



ILLINOIS POLICE OFFICERS’ PENSION INVESTMENT FUND

- I. HOUSE PERSONNEL AND PENSIONS SUBJECT MATTER HEARINGS**
 - a. On September 28, 2023, the House Personnel and Pensions Committee held a subject matter hearing on Police/Fire/Public Safety positions update and review, Sb 1629/1630, SB 1956, HB 4065, HB 4099, HB 1185 and continued discussions of prior subject matter topics – Indian Prairie School District and the Chicago Teachers’ Pension Fund.
 - b. Committee Members of the Senate Special Committee on Pensions participated in the hearing remotely. Those members included: Majority Caucus Whip Napoleon Harris, Vice-Chairperson Rachel Ventura, and Senator Neil Anderson.
 - c. The following entities testified on the public safety portion of the hearing. Those entities included: Illinois Police Officers’ Pension Investment Fund (IPOPIF), Firemen’s Annuity and Benefit Fund of Chicago (FABF), Associated Firefighters’ of Illinois (AFFI), the Fraternal Order of Police Labor Council, (FOP) Troopers Lodge 41, Illinois Sherriff’s Association (ISA), Illinois State Police Command Officers’ Association, Illinois Municipal League (IML) and the AFSCME.
 - i. Topics of discussion included: problems with recruitment, ballooning unfunded liabilities, dangers and hazards of the job for public safety personnel, the inadequacy of Tier 2, negotiations, and inadequate retirement ages for public safety personnel.
 - d. IPOPIF Executive Director Richard White, testified before the committee, providing insightful and informative information on the Fund’s background, and investment portfolio. Members of the committee received copies of the PowerPoint presentation.
 - i. Committee members asked questions related to the status of the litigation, the Illinois Supreme Court and the status of the remaining funds that have yet to transfer assets.
 - e. FOP Labor Council’s contractual lobbyist testified on the concerning issue of law enforcement recruitment. He stated that Tier 2 benefits are an impediment to recruitment. States outside of Illinois are recruiting at a rapid pace. An additional issue laid out for the committee was the lack of benefit parity across law enforcement agencies.
 - f. ISA confirmed the trouble with recruitment and a need for reciprocity amongst the pension systems where law enforcement is concerned.
 - g. Testimony on SB 1692 and HB 4065 are both designed to help with recruitment.
 - i. SB 1692 removes a restrictive date on the transfer of service. Impacts a wide range of officers – state policemen, investigators, conservation police.

- ii. HB 4065 removes Tier 2 limitations on the amount of salary for annuity purposes. Impacts Downstate Police and Fire, along with Chicago Police and Fire.
 - 1. The AFFI is supportive of these measures.
 - h. IML addressed the comments from the police and fire unions. Additional statements were made about municipalities being on the hook to pay for all services and benefits. There is not just a shortage of law enforcement personnel, but a shortage of employees in all positions of local government. The IML maintains that the law that mandated consolidation meets the Safe Harbor Provision.
 - i. The AFFI disagreed and is on record as opposing HB 1185.
 - ii. HB 1185 changes the actuarial required contribution funding scheduled to be at 90% funded by the fiscal year 2050, instead of 2040.
 - i. The IML also provided testimony on HB 4099. HB 4099 lowers the age that public safety personnel will begin to receive benefits, thereby rolling back progress that the IML has made on curbing ballooning pension costs. Benefit expansion is a serious concern.
 - j. AFSCME believes that IMRF must be a part of the conversation in order for real progress to be made. IMRF is actuarially sound and should be the prototype in order to address equity in benefits and funding for pension solvency.
 - k. The main takeaways from the testimony were that more work needed to be done to properly address the ballooning pension crisis that is crippling municipalities and deterring talented recruits from joining the ranks of police officers' and firefighters.

II. ADDITIONAL BACKGROUND INFORMATION ON HB 4098 AND HB 4099

- a. HB 4098 was introduced by the House Personnel and Pensions Committee Chairwoman earlier in the session. HB 4098 makes changes to Tier 2 benefits for members or participants under the 5 State-funded retirement systems and the Chicago Teachers Pension Fund, including changes to automatic annual increases, age and service requirements for retirement, and limits on the amount of salary for annuity purposes.
- b. HB 4099 was also introduced by the House Personnel and Pensions Committee Chairwoman earlier this session. HB 4099 would:
 - a. Amend the General Provisions, Downstate Police, Downstate Firefighter, and State Employees Articles of the Illinois Pension Code. Provides that a security employee of the Department of Corrections or the Department of Juvenile Justice or a security employee of the Department of Human Services subject to the Tier 2 provisions is entitled to an annuity calculated under the alternative retirement annuity provisions, 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 55, regardless of whether the attainment of age 55 occurs while the person is still in service.

- b. Provide that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". In the Downstate Police and Downstate Firefighter Articles, in a provision that reduces the amount of the pension for a Tier 2 firefighter or Tier 2 police officer who retires with at least 10 years of creditable service before attaining age 55, provides that the pension of a Tier 2 firefighter or Tier 2 police officer who is retiring after attaining age 50 with 20 or more years of creditable service shall not be reduced.
- c. Provides that each annual increase for Tier 2 firefighters shall be increased on the January 1 occurring either on or after the attainment of age 55 (instead of age 60) or the first anniversary of the pension start date, whichever is later.
- d. Neither bill was voted on during the regular Spring session, as the Chairwoman believed more discussion needed to take place on the topic. This will be the second subject matter hearing on HB 4098 and HB 4099 since they were first introduced in May.

III. FALL VETO SESSION SCHEDULE

- a. The House & Senate have published their 2023 Veto session schedules.
- b. Both chambers will meet the following days:

-Tuesday, October 24, 2023

-Wednesday, October 25, 2023

-Thursday, October 26, 2023

-Tuesday, November 7, 2023

-Wednesday, November 8, 2023

-Thursday, November 9, 2023