



# Commission on Government Forecasting and Accountability

## PENSION IMPACT NOTE *104<sup>th</sup> General Assembly*

BILL NO: SB 2937

March 2, 2026

SPONSOR (S): Martwick

SYSTEM: Chicago Teachers' Pension Fund (CTPF)

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### FISCAL IMPACT

According to CTPF, while SB 2937 would not change the Fund's actuarial position, the bill would shift the BOE's statutory 90% funding ramp obligation to the State for FY 2027 through FY 2059 without specifying a new dedicated revenue source in the bill. However, the BOE would continue to make the current, separate employer contribution equal to 0.58% of payroll (unless CTPF is at least 90% funded).

According to the CTPF FY25 Actuarial Valuation, the required employer/State contribution for the fiscal year ending June 30, 2027 is as follows:

Required Board of Education (BoE) Contributions	\$628,527,000
Additional BoE Contributions (0.58% of Pay)	\$18,002,000
Additional State Contributions (0.544% of Pay)	\$16,884,000
State Contributions	
Pursuant to P.A. 100-0465 (Normal Cost)	\$351,110,000
Total Required Employer Contributions	\$1,014,523,000
Percentage of Projected Capped Payroll	32.69%

The total employer/State contribution is \$1.015 billion for FY 2027, with the BOE contributing \$646.529 million and the State contributing \$367.994 million under current law. As the BOE's 90% funding ramp contribution for FY 2027 is \$628.527 million, this amount would instead be borne by the State under SB 2937, resulting in an increase in State contributions in addition to its currently required amount for FY 2027.

**Based on the same actuarial valuation, total State contributions from FY 2027 through FY 2059 are projected to be \$11.083 billion under current law, while the total BOE's projected contributions over the same period are \$36.571 billion. Of this amount, BOE's projected 90% funding ramp contributions are \$35.726 billion. SB 2937 would not change the aggregate projected contribution amounts but would shift the 90% funding ramp obligation to the State from the BOE.**

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SUBJECT MATTER: SB 2937 amends the CTPF Article of the Illinois Pension Code by shifting the funding obligation of the Chicago Board of Education (BOE) to the State of Illinois to contribute an amount sufficient to reach 90% funding for CTPF by 2059, starting in Fiscal Year 2027.

COMMENT: Under current law, CTPF is funded through a combination of employer contributions from the Board of Education (BOE), State appropriations, employee contributions, and earnings on investments. The BOE contributes an amount, calculated as a level percentage of payroll, sufficient for CTPF to reach 90% funding by 2059, using the projected unit credit actuarial cost method. These amounts are funded through a dedicated pension tax levy. Beginning in FY 2060, the BOE is required to contribute an amount sufficient to maintain CTPF at 90% funded status.

Prior to a funding crisis in the mid-1990s, CTPF's primary revenue source of employer contributions was a City of Chicago dedicated tax levy. P.A. 89-15, effective May 30<sup>th</sup>, 1995, allowed amounts received from the tax levy to be used for operating costs of the school district. P.A. 99-521 re-established a dedicated tax levy for CTPF, capped at 0.383% of taxable property within the district. P.A. 100-465, effective August 31<sup>st</sup>, 2017, then increased the maximum tax levy rate to 0.567% from 0.383% and also required the State to fund the CTPF's employer normal cost, provided funding to offset the cost of retiree health insurance, and established the Evidence-Based Funding formula.

Beginning in FY 2027, SB 2937 would require the State to make an annual contribution, calculated as a level percentage of payroll, in an amount sufficient to raise the funded ratio of CTPF to 90% by 2059, using the projected unit credit method, thereby making the State the primary funding entity from FY 2027 through FY 2059, while maintaining the current funding plan structure. Also, this legislation does not amend the current statutory minimum BOE contribution provision applicable beginning in FY 2060.

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