



News

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Congressional Hearing Focuses on Illinois Public Pension Funding

SPRINGFIELD- Illinois state government's history of underfunding its public pension funds is in the national spotlight today as part of a field hearing being held in Springfield by a panel of lawmakers from the U-S House of Representatives. The U-S House Subcommittee on Employer-Employee Relations is examining retirement security of state and local government employees.

The Teachers' Retirement System of the State of Illinois (TRS), the largest of the state's public pension systems, is submitting written testimony to the committee that details how the state has short-changed its public pension systems for decades.

Under Public Act 94-0004 approved in 2005, the state cut funding by \$2.3 billion to Illinois' public pension systems during fiscal years 2006 and 2007. TRS lost over a billion dollars in state appropriations under the law. Despite strong investment returns in recent years, the state funding cuts required TRS to liquidate \$1.2 billion in investments over the past year to pay current benefits. The law also enacted changes designed to reduce the cost of pensions, such as requiring school districts to pay for end-of-career salary increases above 6% that are used to determine pension benefits.

"Unfortunately, most of the savings that would have been achieved by TRS in this law have been offset by the reductions in state funding," said Jon Bauman, Executive Director of TRS. "The state must make its public pension systems a funding priority. We welcome this subcommittee's attention to the Illinois pension funding problem and hope it generates the public awareness needed to effect change." Illinois' unfunded pension liabilities for its five state-funded retirement systems now total \$38.6 billion. According to the *Public Fund Survey* compiled by two national public retirement system associations, Illinois' unfunded liabilities are among the highest in the nation.

The Teachers' Retirement System of the State of Illinois provides retirement, disability and death benefits to teachers and administrators at public elementary and secondary schools outside the city of Chicago. TRS serves 325,000 members and annuitants and had \$36.5 billion in assets as of June 30, 2006.

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