

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: SB 3597, as engrossed

April 30, 2012

SPONSOR(S): Martinez - Delgado (K. Burke)

SYSTEM(S): Chicago Teachers Pension Fund

FISCAL IMPACT: Retired teachers who return to service under the limitations spelled out in SB 3597, as engrossed, will not accrue additional service credit in the pension fund. However, there will be a slightly positive fiscal impact in the event a re-employed, retired teacher exceeds the limitations as the Board will cease annuity payments to the retiree.

SUBJECT MATTER: SB 3597, as engrossed, amends the Chicago Teachers' Article of the Pension Code enabling a retired teacher to be re-employed as a teacher on a temporary basis without a cancellation of pension. The bill sets limits and procedures for such re-employment, and requires the Board of Education to adopt appropriate rules for implementation. Effective immediately.

FISCAL IMPACT: Retired teachers who return to service under the 100-day standard as spelled out in SB 3597, as engrossed, will not accrue additional service credit in the pension fund. However, there will be a slightly positive fiscal impact in the event a re-employed, retired teacher exceeds the limitations as the Board will cease annuity payments to the retiree.

COMMENT: Under current law, if a retiree receiving a service-retirement pension from the Chicago Teachers' Pension Fund becomes re-employed on a permanent or annual basis by a Chicago public school, then the pension must be cancelled. Such a cancellation may be avoided if the pensioner becomes re-employed on a temporary and non-annual basis or on an hourly basis.

SB 3597, as engrossed, establishes limitations and requirements for re-employing a pensioner on a "temporary and non-annual basis or on an hourly basis." These limitations include a duration of employment no longer than 100 days and pay not exceeding 100 days' worth of hiring a day-to-day substitute teacher. This bill also requires the pensioner to notify the Fund of his or her intent to accept re-employment on a temporary basis within the above-stated limitations, and the Employer must certify the pensioner's temporary status at least quarterly and when the pensioner approaches the above-stated pay limit.

If, at any time, the re-employed pensioner exceeds either the pay or the length-of-employment limitations, the service-retirement pension shall be cancelled. SB 3597, as engrossed, is effective immediately.

MD:dkb

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