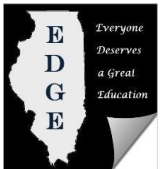


STOP THE STATE-IMPOSED TRS SURCHARGE

SB 195 (Stadelman) / HB 656 (Gordon-Booth)

Illinois is the only state that taps federal education funds intended for low-income and special needs students...to pay off pension debt.

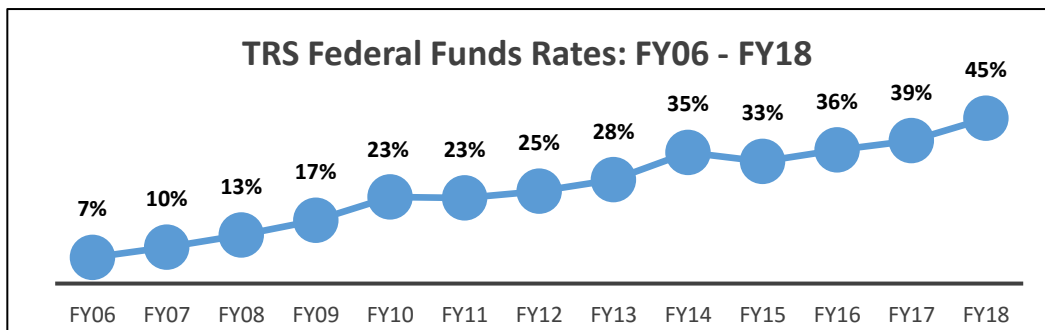


THE PROBLEM: When school districts use federal funds to pay teachers, their contribution rate to the Teachers' Retirement System (TRS) will soon rise to 45%. This leaves districts with two bad choices: either relinquish to the pension fund 45 cents of every federal dollar they receive, or spend federal funds on things other than hiring teachers.

FACT: When IL school districts pay teachers using state or local funds, they pay TRS 0.58% of their salary. When school districts pay teachers with federal funds, they pay the "unfunded liability rate" (now 39% and increasing to 45% in FY18). (Note: This only applies outside CPS since CPS already pays its own teacher pension costs.)

FACT: The high TRS rate for federally funded positions hits schools that serve needier student populations hardest.

FACT: Siphoning funds away from districts off-the-top leaves less funding to hire certified teachers who work directly with students to improve learning outcomes.



THE SOLUTION: Change the TRS federal funds rate from the unfunded liability rate to the normal cost rate (currently about 7%). This will enable districts to invest more federal funds directly in classrooms to support students.

SB 436 (Stadelman/Gordon-Booth), which would have enacted this change, passed the Senate in April 2016 by a 43-1-0 vote but was not assigned to a substantive House committee.

For more information or to request a copy of Stand for Children's related report, "An Education Funding No-Brainer," contact Jessica Handy (312/404-0223 or jhandy@stand.org).