



Sen. Dan McConchie

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10000SB1814sam001

LRB100 08209 RPS 26351 a

1 AMENDMENT TO SENATE BILL 1814

2 AMENDMENT NO. _____. Amend Senate Bill 1814 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by adding
5 Sections 16-106.4a and 16-106.4b and by changing Section 16-158
6 as follows:

7 (40 ILCS 5/16-106.4a new)

8 Sec. 16-106.4a. Tier 1 member. "Tier 1 member": A member
9 under this Article who first became a member or participant
10 before January 1, 2011 under any reciprocal retirement system
11 or pension fund established under this Code other than a
12 retirement system or pension fund established under Article 2,
13 3, 4, 5, 6, or 18 of this Code.

14 (40 ILCS 5/16-106.4b new)

15 Sec. 16-106.4b. Tier 2 member. "Tier 2 member": A member of

1 the System who first becomes a member under this Article on or
2 after January 1, 2011 and who is not a Tier 1 member.

3 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

6 Sec. 16-158. Contributions by State and other employing
7 units.

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

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

20 (a-1) Annually, on or before November 15 until November 15,
21 2011, the Board shall certify to the Governor the amount of the
22 required State contribution for the coming fiscal year. The
23 certification under this subsection (a-1) shall include a copy
24 of the actuarial recommendations upon which it is based and
25 shall specifically identify the System's projected State

1 normal cost for that fiscal year.

2 On or before May 1, 2004, the Board shall recalculate and
3 recertify to the Governor the amount of the required State
4 contribution to the System for State fiscal year 2005, taking
5 into account the amounts appropriated to and received by the
6 System under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act.

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

13 On or before April 1, 2011, the Board shall recalculate and
14 recertify to the Governor the amount of the required State
15 contribution to the System for State fiscal year 2011, applying
16 the changes made by Public Act 96-889 to the System's assets
17 and liabilities as of June 30, 2009 as though Public Act 96-889
18 was approved on that date.

19 (a-5) On or before November 1 of each year, beginning
20 November 1, 2012, the Board shall submit to the State Actuary,
21 the Governor, and the General Assembly a proposed certification
22 of the amount of the required State contribution to the System
23 for the next fiscal year, along with all of the actuarial
24 assumptions, calculations, and data upon which that proposed
25 certification is based. On or before January 1 of each year,
26 beginning January 1, 2013, the State Actuary shall issue a

1 preliminary report concerning the proposed certification and
2 identifying, if necessary, recommended changes in actuarial
3 assumptions that the Board must consider before finalizing its
4 certification of the required State contributions. On or before
5 January 15, 2013 and each January 15 thereafter, the Board
6 shall certify to the Governor and the General Assembly the
7 amount of the required State contribution for the next fiscal
8 year. The Board's certification must note any deviations from
9 the State Actuary's recommended changes, the reason or reasons
10 for not following the State Actuary's recommended changes, and
11 the fiscal impact of not following the State Actuary's
12 recommended changes on the required State contribution.

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

16 (b-1) Beginning in State fiscal year 1996, on the 15th day
17 of each month, or as soon thereafter as may be practicable, the
18 Board shall submit vouchers for payment of State contributions
19 to the System, in a total monthly amount of one-twelfth of the
20 required annual State contribution certified under subsection
21 (a-1). From the effective date of this amendatory Act of the
22 93rd General Assembly through June 30, 2004, the Board shall
23 not submit vouchers for the remainder of fiscal year 2004 in
24 excess of the fiscal year 2004 certified contribution amount
25 determined under this Section after taking into consideration
26 the transfer to the System under subsection (a) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by
2 the State Comptroller and Treasurer by warrants drawn on the
3 funds appropriated to the System for that fiscal year.

4 If in any month the amount remaining unexpended from all
5 other appropriations to the System for the applicable fiscal
6 year (including the appropriations to the System under Section
7 8.12 of the State Finance Act and Section 1 of the State
8 Pension Funds Continuing Appropriation Act) is less than the
9 amount lawfully vouchered under this subsection, the
10 difference shall be paid from the Common School Fund under the
11 continuing appropriation authority provided in Section 1.1 of
12 the State Pension Funds Continuing Appropriation Act.

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

16 (b-3) For State fiscal years 2012 through 2045, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 90% of
20 the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level percentage of payroll over the years remaining to and
24 including fiscal year 2045 and shall be determined under the
25 projected unit credit actuarial cost method.

26 For State fiscal years 1996 through 2005, the State

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

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

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

21 For each of State fiscal years 2008 through 2009, the State
22 contribution to the System, as a percentage of the applicable
23 employee payroll, shall be increased in equal annual increments
24 from the required State contribution for State fiscal year
25 2007, so that by State fiscal year 2011, the State is
26 contributing at the rate otherwise required under this Section.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2010 is
3 \$2,089,268,000 and shall be made from the proceeds of bonds
4 sold in fiscal year 2010 pursuant to Section 7.2 of the General
5 Obligation Bond Act, less (i) the pro rata share of bond sale
6 expenses determined by the System's share of total bond
7 proceeds, (ii) any amounts received from the Common School Fund
8 in fiscal year 2010, and (iii) any reduction in bond proceeds
9 due to the issuance of discounted bonds, if applicable.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2011 is
12 the amount recertified by the System on or before April 1, 2011
13 pursuant to subsection (a-1) of this Section and shall be made
14 from the proceeds of bonds sold in fiscal year 2011 pursuant to
15 Section 7.2 of the General Obligation Bond Act, less (i) the
16 pro rata share of bond sale expenses determined by the System's
17 share of total bond proceeds, (ii) any amounts received from
18 the Common School Fund in fiscal year 2011, and (iii) any
19 reduction in bond proceeds due to the issuance of discounted
20 bonds, if applicable. This amount shall include, in addition to
21 the amount certified by the System, an amount necessary to meet
22 employer contributions required by the State as an employer
23 under paragraph (e) of this Section, which may also be used by
24 the System for contributions required by paragraph (a) of
25 Section 16-127.

26 Beginning in State fiscal year 2046, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 90% of the total
3 actuarial liabilities of the System.

4 Amounts received by the System pursuant to Section 25 of
5 the Budget Stabilization Act or Section 8.12 of the State
6 Finance Act in any fiscal year do not reduce and do not
7 constitute payment of any portion of the minimum State
8 contribution required under this Article in that fiscal year.
9 Such amounts shall not reduce, and shall not be included in the
10 calculation of, the required State contributions under this
11 Article in any future year until the System has reached a
12 funding ratio of at least 90%. A reference in this Article to
13 the "required State contribution" or any substantially similar
14 term does not include or apply to any amounts payable to the
15 System under Section 25 of the Budget Stabilization Act.

16 Notwithstanding any other provision of this Section, the
17 required State contribution for State fiscal year 2005 and for
18 fiscal year 2008 and each fiscal year thereafter, as calculated
19 under this Section and certified under subsection (a-1), shall
20 not exceed an amount equal to (i) the amount of the required
21 State contribution that would have been calculated under this
22 Section for that fiscal year if the System had not received any
23 payments under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act, minus (ii) the portion of the State's
25 total debt service payments for that fiscal year on the bonds
26 issued in fiscal year 2003 for the purposes of that Section

1 7.2, as determined and certified by the Comptroller, that is
2 the same as the System's portion of the total moneys
3 distributed under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act. In determining this maximum for State
5 fiscal years 2008 through 2010, however, the amount referred to
6 in item (i) shall be increased, as a percentage of the
7 applicable employee payroll, in equal increments calculated
8 from the sum of the required State contribution for State
9 fiscal year 2007 plus the applicable portion of the State's
10 total debt service payments for fiscal year 2007 on the bonds
11 issued in fiscal year 2003 for the purposes of Section 7.2 of
12 the General Obligation Bond Act, so that, by State fiscal year
13 2011, the State is contributing at the rate otherwise required
14 under this Section.

15 (c) Payment of the required State contributions and of all
16 pensions, retirement annuities, death benefits, refunds, and
17 other benefits granted under or assumed by this System, and all
18 expenses in connection with the administration and operation
19 thereof, are obligations of the State.

20 If members are paid from special trust or federal funds
21 which are administered by the employing unit, whether school
22 district or other unit, the employing unit shall pay to the
23 System from such funds the full accruing retirement costs based
24 upon that service, which, beginning July 1, 2014, shall be at a
25 rate, expressed as a percentage of salary, equal to the total
26 minimum contribution to the System to be made by the State for

1 that fiscal year, including both normal cost and unfunded
2 liability components, expressed as a percentage of payroll, as
3 determined by the System under subsection (b-3) of this
4 Section. Employer contributions, based on salary paid to
5 members from federal funds, may be forwarded by the
6 distributing agency of the State of Illinois to the System
7 prior to allocation, in an amount determined in accordance with
8 guidelines established by such agency and the System. Any
9 contribution for fiscal year 2015 collected as a result of the
10 change made by this amendatory Act of the 98th General Assembly
11 shall be considered a State contribution under subsection (b-3)
12 of this Section.

13 (d) Effective July 1, 1986, any employer of a teacher as
14 defined in paragraph (8) of Section 16-106 shall pay the
15 employer's normal cost of benefits based upon the teacher's
16 service, in addition to employee contributions, as determined
17 by the System. Such employer contributions shall be forwarded
18 monthly in accordance with guidelines established by the
19 System.

20 However, with respect to benefits granted under Section
21 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
22 of Section 16-106, the employer's contribution shall be 12%
23 (rather than 20%) of the member's highest annual salary rate
24 for each year of creditable service granted, and the employer
25 shall also pay the required employee contribution on behalf of
26 the teacher. For the purposes of Sections 16-133.4 and

1 16-133.5, a teacher as defined in paragraph (8) of Section
2 16-106 who is serving in that capacity while on leave of
3 absence from another employer under this Article shall not be
4 considered an employee of the employer from which the teacher
5 is on leave.

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

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

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

15 The school district or other employing unit may pay these
16 employer contributions out of any source of funding available
17 for that purpose and shall forward the contributions to the
18 System on the schedule established for the payment of member
19 contributions.

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

23 Each employer of teachers is entitled to a credit against
24 the contributions required under this subsection (e) with
25 respect to salaries paid to teachers for the period January 1,
26 2002 through June 30, 2003, equal to the amount paid by that

1 employer under subsection (a-5) of Section 6.6 of the State
2 Employees Group Insurance Act of 1971 with respect to salaries
3 paid to teachers for that period.

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

9 If an employer is required by a contract in effect on May
10 1, 1998 between the employer and an employee organization to
11 pay, on behalf of all its full-time employees covered by this
12 Article, all mandatory employee contributions required under
13 this Article, then the employer shall be excused from paying
14 the employer contribution required under this subsection (e)
15 for the balance of the term of that contract. The employer and
16 the employee organization shall jointly certify to the System
17 the existence of the contractual requirement, in such form as
18 the System may prescribe. This exclusion shall cease upon the
19 termination, extension, or renewal of the contract at any time
20 after May 1, 1998.

21 (f) If the amount of a teacher's salary for any school year
22 beginning on or after June 1, 2005 and before July 1, 2018 used
23 to determine final average salary exceeds the member's annual
24 full-time salary rate with the same employer for the previous
25 school year by more than 6%, the teacher's employer shall pay
26 to the System, in addition to all other payments required under

1 this Section and in accordance with guidelines established by
2 the System, the present value of the increase in benefits
3 resulting from the portion of the increase in salary that is in
4 excess of 6%. This present value shall be computed by the
5 System on the basis of the actuarial assumptions and tables
6 used in the most recent actuarial valuation of the System that
7 is available at the time of the computation. If a teacher's
8 salary for the 2005-2006 school year is used to determine final
9 average salary under this subsection (f), then the changes made
10 to this subsection (f) by Public Act 94-1057 shall apply in
11 calculating whether the increase in his or her salary is in
12 excess of 6%. For the purposes of this Section, change in
13 employment under Section 10-21.12 of the School Code on or
14 after June 1, 2005 shall constitute a change in employer. The
15 System may require the employer to provide any pertinent
16 information or documentation. The changes made to this
17 subsection (f) by this amendatory Act of the 94th General
18 Assembly apply without regard to whether the teacher was in
19 service on or after its effective date.

20 Whenever it determines that a payment is or may be required
21 under this subsection, the System shall calculate the amount of
22 the payment and bill the employer for that amount. The bill
23 shall specify the calculations used to determine the amount
24 due. If the employer disputes the amount of the bill, it may,
25 within 30 days after receipt of the bill, apply to the System
26 in writing for a recalculation. The application must specify in

1 detail the grounds of the dispute and, if the employer asserts
2 that the calculation is subject to subsection (g) or (h) of
3 this Section, must include an affidavit setting forth and
4 attesting to all facts within the employer's knowledge that are
5 pertinent to the applicability of that subsection. Upon
6 receiving a timely application for recalculation, the System
7 shall review the application and, if appropriate, recalculate
8 the amount due.

9 The employer contributions required under this subsection
10 (f) may be paid in the form of a lump sum within 90 days after
11 receipt of the bill. If the employer contributions are not paid
12 within 90 days after receipt of the bill, then interest will be
13 charged at a rate equal to the System's annual actuarially
14 assumed rate of return on investment compounded annually from
15 the 91st day after receipt of the bill. Payments must be
16 concluded within 3 years after the employer's receipt of the
17 bill.

18 (f-1) Beginning in fiscal year 2019, if a contract or
19 collective bargaining agreement entered into, amended, or
20 renewed on or after the effective date of this amendatory Act
21 of the 100th General Assembly provides for salaries to exceed
22 the salaries provided under the preceding contract or
23 collective bargaining agreement, then the employer shall pay to
24 the System the current value of the projected amount of the
25 increase in benefits, as determined by the System and
26 reflecting whether the teachers covered under the contract or

1 collective bargaining agreement are Tier 1 members or Tier 2
2 members, resulting from the portion of the salaries that exceed
3 the amount of the salaries provided under the preceding
4 contract or collective bargaining agreement. The System may
5 require the 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 (f-1), 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. Upon receiving a
15 timely application for recalculation, the System shall review
16 the application and, if appropriate, recalculate the amount
17 due.

18 The employer contributions required under this subsection
19 (f-1) may be paid in the form of a lump sum within 90 days after
20 receipt of the bill. If the employer contributions are not paid
21 within 90 days after receipt of the bill, then interest shall
22 be charged at a rate equal to the System's annual actuarially
23 assumed rate of return on investment compounded annually from
24 the 91st day after receipt of the bill. Payments must be
25 concluded within 3 years after the employer's receipt of the
26 bill.

1 (g) This subsection (g) applies only to payments made or
2 salary increases given on or after June 1, 2005 but before July
3 1, 2011. The changes made by Public Act 94-1057 shall not
4 require the System to refund any payments received before July
5 31, 2006 (the effective date of Public Act 94-1057).

6 When assessing payment for any amount due under subsection
7 (f), the System shall exclude salary increases paid to teachers
8 under contracts or collective bargaining agreements entered
9 into, amended, or renewed before June 1, 2005.

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude a salary increase resulting from
26 a promotion (i) for which the employee is required to hold a

1 certificate or supervisory endorsement issued by the State
2 Teacher Certification Board that is a different certification
3 or supervisory endorsement than is required for the teacher's
4 previous position and (ii) to a position that has existed and
5 been filled by a member for no less than one complete academic
6 year and the salary increase from the promotion is an increase
7 that results in an amount no greater than the lesser of the
8 average salary paid for other similar positions in the district
9 requiring the same certification or the amount stipulated in
10 the collective bargaining agreement for a similar position
11 requiring the same certification.

12 When assessing payment for any amount due under subsection
13 (f), the System shall exclude any payment to the teacher from
14 the State of Illinois or the State Board of Education over
15 which the employer does not have discretion, notwithstanding
16 that the payment is included in the computation of final
17 average salary.

18 (h) When assessing payment for any amount due under
19 subsection (f), the System shall exclude any salary increase
20 described in subsection (g) of this Section given on or after
21 July 1, 2011 but before July 1, 2014 under a contract or
22 collective bargaining agreement entered into, amended, or
23 renewed on or after June 1, 2005 but before July 1, 2011.
24 Notwithstanding any other provision of this Section, any
25 payments made or salary increases given after June 30, 2014
26 shall be used in assessing payment for any amount due under

1 subsection (f) of this Section.

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

5 (1) The number of recalculations required by the
6 changes made to this Section by Public Act 94-1057 for each
7 employer.

8 (2) The dollar amount by which each employer's
9 contribution to the System was changed due to
10 recalculations required by Public Act 94-1057.

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

14 (4) The increase in the required State contribution
15 resulting from the changes made to this Section by Public
16 Act 94-1057.

17 (j) For purposes of determining the required State
18 contribution to the System, the value of the System's assets
19 shall be equal to the actuarial value of the System's assets,
20 which shall be calculated as follows:

21 As of June 30, 2008, the actuarial value of the System's
22 assets shall be equal to the market value of the assets as of
23 that date. In determining the actuarial value of the System's
24 assets for fiscal years after June 30, 2008, any actuarial
25 gains or losses from investment return incurred in a fiscal
26 year shall be recognized in equal annual amounts over the

1 5-year period following that fiscal year.

2 (k) For purposes of determining the required State
3 contribution to the system for a particular year, the actuarial
4 value of assets shall be assumed to earn a rate of return equal
5 to the system's actuarially assumed rate of return.

6 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
7 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
8 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

9 (40 ILCS 5/16-106.4 rep.)

10 Section 10. The Illinois Pension Code is amended by
11 repealing Section 16-106.4.

12 Section 90. The State Mandates Act is amended by adding
13 Section 8.41 as follows:

14 (30 ILCS 805/8.41 new)

15 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
16 of this Act, no reimbursement by the State is required for the
17 implementation of any mandate created by this amendatory Act of
18 the 100th General Assembly.

19 Section 99. Effective date. This Act takes effect upon
20 becoming law."