

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 0164**

February 4, 2019

SPONSOR (S): Schimpf

SYSTEM(S): TRS

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**FISCAL IMPACT:** According to TRS, SB 0164, which provides for the establishment of service credit for up to 2 years of service in a private school, would have an “unknown but minimal” fiscal impact. Members who avail themselves of this optional service must pay the employee and employer contributions that would have been required had the service been rendered under TRS, plus interest at the actuarially assumed rate of return. During the previous windows when this provision was in effect, TRS reports that 3,463 members applied for private school credit. Of the total number of applicants, 1,600 members bought private school service, according to the system.

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**SUBJECT MATTER:** SB 0164 Amends the Downstate Teacher Article of the Illinois Pension Code by reinstating a law allowing members to establish optional credit for up to 2 years of service as a teacher or administrator in a private school.

**COMMENT:** This legislation providing for establishment of service credit for private school teaching was originally established by P.A. 92-867 and provided a window to apply from June 1, 2002 through June 1, 2005. P.A. 92-867 went into effect January 3, 2003. P.A. 96-546, effective August 17, 2009 reinstated the law with a new window to apply from August 1, 2009 through August 1, 2012. Of the 3,463 members who have applied for this credit, 62% applied during the 2002-2005 period, with the remainder applying during the 2009-2012 period.

In order for a member to qualify for this optional service credit, the private institution must be certified under the law governing the certification of teachers at the time the service was rendered. The member must apply in writing on or before June 30, 2022, supply satisfactory evidence of employment, complete at least 10 years of contributing service as a teacher, and pay the required contributions into the System.

The members that purchase this private school credit must contribute into the System both the employee and employer contributions that would have been required as a member of the System, plus interest at the actuarially assumed rate of return. The amount of the contribution is based on the first year of full-time employment as a teacher following the private or parochial school service.

LV:bj

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