



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB1266

Introduced 2/6/2019, by Sen. Omar Aquino

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-127

from Ch. 108 1/2, par. 17-127

40 ILCS 5/17-142.1

from Ch. 108 1/2, par. 17-142.1

Amends the Chicago Teacher Article of the Illinois Pension Code. Beginning in 2020, requires (rather than allows) the Board of Trustees to pay to each recipient of a service retirement, disability retirement, or survivor's pension an amount to be determined by the Board, which shall represent partial or complete reimbursement (rather than partial) for the cost of the recipient's health insurance coverage. Provides that beginning in 2020, the total amount of payments for each year shall equal \$65,000,000 plus any amount that was authorized or required to be paid in the preceding year but was not actually paid by the Board, including any interest earned thereon. Makes conforming changes. Effective immediately.

LRB101 04974 RPS 49983 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 17-127 and 17-142.1 as follows:

6 (40 ILCS 5/17-127) (from Ch. 108 1/2, par. 17-127)

7 Sec. 17-127. Financing; revenues for the Fund.

8 (a) The revenues for the Fund shall consist of: (1) amounts  
9 paid into the Fund by contributors thereto and from employer  
10 contributions and State appropriations in accordance with this  
11 Article; (2) amounts contributed to the Fund by an Employer;  
12 (3) amounts contributed to the Fund pursuant to any law now in  
13 force or hereafter to be enacted; (4) contributions from any  
14 other source; and (5) the earnings on investments.

15 (b) The General Assembly finds that for many years the  
16 State has contributed to the Fund an annual amount that is  
17 between 20% and 30% of the amount of the annual State  
18 contribution to the Article 16 retirement system, and the  
19 General Assembly declares that it is its goal and intention to  
20 continue this level of contribution to the Fund in the future.

21 (c) Beginning in State fiscal year 1999, the State shall  
22 include in its annual contribution to the Fund an additional  
23 amount equal to 0.544% of the Fund's total teacher payroll;

1 except that this additional contribution need not be made in a  
2 fiscal year if the Board has certified in the previous fiscal  
3 year that the Fund is at least 90% funded, based on actuarial  
4 determinations. These additional State contributions are  
5 intended to offset a portion of the cost to the Fund of the  
6 increases in retirement benefits resulting from this  
7 amendatory Act of 1998.

8 (d) In addition to any other contribution required under  
9 this Article, including the contribution required under  
10 subsection (c), the State shall contribute to the Fund the  
11 following amounts:

12 (1) For State fiscal year 2018, the State shall  
13 contribute \$221,300,000 for the employer normal cost for  
14 fiscal year 2018 and the amount allowed under paragraph (3)  
15 of Section 17-142.1 of this Code to defray health insurance  
16 costs. Funds for this paragraph (1) shall come from funds  
17 appropriated for Evidence-Based Funding pursuant to  
18 Section 18-8.15 of the School Code.

19 (2) Beginning in State fiscal year 2019, the State  
20 shall contribute for each fiscal year an amount to be  
21 determined by the Fund, equal to the employer normal cost  
22 for that fiscal year, plus the amount under ~~allowed~~  
23 ~~pursuant to~~ paragraph (3) of Section 17-142.1 to defray  
24 health insurance costs.

25 (e) The Board shall determine the amount of State  
26 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board and  
2 the recommendations of the actuary. On or before November 1 of  
3 each year, beginning November 1, 2017, the Board shall submit  
4 to the State Actuary, the Governor, and the General Assembly a  
5 proposed certification of the amount of the required State  
6 contribution to the Fund for the next fiscal year, along with  
7 all of the actuarial assumptions, calculations, and data upon  
8 which that proposed certification is based.

9 On or before January 1 of each year, beginning January 1,  
10 2018, the State Actuary shall issue a preliminary report  
11 concerning the proposed certification and identifying, if  
12 necessary, recommended changes in actuarial assumptions that  
13 the Board must consider before finalizing its certification of  
14 the required State contributions.

15 (f) On or before January 15, 2018 and each January 15  
16 thereafter, the Board shall certify to the Governor and the  
17 General Assembly the amount of the required State contribution  
18 for the next fiscal year. The certification shall include a  
19 copy of the actuarial recommendations upon which it is based  
20 and shall specifically identify the Fund's projected employer  
21 normal cost for that fiscal year. The Board's certification  
22 must note any deviations from the State Actuary's recommended  
23 changes, the reason or reasons for not following the State  
24 Actuary's recommended changes, and the fiscal impact of not  
25 following the State Actuary's recommended changes on the  
26 required State contribution.

1 For the purposes of this Article, including issuing  
2 vouchers, and for the purposes of subsection (h) of Section 1.1  
3 of the State Pension Funds Continuing Appropriation Act, the  
4 State contribution specified for State fiscal year 2018 shall  
5 be deemed to have been certified, by operation of law and  
6 without official action by the Board or the State Actuary, in  
7 the amount provided in subsection (c) and subsection (d) of  
8 this Section.

9 (g) For State fiscal year 2018, the State Board of  
10 Education shall submit vouchers, as directed by the Board, for  
11 payment of State contributions to the Fund for the required  
12 annual State contribution under subsection (d) of this Section.  
13 These vouchers shall be paid by the State Comptroller and  
14 Treasurer by warrants drawn on the amount appropriated to the  
15 State Board of Education from the Common School Fund in Section  
16 5 of Article 97 of Public Act 100-21. If State appropriations  
17 for State fiscal year 2018 are less than the amount lawfully  
18 vouchered under this subsection, the difference shall be paid  
19 from the Common School Fund under the continuing appropriation  
20 authority provided in Section 1.1 of the State Pension Funds  
21 Continuing Appropriation Act.

22 (h) For State fiscal year 2018, the Board shall submit  
23 vouchers for the payment of State contributions to the Fund for  
24 the required annual State contribution under subsection (c) of  
25 this Section. Beginning in State fiscal year 2019, the Board  
26 shall submit vouchers for payment of State contributions to the

1 Fund for the required annual State contribution under  
2 subsections (c) and (d) of this Section. These vouchers shall  
3 be paid by the State Comptroller and Treasurer by warrants  
4 drawn on the funds appropriated to the Fund for that fiscal  
5 year. If State appropriations to the Fund for the applicable  
6 fiscal year are less than the amount lawfully vouchered under  
7 this subsection, the difference shall be paid from the Common  
8 School Fund under the continuing appropriation authority  
9 provided in Section 1.1 of the State Pension Funds Continuing  
10 Appropriation Act.

11 (Source: P.A. 100-465, eff. 8-31-17.)

12 (40 ILCS 5/17-142.1) (from Ch. 108 1/2, par. 17-142.1)

13 Sec. 17-142.1. To defray health insurance costs. To provide  
14 for the partial reimbursement of health insurance costs.

15 (1) On the first day of September of each year, beginning  
16 in 1988 through 2019, the Board may, by separate warrant, pay  
17 to each recipient of a service retirement, disability  
18 retirement or survivor's pension an amount to be determined by  
19 the Board, which shall represent partial reimbursement for the  
20 cost of the recipient's health insurance coverage.

21 On the first day of September of each year, beginning in  
22 2020, the Board shall, by separate warrant, pay to each  
23 recipient of a service retirement, disability retirement, or  
24 survivor's pension an amount to be determined by the Board,  
25 which shall represent partial or complete reimbursement for the

1 cost of the recipient's health insurance coverage.

2 (2) In lieu of the annual payment under ~~authorized in~~  
3 subdivision (1), for pensioners enrolled in the Fund's regular  
4 health care deduction plans, the Fund may pay the health  
5 insurance premium reimbursement on a monthly rather than annual  
6 basis, at the percentage rate established from time to time by  
7 the Board. If the Board so directs, these monthly payments may  
8 be made in the form of a direct payment of premium and a  
9 reduction in the amount deducted from the annuity, rather than  
10 in the form of reimbursement by separate warrant.

11 (3) Until 2020, total ~~Total~~ payments under this Section in  
12 any year may not exceed \$65,000,000 plus any amount that was  
13 authorized to be paid under this Section in the preceding year  
14 but was not actually paid by the Board, including any interest  
15 earned thereon.

16 Beginning in 2020, total payments under this Section in any  
17 year shall be equal to \$65,000,000 plus any amount that was  
18 authorized or required to be paid under this Section in the  
19 preceding year but was not actually paid by the Board,  
20 including any interest earned thereon.

21 (4) Until 2020, the ~~The~~ total amount of payments under this  
22 Section in any year may not exceed 75% of the total cost of  
23 health insurance coverage in that year for all the recipients  
24 who receive payments authorized by this Section in that year.

25 (Source: P.A. 93-677, eff. 6-28-04.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.