COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 3027** February 7, 2020

SPONSOR (S): McClure

SYSTEM(S): Teachers' Retirement System

FISCAL IMPACT: SB 3027 would reopen a window for teachers to apply for an optional credit for work done in approved private schools as teachers and administrators. The Teachers' Retirement System reports having 3,463 members who have applied for this private school credit in previous window openings, as described below. TRS estimates that the fiscal impact of this bill would be low, as the member must pay both the member and employer contributions, plus the actuarially assumed rate of interest to take advantage of this credit.

SUBJECT MATTER: SB 3027 amends the Downstate Teachers Article of the Pension Code. This bill reopens the process by which teachers can establish optional service credit for years worked as a teacher or administrator in a private institution.

COMMENT: On January 3rd, 2003, Public Act 92-067 went into effect. The act amended the TRS article of the Pension Code to allow for teachers to establish optional credit for up to two years of service as a teacher or administrator employed by a private institution recognized by the Illinois State Board of Education, subject to certain requirements. These requirements include being certified by the law governing teacher certification at the time the service was rendered, providing evidence of employment, and completing 10 years of service as a teacher.

The required contribution is equal to what the employer and employee contributions would have been for those years of private school service, calculated upon the member's first year of full time employment in TRS in the school year following the private school service. Additionally, the member must pay interest on the foregoing items at the actuarially assumed rate from the date of service to the date of payment.

SB 3027 would re-open the window for applying for the aforementioned optional service. To apply for the optional service credit, the member must apply in writing on or before June 30, 2021. The payment for the optional service credit must be made before the teacher completes 10 years of service under TRS.

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