COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 0489** February 4, 2015

SPONSOR (S): Davidsmeyer

SYSTEM(S): Downstate Teachers

FISCAL IMPACT: According to TRS, during the previous window allowing retired teachers to return to work in subject shortage areas put in place with the enactment of Public Act 95-0910, approximately 73 teachers returned to work over the course of 10 years. 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.

<u>SUBJECT MATTER</u>: HB 0489 amends the Downstate Teachers Article of the Illinois Pension Code to reopen a window for retired teachers returning to work in subject shortage areas until 2019. This 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.

FISCAL IMPACT: According to TRS, during the previous window allowing retired teachers to return to work in subject shortage areas put in place with the enactment of Public Act 95-0910, approximately 73 teachers returned to work over the course of 10 years. 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.

<u>COMMENT</u>: P.A. 95-0910 (HB 4536); which took effect on June 1, 2005 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, subject to the following conditions:

- The teaching service must not begin within the school year during which service was terminated;
- The teacher must not have retired under an Early Retirement Incentive;

HB 0489 Page 2

• If the annuitant retired before age 60 with less than 34 years of service, the teaching service must not begin within the year following the effective date of retirement;

- If the annuitant retired at age 60 or above or with 34 or more years of service, the teaching service does not begin within 90 days following the date of the teacher's retirement; and
- The school district must notify TRS in writing of the retired teacher's desire to participate in the subject shortage area program.

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.

HB 0489 deletes the June 30, 2013 sunset date and allows the foregoing program to continue until June 30, 2019.

RSR:dkb LRB099 06601 EFG 26674 b