

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 3865**

November 4, 2011

SPONSOR (S): Franks - Morthland

SYSTEM(S): TRS

FISCAL IMPACT: HB 3865 will have a slight positive impact upon TRS to the extent that the amounts refunded to affected members will be less than the present value of their projected retirement annuities.

SUBJECT MATTER: HB 3865 amends the Downstate Teachers Article of the Illinois Pension Code to stipulate that any person whose membership in TRS is derived solely from employment as a substitute teacher and employment with a statewide teacher organization shall forfeit service credit in TRS. The bill requires TRS to grant refunds to all such persons.

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COMMENT: Under the TRS article of the Pension Code, the definition of “teacher” encompasses several categories of employment, including officers or employees of statewide teacher organizations who are “certified under the law governing certification of teachers.” P.A. 94-1111 (SB 36), which became effective on February 27, 2007, added a provision to the TRS article of the Code which stated that employees of statewide teacher organizations could establish service credit for similar employment prior to becoming certified as a teacher if certain conditions were met. Among these conditions was a requirement that members be certified as a teacher on or before the effective date of SB 36. Members also had to pay the normal cost associated with past service, plus interest at 8.5% per year. HB 3865 essentially reverses P.A. 94-1111 as it requires affected members to forfeit all service credit in TRS once the bill takes effect.