

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **SB 3455**

March 13, 2014

SPONSOR(S): Brady - McCann

SYSTEM(S): Downstate Teachers

FISCAL IMPACT: According to TRS, in the ten years that the return-to-work provision has been in effect since the enactment of P.A. 93-0320, approximately 73 retired teachers returned to work in subject shortage areas. It should be noted that retired teachers who return to work in subject shortage areas do not accrue additional service credit in TRS, nor does their participation in the program impact their final average salaries for pension purposes. Under SB 3455, neither employer nor employee contributions shall be made to the System and no additional service credit will be earned.

SUBJECT MATTER: SB 3455 amends the Downstate Teachers Article of the Illinois Pension Code to reopen a window for retired teachers returning to work in subject shortage areas. SB 3455 will also require neither the employee nor employer to make contributions to the Teachers' Retirement System.

FISCAL IMPACT: According to TRS, in the ten years that the return-to-work provision has been in effect since the enactment of P.A. 93-0320, approximately 73 retired teachers returned to work in subject shortage areas. It should be noted that retired teachers who return to work in subject shortage areas do not accrue additional service credit in TRS, nor does their participation in the program impact their final average salaries for pension purposes. Under SB 3455, neither employer nor employee contributions shall be made to the System and no additional service credit will be earned.

COMMENT: This return-to-work window was originally opened on July 1, 2003, with the implementation of P.A. 93-0320. This window lasted until June 30, 2008. It was opened again for the period of July 1, 2008 until June 30, 2013 under P.A. 95-0910. P.A. 95-0910 (HB 4536), which took effect on August 26, 2008 and expired June 30, 2013, allowed retired teachers to return to teaching in subject shortage areas on or after July 1, 2003 and ending no later than June 30, 2013, without impairing their retirement

annuities. SB 3455 will change the ending date of the employment from no later than June 30, 2013 to no later than June 30, 2018.

The Act also required the school district to first offer teaching positions in subject shortage areas to qualified teachers who had been honorably dismissed during the calendar year preceding the beginning of the school term for which it seeks to employ a retired teacher. Also, the school district must advertise its vacancy in a newspaper of general circulation for a period of at least 90 days during the 6 months preceding the beginning of the school term for which it seeks to employ a retired teacher in a subject shortage area.

Identical to HB 5285 and SB 3374, SA #1.

RSR:dkb

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