



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB3534

Introduced 2/10/2010, by Sen. Kwame Raoul

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-106	from Ch. 108 1/2, par. 17-106
40 ILCS 5/17-114	from Ch. 108 1/2, par. 17-114
40 ILCS 5/17-131	from Ch. 108 1/2, par. 17-131
40 ILCS 5/17-132	from Ch. 108 1/2, par. 17-132
40 ILCS 5/17-134	from Ch. 108 1/2, par. 17-134

Amends the Chicago Teacher Article of the Illinois Pension Code. Changes references from "city" to "City of Chicago", "Board" to "Pension Board", and "Board of Education" to "Chicago Board of Education". In provisions concerning computation of service, changes one reference from "contributor" to "contributor or member". Effective immediately.

LRB096 19096 AMC 34487 b

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 17-106, 17-114, 17-131, 17-132, and 17-134 as follows:

6 (40 ILCS 5/17-106) (from Ch. 108 1/2, par. 17-106)

7 Sec. 17-106. Contributor, member or teacher.

8 "Contributor", "member" or "teacher": All members of the
9 teaching force of the City of Chicago ~~city~~, including
10 principals, assistant principals, the general superintendent
11 of schools, deputy superintendents of schools, associate
12 superintendents of schools, assistant and district
13 superintendents of schools, members of the Board of Examiners,
14 all other persons whose employment requires a teaching
15 certificate issued under the laws governing the certification
16 of teachers, any educational, administrative, professional, or
17 other staff employed in a charter school operating in
18 compliance with the Charter Schools Law who is certified under
19 the law governing the certification of teachers, and employees
20 of the Board, but excluding persons contributing concurrently
21 to any other public employee pension system in Illinois for the
22 same employment or receiving retirement pensions under another
23 Article of this Code for that same employment, persons employed

1 on an hourly basis, and persons receiving pensions from the
2 Fund who are employed temporarily by an Employer and not on an
3 annual basis.

4 In the case of a person who has been making contributions
5 and otherwise participating in this Fund prior to the effective
6 date of this amendatory Act of the 91st General Assembly, and
7 whose right to participate in the Fund is established or
8 confirmed by this amendatory Act, such prior participation in
9 the Fund, including all contributions previously made and
10 service credits previously earned by the person, are hereby
11 validated.

12 The changes made to this Section and Section 17-149 by this
13 amendatory Act of the 92nd General Assembly apply without
14 regard to whether the person was in service on or after the
15 effective date of this amendatory Act, notwithstanding
16 Sections 1-103.1 and 17-157.

17 (Source: P.A. 91-887, eff. 7-6-00; 92-416, eff. 8-17-01;
18 92-599, eff. 6-28-02.)

19 (40 ILCS 5/17-114) (from Ch. 108 1/2, par. 17-114)

20 Sec. 17-114. Computation of service. When computing
21 validated service, 10 months or more shall constitute one year
22 of service unless a lesser number of months is established as a
23 school year by an Employer. Salary representing 5 days' or more
24 employment paid in a semi-monthly or bi-weekly payroll period,
25 whichever the case may be, shall be considered for the purpose

1 of computing service credit and shall entitle a contributor or
2 member to 1/2 month of service. When computing total service
3 rendered, 3 to 10 days' employment in the final total of such
4 service shall entitle a contributor to 1/2 month of service.

5 (Source: P.A. 90-566, eff. 1-2-98.)

6 (40 ILCS 5/17-131) (from Ch. 108 1/2, par. 17-131)

7 Sec. 17-131. Administration of payroll deductions. During
8 any period in which salaries are paid, such deductions by an
9 Employer or the Pension Board shall be made on the basis of the
10 full salary rates, exclusive of salaries for overtime, special
11 services or any employment on an optional basis, such as in
12 summer school. If salaries represent adjustments on account of
13 error, deductions by the Employer or the Pension Board shall be
14 at rates in force during the applicable payroll period. If
15 teachers receive salaries for the school year, as established
16 by an Employer, or if they receive salaries for more than 10
17 calendar months, the amount required for each year of service
18 shall be deducted by such Employer in installments. The total
19 amounts for each semimonthly payroll period, or bi-weekly
20 payroll period, as the case may be, shall be deducted only when
21 salary payments represent 5 days' pay or more. If an Employer
22 or the Pension Board pays salaries to members of the teaching
23 force for vacation periods, the salary shall be considered part
24 of the teacher's annual salary, shall be subject to the
25 standard deductions for pension contributions, and shall be

1 considered to represent pay for 5 or more days' employment in a
2 bi-weekly or semi-monthly payroll period for purposes set forth
3 in this Section. If deductions from salaries result in amounts
4 of less than one cent, the fractional sums shall be increased
5 to the next higher cent. Any excess of these fractional
6 increases over the prescribed annual contributions shall be
7 credited to the teachers' accounts.

8 In the event that, pursuant to Section 17-130.1, employee
9 contributions are picked up or made by the Board of Education
10 on behalf of its employees from the proceeds of the tax levied
11 under Section 34-60 of the School Code, then the amount of the
12 employee contributions which are picked up or made in that
13 manner shall not be deducted from the salaries of such
14 employees.

15 (Source: P.A. 90-566, eff. 1-2-98.)

16 (40 ILCS 5/17-132) (from Ch. 108 1/2, par. 17-132)

17 Sec. 17-132. Payments and certification of salary
18 deductions. An Employer shall cause the Fund to receive all
19 teachers' pension contributions within 15 business days of the
20 predesignated paydays. Amount not received by the fifth day
21 shall be deemed delinquent and subject to late interest penalty
22 (calculated at the average short-term rate of interest earned
23 by the Fund for the calendar month preceding the calendar month
24 in which the delinquency occurs) starting from the
25 predesignated payday and ending on the date payment is

1 received. The appropriate officers of the Employer shall
2 certify at least monthly to the Fund all amounts deducted from
3 the salaries of contributors. The certification shall
4 constitute a confirmation of the accuracy of such deductions
5 according to the provisions of this Article. For the purpose of
6 this Section the predesignated payday shall be determined in
7 accordance with each Employer's payroll schedule for
8 contributions to the Fund.

9 The Pension Board has the authority to conduct payroll
10 audits of a charter school to determine the existence of any
11 delinquencies in contributions to the Fund, and such charter
12 school shall be required to provide such books and records and
13 contribution information as the Pension Board or its authorized
14 representative may require. The Pension Board is also
15 authorized to collect delinquent contributions from charter
16 schools and develop procedures for the collection of such
17 delinquencies. Collection procedures may include legal
18 proceedings in the courts of the State of Illinois. Expenses,
19 including reasonable attorneys' fees, incurred in the
20 collection of delinquent contributions may be assessed by the
21 Pension Board against the charter school.

22 (Source: P.A. 90-566, eff. 1-2-98.)

23 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

24 Sec. 17-134. Contributions for leaves of absence; military
25 service; computing service. In computing service for pension

1 purposes the following periods of service shall stand in lieu
2 of a like number of years of teaching service upon payment
3 therefor in the manner hereinafter provided: (a) time spent on
4 a leave of absence granted by the employer; (b) service with
5 teacher or labor organizations based upon special leaves of
6 absence therefor granted by an Employer; (c) a maximum of 5
7 years spent in the military service of the United States, of
8 which up to 2 years may have been served outside the pension
9 period; (d) unused sick days at termination of service to a
10 maximum of 244 days; (e) time lost due to layoff and
11 curtailment of the school term from June 6 through June 21,
12 1976; and (f) time spent after June 30, 1982 as a member of the
13 Chicago Board of Education, if required to resign from an
14 administrative or teaching position in order to qualify as a
15 member of the Chicago Board of Education.

16 (1) For time spent on or after September 6, 1948 on
17 sabbatical leaves of absence or sick leaves, for which
18 salaries are paid, an Employer shall make payroll
19 deductions at the applicable rates in effect during such
20 periods.

21 (2) For time spent on a leave of absence granted by the
22 employer for which no salaries are paid, teachers desiring
23 credit therefor shall pay the required contributions at the
24 rates in effect during such periods as though they were in
25 teaching service. If an Employer pays salary for vacations
26 which occur during a teacher's sick leave or maternity or

1 paternity leave without salary, vacation pay for which the
2 teacher would have qualified while in active service shall
3 be considered part of the teacher's total salary for
4 pension purposes. No more than 36 months of leave credit
5 may be allowed any person during the entire term of
6 service. Sabbatical leave credit shall be limited to the
7 time the person on leave without salary under an Employer's
8 rules is allowed to engage in an activity for which he
9 receives salary or compensation.

10 (3) For time spent prior to September 6, 1948, on
11 sabbatical leaves of absence or sick leaves for which
12 salaries were paid, teachers desiring service credit
13 therefor shall pay the required contributions at the
14 maximum applicable rates in effect during such periods.

15 (4) For service with teacher or labor organizations
16 authorized by special leaves of absence, for which no
17 payroll deductions are made by an Employer, teachers
18 desiring service credit therefor shall contribute to the
19 Fund upon the basis of the actual salary received from such
20 organizations at the percentage rates in effect during such
21 periods for certified positions with such Employer. To the
22 extent the actual salary exceeds the regular salary, which
23 shall be defined as the salary rate, as calculated by the
24 Board, in effect for the teacher's regular position in
25 teaching service on September 1, 1983 or on the effective
26 date of the leave with the organization, whichever is

1 later, the organization shall pay to the Fund the
2 employer's normal cost as set by the Board on the
3 increment.

4 (5) For time spent in the military service, teachers
5 entitled to and desiring credit therefor shall contribute
6 the amount required for each year of service or fraction
7 thereof at the rates in force (a) at the date of
8 appointment, or (b) on return to teaching service as a
9 regularly certified teacher, as the case may be; provided
10 such rates shall not be less than \$450 per year of service.
11 These conditions shall apply unless an Employer elects to
12 and does pay into the Fund the amount which would have been
13 due from such person had he been employed as a teacher
14 during such time. In the case of credit for military
15 service not during the pension period, the teacher must
16 also pay to the Fund an amount determined by the Board to
17 be equal to the employer's normal cost of the benefits
18 accrued from such service, plus interest thereon at 5% per
19 year, compounded annually, from the date of appointment to
20 the date of payment.

21 The changes to this Section made by Public Act 87-795
22 shall apply not only to persons who on or after its
23 effective date are in service under the Fund, but also to
24 persons whose status as a teacher terminated prior to that
25 date, whether or not the person is an annuitant on that
26 date. In the case of an annuitant who applies for credit

1 allowable under this Section for a period of military
2 service that did not immediately follow employment, and who
3 has made the required contributions for such credit, the
4 annuity shall be recalculated to include the additional
5 service credit, with the increase taking effect on the date
6 the Fund received written notification of the annuitant's
7 intent to purchase the credit, if payment of all the
8 required contributions is made within 60 days of such
9 notice, or else on the first annuity payment date following
10 the date of payment of the required contributions. In
11 calculating the automatic annual increase for an annuity
12 that has been recalculated under this Section, the increase
13 attributable to the additional service allowable under
14 this amendatory Act of 1991 shall be included in the
15 calculation of automatic annual increases accruing after
16 the effective date of the recalculation.

17 The total credit for military service shall not exceed
18 5 years, except that any teacher who on July 1, 1963, had
19 validated credit for more than 5 years of military service
20 shall be entitled to the total amount of such credit.

21 (6) A maximum of 244 unused sick days credited to his
22 account by an Employer on the date of termination of
23 employment. Members, upon verification of unused sick
24 days, may add this service time to total creditable
25 service.

26 (7) In all cases where time spent on leave is

1 creditable and no payroll deductions therefor are made by
2 an Employer, persons desiring service credit shall make the
3 required contributions directly to the Fund.

4 (8) For time lost without pay due to layoff and
5 curtailment of the school term from June 6 through June 21,
6 1976, as provided in item (e) of the first paragraph of
7 this Section, persons who were contributors on the days
8 immediately preceding such layoff shall receive credit
9 upon paying to the Fund a contribution based on the rates
10 of compensation and employee contributions in effect at the
11 time of such layoff, together with an additional amount
12 equal to 12.2% of the compensation computed for such period
13 of layoff, plus interest on the entire amount at 5% per
14 annum from January 1, 1978 to the date of payment. If such
15 contribution is paid, salary for pension purposes for any
16 year in which such a layoff occurred shall include the
17 compensation recognized for purposes of computing that
18 contribution.

19 (9) For time spent after June 30, 1982, as a
20 nonsalaried member of the Chicago Board of Education, if
21 required to resign from an administrative or teaching
22 position in order to qualify as a member of the Chicago
23 Board of Education, an administrator or teacher desiring
24 credit therefor shall pay the required contributions at the
25 rates and salaries in effect during such periods as though
26 the member were in service.

1 Effective September 1, 1974, the interest charged for
2 validation of service described in paragraphs (2) through (5)
3 of this Section shall be compounded annually at a rate of 5%
4 commencing one year after the termination of the leave or
5 return to service.

6 (Source: P.A. 92-599, eff. 6-28-02.)

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