



## Commission on Government Forecasting and Accountability

### PENSION IMPACT NOTE *103<sup>RD</sup> General Assembly*

BILL NO: SB 3218

February 8, 2024

SPONSOR: D. Turner

SYSTEM: TRS

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#### FISCAL IMPACT

The fiscal impact of SB 3218 cannot be determined as the number of certified staff employed by a nonpublic special education facility in the state of Illinois is not known. CGFA's actuary, Segal Consultants, stated that in general, adding new members creates a very small liability in the beginning that accumulates over time. However, new member contributions enter the TRS trust fund right away and grow at the assumed rate of return. In essence, the influx of dollars in the short term and subsequent investment earnings is a net positive for the plan, especially an underfunded plan like TRS. TRS had unfunded liabilities of \$81.2 billion and a funding ratio of 44.8% on a market value basis as of the June 30, 2023 actuarial valuation.

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SUBJECT MATTER: SB 3218 amends the Downstate Teacher Article of the Illinois Pension Code. The bill expands the definition of "teacher" to include certified staff who are employed by a nonpublic special education facility. The facility must be located in the state of Illinois and must be entirely funded by local school districts, payments from the Department of Human Services, or payments from the Department of Children and Family Services.

COMMENT: SB 3218 amends the TRS article of the Pension Code. The bill expands the definition of "teacher" for purposes of qualifying for a retirement annuity under TRS by adding educational, administrative, professional, or other staff in a position requiring certification who are employed by a nonpublic special education facility. This facility must be located in the state of Illinois and must be entirely funded by local school districts, payments from the Department of Human Services, or payments from the Department of Children and Family Services.

If SB 3218 were to become law, an unknown number of people would become eligible for a pension through TRS. TRS believes this bill is an initiative of a nonpublic special education facility, Hope Learning Academy, which administers Individualized Education Programs (IEPs). TRS states they have no way of knowing how many employees this could impact because the system does not have access to this school's membership data or the membership data of any other private special education facilities that would be impacted from this bill.

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