

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 14-108.3, 15-155, 15-168.1, 16-128, 16-158, and
6 16-169.1 as follows:

7 (40 ILCS 5/14-108.3)

8 Sec. 14-108.3. Early retirement incentives.

9 (a) To be eligible for the benefits provided in this
10 Section, a person must:

11 (1) be a member of this System who, on any day during
12 June, 2002, is (i) in active payroll status in a position
13 of employment with a department and an active contributor
14 to this System with respect to that employment, and
15 terminates that employment before the retirement annuity
16 under this Article begins, or (ii) on layoff status from
17 such a position with a right of re-employment or recall to
18 service, or (iii) receiving benefits under Section 14-123,
19 14-123.1 or 14-124, but only if the member has not been
20 receiving those benefits for a continuous period of more
21 than 2 years as of the date of application;

22 (2) not have received any retirement annuity under this
23 Article beginning earlier than August 1, 2002;

24 (3) file with the Board on or before December 31, 2002
25 a written application requesting the benefits provided in
26 this Section;

27 (4) terminate employment under this Article no later
28 than December 31, 2002 (or the date established under
29 subsection (d), if applicable);

30 (5) by the date of termination of service, have at
31 least 8 years of creditable service under this Article,
32 without the use of any creditable service established under

1 this Section;

2 (6) by the date of termination of service, have at
3 least 5 years of membership service earned while an
4 employee under this Article, which may include military
5 service for which credit is established under Section
6 14-105(b), service during the qualifying period for which
7 credit is established under Section 14-104(a), and service
8 for which credit has been established by repaying a refund
9 under Section 14-130, but shall not include service for
10 which any other optional service credit has been
11 established; and

12 (7) not receive any early retirement benefit under
13 Section 16-133.3 of this Code.

14 (b) An eligible person may establish up to 5 years of
15 creditable service under this Article, in increments of one
16 month, by making the contributions specified in subsection (c).
17 In addition, for each month of creditable service established
18 under this Section, a person's age at retirement shall be
19 deemed to be one month older than it actually is.

20 The creditable service established under this Section may
21 be used for all purposes under this Article and the Retirement
22 Systems Reciprocal Act, except for the computation of final
23 average compensation under Section 14-103.12 or the
24 determination of compensation under this or any other Article
25 of this Code.

26 The age enhancement established under this Section may not
27 be used to enable any person to begin receiving a retirement
28 annuity calculated under Section 14-110 before actually
29 attaining age 50 (without any age enhancement under this
30 Section). The age enhancement established under this Section
31 may be used for all other purposes under this Article
32 (including calculation of a proportionate annuity payable by
33 this System under the Retirement Systems Reciprocal Act),
34 except for purposes of the level income option in Section
35 14-112, the reversionary annuity under Section 14-113, and the
36 required distributions under Section 14-121.1.

1 The age enhancement established under this Section may be
2 used in determining benefits payable under Article 16 of this
3 Code under the Retirement Systems Reciprocal Act, if the person
4 has at least 5 years of service credit in the Article 16 system
5 that was earned while participating in that system as a teacher
6 (as defined in Section 16-106) employed by a department (as
7 defined in Section 14-103.04). Age enhancement established
8 under this Section shall not otherwise be used in determining
9 benefits payable under other Articles of this Code under the
10 Retirement Systems Reciprocal Act.

11 (c) For all creditable service established under this
12 Section, a person must pay to the System an employee
13 contribution to be determined by the System, based on the
14 member's rate of compensation on June 1, 2002 (or the last date
15 before June 1, 2002 for which a rate can be determined) and the
16 retirement contribution rate in effect on June 1, 2002 for the
17 member (or for members with the same social security and
18 alternative formula status as the member).

19 If the member receives a lump sum payment for accumulated
20 vacation, sick leave and personal leave upon withdrawal from
21 service, and the net amount of that lump sum payment is at
22 least as great as the amount of the contribution required under
23 this Section, the entire contribution must be paid by the
24 employee by payroll deduction. If there is no such lump sum
25 payment, or if it is less than the contribution required under
26 this Section, the member shall make an initial payment by
27 payroll deduction, equal to the net amount of the lump sum
28 payment for accumulated vacation, sick leave, and personal
29 leave, and have the remaining amount due treated as a reduction
30 from the retirement annuity in 24 equal monthly installments
31 beginning in the month in which the retirement annuity takes
32 effect. The required contribution may be paid as a pre-tax
33 deduction from earnings. For federal and Illinois tax purposes,
34 the monthly amount by which the annuitant's benefit is reduced
35 shall not be treated as a contribution by the annuitant, but
36 rather as a reduction of the annuitant's monthly benefit.

1 (c-5) The reduction in retirement annuity provided in
2 subsection (c) of Section 14-108 does not apply to the annuity
3 of a person who retires under this Section. A person who has
4 received any age enhancement or creditable service under this
5 Section may begin to receive an unreduced retirement annuity
6 upon attainment of age 55 with at least 25 years of creditable
7 service (including any age enhancement and creditable service
8 established under this Section).

9 (d) In order to ensure that the efficient operation of
10 State government is not jeopardized by the simultaneous
11 retirement of large numbers of key personnel, the director or
12 other head of a department may, for key employees of that
13 department, extend the December 31, 2002 deadline for
14 terminating employment under this Article established in
15 subdivision (a)(4) of this Section to a date not later than
16 April 30, 2003 by so notifying the System in writing by
17 December 31, 2002.

18 (e) Notwithstanding Section 14-111, a person who has
19 received any age enhancement or creditable service under this
20 Section and who reenters service under this Article (or as an
21 employee of a department under Article 16) other than as a
22 temporary employee thereby forfeits that age enhancement and
23 creditable service and is entitled to a refund of the
24 contributions made pursuant to this Section.

25 (f) The System shall determine the amount of the increase
26 in the present value of future benefits resulting from the
27 granting of early retirement incentives under this Section and
28 shall report that amount to the Governor and the Commission on
29 Government Forecasting and Accountability on or after the
30 effective date of this amendatory Act of the 93rd General
31 Assembly and on or before November 15, 2004. Beginning with
32 State fiscal year 2008, the increase reported under this
33 subsection (f) shall be included in the calculation of the
34 required State contribution under Section 14-131.

35 (g) In addition to the contributions otherwise required
36 under this Article, the State shall appropriate and pay to the

1 System an amount equal to \$70,000,000 in State fiscal years
2 2004 and 2005.

3 (h) The Commission on Government Forecasting and
4 Accountability (i) shall hold one or more hearings on or before
5 the last session day during the fall veto session of 2004 to
6 review recommendations relating to funding of early retirement
7 incentives under this Section and (ii) shall file its report
8 with the General Assembly on or before December 31, 2004 making
9 its recommendations relating to funding of early retirement
10 incentives under this Section; the Commission's report may
11 contain both majority recommendations and minority
12 recommendations. The System shall recalculate and recertify to
13 the Governor by January 31, 2005 the amount of the required
14 State contribution to the System for State fiscal year 2005
15 with respect to those incentives. The Pension Laws Commission
16 (or its successor, the Commission on Government Forecasting and
17 Accountability) shall determine and report to the General
18 Assembly, on or before January 1, 2004 and annually thereafter
19 through the year 2006 ~~2013~~, its estimate of (1) the annual
20 amount of payroll savings likely to be realized by the State as
21 a result of the early retirement of persons receiving early
22 retirement incentives under this Section and (2) the net annual
23 savings or cost to the State from the program of early
24 retirement incentives created under this Section.

25 The System, the Department of Central Management Services,
26 the Governor's Office of Management and Budget (formerly Bureau
27 of the Budget), and all other departments shall provide to the
28 Commission any assistance that the Commission may request with
29 respect to its reports under this Section. The Commission may
30 require departments to provide it with any information that it
31 deems necessary or useful with respect to its reports under
32 this Section, including without limitation information about
33 (1) the final earnings of former department employees who
34 elected to receive benefits under this Section, (2) the
35 earnings of current department employees holding the positions
36 vacated by persons who elected to receive benefits under this

1 Section, and (3) positions vacated by persons who elected to
2 receive benefits under this Section that have not yet been
3 refilled.

4 (i) The changes made to this Section by this amendatory Act
5 of the 92nd General Assembly do not apply to persons who
6 retired under this Section on or before May 1, 1992.

7 (Source: P.A. 93-632, eff. 2-1-04; 93-839, eff. 7-30-04;
8 93-1067, eff. 1-15-05; 94-4, eff. 6-1-05.)

9 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

10 Sec. 15-155. Employer contributions.

11 (a) The State of Illinois shall make contributions by
12 appropriations of amounts which, together with the other
13 employer contributions from trust, federal, and other funds,
14 employee contributions, income from investments, and other
15 income of this System, will be sufficient to meet the cost of
16 maintaining and administering the System on a 90% funded basis
17 in accordance with actuarial recommendations.

18 The Board shall determine the amount of State contributions
19 required for each fiscal year on the basis of the actuarial
20 tables and other assumptions adopted by the Board and the
21 recommendations of the actuary, using the formula in subsection
22 (a-1).

23 (a-1) For State fiscal years 2011 through 2045, the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be
26 sufficient to bring the total assets of the System up to 90% of
27 the total actuarial liabilities of the System by the end of
28 State fiscal year 2045. In making these determinations, the
29 required State contribution shall be calculated each year as a
30 level percentage of payroll over the years remaining to and
31 including fiscal year 2045 and shall be determined under the
32 projected unit credit actuarial cost method.

33 For State fiscal years 1996 through 2005, the State
34 contribution to the System, as a percentage of the applicable
35 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$166,641,900.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$252,064,100.

9 For each of State fiscal years 2008 through 2010, the State
10 contribution to the System, as a percentage of the applicable
11 employee payroll, shall be increased in equal annual increments
12 from the required State contribution for State fiscal year
13 2007, so that by State fiscal year 2011, the State is
14 contributing at the rate otherwise required under this Section.

15 Beginning in State fiscal year 2046, the minimum State
16 contribution for each fiscal year shall be the amount needed to
17 maintain the total assets of the System at 90% of the total
18 actuarial liabilities of the System.

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under Section 15-165, shall
23 not exceed an amount equal to (i) the amount of the required
24 State contribution that would have been calculated under this
25 Section for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General
27 Obligation Bond Act, minus (ii) the portion of the State's
28 total debt service payments for that fiscal year on the bonds
29 issued for the purposes of that Section 7.2, as determined and
30 certified by the Comptroller, that is the same as the System's
31 portion of the total moneys distributed under subsection (d) of
32 Section 7.2 of the General Obligation Bond Act. In determining
33 this maximum for State fiscal years 2008 through 2010, however,
34 the amount referred to in item (i) shall be increased, as a
35 percentage of the applicable employee payroll, in equal
36 increments calculated from the sum of the required State

1 contribution for State fiscal year 2007 plus the applicable
2 portion of the State's total debt service payments for fiscal
3 year 2007 on the bonds issued for the purposes of Section 7.2
4 of the General Obligation Bond Act, so that, by State fiscal
5 year 2011, the State is contributing at the rate otherwise
6 required under this Section.

7 (b) If an employee is paid from trust or federal funds, the
8 employer shall pay to the Board contributions from those funds
9 which are sufficient to cover the accruing normal costs on
10 behalf of the employee. However, universities having employees
11 who are compensated out of local auxiliary funds, income funds,
12 or service enterprise funds are not required to pay such
13 contributions on behalf of those employees. The local auxiliary
14 funds, income funds, and service enterprise funds of
15 universities shall not be considered trust funds for the
16 purpose of this Article, but funds of alumni associations,
17 foundations, and athletic associations which are affiliated
18 with the universities included as employers under this Article
19 and other employers which do not receive State appropriations
20 are considered to be trust funds for the purpose of this
21 Article.

22 (b-1) The City of Urbana and the City of Champaign shall
23 each make employer contributions to this System for their
24 respective firefighter employees who participate in this
25 System pursuant to subsection (h) of Section 15-107. The rate
26 of contributions to be made by those municipalities shall be
27 determined annually by the Board on the basis of the actuarial
28 assumptions adopted by the Board and the recommendations of the
29 actuary, and shall be expressed as a percentage of salary for
30 each such employee. The Board shall certify the rate to the
31 affected municipalities as soon as may be practical. The
32 employer contributions required under this subsection shall be
33 remitted by the municipality to the System at the same time and
34 in the same manner as employee contributions.

35 (c) Through State fiscal year 1995: The total employer
36 contribution shall be apportioned among the various funds of

1 the State and other employers, whether trust, federal, or other
2 funds, in accordance with actuarial procedures approved by the
3 Board. State of Illinois contributions for employers receiving
4 State appropriations for personal services shall be payable
5 from appropriations made to the employers or to the System. The
6 contributions for Class I community colleges covering earnings
7 other than those paid from trust and federal funds, shall be
8 payable solely from appropriations to the Illinois Community
9 College Board or the System for employer contributions.

10 (d) Beginning in State fiscal year 1996, the required State
11 contributions to the System shall be appropriated directly to
12 the System and shall be payable through vouchers issued in
13 accordance with subsection (c) of Section 15-165, except as
14 provided in subsection (g).

15 (e) The State Comptroller shall draw warrants payable to
16 the System upon proper certification by the System or by the
17 employer in accordance with the appropriation laws and this
18 Code.

19 (f) Normal costs under this Section means liability for
20 pensions and other benefits which accrues to the System because
21 of the credits earned for service rendered by the participants
22 during the fiscal year and expenses of administering the
23 System, but shall not include the principal of or any
24 redemption premium or interest on any bonds issued by the Board
25 or any expenses incurred or deposits required in connection
26 therewith.

27 (g) If the amount of a participant's earnings for any
28 academic year used to determine the final rate of earnings, and
29 determined on a full-time equivalent basis, exceeds the amount
30 of his or her earnings with the same employer for the previous
31 academic year, determined on a full-time equivalent basis, by
32 more than 6%, the participant's employer shall pay to the
33 System, in addition to all other payments required under this
34 Section and in accordance with guidelines established by the
35 System, the present value of the increase in benefits resulting
36 from the portion of the increase in earnings that is in excess

1 of 6%. This present value shall be computed by the System on
2 the basis of the actuarial assumptions and tables used in the
3 most recent actuarial valuation of the System that is available
4 at the time of the computation. The System may require the
5 employer to provide any pertinent information or
6 documentation.

7 Whenever it determines that a payment is or may be required
8 under this subsection (g), the System shall calculate the
9 amount of the payment and bill the employer for that amount.
10 The bill shall specify the calculations used to determine the
11 amount due. If the employer disputes the amount of the bill, it
12 may, within 30 days after receipt of the bill, apply to the
13 System in writing for a recalculation. The application must
14 specify in detail the grounds of the dispute and, if the
15 employer asserts that the calculation is subject to subsection
16 (h) or (i) of this Section, must include an affidavit setting
17 forth and attesting to all facts within the employer's
18 knowledge that are pertinent to the applicability of subsection
19 (h) or (i). Upon receiving a timely application for
20 recalculation, the System shall review the application and, if
21 appropriate, recalculate the amount due.

22 The employer contributions required under this subsection
23 (f) may be paid in the form of a lump sum within 90 days after
24 receipt of the bill. If the employer contributions are not paid
25 within 90 days after receipt of the bill, then interest will be
26 charged at a rate equal to the System's annual actuarially
27 assumed rate of return on investment compounded annually from
28 the 91st day after receipt of the bill. Payments must be
29 concluded within 3 years after the employer's receipt of the
30 bill.

31 ~~The employer contributions required under this subsection~~
32 ~~(g) shall be paid in the form of a lump sum within 30 days after~~
33 ~~receipt of the bill after the participant begins receiving~~
34 ~~benefits under this Article.~~

35 (h) This subsection (h) applies only to payments made or
36 salary increases given on or after June 1, 2005 but before July

1 1, 2011. The changes made by this amendatory Act of the 94th
2 General Assembly shall not require the System to refund any
3 payments received before the effective date of this amendatory
4 Act.

5 When assessing payment for any amount due under subsection
6 (g), the System shall exclude ~~The provisions of this subsection~~
7 ~~(g) do not apply to~~ earnings increases paid to participants
8 under contracts or collective bargaining agreements entered
9 into, amended, or renewed before June 1, 2005 ~~the effective~~
10 ~~date of this amendatory Act of the 94th General Assembly.~~

11 When assessing payment for any amount due under subsection
12 (g), the System shall exclude earnings increases paid to a
13 participant at a time when the participant is 10 or more years
14 from retirement eligibility under Section 15-135.

15 When assessing payment for any amount due under subsection
16 (g), the System shall exclude earnings increases resulting from
17 overload work, including a contract for summer teaching, or
18 overtime when the employer has certified to the System, and the
19 System has approved the certification, that: (i) in the case of
20 overloads (A) the overload work is for the sole purpose of
21 academic instruction in excess of the standard number of
22 instruction hours for a full-time employee occurring during the
23 academic year that the overload is paid and (B) the earnings
24 increases are equal to or less than the rate of pay for
25 academic instruction computed using the participant's current
26 salary rate and work schedule; and (ii) in the case of
27 overtime, the overtime was necessary for the educational
28 mission.

29 When assessing payment for any amount due under subsection
30 (g), the System shall exclude any earnings increase resulting
31 from (i) a promotion for which the employee moves from one
32 classification to a higher classification under the State
33 Universities Civil Service System, (ii) a promotion in academic
34 rank for a tenured or tenure-track faculty position, or (iii) a
35 promotion that the Illinois Community College Board has
36 recommended in accordance with subsection (k) of this Section.

1 These earnings increases shall be excluded only if the
2 promotion is to a position that has existed and been filled by
3 a member for no less than one complete academic year and the
4 earnings increase as a result of the promotion is an increase
5 that results in an amount no greater than the average salary
6 paid for other similar positions.

7 (i) When assessing payment for any amount due under
8 subsection (g), the System shall exclude any salary increase
9 described in subsection (h) of this Section given on or after
10 July 1, 2011 but before July 1, 2014 under a contract or
11 collective bargaining agreement entered into, amended, or
12 renewed on or after June 1, 2005 but before July 1, 2011.
13 Notwithstanding any other provision of this Section, any
14 payments made or salary increases given after June 30, 2014
15 shall be used in assessing payment for any amount due under
16 subsection (g) of this Section.

17 (j) The System shall prepare a report and file copies of
18 the report with the Governor and the General Assembly by
19 January 1, 2007 that contains all of the following information:

20 (1) The number of recalculations required by the
21 changes made to this Section by this amendatory Act of the
22 94th General Assembly for each employer.

23 (2) The dollar amount by which each employer's
24 contribution to the System was changed due to
25 recalculations required by this amendatory Act of the 94th
26 General Assembly.

27 (3) The total amount the System received from each
28 employer as a result of the changes made to this Section by
29 Public Act 94-4.

30 (4) The increase in the required State contribution
31 resulting from the changes made to this Section by this
32 amendatory Act of the 94th General Assembly.

33 (k) The Illinois Community College Board shall adopt rules
34 for recommending lists of promotional positions submitted to
35 the Board by community colleges and for reviewing the
36 promotional lists on an annual basis. When recommending

1 promotional lists, the Board shall consider the similarity of
2 the positions submitted to those positions recognized for State
3 universities by the State Universities Civil Service System.
4 The Illinois Community College Board shall file a copy of its
5 findings with the System. The System shall consider the
6 findings of the Illinois Community College Board when making
7 determinations under this Section. The System shall not exclude
8 any earnings increases resulting from a promotion when the
9 promotion was not submitted by a community college. Nothing in
10 this subsection (k) shall require any community college to
11 submit any information to the Community College Board.

12 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

13 (40 ILCS 5/15-168.1)

14 Sec. 15-168.1. Testimony and the production of records. The
15 secretary of the Board shall have the power to issue subpoenas
16 to compel the attendance of witnesses and the production of
17 documents and records, including law enforcement records
18 maintained by law enforcement agencies, in conjunction with the
19 determination of employer payments required under subsection
20 (g) of Section 15-155, a disability claim, an administrative
21 review proceeding ~~proceedings~~, or a felony forfeiture
22 investigation. The fees of witnesses for attendance and travel
23 shall be the same as the fees of witnesses before the circuit
24 courts of this State and shall be paid by the party seeking the
25 subpoena. The Board may apply to any circuit court in the State
26 for an order requiring compliance with a subpoena issued under
27 this Section. Subpoenas issued under this Section shall be
28 subject to applicable provisions of the Code of Civil
29 Procedure.

30 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

31 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

32 Sec. 16-128. Creditable service - required contributions.

33 (a) In order to receive the creditable service specified
34 under subsection (b) of Section 16-127, a member is required to

1 make the following contributions: (i) an amount equal to the
2 contributions which would have been required had such service
3 been rendered as a member under this System; (ii) for military
4 service not immediately following employment and for service
5 established under subdivision (b)(10) of Section 16-127, an
6 amount determined by the Board to be equal to the employer's
7 normal cost of the benefits accrued for such service; and (iii)
8 interest from the date the contributions would have been due
9 (or, in the case of a person establishing credit for military
10 service under subdivision (b)(3) of Section 16-127, the date of
11 first membership in the System, if that date is later) to the
12 date of payment, at the following rate of interest, compounded
13 annually: for periods prior to July 1, 1965, regular interest;
14 from July 1, 1965 to June 30, 1977, 4% per year; on and after
15 July 1, 1977, regular interest.

16 (b) In order to receive creditable service under paragraph
17 (2) of subsection (b) of Section 16-127 for those who were not
18 members on June 30, 1963, the minimum required contribution
19 shall be \$420 per year of service together with interest at 4%
20 per year compounded annually from July 1, preceding the date of
21 membership until June 30, 1977 and at regular interest
22 compounded annually thereafter to the date of payment.

23 (c) In determining the contribution required in order to
24 receive creditable service under paragraph (3) of subsection
25 (b) of Section 16-127, the salary rate for the remainder of the
26 school term in which a member enters military service shall be
27 assumed to be equal to the member's salary rate at the time of
28 entering military service. However, for military service not
29 immediately following employment, the salary rate on the last
30 date as a participating teacher prior to such military service,
31 or on the first date as a participating teacher after such
32 military service, whichever is greater, shall be assumed to be
33 equal to the member's salary rate at the time of entering
34 military service. For each school term thereafter, the member's
35 salary rate shall be assumed to be 5% higher than the salary
36 rate in the previous school term.

1 (d) In determining the contribution required in order to
2 receive creditable service under paragraph (5) of subsection
3 (b) of Section 16-127, a member's salary rate during the period
4 for which credit is being established shall be assumed to be
5 equal to the member's last salary rate immediately preceding
6 that period.

7 (d-5) For each year of service credit to be established
8 under subsection (b-1) of Section 16-127, a member is required
9 to contribute to the System (i) 16.5% of the annual salary rate
10 during the first year of full-time employment as a teacher
11 under this Article following the private school service, plus
12 (ii) interest thereon from the date of first full-time
13 employment as a teacher under this Article following the
14 private school service to the date of payment, compounded
15 annually, at the rate of 8.5% per year for periods before the
16 effective date of this amendatory Act of the 92nd General
17 Assembly, and for subsequent periods at a rate equal to the
18 System's actuarially assumed rate of return on investments.

19 (d-10) For service credit established under paragraph (6)
20 of subsection (b) of Section 16-127 for days granted by an
21 employer in excess of the member's normal annual sick leave
22 allotment, the employer is required to pay the normal cost of
23 benefits based upon such service credit. This subsection (d-10)
24 does not apply to sick leave granted to teachers under
25 contracts or collective bargaining agreements entered into,
26 amended, or renewed before June 1, 2005 (the effective date of
27 Public Act 94-4) ~~this amendatory Act of the 94th General~~
28 ~~Assembly.~~ The employer contributions required under this
29 subsection (d-10) shall be paid in the form of a lump sum
30 within 30 days after receipt of the bill after the teacher
31 begins receiving benefits under this Article.

32 (e) Except for contributions under subsection (d-10), the
33 ~~The~~ contributions required under this Section may be made from
34 the date the statement for such creditable service is issued
35 until retirement date. All such required contributions must be
36 made before any retirement annuity is granted.

1 (Source: P.A. 94-4, eff. 6-1-05.)

2 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

3 Sec. 16-158. Contributions by State and other employing
4 units.

5 (a) The State shall make contributions to the System by
6 means of appropriations from the Common School Fund and other
7 State funds of amounts which, together with other employer
8 contributions, employee contributions, investment income, and
9 other income, will be sufficient to meet the cost of
10 maintaining and administering the System on a 90% funded basis
11 in accordance with actuarial recommendations.

12 The Board shall determine the amount of State contributions
13 required for each fiscal year on the basis of the actuarial
14 tables and other assumptions adopted by the Board and the
15 recommendations of the actuary, using the formula in subsection
16 (b-3).

17 (a-1) Annually, on or before November 15, the Board shall
18 certify to the Governor the amount of the required State
19 contribution for the coming fiscal year. The certification
20 shall include a copy of the actuarial recommendations upon
21 which it is based.

22 On or before May 1, 2004, the Board shall recalculate and
23 recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2005, taking
25 into account the amounts appropriated to and received by the
26 System under subsection (d) of Section 7.2 of the General
27 Obligation Bond Act.

28 On or before July 1, 2005, the Board shall recalculate and
29 recertify to the Governor the amount of the required State
30 contribution to the System for State fiscal year 2006, taking
31 into account the changes in required State contributions made
32 by this amendatory Act of the 94th General Assembly.

33 (b) Through State fiscal year 1995, the State contributions
34 shall be paid to the System in accordance with Section 18-7 of
35 the School Code.

1 (b-1) Beginning in State fiscal year 1996, on the 15th day
2 of each month, or as soon thereafter as may be practicable, the
3 Board shall submit vouchers for payment of State contributions
4 to the System, in a total monthly amount of one-twelfth of the
5 required annual State contribution certified under subsection
6 (a-1). From the effective date of this amendatory Act of the
7 93rd General Assembly through June 30, 2004, the Board shall
8 not submit vouchers for the remainder of fiscal year 2004 in
9 excess of the fiscal year 2004 certified contribution amount
10 determined under this Section after taking into consideration
11 the transfer to the System under subsection (a) of Section
12 6z-61 of the State Finance Act. These vouchers shall be paid by
13 the State Comptroller and Treasurer by warrants drawn on the
14 funds appropriated to the System for that fiscal year.

15 If in any month the amount remaining unexpended from all
16 other appropriations to the System for the applicable fiscal
17 year (including the appropriations to the System under Section
18 8.12 of the State Finance Act and Section 1 of the State
19 Pension Funds Continuing Appropriation Act) is less than the
20 amount lawfully vouchered under this subsection, the
21 difference shall be paid from the Common School Fund under the
22 continuing appropriation authority provided in Section 1.1 of
23 the State Pension Funds Continuing Appropriation Act.

24 (b-2) Allocations from the Common School Fund apportioned
25 to school districts not coming under this System shall not be
26 diminished or affected by the provisions of this Article.

27 (b-3) For State fiscal years 2011 through 2045, the minimum
28 contribution to the System to be made by the State for each
29 fiscal year shall be an amount determined by the System to be
30 sufficient to bring the total assets of the System up to 90% of
31 the total actuarial liabilities of the System by the end of
32 State fiscal year 2045. In making these determinations, the
33 required State contribution shall be calculated each year as a
34 level percentage of payroll over the years remaining to and
35 including fiscal year 2045 and shall be determined under the
36 projected unit credit actuarial cost method.

1 For State fiscal years 1996 through 2005, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 so that by State fiscal year 2011, the State is contributing at
5 the rate required under this Section; except that in the
6 following specified State fiscal years, the State contribution
7 to the System shall not be less than the following indicated
8 percentages of the applicable employee payroll, even if the
9 indicated percentage will produce a State contribution in
10 excess of the amount otherwise required under this subsection
11 and subsection (a), and notwithstanding any contrary
12 certification made under subsection (a-1) before the effective
13 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
14 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
15 2003; and 13.56% in FY 2004.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$534,627,700.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$738,014,500.

22 For each of State fiscal years 2008 through 2010, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 from the required State contribution for State fiscal year
26 2007, so that by State fiscal year 2011, the State is
27 contributing at the rate otherwise required under this Section.

28 Beginning in State fiscal year 2046, the minimum State
29 contribution for each fiscal year shall be the amount needed to
30 maintain the total assets of the System at 90% of the total
31 actuarial liabilities of the System.

32 Notwithstanding any other provision of this Section, the
33 required State contribution for State fiscal year 2005 and for
34 fiscal year 2008 and each fiscal year thereafter, as calculated
35 under this Section and certified under subsection (a-1), shall
36 not exceed an amount equal to (i) the amount of the required

1 State contribution that would have been calculated under this
2 Section for that fiscal year if the System had not received any
3 payments under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act, minus (ii) the portion of the State's
5 total debt service payments for that fiscal year on the bonds
6 issued for the purposes of that Section 7.2, as determined and
7 certified by the Comptroller, that is the same as the System's
8 portion of the total moneys distributed under subsection (d) of
9 Section 7.2 of the General Obligation Bond Act. In determining
10 this maximum for State fiscal years 2008 through 2010, however,
11 the amount referred to in item (i) shall be increased, as a
12 percentage of the applicable employee payroll, in equal
13 increments calculated from the sum of the required State
14 contribution for State fiscal year 2007 plus the applicable
15 portion of the State's total debt service payments for fiscal
16 year 2007 on the bonds issued for the purposes of Section 7.2
17 of the General Obligation Bond Act, so that, by State fiscal
18 year 2011, the State is contributing at the rate otherwise
19 required under this Section.

20 (c) Payment of the required State contributions and of all
21 pensions, retirement annuities, death benefits, refunds, and
22 other benefits granted under or assumed by this System, and all
23 expenses in connection with the administration and operation
24 thereof, are obligations of the State.

25 If members are paid from special trust or federal funds
26 which are administered by the employing unit, whether school
27 district or other unit, the employing unit shall pay to the
28 System from such funds the full accruing retirement costs based
29 upon that service, as determined by the System. Employer
30 contributions, based on salary paid to members from federal
31 funds, may be forwarded by the distributing agency of the State
32 of Illinois to the System prior to allocation, in an amount
33 determined in accordance with guidelines established by such
34 agency and the System.

35 (d) Effective July 1, 1986, any employer of a teacher as
36 defined in paragraph (8) of Section 16-106 shall pay the

1 employer's normal cost of benefits based upon the teacher's
2 service, in addition to employee contributions, as determined
3 by the System. Such employer contributions shall be forwarded
4 monthly in accordance with guidelines established by the
5 System.

6 However, with respect to benefits granted under Section
7 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
8 of Section 16-106, the employer's contribution shall be 12%
9 (rather than 20%) of the member's highest annual salary rate
10 for each year of creditable service granted, and the employer
11 shall also pay the required employee contribution on behalf of
12 the teacher. For the purposes of Sections 16-133.4 and
13 16-133.5, a teacher as defined in paragraph (8) of Section
14 16-106 who is serving in that capacity while on leave of
15 absence from another employer under this Article shall not be
16 considered an employee of the employer from which the teacher
17 is on leave.

18 (e) Beginning July 1, 1998, every employer of a teacher
19 shall pay to the System an employer contribution computed as
20 follows:

21 (1) Beginning July 1, 1998 through June 30, 1999, the
22 employer contribution shall be equal to 0.3% of each
23 teacher's salary.

24 (2) Beginning July 1, 1999 and thereafter, the employer
25 contribution shall be equal to 0.58% of each teacher's
26 salary.

27 The school district or other employing unit may pay these
28 employer contributions out of any source of funding available
29 for that purpose and shall forward the contributions to the
30 System on the schedule established for the payment of member
31 contributions.

32 These employer contributions are intended to offset a
33 portion of the cost to the System of the increases in
34 retirement benefits resulting from this amendatory Act of 1998.

35 Each employer of teachers is entitled to a credit against
36 the contributions required under this subsection (e) with

1 respect to salaries paid to teachers for the period January 1,
2 2002 through June 30, 2003, equal to the amount paid by that
3 employer under subsection (a-5) of Section 6.6 of the State
4 Employees Group Insurance Act of 1971 with respect to salaries
5 paid to teachers for that period.

6 The additional 1% employee contribution required under
7 Section 16-152 by this amendatory Act of 1998 is the
8 responsibility of the teacher and not the teacher's employer,
9 unless the employer agrees, through collective bargaining or
10 otherwise, to make the contribution on behalf of the teacher.

11 If an employer is required by a contract in effect on May
12 1, 1998 between the employer and an employee organization to
13 pay, on behalf of all its full-time employees covered by this
14 Article, all mandatory employee contributions required under
15 this Article, then the employer shall be excused from paying
16 the employer contribution required under this subsection (e)
17 for the balance of the term of that contract. The employer and
18 the employee organization shall jointly certify to the System
19 the existence of the contractual requirement, in such form as
20 the System may prescribe. This exclusion shall cease upon the
21 termination, extension, or renewal of the contract at any time
22 after May 1, 1998.

23 (f) If the amount of a teacher's salary for any school year
24 used to determine final average salary exceeds the member's
25 annual full-time salary rate ~~amount of his or her salary~~ with
26 the same employer for the previous school year by more than 6%,
27 the teacher's employer shall pay to the System, in addition to
28 all other payments required under this Section and in
29 accordance with guidelines established by the System, the
30 present value of the increase in benefits resulting from the
31 portion of the increase in salary that is in excess of 6%. This
32 present value shall be computed by the System on the basis of
33 the actuarial assumptions and tables used in the most recent
34 actuarial valuation of the System that is available at the time
35 of the computation. For the purposes of this Section, change in
36 employment under Section 10-21.12 of the School Code shall

1 constitute a change in employer. The System may require the
2 employer to provide any pertinent information or
3 documentation.

4 Whenever it determines that a payment is or may be required
5 under this subsection, the System shall calculate the amount of
6 the payment and bill the employer for that amount. The bill
7 shall specify the calculations used to determine the amount
8 due. If the employer disputes the amount of the bill, it may,
9 within 30 days after receipt of the bill, apply to the System
10 in writing for a recalculation. The application must specify in
11 detail the grounds of the dispute and, if the employer asserts
12 that the calculation is subject to subsection (g) or (h) of
13 this Section, must include an affidavit setting forth and
14 attesting to all facts within the employer's knowledge that are
15 pertinent to the applicability of that subsection. Upon
16 receiving a timely application for recalculation, the System
17 shall review the application and, if appropriate, recalculate
18 the amount due.

19 The employer contributions required under this subsection
20 (f) may be paid in the form of a lump sum within 90 days after
21 receipt of the bill. If the employer contributions are not paid
22 within 90 days after receipt of the bill, then interest will be
23 charged at a rate equal to the System's annual actuarially
24 assumed rate of return on investment compounded annually from
25 the 91st day after receipt of the bill. Payments must be
26 concluded within 3 years after the employer's receipt of the
27 bill. ~~The employer contributions required under this~~
28 ~~subsection (f) shall be paid in the form of a lump sum within~~
29 ~~30 days after receipt of the bill after the teacher begins~~
30 ~~receiving benefits under this Article.~~

31 (g) This subsection (g) applies only to payments made or
32 salary increases given on or after June 1, 2005 but before July
33 1, 2011. The changes made by this amendatory Act of the 94th
34 General Assembly shall not require the System to refund any
35 payments received before the effective date of this amendatory
36 Act.

1 When assessing payment for any amount due under subsection
2 (f), the System shall exclude ~~The provisions of this subsection~~
3 ~~(f) do not apply to~~ salary increases paid to teachers under
4 contracts or collective bargaining agreements entered into,
5 amended, or renewed before June 1, 2005 ~~the effective date of~~
6 ~~this amendatory Act of the 94th General Assembly.~~

7 When assessing payment for any amount due under subsection
8 (f), the System shall exclude salary increases paid to a
9 teacher at a time when the teacher is 10 or more years from
10 retirement eligibility under Section 16-132 or 16-133.2.

11 When assessing payment for any amount due under subsection
12 (f), the System shall exclude salary increases resulting from
13 overload work, including summer school, when the school
14 district has certified to the System, and the System has
15 approved the certification, that (i) the overload work is for
16 the sole purpose of classroom instruction in excess of the
17 standard number of classes for a full-time teacher in a school
18 district during a school year and (ii) the salary increases are
19 equal to or less than the rate of pay for classroom instruction
20 computed on the teacher's current salary and work schedule.

21 When assessing payment for any amount due under subsection
22 (f), the System shall exclude a salary increase resulting from
23 a promotion (i) for which the employee is required to hold a
24 certificate or supervisory endorsement issued by the State
25 Teacher Certification Board that is a different certification
26 or supervisory endorsement than is required for the teacher's
27 previous position and (ii) to a position that has existed and
28 been filled by a member for no less than one complete academic
29 year and the salary increase from the promotion is an increase
30 that results in an amount no greater than the lesser of the
31 average salary paid for other similar positions in the district
32 requiring the same certification or the amount stipulated in
33 the collective bargaining agreement for a similar position
34 requiring the same certification.

35 When assessing payment for any amount due under subsection
36 (f), the System shall exclude any payment to the teacher from

1 the State of Illinois or the State Board of Education over
2 which the employer does not have discretion, notwithstanding
3 that the payment is included in the computation of final
4 average salary.

5 (h) When assessing payment for any amount due under
6 subsection (f), the System shall exclude any salary increase
7 described in subsection (g) of this Section given on or after
8 July 1, 2011 but before July 1, 2014 under a contract or
9 collective bargaining agreement entered into, amended, or
10 renewed on or after June 1, 2005 but before July 1, 2011.
11 Notwithstanding any other provision of this Section, any
12 payments made or salary increases given after June 30, 2014
13 shall be used in assessing payment for any amount due under
14 subsection (f) of this Section.

15 (i) The System shall prepare a report and file copies of
16 the report with the Governor and the General Assembly by
17 January 1, 2007 that contains all of the following information:

18 (1) The number of recalculations required by the
19 changes made to this Section by this amendatory Act of the
20 94th General Assembly for each employer.

21 (2) The dollar amount by which each employer's
22 contribution to the System was changed due to
23 recalculations required by this amendatory Act of the 94th
24 General Assembly.

25 (3) The total amount the System received from each
26 employer as a result of the changes made to this Section by
27 Public Act 94-4.

28 (4) The increase in the required State contribution
29 resulting from the changes made to this Section by this
30 amendatory Act of the 94th General Assembly.

31 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
32 eff. 6-1-05.)

33 (40 ILCS 5/16-169.1)

34 Sec. 16-169.1. Testimony and the production of records. The
35 secretary of the Board shall have the power to issue subpoenas

1 to compel the attendance of witnesses and the production of
2 documents and records, including law enforcement records
3 maintained by law enforcement agencies, in conjunction with the
4 determination of employer payments required under subsection
5 (f) of Section 16-158, a disability claim, an administrative
6 review proceeding, or a felony forfeiture investigation. The
7 fees of witnesses for attendance and travel shall be the same
8 as the fees of witnesses before the circuit courts of this
9 State and shall be paid by the party seeking the subpoena. The
10 Board may apply to any circuit court in the State for an order
11 requiring compliance with a subpoena issued under this Section.
12 Subpoenas issued under this Section shall be subject to
13 applicable provisions of the Code of Civil Procedure.
14 (Source: P.A. 90-448, eff. 8-16-97.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.