SYNOPSIS
URBANA SCHOOL DISTRICT 116
BOARD OF EDUCATION
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The Urbana School Board study topic was a look into the changes in the Teachers' Retirement System, given the new law passed at the end of the last General Assembly legislative session. School district attorney Dennis Weedman gave the board the legal updates.

The new legislation, which does away with the huge financial bumps in salary during a teacher's (or administrator's) last few years of service—bumps which were never a part of Urbana's practice—now limits annual salary increases to six percent. This is an issue for anyone who is 51 years of age, and/or anyone in their last 4 years of employment prior to retiring. And the issue is one the school district is very concerned about, because the penalties on the "excessive" bumps apply only to the employer, and not the employee.

This all sounds very rational, and on the face of it, it is rational. However, there are some major areas when the six percent limitation becomes problematic.

The six percent applies to all creditable earnings, including stipends, buybacks of sick leave, a board's contribution to TRS for the employee, retirement bonuses, and longevity increases, just to name a few. From a theoretical standpoint, teachers' contracts all over Illinois will probably see major language revisions in order to be compliant with the new law. From a practicality standpoint, as board member Mark Netter pointed out, we may very well have to create a new position just to monitor the payment of stipends, movement on the salary schedule, and cost-of-living increases, in order to avoid excessive penalty payments to the state.

The six percent also applies to someone who is promoted to an administrative level as well. For example, Mrs. Teacher has completed her Type 75 certification and moves from a classroom teacher on a nine-month contract, to the principal at Tiger Elementary School on an 11-month contract. According to the new law, she can't receive more than a six percent jump in salary if her promotion is within the same district—or realistically she can't retire within four years of receiving a larger raise. However, if Mrs. Teacher becomes an administrator at Charger Elementary School in a neighboring school district, then she can receive far more than the six percent increase.

Or, say Mrs. Teacher is going to ROE for training four times per year. Mrs. Teacher is paid a stipend for that training at a rate determined by ROE, not by the Urbana School District. But her stipend is funneled through the Urbana School District from the ROE to be included in Mrs. Teacher's paycheck. If the stipends amount to more than six percent of her salary, when added to her annual contractural salary increase and any moves she may have made horizontally or vertically on the salary schedule, then the school district has to pay a penalty on that over-and-above-six-percent if Mrs. Teacher retires within four years.

See how complicated and cumbersome this becomes? The key issues in all of this are 51 years of age and/or retiring within four years.

There was an attempt in the legislative veto session in November to eliminate the promotional increase being limited to six percent, but that never made it to the floor of either house. The six percent was set by the General Assembly, and it's going to take the General Assembly to turn it around.

There are other changes in the law which undoubtedly will affect our staff, such as limiting sick leave to be applied to service credit. Some school districts have tried some creative ways of setting aside salary payments to be made after retirement, but those solutions are not legal. The new laws encourage employees to leave the school district in order to increase earnings during their last four years prior to retirement, and according to Weedman, this has the potential for age discrimination lawsuits.

Ultimately, if a contributor to TRS is 51 years old, or considering retirement within four years, the best advice you can heed is to gain all the knowledge you can about the new laws, because what was, is no more. And the next best advice is to pay attention to whom you elect to the General Assembly.

In a closing note, Weedman told the board that a member of his law firm met personally with the crafter of this new legislation, who said the issue of promotions and increased salaries never occurred to him.