

1 AN ACT concerning education.

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
5 changing Sections 16-121, 16-127, 16-158, and 16-203 as
6 follows:

7 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

10 Sec. 16-121. Salary. "Salary": The actual compensation
11 received by a teacher during any school year and recognized by
12 the system in accordance with rules of the board. "Salary"
13 includes any stipend paid under Section 9.44 of the Board of
14 Higher Education Act to an eligible cooperating teacher.

15 For purposes of this Section, "school year" includes the
16 regular school term plus any additional period for which a
17 teacher is compensated and such compensation is recognized by
18 the rules of the board.

19 (Source: P.A. 84-1028.)

20 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

21 Sec. 16-127. Computation of creditable service.

22 (a) Each member shall receive regular credit for all

1 service as a teacher from the date membership begins, for
2 which satisfactory evidence is supplied and all contributions
3 have been paid.

4 (b) The following periods of service shall earn optional
5 credit and each member shall receive credit for all such
6 service for which satisfactory evidence is supplied and all
7 contributions have been paid as of the date specified:

8 (1) Prior service as a teacher.

9 (2) Service in a capacity essentially similar or
10 equivalent to that of a teacher, in the public common
11 schools in school districts in this State not included
12 within the provisions of this System, or of any other
13 State, territory, dependency or possession of the United
14 States, or in schools operated by or under the auspices of
15 the United States, or under the auspices of any agency or
16 department of any other State, and service during any
17 period of professional speech correction or special
18 education experience for a public agency within this State
19 or any other State, territory, dependency or possession of
20 the United States, and service prior to February 1, 1951
21 as a recreation worker for the Illinois Department of
22 Public Safety, for a period not exceeding the lesser of
23 2/5 of the total creditable service of the member or 10
24 years. The maximum service of 10 years which is allowable
25 under this paragraph shall be reduced by the service
26 credit which is validated by other retirement systems

1 under paragraph (i) of Section 15-113 and paragraph 1 of
2 Section 17-133. Credit granted under this paragraph may
3 not be used in determination of a retirement annuity or
4 disability benefits unless the member has at least 5 years
5 of creditable service earned subsequent to this employment
6 with one or more of the following systems: Teachers'
7 Retirement System of the State of Illinois, State
8 Universities Retirement System, and the Public School
9 Teachers' Pension and Retirement Fund of Chicago. Whenever
10 such service credit exceeds the maximum allowed for all
11 purposes of this Article, the first service rendered in
12 point of time shall be considered. The changes to this
13 paragraph subdivision (b)(2) made by Public Act 86-272
14 shall apply not only to persons who on or after its
15 effective date (August 23, 1989) are in service as a
16 teacher under the System, but also to persons whose status
17 as such a teacher terminated prior to such effective date,
18 whether or not such person is an annuitant on that date.

19 (3) Any periods immediately following teaching
20 service, under this System or under Article 17, (or
21 immediately following service prior to February 1, 1951 as
22 a recreation worker for the Illinois Department of Public
23 Safety) spent in active service with the military forces
24 of the United States; periods spent in educational
25 programs that prepare for return to teaching sponsored by
26 the federal government following such active military

1 service; if a teacher returns to teaching service within
2 one calendar year after discharge or after the completion
3 of the educational program, a further period, not
4 exceeding one calendar year, between time spent in
5 military service or in such educational programs and the
6 return to employment as a teacher under this System; and a
7 period of up to 2 years of active military service not
8 immediately following employment as a teacher.

9 The changes to this Section and Section 16-128
10 relating to military service made by Public Act P.A.
11 87-794 shall apply not only to persons who on or after its
12 effective date are in service as a teacher under the
13 System, but also to persons whose status as a teacher
14 terminated prior to that date, whether or not the person
15 is an annuitant on that date. In the case of an annuitant
16 who applies for credit allowable under this Section for a
17 period of military service that did not immediately follow
18 employment, and who has made the required contributions
19 for such credit, the annuity shall be recalculated to
20 include the additional service credit, with the increase
21 taking effect on the date the System received written
22 notification of the annuitant's intent to purchase the
23 credit, if payment of all the required contributions is
24 made within 60 days of such notice, or else on the first
25 annuity payment date following the date of payment of the
26 required contributions. In calculating the automatic

1 annual increase for an annuity that has been recalculated
2 under this Section, the increase attributable to the
3 additional service allowable under Public Act P.A. 87-794
4 shall be included in the calculation of automatic annual
5 increases accruing after the effective date of the
6 recalculation.

7 Credit for military service shall be determined as
8 follows: if entry occurs during the months of July,
9 August, or September and the member was a teacher at the
10 end of the immediately preceding school term, credit shall
11 be granted from July 1 of the year in which he or she
12 entered service; if entry occurs during the school term
13 and the teacher was in teaching service at the beginning
14 of the school term, credit shall be granted from July 1 of
15 such year. In all other cases where credit for military
16 service is allowed, credit shall be granted from the date
17 of entry into the service.

18 The total period of military service for which credit
19 is granted shall not exceed 5 years for any member unless
20 the service: (A) is validated before July 1, 1964, and (B)
21 does not extend beyond July 1, 1963. Credit for military
22 service shall be granted under this Section only if not
23 more than 5 years of the military service for which credit
24 is granted under this Section is used by the member to
25 qualify for a military retirement allotment from any
26 branch of the armed forces of the United States. The

1 changes to this paragraph ~~subdivision (b)~~ (3) made by
2 Public Act 86-272 shall apply not only to persons who on or
3 after its effective date (August 23, 1989) are in service
4 as a teacher under the System, but also to persons whose
5 status as such a teacher terminated prior to such
6 effective date, whether or not such person is an annuitant
7 on that date.

8 (4) Any periods served as a member of the General
9 Assembly.

10 (5) (i) Any periods for which a teacher, as defined in
11 Section 16-106, is granted a leave of absence, provided he
12 or she returns to teaching service creditable under this
13 System or the State Universities Retirement System
14 following the leave; (ii) periods during which a teacher
15 is involuntarily laid off from teaching, provided he or
16 she returns to teaching following the lay-off; (iii)
17 periods prior to July 1, 1983 during which a teacher
18 ceased covered employment due to pregnancy, provided that
19 the teacher returned to teaching service creditable under
20 this System or the State Universities Retirement System
21 following the pregnancy and submits evidence satisfactory
22 to the Board documenting that the employment ceased due to
23 pregnancy; and (iv) periods prior to July 1, 1983 during
24 which a teacher ceased covered employment for the purpose
25 of adopting an infant under 3 years of age or caring for a
26 newly adopted infant under 3 years of age, provided that

1 the teacher returned to teaching service creditable under
2 this System or the State Universities Retirement System
3 following the adoption and submits evidence satisfactory
4 to the Board documenting that the employment ceased for
5 the purpose of adopting an infant under 3 years of age or
6 caring for a newly adopted infant under 3 years of age.
7 However, total credit under this paragraph (5) may not
8 exceed 3 years.

9 Any qualified member or annuitant may apply for credit
10 under item (iii) or (iv) of this paragraph (5) without
11 regard to whether service was terminated before June 27,
12 1997 (the effective date of Public Act 90-32) ~~this~~
13 ~~amendatory Act of 1997~~. In the case of an annuitant who
14 establishes credit under item (iii) or (iv), the annuity
15 shall be recalculated to include the additional service
16 credit. The increase in annuity shall take effect on the
17 date the System receives written notification of the
18 annuitant's intent to purchase the credit, if the required
19 evidence is submitted and the required contribution paid
20 within 60 days of that notification, otherwise on the
21 first annuity payment date following the System's receipt
22 of the required evidence and contribution. The increase in
23 an annuity recalculated under this provision shall be
24 included in the calculation of automatic annual increases
25 in the annuity accruing after the effective date of the
26 recalculation.

1 Optional credit may be purchased under this paragraph
2 ~~subsection (b)~~ (5) for periods during which a teacher has
3 been granted a leave of absence pursuant to Section 24-13
4 of the School Code. A teacher whose service under this
5 Article terminated prior to the effective date of Public
6 Act ~~P.A.~~ 86-1488 shall be eligible to purchase such
7 optional credit. If a teacher who purchases this optional
8 credit is already receiving a retirement annuity under
9 this Article, the annuity shall be recalculated as if the
10 annuitant had applied for the leave of absence credit at
11 the time of retirement. The difference between the
12 entitled annuity and the actual annuity shall be credited
13 to the purchase of the optional credit. The remainder of
14 the purchase cost of the optional credit shall be paid on
15 or before April 1, 1992.

16 The change in this paragraph made by Public Act 86-273
17 shall be applicable to teachers who retire after June 1,
18 1989, as well as to teachers who are in service on that
19 date.

20 (6) Any days of unused and uncompensated accumulated
21 sick leave earned by a teacher. The service credit granted
22 under this paragraph shall be the ratio of the number of
23 unused and uncompensated accumulated sick leave days to
24 170 days, subject to a maximum of 2 years of service
25 credit. Prior to the member's retirement, each former
26 employer shall certify to the System the number of unused

1 and uncompensated accumulated sick leave days credited to
2 the member at the time of termination of service. The
3 period of unused sick leave shall not be considered in
4 determining the effective date of retirement. A member is
5 not required to make contributions in order to obtain
6 service credit for unused sick leave.

7 Credit for sick leave shall, at retirement, be granted
8 by the System for any retiring regional or assistant
9 regional superintendent of schools at the rate of 6 days
10 per year of creditable service or portion thereof
11 established while serving as such superintendent or
12 assistant superintendent.

13 (7) Periods prior to February 1, 1987 served as an
14 employee of the Illinois Mathematics and Science Academy
15 for which credit has not been terminated under Section
16 15-113.9 of this Code.

17 (8) Service as a substitute teacher for work performed
18 prior to July 1, 1990.

19 (9) Service as a part-time teacher for work performed
20 prior to July 1, 1990.

21 (10) Up to 2 years of employment with Southern
22 Illinois University - Carbondale from September 1, 1959 to
23 August 31, 1961, or with Governors State University from
24 September 1, 1972 to August 31, 1974, for which the
25 teacher has no credit under Article 15. To receive credit
26 under this item (10), a teacher must apply in writing to

1 the Board and pay the required contributions before May 1,
2 1993 and have at least 12 years of service credit under
3 this Article.

4 (11) Periods of service as a student teacher as
5 described in Section 24-8.5 of the School Code for which
6 the student teacher received a salary.

7 (12) Periods of service as a student teacher as
8 described under Section 9.44 of the Board of Higher
9 Education Act.

10 (b-1) A member may establish optional credit for up to 2
11 years of service as a teacher or administrator employed by a
12 private school recognized by the Illinois State Board of
13 Education, provided that the teacher (i) was certified under
14 the law governing the certification of teachers at the time
15 the service was rendered, (ii) applies in writing on or before
16 June 30, 2028, (iii) supplies satisfactory evidence of the
17 employment, (iv) completes at least 10 years of contributing
18 service as a teacher as defined in Section 16-106, and (v) pays
19 the contribution required in subsection (d-5) of Section
20 16-128. The member may apply for credit under this subsection
21 and pay the required contribution before completing the 10
22 years of contributing service required under item (iv), but
23 the credit may not be used until the item (iv) contributing
24 service requirement has been met.

25 (c) The service credits specified in this Section shall be
26 granted only if: (1) such service credits are not used for

1 credit in any other statutory tax-supported public employee
2 retirement system other than the federal Social Security
3 program; and (2) the member makes the required contributions
4 as specified in Section 16-128. Except as provided in
5 subsection (b-1) of this Section, the service credit shall be
6 effective as of the date the required contributions are
7 completed.

8 Any service credits granted under this Section shall
9 terminate upon cessation of membership for any cause.

10 Credit may not be granted under this Section covering any
11 period for which an age retirement or disability retirement
12 allowance has been paid.

13 Credit may not be granted under this Section for service
14 as an employee of an entity that provides substitute teaching
15 services under Section 2-3.173 of the School Code and is not a
16 school district.

17 (Source: P.A. 102-525, eff. 8-20-21; 103-17, eff. 6-9-23;
18 103-525, eff. 8-11-23; revised 9-5-23.)

19 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

20 Sec. 16-158. Contributions by State and other employing
21 units.

22 (a) The State shall make contributions to the System by
23 means of appropriations from the Common School Fund and other
24 State funds of amounts which, together with other employer
25 contributions, employee contributions, investment income, and

1 other income, will be sufficient to meet the cost of
2 maintaining and administering the System on a 90% funded basis
3 in accordance with actuarial recommendations.

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

9 (a-1) Annually, on or before November 15 until November
10 15, 2011, the Board shall certify to the Governor the amount of
11 the required State contribution for the coming fiscal year.
12 The certification under this subsection (a-1) shall include a
13 copy of the actuarial recommendations upon which it is based
14 and shall specifically identify the System's projected State
15 normal cost for that fiscal year.

16 On or before May 1, 2004, the Board shall recalculate and
17 recertify to the Governor the amount of the required State
18 contribution to the System for State fiscal year 2005, taking
19 into account the amounts appropriated to and received by the
20 System under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act.

22 On or before July 1, 2005, the Board shall recalculate and
23 recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2006, taking
25 into account the changes in required State contributions made
26 by Public Act 94-4.

1 On or before April 1, 2011, the Board shall recalculate
2 and recertify to the Governor the amount of the required State
3 contribution to the System for State fiscal year 2011,
4 applying the changes made by Public Act 96-889 to the System's
5 assets and liabilities as of June 30, 2009 as though Public Act
6 96-889 was approved on that date.

7 (a-5) On or before November 1 of each year, beginning
8 November 1, 2012, the Board shall submit to the State Actuary,
9 the Governor, and the General Assembly a proposed
10 certification of the amount of the required State contribution
11 to the System for the next fiscal year, along with all of the
12 actuarial assumptions, calculations, and data upon which that
13 proposed certification is based. On or before January 1 of
14 each year, beginning January 1, 2013, the State Actuary shall
15 issue a preliminary report concerning the proposed
16 certification and identifying, if necessary, recommended
17 changes in actuarial assumptions that the Board must consider
18 before finalizing its certification of the required State
19 contributions. On or before January 15, 2013 and each January
20 15 thereafter, the Board shall certify to the Governor and the
21 General Assembly the amount of the required State contribution
22 for the next fiscal year. The Board's certification must note
23 any deviations from the State Actuary's recommended changes,
24 the reason or reasons for not following the State Actuary's
25 recommended changes, and the fiscal impact of not following
26 the State Actuary's recommended changes on the required State

1 contribution.

2 (a-10) By November 1, 2017, the Board shall recalculate
3 and recertify to the State Actuary, the Governor, and the
4 General Assembly the amount of the State contribution to the
5 System for State fiscal year 2018, taking into account the
6 changes in required State contributions made by Public Act
7 100-23. The State Actuary shall review the assumptions and
8 valuations underlying the Board's revised certification and
9 issue a preliminary report concerning the proposed
10 recertification and identifying, if necessary, recommended
11 changes in actuarial assumptions that the Board must consider
12 before finalizing its certification of the required State
13 contributions. The Board's final certification must note any
14 deviations from the State Actuary's recommended changes, the
15 reason or reasons for not following the State Actuary's
16 recommended changes, and the fiscal impact of not following
17 the State Actuary's recommended changes on the required State
18 contribution.

19 (a-15) On or after June 15, 2019, but no later than June
20 30, 2019, the Board shall recalculate and recertify to the
21 Governor and the General Assembly the amount of the State
22 contribution to the System for State fiscal year 2019, taking
23 into account the changes in required State contributions made
24 by Public Act 100-587. The recalculation shall be made using
25 assumptions adopted by the Board for the original fiscal year
26 2019 certification. The monthly voucher for the 12th month of

1 fiscal year 2019 shall be paid by the Comptroller after the
2 recertification required pursuant to this subsection is
3 submitted to the Governor, Comptroller, and General Assembly.
4 The recertification submitted to the General Assembly shall be
5 filed with the Clerk of the House of Representatives and the
6 Secretary of the Senate in electronic form only, in the manner
7 that the Clerk and the Secretary shall direct.

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

11 (b-1) Beginning in State fiscal year 1996, on the 15th day
12 of each month, or as soon thereafter as may be practicable, the
13 Board shall submit vouchers for payment of State contributions
14 to the System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a-1). From March 5, 2004 (the effective date of Public Act
17 93-665) through June 30, 2004, the Board shall not submit
18 vouchers for the remainder of fiscal year 2004 in excess of the
19 fiscal year 2004 certified contribution amount determined
20 under this Section after taking into consideration the
21 transfer to the System under subsection (a) of Section 6z-61
22 of the State Finance Act. These vouchers shall be paid by the
23 State Comptroller and Treasurer by warrants drawn on the funds
24 appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this subsection, the
5 difference shall be paid from the Common School Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

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

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

21 For each of State fiscal years 2018, 2019, and 2020, the
22 State shall make an additional contribution to the System
23 equal to 2% of the total payroll of each employee who is deemed
24 to have elected the benefits under Section 1-161 or who has
25 made the election under subsection (c) of Section 1-161.

26 A change in an actuarial or investment assumption that

1 increases or decreases the required State contribution and
2 first applies in State fiscal year 2018 or thereafter shall be
3 implemented in equal annual amounts over a 5-year period
4 beginning in the State fiscal year in which the actuarial
5 change first applies to the required State contribution.

6 A change in an actuarial or investment assumption that
7 increases or decreases the required State contribution and
8 first applied to the State contribution in fiscal year 2014,
9 2015, 2016, or 2017 shall be implemented:

10 (i) as already applied in State fiscal years before
11 2018; and

12 (ii) in the portion of the 5-year period beginning in
13 the State fiscal year in which the actuarial change first
14 applied that occurs in State fiscal year 2018 or
15 thereafter, by calculating the change in equal annual
16 amounts over that 5-year period and then implementing it
17 at the resulting annual rate in each of the remaining
18 fiscal years in that 5-year period.

19 For State fiscal years 1996 through 2005, the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, shall be increased in equal annual
22 increments so that by State fiscal year 2011, the State is
23 contributing at the rate required under this Section; except
24 that in the following specified State fiscal years, the State
25 contribution to the System shall not be less than the
26 following indicated percentages of the applicable employee

1 payroll, even if the indicated percentage will produce a State
2 contribution in excess of the amount otherwise required under
3 this subsection and subsection (a), and notwithstanding any
4 contrary certification made under subsection (a-1) before May
5 27, 1998 (the effective date of Public Act 90-582): 10.02% in
6 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY
7 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

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

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

14 For each of State fiscal years 2008 through 2009, the
15 State contribution to the System, as a percentage of the
16 applicable employee payroll, shall be increased in equal
17 annual increments from the required State contribution for
18 State fiscal year 2007, so that by State fiscal year 2011, the
19 State is contributing at the rate otherwise required under
20 this Section.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2010
23 is \$2,089,268,000 and shall be made from the proceeds of bonds
24 sold in fiscal year 2010 pursuant to Section 7.2 of the General
25 Obligation Bond Act, less (i) the pro rata share of bond sale
26 expenses determined by the System's share of total bond

1 proceeds, (ii) any amounts received from the Common School
2 Fund in fiscal year 2010, and (iii) any reduction in bond
3 proceeds due to the issuance of discounted bonds, if
4 applicable.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2011
7 is the amount recertified by the System on or before April 1,
8 2011 pursuant to subsection (a-1) of this Section and shall be
9 made from the proceeds of bonds sold in fiscal year 2011
10 pursuant to Section 7.2 of the General Obligation Bond Act,
11 less (i) the pro rata share of bond sale expenses determined by
12 the System's share of total bond proceeds, (ii) any amounts
13 received from the Common School Fund in fiscal year 2011, and
14 (iii) any reduction in bond proceeds due to the issuance of
15 discounted bonds, if applicable. This amount shall include, in
16 addition to the amount certified by the System, an amount
17 necessary to meet employer contributions required by the State
18 as an employer under paragraph (e) of this Section, which may
19 also be used by the System for contributions required by
20 paragraph (a) of Section 16-127.

21 Beginning in State fiscal year 2046, the minimum State
22 contribution for each fiscal year shall be the amount needed
23 to maintain the total assets of the System at 90% of the total
24 actuarial liabilities of the System.

25 Amounts received by the System pursuant to Section 25 of
26 the Budget Stabilization Act or Section 8.12 of the State

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

11 Notwithstanding any other provision of this Section, the
12 required State contribution for State fiscal year 2005 and for
13 fiscal year 2008 and each fiscal year thereafter, as
14 calculated under this Section and certified under subsection
15 (a-1), shall not exceed an amount equal to (i) the amount of
16 the required State contribution that would have been
17 calculated under this Section for that fiscal year if the
18 System had not received any payments under subsection (d) of
19 Section 7.2 of the General Obligation Bond Act, minus (ii) the
20 portion of the State's total debt service payments for that
21 fiscal year on the bonds issued in fiscal year 2003 for the
22 purposes of that Section 7.2, as determined and certified by
23 the Comptroller, that is the same as the System's portion of
24 the total moneys distributed under subsection (d) of Section
25 7.2 of the General Obligation Bond Act. In determining this
26 maximum for State fiscal years 2008 through 2010, however, the

1 amount referred to in item (i) shall be increased, as a
2 percentage of the applicable employee payroll, in equal
3 increments calculated from the sum of the required State
4 contribution for State fiscal year 2007 plus the applicable
5 portion of the State's total debt service payments for fiscal
6 year 2007 on the bonds issued in fiscal year 2003 for the
7 purposes of Section 7.2 of the General Obligation Bond Act, so
8 that, by State fiscal year 2011, the State is contributing at
9 the rate otherwise required under this Section.

10 (b-4) Beginning in fiscal year 2018, each employer under
11 this Article shall pay to the System a required contribution
12 determined as a percentage of projected payroll and sufficient
13 to produce an annual amount equal to:

14 (i) for each of fiscal years 2018, 2019, and 2020, the
15 defined benefit normal cost of the defined benefit plan,
16 less the employee contribution, for each employee of that
17 employer who has elected or who is deemed to have elected
18 the benefits under Section 1-161 or who has made the
19 election under subsection (b) of Section 1-161; for fiscal
20 year 2021 and each fiscal year thereafter, the defined
21 benefit normal cost of the defined benefit plan, less the
22 employee contribution, plus 2%, for each employee of that
23 employer who has elected or who is deemed to have elected
24 the benefits under Section 1-161 or who has made the
25 election under subsection (b) of Section 1-161; plus

26 (ii) the amount required for that fiscal year to

1 amortize any unfunded actuarial accrued liability
2 associated with the present value of liabilities
3 attributable to the employer's account under Section
4 16-158.3, determined as a level percentage of payroll over
5 a 30-year rolling amortization period.

6 In determining contributions required under item (i) of
7 this subsection, the System shall determine an aggregate rate
8 for all employers, expressed as a percentage of projected
9 payroll.

10 In determining the contributions required under item (ii)
11 of this subsection, the amount shall be computed by the System
12 on the basis of the actuarial assumptions and tables used in
13 the most recent actuarial valuation of the System that is
14 available at the time of the computation.

15 The contributions required under this subsection (b-4)
16 shall be paid by an employer concurrently with that employer's
17 payroll payment period. The State, as the actual employer of
18 an employee, shall make the required contributions under this
19 subsection.

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

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

1 district or other unit, the employing unit shall pay to the
2 System from such funds the full accruing retirement costs
3 based upon that service, which, beginning July 1, 2017, shall
4 be at a rate, expressed as a percentage of salary, equal to the
5 total employer's normal cost, expressed as a percentage of
6 payroll, as determined by the System. Employer contributions,
7 based on salary paid to members from federal funds, may be
8 forwarded by the distributing agency of the State of Illinois
9 to the System prior to allocation, in an amount determined in
10 accordance with guidelines established by such agency and the
11 System. Any contribution for fiscal year 2015 collected as a
12 result of the change made by Public Act 98-674 shall be
13 considered a State contribution under subsection (b-3) of this
14 Section.

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

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

1 shall also pay the required employee contribution on behalf of
2 the teacher. For the purposes of Sections 16-133.4 and
3 16-133.5, a teacher as defined in paragraph (8) of Section
4 16-106 who is serving in that capacity while on leave of
5 absence from another employer under this Article shall not be
6 considered an employee of the employer from which the teacher
7 is on leave.

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

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

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

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

22 These employer contributions are intended to offset a
23 portion of the cost to the System of the increases in
24 retirement benefits resulting from Public Act 90-582.

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

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

6 The additional 1% employee contribution required under
7 Section 16-152 by Public Act 90-582 is the responsibility of
8 the teacher and not the teacher's employer, unless the
9 employer agrees, through collective bargaining or otherwise,
10 to make the contribution on behalf of the teacher.

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

23 (f) If the amount of a teacher's salary for any school year
24 used to determine final average salary exceeds the member's
25 annual full-time salary rate with the same employer for the
26 previous school year by more than 6%, the teacher's employer

1 shall pay to the System, in addition to all other payments
2 required under this Section and in accordance with guidelines
3 established by the System, the present value of the increase
4 in benefits resulting from the portion of the increase in
5 salary that is in excess of 6%. This present value shall be
6 computed by the System on the basis of the actuarial
7 assumptions and tables used in the most recent actuarial
8 valuation of the System that is available at the time of the
9 computation. If a teacher's salary for the 2005-2006 school
10 year is used to determine final average salary under this
11 subsection (f), then the changes made to this subsection (f)
12 by Public Act 94-1057 shall apply in calculating whether the
13 increase in his or her salary is in excess of 6%. For the
14 purposes of this Section, change in employment under Section
15 10-21.12 of the School Code on or after June 1, 2005 shall
16 constitute a change in employer. The System may require the
17 employer to provide any pertinent information or
18 documentation. The changes made to this subsection (f) by
19 Public Act 94-1111 apply without regard to whether the teacher
20 was in service on or after its effective date.

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

1 System in writing for a recalculation. The application must
2 specify in detail the grounds of the dispute and, if the
3 employer asserts that the calculation is subject to subsection
4 (g), (g-5), (g-10), (g-15), (g-20), (g-25), or (h) of this
5 Section, must include an affidavit setting forth and attesting
6 to all facts within the employer's knowledge that are
7 pertinent to the applicability of that subsection. Upon
8 receiving a timely application for recalculation, the System
9 shall review the application and, if appropriate, recalculate
10 the amount due.

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

20 (f-1) (Blank).

21 (g) This subsection (g) applies only to payments made or
22 salary increases given on or after June 1, 2005 but before July
23 1, 2011. The changes made by Public Act 94-1057 shall not
24 require the System to refund any payments received before July
25 31, 2006 (the effective date of Public Act 94-1057).

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases paid to
2 teachers under contracts or collective bargaining agreements
3 entered into, amended, or renewed before June 1, 2005.

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

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

19 When assessing payment for any amount due under subsection
20 (f), the System shall exclude a salary increase resulting from
21 a promotion (i) for which the employee is required to hold a
22 certificate or supervisory endorsement issued by the State
23 Teacher Certification Board that is a different certification
24 or supervisory endorsement than is required for the teacher's
25 previous position and (ii) to a position that has existed and
26 been filled by a member for no less than one complete academic

1 year and the salary increase from the promotion is an increase
2 that results in an amount no greater than the lesser of the
3 average salary paid for other similar positions in the
4 district requiring the same certification or the amount
5 stipulated in the collective bargaining agreement for a
6 similar position requiring the same certification.

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

13 (g-5) When assessing payment for any amount due under
14 subsection (f), the System shall exclude salary increases
15 resulting from overload or stipend work performed in a school
16 year subsequent to a school year in which the employer was
17 unable to offer or allow to be conducted overload or stipend
18 work due to an emergency declaration limiting such activities.

19 (g-10) When assessing payment for any amount due under
20 subsection (f), the System shall exclude salary increases
21 resulting from increased instructional time that exceeded the
22 instructional time required during the 2019-2020 school year.

23 (g-15) When assessing payment for any amount due under
24 subsection (f), the System shall exclude salary increases
25 resulting from teaching summer school on or after May 1, 2021
26 and before September 15, 2022.

1 (g-20) When assessing payment for any amount due under
2 subsection (f), the System shall exclude salary increases
3 necessary to bring a school board in compliance with Public
4 Act 101-443 or this amendatory Act of the 103rd General
5 Assembly.

6 (g-25) When assessing payment for any amount due under
7 subsection (f), the System shall exclude any stipends paid to
8 an eligible cooperating teacher under Section 9.44 of the
9 Board of Higher Education Act.

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

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

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

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

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

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

10 (i-5) For school years beginning on or after July 1, 2017,
11 if the amount of a participant's salary for any school year
12 exceeds the amount of the salary set for the Governor, the
13 participant's employer shall pay to the System, in addition to
14 all other payments required under this Section and in
15 accordance with guidelines established by the System, an
16 amount determined by the System to be equal to the employer
17 normal cost, as established by the System and expressed as a
18 total percentage of payroll, multiplied by the amount of
19 salary in excess of the amount of the salary set for the
20 Governor. This amount shall be computed by the System on the
21 basis of the actuarial assumptions and tables used in the most
22 recent actuarial valuation of the System that is available at
23 the time of the computation. The System may require the
24 employer to provide any pertinent information or
25 documentation.

26 Whenever it determines that a payment is or may be

1 required under this subsection, the System shall calculate the
2 amount of the payment and bill the employer for that amount.
3 The bill shall specify the calculations used to determine the
4 amount due. If the employer disputes the amount of the bill, it
5 may, within 30 days after receipt of the bill, apply to the
6 System in writing for a recalculation. The application must
7 specify in detail the grounds of the dispute. Upon receiving a
8 timely application for recalculation, the System shall review
9 the application and, if appropriate, recalculate the amount
10 due.

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

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

24 As of June 30, 2008, the actuarial value of the System's
25 assets shall be equal to the market value of the assets as of
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any actuarial
2 gains or losses from investment return incurred in a fiscal
3 year shall be recognized in equal annual amounts over the
4 5-year period following that fiscal year.

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

10 (Source: P.A. 102-16, eff. 6-17-21; 102-525, eff. 8-20-21;
11 102-558, eff. 8-20-21; 102-813, eff. 5-13-22; 103-515, eff.
12 8-11-23.)

13 (40 ILCS 5/16-203)

14 Sec. 16-203. Application and expiration of new benefit
15 increases.

16 (a) As used in this Section, "new benefit increase" means
17 an increase in the amount of any benefit provided under this
18 Article, or an expansion of the conditions of eligibility for
19 any benefit under this Article, that results from an amendment
20 to this Code that takes effect after June 1, 2005 (the
21 effective date of Public Act 94-4). "New benefit increase",
22 however, does not include any benefit increase resulting from
23 the changes made to Article 1 or this Article by Public Act
24 95-910, Public Act 100-23, Public Act 100-587, Public Act
25 100-743, Public Act 100-769, Public Act 101-10, Public Act

1 101-49, Public Act 102-16, ~~or~~ Public Act 102-871, or this
2 amendatory Act of the 103rd General Assembly.

3 (b) Notwithstanding any other provision of this Code or
4 any subsequent amendment to this Code, every new benefit
5 increase is subject to this Section and shall be deemed to be
6 granted only in conformance with and contingent upon
7 compliance with the provisions of this Section.

8 (c) The Public Act enacting a new benefit increase must
9 identify and provide for payment to the System of additional
10 funding at least sufficient to fund the resulting annual
11 increase in cost to the System as it accrues.

12 Every new benefit increase is contingent upon the General
13 Assembly providing the additional funding required under this
14 subsection. The Commission on Government Forecasting and
15 Accountability shall analyze whether adequate additional
16 funding has been provided for the new benefit increase and
17 shall report its analysis to the Public Pension Division of
18 the Department of Insurance. A new benefit increase created by
19 a Public Act that does not include the additional funding
20 required under this subsection is null and void. If the Public
21 Pension Division determines that the additional funding
22 provided for a new benefit increase under this subsection is
23 or has become inadequate, it may so certify to the Governor and
24 the State Comptroller and, in the absence of corrective action
25 by the General Assembly, the new benefit increase shall expire
26 at the end of the fiscal year in which the certification is

1 made.

2 (d) Every new benefit increase shall expire 5 years after
3 its effective date or on such earlier date as may be specified
4 in the language enacting the new benefit increase or provided
5 under subsection (c). This does not prevent the General
6 Assembly from extending or re-creating a new benefit increase
7 by law.

8 (e) Except as otherwise provided in the language creating
9 the new benefit increase, a new benefit increase that expires
10 under this Section continues to apply to persons who applied
11 and qualified for the affected benefit while the new benefit
12 increase was in effect and to the affected beneficiaries and
13 alternate payees of such persons, but does not apply to any
14 other person, including, without limitation, a person who
15 continues in service after the expiration date and did not
16 apply and qualify for the affected benefit while the new
17 benefit increase was in effect.

18 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
19 102-813, eff. 5-13-22; 102-871, eff. 5-13-22; 103-154, eff.
20 6-30-23.)

21 Section 10. The Board of Higher Education Act is amended
22 by adding Section 9.44 as follows:

23 (110 ILCS 205/9.44 new)

24 Sec. 9.44. Student teaching stipend program.

1 (a) As used in this Section:

2 "Educator preparation program" means an approved educator
3 preparation program offered by a recognized school or
4 institution under Article 21B of the School Code.

5 "Eligible cooperating teacher" means a teacher who is
6 licensed under Article 21B of the School Code or has attained
7 the Department of Human Services' Gateways to Opportunity
8 Early Childhood Education Credential Level 5 or 6, who is
9 qualified to teach in the subject area assigned, and who is
10 matched with an eligible student.

11 "Eligible student" means a student who is enrolled in an
12 educator preparation program, who is maintaining satisfactory
13 academic progress, who intends to teach in this State, who is
14 placed as a student teacher, and who is not contracted as the
15 teacher of record for the student teaching placement.

16 "Student teaching" means a supervised clinical experience
17 that prepares a candidate to take full responsibility in an
18 instructional setting.

19 (b) Subject to appropriation, the Board shall create a
20 student teaching stipend program to alleviate the financial
21 burden of student teaching, to encourage students to pursue
22 teaching careers to alleviate this State's teacher shortage,
23 and to encourage teachers to be matched with student teachers.

24 (c) An educator preparation program shall notify the Board
25 of all eligible students and eligible cooperating teachers who
26 qualify for the stipend program.

1 (d) Under the stipend program and subject to available
2 appropriations, the Board shall disburse to each educator
3 preparation program funds to distribute to each eligible
4 student a stipend of up to \$10,000 per semester for up to 2
5 consecutive semesters, plus additional funds to pay the direct
6 costs of operating the stipend program. The educator
7 preparation program shall distribute stipend funds using the
8 standard methods for allocating State-based financial aid or
9 as wages for employment to each eligible student in monthly
10 installments.

11 (e) If there is a surplus appropriated in a fiscal year for
12 the stipend program, then the Board shall increase the amount
13 distributed to each educator preparation program by the same
14 percentage that the surplus bears to the amount required to
15 fully fund the total number of eligible students who qualify
16 for the stipend program that fiscal year. An educator
17 preparation program shall increase the stipend amount
18 distributed to each eligible student in proportion to the
19 surplus.

20 (f) If the amount appropriated in a fiscal year for the
21 stipend program is insufficient to fully fund stipends for the
22 total number of eligible students for that fiscal year, then
23 the Board shall prioritize eligible students based on
24 demonstrated financial need reported by each educator
25 preparation program.

26 (g) Funds not distributed in a particular fiscal year by

1 an educator preparation program under this Section shall be
2 returned to the Board to be used for the subsequent fiscal
3 year's stipend program.

4 (h) An educator preparation program may not prohibit an
5 eligible student from participating in the stipend program or
6 from receiving a stipend from the stipend program.

7 (i) Under the stipend program and subject to available
8 appropriations, the Board shall disburse funds to the State
9 Board of Education, who shall disburse funds to each school
10 district or early childhood education provider employing an
11 eligible cooperating teacher funds to distribute to each
12 eligible cooperating teacher a stipend of up to \$2,000 per
13 semester for up to 2 consecutive semesters per academic year.
14 The school district or early childhood education provider
15 shall distribute stipend funds to an eligible cooperating
16 teacher in one payment.

17 (j) An eligible cooperating teacher who receives a stipend
18 must complete State-approved, evidence-based training that
19 aligns with training for instructional coaches, covers basic
20 responsibilities of a cooperating teacher, includes
21 evidence-based practices in supporting student teachers in
22 school or early childhood settings, and includes the effective
23 assessment of student teachers that aligns with State educator
24 performance evaluation requirements or the equivalent for
25 early childhood education. The State Board of Education shall
26 develop training that meets the criteria of this subsection

1 available to cooperating teachers.

2 (k) If there is a surplus appropriated in a fiscal year for
3 the stipend program, then the Board shall increase the amount
4 distributed by the same percentage that the surplus bears to
5 the amount required to fully fund the total number of eligible
6 cooperating teachers who qualify for the stipend program that
7 fiscal year. A school district or early childhood education
8 provider shall increase the stipend amount distributed to each
9 eligible cooperating teacher in proportion to the surplus.

10 (l) If the amount appropriated in a fiscal year for the
11 stipend program is insufficient to fully fund stipends for the
12 total number of eligible cooperating teachers for that fiscal
13 year, then the Board shall reduce the amount distributed by
14 the same percentage that the deficit bears to the amount
15 required to fully fund the total number of eligible
16 cooperating teachers who qualify for the stipend program. A
17 school district or early childhood education provider shall
18 reduce the stipend amount distributed to each eligible
19 cooperating teacher in proportion to the deficit.

20 (m) Nothing in this Section is intended to preclude an
21 educator preparation program from providing an eligible
22 cooperating teacher with additional incentives.

23 (n) An eligible cooperating teacher participating in the
24 stipend program may receive professional development hours for
25 completing cooperating teacher training that count toward the
26 eligible cooperating teacher's license renewal or the

1 equivalent for early childhood education.

2 (o) Subject to available appropriations, the Board shall
3 issue a report evaluating the impact of the stipend program on
4 educator preparation programs, including enrollment and
5 completion rates, hiring rates, and retention rates. The Board
6 shall issue this report in collaboration with the State Board
7 of Education. The Board shall submit this report to the
8 General Assembly and Governor on or before June 30 of the
9 fiscal year following the third consecutive fiscal year during
10 which the stipend program has received funding of at least
11 \$2,000,000.

12 (p) The Board shall provide guidance and technical
13 assistance to educator preparation programs on the
14 administration of the stipend program.

15 (q) The Board shall adopt rules regarding the
16 administration of the stipend program, including, but not
17 limited to, the allocation of funds for the stipend program.

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