$244	$244	$0	$244	$0
Other Sources	$297	$488	($191)	$473	($176)
Subtotal	**$43,695**	**$42,399**	**$1,296**	**$41,508**	**$2,187**
Transfers					
Lottery	$777	$745	$32	$762	$15
Riverboat transfers & receipts	$0	$0	$0	$0	$0
Proceeds from sale of 10th license	$6	$10	($4)	$10	($4)
Refund Fund transfer	$281	$281	$0	$281	$0
Other	$492	$741	($249)	$601	($109)
Total State Sources	**$45,251**	**$44,176**	**$1,075**	**$43,162**	**$2,089**
Federal Sources	**$4,744**	**$4,384**	**$360**	**$4,594**	**$150**
Total Federal & State Sources	**$49,995**	**$48,560**	**$1,435**	**$47,756**	**$2,239**
Nongeneral Funds Distribution:					
Refund Fund					
Personal Income Tax	($2,372)	($2,289)	($83)	($2,235)	($137)
Corporate Income Tax	($625)	($574)	($51)	($541)	($84)
LGDF--Direct from PIT	($1,453)	($1,403)	($50)	($1,370)	($83)
LGDF--Direct from CIT	($262)	($242)	($20)	($228)	($34)
Downstate Pub/Trans--Direct from Sales	($431)	($434)	$3	($431)	$0
Subtotal General Funds	**$44,852**	**$43,618**	**$1,234**	**$42,951**	**$1,901**
Treasurer's Investments	$400	$400	$0	$400	$0
Municipal Liquidity Facility Borrowing	$1,998	$1,998	$0	$1,998	$0
Total General Funds	**$47,250**	**$46,016**	**$1,234**	**$45,349**	**$1,901**

CGFA Source: Office of the Comptroller: Some totals may not equal due to rounding

Cannabis Quarterly – 4th Quarter FY 2021

Ben Varner, Economic Specialist



CANNABIS REGULATION FUND REVENUE ($ millions)					
Revenue Source	**FY 21 Q1**	**FY 21 Q2**	**FY 21 Q3**	**FY 21 Q4**	**FY 21 YTD**
State Cannabis Excise Taxes	$35.0	$36.9	$44.1	$60.8	$176.9
Licenses and Registration Fees	$2.5	$0.4	$5.3	$0.9	$9.1
Transfers In	$0.0	$0.0	$0.0	$0.0	$0.0
Total	**$37.5**	**$37.3**	**$49.4**	**$61.8**	**$186.0**
Illinois State Comptroller, CGFA					

CANNABIS REGULATION FUND EXPENDITURES ($ millions)					
Object of Expenditure	**FY 21 Q1**	**FY 21 Q2**	**FY 21 Q3**	**FY 21 Q4**	**Total YTD**
Transfer - General Revenue Fund	$10.1	$8.6	$16.2	$20.3	$55.3
Transfer - Professions Indirect Cost	$0.0	$0.0	$0.0	$0.0	$0.0
Transfer - Criminal Justice Info Projects	$7.2	$6.2	$11.6	$14.5	$39.5
Transfer - Drug Treatment	$0.6	$0.5	$0.9	$1.2	$3.2
Transfer - DHS Community Services	$5.8	$4.9	$9.2	$11.6	$31.6
Transfer - Local Government Distributive Fund	$2.3	$2.0	$3.7	$4.6	$12.6
Transfer - Budget Stabilization	$2.9	$2.5	$4.6	$5.8	$15.8
Transfer - Cannabis Expungement	$0.8	$0.8	$0.8	$0.8	$3.1
Transfer Total	**$29.7**	**$25.4**	**$47.0**	**$58.8**	**$161.0**
Operations - Financial Professional Regulation	$0.4	$0.6	$0.7	$1.7	$3.4
Operations - State Police	$0.0	$2.2	$0.2	$0.5	$3.0
Operations - Criminal Justice Information Authority	$1.5	$0.0	$0.0	$0.0	$1.5
Operations - Agriculture	$0.2	$0.6	$0.2	$0.4	$1.4
Operations - Revenue	$0.2	$0.1	$0.0	$0.0	$0.3
Operations Total	**$2.3**	**$3.5**	**$1.1**	**$2.7**	**$9.6**
Grand Total	**$32.0**	**$28.9**	**$48.1**	**$61.5**	**$170.6**
Illinois State Comptroller, CGFA					

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS*	LATEST MONTH	PRIOR MONTH	A YEAR AGO
Unemployment Rate (Average) (May)	7.1%	7.1%	15.4%
Inflation in Chicago (12-month percent change) (May)	4.7%	4.6%	0.4%

	LATEST MONTH	CHANGE OVER PRIOR MONTH	CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (May)	6,158.3	0.2%	0.0%
Employment (thousands) (May)	5,721.5	0.2%	9.8%
Nonfarm Payroll Employment (May)	5,720,400	-7,900	390,600
New Car & Truck Registration (May)	51,012	-18.4%	64.7%
Single Family Housing Permits (May)	944	-22.5%	30.0%
Total Exports ($ mil) (Apr.)	5,402.8	-3.9%	46.4%
Chicago Purchasing Managers Index (June)	66.1	-12.1%	80.6%

* Due to monthly fluctuations, trend best shown by % change from a year ago

Moody's Upgrades Illinois' Bond Rating to Baa2

Lynnae Kapp, Senior Analyst

Moody's upgraded Illinois' General Obligation bonds and Build Illinois bonds from Baa3 to Baa2, and the Metropolitan Pier and Exposition Authority from Ba1 (junk) to Baa3. "The upgrade of Illinois' GO rating to Baa2 from Baa3 is supported by material improvement in the state's finances. The enacted fiscal 2022 budget for the state increases pension contributions, repays emergency Federal Reserve borrowings and keeps a backlog of bills in check with only constrained use of federal aid from the American Rescue Plan Act. Illinois still faces longer-term challenges from unusually large unfunded pension liabilities, which are routinely shortchanged under the state's funding statute. These liabilities could exert growing pressure as the impact of federal support dissipates, barring significant revenue increases or other fiscal changes." [*Moody's upgrades Illinois general obligation rating to Baa2 from Baa3; outlook stable*, Moody's Investor Service, June 29, 2021]

ILLINOIS' GENERAL OBLIGIATION RATINGS HISTORY						
Date of	Fitch		S&P		Moody's	
Rating Action	Rating	up/down	Rating	up/down	Rating	up/down
June 2021					Baa2	↑1x
April 2020	BBB-	↓1x				
June 2017			BBB-	↓1x	Baa3	↓1x
February 2017	BBB	↓1x				
September 2016			BBB	↓1x		
June 2016			BBB+	↓1x	Baa2	↓1x
October 2015	BBB+	↓1x			Baa1	↓1x
June 2013	A-	↓1x			A3	↓1x
Jan 2013			A-	↓1x		
Aug 2012			A	↓1x		
Jan 2012					A2	↓1x
Jun 2010	A	↓1x			A1	↓1x
Mar-Apr 2010	A-/A+ recal	↓1x/↑2x			Aa3 recal	↑2x
Dec 2009			A+	↓1x	A2	↓1x
Mar-Jul 2009	A	↓2x	AA-	↓1x	A1	↓1x
Dec 2008	AA-	↓1x				
May 2003	AA	↓1x			Aa3	↓1x
Jun 2000	AA+	↑1x				
Jun 1998					Aa2	↑1x
Jul 1997			AA	↑1x		
Feb 1997					Aa3	↑1x
Sep 1996	AA	initial rating				
Feb 1995					A1	↓1x
Aug 1992			AA-	↓1x	Aa*	↓1x
Aug-Sep 1991			AA	↓1x	Aa1	↓1x
Mar 1983			AA+	↓1x		
Feb 1979			AAA	initial rating		
1973					AAA	initial rating

Note: "recal" means recalibration, when Fitch and Moody's revised their ratings on municipal bonds to match global/corporate ratings. These are not considered upgrades.
*Moody's rating of Aa was before that level had modifiers of Aa2 and Aa3, so it was considered one level in between AA1 and A1

Agency Ratings Comparison		
Fitch	S&P	Moody's
AAA	AAA	Aaa
AA+	AA+	Aa1
AA	AA	Aa2
AA-	AA-	Aa3
A+	A+	A1
A	A	A2
A-	A-	A3
BBB+	BBB+	Baa1
BBB	BBB	Baa2
BBB-	BBB-	Baa3
BB+	BB+	Ba1
BB	BB	Ba2
BB-	BB-	Ba3
B+	B+	B1
B	B	B2
B-	B-	B3
CCC	CCC+	Caa1
	CCC	Caa2
	CCC-	Caa3
	CC	Ca
	C	
DDD	D	C
DD		
D		

Illinois' Rating Outlook Improved by Fitch

FitchRatings has changed Illinois' rating outlook from negative to positive after the Governor signed the State budget into law. Fitch had downgraded Illinois from BBB to BBB- and changed the outlook to negative in April 2020. (S&P and Moody's had changed the state to negative during the COVID-19 pandemic, but have since changed their outlooks back to stable.) Some of the factors for improving the outlook came from strong revenue growth, federal relief, and the pay down of short-term borrowing, inter-fund borrowing, and the State's bill backlog.

"The Outlook Revision to Positive from Negative, reflects Illinois' preservation of fiscal resilience given the quick and sustained economic recovery since the start of the pandemic, coupled with the state's unwinding of certain nonrecurring fiscal measures. Recent fiscal results and the enacted fiscal 2022 budget suggest further improvements in operating performance and structural balance in the near and medium-term that could support a return to the pre-pandemic rating or higher.

"Baseline revenue projections are back on track with pre-pandemic expectations, further reflecting the speed of recovery….Fitch considers the state's revenue estimates for fiscal 2022 realistic but subject to pandemic-driven uncertainty.

"Illinois' legislature also enacted a spending plan for ARPA aid, focused on one-time investments rather than recurring operating needs…With this initial allocation, the state appears to have avoided the use of ARPA aid for any material ongoing program costs in this budget…With more than $5 billion left to be spent, Fitch will carefully assess the state's plans for the remaining ARPA direct aid which we anticipate will be focused on non-recurring uses." [*Fitch Revises State of Illinois' Rating Outlook to Positive; Affirms IDR at 'BBB-'*, FitchRatings, Wed. 23 Jun, 2021]

Illinois' Spread Penalties Diminished to BBB Baseline in June 2021

Illinois's bond ratings had been at the BBB-/Baa3 level, just above junk, from Moody's and Standard & Poor's ratings agencies since June 2017, and Fitch since April 2020. The agencies explained that their ratings are due to Illinois' structural imbalance between revenue and spending, the years-long bill backlogs, and the State's pension liabilities. Even at this ratings' level, Illinois has paid additional spread penalties to the AAA and the BBB benchmarks in the bond market.

Looking at previous years, the spread for June was 174 basis points in 2018 to the AAA and 139 basis points to the AAA in 2019. In June of 2020, the State's spread was as high as 325 basis points to the AAA. "Illinois spread penalties narrowed this month [June 2021] to levels in line with its ratings for the first time in years as the state reaps the benefits of swelling tax revenues, federal cash and a market looking for scarce yield…The state's 10-year spread currently stands at 63 basis points higher than Refinitiv Municipal Market Data's AAA benchmark and the yield of 1.59% matches the BBB benchmark."

"'A lot of the sectors and credits that were beaten up during the pandemic have seen spreads narrowing over the last month because of the economic reopening picture and vaccines etc. But no doubt, the move in Illinois spreads has been incredibly impressive over the past six months,' Greg Saulnier, managing analyst for U.S. Municipal Bonds at Refinitiv, said…While the national economic landscape and market appetites play into the 'impressive' spread movement, the state's near-term rating and budgetary stability are factors too." [*Illinois Spreads Hit the BBB Mark*, by Yvette Shields, The Bond Buyer, June 18, 2021]

MLF Short-Term Borrowing Repayment Update

The Municipal Liquidity Facility was established under Section 13(3) of the Federal Reserve Act, with approval of the Treasury Secretary, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March 2020. The MLF was allowed to buy up to $500 billion in debt from state and local governments affected by the COVID-19 pandemic. The MLF would have allowed Illinois to borrow up to $9.677 billion, through December 31, 2020, with up to a 3-year maturity, through negotiated or competitive sale. Illinois passed Public Act 101-0630 which created the Coronavirus Urgent Remediation Emergency (CURE) Borrowing Act, allowing the State to borrow from Federal programs related to COVID-19 in an amount up to $5 billion outstanding at one time, with a 10-year maturity, through negotiated (in FY 2020 & FY 2021) or competitive sale.

Illinois borrowed $1.2 billion of General Obligation Certificates in June 2020 for a failure of revenues. The proceeds were used for Medicaid-related vouchers awaiting payment at the Comptroller's Office. The market had been through many ups and downs over the previous few months due to the COVID-19 pandemic. Buyers had become hesitant to buy lower credits even with higher yields. The State tried to price the deal in May 2020, but had to put the deal on hold watching day-to-day whether market conditions would improve. Because of wide spreads and high interest rates in the market, the State became the first to take advantage of the Federal Reserve's Municipal Liquidity Facility (MLF). The State passed enabling legislation (Public Act 101-0630) and the Federal Reserve allowed for the purchase of competitively bid bonds, both of which gave Illinois options to borrow from the program.

The June 2020 $1.2 billion GO Certificates were sold with an interest rate of 3.82%. This rate was lowered by the Municipal Liquidity Facility to 3.36% on August 27, 2020, when the Federal Reserve decided to lower the rates to the users of the facility and retroactively fixed the rate for Illinois. The original interest of $45.8 million was lowered to approximately $33 million. The MLF guidelines allowed for sellers to pay off the debt early which would affect the amount of interest to be paid. The final pay off date was June 5, 2021. The State made early payments starting in November 2020, with $1.209 billion from GRF and $23.8 million from federal Coronavirus Relief Funds.

Repayment on June 2020 Certificates			
Redemption date	Principal	Accrued Interest	Total
11/30/2020	196,580,000.00	3,416,778.82	199,996,778.82
12/30/2020	78,420,000.00	1,582,602.73	80,002,602.73
1/26/2021	80,000,000.00	1,808,622.22	81,808,622.22
3/23/2021	145,000,000.00	4,049,527.78	149,049,527.78
4/13/2021	300,000,000.00	8,938,333.33	308,938,333.33
5/11/2021	250,000,000.00	8,101,944.45	258,101,944.45
6/7/2021	150,000,000.00	5,197,166.67	155,197,166.67
Total	1,200,000,000.00	33,094,976.00	1,233,094,976.00
Source: GOMB 5/28/2021			

Illinois borrowed $2 billion from the Federal Reserve's Municipal Liquidity Facility (MLF) on December 17, 2020. The borrowing received a 3.42% rate and has a 3-year maturity (to be paid off by December 2023). The proceeds were used for the payment of Medicaid-related bills which would generate approximately $1 billion dollars in federal matching funds. The 3-year maturity would require $204.8 million in interest to be paid. Although Illinois will receive $8.1 billion from the American Rescue Plan (originally expected to be $7.5 billion), the initial rules restrict the funds from being used to pay debt service on borrowing. Due to increased revenues, the $2 billion in debt will be paid off entirely through the FY 2022 Budget, which will decrease the total interest to be paid by approximately $100 million. Through June 30, 2021, the State has transferred $1 billion to the General Obligation Bond Retirement and Interest Fund for use as repayment in FY 2022 towards the $2 billion sale.

FY 2018 – FY 2022 Interfund Borrowing Update

Lynnae Kapp, Senior Analyst

Beginning in FY 2018, Interfund Borrowing was allowed for up to $1.2 billion outstanding at one time. The initial legislation, Public Act 100-0023, allowed for borrowing from July 6, 2017 through December 31, 2018. Public Act 100-0587 extended the time for borrowing through March 1, 2019. Public Act 101–0010 extended the borrowing period to March 1, 2021 and the payback period from 24 months to 48 months. Public Act 101-636, passed in May 2020, extended the borrowing through June 30, 2021. And the recently passed Budget Implementation bill, Public Act 102-0016, extended the borrowing through June 30, 2022 and payback to 60 months from the date on which the funds were borrowed.

Interfund Borrowing may include transfers from unspecified special state funds to general funds and the Health Insurance Reserve Fund up to and outstanding at any one time of $1.5 billion (increased from $1.2 billion in Public Act 101-636). Additional transfers and retransfers may occur between funds as needed due to insufficient cash in the originator fund, as long as the amount outstanding is still at or below $1.5 billion. Amounts shall be repaid from general funds to the original funds with interest within 60 months of the date borrowed.

Transfers through the end of FY 2021 to the General Revenue Fund equaled $1.246 billion (excluding $10.5 million from other general fund Commitment to Human Service Fund, which has been paid back), while transfers to the Health Insurance Reserve Fund equaled $231 million. Principal of approximately $559 million has been paid back to some of the originating funds. As of June 30, 2021, the total outstanding was $928 million, which allows for room to borrow approximately $571.9 million.

30 ILCS 105/5h.5 Interfund Borrowing Transfers to GRF and HIRF through FY 2021					
	Transfer from Fund	Transferred	Transferred	Principal	Amounts to be
Fund #	Fund Name	To GRF	To HIRF	Paid Back	Paid Back
0016	Teacher Certificate Fee Revolving Fund		$3,000,000		$3,000,000
0022	General Professions Dedicated Fund	$100,000	$5,000,000		$5,100,000
0044	Lobbyist Registration Administration Fund	$2,000,000		$2,000,000	$0
0047	Fire Prevention Fund		$5,000,000		$5,000,000
0048	Rural/Downstate Health Access Fund	$200,000		$200,000	$0
0050	Mental Health Fund		$2,000,000		$2,000,000
0054	State Pensions Fund	$50,000,000		$50,000,000	$0
0057	Illinois State Pharmacy Disciplinary Fund		$1,000,000		$1,000,000
0059	Public Utility Fund		$5,000,000	$2,000,000	$3,000,000
0067	Radiation Protection Fund	$1,000,000			$1,000,000
0068	Hospital Licensure Fund	$1,500,000	$1,500,000		$3,000,000
0069	Natural Heritage Endowment Trust Fund	$340,000		$340,000	$0
0072	Underground Storage Tank Fund	$99,300,000	$40,000,000	$53,000,000	$86,300,000
0075	Compassionate Use of Medical Cannabis Fund	$5,500,000			$5,500,000
0078	Solid Waste Management Fund		$10,000,000		$10,000,000
0082	Distance Learning Fund	$100,000			$100,000
0089	Subtitle D Management Fund		$2,000,000		$2,000,000
0093	Illinois State Medical Disciplinary Fund	$20,000,000	$6,000,000		$26,000,000
0104	Stroke Data Collection Fund	$150,000			$150,000
0113	Community Health Center Care Fund	$400,000		$400,000	$0
0115	Safe Bottled Water Fund	$150,000			$150,000
0118	Facility Licensing Fund	$2,000,000	$1,500,000	$2,000,000	$1,500,000
0145	Explosives Regulatory Fund	$200,000			$200,000
0148	Mental Health Reporting Fund	$4,000,000		$4,000,000	$0
0150	Rental Housing Support Program Fund		$1,000,000		$1,000,000
0151	Registered Certified Public Accountants' Administration and Disciplinary Fund	$500,000	$3,000,000		$3,500,000
0152	State Crime Laboratory Fund	$2,000,000	$1,500,000	$3,500,000	$0
0166	State Police Merit Board Public Safety Fund	$500,000			$500,000
0184	ICJIA Violence Prevention Fund	$100,000		$100,000	$0
0238	Illinois Health Facilities Planning Fund	$1,000,000			$1,000,000
0240	Emergency Public Health Fund		$500,000		$500,000
0244	Residential Finance Regulatory Fund	$1,000,000	$1,000,000		$2,000,000
0245	Fair and Exposition Fund	$2,500,000			$2,500,000
0256	Public Health Water Permit Fund	$150,000			$150,000
0258	Nursing Dedicated and Professional Fund	$8,000,000	$4,000,000		$12,000,000
0259	Optometric Licensing and Disciplinary Board Fund	$350,000			$350,000
0265	State Rail Freight Loan Repayment Fund	$6,000,000			$6,000,000
0278	Income Tax Refund Fund	$150,000,000		$150,000,000	$0
0286	Illinois Affordable Housing Trust Fund	$21,295,000		$11,295,000	$10,000,000
0291	Regulatory Fund	$100,000			$100,000
0294	Used Tire Management Fund	$1,500,000	$1,000,000		$2,500,000
0298	Natural Areas Acquisition Fund	$2,000,000			$2,000,000
0299	Open Space Lands Acquisition and Development Fund	$58,000,000			$58,000,000

	Transfer from Fund	Transferred To GRF	Transferred To HIRF	Principal Paid Back	Amounts to be Paid Back
Fund #	Fund Name				
0327	Tattoo and Body Piercing Establishment Registration Fund	$500,000			$500,000
0340	Public Health Laboratory Services Revolving Fund		$1,500,000	$1,500,000	$0
0342	Audit Expense Fund	$20,000,000		$20,000,000	$0
0343	Federal National Community Services Grant Fund	$333,289			$333,289
0356	Law Enforcement Camera Grant Fund		$1,000,000	$1,000,000	$0
0362	Securities Audit and Enforcement Fund	$12,000,000		$12,000,000	$0
0369	Feed Control Fund		$1,000,000		$1,000,000
0372	Plumbing Licensure and Program Fund	$1,500,000	$1,000,000	$500,000	$2,000,000
0384	Tax Compliance and Administration Fund	$3,000,000			$3,000,000
0421	Public Aid Recoveries Trust Fund	$200,000,000		$100,000,000	$100,000,000
0422	Alternate Fuels Fund	$1,500,000			$1,500,000
0438	Illinois State Fair Fund		$2,000,000		$2,000,000
0453	Monitoring Device Driving Permit Administration Fee Fund	$6,000,000		$6,000,000	$0
0510	Illinois Fire Fighters' Memorial Fund	$5,000,000		$5,000,000	$0
0514	State Asset Forfeiture Fund	$100,000			$100,000
0527	Sex Offender Management Board Fund	$100,000		$100,000	$0
0534	Illinois Workers' Compensation Commission Operations Fund	$2,000,000	$5,000,000	$2,000,000	$5,000,000
0536	LEADS Maintenance Fund		$500,000		$500,000
0539	Death Penalty Abolition Fund	$1,500,000		$1,500,000	$0
0546	Public Pension Regulation Fund		$2,000,000		$2,000,000
0550	Supplemental Low-Income Energy Assistance Fund	$112,000,000	$30,000,000		$142,000,000
0564	Renewable Energy Resources Trust Fund	$1,500,000			$1,500,000
0568	School Infrastructure Fund	$146,000,000		$30,000,000	$116,000,000
0571	Energy Efficiency Trust Fund	$4,000,000			$4,000,000
0576	Pesticide Control Fund		$1,500,000		$1,500,000
0603	Port Development Revolving Loan Fund	$204,153			$204,153
0608	Partners for Conservation Fund	$2,000,000			$2,000,000
0611	Fund For Illinois' Future	$61,181			$61,181
0621	International Tourism Fund	$1,500,000		$1,500,000	$0
0629	Real Estate Recovery Fund	$350,000	$1,000,000		$1,350,000
0644	Commitment to Human Services Fund*	$10,500,000		$10,500,000	$0
0690	DHS Private Resources Fund	$500,000			$500,000
0702	Assisted Living and Shared Housing Regulatory Fund	$500,000		$500,000	$0
0705	State Police Whistleblower Reward and Protection Fund	$4,000,000	$2,000,000	$2,000,000	$4,000,000
0708	Illinois Standardbred Breeders Fund	$1,000,000			$1,000,000
0709	Illinois Thoroughbred Breeders Fund	$500,000			$500,000
0714	Spinal Cord Injury Paralysis Cure Research Trust Fund	$339,200		$339,200	$0

	Transfer from Fund	Transferred	Transferred	Principal	Amounts to be
Fund #	**Fund Name**	**To GRF**	**To HIRF**	**Paid Back**	**Paid Back**
0718	Community Mental Health Medicaid Trust Fund		$5,000,000	$5,000,000	$0
0722	Comptroller Debt Recovery Trust Fund	$16,000,000		$16,000,000	$0
0740	Medicaid Buy-In Program Revolving Fund		$1,000,000		$1,000,000
0746	Home Inspector Administration Fund	$300,000			$300,000
0763	Tourism Promotion Fund	$5,000,000		$5,000,000	$0
0792	Cemetery Oversight Licensing and Disciplinary Fund	$1,500,000	$1,000,000		$2,500,000
0795	Bank and Trust Company Fund	$2,000,000	$10,000,000		$12,000,000
0796	Nuclear Safety Emergency Preparedness Fund	$2,000,000	$2,000,000	$2,000,000	$2,000,000
0801	Attorney General's State Projects and Court Ordered Distribution Fund	$10,000,000		$10,000,000	$0
0816	Money Laundering Asset Recovery Fund	$300,000			$300,000
0818	Grant v. Dimas Escrow Fund	$1,360,700			$1,360,700
0821	Dram Shop Fund	$9,000,000			$9,000,000
0828	Hazardous Waste Fund	$1,000,000	$1,500,000		$2,500,000
0836	Illinois Power Agency Renewable Energy Resources Fund	$160,000,000	$10,000,000	$37,500,000	$132,500,000
0840	Hazardous Waste Research Fund	$300,000		$300,000	$0
0845	Environmental Protection Trust Fund	$2,000,000			$2,000,000
0848	Settlement Fund - Illinois Chamber of Commerce v. Filan	$5,000,000			$5,000,000
0850	Real Estate License Administration Fund	$1,000,000			$1,000,000
0888	Design Professionals Administration and Investigation Fund	$200,000			$200,000
0896	Public Health Special State Projects Fund	$5,000,000			$5,000,000
0906	State Police Services Fund	$6,000,000	$6,000,000		$12,000,000
0920	Metabolic Screening and Treatment Fund	$5,000,000		$5,000,000	$0
0922	Insurance Producer Administration Fund	$15,000,000	$30,000,000		$45,000,000
0925	Coal Technology Development Assistance Fund	$5,000,000			$5,000,000
0940	Self-Insurers Security Fund		$2,000,000		$2,000,000
0942	Low-Level Radioactive Waste Facility Development and Operation Fund	$500,000			$500,000
0944	Environmental Protection Permit and Inspection Fund	$3,100,000	$5,000,000		$8,100,000
0945	Landfill Closure and Post-Closure Fund	$300,000			$300,000
0962	Park and Conservation Fund	$10,000,000		$5,000,000	$5,000,000
0974	Illinois Equity Fund	$500,000			$500,000
0975	Large Business Attraction Fund	$100,000			$100,000
0982	Adeline Jay Geo-Karis Illinois Beach Marina Fund	$330,000			$330,000
0997	Insurance Financial Regulation Fund	$8,000,000	$15,000,000		$23,000,000
	TOTAL	**$1,256,213,523**	**$231,000,000**	**$559,074,200**	**$928,139,323**

* The Commitment to Human Services Fund is a General Fund.

Treasurer's Investment Borrowing

Public Act 100-1107, which became effective August 27, 2018, allows the State Treasurer to invest up to $2 billion in debt issued by the State Comptroller. The Treasurer could refinance backlogged bill debt during times of portfolio liquidity to help during the State's low revenue months. The State would then pay a lower interest rate than the normal 9%-12% on the amount refinanced, while the Treasurer gets interest off of the investment through intergovernmental agreements made for a market-based rate. When the State is projected to have better cash flow, such as during the month of April during tax payments, the State pays off the Treasurer's investment.

The Treasurer's Office utilized this investment tool in September and October of 2018 with principal and interest paid back from December 2018 through April 2019. The actual amount used was $700 million, but during the six month period of one of the investments, one of the Funds, the AML Reclamation Set Aside Fund, needed the $50 million repaid. This occurred in March and $50 million was used from the Unclaimed Property Trust Fund for the remainder of the time period and repaid in April.

In September 2019, $400 million was invested, with payback expected in March and April of 2020. Those amounts were re-invested from those dates, so that the Comptroller could continue to use the $400 million to pay bills, because income tax payments from individuals and corporations were delayed by the Governor until July 16, 2020, due to the COVID-19 pandemic. The maturities for the March amounts were set for September 2020, and maturities for the April funds for July 2020.

In November of 2020, another $400 million was invested, with principal and interest paid back in May 2021. FY 2021 payback amounts include the principal and interest payments from the March and April 2020 investments as mentioned in the paragraph above.

Below are the funds used and their repayment of principal and interest through June 30, 2021. The Office of the Treasurer reports that the General Revenue Fund and the Health Insurance Reserve Fund saved $115.5 million dollars to date. Interest rates on the investments ranged from 1.25% to 3.78%.

TRESURER'S INVESTMENT BORROWING				
Fund #	**Fund Name**	**FY 2019 Total Borrowed**	**Total Principal Paid Back**	**Total Interest Paid Back**
0011	Road Fund	$100,000,000	$100,000,000	$1,810,000
0019	Grade Crossing Protection	$50,000,000	$50,000,000	$932,500
0142	Community Developmental Disability Services Medicaid Trust	$15,000,000	$15,000,000	$283,500
0257	AML Reclamation Set Aside	$50,000,000	$50,000,000	$657,961
0278	Income Tax Refund Fund	$200,000,000	$200,000,000	$3,590,000
0482	Unclaimed Property Trust	$50,000,000	$50,000,000	$274,569
0663	Federal Student Loan	$15,000,000	$15,000,000	$38,163
0902	State Construction Account	$270,000,000	$270,000,000	$4,983,000
	FY 2019 TOTAL	**$750,000,000**	**$750,000,000**	**$12,569,693**
* $50 million in March borrowed from Unclaimed Property Trust was not additional, just replacing Fund 257 because it needed to be paid back.				
Fund #	**Fund Name**	**FY 2020 Total Borrowed**	**Total Principal Paid Back**	**Total Interest Paid Back**
0011	Road Fund	$200,000,000	$100,000,000	$1,529,250
0019	Grade Crossing Protection	$100,000,000	$50,000,000	$764,625
0902	State Construction Account	$500,000,000	$250,000,000	$4,330,772
	FY 2020 TOTAL	**$800,000,000**	**$400,000,000**	**$6,624,647**
Note: Amounts borrowed in March and April of 2020 will be repaid in July and September of FY 2021.				
Fund #	**Fund Name**	**FY 2021 Total Borrowed**	**Total Principal Paid Back**	**Total Interest Paid Back**
0011	Road Fund	$400,000,000	$500,000,000	$3,146,500
0019	Grade Crossing Protection		$50,000,000	$324,500
0902	State Construction Account		$250,000,000	$1,312,056
	FY 2021 TOTAL	**$400,000,000**	**$800,000,000**	**$4,783,056**
Note: Amounts borrowed in March and April of 2020 were repaid with interest in early FY 2021.				

2021 Pension Legislation Overview
Dan Hankiewicz, Pension Manager

Below is a synopsis of substantive pension bills that have passed both chambers of the General Assembly during the 2021 spring legislative session. All bills listed below have been sent to the governor and are awaiting executive action.

HB 126

Sponsors: Vella (Crowe)

Passed House:	78-37-0
Passed Senate:	59-0-0

HB 126 provides that within 6 months of the effective date of this bill, a member of a Downstate Police pension fund may apply to transfer to that fund his or her credits and creditable service accumulated in IMRF as a sheriff's law enforcement employee, person employed by a participating municipality to perform police duties, or law enforcement officer employed on a full-time basis by a forest preserve district. The service credit transfer will only occur upon payment by IMRF to the Downstate Police fund in an amount equal to 1) the amounts accumulated to the credit of the applicant for the service to be transferred, including interest, and 2) an amount representing employer contributions, and 3) any interest paid by the applicant to reinstate service. The bill requires that any difference between the amounts transferred from IMRF to the Downstate Police pension fund and the amounts that would have been made had the IMRF service been rendered in the relevant Downstate Police fund will be paid to the Downstate Police fund by the member transferring the service credit.

HB 232

Sponsors: Hernandez, E. (Villa)

Passed House:	111-5-0
Passed Senate:	55-0-0

HB 232 mandates that by July 1, 2022, the Illinois Investment Policy Board shall make its best efforts to identify all for-profit companies that contract to shelter migrant children and add those companies to the list of restricted companies that shall be distributed to the five State retirement systems and the Illinois State Board of Investment. In addition, prohibited transactions shall be expired if, at least 4 years after the effective date of an amendatory Act that initially establishes a prohibited transaction, the Illinois Investment Policy Board concludes that divestment is no longer necessary due to achievement of goals, circumstance changes, or other verifiable reasons.

HB 275

Sponsors: Guzzardi (Martwick)

Passed House:	62-40-0
Passed Senate:	59-0-0
House Concurrence:	115-0-0

Optional Service Credit for Downstate Police Officers (Transfers from the Chicago Police Pension Fund)

HB 275 allows members of a Downstate Police (Article 3) pension fund to establish up to 5 years of service credit in that fund for service rendered while a member of the Chicago Police Pension Fund. In order to establish the service, the Downstate Police officer must apply in writing on or before December 31, 2023, complete at least 10 years of service in the Article 3 pension fund, and pay to the Downstate Police pension fund the following amounts: 1) the amount of employee contributions the police officer would have contributed had he or she been an active member of the Downstate Police pension fund for the period of service to be established; 2) the municipality's normal cost of the benefit, and 3) interest at the Downstate Police pension fund's actuarially assumed rate of return for the period of service to be established. No service may be established in a Downstate Police pension fund in the foregoing manner for any period for which a Downstate police officer is eligible to receive a pension benefit from the Chicago Police Pension Fund.

Chicago Municipal Duty Death Benefits due to COVID-19 Exposure

HB 275 also amends the Chicago Municipal Article of the Pension Code. The bill provides that the death of any employee because of exposure to and contraction of COVID-19 shall be rebuttably presumed to have been contracted while in the performance of an act of duty, and the employee shall be rebuttably presumed to have been fatally injured while in active service. This presumption shall apply to any employee who was exposed to and contracted COVID-19 on or after March 9, 2020, and on or before June 30, 2021. The presumption shall not apply if the employee was on a leave of absence or was otherwise not required to report for duty at the physical workspace assigned to the employee.

Prohibition on Suspension of Retirement Annuities for Certain Members of the Chicago Municipal Pension Fund

Under current law, when an annuitant member of the Chicago Municipal fund re-enters service after age 65, retirement annuity payments are suspended during the time he or she is in service. HB 0275 provides that for school years beginning on or after July 1, 2021, a retirement annuity may not be suspended when an annuitant is re-employed by the Chicago Board of Education as a Special Education Classroom Assistant or Classroom Assistant on a temporary, non-annual, or hourly basis, so long as the person meets the following criteria: 1) they do not work for compensation for more than 120 days in a school year, or 2) they do not accept gross compensation in excess of $30,000. Under HB 275, such re-employment does not require the annuitant to make member contributions to the pension fund as if he or she were an active member, nor will they accrue any additional service credit for such service.

HB 351

Sponsors: Yednock (Bush)

Passed House:	92-22-0
Passed Senate:	52-0-0

P.A. 101-0522, which became effective on August 13th, 2019, mandated that for Article 4 (Downstate Fire) pension funds, if a firefighter is employed by a secondary employer, the fire chief shall report any injury, illness, or exposure incurred by a secondary employee during his or her employment with the secondary department to the primary employer's pension fund within 96 hours from the time of the occurrence of such injury or illness. HB 0351 would amend the Downstate Fire article such that the Department of Insurance shall also be notified of any such injury or illness incurred in the course of employment with a secondary employer.

HB 381

Sponsors: Ugaste (Anderson)

Passed House:	108-6-0
Passed Senate:	53-0-0

P.A. 100-0544, which became effective on November 8, 2017, opened a window for service credit transfers from Downstate Police Pension Funds to Downstate Fire Pension Funds. Under the Act, an active member of a Downstate Fire pension fund could transfer up to 6 years of service credit in a Downstate Police fund to a Downstate Fire fund that was administered by the same unit of local government if the member was not subject to disciplinary action when he or she terminated service with the police department. The Act provided a 6-month window for such service credit transfers after the effective date. HB 0381 opens a similar window, but for transfers from a Downstate Police fund that is administered by "a unit of local government" to a Downstate Fire fund within 6 months of the effective date of this bill. The police pension fund must pay to the fire pension fund an amount equal to 1) the amounts accumulated to the credit of the applicant on the date of transfer of service credit; 2) employer contributions in an amount equal to the amount previously stated in item 1, and 3) any interest paid by the applicant to reinstate service in the Downstate Police fund.

HB 417

Sponsors: Burke (Martwick)

Passed House:	117-0-0
Passed Senate:	43-14-0
House Concurrence:	89-25-0

Creation of Tier 3 Benefits

Under current law, the Tier 2 retirement eligibility under the Chicago Park District Article is age 67 with 10 years of service for regular benefits and age 62 with 10 years of service for reduced benefits, respectively. The current total employee contribution rate is 9% of salary, comprised of 7% for the retirement pension, 1% for the spouse's pension, and 1% for the annual increase in retirement benefit.

HB 417 creates a Tier 3 benefit structure for employees who first became members on or after January 1, 2022. The Tier 3 plan provides, compared to the Tier 2 benefits structure, a higher employee contribution rate, in exchange for having a lower age retirement eligibility. The age eligibility will be reduced by 2 years (age 65 for regular benefits and age 60 for reduced benefits), and the employee contribution rate for the retirement pension will be increased to 9% from 7%, resulting in the total employee contribution rate of 11%.

Under this legislation, the two following options will be offered to Tier 2 members who first became members prior to January 1, 2022. Tier 2 members who choose Option 1 could irrevocably elect to opt-in for the Tier 3 plan.

- Option 1: To agree with the Tier 3 benefits structure, which is to have an increased total employee contribution rate of 11% in exchange for the reduced age eligibility by 2 years (age 65 for regular benefits and age 60 for reduced benefits); or

- Option 2: To not agree to Option 1. In this case, the current age retirement eligibility and employee contribution rate will remain the same.

This election shall be made between January 1, 2022, and April 1, 2022. The legislation stipulates that Option 2 is the default decision for those who fail to make an irrevocable election by April 1, 2022.

Chicago Park District Required Annual Pension Contributions and Tax Levy

Currently, a tax levied by the Chicago Park District (employer) to make the required employer contributions to the pension fund shall be equal to the employee contributions in the fiscal year two years prior to the year for which the tax is levied, multiplied by 1.1.

Under HB 417, beginning in levy year 2020, the levy shall not exceed the amount of the Park District's total required contribution for the next payment year ("Payment year" means the year immediately following the levy year). For payment years 2021 to 2023, the required employer contributions, determined by the pension fund's actuary, shall ramp up as follows:

1. For payment 2021: 25% of the amount, equal to the sum of employer normal cost, plus an amount, using a 35-year period starting on December 31, 2020, with the entry age normal actuarial cost method, that is sufficient to attain a funded ratio of 100% by the end of 2055;

2. For payment 2022: 50% of the amount, equal to the sum of employer normal cost, plus an amount, using a 35-year period starting on December 31, 2021, with the entry age normal actuarial cost method, that is sufficient to attain a funded ratio of 100% by the end of 2056; and;

3. For payment 2023: 75% of the amount, equal to the sum of employer normal cost, plus an amount, using a 35-year period starting on December 31, 2022, with the entry age normal actuarial cost method, that is sufficient to attain a funded ratio of 100% by the end of 2057;

For payment years 2024 through 2058, the Park District's required annual contribution shall be 100% of the amount, equal to the sum of employer normal cost, plus an amount, using a 35-year period starting on December 31, 2023 with the entry age normal actuarial cost method, that is sufficient to bring the funded ratio up to 100% by the end of 2058.

For payment year 2059 and each year thereafter, the required contribution shall be the amount so that the pension fund's funded ratio would reach 100%, if needed, using the entry age normal actuarial cost method as of the end of the year.

In determining the required employer contributions, any actuarial losses or gains from investment returns that differ from the expected investment returns shall be recognized in equal annual amounts over the 5-year period following the fiscal year. This technique is known as "asset smoothing."

Authorization of the Issuance of Bonds

This legislation allows the Chicago Park District to issue pension obligation bonds from time to time in the principal amount of $250 million for making supplementary employer contributions to the pension fund to reduce the unfunded liability. However, the Chicago Park District may not issue bonds in excess of $75 million in any one year. The proceeds of the bonds should not be used to reduce the amount of the required employer contributions. Also, an additional employer contribution of $40 million shall be made no later than November 1, 2021, to reduce the pension fund's unfunded liability.

HB 426

Sponsors: Burke (Jones)

Passed House:	117-0-0
Passed Senate:	59-0-0

HB 0426 amends the Chicago Police Article of the Pension Code. The bill clarifies existing law surrounding applying for service credits for periods of a leave of absence for Chicago police officers. In particular, the bill addresses periods of leave while the officer was assigned to perform safety or investigative work as an employee of Cook County. If the application for any active police officer as of January 1, 2021 was submitted between January 1, 1992 and April 1, 2008 and was denied, and the application for reconsideration is made by December 21, 2022, the Board of Trustees of the fund may reconsider the application for service credit. HB 0426 affirms that it is the sole responsibility of the police officer to ensure all contributions for establishing service credit for a leave of absence must be made within 5 years of the date his or her application to transfer service credits has been approved.

HB 1428

Sponsors: Evans (Cunningham)

Passed House:	108-0-0
Passed Senate:	58-0-0

HB 1428 would lower employee contributions to 1% of compensation from 3% for the CTA's Retiree Health Care Trust, effective January 1, 2022. According to the 2019 actuarial valuation report of the CTA Retiree Health Care Trust, the total OPEB (Other Post-Employment Benefits) liability of the plan was $635.5 million, and the plan's assets were $935.5 million. As a result, the Net OPEB liability was -$300.0 million (i.e. the liability being less than the assets by $300 million), and the assets as a percentage of the total OPEB liability was 147.2% as of December 31, 2019.

HB 1777

Sponsors: Hoffman (Martwick)

Passed House:	117-0-0
Passed Senate:	57-0-0

Current law allows home rule units to establish an ordinance that provides for the medical costs associated with a police officer or firefighter who is injured in the line of duty. HB 1777 would stipulate that a home rule unit which establishes the above ordinance in cities over 1,000,000 in Illinois (Chicago being the only city to meet this criterion) must include in that ordinance a requirement to notify an injured employee of the benefits they're entitled to, and a requirement that the city provide the injured employee with those benefits prior to the issuance of the notice.

HB 1966

Sponsors: Hammond (McClure)

Passed House:	117-0-0
Passed Senate:	57-0-0

On January 3rd, 2003, Public Act 92-067 went into effect. The act amended the TRS article of the Pension Code to allow for teachers to establish optional credit for up to two years of service as a teacher or administrator employed by a private institution recognized by the Illinois State Board of Education, subject to certain requirements. These requirements include being certified by the law governing teacher certification at the time the service was rendered, providing evidence of employment, and completing 10 years of service under TRS. The required contribution for establishing the optional credit is equal to what the employer and employee contributions would have been for those years of private school service, calculated upon the member's first year of full-time employment in TRS in the school year following the private school service. Additionally, the member must pay interest on the foregoing items at the actuarially assumed rate from the date of service to the date of payment. HB 1966 would re-open the window for applying for the optional service. To apply for the optional service credit, the member must apply in writing on or before June 30, 2022.

HB 2569

Sponsors: Windhorst (Fowler)

Passed House:	113-0-0
Passed Senate:	59-0-0

P.A. 93-0320 (SB 195), which took effect on July 23, 2003, first established the TRS return-to-work provision in teacher subject shortage areas. The act set a sunset date of June 30, 2008. Most recently, P.A. 101-0049 extended the sunset date until June 30, 2021. The statute sets forth several conditions under which a teacher subject shortage area is deemed to exist, such as a school experiencing a shortage of teachers in a specific subject area. Other conditions were added to the subject shortage return-to-work law. For example, if the annuitant retired before age 60 with less than 34 years of service, the return-to-work employment cannot begin within the year following the effective date of retirement. A teacher who returns to work under this program retains his or her TRS annuity and retains eligibility for inclusion in a collective bargaining unit and group health benefits. P.A. 101-0049 re-opened the subject shortage return-to-work window and set a new sunset date of June 30, 2021. HB 2569 would extend the sunset date to June 30, 2024.

HB 2766

Sponsors: Smith (Villivalam)

Passed House:	113-0-0
Passed Senate:	59-0-0

Under current law, an annuitant formerly employed by the City of Chicago may authorize the Chicago Municipal fund to withhold a portion of his or her pension for the purpose of payment of dues to the labor organization which formerly represented the annuitant when the annuitant was an active employee. HB 2766 would change this provision such that an annuitant can direct the fund to withhold a portion of his or her pension for the payment of dues to “a labor organization.” Presumably, this means an annuitant could direct the fund to withhold payments for payment of dues to any labor organization to which the annuitant is a member.

HB 3004

Sponsors: Batinick (Connor)

Passed House:	114-0-0
Passed Senate:	59-0-0
House Concurrence:	118-0-0

HB 3004 stipulates that no individual who is a board member of a pension fund, investment board, or retirement system may be employed by that entity at any time during his or her service and for a period of 12 months after he or she cease to be a board member. If a senior administrative staff position becomes vacant and no executive member of the staff is willing to accept the position, a board member may temporarily serve as an interim member of the senior administrative staff, under certain conditions. Among these conditions are the existence of a vacancy in the pertinent senior staff position, and an affirmative vote by the majority of the board of trustees of the pension fund or investment board allowing the board member to serve in the full-time senior administrative position.

HB 3474

Sponsors: Halpin (Holmes)

Passed House:	113-0-0
Passed Senate:	59-0-0

Currently, the board of trustees of IMRF consists of 8 trustees as follows:

1. 4 executive (municipal) trustees;
2. 3 employee trustees; and
3. 1 annuitant trustee

HB 3474 specifies that a person who meets the criterion to be an executive trustee may not serve as an employee trustee. The bill makes just this one clarifying change; it does not change the overall makeup or size of the board.

SB 167

Sponsors: Ellman (Halpin)

Passed Senate:	59-0-0
Passed House:	108-3-0

Under current law, Tier 1 Article 4 (Downstate firefighters) are eligible to have their pensions calculated from the last pension fund in which they worked as if they had participated in that fund during their entire period of service for which they had participated in any Article 4 (Downstate Fire) pension fund. From this hypothetical amount is subtracted the original amounts of the retirement pensions payable to the firefighter by all other Article 4 pension funds in which the firefighter participated. This practice is known as "reciprocity." Reciprocity is utilized in situations where the firefighter has not worked the requisite 20 years to vest for a pension in any one Article 4 fund; thus, service across multiple funds can be combined and proportional annuities can be drawn accordingly from those funds.

SB 0167 extends this same reciprocal annuity calculation method to Tier 2 firefighters, provided they notify their new employer, all previous employers under Article 4, and the Department of Insurance within 21 months of service with the new employer or within 21 months of the effective date of the bill, whichever is later, of their intent to receive a reciprocal annuity. The bill contains a retroactive provision, such that Tier 2 firefighters who gave similar notice to the same entities listed previously prior to the effective date of the bill can also become eligible to receive a reciprocal annuity from their last pension fund.

SB 307

Sponsors: Munoz (Hurley)

Passed Senate:	56-2-0
Passed House:	110-1-0

Under current law, firefighters who complete seven or more years of service and are unable to continue in active duty due to a work related injury or illness are entitled to receive an occupational disease disability benefit during the time they are unable to continue in active duty. Under the Chicago Fire article of the Pension Code, an occupational disease disability benefit is equal to 65% of the participant's salary on the date of removal from payroll.

SB 0307 would entitle any firefighter receiving a retirement annuity to an occupational disease disability benefit, provided they meet the following criteria:

- Are below compulsory retirement age of 63;

- Have been receiving a retirement annuity for fewer than 5 years, and

- Have a condition which would qualify them for an occupational disease disability benefit if they were in active duty.

A firefighter who receives an occupational disease disability benefit may not also receive a retirement annuity at the same time. The disability benefit will terminate upon the firefighter reaching the compulsory retirement age of 63.

SB 460

Sponsors: Harris (Robinson)

Passed Senate:	59-0-0
Passed House:	111-0-0

SB 0460 amends the General Provisions Article of the Pension Code to mandate that all contracts for investment services shall be awarded by the board of a pension fund or retirement system using a competitive process that is substantially similar to the process required for professional and artistic services under the Illinois Procurement Code. The bill also provides that the relevant pension board may select an emerging investment manager based upon the written recommendation of an investment advisor that provides qualified emerging investment managers that have provided investment services in the multimanager portfolio for at least 24 months. (Under the General Provisions Article of the Pension Code, “emerging investment manager” means a qualified investment adviser that manages investment portfolios of at least $10 million and is minority-owned, women-owned, or owned by a person with a disability).

SB 0460 is specific to emerging managers that are being “graduated” out of Manager of Manager (MofM) programs that large pension funds invest in. Essentially, the bill provides that if there’s an emerging manager that has been in the MofM program for at least two years and the MofM advisor agrees that the emerging manager is ready for a direct investment, the pension fund would not be required to undertake a new procurement for the direct investment since the pension fund has been investing with the emerging manager through the MofM program.

SB 603

Sponsors: Cunningham (Guerrero-Cuellar)

Passed Senate:	57-0-1
Passed House:	116-0-0

SB 603 amends the Chicago Fire article of the Pension Code to address a particular situation regarding paramedics, who are not subject to the compulsory mandatory retirement age of 63. Currently, the pension fund notes that there are instances where a paramedic might join the CFD later in their career and work past age 63 but not have 20 years of service to qualify for a retirement annuity. Current law would mandate that the paramedic's annuity would be "fixed" at age 63 irrespective of the fact that paramedics are not subject to the compulsory mandatory retirement age. SB 603 would stipulate that future entrants who are not subject to the mandatory retirement age shall have their pension calculated as of the date of retirement, but they would still need to have at least 10 years of service credit in order to draw a pension.

SB 1056

Sponsors: Martwick (Halpin)

Passed Senate:	59-0-0
Passed House:	86-27-1
Senate Concurrence:	59-0-0

Compliance with the Federal SECURE Act

Under the Internal Revenue Code, as amended by the SECURE Act that took effect on January 1, 2020, a required minimum distribution is the minimum amount that a person must withdraw from a retirement plan when they reach age 72 after January 1, 2020 (the minimum distribution age was 70 ½ before the SECURE Act took effect). SB 1056 amends the GARS, IMRF, SERS, SURS, TRS, and JRS articles of the Illinois Pension Code. Broadly speaking, the bill brings all of the systems' respective Articles of the Pension Code into compliance with the IRS Code pertaining to the required age of distribution of pension benefits; some by referencing the pertinent section of the IRS Code, and others by referencing age 72.

Placement of IMRF Tier 2 Provisions in the IMRF Article of the Pension Code

When the non-public safety schedule of Tier 2 benefits was implemented via the enactment of P.A. 96-0889, the provisions of Tier 2 were placed under the General Provisions Article of the

Pension Code, rather than under the 11 individual articles for each pension fund impacted. SB 1056 amends the IMRF article of the Pension Code. The bill places the Tier 2 language in the IMRF Article. The bill introduces no benefit changes, increases, or enhancements. It is purely a technical bill that IMRF says will bring about easier administration of benefits.

Payments of Ordinary Disability Benefits under the MWRD Article

Under current law, the Metropolitan Water Reclamation District pension fund must make payments of ordinary (non-occupational) disability benefits in intervals of not more than 30 days. SB 1056 amends the MWRD article such that these payments would be made at least monthly. The pension fund is seeking this language for ease of administration, and there is no substantive change to disability benefits.

Remedy for Overpayments and Underpayments of Benefits in CTPF

SB 1056 provides a means by which the Chicago Teachers Pension Fund can rectify overpayments and underpayments of pension benefits. In the case of incorrect payments, the fund shall recalculate the benefit as soon as practicable after the mistake is discovered. For underpayments, the fund shall make a lump sum payment to the beneficiary equal to the difference between the amount received and the amount that should have been paid, plus interest at 3% from the date the unpaid amounts accrued to the date of payment. For overpayments, the fund may recover the amount of overpayment from the recipient, plus interest at 3% from the date of overpayment to the date of recovery. The bill also contains a provision stating that if an officer of the fund whose signature appears upon any check or draft ceases to hold office, the signature shall remain valid and sufficient for all purposes. This part of the bill removes gender specific references to male officers; there is no substantive change being made to this process.

Clarification of Teacher Licensure Requirement in CTPF

The Chicago Teacher Article of the Pension Code currently requires an administrator to be employed in a position that requires a "Type 75 license" issued by the "State Teacher Certification board." SB 1056 makes definitional changes to update antiquated language. The bill requires that an administrator hold a professional educator license with an administrative endorsement. The bill also replaces "State Teacher Certification Board" with "State Board of Education."

Clarification of Employer Pick Up under CTPF

Federal tax law permits public employers to "pick up" employee retirement contributions. Under a pick-up plan, the employer "picked-up" employee contributions are tax deferred for federal income taxation purposes until the member receives the contributions in the form of a refund or retirement benefit.

Under the Chicago Teachers' Article of the Pension Code, the Chicago Board of Education can either "pick up" employee contributions on behalf of Chicago teachers, or make the employee contributions for the members. As previously explained, an employer "pick up" is a mechanism whereby the employee contributions are tax deferred. If the employer makes the employee contribution on behalf of the employee, the Chicago Teacher article of the Pension Code stipulates that such contributions are treated as *employer contributions* in determining federal tax treatment.

SB 1056 clarifies that employers beyond the Board of Education can also make employee pick-ups and/or contributions, including, for example, charter schools. The pension fund says that this change matches current practice.

Clarifications for SURS Board of Trustee Membership

Under current law, SURS has a board of trustees composed of the Chairperson of the Board of Higher Education, four trustees appointed by the governor, four active participants in the system who are elected by the contributing members, and two annuitants of the system who are elected by annuitants of the system. The governor's appointees cannot be members of the system or hold public office when they are appointed.

SB 1056 would amend the State Universities Article of the Illinois Pension Code. The bill provides that a governor-appointed trustee shall immediately have his or her term terminated if they become a member of the system, or if they are sworn into an elective State office. The trustee position will then be considered vacant.

The bill also provides if one of the active participant members or retiree members of the board loses their requisite employee or retiree status, their term as a board member shall be terminated immediately. However, this change for active and retiree members would only apply prospectively, for newly-elected board members after the effective date of the bill. With regard to incumbent elected board members who are in office before the effective date, SB 1056 would allow these members to remain in their respective positions until the end of their terms after they have lost their participating employee or annuitant status.

Permitted Funding Sources for the Cook County Forest Preserve Pension Fund

Under current law, the Cook County Forest Preserve District's total contribution to the pension fund is equal to the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.30. SB 1056 amends the Cook County Forest Preserve District Article of the Pension Code to allow the Forest Preserve District to use other lawfully available funds in lieu of all or part of the aforementioned levy. The bill does not specify the source of these funds, nor the amount by which they would exceed the contribution amounts generated by the current tax levy multiplier.

The tax levy multiplier generated $4.3 million in employer contributions in FY 2019, and $4.1 million in FY 2018.

Proof of Disability in the Cook County Pension Fund

Under current law, the Cook County Pension Fund requires proof of duty or ordinary disability via the opinion of at least one licensed and practicing physician appointed by the Board of Trustees of the fund. SB 1056 would change this requirement so that the physician opinion in such cases can be rendered by a physician appointed by the board, or a physician "acceptable" to the board. Additionally, duty and ordinary disability annuitants are currently required to be examined by a physician at least once a year. The bill would change this requirement to "once a year or a longer period of time as determined by the board."

Indemnification of Financial Institutions by SERS

SB 1056 amends the State Employees article of the Illinois Pension Code to allow indemnification of certain financial institutions by the State to recover overpayments made on behalf of a member. According to SERS, the system will occasionally pay benefits to a bank account belonging to a deceased member one month after the member dies. The System had been indemnifying the banks during such recovery efforts, but the Office of the Attorney General recently opined that the System needs statutory authority to indemnify banks in such a manner.

Optional SERS Service Credit for Arson Investigators

SB 1056 allows State Police officers, arson investigators, or Commerce Commission police officers in SERS to establish service credit in SERS based on the following types of service: service as a sheriff's law enforcement employee in IMRF, a Cook County corrections or court services officer under the Cook County article, or a firefighter under a Downstate Fire pension fund. The legislation allows for the establishment of up to 5 years of optional service in SERS for any of the foregoing types of service in the aforementioned funds. To establish the service credit, the SERS member must pay to SERS any difference between the employee and employer contributions transferred from the aforementioned funds and the amounts that would have been required had such service been rendered under the alternative (State Police) formula under SURS, plus interest at the actuarially assumed rate for each year to be transferred, compounded annually, from the date of service to the date of payment. The SERS member must file an application to transfer the service credit within 6 months of the bill's effective date.

Change in Statutory Terminology for Payments Made from CTPF

Current law makes reference to payments from CTPF as being made through "warrants." These warrants are to be signed by the president and the secretary of the Chicago Board of Education, the president of the CTPF Board of Trustees, and countersigned by the executive director or another individual appointed by the Board of Trustees. SB 1056 would change the statutory reference to the payment method from "warrants" to "checks or direct deposit transmittals." These payments would be authorized exclusively by the executive director, or by an individual designated by the CTPF Board of Trustees. The bill is removing antiquated language and seeks to reflect current practice with regard to the manner of payments commonly made from the fund.

Participation in TRS by Certain Members of Education Service Centers

Under current law, an employee who is eligible for participation in TRS includes any educational, administrative, professional, or other staff in a position that requires certification under the School Code and is employed in public schools outside the City of Chicago. Under SB 1056, the chief administrative officer of the education service centers, established under the School Code and serving that portion of a Class II county outside the City of Chicago will be eligible for participation in TRS. Under the School Code, Class II county school units are defined as those units that consist of 2 million or more inhabitants.

SB 1646

Sponsors: McClure (Marron)

Passed Senate:	55-1-0
Passed House:	110-5-0
Senate Concurrence:	55-1-0

TRS Credit for Private School Teaching

On January 3rd, 2003, Public Act 92-0067 went into effect. The act amended the TRS article of the Pension Code to allow for teachers to establish optional credit for up to two years of service as a teacher or administrator employed by a private institution recognized by the Illinois State Board of Education, subject to certain requirements. These requirements include being certified by the law governing teacher certification at the time the service was rendered, providing evidence of employment, and completing 10 years of service under TRS.

The required contribution for establishing the optional credit is equal to what the employer and employee contributions would have been for those years of private school service, calculated upon the member's first year of full time employment in TRS in the school year following the private school service. Additionally, the member must pay interest on the foregoing items at the actuarially assumed rate from the date of service to the date of payment.

SB 1646 would re-open the window for applying for the aforementioned optional service. To apply for the optional service credit, the member must apply in writing on or before June 30, 2023.

Exemption to the 6% End of Career Pay Increase Cap

Under current law, if a teacher's salary for any school year used to determine final average salary for pension purposes exceeds the member's full-time salary with the same employer in the previous school year by more than 6%, then that school district shall be obligated to pay to TRS the present value of the portion of the salary increase that is in in excess of 6%. This provision is commonly known as the "Final Average Salary Cap," or "FAS Cap." SB 1646 creates an exemption to this cap for summer school teaching that occurs on or after May 1, 2021 and before September 15, 2022. Hence, any salary increases above 6% used to calculate pensionable salaries that result from the aforementioned summer school teaching would not create a financial obligation for the pertinent school district.

SB 1989

Sponsors: Joyce (Davidsmeyer)

Passed Senate:	58-0-0
Passed House:	116-0-0

SB 1989 amends the TRS article of the Pension Code to allow annuitants to return to work without impairing their retirement status, subject to certain limitations. The most recent change to this program came via P.A. 101-0645, which took effect on June 26, 2020. The Act extended this limited return-to-work provision such that beginning on July 1, 2018 and extending through June 30, 2021, retired teachers could work 120 paid days or 600 paid hours without impairing their retirement annuities. Retirees who took advantage of this return-to-work provision were capped at no more than 100 paid days in the same classroom. The Act also made this return-to-work program permanent, such that beginning on July 1, 2021, retired teachers can work 100 paid days or 500 paid hours in each school year without impairing retirement status.

SB 1989 would extend the sunset date of the current annuitant return-to-work standard of 600 paid hours or 120 paid days in each school year from June 30, 2021 to June 30, 2023. Thereafter, beginning on July 1, 2023, the limit would be 100 paid days or 500 paid hours, and, consistent with current law, there would be no sunset date to the annuitant return-to-work program.

SB 2093

Sponsors: Martwick (LaPointe)

Passed Senate:	34-18-0
Passed House:	116-0-0
Senate Concurrence:	59-0-0

Under current law, a CTPF member includes any educational, administrative, professional, or other staff whose position requires certification or licensure under the School Code and who is employed in the Chicago Public Schools. Under SB 2093, any educational staff whose position requires certification or licensure and who is employed in a contract school operating pursuant to an agreement with the Board of Education on or after the effective date of this legislation shall participate in CTPF beginning on January 1, 2022, with respect to that service, unless that person began employment with the contract school before the effective date of this bill. Persons who began service before the effective date of this bill may irrevocably elect to participate in CTPF and accrue service after January 1, 2022.

SB 2093 also states that if payroll records and pension contributions due between January 1, 2022, and April 1, 2022, are not submitted by April 1, 2022, then the statutory penalties, liquidated damages, and interest shall be calculated from the original due date to the submission date of payroll records or pension contributions, as applicable. However, the bill provides that CTPF shall provide a conditional grace period for contract schools that show evidence of timely and good faith efforts to submit such records and make pension contributions.

SB 2103

Sponsors: Martwick (Halpin)

Passed Senate:	56-2-0
Passed House:	116-0-0

Deferred Compensation Plan for SURS

P.A. 100-0769 contained a mandate that SURS provide a new optional defined contribution (DC) plan for the State Universities Retirement System. SB 2103 is a trailer bill to the aforementioned Act. The bill defaults newly hired SURS members into the optional DC plan on or after July 1, 2023, while existing participants may opt in once the plan is operational. Regardless of the means of enrollment, members will retain the ability to opt out at any time. Participating employees will contribute 3% of compensation into the optional DC plan. Employer contributions are optional for the employing university or community college; there would be no State contributions toward the optional DC plan. The bill provides that SURS employers shall adopt the optional DC plan no later than September 1, 2021.

Deferred Compensation Plan for TRS

SB 2103 makes technical changes to the TRS article of the Pension Code for the implementation of the optional DC plan mandated by P.A. 100-0769. The bill allows TRS to use regular State contributions to the system to defray any and all costs of creating and maintaining the optional DC plan, but will reimburse those costs from funds received from participating employees and school districts. The bill defaults newly hired TRS members into the optional DC plan as soon as practicable on or after January 1, 2022, while existing participants may opt in once the plan is operational. Members who are automatically enrolled will have 90 days to opt out after auto-enrollment. SB 2103 allows TRS to elect to increase the automatic annual employee contributions to the optional DC plan, but not by more than 2% of the member's pre-tax gross compensation per year.

SB 2107

Sponsors: Martwick (Halpin)

Passed Senate:	55-0-0
Passed House:	118-0-0
Senate Concurrence:	59-0-0

P.A. 101-0610, which became effective on January 1, 2020, created the Firefighters Pension Investment Fund and the Police Officers' Pension Investment Fund for the purposes of commingling and investing the assets of Article 4 (Downstate Fire) and Article 3 (Downstate Police) pension funds, respectively. SB 2107 amends the IMRF article of the Pension Code to provide that both newly created funds shall be deemed "participating instrumentalities" under IMRF. The amended bill prohibits board members of both pension investment funds from participating in IMRF.