

Pension Reform Bill

Summary:

- **Applies consideration model to State of Illinois pension plans, downstate public safety plans and Chicago Teachers' Pension Fund**
- **Adopts Mayor Emanuel's pension bill, and adds downstate public safety while providing more local control over funding and benefits**
- **Provides Cook County a choice of their pension reform bill or a consideration model**
- **Grants local governments the right to restructure finances**

Changes Based on the Consideration Framework

- SERS
 - After removing certain subjects from collective bargaining, create a baseline independent of pension benefits:
 - Wages guaranteed not to decline for five years;
 - Vacation reset to two weeks (under 15 years of service) and three weeks (15+ years of service);
 - Adjusted vacancy/overtime rights; and
 - Overtime pay normalized to match federal law, kicking in at 40 hours, not 37.5
 - Create several optional packages to incentivize different groups of employees to transition into Tier 2 pension formula prospectively:
 - Salary package: \$2000 transition bonus; one-time \$3000 salary increase; OT at 37.5 hours; no additional vacation
 - Vacation package: \$2000 transition bonus; one-time \$2000 salary increase; OT at 37.5 hours; 2 additional weeks of vacation
 - Overtime/vacancy package: \$2000 transition bonus; no salary increase; OT at 37.5 hours; 2 additional weeks of vacation; priority rights in work schedule, vacation, overtime, and "bumping"
- TRS, SURS, GARS, CTPF, and Downstate Police and Fire Tier 1 employees must choose between:
 - A. COLA shifts from 3% compounded (Tier 1 COLA) to the lesser of 3% or 1/2 CPI non-compounded (Tier 2 COLA) OR
 - B. All future salary increases are not included in pension benefit calculations
- Cook County must choose between:
 - A. Pension plan as introduced by Cook County (except with collective bargaining changes discussed above) OR
 - B. A consideration-based plan that prompts employees to choose between a reduced COLA benefit or agreeing that all future salary increases are not included in pension benefit calculations

Public Safety Changes

- Chicago Police and Fire funding schedule is changed from the current target of 90% by 2040 to 90% by 2055 including a 5 year period from FY16 – FY21 where mandatory payments are set in statute.
- Downstate Police and Fire funding schedules would be treated the same as Chicago Police and Fire, changing the current target of 90% funded by 2040 to 90% funded by 2055.
- 642 individual downstate police and fire funds are consolidated under IMRF for investment efficiency.
- Public Safety Employee Benefit Act definition of catastrophic injury is changed to clearly state that it would preclude the injured employee from performing gainful work.
- Tier 3 benefits are created for newly hired public safety employees. Tier 3 is a hybrid DB/DC with local control on DC benefits.
- Contains all aspects of Chicago's SB777 including allocating casino revenue to the pension funds.

Local Government Restructuring

- Local government restructuring is allowed by authorizing a local public entity to initiate a Chapter 9 filing after review from a neutral evaluation process or the declaration of a fiscal emergency.

Chicago Teachers' Pension Funding

- The State will pay the employer normal cost and the cost of defraying health insurance to CTPF contributions for FY16 and FY17.
- Requires CPS to end the practice of picking up the employee pension contribution.