## COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

102<sup>nd</sup> GENERAL ASSEMBLY

BILL NO: HB 5176, as amended by HA 1 March 3, 2022

SPONSOR (S): Yednock – Lewis, et al

SYSTEM(S): Downstate Teacher's Retirement System

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FISCAL IMPACT: There is no discernible fiscal impact on TRS associated with HB 5176, as amended by HA 1.

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<u>SUBJECT MATTER</u>: HB 5176, as introduced, amends the Downstate Teacher article of the Illinois Pension Code. The School Code portion of the bill deletes a certain salary survey provision used to determine exemptions from the current 20% increase cap on pensionable salary in TRS. This is purely a technical change that does not alter the cap amount.

<u>COMMENT:</u> Under current law, in determining final average salary, when a member's salary exceeds the member's annual full-time salary with the same employer from the previous year by more than 20%, that part of the salary shall be excluded, except when the member's creditable earnings are less than 50% of the preceding year's mean salary for downstate teachers as determined by the survey of school district salaries provided in Section 2-3.103 of the School Code.

HB 5176, as introduced, changes the above mentioned exclusion to be determined by a survey of school district salaries removes the reference to the survey provided in the School Code. From the perspective of the Pension Code, this is a technical change that does not alter the final average salary limitations as mentioned above. Presumably, TRS would be required to conduct the survey to determine the exemptions to the 20% cap in which a member's creditable earnings are less than 50% of the preceding year's mean salary.

It should be noted that this bill has no bearing on what is commonly known as the "FAS Cap Penalty" paid by school districts for pensionable salary increases over 6%.

HA 1 amends the School Code to provide that the State Board of Education shall merge the end-of-year grant periodic report with the fourth quarter electronic expenditure report. HA 1 also provides that the ISBE Survey of Unfilled Teaching Positions shall be merged with the Illinois Association of Regional Superintendents' Educator Shortage Survey, among other changes. The provisions of HA1 do not amend the Pension Code and do not have any impact on any pension system.

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