



Chicago Teachers' Pension Fund

203 North LaSalle Street, Suite 2600 | Chicago, Illinois 60601-1231

June 29, 2018

On behalf of the Chicago Teachers' Pension Fund (CTPF), I am writing to relay our strong opposition to HR 6290, the Public Employee Pension Transparency Act (PEPTA), recently reintroduced by Congressman Devin Nunes (R-CA) and cosponsored by Ken Calvert (R-CA), Chris Stewart (R-UT), and Tom McClintock (R-CA). This legislation would impose inappropriate, costly, and burdensome unfunded federal mandates on sovereign States and local governments, and would additionally threaten the tax-exempt status of their municipal bonds, which are often used to support critical infrastructure construction and repairs (including for education and transportation). Congressman Nunes has introduced multiple versions of this bill since 2010. I respectfully request that you not co-sponsor this legislation, and I strongly urge you to oppose this bill and any attempts to include its harmful provisions in other legislation.

PEPTA does not save taxpayer dollars, protect employee pension benefits, improve state and local retirement system funding, or provide decision-useful information to policymakers. Rather, it creates an expensive, federal bureaucracy and imposes unnecessary and unwarranted federal red tape on state and local government operations that will only serve to divert taxpayer resources from other priorities. State and local governments have the fiscal responsibility for these programs, have comprehensive oversight and reporting requirements in place, and have recently taken steps to strengthen their retirement systems:

- The Governmental Accounting Standards Board (GASB), which sets public pension accounting and reporting standards, has reviewed and significantly modified these financial disclosures, which must be followed by governments and their retirement systems to receive a clean audit. GASB considered and rejected the assumptions and calculations proposed by PEPTA as inappropriate for governmental entities.
- The financial condition of the plan, including funded status and necessary contributions, must be certified by actuaries that adhere to Actuarial Standards of Practice (ASOPs) maintained by the Actuarial Standards Board (ASB). The ASB's rigorous standards are routinely reviewed and modified to ensure that, through an independent and rigorous statutory review, pension funds are subject to appropriate assumptions and disclosures.
- CTPF's financial transparency and high standards have long been recognized. CTPF has received the independently-awarded Certificate of Achievement in Financial Reporting for 26 years. This prestigious Certificate, presented by GASB, recognizes the Fund's fiscal transparency and accountability, reflected in an easily-readable and efficiently-organized comprehensive annual financial report which satisfies both generally accepted accounting principles and applicable legal requirements.
- CTPF's activities are governed by the State of Illinois and by State statute. Furthermore, CTPF's independent, professional audits are subject to additional review and scrutiny by the State's Office of the Auditor General and its State Actuary. CTPF has an elected board that is made up of and held accountable by its constituents, including active teachers, retirees, an administrator, and members of the Chicago Board of Education. Finally, CTPF's activities are subject to scrutiny by the press, the public, and CTPF's membership through the public and sunshine requirements of Illinois' Freedom of Information and Open Meetings Acts.

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- After years of underfunding, the State of Illinois recently approved legislation that will substantially benefit CTPF's financial condition and certainty. The legislation required normal cost payments from the State of Illinois and reestablished a designated tax levy by the Chicago Board of Education which provides a dedicated revenue source for our Fund. These measures have set the Fund on a stable course which will ensure that CTPF continues to fund benefits and provide stable retirements for more than 82,000 current and former employees and their beneficiaries.

CTPF represents a financial engine for the State of Illinois, providing \$1.3 billion in pension payments to your constituents in Illinois, creating \$1.9 billion in economic activity, and supporting more than 14,700 jobs in our state. CTPF currently receives no federal support for its programs or pensioners. The federal government has no financial obligation for state and local pensions and imposing onerous federal regulations serves no constructive purpose.

I hope we can count on your opposition to this harmful legislation and any congressional consideration of its provisions.

We greatly appreciate your time and consideration. If there is any additional information that I can provide to assist you, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles A. Burbridge".

Charles A. Burbridge,
Executive Director