



Rep. Careen M Gordon

Filed: 5/1/2006

09400SB0049ham001

LRB094 05344 AMC 58664 a

1 AMENDMENT TO SENATE BILL 49

2 AMENDMENT NO. _____. Amend Senate Bill 49 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 14-108.3, 15-155, 15-168.1, 16-128, 16-158,
6 and 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

1 a written application requesting the benefits provided in
2 this Section;

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

6 (5) by the date of termination of service, have at
7 least 8 years of creditable service under this Article,
8 without the use of any creditable service established under
9 this Section;

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

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

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

28 The creditable service established under this Section may
29 be used for all purposes under this Article and the Retirement
30 Systems Reciprocal Act, except for the computation of final
31 average compensation under Section 14-103.12 or the
32 determination of compensation under this or any other Article
33 of this Code.

34 The age enhancement established under this Section may not

1 be used to enable any person to begin receiving a retirement
2 annuity calculated under Section 14-110 before actually
3 attaining age 50 (without any age enhancement under this
4 Section). The age enhancement established under this Section
5 may be used for all other purposes under this Article
6 (including calculation of a proportionate annuity payable by
7 this System under the Retirement Systems Reciprocal Act),
8 except for purposes of the level income option in Section
9 14-112, the reversionary annuity under Section 14-113, and the
10 required distributions under Section 14-121.1.

11 The age enhancement established under this Section may be
12 used in determining benefits payable under Article 16 of this
13 Code under the Retirement Systems Reciprocal Act, if the person
14 has at least 5 years of service credit in the Article 16 system
15 that was earned while participating in that system as a teacher
16 (as defined in Section 16-106) employed by a department (as
17 defined in Section 14-103.04). Age enhancement established
18 under this Section shall not otherwise be used in determining
19 benefits payable under other Articles of this Code under the
20 Retirement Systems Reciprocal Act.

21 (c) For all creditable service established under this
22 Section, a person must pay to the System an employee
23 contribution to be determined by the System, based on the
24 member's rate of compensation on June 1, 2002 (or the last date
25 before June 1, 2002 for which a rate can be determined) and the
26 retirement contribution rate in effect on June 1, 2002 for the
27 member (or for members with the same social security and
28 alternative formula status as the member).

29 If the member receives a lump sum payment for accumulated
30 vacation, sick leave and personal leave upon withdrawal from
31 service, and the net amount of that lump sum payment is at
32 least as great as the amount of the contribution required under
33 this Section, the entire contribution must be paid by the
34 employee by payroll deduction. If there is no such lump sum

1 payment, or if it is less than the contribution required under
2 this Section, the member shall make an initial payment by
3 payroll deduction, equal to the net amount of the lump sum
4 payment for accumulated vacation, sick leave, and personal
5 leave, and have the remaining amount due treated as a reduction
6 from the retirement annuity in 24 equal monthly installments
7 beginning in the month in which the retirement annuity takes
8 effect. The required contribution may be paid as a pre-tax
9 deduction from earnings. For federal and Illinois tax purposes,
10 the monthly amount by which the annuitant's benefit is reduced
11 shall not be treated as a contribution by the annuitant, but
12 rather as a reduction of the annuitant's monthly benefit.

13 (c-5) The reduction in retirement annuity provided in
14 subsection (c) of Section 14-108 does not apply to the annuity
15 of a person who retires under this Section. A person who has
16 received any age enhancement or creditable service under this
17 Section may begin to receive an unreduced retirement annuity
18 upon attainment of age 55 with at least 25 years of creditable
19 service (including any age enhancement and creditable service
20 established under this Section).

21 (d) In order to ensure that the efficient operation of
22 State government is not jeopardized by the simultaneous
23 retirement of large numbers of key personnel, the director or
24 other head of a department may, for key employees of that
25 department, extend the December 31, 2002 deadline for
26 terminating employment under this Article established in
27 subdivision (a)(4) of this Section to a date not later than
28 April 30, 2003 by so notifying the System in writing by
29 December 31, 2002.

30 (e) Notwithstanding Section 14-111, a person who has
31 received any age enhancement or creditable service under this
32 Section and who reenters service under this Article (or as an
33 employee of a department under Article 16) other than as a
34 temporary employee thereby forfeits that age enhancement and

1 creditable service and is entitled to a refund of the
2 contributions made pursuant to this Section.

3 (f) The System shall determine the amount of the increase
4 in the present value of future benefits resulting from the
5 granting of early retirement incentives under this Section and
6 shall report that amount to the Governor and the Commission on
7 Government Forecasting and Accountability on or after the
8 effective date of this amendatory Act of the 93rd General
9 Assembly and on or before November 15, 2004. Beginning with
10 State fiscal year 2008, the increase reported under this
11 subsection (f) shall be included in the calculation of the
12 required State contribution under Section 14-131.

13 (g) In addition to the contributions otherwise required
14 under this Article, the State shall appropriate and pay to the
15 System an amount equal to \$70,000,000 in State fiscal years
16 2004 and 2005.

17 (h) The Commission on Government Forecasting and
18 Accountability (i) shall hold one or more hearings on or before
19 the last session day during the fall veto session of 2004 to
20 review recommendations relating to funding of early retirement
21 incentives under this Section and (ii) shall file its report
22 with the General Assembly on or before December 31, 2004 making
23 its recommendations relating to funding of early retirement
24 incentives under this Section; the Commission's report may
25 contain both majority recommendations and minority
26 recommendations. The System shall recalculate and recertify to
27 the Governor by January 31, 2005 the amount of the required
28 State contribution to the System for State fiscal year 2005
29 with respect to those incentives. The Pension Laws Commission
30 (or its successor, the Commission on Government Forecasting and
31 Accountability) shall determine and report to the General
32 Assembly, on or before January 1, 2004 and annually thereafter
33 through the year 2006 ~~2013~~, its estimate of (1) the annual
34 amount of payroll savings likely to be realized by the State as

1 a result of the early retirement of persons receiving early
2 retirement incentives under this Section and (2) the net annual
3 savings or cost to the State from the program of early
4 retirement incentives created under this Section.

5 The System, the Department of Central Management Services,
6 the Governor's Office of Management and Budget (formerly Bureau
7 of the Budget), and all other departments shall provide to the
8 Commission any assistance that the Commission may request with
9 respect to its reports under this Section. The Commission may
10 require departments to provide it with any information that it
11 deems necessary or useful with respect to its reports under
12 this Section, including without limitation information about
13 (1) the final earnings of former department employees who
14 elected to receive benefits under this Section, (2) the
15 earnings of current department employees holding the positions
16 vacated by persons who elected to receive benefits under this
17 Section, and (3) positions vacated by persons who elected to
18 receive benefits under this Section that have not yet been
19 refilled.

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

23 (Source: P.A. 93-632, eff. 2-1-04; 93-839, eff. 7-30-04;
24 93-1067, eff. 1-15-05; 94-4, eff. 6-1-05.)

25 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

26 Sec. 15-155. Employer contributions.

27 (a) The State of Illinois shall make contributions by
28 appropriations of amounts which, together with the other
29 employer contributions from trust, federal, and other funds,
30 employee contributions, income from investments, and other
31 income of this System, will be sufficient to meet the cost of
32 maintaining and administering the System on a 90% funded basis
33 in accordance with actuarial recommendations.

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

6 (a-1) For State fiscal years 2011 through 2045, the minimum
7 contribution to the System to be made by the State for each
8 fiscal year shall be an amount determined by the System to be
9 sufficient to bring the total assets of the System up to 90% of
10 the total actuarial liabilities of the System by the end of
11 State fiscal year 2045. In making these determinations, the
12 required State contribution shall be calculated each year as a
13 level percentage of payroll over the years remaining to and
14 including fiscal year 2045 and shall be determined under the
15 projected unit credit actuarial cost method.

16 For State fiscal years 1996 through 2005, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 so that by State fiscal year 2011, the State is contributing at
20 the rate required under this Section.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$166,641,900.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$252,064,100.

27 For each of State fiscal years 2008 through 2010, the State
28 contribution to the System, as a percentage of the applicable
29 employee payroll, shall be increased in equal annual increments
30 from the required State contribution for State fiscal year
31 2007, so that by State fiscal year 2011, the State is
32 contributing at the rate otherwise required under this Section.

33 Beginning in State fiscal year 2046, the minimum State
34 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 90% of the total
2 actuarial liabilities of the System.

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and each fiscal year thereafter, as calculated
6 under this Section and certified under Section 15-165, shall
7 not exceed an amount equal to (i) the amount of the required
8 State contribution that would have been calculated under this
9 Section for that fiscal year if the System had not received any
10 payments under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act, minus (ii) the portion of the State's
12 total debt service payments for that fiscal year on the bonds
13 issued for the purposes of that Section 7.2, as determined and
14 certified by the Comptroller, that is the same as the System's
15 portion of the total moneys distributed under subsection (d) of
16 Section 7.2 of the General Obligation Bond Act. In determining
17 this maximum for State fiscal years 2008 through 2010, however,
18 the amount referred to in item (i) shall be increased, as a
19 percentage of the applicable employee payroll, in equal
20 increments calculated from the sum of the required State
21 contribution for State fiscal year 2007 plus the applicable
22 portion of the State's total debt service payments for fiscal
23 year 2007 on the bonds issued for the purposes of Section 7.2
24 of the General Obligation Bond Act, so that, by State fiscal
25 year 2011, the State is contributing at the rate otherwise
26 required under this Section.

27 (b) If an employee is paid from trust or federal funds, the
28 employer shall pay to the Board contributions from those funds
29 which are sufficient to cover the accruing normal costs on
30 behalf of the employee. However, universities having employees
31 who are compensated out of local auxiliary funds, income funds,
32 or service enterprise funds are not required to pay such
33 contributions on behalf of those employees. The local auxiliary
34 funds, income funds, and service enterprise funds of

1 universities shall not be considered trust funds for the
2 purpose of this Article, but funds of alumni associations,
3 foundations, and athletic associations which are affiliated
4 with the universities included as employers under this Article
5 and other employers which do not receive State appropriations
6 are considered to be trust funds for the purpose of this
7 Article.

8 (b-1) The City of Urbana and the City of Champaign shall
9 each make employer contributions to this System for their
10 respective firefighter employees who participate in this
11 System pursuant to subsection (h) of Section 15-107. The rate
12 of contributions to be made by those municipalities shall be
13 determined annually by the Board on the basis of the actuarial
14 assumptions adopted by the Board and the recommendations of the
15 actuary, and shall be expressed as a percentage of salary for
16 each such employee. The Board shall certify the rate to the
17 affected municipalities as soon as may be practical. The
18 employer contributions required under this subsection shall be
19 remitted by the municipality to the System at the same time and
20 in the same manner as employee contributions.

21 (c) Through State fiscal year 1995: The total employer
22 contribution shall be apportioned among the various funds of
23 the State and other employers, whether trust, federal, or other
24 funds, in accordance with actuarial procedures approved by the
25 Board. State of Illinois contributions for employers receiving
26 State appropriations for personal services shall be payable
27 from appropriations made to the employers or to the System. The
28 contributions for Class I community colleges covering earnings
29 other than those paid from trust and federal funds, shall be
30 payable solely from appropriations to the Illinois Community
31 College Board or the System for employer contributions.

32 (d) Beginning in State fiscal year 1996, the required State
33 contributions to the System shall be appropriated directly to
34 the System and shall be payable through vouchers issued in

1 accordance with subsection (c) of Section 15-165, except as
2 provided in subsection (g).

3 (e) The State Comptroller shall draw warrants payable to
4 the System upon proper certification by the System or by the
5 employer in accordance with the appropriation laws and this
6 Code.

7 (f) Normal costs under this Section means liability for
8 pensions and other benefits which accrues to the System because
9 of the credits earned for service rendered by the participants
10 during the fiscal year and expenses of administering the
11 System, but shall not include the principal of or any
12 redemption premium or interest on any bonds issued by the Board
13 or any expenses incurred or deposits required in connection
14 therewith.

15 (g) If the amount of a participant's earnings for any
16 academic year used to determine the final rate of earnings,
17 determined on a full-time equivalent basis, exceeds the amount
18 of his or her earnings with the same employer for the previous
19 academic year, determined on a full-time equivalent basis, by
20 more than 6%, the participant's employer shall pay to the
21 System, in addition to all other payments required under this
22 Section and in accordance with guidelines established by the
23 System, the present value of the increase in benefits resulting
24 from the portion of the increase in earnings that is in excess
25 of 6%. This present value shall be computed by the System on
26 the basis of the actuarial assumptions and tables used in the
27 most recent actuarial valuation of the System that is available
28 at the time of the computation. The System may require the
29 employer to provide any pertinent information or
30 documentation.

31 Whenever it determines that a payment is or may be required
32 under this subsection (g), the System shall calculate the
33 amount of the payment and bill the employer for that amount.
34 The bill shall specify the calculations used to determine the

1 amount due. If the employer disputes the amount of the bill, it
2 may, within 30 days after receipt of the bill, apply to the
3 System in writing for a recalculation. The application must
4 specify in detail the grounds of the dispute and, if the
5 employer asserts that the calculation is subject to subsection
6 (h) or (i) of this Section, must include an affidavit setting
7 forth and attesting to all facts within the employer's
8 knowledge that are pertinent to the applicability of subsection
9 (h) or (i). Upon receiving a timely application for
10 recalculation, the System shall review the application and, if
11 appropriate, recalculate the amount due.

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

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

25 (h) This subsection (h) applies only to payments made or
26 salary increases given on or after June 1, 2005 but before July
27 1, 2011. The changes made by this amendatory Act of the 94th
28 General Assembly shall not require the System to refund any
29 payments received before the effective date of this amendatory
30 Act.

31 When assessing payment for any amount due under subsection
32 (g), the System shall exclude ~~The provisions of this subsection~~
33 ~~(g) do not apply to~~ earnings increases paid to participants
34 under contracts or collective bargaining agreements entered

1 into, amended, or renewed before June 1, 2005 ~~the effective~~
2 ~~date of this amendatory Act of the 94th General Assembly.~~

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

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

21 When assessing payment for any amount due under subsection
22 (g), the System shall exclude any earnings increase resulting
23 from (i) a promotion for which the employee moves from one
24 classification to a higher classification under the State
25 Universities Civil Service System, (ii) a promotion in academic
26 rank for a tenured or tenure-track faculty position, or (iii) a
27 promotion that the Illinois Community College Board has
28 recommended in accordance with subsection (k) of this Section.
29 These earnings increases shall be excluded only if the
30 promotion is to a position that has existed and been filled by
31 a member for no less than one complete academic year and the
32 earnings increase as a result of the promotion is an increase
33 that results in an amount no greater than the average salary
34 paid for other similar positions.

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

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

14 (1) The number of recalculations required by the
15 changes made to this Section by this amendatory Act of the
16 94th General Assembly for each employer.

17 (2) The dollar amount by which each employer's
18 contribution to the System was changed due to
19 recalculations required by this amendatory Act of the 94th
20 General Assembly.

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

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

27 (k) The Illinois Community College Board shall adopt rules
28 for recommending lists of promotional positions submitted to
29 the Board by community colleges and for reviewing the
30 promotional lists on an annual basis. When recommending
31 promotional lists, the Board shall consider the similarity of
32 the positions submitted to those positions recognized for State
33 universities by the State Universities Civil Service System.
34 The Illinois Community College Board shall file a copy of its

1 findings with the System. The System shall consider the
2 findings of the Illinois Community College Board when making
3 determinations under this Section. The System shall not exclude
4 any earnings increases resulting from a promotion when the
5 promotion was not submitted by a community college. Nothing in
6 this subsection (k) shall require any community college to
7 submit any information to the Community College Board.

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

9 (40 ILCS 5/15-168.1)

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

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

27 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

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

29 (a) In order to receive the creditable service specified
30 under subsection (b) of Section 16-127, a member is required to
31 make the following contributions: (i) an amount equal to the
32 contributions which would have been required had such service

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

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

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

1 until retirement date. All such required contributions must be
2 made before any retirement annuity is granted.

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

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

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

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

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

30 On or before July 1, 2005, the Board shall recalculate and
31 recertify to the Governor the amount of the required State
32 contribution to the System for State fiscal year 2006, taking
33 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

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

5 (b-1) Beginning in State fiscal year 1996, on the 15th day
6 of each month, or as soon thereafter as may be practicable, the
7 Board shall submit vouchers for payment of State contributions
8 to the System, in a total monthly amount of one-twelfth of the
9 required annual State contribution certified under subsection
10 (a-1). From the effective date of this amendatory Act of the
11 93rd General Assembly through June 30, 2004, the Board shall
12 not submit vouchers for the remainder of fiscal year 2004 in
13 excess of the fiscal year 2004 certified contribution amount
14 determined under this Section after taking into consideration
15 the transfer to the System under subsection (a) of Section
16 6z-61 of the State Finance Act. These vouchers shall be paid by
17 the State Comptroller and Treasurer by warrants drawn on the
18 funds appropriated to the System for that fiscal year.

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

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

31 (b-3) For State fiscal years 2011 through 2045, the minimum
32 contribution to the System to be made by the State for each
33 fiscal year shall be an amount determined by the System to be
34 sufficient to bring the total assets of the System up to 90% of

1 the total actuarial liabilities of the System by the end of
2 State fiscal year 2045. In making these determinations, the
3 required State contribution shall be calculated each year as a
4 level percentage of payroll over the years remaining to and
5 including fiscal year 2045 and shall be determined under the
6 projected unit credit actuarial cost method.

7 For State fiscal years 1996 through 2005, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 so that by State fiscal year 2011, the State is contributing at
11 the rate required under this Section; except that in the
12 following specified State fiscal years, the State contribution
13 to the System shall not be less than the following indicated
14 percentages of the applicable employee payroll, even if the
15 indicated percentage will produce a State contribution in
16 excess of the amount otherwise required under this subsection
17 and subsection (a), and notwithstanding any contrary
18 certification made under subsection (a-1) before the effective
19 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
20 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
21 2003; and 13.56% in FY 2004.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$534,627,700.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is
27 \$738,014,500.

28 For each of State fiscal years 2008 through 2010, the State
29 contribution to the System, as a percentage of the applicable
30 employee payroll, shall be increased in equal annual increments
31 from the required State contribution for State fiscal year
32 2007, so that by State fiscal year 2011, the State is
33 contributing at the rate otherwise required under this Section.

34 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 Notwithstanding any other provision of this Section, the
5 required State contribution for State fiscal year 2005 and for
6 fiscal year 2008 and each fiscal year thereafter, as calculated
7 under this Section and certified under subsection (a-1), shall
8 not exceed an amount equal to (i) the amount of the required
9 State contribution that would have been calculated under this
10 Section for that fiscal year if the System had not received any
11 payments under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act, minus (ii) the portion of the State's
13 total debt service payments for that fiscal year on the bonds
14 issued for the purposes of that Section 7.2, as determined and
15 certified by the Comptroller, that is the same as the System's
16 portion of the total moneys distributed under subsection (d) of
17 Section 7.2 of the General Obligation Bond Act. In determining
18 this maximum for State fiscal years 2008 through 2010, however,
19 the amount referred to in item (i) shall be increased, as a
20 percentage of the applicable employee payroll, in equal
21 increments calculated from the sum of the required State
22 contribution for State fiscal year 2007 plus the applicable
23 portion of the State's total debt service payments for fiscal
24 year 2007 on the bonds issued for the purposes of Section 7.2
25 of the General Obligation Bond Act, so that, by State fiscal
26 year 2011, the State is contributing at the rate otherwise
27 required under this Section.

28 (c) Payment of the required State contributions and of all
29 pensions, retirement annuities, death benefits, refunds, and
30 other benefits granted under or assumed by this System, and all
31 expenses in connection with the administration and operation
32 thereof, are obligations of the State.

33 If members are paid from special trust or federal funds
34 which are administered by the employing unit, whether school

1 district or other unit, the employing unit shall pay to the
2 System from such funds the full accruing retirement costs based
3 upon that service, as determined by the System. Employer
4 contributions, based on salary paid to members from federal
5 funds, may be forwarded by the distributing agency of the State
6 of Illinois to the System prior to allocation, in an amount
7 determined in accordance with guidelines established by such
8 agency and the System.

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

16 However, with respect to benefits granted under Section
17 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
18 of Section 16-106, the employer's contribution shall be 12%
19 (rather than 20%) of the member's highest annual salary rate
20 for each year of creditable service granted, and the employer
21 shall also pay the required employee contribution on behalf of
22 the teacher. For the purposes of Sections 16-133.4 and
23 16-133.5, a teacher as defined in paragraph (8) of Section
24 16-106 who is serving in that capacity while on leave of
25 absence from another employer under this Article shall not be
26 considered an employee of the employer from which the teacher
27 is on leave.

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

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

34 (2) Beginning July 1, 1999 and thereafter, the employer

1 contribution shall be equal to 0.58% of each teacher's
2 salary.

3 The school district or other employing unit may pay these
4 employer contributions out of any source of funding available
5 for that purpose and shall forward the contributions to the
6 System on the schedule established for the payment of member
7 contributions.

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

11 Each employer of teachers is entitled to a credit against
12 the contributions required under this subsection (e) with
13 respect to salaries paid to teachers for the period January 1,
14 2002 through June 30, 2003, equal to the amount paid by that
15 employer under subsection (a-5) of Section 6.6 of the State
16 Employees Group Insurance Act of 1971 with respect to salaries
17 paid to teachers for that period.

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

23 If an employer is required by a contract in effect on May
24 1, 1998 between the employer and an employee organization to
25 pay, on behalf of all its full-time employees covered by this
26 Article, all mandatory employee contributions required under
27 this Article, then the employer shall be excused from paying
28 the employer contribution required under this subsection (e)
29 for the balance of the term of that contract. The employer and
30 the employee organization shall jointly certify to the System
31 the existence of the contractual requirement, in such form as
32 the System may prescribe. This exclusion shall cease upon the
33 termination, extension, or renewal of the contract at any time
34 after May 1, 1998.

1 (f) If the amount of a teacher's salary for any school year
2 used to determine final average salary exceeds the member's
3 annual full-time salary rate ~~amount of his or her salary~~ with
4 the same employer for the previous school year by more than 6%,
5 the teacher's employer shall pay to the System, in addition to
6 all other payments required under this Section and in
7 accordance with guidelines established by the System, the
8 present value of the increase in benefits resulting from the
9 portion of the increase in salary that is in excess of 6%. This
10 present value shall be computed by the System on the basis of
11 the actuarial assumptions and tables used in the most recent
12 actuarial valuation of the System that is available at the time
13 of the computation. For the purposes of this Section, change in
14 employment under Section 10-21.12 of the School Code shall
15 constitute a change in employer. The System may require the
16 employer to provide any pertinent information or
17 documentation.

18 Whenever it determines that a payment is or may be required
19 under this subsection, the System shall calculate the amount of
20 the payment and bill the employer for that amount. The bill
21 shall specify the calculations used to determine the amount
22 due. If the employer disputes the amount of the bill, it may,
23 within 30 days after receipt of the bill, apply to the System
24 in writing for a recalculation. The application must specify in
25 detail the grounds of the dispute and, if the employer asserts
26 that the calculation is subject to subsection (g) or (h) of
27 this Section, must include an affidavit setting forth and
28 attesting to all facts within the employer's knowledge that are
29 pertinent to the applicability of that subsection. Upon
30 receiving a timely application for recalculation, the System
31 shall review the application and, if appropriate, recalculate
32 the amount due.

33 The employer contributions required under this subsection
34 (f) may be paid in the form of a lump sum within 90 days after

1 receipt of the bill. If the employer contributions are not paid
2 within 90 days after receipt of the bill, then interest will be
3 charged at a rate equal to the System's annual actuarially
4 assumed rate of return on investment compounded annually from
5 the 91st day after receipt of the bill. Payments must be
6 concluded within 3 years after the employer's receipt of the
7 bill. ~~The employer contributions required under this~~
8 ~~subsection (f) shall be paid in the form of a lump sum within~~
9 ~~30 days after receipt of the bill after the teacher begins~~
10 ~~receiving benefits under this Article.~~

11 (g) This subsection (g) applies only to payments made or
12 salary increases given on or after June 1, 2005 but before July
13 1, 2011. The changes made by this amendatory Act of the 94th
14 General Assembly shall not require the System to refund any
15 payments received before the effective date of this amendatory
16 Act.

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

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

27 When assessing payment for any amount due under subsection
28 (f), the System shall exclude salary increases resulting from
29 overload work, including summer school, when the school
30 district has certified to the System, and the System has
31 approved the certification, that (i) the overload work is for
32 the sole purpose of classroom instruction in excess of the
33 standard number of classes for a full-time teacher in a school
34 district during a school year and (ii) the salary increases are

1 equal to or less than the rate of pay for classroom instruction
2 computed on the teacher's current salary and work schedule.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude a salary increase resulting from
5 a promotion (i) for which the employee is required to hold a
6 certificate or supervisory endorsement issued by the State
7 Teacher Certification Board that is a different certification
8 or supervisory endorsement than is required for the teacher's
9 previous position and (ii) to a position that has existed and
10 been filled by a member for no less than one complete academic
11 year and the salary increase from the promotion is an increase
12 that results in an amount no greater than the lesser of the
13 average salary paid for other similar positions in the district
14 requiring the same certification or the amount stipulated in
15 the collective bargaining agreement for a similar position
16 requiring the same certification.

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

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

33 (i) The System shall prepare a report and file copies of
34 the report with the Governor and the General Assembly by

1 January 1, 2007 that contains all of the following information:

2 (1) The number of recalculations required by the
3 changes made to this Section by this amendatory Act of the
4 94th General Assembly for each employer.

5 (2) The dollar amount by which each employer's
6 contribution to the System was changed due to
7 recalculations required by this amendatory Act of the 94th
8 General Assembly.

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

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

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

17 (40 ILCS 5/16-169.1)

18 Sec. 16-169.1. Testimony and the production of records. The
19 secretary of the Board shall have the power to issue subpoenas
20 to compel the attendance of witnesses and the production of
21 documents and records, including law enforcement records
22 maintained by law enforcement agencies, in conjunction with the
23 determination of employer payments required under subsection
24 (f) of Section 16-158, a disability claim, an administrative
25 review proceeding, or a felony forfeiture investigation. The
26 fees of witnesses for attendance and travel shall be the same
27 as the fees of witnesses before the circuit courts of this
28 State and shall be paid by the party seeking the subpoena. The
29 Board may apply to any circuit court in the State for an order
30 requiring compliance with a subpoena issued under this Section.
31 Subpoenas issued under this Section shall be subject to
32 applicable provisions of the Code of Civil Procedure.

33 (Source: P.A. 90-448, eff. 8-16-97.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.".