

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 3213**

March 6, 2019

SPONSOR (S): Martwick

SYSTEM(S): TRS

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**FISCAL IMPACT:** HB 3213 would have no discernible fiscal impact upon TRS. The bill would presumably allow for more streamlined administrative functions in the areas impacted by the bill.

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**SUBJECT MATTER:** HB 3213 amends the Downstate Teacher Article of the Illinois Pension Code to implement administrative changes, as summarized below.

### COMMENT:

#### *Reporting Requirements for Optional Benefit Plans*

In the Section of the TRS Article that governs payment of school district contributions to TRS, the bill contains technical language allowing for TRS to implement reporting requirements for school districts for any optional benefit plan an employee chooses to participate in. TRS says that this language would facilitate school district payments under the Tier 3 hybrid plan implemented by P.A. 100-0023, which requires employer (school district) contributions of between 2 and 6% of salary. TRS has not yet implemented the Tier 3 hybrid plan.

#### *Assessment of Penalties to School Districts for Late Employer Contributions*

Current law permits TRS to levy a fine against school districts for delinquent employer contributions that is the greater of a) lost interest to TRS due to the late payments, or b) \$50. HB 3213 sets this penalty amount at \$50 per day for each day that elapses from the due date until contributions are received by the system.

#### *Deletion of References to Annuitants of the Chicago Teachers Pension Fund*

HB 3213 removes references to annuitants of the Chicago Teacher Pension Fund as not qualifying as a teacher for return-to-work purposes with a TRS employer. TRS says this move is necessary because TRS has no knowledge of CTPF membership, and therefore it is impracticable for TRS to ascertain a retired Chicago teacher's annuity

status when determining if the Chicago retiree should be classified as a "teacher" when accepting a position that would otherwise qualify for TRS membership.

LV:bj

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