COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: HB 2884, as amended by SA 1

May 28, 2019

SPONSOR (S): Guzzardi (Manar)

SYSTEM(S): Illinois Municipal Retirement Fund

FISCAL IMPACT: According to IMRF, there were 1,175 retirees who retired from 2016 to 2018 and who used unused, unpaid sick leave to establish additional service credit from multiple school districts under current law. The average amount of additional service credit granted in total to the aforementioned retirees was 0.481% of one year (approximately 5.8 months). IMRF does not know how many additional employers and future retirees would be affected by this legislation as such data is not available at this moment.

<u>SUBJECT MATTER</u>: HB 2884, as amended by SA 1, amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code by allowing an employee to be entitled to creditable service for accumulated unused and unpaid sick leave, earned from certain educational employers, with a maximum limit of 12 months.

<u>COMMENT</u>: Current statute allows an employee applying for retirement to establish creditable service for accumulated unused and unpaid sick leave, for the purpose of calculating a retirement annuity. When establishing such creditable service, only sick leave days accumulated with an employer with which the employee was employed within 60 days of the effective date of his or her retirement annuity shall be credited. If the employee was in service with multiple employers during the period, then only the highest number of unpaid sick leave days with one employer shall be considered. However, in such cases, if the employers are school districts, the employee is allowed to establish such creditable service from all such employers, with a maximum limit of 12 months.

HB 2884, as amended by SA 1, allows that the exception would also apply to other educational employers, such as special education joint agreements, cooperative or joint educational agreements, educational service centers, etc. SA 1 states that if the employee terminated service with the applicable educational employer before the effective date of this legislation, the multi-employer sick leave exception shall not apply.

JB:bj LRB101 08812 RPS 60232 a