COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 2583** January 7, 2013

SPONSOR (S): Burke, Daniel

SYSTEM(S): Chicago Teachers

FISCAL IMPACT: According to the Chicago Teacher Pension Fund, there have been several instances of charter schools submitting required contributions late or not at all, and the pension fund believes that HB 2583 will provide for better enforcement of required pension contributions. HB 2583 should have a slight positive impact on the pension fund. (SB 1523 is the Senate version of this bill).

SUBJECT MATTER: HB 2583 amends the Chicago Teacher article of the Illinois Pension Code. The bill makes a number of changes to ensure stricter accountability from charter schools, particularly with regard to which employees in a charter school qualify for participation in CTPF.

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COMMENT: Currently, the Chicago Teacher article of the Pension Code covers persons who are employed in a charter school so long as they have achieved the requisite teacher certification. Persons who are employed by a charter school on an hourly basis are excluded from participation in CTPF. HB 2583 provides that a member who teaches in a charter school may not be reclassified from “non-hourly” to “hourly” in order to relieve the charter school from making contributions to CTPF on the employee’s behalf.

HB 2583 also provides that all teachers and staff of charter schools shall participate in CTPF, unless the charter school can prove to the satisfaction of the CTPF board that the teacher or staff member is not working as a teacher or administrator with the charter school. The bill also provides that employers that fail to submit payroll records to the fund will be subject to a penalty of $100 per day for each day that a required payroll submission is late. Furthermore, employers who are in possession of member contributions deducted from payroll will be deemed a fiduciary over those assets. Fiduciary responsibility entails, among other things, a responsibility to act in the sole interests of the plan participant; hence this provision would presumably act as a deterrent to employers that deliberately withhold contributions to the pension fund.

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