COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: HB 2502, as amended by HA 1 March 12, 2015

SPONSOR(S): D. Burke - Dunkin

SYSTEM(S): Chicago Teachers' Pension Fund (CTPF)

FISCAL IMPACT: According to the Chicago Teacher Pension Fund, the pensionable paid time off portion of HB 2502, as amended by HA 1, does not create an additional benefit for charter school employees and does not create additional accruals of pensionable earnings from sick leave for charter school employees. The fund claims that the problem that this provision of the bill purports to remedy is a lack of uniform reporting of pensionable sick leave for charter schools. CTPF claims that failure to pass this bill will make the Fund susceptible to overpayments associated with sick leave for charter school employees. According to CTPF, there are 3,847 certified charter school teachers (12.42% of total active CTPF members) who are members of the pension fund. The return-to-work provision of the bill makes it easier for CTPF to suspend pension benefits for pensioners who return to work, and could effectively save the system from abuses.

<u>SUBJECT MATTER</u>: HB 2502, as amended by HA 1, amends the Chicago Public School Teachers Article of the Illinois Pension Code by considering earned sick pay to be pensionable earnings for charter school employees. This bill also deems any work performed before or after the school year to be pensionable earnings under certain conditions. Finally, this bill changes the conditions on which a service retirement pensioner may return to service without suspension of pension benefits.

<u>COMMENT</u>: As of current law, the teachers participating in the Chicago Teachers' Fund receive sick leave, vacation, and paid time off and may apply any unused days to their pensionable earnings. Chicago Public Schools (CPS) has a contract that ensures a set number of sick, vacation, and paid time off for its teachers, but the charter school teachers have no uniform reporting system.

HB 2502, as amended by HA 1, proposes that the charter school (employer) certify with CTPF the number of sick days which shall be considered pensionable earnings.

As of current law, a benefit is only suspended when the pensioner returns to work for over 100 days and for over \$30,000. Both conditions must be met before a pension

could be suspended, which means a person could work 99 days for \$50,000 and still receive their benefits.

HB 2502, as amended by HA 1, proposes a change to the conditions on which a service retirement pensioner may return to service without suspension of pension benefits. This bill changes "and" to "or," creating a conditional that is much easier to fulfill. This proposal means CTPF can suspend the pension for anyone who makes at least \$30,000, regardless of how many days they work; as well, CTPF can suspend the pension of anyone who works over 100 days, regardless of how much they are paid.

MD:dkb LRB099 07451 EFG 31739 a