



Weekly Legislative Report

ILLINOIS STATE EMPLOYEES ASSOCIATION RETIREES

By: Jessica Nardulli & Tom Ryder

February 26, 2018

Both the House and Senate are scheduled to be in Session three days this week. Committees are now in full swing with a deadline of April 13 to get bills out of committees in their house of origin and onto the Senate or House floor.

State pensions continue to be a hot topic in the Statehouse. The House Personnel & Pension Committee has been considering various proposals to tackle the pension debt, which currently stands at \$130 billion in unfunded liabilities. One proposal, considered a longshot, is to issue bonds to borrow \$107 billion to get the pension system nearly fully funded. This assumes the state can make more on its investments than it will pay in interest. While even the sponsor of the proposal, Representative Robert Martwick, isn't sold on the idea, it goes to show the legislature is trying to think big to tackle the crushing pension debt. Martwick, the chair of the House Personnel & Pension Committee, said he wants to provide transparency and hearings for any ideas that could save the state money.

During the Governor's Budget Address, he advocated for a shift of the employer share of teacher and university employee pension costs from the state to local school districts. He also called for the cost of health insurance for state employees and retirees to be reduced. The response to the Budget message from other elected officials was cool, but the budget presented will serve as a discussion point for the coming legislative session and elections.

ILLINOIS STATE EMPLOYEES ASSOCIATION

RETIREES

HB 4371 BONDS-PENSION OBLIGATION **Sponsor** Rep. Martwick

Synopsis As Introduced

Amends the General Obligation Bond Act. Authorizes the issuance of an additional \$107,420,000,000 in State Serial Long Term Pension Obligation Bonds. Amends the State Pension Funds Continuing Appropriation Act to create a continuing appropriation for payments on those Bonds. Amends the State Finance Act to create the State Pension Serial Long Term Obligation Bond Fund. Effective immediately.

Last Action

Date	Chamber	Action
1/30/2018	House	Referred to Rules Committee

HB 4413 PEN CD-BROADCAST MEETINGS **Sponsor** Rep. Ammons

Synopsis As Introduced

Amends the General Provisions Article of the Illinois Pension Code. Provides that any open meeting of the board of trustees of a retirement system or pension fund or any committee established by a retirement system or pension fund must be broadcast to the public and maintained in real-time on the retirement system's or pension fund's website using a high-speed Internet connection. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

Last Action

Date	Chamber	Action
1/31/2018	House	Referred to Rules Committee

HB 4414 PEN CD-EXEC DIR & CIO-APPTMNT **Sponsor** Rep. Ammons

Synopsis As Introduced

Amends the State Employees, State Universities, and Downstate Teachers Articles of the Illinois Pension Code. Provides that on or after the effective date of the amendatory Act, appointments to the position of executive director or chief investment officer must be made with the advice and consent of the Senate. Amends the Chicago Teachers Article of the Illinois Pension Code. Provides that on or after the effective date of the amendatory Act, appointments to the position of executive director, chief investment officer, or chief legal officer must be made with the advice and consent of the Senate. Effective immediately.

Last Action

Date	Chamber	Action
1/31/2018	House	Referred to Rules Committee

KEY

LEGISLATION

- HB 4371: Martwick - \$107 Billion Pension Bond Proposal

Committee Hearing:

Personnel & Pensions Committee Hearing Mar 1 2018 10:30AM Stratton Building Room D-1 Springfield, IL

Synopsis As Introduced

Amends the State Universities Article of the Illinois Pension Code. Provides that if an employer fails to transmit required contributions to the System for more than 120 days after the payment of those contributions is due, the Board may certify to the State Comptroller the amount of those delinquent employer contributions and the State Comptroller shall deduct the certified amount from State funds to the employer and remit the amount deducted to the System. Provides that if State funds from which those deductions may be made are not available or if deductions are delayed for longer than 120 days after the date of the certification to the Comptroller, the Board may proceed against the employer to recover the amounts of such delinquent payments in the appropriate circuit court. Adds similar provisions if the employer is a community college district. Makes other changes. Effective immediately.

Last Action

Date	Chamber	Action
2/14/2018	House	Assigned to Personnel & Pensions Committee

Synopsis As Introduced

Amends the State Salary and Annuity Withholding Act. Provides that an employee or annuitant may authorize the withholding of a portion of his salary, wages, or annuity, among other purposes, for investment purchases made as a participant in College Savings Programs established under the federal Internal Revenue Code. Amends the State Comptroller Act. Provides that no request for an amount to be deducted from pension annuity payments made under the Illinois Pension Code shall exceed 25% of the net amount of such payment. Provides that notice given by the Comptroller to a person upon a deduction for delinquent obligations owed to a specified government entity may inform the person that, in lieu of protest, he or she may provide written authority to the Comptroller to process the deduction immediately. Amends the Comptroller Merit Employment Code. Provides for a veteran's preference of 3 points if the person has served in the armed forces of the United States, the Illinois National Guard, or any reserve component of the armed forces of the United States, and the person, among other qualifying factors, has served a minimum of 4 years in the Illinois National Guard or reserve component of the armed forces of the United States, regardless of whether or not the person was mobilized to active duty. Amends the Illinois State Collection Act of 1986. Provides that upon processing a deduction to satisfy a debt owed to a university or a State agency, the Comptroller may provide notice informing a person that, in lieu of protest, he or she may provide written authority to the Comptroller to process the deduction immediately. Effective immediately.

Last Action

Date	Chamber	Action
2/14/2018	House	Referred to Rules Committee

Synopsis As Introduced

Amends the Illinois Pension Code. In provisions of the State Universities and Downstate Teacher Articles that require a participant's employer to make an additional contribution if the participant's salary exceeds the amount of salary set for the Governor, removes a provision that specifies that the salary of the participant is determined on a full-time equivalent basis. In the Downstate Teacher Article, provides that for the purpose of calculating a

refund under the Article, "accumulated contributions" does not include any contributions greater than those actually received by the System. Provides that any person (rather than any person, member, trustee, or employee of the Board) who knowingly makes any false statement or falsifies or permits to be falsified any record of the System in an attempt to defraud the System, any other retirement system or pension fund created under the Code, or the Illinois State Board of Investment (rather than the System) is guilty of a Class 3 felony (rather than a Class A misdemeanor). Provides that the violation shall be deemed to be relating to the person's service as a teacher for the purpose of the felony forfeiture provisions of the Article. Effective immediately.

Last Action

Date	Chamber	Action
2/16/2018	House	Referred to Rules Committee

HB 5350 PENCD-SERS-CONSERVATION POLICE **Sponsor** Rep. Jerry Costello, II

Synopsis As Introduced

Amends the General Provisions and State Employees Articles of the Illinois Pension Code. Provides that the alternative retirement annuity under the State Employees Article applies to a conservation police officer subject to the Tier 2 provisions. Provides that a conservation police officer subject to the Tier 2 provisions may convert up to 8 years of service credit established before the effective date of the amendatory Act as a conservation police officer under the State Employees Article into eligible creditable service by filing a written election with the Board under that Article, accompanied by a specified payment. Effective immediately.

Last Action

Date	Chamber	Action
2/16/2018	House	Referred to Rules Committee

HB 5388 \$FY19 SERS OCE **Sponsor** Rep. Jim Durkin

Synopsis As Introduced

Makes appropriations for the ordinary and contingent expenses of the State Employees' Retirement System, Judges Retirement System and General Assembly Retirement System for the fiscal year beginning July 1, 2018, as follows: General Funds \$1,593,226,760.

Last Action

Date	Chamber	Action
2/16/2018	House	Referred to Rules Committee

HB 5404 \$FY19 SURS OCE **Sponsor** Rep. Jim Durkin

Synopsis As Introduced

Makes appropriations for the ordinary and contingent expenses of the State Universities Retirement System for the fiscal year beginning July 1, 2018, as follows: General Funds \$1,414,498,000; Other State Funds \$140,000,000; Total \$1,554,498,000.

Last Action

Date	Chamber	Action
2/16/2018	House	Referred to Rules Committee

HB 5410 \$FY19 CMS OCE**Sponsor** Rep. Jim Durkin**Synopsis As Introduced**

Makes appropriations for ordinary and contingent expenses of the Department of Central Management Services for the fiscal year beginning July 1, 2018, as follows: General Funds \$1,528,732,700; Other State Funds \$4,741,513,400; Total \$6,270,246,100.

Last Action

Date	Chamber	Action
2/16/2018	House	Referred to Rules Committee

HB 5472 PEN CD-ACCEL BENEFIT PAYMENT**Sponsor** Rep. Robert Martwick**Synopsis As Introduced**

Amends the State Employee, State Universities, and Downstate Teacher Articles of the Illinois Pension Code. Requires each System to implement an accelerated pension benefit payment option for Tier 1 members who have submitted an application for a retirement annuity and meet other requirements. Requires each System to offer an eligible Tier 1 member the opportunity to irrevocably elect to have his or her automatic annual increases in retirement annuity calculated using the Tier 2 formula in exchange for an accelerated pension benefit payment equal to 70% of the difference of the present value of the automatic annual increases in the Tier 1 member's retirement annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases in the Tier 1 member's retirement annuity using the Tier 2 formula. Contains provisions concerning definitions; return to active service; depositing the payments into other qualified retirement plans; qualified plan status; and rulemaking. Excludes the amendatory Act from the definition of "new benefit increase". Adds provisions defining "Tier 1 member" and repeals the definitions of "Tier 1 member" added by Public Act 98-599, which has been held unconstitutional. Effective immediately.

Last Action

Date	Chamber	Action
2/16/2018	House	Referred to Rules Committee

SB 2284 PEN CD-GARS SELF-DIRECTED PLAN**Sponsor** Sen. Chuck Weaver**Synopsis As Introduced**

Amends the General Assembly Article of the Illinois Pension Code. Requires the General Assembly Retirement System to establish a self-directed retirement plan. Provides that for persons who become a participant on or after the effective date of the amendatory Act, participation in the System shall be limited to participation in the self-directed retirement plan. Allows a Tier 1 or Tier 2 participant to make an irrevocable election to participate in the self-directed retirement plan instead of the defined benefit plan. Makes changes to the pensionable salary for active participants. Provides that upon a participant's first day of participation in the self-directed retirement plan, the participant becomes vested in his or her contributions to the self-directed retirement plan, the employer's contributions to the self-directed retirement plan, and the investment returns attributable to those contributions credited to his or her account. Provides that a member who has filed notice of an election not to participate may become a Tier 3 participant without making a specified required contribution by filing with the board a written rescission of the election not to participate if he or she elects to participate in the self-directed retirement plan. Provides that a member who files the written rescission without making the required contribution and only participates in the self-directed retirement plan may not receive credit for service as a member prior to the date of the rescission. Repeals a provision added by Public Act 98-599, which has been held unconstitutional, that defines "Tier 1 participant" and "Tier 2 participant".



Last Action

Date	Chamber	Action
1/10/2018	Senate	Referred to Assignments

SB 2292 RETIRED GA-HEALTH INSURANCE**Sponsors** Sen. Tim Bivins-Dan McConchie**Synopsis As Introduced**

Amends the State Employees Group Insurance Act of 1971. Provides that any member of the General Assembly sworn into office on and after the second Wednesday in January of 2019, and who retires a participating member under the General Assembly Retirement System, shall be responsible for exactly 50% of the applicable premiums, charges, or other fees for the basic program of group health benefits. Provides that, subject to a reduction based upon Medicare coverage, the State's contribution towards the basic program of group health benefits for such General Assembly members shall be exactly 50% of the applicable premiums, charges, or other fees owed. Provides that the provisions requiring 50% contribution for retired General Assembly member health benefits do not apply to any person who previously served as a member of the General Assembly in either house prior to the second Wednesday of January of 2019. Makes conforming changes. Effective immediately.

Senate Committee Amendment No. 1

Replaces everything after the enacting clause. Reinserts the provisions of the bill as introduced, and provides that a current or retired member of the General Assembly who was sworn into or retired from office prior to the second Wednesday of January of 2019 may elect to be responsible for exactly 50% the applicable premiums, charges, or other fees for the basic program of group health benefits.

Last Action

Date	Chamber	Action
2/21/2018	Senate	Placed on Calendar Order of 2nd Reading February 22, 2018

SB 2576 PEN CD-SERS-MILITARY SERVICE**Sponsor** Sen. Wm. Sam McCann**Synopsis As Introduced**

Amends the State Employee Article of the Illinois Pension Code. In a provision relating to purchasing service credit for certain military service, deletes the requirement of paying an additional amount representing the employer's normal cost of the benefit plus interest. Provides that this change does not entitle any person to a refund of contributions or interest already paid. Excludes any benefit increase resulting from the change from the definition of "new benefit increase". Effective immediately.

Last Action

Date	Chamber	Action
2/15/2018	Senate	To Subcommittee on Pensions

SB 2607 PEN CD-TIER 2 STATE POLICE**Sponsor** Sen. John G. Mulroe**Committee Hearing:**

Licensed Activities and Pensions Hearing Feb 28 2018 2:00PM Capitol 400 Springfield, IL

Synopsis As Introduced

Amends the General Provisions Article of the Illinois Pension Code. Provides that a State policeman who meets the requirements of the Tier 2 provisions is entitled to an annuity calculated under the alternative retirement annuity provisions of the State Employee Article of the Code in lieu of the regular or minimum retirement annuity only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 50 (instead of age 60), regardless of whether the attainment of age 50 (instead of age 60) occurs while the person is still in service. Provides that the changes made by the amendatory Act apply without regard to whether a person is in active service on or after the effective date of the amendatory Act. Excludes a benefit increase resulting from the amendatory Act from the definition of "new benefit increase". Effective immediately.

Last Action

Date	Chamber	Action
2/21/2018	Senate	Postponed - Licensed Activities and Pensions

SB 2608

PEN CD-SERS-STATE POLICE

Sponsor Sen. John G. Mulroe

Synopsis As Introduced

Amends the State Employee Article of the Illinois Pension Code. Authorizes a State policeman to elect to establish eligible creditable service for up to 5 years of service as a full-time law enforcement officer employed by the federal government or by a state or local government located outside of Illinois for which credit is not held in any other public employee pension fund or retirement system. Provides that to obtain that credit, the applicant must file a written application with the Board, accompanied by evidence of eligibility acceptable to the Board and payment of a specified amount to be determined by the Board. Excludes a benefit increase resulting from the amendatory Act from the definition of "new benefit increase". Effective immediately.

Last Action

Date	Chamber	Action
2/22/2018	Senate	Placed on Calendar Order of 3rd Reading February 27, 2018

SB 2650

PENCD-BD OF ELECTIONS-DC PLAN

Sponsor Sen. Terry Link

Synopsis As Introduced

Amends State Employee Article of the Illinois Pension Code. Requires the System to implement a defined contribution plan for employees of the Illinois State Board of Elections who are not covered by a collective bargaining agreement. Provides that the defined contribution plan shall aggregate State and employee contributions in individual participant accounts which are used for payouts after retirement. Authorizes an eligible employee of the Illinois State Board of Elections to elect to participate in the defined contribution plan instead of the defined benefit plan and to also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account. Provides that State contributions shall be paid into the accounts of participants in the defined contribution plan at a rate of 3% of compensation and that State contributions, and the earnings thereon, shall vest when those contributions are paid into the participant's account. Provides that employee contributions shall be paid at a rate of 3% of compensation. Contains provisions concerning investment options; defined disability benefits; notice to eligible employees; plan sponsor; reporting; and the intent of the amendatory Act. Excludes the defined contribution plan from the definition of "new benefit increase". Makes related changes in the Retirement Systems Reciprocal Act (Article 20 of the Code) and the State Employees Group Insurance Act of 1971. Effective immediately.

Last Action

Date	Chamber	Action
2/14/2018	Senate	Assigned to Licensed Activities and Pensions

SB 2954

PEN CD-SURS-EMPLOYER CONTRIB

Sponsor Sen. Omar Aquino**Committee Hearing:**

Licensed Activities and Pensions Hearing Feb 28 2018 2:00PM Capitol 400 Springfield, IL

Synopsis As Introduced

Amends the State Universities Article of the Illinois Pension Code. Provides that if an employer fails to transmit required contributions to the System for more than 120 days after the payment of those contributions is due, the Board may certify to the State Comptroller the amount of those delinquent employer contributions and the State Comptroller shall deduct the certified amount from State funds to the employer and remit the amount deducted to the System. Provides that if State funds from which those deductions may be made are not available or if deductions are delayed for longer than 120 days after the date of the certification to the Comptroller, the Board may proceed against the employer to recover the amounts of such delinquent payments in the appropriate circuit court. Adds similar provisions if the employer is a community college district. Makes other changes. Effective immediately.

Last Action

Date	Chamber	Action
2/21/2018	Senate	Assigned to Licensed Activities and Pensions

SB 3073

PEN CD-ACCEL BENEFIT PAYMENT

Sponsor Sen. Paul Schimpf**Synopsis As Introduced**

Amends the State Employee, State Universities, and Downstate Teachers Articles of the Illinois Pension Code. Requires those Systems to offer certain inactive members the opportunity to elect to receive an accelerated pension benefit payment equal to 70% of the net present value of their pension benefits in lieu of receiving any pension benefit. Provides that if a person elects to receive an accelerated pension benefit payment, his or her credits and creditable service under that Article shall be terminated upon receipt of the accelerated pension benefit payment; except that the terminated service credit shall be used for the purposes of determining participation and benefits under the State Employees Group Insurance Act of 1971. Provides that a person who receives an accelerated pension benefit payment must direct the System to pay all of that payment as a rollover into another qualified retirement plan or account. Contains provisions concerning return to active service; rulemaking; and qualified plan status. Amends the State Employees Group Insurance Act of 1971 to make related changes. Requires the Authority to issue bonds if the amount of the accelerated pension benefit payments exceed the amount appropriated to each System for those payments. Amends the General Obligation Bond Act. Authorizes \$250,000,000 in State Pension Obligation Acceleration Bonds to be sold to pay for accelerated pension benefit payments to eligible persons. Amends the State Pension Funds Continuing Appropriation Act to create a continuing appropriation for payments on those Bonds. Amends the State Finance Act to create the State Pension Obligation Acceleration Bond Fund. Effective immediately.

Last Action

Date	Chamber	Action
2/21/2018	Senate	Assigned to Licensed Activities and Pensions

HJR 106

NO TAXES ON RETIREMENT INCOME

Sponsor Rep. David McSweeney**Synopsis As Introduced**

States the belief that the Illinois Income Tax Act should not be amended to permit taxing retirement income.

Last Action

Date	Chamber	Action
2/14/2018	House	Referred to Rules Committee