COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: HB 5472

February 2, 2022

SPONSOR (S): Rohr

SYSTEM(S): Downstate Teachers' Retirement System (TRS) Article, Chicago Teacher Article

FISCAL IMPACT: Under HB 5472, retired TRS members who, beginning July 1, 2021 through June 30, 2022, return to work on a temporary and non-annual or hourly basis may do so without impairing their retirement pension, provided they work less than 140 days or 700 hours in a school year, but not more than 100 paid days in the same classroom and thus will not be gaining service credit in TRS for that period of service. The bill also allows Chicago Teacher annuitants to return to work as a teacher or an administrator without impairment of retirement status given that the annuitant does not receive compensation for more than 140 days in a school year. To the extent that a retirement pension is paid out by either fund that would otherwise be prohibited under current law, there would be a fiscal impact to the pension fund commensurate with the number of retired members who return to work on a temporary and non-annual or hourly basis during that time period.

<u>SUBJECT MATTER</u>: HB 5472 amends the Downstate Teacher and Chicago Teacher articles of the Illinois Pension Code. The bill aims to assist with addressing the substitute teacher shortage by allowing TRS annuitants to be re-employed as a teacher without impairing their retirement pension. Specifies that Chicago annuitants may be re-employed as an administrator, rather than just a teacher, and eliminates compensation limitations.

COMMENT:

TRS Annuitant Return-to Service

Under current law, TRS allows annuitants receiving an annuity other than a disability retirement annuity to return to work as a teacher without impairment of retirement status, provided that employment is not within the school year during which service was terminated and does not exceed 120 paid days or 600 paid hours in each school year, but not more than 100 paid days in the same classroom.

HB 5472 amends the TRS article by allowing annuitants beginning July 1, 2021 through June 30, 2022 to accept employment as a teacher without impairing their retirement status provided that the employment is not within the school year during which service was terminated and does not exceed 140 paid days or 700 paid hours in each school year, but not more than 100 days in the same classroom. The bill specifies that this change is meant to assist with addressing the substitute teacher shortage that has been exacerbated by the COVID-19 pandemic. The annuitant re-employment cap would revert to 120 paid days or 600 paid hours beginning on June 1, 2022 through June 30, 2023.

CTPF Annuitant Return-to Service

Under current law, the Chicago Teacher article allows annuitants to return to work as a teacher on a temporary, non-annual basis or on an hourly basis without impairing their retirement status, subject to certain limitations. For example, current law states that in the case of a retiree who is re-employed as a teacher on a temporary and non-annual basis or on an hourly basis, that teacher's pension shall not be cancelled so long the person does not work as a teacher for gross compensation for more than 120 days in a school year, or does not accept gross compensation in that school year in excess of \$30,000 or, in the case of an administrator or principal, an amount equal to the daily rate normally paid to retired principals multiplied by 100.

HB 5472 amends the Chicago Teacher article of the Pension Code such that a retired pensioner who is re-employed as a teacher or an administrator, rather than just a teacher, may be re-employed without impairment of retirement status given that the annuitant does not receive compensation for more than 140 days in a school year. The bill also removes the specified annual earnings caps mentioned above.

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