

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2454**

February 14, 2019

SPONSOR (S): Caulkins

SYSTEM(S): SERS

FISCAL IMPACT: According to SERS estimates, no more than approximately 1,500 annuitants are currently employed in state departments on 75-day contracts. The fiscal impact would depend upon how state agencies respond to the loss of this personnel option. It is possible some may hire full-time replacements, while others may not seek to replace the part-time annuitants serving on 75-day contracts.

SUBJECT MATTER: HB 2454 amends the State Employee article of the Illinois Pension Code to limit annuitants who re-enter temporary service in a department for up to 75 days in a calendar year to service accepted before January 1, 2020.

COMMENT: Currently, annuitants who retired under an Early Retirement Incentive (or similar program) can re-enter service of a state department on the standard payroll at which they previously worked and continue receiving their annuity on the condition that their service is no more than 75 working days in a calendar year. As confirmed by SERS, annuitants may return to work as employees on a contractual payroll and not be limited to the 75 day/year timeframe and collect their annuity as well. The benefit to the pension systems from moving new Tier 2 employees into these positions would have to be weighed against the concomitant loss of institutional memory and expertise in the temporary employees' departure. This legislation has an immediate effective date.

AB:bj

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