

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 7-114 and 7-172 as follows:

6 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

7 (Text of Section WITHOUT the changes made by P.A. 98-599,
8 which has been held unconstitutional)

9 Sec. 7-114. Earnings. "Earnings":

10 (a) An amount to be determined by the board, equal to the
11 sum of:

12 1. The total amount of money paid to an employee for
13 personal services or official duties as an employee (except
14 those employed as independent contractors) paid out of the
15 general fund, or out of any special funds controlled by the
16 municipality, or by any instrumentality thereof, or
17 participating instrumentality, including compensation,
18 fees, allowances (but not including amounts associated
19 with a vehicle allowance payable to an employee who first
20 becomes a participating employee on or after the effective
21 date of this amendatory Act of the 100th General Assembly),
22 or other emolument paid for official duties (but not
23 including automobile maintenance, travel expense, or

1 reimbursements for expenditures incurred in the
2 performance of duties) and, for fee offices, the fees or
3 earnings of the offices to the extent such fees are paid
4 out of funds controlled by the municipality, or
5 instrumentality or participating instrumentality; and

6 2. The money value, as determined by rules prescribed
7 by the governing body of the municipality, or
8 instrumentality thereof, of any board, lodging, fuel,
9 laundry, and other allowances provided an employee in lieu
10 of money.

11 (b) For purposes of determining benefits payable under this
12 fund payments to a person who is engaged in an independently
13 established trade, occupation, profession or business and who
14 is paid for his service on a basis other than a monthly or
15 other regular salary, are not earnings.

16 (c) If a disabled participating employee is eligible to
17 receive Workers' Compensation for an accidental injury and the
18 participating municipality or instrumentality which employed
19 the participating employee when injured continues to pay the
20 participating employee regular salary or other compensation or
21 pays the employee an amount in excess of the Workers'
22 Compensation amount, then earnings shall be deemed to be the
23 total payments, including an amount equal to the Workers'
24 Compensation payments. These payments shall be subject to
25 employee contributions and allocated as if paid to the
26 participating employee when the regular payroll amounts would

1 have been paid if the participating employee had continued
2 working, and creditable service shall be awarded for this
3 period.

4 (d) If an elected official who is a participating employee
5 becomes disabled but does not resign and is not removed from
6 office, then earnings shall include all salary payments made
7 for the remainder of that term of office and the official shall
8 be awarded creditable service for the term of office.

9 (e) If a participating employee is paid pursuant to "An Act
10 to provide for the continuation of compensation for law
11 enforcement officers, correctional officers and firemen who
12 suffer disabling injury in the line of duty", approved
13 September 6, 1973, as amended, the payments shall be deemed
14 earnings, and the participating employee shall be awarded
15 creditable service for this period.

16 (f) Additional compensation received by a person while
17 serving as a supervisor of assessments, assessor, deputy
18 assessor or member of a board of review from the State of
19 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax
20 Code shall not be earnings for purposes of this Article and
21 shall not be included in the contribution formula or
22 calculation of benefits for such person pursuant to this
23 Article.

24 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

25 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

1 Sec. 7-172. Contributions by participating municipalities
2 and participating instrumentalities.

3 (a) Each participating municipality and each participating
4 instrumentality shall make payment to the fund as follows:

5 1. municipality contributions in an amount determined
6 by applying the municipality contribution rate to each
7 payment of earnings paid to each of its participating
8 employees;

9 2. an amount equal to the employee contributions
10 provided by paragraph (a) of Section 7-173, whether or not
11 the employee contributions are withheld as permitted by
12 that Section;

13 3. all accounts receivable, together with interest
14 charged thereon, as provided in Section 7-209, and any
15 amounts due under subsection (a-5) of Section 7-144;

16 4. if it has no participating employees with current
17 earnings, an amount payable which, over a closed period of
18 20 years for participating municipalities and 10 years for
19 participating instrumentalities, will amortize, at the
20 effective rate for that year, any unfunded obligation. The
21 unfunded obligation shall be computed as provided in
22 paragraph 2 of subsection (b);

23 5. if it has fewer than 7 participating employees or a
24 negative balance in its municipality reserve, the greater
25 of (A) an amount payable that, over a period of 20 years,
26 will amortize at the effective rate for that year any

1 unfunded obligation, computed as provided in paragraph 2 of
2 subsection (b) or (B) the amount required by paragraph 1 of
3 this subsection (a).

4 (b) A separate municipality contribution rate shall be
5 determined for each calendar year for all participating
6 municipalities together with all instrumentalities thereof.
7 The municipality contribution rate shall be determined for
8 participating instrumentalities as if they were participating
9 municipalities. The municipality contribution rate shall be
10 the sum of the following percentages:

11 1. The percentage of earnings of all the participating
12 employees of all participating municipalities and
13 participating instrumentalities which, if paid over the
14 entire period of their service, will be sufficient when
15 combined with all employee contributions available for the
16 payment of benefits, to provide all annuities for
17 participating employees, and the \$3,000 death benefit
18 payable under Sections 7-158 and 7-164, such percentage to
19 be known as the normal cost rate.

20 2. The percentage of earnings of the participating
21 employees of each participating municipality and
22 participating instrumentalities necessary to adjust for
23 the difference between the present value of all benefits,
24 excluding temporary and total and permanent disability and
25 death benefits, to be provided for its participating
26 employees and the sum of its accumulated municipality

1 contributions and the accumulated employee contributions
2 and the present value of expected future employee and
3 municipality contributions pursuant to subparagraph 1 of
4 this paragraph (b). This adjustment shall be spread over a
5 period determined by the Board, not to exceed 30 years for
6 participating municipalities or 10 years for participating
7 instrumentalities.

8 3. The percentage of earnings of the participating
9 employees of all municipalities and participating
10 instrumentalities necessary to provide the present value
11 of all temporary and total and permanent disability
12 benefits granted during the most recent year for which
13 information is available.

14 4. The percentage of earnings of the participating
15 employees of all participating municipalities and
16 participating instrumentalities necessary to provide the
17 present value of the net single sum death benefits expected
18 to become payable from the reserve established under
19 Section 7-206 during the year for which this rate is fixed.

20 5. The percentage of earnings necessary to meet any
21 deficiency arising in the Terminated Municipality Reserve.

22 (c) A separate municipality contribution rate shall be
23 computed for each participating municipality or participating
24 instrumentality for its sheriff's law enforcement employees.

25 A separate municipality contribution rate shall be
26 computed for the sheriff's law enforcement employees of each

1 forest preserve district that elects to have such employees.
2 For the period from January 1, 1986 to December 31, 1986, such
3 rate shall be the forest preserve district's regular rate plus
4 2%.

5 In the event that the Board determines that there is an
6 actuarial deficiency in the account of any municipality with
7 respect to a person who has elected to participate in the Fund
8 under Section 3-109.1 of this Code, the Board may adjust the
9 municipality's contribution rate so as to make up that
10 deficiency over such reasonable period of time as the Board may
11 determine.

12 (d) The Board may establish a separate municipality
13 contribution rate for all employees who are program
14 participants employed under the federal Comprehensive
15 Employment Training Act by all of the participating
16 municipalities and instrumentalities. The Board may also
17 provide that, in lieu of a separate municipality rate for these
18 employees, a portion of the municipality contributions for such
19 program participants shall be refunded or an extra charge
20 assessed so that the amount of municipality contributions
21 retained or received by the fund for all CETA program
22 participants shall be an amount equal to that which would be
23 provided by the separate municipality contribution rate for all
24 such program participants. Refunds shall be made to prime
25 sponsors of programs upon submission of a claim therefor and
26 extra charges shall be assessed to participating

1 municipalities and instrumentalities. In establishing the
2 municipality contribution rate as provided in paragraph (b) of
3 this Section, the use of a separate municipality contribution
4 rate for program participants or the refund of a portion of the
5 municipality contributions, as the case may be, may be
6 considered.

7 (e) Computations of municipality contribution rates for
8 the following calendar year shall be made prior to the
9 beginning of each year, from the information available at the
10 time the computations are made, and on the assumption that the
11 employees in each participating municipality or participating
12 instrumentality at such time will continue in service until the
13 end of such calendar year at their respective rates of earnings
14 at such time.

15 (f) Any municipality which is the recipient of State
16 allocations representing that municipality's contributions for
17 retirement annuity purposes on behalf of its employees as
18 provided in Section 12-21.16 of the Illinois Public Aid Code
19 shall pay the allocations so received to the Board for such
20 purpose. Estimates of State allocations to be received during
21 any taxable year shall be considered in the determination of
22 the municipality's tax rate for that year under Section 7-171.
23 If a special tax is levied under Section 7-171, none of the
24 proceeds may be used to reimburse the municipality for the
25 amount of State allocations received and paid to the Board. Any
26 multiple-county or consolidated health department which

1 receives contributions from a county under Section 11.2 of "An
2 Act in relation to establishment and maintenance of county and
3 multiple-county health departments", approved July 9, 1943, as
4 amended, or distributions under Section 3 of the Department of
5 Public Health Act, shall use these only for municipality
6 contributions by the health department.

7 (g) Municipality contributions for the several purposes
8 specified shall, for township treasurers and employees in the
9 offices of the township treasurers who meet the qualifying
10 conditions for coverage hereunder, be allocated among the
11 several school districts and parts of school districts serviced
12 by such treasurers and employees in the proportion which the
13 amount of school funds of each district or part of a district
14 handled by the treasurer bears to the total amount of all
15 school funds handled by the treasurer.

16 From the funds subject to allocation among districts and
17 parts of districts pursuant to the School Code, the trustees
18 shall withhold the proportionate share of the liability for
19 municipality contributions imposed upon such districts by this
20 Section, in respect to such township treasurers and employees
21 and remit the same to the Board.

22 The municipality contribution rate for an educational
23 service center shall initially be the same rate for each year
24 as the regional office of education or school district which
25 serves as its administrative agent. When actuarial data become
26 available, a separate rate shall be established as provided in

1 subparagraph (i) of this Section.

2 The municipality contribution rate for a public agency,
3 other than a vocational education cooperative, formed under the
4 Intergovernmental Cooperation Act shall initially be the
5 average rate for the municipalities which are parties to the
6 intergovernmental agreement. When actuarial data become
7 available, a separate rate shall be established as provided in
8 subparagraph (i) of this Section.

9 (h) Each participating municipality and participating
10 instrumentality shall make the contributions in the amounts
11 provided in this Section in the manner prescribed from time to
12 time by the Board and all such contributions shall be
13 obligations of the respective participating municipalities and
14 participating instrumentalities to this fund. The failure to
15 deduct any employee contributions shall not relieve the
16 participating municipality or participating instrumentality of
17 its obligation to this fund. Delinquent payments of
18 contributions due under this Section may, with interest, be
19 recovered by civil action against the participating
20 municipalities or participating instrumentalities.
21 Municipality contributions, other than the amount necessary
22 for employee contributions, for periods of service by employees
23 from whose earnings no deductions were made for employee
24 contributions to the fund, may be charged to the municipality
25 reserve for the municipality or participating instrumentality.

26 (i) Contributions by participating instrumentalities shall

1 be determined as provided herein except that the percentage
2 derived under subparagraph 2 of paragraph (b) of this Section,
3 and the amount payable under subparagraph 4 of paragraph (a) of
4 this Section, shall be based on an amortization period of 10
5 years.

6 (j) Notwithstanding the other provisions of this Section,
7 the additional unfunded liability accruing as a result of this
8 amendatory Act of the 94th General Assembly shall be amortized
9 over a period of 30 years beginning on January 1 of the second
10 calendar year following the calendar year in which this
11 amendatory Act takes effect, except that the employer may
12 provide for a longer amortization period by adopting a
13 resolution or ordinance specifying a 35-year or 40-year period
14 and submitting a certified copy of the ordinance or resolution
15 to the fund no later than June 1 of the calendar year following
16 the calendar year in which this amendatory Act takes effect.

17 (k) If the amount of a participating employee's reported
18 earnings for any of the 12-month periods used to determine the
19 final rate of earnings exceeds the employee's 12 month reported
20 earnings with the same employer for the previous year by the
21 greater of 6% or 1.5 times the annual increase in the Consumer
22 Price Index-U, as established by the United States Department
23 of Labor for the preceding September, the participating
24 municipality or participating instrumentality that paid those
25 earnings shall pay to the Fund, in addition to any other
26 contributions required under this Article, the present value of

1 the increase in the pension resulting from the portion of the
2 increase in salary that is in excess of the greater of 6% or
3 1.5 times the annual increase in the Consumer Price Index-U, as
4 determined by the Fund. This present value shall be computed on
5 the basis of the actuarial assumptions and tables used in the
6 most recent actuarial valuation of the Fund that is available
7 at the time of the computation.

8 Whenever it determines that a payment is or may be required
9 under this subsection (k), the fund shall calculate the amount
10 of the payment and bill the participating municipality or
11 participating instrumentality for that amount. The bill shall
12 specify the calculations used to determine the amount due. If
13 the participating municipality or participating
14 instrumentality disputes the amount of the bill, it may, within
15 30 days after receipt of the bill, apply to the fund in writing
16 for a recalculation. The application must specify in detail the
17 grounds of the dispute. Upon receiving a timely application for
18 recalculation, the fund shall review the application and, if
19 appropriate, recalculate the amount due. The participating
20 municipality and participating instrumentality contributions
21 required under this subsection (k) may be paid in the form of a
22 lump sum within 90 days after receipt of the bill. If the
23 participating municipality and participating instrumentality
24 contributions are not paid within 90 days after receipt of the
25 bill, then interest will be charged at a rate equal to the
26 fund's annual actuarially assumed rate of return on investment

1 compounded annually from the 91st day after receipt of the
2 bill. Payments must be concluded within 3 years after receipt
3 of the bill by the participating municipality or participating
4 instrumentality.

5 When assessing payment for any amount due under this
6 subsection (k), the fund shall exclude earnings increases
7 resulting from overload or overtime earnings.

8 When assessing payment for any amount due under this
9 subsection (k), the fund shall exclude earnings increases
10 resulting from payments for unused vacation time, but only for
11 payments for unused vacation time made in the final 3 months of
12 the final rate of earnings period.

13 When assessing payment for any amount due under this
14 subsection (k), the fund shall also exclude earnings increases
15 attributable to standard employment promotions resulting in
16 increased responsibility and workload.

17 This subsection (k) does not apply to earnings increases
18 paid to individuals under contracts or collective bargaining
19 agreements entered into, amended, or renewed before January 1,
20 2012 (the effective date of Public Act 97-609), earnings
21 increases paid to members who are 10 years or more from
22 retirement eligibility, or earnings increases resulting from
23 an increase in the number of hours required to be worked.

24 When assessing payment for any amount due under this
25 subsection (k), the fund shall also exclude earnings
26 attributable to personnel policies adopted before January 1,

1 2012 (the effective date of Public Act 97-609) as long as those
2 policies are not applicable to employees who begin service on
3 or after January 1, 2012 (the effective date of Public Act
4 97-609).

5 (Source: P.A. 98-218, eff. 8-9-13; 99-745, eff. 8-5-16.)

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.