



Legislative Initiatives

And Budgetary Concerns

Illinois General Assembly Action

- PA 100-587/HB 3342
- PA 100-0023/SB 2954
- PA 100-0023/SB 0042

PA 100-587/HB 3342

Changes to the Illinois Pension Code

- Reduces the “threshold” affecting employer contributions on year-to-year salary increases for TRS member from 6% to 3%, if the pay hikes would factor into the calculation of a member’s initial pension
- Implementation of the statute by TRS will occur “as soon as possible”
- Effective date is after July 1, 2018

- How will the district comply?
 - Work with TRS to determine which threshold applies. Determine raises that “influence” the salaries that members will use to calculate their “final average salaries.”
 - Work with TRS to learn and understand the new formula that determines member’s initial pensions
 - Comply with Pension Code obligations

PA 100-0023/SB 2954

Changes to the Illinois Pension Code

- SB 2954 shifts the normal pension costs from the state to the school district for the amount of salary for any employee whose creditable earnings is higher than the salary of the governor (\$180,000)
- The district will pay the actuarial cost of the portion of the member's pension that exceeds \$180,000
- Effective date July 1, 2017

- How will the district comply?
- Work with TRS to determine the cost to the district
- Work with TRS to learn and understand the new formula to determine cost
- Comply with Pension Code obligations

PA 100-0023/SB 0042

Changes to the Illinois Pension Code

- Creates a TRS Tier III plan
- Creates a “hybrid” retirement benefit with a “defined benefit” and a defined contribution”
- TRS estimates the earliest date Tier III may be implemented is July 1, 2019
- Once implemented Tier II members may opt to move to Tier III

- TRS will need months to plan, build, test and implement these changes
- Shifts burden from state to district
- Defined benefit estimated at 2.58%
- Defined contribution estimated between 2% to 6%
- Comply with Pension Code obligations

Proposed Legislation

Pension Cost Shifts

The district response would include:

1. Strategic budget cuts
2. Across the board
3. Program Prioritization

Property Tax Freeze

The district response would include:

1. Strategic budget cuts
2. Across the board
3. Program Prioritization

Unfunded Mandates

Ability to pay within existing budget line items or funds



Legislative Initiatives

Question and Answer Session