To: The Honorable Bruce Rauner, Governor  
The Honorable John J. Cullerton, Senate President  
The Honorable Christine Radogno, Senate Minority Leader  
The Honorable Michael J. Madigan, Speaker of the House  
The Honorable Jim Durkin, House Minority Leader

From: Tony Smith, Ph.D.  
State Superintendent of Education

Subject: 2015 Teacher Recruiting and Retention Task Force Report

Enclosed is the 2015 Teacher Recruiting and Retention Task Force report required by House Joint Resolution 27. This report examines the impact of Tier II pension benefits on the recruitment and retention of educators in Illinois public school districts.

cc: Tim Mapes, Clerk of the House  
Tim Anderson, Secretary of the Senate  
Legislative Research Unit  
State Government Report Center
Overview

House Joint Resolution 27 created the Teacher Recruiting and Retention Task Force (TRRTF). The purpose of the TRRTF is to submit a report of its findings related to the impact of Tier II pension benefits on the ability of school districts to recruit and retain teachers in public school classrooms (Appendix A: House Joint Resolution 27). The timeline for the work of the task force would be extended through Senate Joint Resolution 21 (Appendix B: Senate Joint Resolution 21). The resolution is pending in the House and has not yet been adopted by the General Assembly.

As required by HJR 27, members of the TRRTF were appointed by General Assembly leadership (Appendix C: TRRTF Membership). The TRRTF met during the fall 2014, winter 2015, and spring 2015. TRRTF Agendas and Meeting Minutes are found in Appendix D and Appendix E, respectively.

Executive Summary

Public Act 96-0889 was enacted in Illinois in April 2010. It created a second tier of pension benefits for Teachers’ Retirement System (TRS) members and most other public employees who began contributing to their retirement systems on or after January 1, 2011. This second tier, known as Tier II, provides a benefit that is significantly lower than the Tier I benefit. According to the TRS actuary, Tier II member contributions exceed the value of their benefits. In effect, Tier II members help pay for the benefits of Tier I.

Concerns that the lower pension benefit would hinder the recruitment and retention of teachers entering the profession led to House Joint Resolution 27 in May 2013. The resolution created the Teacher Recruiting and Retention Task Force. Its assignment is to study the impact of Tier II pension benefits on school districts’ ability to recruit and retain classroom teachers.

On behalf of the task force, the Illinois State Board of Education developed and administered a survey in April 2015 (Appendix F: Recruitment and Retention Survey). Superintendents in Illinois public schools or their designee were asked to assess the impact of the lower pension benefits on their teaching workforces. About half of the districts in the state responded to most questions, and they were representative of all districts by geographic location, district size, and district type.

Additionally, the Teachers’ Retirement System compared Tier II retirement benefits to the Social Security safe harbor to estimate when accruing Tier II benefits would fall below the threshold for Social Security exemption (Appendix G: TRS Tier II and Social Security Safe Harbor Test).

In summary, data suggested that Tier II benefit is one issue among many that affect recruitment and retention, but, at this time, ranks very low on the list of reasons why one accepts or resigns a teaching position.

Data Collection
Task force members created a survey in order to ascertain if, in fact, Tier II pension benefits affected the recruitment and retention of teachers in school districts. The survey underwent three rewrites prior to being approved by the task force for administration. Information on the survey, including directions to complete the instrument, were sent to district superintendents in March 2015. The survey administration window was made available to district superintendents for one month. A total of 459 responses was received.

**Demographic Information**

Questions 1 and 2 of the survey provided information regarding the number of students enrolled in the respondents’ school districts during the 2014-15 school year (Table One: 2014-15 Enrollment) and district type (Table Two: District Type).

**Table One: 2014-15 Enrollment**

<table>
<thead>
<tr>
<th>Number of Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-250</td>
<td>11%</td>
</tr>
<tr>
<td>251-500</td>
<td>16%</td>
</tr>
<tr>
<td>501-1000</td>
<td>25%</td>
</tr>
<tr>
<td>1001-5000</td>
<td>40%</td>
</tr>
<tr>
<td>5001-10000</td>
<td>4%</td>
</tr>
<tr>
<td>10001 or more</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Table Two: District Type:**

<table>
<thead>
<tr>
<th>District Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>41%</td>
</tr>
<tr>
<td>High School</td>
<td>12%</td>
</tr>
<tr>
<td>Unit</td>
<td>47%</td>
</tr>
</tbody>
</table>

Questions 3 and 4 of the survey asked the number of teachers hired each year (Table Three: Number of Teachers Hired) and how many leave the district for reasons other than retirement (Table Four: Number of Teachers Leaving a District).
Table Three: Number of Teachers Hired

<table>
<thead>
<tr>
<th>Number of Teachers Hired</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-25</td>
<td>80%</td>
</tr>
<tr>
<td>26-50</td>
<td>7%</td>
</tr>
<tr>
<td>51-100</td>
<td>5%</td>
</tr>
<tr>
<td>101-500</td>
<td>7%</td>
</tr>
<tr>
<td>501 or more</td>
<td>1%</td>
</tr>
</tbody>
</table>

Table Four: Number of Teachers Leaving a District

<table>
<thead>
<tr>
<th>Number of Teachers Leaving a District</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-25</td>
<td>97%</td>
</tr>
<tr>
<td>26-50</td>
<td>1.3%</td>
</tr>
<tr>
<td>51-100</td>
<td>.89%</td>
</tr>
<tr>
<td>101-500</td>
<td>.67%</td>
</tr>
<tr>
<td>501 or more</td>
<td>&lt;.25%</td>
</tr>
</tbody>
</table>

Variables that affect the recruitment and retention of educators

Questions 5 through 9 of the survey asked respondents to either rank order variables as to why a teacher may accept a position in a district (Table Five: Reasons for Accepting a Position in a District) or reasons why a teacher may leave a district (Table Six: Reasons for Leaving a Position in a District).

In regard to the former, in question 5, respondents were asked to rank order the following reasons that teachers provided for accepting a position in a district: Salary and benefits, Pension, Location, Community, Classroom resources, and Professional development opportunities. Since the question required respondents to rank order six different variables, the resultant data is based upon the average score of each variable. Since there were six choices, the higher the average score, the more significant the reason for accepting a position in a district.

Table Five: Reasons for Accepting a Position in a District

<table>
<thead>
<tr>
<th>Reason</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and benefits</td>
<td>4.55</td>
</tr>
<tr>
<td>Location</td>
<td>4.46</td>
</tr>
<tr>
<td>Community</td>
<td>4.37</td>
</tr>
<tr>
<td>Classroom resources</td>
<td>2.94</td>
</tr>
<tr>
<td>Pension</td>
<td>2.65</td>
</tr>
<tr>
<td>Professional development</td>
<td>2.22</td>
</tr>
</tbody>
</table>
In regard to the latter, in question 6, respondents were asked to rank order the following reasons that teachers provided for leaving a position in a district: Accepting a teaching position in another district, Accepting a teaching position in another state, Accepting a position outside the field of public education, No longer wish to work in public education, Family reasons (e.g., stay-at-home parent, caregiver for child or adult), Pay and benefits (excluding pension), Pension, and Retirement. Since the question required respondents to rank order eight different variables, the resultant data is based upon the average score of each variable. Since there were eight choices, the higher the average score, the more significant the reason for leaving a position in a district.

Table Six: Reasons for Leaving a Position in a District

<table>
<thead>
<tr>
<th>Reason</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teaching position in a another district</td>
<td>6.19</td>
</tr>
<tr>
<td>Retirement</td>
<td>5.42</td>
</tr>
<tr>
<td>Family reasons</td>
<td>5.27</td>
</tr>
<tr>
<td>Pay and benefits</td>
<td>4.82</td>
</tr>
<tr>
<td>Teaching position in another state</td>
<td>4.22</td>
</tr>
<tr>
<td>Position outside of public education</td>
<td>4.11</td>
</tr>
<tr>
<td>No longer working in public education</td>
<td>3.8</td>
</tr>
<tr>
<td>Pension</td>
<td>3.03</td>
</tr>
</tbody>
</table>

Questions 7 and 8 were open-ended and asked respondents for additional reasons for accepting a position (Table Seven: Open-ended Response: Accepting a Position) and for leaving a district (Table Eight: Open-ended Response: Leaving a District). These responses were coded. In some instances, respondents used these questions as an opportunity to provide additional clarification on one of the rank order choices. For instance, the majority of open-ended responses in regard to why an individual may leave a district clarified the notion of family reasons (e.g., relocation due to a spouse’s job, transfer, move closer to family) in addition to staying at home with a child or serving as a caregiver for a child or adult.

Table Seven: Open-ended Response: Accepting a Position

<table>
<thead>
<tr>
<th>Theme</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation of district</td>
<td>34%</td>
</tr>
<tr>
<td>Job opportunity</td>
<td>32%</td>
</tr>
<tr>
<td>School culture</td>
<td>15%</td>
</tr>
<tr>
<td>Family situation (spouse had to relocate, family nearby, desire to be in same district as their children)</td>
<td>12%</td>
</tr>
<tr>
<td>Opportunity to grow professionally</td>
<td>4%</td>
</tr>
<tr>
<td>Small class size</td>
<td>3%</td>
</tr>
</tbody>
</table>

Table Eight: Open-ended Response: Leaving a District
<table>
<thead>
<tr>
<th>Theme</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family circumstances (had to relocate due to change in spouses's job, transferred, closer to family)</td>
<td>28%</td>
</tr>
<tr>
<td>Non-renewal/termination</td>
<td>17%</td>
</tr>
<tr>
<td>RIF (Reduction in Force)</td>
<td>17%</td>
</tr>
<tr>
<td>Career advancement (teacher moves to the principalship, teacher leaves education for different occupation)</td>
<td>13%</td>
</tr>
<tr>
<td>Increase in mandates</td>
<td>10%</td>
</tr>
<tr>
<td>Poor working conditions in Illinois (politically/economically)</td>
<td>8%</td>
</tr>
<tr>
<td>Low pay in education</td>
<td>7%</td>
</tr>
</tbody>
</table>

The final open-ended question asked respondents to provide the percentage of individuals who resigned a position due to Tier II pension benefits (Table Nine: Open-ended Response: Tier II and Resignations).1

Table Nine: Open-ended Response: Tier II and Resignations

<table>
<thead>
<tr>
<th>Answer Choice</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>76%</td>
</tr>
<tr>
<td>1-10%</td>
<td>22%</td>
</tr>
<tr>
<td>11-20%</td>
<td>1%</td>
</tr>
<tr>
<td>21-30%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>More than 30%</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

Interpretation of findings

The demographic data suggests that the respondents constitute a representative sample of individuals who work in the wide variety of Illinois public school districts. The respondents also worked in districts that correspond with the general breakdown of district types in Illinois.

So too, the data regarding individuals who are hired and who leave a position in a district suggest that the numbers of incoming and outgoing teachers in a district are, generally, similar.

More specifically, data from the survey suggests that issues in the recruitment of educators have, at this time, more to do with salary and benefits – excluding pensions, community, and location. Moreover, reasons for leaving a position are primarily due to accepting a position in another district, retirement, and pay and benefits - excluding pensions.

In neither instance do Tier II pension benefits appear to significantly reduce the number of teachers who accept or resign from a position within a district. However, as indicated in the open-ended responses, the creation of Tier II benefits is relatively new. Thus, additional impact may not be seen for sometime.

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1 This particular data should be interpreted with caution insofar as the responses submitted include commentary on both the current effect of the Tier II pension benefits on the recruitment and retention of teachers as well as predictions of what this effect might be in the future.
Implications and Conclusions

Public Act 96-0889 was enacted in Illinois in April 2010. It created a second tier of pension benefits for Teachers’ Retirement System (TRS) members and most other public employees who began contributing to their retirement systems on or after January 1, 2011. This second tier, known as Tier II, provides a benefit that is significantly lower than the Tier I benefit. According to the TRS actuary, Tier II member contributions exceed the value of their benefits. In effect, Tier II members help pay for the benefits of Tier I.

Concerns that the lower pension benefit would hinder the recruitment and retention of teachers entering the profession led to House Joint Resolution 27 in May 2013. The resolution created the Teacher Recruiting and Retention Task Force. Its assignment is to study the impact of Tier II pension benefits on school districts’ ability to recruit and retain classroom teachers.

In order to continue assessing the effect of the Tier II pension on the recruitment and retention of public school teachers, a similar study to this report should occur no later than two years from now.

Concomitant with the changes resulting from Public Act 96-0889 was a drop nationally in the number of individuals who wished to enter the profession of teaching. Reasons for this are tied to cost of college, low status, and pay of the profession.

The charge of the Teacher Recruiting and Retention Task Force was modest, in many respects. It asked questions of recruitment and retention of teachers in districts. Yet, its general charge provides a foundation from which other questions can be examined regarding the recruitment and retention of individuals into teaching. Thus, should the charge of the Teacher Recruiting and Retention Task Force be revisited, it is also suggested that data on the admission to and completion of teacher preparation programs be included in any analysis.
WHEREAS, In 2010 the State of Illinois enacted a new set of pension benefits for public employees in State-funded pension systems; and

WHEREAS, Public employees hired on or after January 1, 2011 are commonly referred to as “Tier 2” members; and

WHEREAS, These Tier 2 members include public school teachers in K-12 classrooms throughout the State of Illinois and

WHEREAS, Public school teachers do not receive Social Security, and many pension experts believe that Tier 2 benefits do not provide a pension that is at least equal to that federal program; and

WHEREAS, It is essential that Illinois provide a benefit and pay package that will attract the most talented and ambitious teachers in the country to our schools; and

WHEREAS, These benefits have been in effect for newly hired public school teachers for over two years with no study of how this has impacted recruitment and retention of teachers in Illinois; and
WHEREAS, It is appropriate for the General Assembly to study the impact of these benefits on the State’s ability to provide the best teachers to our children; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that the Teacher Recruiting and Tier 2 pension benefits on the ability of school districts to recruit and retain teachers in public school classrooms; and be it further

RESOLVED, That the Task Force shall consist of 2 members of the House of Representatives appointed by the Speaker of the House, one of who shall serve as co-chair, 2 members of the House of Representatives appointed by the Minority leader of the House, 2 members of the Senate appointed by the President of the Senate, one of whom shall serve as co-chair, 2 members of the Senate, appointed by the Minority Leader of the Senate, and 2 members appointed by the Governor; and be it further

RESOLVED, That 2 members from a statewide school alliance and 2 members from separate unions representing public school teachers statewide shall be appointed by the co-chairs to the Task Force; and be it further
RESOLVED, That the State Board of Education shall provide all necessary support to the Task Force; and be it further

RESOLVED, That the Task Force shall report its findings to the Governor and the General Assembly on or before January 1, 2014.
SENATE JOINT RESOLUTION

WHEREAS, During the 98th General Assembly, House Joint Resolution 27 created the Teacher Recruiting and Retention Task Force to study the impact of Tier 2 pension benefits on the ability of school districts to recruit and retain teachers in public school classrooms; and

WHEREAS, The Teacher Recruiting and Retention Task Force was to report its findings and recommendations to the General Assembly on or before January 1, 2014; and

WHEREAS, The Teacher Recruiting and Retention Task Force needs additional time to complete its work; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-NINTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that the Teacher Recruiting and Retention Task Force shall submit a report, as required in House Joint Resolution 27 of the 98th General Assembly, no later than September 1, 2015; and be it further

RESOLVED, That with this reporting extension, the Teacher Recruiting and Retention Task Force shall continue to operate pursuant to House Joint Resolution 27 of the 98th General Assembly.
Appendix C: TRRTF Membership

John Anthony, House of Representatives, 75th District

Brittany Archibald, Educator, Westville CUSD 2

Linda Chapa LaVia, House of Representatives, 83rd District

Michael Frerichs, Treasurer, State of Illinois (Former State Senator)

Steve Grossman, President, North Suburban Teachers Union

Dr. Vinni Hall, Former Secretary, Illinois State Board of Education

Dr. Jason Helfer, Assistant Superintendent, Center for Educator Effectiveness, Illinois State Board of Education

Frances Hurley, House of Representatives, 35th District

Dick Ingram, Executive Director, Teachers’ Retirement System

Frank Mott, School Board President, Forest Park SD 91

Jim Oberweis, State Senator, 25th District

Chapin Rose, State Senator, 51st District

David Schuler, Superintendent, Township High School District 214

John Sullivan, State Senator, 47th District

Barb Wheeler, House of Representatives, 64th District
Appendix D: Meeting Agendas

Teacher Recruiting and Retention Task Force Meeting
Tuesday, November 18, 2014
1:00 - 4:00 pm

ISBE Video Conference Facilities
Suite 14-300, JRTC, 100 W. Randolph St., Chicago
3rd Floor, Alzina Building, 100 N. First St., Springfield

I. Introductions

II. Review purpose of the task force
   • to study the impact of Tier 2 pension benefits on the ability of school districts to
     recruit and retain teachers in public school classrooms

III. Review background issues
   • Impact of Tier II costs/benefits on Members
     o Paying 9.4% for 6% valued benefit
     o Legal and constitutional implications of this reality
   • Subsidy of State Costs by Tier II Excess Contributions
     o Impact on recent fiscal analysis of SB1 if excess contribution is eliminated

IV. Discussion of requested data and other information

V. Develop proposed schedule of work, milestones, and sunset date for task force
Teacher Recruiting and Retention Task Force Meeting
Tuesday, February 17, 2015
8:30 – 10:30 am

Illinois State Board of Education, Board Conference Room
100 N. First St., Springfield

I. Introductions
II. Approval of minutes
III. Review of last meeting
IV. Discussion of data and data collection
V. Discussion of resolution
VI. Conclusion
Teacher Recruiting and Retention Task Force Meeting

Illinois State Board of Education
Tuesday, March 17, 2015
8:30 – 9:30 am

This meeting will occur via teleconference. Call in information is below.

Dial in number is 1-888-494-4032
Access code is 442 709 7158#

Meeting agenda

1. Approval of Meeting Minutes
2. Finalize Survey
3. Resolution
Appendix E: Meeting Minutes

Teacher Recruiting and Retention Task Force

Illinois State Board of Education (ISBE)
State Board Room, Third Floor
100 North First Street
Springfield, Illinois

Tuesday, November 18, 2014

M I N U T E S

Call to Order:
Senator John Sullivan, Co-Chair, called the meeting to order at 1:06 p.m. A quorum was present.

Facilitation Committee Member(s) Present:
Senator John Sullivan – Co-Chair
Representative Linda Chapa LaVia, Co-Chair (on the phone)
Brittany Archibald
Steve Grossman
Dr. Vinni Hall
Richard Ingram
Frank Mott
Senator Jim Oberweis (on the phone)
Senator Chapin Rose
Representative Barb Wheeler

Committee Member(s) Absent:
Representative Frances Hurley
Representative John Anthony
Dr. David Schuler
Review of Business Meeting Agenda:

There were no modifications made to the business meeting agenda.

I. Introductions

II. Purpose of task force
   • House Joint Resolution 27 was reviewed. The resolution requires the task force to study the impact of Tier II pension benefits on the ability of school districts to recruit and retain teachers in public school classrooms. Per House Joint Resolution 27, Tier II members are public employees hired on or after January 1, 2011.

III. Background issues
   • Requested data points were discussed regarding the impact of Tier II costs/benefits of members. Mr. Ingram reported that current Tier II members are paying 9.4% with a 7% valued benefit.
     o Example: $30,000 paid in on Tier II with a $700-$1,000 tax taken out, leaving a “shortfall.”
     o Tier I pays 9.4% for $1; Tier II pays 9.4% for $.64
     o Tier II treated separately with 140% funded, while Tier I is less than 80% over time.
     o Tier II cannot be available to subsidize Tier I.
     o Any teacher (Tier I or Tier II) leaving teaching will receive a check of everything they contributed with no interest earned.
   • Mr. Ingram will provide the actuary from Buck Consultants regarding insolvency.
   • Kathleen Farney of TRS informed that another actuary table is being constructed and will be provided at a later date.
   • Legal and constitutional implications will need to be evaluated and reviewed.
     o Task force members agree that consulting lawyers regarding Social Security protection whether the Tier II provides Social Security-like benefits is needed.
     o Task force members agree that a review of the Internal Revenue safe harbor rules/guidelines is needed. Senator Rose reported that no educators have been found to fail the safe harbor guidelines at this time.
   • Subsidy of state costs by Tier II excess contributions.
     o Impact on recent fiscal analysis of SB1 if excess contributions are eliminated.
     o Task force members agree that there is an administrative burden to review each educator individually.

IV. Data
   • Recruitment vs. retention Issues.
     o Mr. Ingram informed that the number of inactive members leaving the profession is on the rise -- and that active members’ numbers are lower.
     o Percentage of members with five years or less are primarily Tier II. Tier II went from 27% in 2005 to 19% in 2014.
     o Task force members will review if these are budgetary issues or recruitment issues.
     o Senator Rose reported that College of Education enrollment has declined. Task force needs to review data that pertains to enrollment in teacher education programs.
     o Mr. Grossman and Mr. Mott suggested comparing Midwest out-of-state schools/colleges/institutions education programs, surveying school districts...
(anecdotal or questionnaire) where teachers are competing for hire, and/or possible entrance and exit interview process questionnaire/survey.

- Dr. Vinni Hall suggested that we review the data collection document regarding a hybrid model constructed by Comptroller Judy Baar Topinka’s office.
- Mr. Ingram will check TRS data where an educator has purchased service in another state. He stated that TRS processes approximately 3,000 refunds a year. Also, currently, there is no penalty for requesting a refund.
  - Example: 9.4% paid in, approximately 8.4% is refunded with 1% forfeited for insurance benefit survivor

V. Proposal of Task Force

- Amanda Elliott will converse with resolution sponsors to amend resolution. The amended resolution should include safe harbor language and cost of pension. Task force recommends an extension to report its findings to the Governor and the General Assembly on or before September 1, 2015. Task force will meet in January (Ms. Elliott will provide the next meeting date/time) to discuss data points and requests.

Adjournment:

Senator John Sullivan moved that the Teacher Recruiting and Retention Task Force meeting adjourn. The motion passed by unanimous vote. The Task Force meeting adjourned at 2:09 p.m.
Teacher Recruiting and Retention Task Force

Illinois State Board of Education (ISBE)
State Board Room, Third Floor
100 North First Street
Springfield, Illinois

Tuesday, February 17, 2015

M I N U T E S

Call to Order:
Senator John Sullivan, Co-Chair, called the meeting to order at 8:34 a.m. A quorum was present.

Facilitation Committee Member(s) Present:
Senator John Sullivan, Co-Chair
Representative Linda Chapa LaVia, Co-Chair (on the phone)
Brittany Archibald
Steve Grossman (on the phone)
Richard Ingram
Frank Mott
Senator Jim Oberweis (on the phone)
Senator Chapin Rose (on the phone)
Representative Barb Wheeler

Dr. David Schuler (on the phone)

Committee Member(s) Absent:
Representative Frances Hurley
Representative John Anthony
Dr. Vinni Hall

**Review of Business Meeting Agenda:**

There were no modifications made to the business meeting agenda.

VI. Introductions

VII. Approval of Minutes

- Correction to number III first bullet point – changed 6% to 7% and strike third sentence that read “In 2016, Tier II will be vested.”

Richard Ingram moved that the Teacher Recruiting and Retention Task Force accept the corrected minutes of the November 8, 2014, meeting. Jason Helfer seconded the motion. Senator John Sullivan called for discussion, but none followed. The motion passed by unanimous vote.

VIII. Review of last meeting

- Jason Helfer discussed two survey draft handouts.
  1. Teachers survey
  2. Superintendent/HR survey

  - The surveys will assist the task force in determining the impact of House Joint Resolution 27, which requires the task force to study the impact of Tier II pension benefits on the ability of school districts to recruit and retain teachers in public school classrooms. Per House Joint Resolution 27, Tier II members are public employees hired on or after January 1, 2011.
    - Surveys will be sent to all task force members.
  - Concerns of surveying.
    - Surveys may not tell much regarding retention, per Jason Helfer.
      - Non-related data example of question 5 on Teacher Survey Draft may be arbitrary.
        - Question 5 – When you accept a position in your district, what were your reasons for doing so (please rank order)?
          - A young, new educator may not rank ‘Pension’ as being important at this time in their life.
          - Most newly graduated educators are seeking employment for experience or a paycheck regardless of district location and may rank ‘Location’ and or ‘Salary and benefits’ high.

    - Population to be surveyed?
      - High school seniors? Under 18 may not be permitted. Concern that students may not go into education because salary isn’t a number
they prefer/want. Jason Helfer mentioned that the Illinois Education Research Council (IERC) has data on the Illinois High School Class of 2002 that shows participation and completion patterns in postsecondary education after high school.

- Community Colleges and State Teaching Preparation Approved Program completers? This population would be those who are making a commitment.
  - Richard Ingram asks, “Schools of Education -- do educators tend to stay in their residing state? And do educators stay to teach within their state where they earned their degree?”
  - Jason Helfer informed that Southern University of Illinois-Edwardsville has collected new data that states approximately 10-15% of students go out of state for their teaching education but return back to their home state after 10 years. Jason will check to see if SIU-Edwardsville will share its findings.
  - Institutions of higher education have seen lower numbers in the last five (5) years entering teacher preparation programs.

- Educator at exit interview? Task force agrees that the Superintendent/HR survey to exiting educators could be constructive and reflect issues the task force is examining. Frank Mott suggests cause and effect and to remove as many variables as possible. He suggested two areas for comparison/correlations.
  - Number of educators going into teaching in Illinois vs. number of educators going into teaching in other states after Tier II implementation.
  - Number of new teachers enrolling before and after the implementation of Tier II in Illinois.
  - Frank Mott asks, “Is there a decrease after Tier II?” If no, then we may not need to proceed as Tier II isn’t having an effect.

- Richard Ingram stated budget issue may be extraneous, especially the relationship between local budget and state budget.

- Representative Wheeler asked, “Is retirement a retention issue? Are the teachers noticing they can’t/aren’t earning a benefit? In 5-7 years, do people typically drop off?”
  - Both Richard Ingram and Representative Wheeler suggest if no, then it may be too soon.

- Kathleen Farney informed that inactive statistics include anyone who has substitute taught for one (1) day and doesn't return to teaching.

- Compliance issue?
  - The amended dissolution has yet to be filed and changes can still be made, per Amanda Elliott.
  - Impact of Tier II.
    - Compliance issue.
      - Legal (financial bottom line) vs. shortage of educators (which may or may not happen).
      - Richard Ingram states that subsidy of state costs by Tier II paying Tier I members, thus an inequity/moral issue.
      - Impact on recent fiscal analysis of SB1 if excess contributions are eliminated.
Task force members agree that there is an administrative burden to review each educator individually.

Senator Sullivan asked, “If Tier II isn’t compliant, will IRS give legal ruling per non-compliance?” Kathleen Farney answered, “Yes, if a person failed the ‘safe harbor test’ of compliance, the educator would owe the Social Security tax.” Richard Ingram informed that currently no one has yet to fail the IRS “safe harbor test.”

- TRS discussed two document handouts:
  1. Transactions Related to Teaching Service in Illinois and Other States since 2003
  2. Summary of TRS Solvency Projections performed by Buck Consultants, November 2014

- TRS documents will be sent to all task force members.

- Kathleen Farney and Richard Ingram reviewed Document 1, page 4, “Hypothetical TRS Tier 2 Members and Social Security Safe Harbor Test (Revenue Procedure 91-40)”
  - Tier I vested in 5 years
  - Tier II vested in 10 years
  - Inflation creates moveable date
  - Two issues: Issue 1- Tier II members are paying 9.4% with a 7% valued benefit, and Issue 2- Social Security benefit accrual test

- Recruitment vs retention.
  - Senator Sullivan reflects on two issues:
    1. Recruitment – school districts to fill positions
    2. Retention – only to be answered by the educator

- Nick Yelverton states that both recruitment and retention need to be analyzed and other factors should be looked at.

IX. Discussion of data and data collection

- A review of TRS Document 1) Transactions Related to Teaching Service in Illinois and Other States since 2003 pages 1, 2, and 3.

- Representative Wheeler asked, “Do you have to be a part of the retirement system or can you opt out?” Richard Ingram stated, “No, you are required to buy in.”

X. Discussion of resolution

- Representative Wheeler asked, “What is the resolution of impact? The assumption of Tier 2 being negative?”

Senator John Sullivan motioned to have TRS provide documentation that will accompany the Teacher Recruiting and Retention Task Force report to the General Assembly that would include remedies, recommendation, and budgetary issues for the compliance issue that pertains to the IRS. Representative Barb Wheeler seconded the motion. The motion passed by unanimous vote.

Senator John Sullivan motioned to have the Illinois State Board of Education supply another draft of the Senate Joint Resolution to remove the compliance issue and implication and the resolution extend reporting date on or before
September 1, 2015. Representative Barb Wheeler seconded the motion. The motion passed by unanimous vote.

Senator John Sullivan motioned that the Teacher Recruiting and Retention Task Force agrees with the modifications of the resolution. Senator John Sullivan will introduce with passage with resolution on or before September 1, 2015. Richard Ingram seconded the motion. The motion passed by unanimous vote.

XI. Conclusion
- Surveys and TRS documentation will be provided to all task force members before next meeting.
- Ms. Elliott will amend resolution and provide draft at next meeting.
- Task force will meet on March 17 at 8:30 a.m.

Adjournment:

Senator John Sullivan moved that the Teacher Recruiting and Retention Task Force meeting adjourn. Representative Barb Wheeler seconded the motion. The motion passed by unanimous vote. The task force meeting adjourned at 10:04 a.m.
Call to Order:
Senator John Sullivan, Co-Chair, called the meeting to order at 8:35 a.m. A quorum was present.

Facilitation Committee Member(s) Present:
Senator John Sullivan – Co-Chair (on the phone)
Representative Linda Chapa LaVia, Co-Chair (on the phone)
Brittany Archibald (on the phone)
Jason Helfer (on the phone)
Kellee Sullivan
Representative Barb Wheeler (on the phone)
Representative Frances Hurley (on the phone)
Richard Ingram (on the phone)
Will Lovett – IEA (on the phone)

Committee Member(s) Absent:
Dr. Vinnie Hall
Dr. David Schuler
Frank Mott
Senator Chapin Rose
Senator Jim Oberweis
Representative John Anthony
State Treasurer Michael Frerichs
Steve Grossman

**Review of Business Meeting Agenda:**

There were no modifications made to the business meeting agenda.

Meeting facilitated by Jason Helfer, per Senator John Sullivan.

**XII. Approval of Minutes**

*Jason Helfer moved that the Teacher Recruiting and Retention Task Force accept the corrected minutes of the February 17, 2015, meeting. Senator John Sullivan seconded the motion. Jason Helfer called for discussion, but none followed. The motion passed by unanimous vote.*

**XIII. Finalize Survey**

- Jason Helfer welcomed further suggestions/comments regarding TRRTF Survey Draft – Superintendent/HR.
- Richard Ingram suggested clarifying #4 to include the wording “not including retirees.”
- Task force agreed to the addition of wording “not including retirees” to question #4 of survey.
- Jason Helfer will submit drafts of teacher survey and a brief TRRTF introductory summary that will accompany the teacher survey to Senator John Sullivan by next week for review. Once drafts are approved, survey and summary will be sent out to districts on behalf of ISBE. A three-week response window was suggested and agreed to by task force members.

**XIV. Resolution**

- Draft will be sent via email in between TRRTF meetings for review.
Next task force meeting to be determined.

**Adjournment:**

Senator John Sullivan moved that the Teacher Recruiting and Retention Task Force meeting adjourn. Representative Barb Wheeler seconded the motion. The motion passed by unanimous vote. The Task Force meeting adjourned at 8:46 a.m.
Teacher Recruiting and Retention Task Force

Illinois State Board of Education (ISBE)
State Board Room, Third Floor
100 North First Street
Springfield, Illinois

Friday, August 14, 2015

MINUTES

Call to Order:
Senator John Sullivan, Co-Chair, called the meeting to order at 8:35 a.m. A quorum was present.

Facilitation Committee Member(s) Present:
Senator John Sullivan, Co-Chair (on the phone)
Representative Linda Chapa LaVia, Co-Chair (on the phone)
Richard Ingram (on the phone)
Representative John Anthony (on the phone)

Committee Member(s) Absent:
Brittany Archibald  
Steve Grossman  
Dr. Vinni Hall  
Representative Frances Hurley  

Frank Mott  
Senator Jim Oberweis  
Senator Chapin Rose  
Representative Barb Wheeler  

Dr. David Schuler  

**Review of Business Meeting Agenda:**

There were no modifications made to the business meeting agenda.

XV. Finalize Teacher Recruiting and Retention Task Force report

- TRRT Draft report sent to all members of task force for review on August 5, 2015.
- TRRT Draft report revised and sent to all members of task force for review on August 13, 2015.
  - The revised report included corrections to pg. 3, pg. 6, pg. 8, and Appendix G chart from TRS.

Comments/feedback on revised TRRT Draft report

- Richard Ingram suggested adding a brief statement regarding Tier II contribution to retirement and value of benefits. Task force members present agreed to include statement into report. Richard Ingram will provide Jason Helfer with a brief statement to be included in TRRT Final report regarding Tier II contribution to retirement and value of benefits.
Representative Chapa LaVia moved that the Teacher Recruiting and Retention Task Force accept the revised TRRT Draft report including Richard Ingram’s brief statement regarding Tier II contribution to retirement and value of benefits. Richard Ingram seconded the motion. The motion passed by unanimous vote.

Adjournment:

Richard Ingram moved that the Teacher Recruiting and Retention Task Force meeting adjourn. Representative Chapa LaVia seconded the motion. The motion passed by unanimous vote. The Task Force meeting adjourned at 8:43 a.m.
Appendix F: Recruitment and Retention Survey

Purpose: The Teacher Recruiting and Retention Task Force was established pursuant to House Joint Resolution 27 to study the impact of Tier II pension benefits on the ability of school districts to recruit and retain teachers in public school classrooms. Your responses will assist the task force in determining the impact.

Who Should Complete the Survey: The survey link is being sent to the district superintendent. You (or a designee) are being asked to complete the survey and/or forward the link to other staff members who work with the hiring of licensed employees.

Please complete the survey by May 1, 2015.

Instructions for Completing the Survey:

1) The survey will take about 15 minutes to complete.

2) Click on the provided link below.

If you have any questions about the survey, please contact Vince Camille at vcamille@isbe.net.

Informed Consent

The Teacher Recruiting and Retention Task Force is administering this survey to gather information about the impact of Tier II pension benefits on teacher recruitment and retention. Results will be used for informational purposes only and be reported in aggregate. Your participation is voluntary and failure to provide some or all of the requested information will not in any way adversely affect you. All the information you provide will be treated as confidential. Survey responses will be statistically compiled into summaries and will never be presented in any way that would permit readers to identify you. Any reporting of individual responses will be anonymous. If you decide to participate, you are free to withdraw your consent and discontinue participation at any time without penalty. Any reports that use the information you share with us will not include information that might identify you or your district. On average it will take about 15 minutes to complete the survey.

In-survey instructions:

- Move forward or backward by clicking on the Next or Previous buttons. (DO NOT use your browser’s Back or Forward buttons.)
- Responses are saved when you click the Next button.
- Click on the Done button to submit the survey.
- You can go back to previous pages in the survey and change your responses until you have finished the survey. After submitting the survey, you will not be able to update existing responses.

1. How many students are in your district this school year?
• 1-250
• 251-500
• 501-1000
• 1001-5000
• 5001-10,000
• 10,001 or more

2. What types of schools are in your district? (If the exact makeup of your district is not represented, please select the closest option.)

• Elementary (PK/K-8)
• High school (9-12)
• Unit district (K-12)

3. Approximately, how many teachers does your district hire each year?

• 1-25
• 26-50
• 51-100
• 101-500
• 501 or more

4. Approximately, how many teachers leave your district each year for reasons other than retirement?

• 1-25
• 26-50
• 51-100
• 101-500
• 501 or more

5. When teachers accept a position in your district, what are the reasons they provide for accepting the position? (Please rank order 1 = highest.)

• Salary and benefits
• Pension
• Location
• Community
• Classroom resources
• Professional development opportunities

6. Please provide other reasons, apart from those listed above, one would accept a position in your district.
7. For what reasons do teachers provide for leaving the district? (Please rank order 1 = highest.)

- Move to a teaching position in another district
- Move to a teaching position in another state
- Accept a position outside the field of public education
- No longer wish to work in public education
- Family (stay-at-home parent, caregiver for a special needs child or adult)
- Pay and benefits
- Pension
- Retirement

8. Please provide other reasons, apart from those listed above, why teachers leave your district.

9. Approximately what percentage of teachers have resigned from your district because they are in Tier II?
Appendix G: TRS Tier II and Social Security Safe Harbor Test

Hypothetical TRS Tier II Members and Social Security Safe Harbor Test
Based on Revenue Procedure 91-40

To be exempt from Social Security, a benefit under a defined benefit plan must be at least as high as what Social Security would provide. The testing procedure is described under Revenue Procedure 91-40. Once a person’s benefit fails the safe harbor test, Social Security coverage is required for that individual unless the IRS rules otherwise.

Revenue Procedure 91-40 requires the test to be applied to the benefit for which the member would be eligible beginning no later than age 65. However, when the ruling was set forth in 1991, the normal (full) Social Security retirement age had already been increased to age 67 for persons born in 1960 or later. Tier II also has a normal retirement age of 67. The examples below test the normal (age 67) Tier II benefit, not the Tier II age 65 benefit that would be subject to a 12% reduction. If the reduced Tier II benefit were tested, failure under the safe harbor test would be earlier.

Step 1: Look at the benefit formula.

a. The benefit accrual rate for Tier II meets the first part of the test: For a final average salary period of eight years, the rate must be at least 1.75% per year. The rate for Tier II is 2.20%.

b. However, if the salary recognized under the plan is lower than the Social Security Wage Base (SSWB), the plan’s accrual rate must stay higher than 1.75% after adjusting it for the salary disparity. The Tier II salary cap increases more slowly than the SSWB, so this adjustment must be made.

c. Multiply 1.75% by the ratio of the Social Security Wage Base to the actual Tier II salary to see what the new accrual rate will be each year. The new accrual rate will eventually be higher than the 2.20% earned under Tier II. For either of the Tier II members in Example C below (salary of $106,800 in 2011), that happens in 2021.

Step 2: Look at benefit accrued under Tier II.

a. If the benefit formula fails Step 1, the plan must provide a benefit that is higher than the safe harbor formula (three year or shorter final average salary and 1.5% earned per year).

b. Compare the Tier II benefit that is accruing to the safe harbor benefit that would be accruing. As soon as the Tier II benefit is less than 100% of the safe harbor benefit, Tier II fails the safe harbor test and Social Security coverage is required unless the IRS rules otherwise. That begins to happen in 2027 in some of the examples that follow.
Illustration of Safe Harbor Test

Starting Age 27 47
Year Employment Begins 2011 2011

Example A. Average Salary at Entry
Starting Salary $47,000 $47,000
Year Fails Step I 2034 2044
Year Fails Step 2 and Safe Harbor 2038 2047

Example B. Higher than Average Salary
Starting Salary $75,000 $75,000
Year Fails Step I 2022 2029
Year Fails Step 2 and Safe Harbor 2027 2034

Example C. High Salary
Starting Salary $106,800 $106,800
Year Fails Step I 2021 2021
Year Fails Step 2 and Safe Harbor 2027 2027

Tier II Members Begin to Fail Step 2 of the Safe Harbor Test in 2027 under Current Actuarial Assumptions

![Graph showing Tier II Benefit and Safe Harbor Benefit from 2011 to 2051]
**Remedy.** The most straightforward way to resolve the safe harbor issue is to make the Tier II salary cap the same as the Social Security Wage Base (SSWB). This will prevent the Tier II benefit from falling below the safe harbor benefit. The current salary cap for Tier II increases more slowly than the SSWB, and the difference will continue to increase over time.

**Recommendations.** Beyond the remedy offered above, improvements to other aspects of the Tier II benefit package should be evaluated in order to improve the state’s ability to recruit and retain talented teachers. Over time, the task force expects benefit disparity among states to be to the detriment of Illinois schools.

For example, there is growing awareness that Tier II members contribute more than the cost of their benefits and in effect subsidize the state’s obligation to pay off the unfunded Tier I liability.

**Budgetary Impact.**

To school districts and teachers: If the Tier II salary cap is not increased to the SSWB, teachers will eventually begin to fail the safe harbor test. Then, based on a determination made teacher by teacher, employers and teachers failing the safe harbor test must each begin paying 6.2% of salary for Social Security in addition to the 1.45% Medicare tax each is already required to pay. These additional payroll contributions could become significant as more teachers fail the test. Districts would bear the responsibility for carrying out safe harbor testing on individual teachers.

To the state: If the Tier II salary cap is increased to the SSWB, Tier II benefits will be higher and the costs to the state will increase. The Teachers’ Retirement System has not calculated the estimated cost impact for this report. State funding law is based on payroll projections, using payroll as defined for pensionable earnings. It is possible that state contributions would be lower initially than under current law, even with the more valuable Tier II benefit.