

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 0001, as amended by Senate Amendment 003**

July 26, 2007

SPONSOR (S): Jones, Emil – Collins, et al.

SYSTEM(S): Teachers' Retirement System

FISCAL IMPACT: The fiscal impact of SB 0001, as amended by Senate Amendment 003, cannot be determined as the number of employees affected is not known.

SUBJECT MATTER: SB 0001, as amended by Senate Amendment 003, amends the Teachers' Retirement Article of the Illinois Pension Code to exempt the employer (the school district) from paying the liability associated with salary increases above 6% granted to employees who serve as mentors to a new teacher or principal during their final average salary period (the teacher's last four years prior to retirement).

FISCAL IMPACT: The fiscal impact of SB 0001, as amended by Senate Amendment 003, cannot be determined as the number of employees affected is not known.

COMMENT: Public Act 94-0004 (SB 27) provided a mechanism by which the liability associated with salary increases above a certain level may be shifted to school districts providing those salary increases. The act provides that during the years used to determine final average salary, the school district must pay to TRS an amount equal to the present value of the increase in benefits resulting from salary increases above 6%. The employer contribution required by Public Act 94-0004 must be paid in a lump sum within 30 days of the receipt of the bill from TRS. The act specifies that TRS must calculate the contribution amount using the same actuarial assumptions and tables used for the most recent actuarial valuation

SB 0001, as amended by Senate Amendment 003, would exempt any school district from having to contribute to TRS the present value of the increase in benefits resulting from the portion of the increase in salary that is in excess of 6% due to stipends paid to an employee who serves as a mentor to a teacher or principal during the teacher's final average salary period (the final four years of teaching).

GS:dkb

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