



Sen. John J. Cullerton

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1 AMENDMENT TO HOUSE BILL 1447

2 AMENDMENT NO. _____. Amend House Bill 1447, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Public Labor Relations Act is
6 amended by changing Sections 4 and 15 as follows:

7 (5 ILCS 315/4) (from Ch. 48, par. 1604)

8 Sec. 4. Management Rights. Employers shall not be required
9 to bargain over matters of inherent managerial policy, which
10 shall include such areas of discretion or policy as the
11 functions of the employer, standards of services, its overall
12 budget, the organizational structure and selection of new
13 employees, examination techniques and direction of employees.
14 Employers, however, shall be required to bargain collectively
15 with regard to policy matters directly affecting wages (but
16 subject to any applicable restrictions in Section 14-106.5 of

1 the Illinois Pension Code), hours and terms and conditions of
2 employment as well as the impact thereon upon request by
3 employee representatives, but excluding the changes, the
4 impact of changes, and the implementation of the changes set
5 forth in this amendatory Act of the 97th General Assembly.

6 To preserve the rights of employers and exclusive
7 representatives which have established collective bargaining
8 relationships or negotiated collective bargaining agreements
9 prior to the effective date of this Act, employers shall be
10 required to bargain collectively with regard to any matter
11 concerning wages (but subject to any applicable restrictions in
12 Section 14-106.5 of the Illinois Pension Code), hours or
13 conditions of employment about which they have bargained for
14 and agreed to in a collective bargaining agreement prior to the
15 effective date of this Act, but excluding the changes, the
16 impact of changes, and the implementation of the changes set
17 forth in this amendatory Act of the 97th General Assembly.

18 The chief judge of the judicial circuit that employs a
19 public employee who is a court reporter, as defined in the
20 Court Reporters Act, has the authority to hire, appoint,
21 promote, evaluate, discipline, and discharge court reporters
22 within that judicial circuit.

23 Nothing in this amendatory Act of the 94th General Assembly
24 shall be construed to intrude upon the judicial functions of
25 any court. This amendatory Act of the 94th General Assembly
26 applies only to nonjudicial administrative matters relating to

1 the collective bargaining rights of court reporters.

2 (Source: P.A. 94-98, eff. 7-1-05.)

3 (5 ILCS 315/15) (from Ch. 48, par. 1615)

4 Sec. 15. Act Takes Precedence.

5 (a) In case of any conflict between the provisions of this
6 Act and any other law (other than Section 5 of the State
7 Employees Group Insurance Act of 1971 and other than the
8 changes made to the Illinois Pension Code by Public Act 96-889
9 and the changes, impact of changes, and the implementation of
10 the changes made to the Illinois Pension Code and the State
11 Employees Group Insurance Act of 1971 by this amendatory Act of
12 the 97th ~~96th~~ General Assembly), executive order or
13 administrative regulation relating to wages, hours and
14 conditions of employment and employment relations, the
15 provisions of this Act or any collective bargaining agreement
16 negotiated thereunder shall prevail and control. Nothing in
17 this Act shall be construed to replace or diminish the rights
18 of employees established by Sections 28 and 28a of the
19 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
20 of the Regional Transportation Authority Act. The provisions of
21 this Act are subject to the changes made by this amendatory Act
22 of the 97th General Assembly, including Section 14-106.5 of the
23 Illinois Pension Code, and Section 5 of the State Employees
24 Group Insurance Act of 1971. Nothing in this Act shall be
25 construed to replace the necessity of complaints against a

1 sworn peace officer, as defined in Section 2(a) of the Uniform
2 Peace Officer Disciplinary Act, from having a complaint
3 supported by a sworn affidavit.

4 (b) Except as provided in subsection (a) above, any
5 collective bargaining contract between a public employer and a
6 labor organization executed pursuant to this Act shall
7 supersede any contrary statutes, charters, ordinances, rules
8 or regulations relating to wages, hours and conditions of
9 employment and employment relations adopted by the public
10 employer or its agents. Any collective bargaining agreement
11 entered into prior to the effective date of this Act shall
12 remain in full force during its duration.

13 (c) It is the public policy of this State, pursuant to
14 paragraphs (h) and (i) of Section 6 of Article VII of the
15 Illinois Constitution, that the provisions of this Act are the
16 exclusive exercise by the State of powers and functions which
17 might otherwise be exercised by home rule units. Such powers
18 and functions may not be exercised concurrently, either
19 directly or indirectly, by any unit of local government,
20 including any home rule unit, except as otherwise authorized by
21 this Act.

22 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

23 Section 10. The State Employees Group Insurance Act of 1971
24 is amended by adding Section 6.16 as follows:

1 (5 ILCS 375/6.16 new)

2 Sec. 6.16. Health benefit election for Tier I employees and
3 Tier I retirees.

4 (a) For purposes of this Section:

5 "Eligible Tier I employee" means an individual who makes or
6 is deemed to have made an election under paragraph (1) of
7 subsection (a) of Sections 2-110.3 and 14-106.5 of the Illinois
8 Pension Code.

9 "Eligible Tier I retiree" means an individual who makes or
10 is deemed to have made an election under paragraph (1) of
11 subsection (a-5) of Sections 2-110.3 and 14-106.5 of the
12 Illinois Pension Code.

13 "Program of health benefits" means (i) a health plan, as
14 defined in subsection (o) of Section 3 of this Act, that is
15 designed and contracted for by the Director under this Act or
16 any successor Act or (ii) if administration of that health plan
17 is transferred to a trust established by the State or an
18 independent Board in order to provide health benefits to a
19 class of a persons that includes eligible Tier I retirees, then
20 the plan of health benefits provided through that trust.

21 (b) As adequate and legal consideration for making the
22 election under paragraph (1) of subsection (a) or (a-5) of
23 Sections 2-110.3 and 14-106.5 of the Illinois Pension Code,
24 each eligible Tier I employee and each eligible Tier I retiree
25 shall receive a vested and enforceable contractual right to
26 participate in a program of health benefits while he or she

1 qualifies as an annuitant or retired employee. That right also
2 extends to such a person's dependents and survivors who are
3 eligible under the applicable program of health benefits.

4 (c) Notwithstanding subsection (b), eligible Tier I
5 employees and eligible Tier I retirees may be required to make
6 contributions toward the cost of coverage under a program of
7 health benefits.

8 (d) The vested and enforceable contractual right to a
9 program of health benefits is not offered as, and shall not be
10 considered, a pension benefit under Article XIII, Section 5 of
11 the Illinois Constitution, the Illinois Pension Code, or any
12 subsequent or successor enactment providing pension benefits.

13 (e) Notwithstanding any other provision of this Act, a Tier
14 I employee or Tier I retiree who has made an election under
15 paragraph (2) of subsection (a) or (a-5) of Sections 2-110.3
16 and 14-106.5 of the Illinois Pension Code shall not be entitled
17 to participate in the program of health benefits as an
18 annuitant or retired employee receiving a retirement annuity,
19 regardless of any contrary election pursuant to any of those
20 Sections under any other retirement system.

21 Notwithstanding any other provision of this Act, a Tier I
22 employee who is not entitled to participate in the program of
23 health benefits as an annuitant or retired employee receiving a
24 retirement annuity, due to an election under paragraph (2) of
25 subsection (a) or (a-5) of Sections 2-110.3 and 14-106.5 of the
26 Illinois Pension Code shall not be required to make

1 contributions toward the program of health benefits while he or
2 she is an employee or active contributor. However, an active
3 employee may be required to make contributions toward health
4 benefits he or she receives during active service.

5 (f) The Department shall coordinate with each retirement
6 system administering an election in accordance with this
7 amendatory Act of the 97th General Assembly to provide
8 information concerning the impact of the election of health
9 benefits. Each System shall include information prepared by the
10 Department in the required election packet. The Department
11 shall make information available to Tier I employees and Tier I
12 retirees through video materials, group presentations,
13 consultation by telephone or other electronic means, or any
14 combination of these methods.

15 Section 15. The Governor's Office of Management and Budget
16 Act is amended by changing Sections 7 and 8 as follows:

17 (20 ILCS 3005/7) (from Ch. 127, par. 417)

18 Sec. 7. All statements and estimates of expenditures
19 submitted to the Office in connection with the preparation of a
20 State budget, and any other estimates of expenditures,
21 supporting requests for appropriations, shall be formulated
22 according to the various functions and activities for which the
23 respective department, office or institution of the State
24 government (including the elective officers in the executive

1 department and including the University of Illinois and the
2 judicial department) is responsible. All such statements and
3 estimates of expenditures relating to a particular function or
4 activity shall be further formulated or subject to analysis in
5 accordance with the following classification of objects:

6 (1) Personal services

7 (2) State contribution for employee group insurance

8 (3) Contractual services

9 (4) Travel

10 (5) Commodities

11 (6) Equipment

12 (7) Permanent improvements

13 (8) Land

14 (9) Electronic Data Processing

15 (10) Telecommunication services

16 (11) Operation of Automotive Equipment

17 (12) Contingencies

18 (13) Reserve

19 (14) Interest

20 (15) Awards and Grants

21 (16) Debt Retirement

22 (17) Non-cost Charges~~;~~

23 (18) State retirement contribution for annual normal cost

24 (19) State retirement contribution for unfunded accrued
25 liability.

26 (Source: P.A. 93-25, eff. 6-20-03.)

1 (20 ILCS 3005/8) (from Ch. 127, par. 418)

2 Sec. 8. When used in connection with a State budget or
3 expenditure or estimate, items (1) through (16) in the
4 classification of objects stated in Section 7 shall have the
5 meanings ascribed to those items in Sections 14 through 24.7,
6 respectively, of the State Finance Act. ~~"An Act in relation to
7 State finance", approved June 10, 1919, as amended.~~

8 When used in connection with a State budget or expenditure
9 or estimate, items (18) and (19) in the classification of
10 objects stated in Section 7 shall have the meanings ascribed to
11 those items in Sections 24.12 and 24.13, respectively, of the
12 State Finance Act.

13 (Source: P.A. 82-325.)

14 Section 20. The Illinois State Auditing Act is amended by
15 adding Section 2-8.1 as follows:

16 (30 ILCS 5/2-8.1 new)

17 Sec. 2-8.1. Actuarial Responsibilities.

18 (a) The Auditor General shall contract with or hire an
19 actuary to serve as the State Actuary. The State Actuary shall
20 be retained by, serve at the pleasure of, and be under the
21 supervision of the Auditor General and shall be paid from
22 appropriations to the office of the Auditor General. The State
23 Actuary may be selected by the Auditor General without engaging

1 in a competitive procurement process.

2 (b) The State Actuary shall:

3 (1) review assumptions and valuations prepared by
4 actuaries retained by the boards of trustees of the
5 State-funded retirement systems;

6 (2) issue preliminary reports to the boards of trustees
7 of the State-funded retirement systems concerning proposed
8 certifications of required State contributions submitted
9 to the State Actuary by those boards;

10 (3) cooperate with the boards of trustees of the
11 State-funded retirement systems to identify recommended
12 changes in actuarial assumptions that the boards must
13 consider before finalizing their certifications of the
14 required State contributions;

15 (4) conduct reviews of the actuarial practices of the
16 boards of trustees of the State-funded retirement systems;

17 (5) make additional reports as directed by joint
18 resolution of the General Assembly; and

19 (6) perform any other duties assigned by the Auditor
20 General, including, but not limited to, reviews of the
21 actuarial practices of other entities.

22 (c) On or before January 1, 2013 and each January 1
23 thereafter, the Auditor General shall submit a written report
24 to the General Assembly and Governor documenting the initial
25 assumptions and valuations prepared by actuaries retained by
26 the boards of trustees of the State-funded retirement systems,

1 any changes recommended by the State Actuary in the actuarial
2 assumptions, and the responses of each board to the State
3 Actuary's recommendations.

4 (d) For the purposes of this Section, "State-funded
5 retirement system" means a retirement system established
6 pursuant to Article 2, 14, 15, 16, or 18 of the Illinois
7 Pension Code.

8 Section 25. The State Finance Act is amended by changing
9 Section 13 and by adding Sections 24.12 and 24.13 as follows:

10 (30 ILCS 105/13) (from Ch. 127, par. 149)

11 Sec. 13. The objects and purposes for which appropriations
12 are made are classified and standardized by items as follows:

- 13 (1) Personal services;
- 14 (2) State contribution for employee group insurance;
- 15 (3) Contractual services;
- 16 (4) Travel;
- 17 (5) Commodities;
- 18 (6) Equipment;
- 19 (7) Permanent improvements;
- 20 (8) Land;
- 21 (9) Electronic Data Processing;
- 22 (10) Operation of automotive equipment;
- 23 (11) Telecommunications services;
- 24 (12) Contingencies;

- 1 (13) Reserve;
- 2 (14) Interest;
- 3 (15) Awards and Grants;
- 4 (16) Debt Retirement;
- 5 (17) Non-Cost Charges;
- 6 (18) State retirement contribution for annual normal cost;
- 7 (19) State retirement contribution for unfunded accrued
- 8 liability;
- 9 (20) ~~(18)~~ Purchase Contract for Real Estate.

10 When an appropriation is made to an officer, department,

11 institution, board, commission or other agency, or to a private

12 association or corporation, in one or more of the items above

13 specified, such appropriation shall be construed in accordance

14 with the definitions and limitations specified in this Act,

15 unless the appropriation act otherwise provides.

16 An appropriation for a purpose other than one specified and

17 defined in this Act may be made only as an additional, separate

18 and distinct item, specifically stating the object and purpose

19 thereof.

20 (Source: P.A. 84-263; 84-264.)

21 (30 ILCS 105/24.12 new)

22 Sec. 24.12. "State retirement contribution for annual

23 normal cost" defined. The term "State retirement contribution

24 for annual normal cost" means the portion of the total required

25 State contribution to a retirement system for a fiscal year

1 that represents the State's portion of the System's projected
2 normal cost for that fiscal year, as determined and certified
3 by the board of trustees of the retirement system in
4 conformance with the applicable provisions of the Illinois
5 Pension Code.

6 (30 ILCS 105/24.13 new)

7 Sec. 24.13. "State retirement contribution for unfunded
8 accrued liability" defined. The term "State retirement
9 contribution for unfunded accrued liability" means the portion
10 of the total required State contribution to a retirement system
11 for a fiscal year that is not included in the State retirement
12 contribution for annual normal cost.

13 Section 30. The Illinois Pension Code is amended by
14 changing Sections 1-103.3, 2-108, 2-119.1, 2-124, 2-134,
15 7-109, 14-103.10, 14-106, 14-114, 14-131, 14-132, 14-133,
16 14-135.08, 14-152.1, 16-158, and 18-140, and by adding Sections
17 1-162, 2-105.1, 2-105.2, 2-107.9, 2-110.3, 14-103.40,
18 14-103.41, 14-103.42, and 14-106.5 as follows:

19 (40 ILCS 5/1-103.3)

20 Sec. 1-103.3. Application of 1994 amendment; funding
21 standard.

22 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
23 ~~of 1994~~ that change the method of calculating, certifying, and

1 paying the required State contributions to the retirement
2 systems established under Articles 2, 14, 15, 16, and 18 shall
3 first apply to the State contributions required for State
4 fiscal year 1996.

5 (b) (Blank). ~~The General Assembly declares that a funding~~
6 ~~ratio (the ratio of a retirement system's total assets to its~~
7 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
8 ~~State funded retirement systems in Illinois, and it finds that~~
9 ~~a funding ratio of 90% is now the generally recognized norm~~
10 ~~throughout the nation for public employee retirement systems~~
11 ~~that are considered to be financially secure and funded in an~~
12 ~~appropriate and responsible manner.~~

13 (c) Every 5 years, beginning in 1999, the Commission on
14 Government Forecasting and Accountability, in consultation
15 with the affected retirement systems and the Governor's Office
16 of Management and Budget (formerly Bureau of the Budget), shall
17 consider and determine whether the funding goals ~~90% funding~~
18 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
19 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate
20 funding goals ~~goal~~ for State-funded retirement systems in
21 Illinois, and it shall report its findings and recommendations
22 on this subject to the Governor and the General Assembly.

23 (Source: P.A. 93-1067, eff. 1-15-05.)

24 (40 ILCS 5/1-162 new)

25 Sec. 1-162. Optional cash balance plan.

1 (a) Participation and Applicability. Beginning on July 1,
2 2013, the following persons may elect to participate in the
3 optional cash balance plan created under this Section:

4 (1) any person who participates in the cash balance
5 plan established under Section 1-161; and

6 (2) any Tier I employee who has made the election under
7 paragraph (1) of subsection (a) or (a-5) of Section
8 14-106.5.

9 The Board of Trustees of the applicable retirement system
10 shall promulgate rules to create an annual election wherein a
11 person eligible to participate in the optional cash balance
12 plan may elect to participate, and an active employee who is a
13 participant in the plan may elect to cease active
14 participation. The election to cease active participation
15 shall not disqualify the employee from eligibility to receive
16 an interest credit under subsection (f), a distribution upon
17 termination under subsection (f-10), a refund under subsection
18 (f-15), a retirement annuity under subsection (f-15), a
19 retirement annuity under subsection (g), or a survivor annuity
20 under subsection (k), or from eligibility to resume active
21 participation in the optional cash balance plan in a subsequent
22 year.

23 (b) Title. The package of benefits provided under this
24 Section may be referred to as the "optional cash balance plan".
25 Persons subject to the provisions of this Section may be
26 referred to as "participants in the optional cash balance

1 plan".

2 (b-5) Definitions. As used in this Section:

3 "Account" means the notional cash balance account
4 established under this Section for a participant in the
5 optional cash balance plan.

6 "Consumer Price Index-U" means the Consumer Price Index
7 published by the Bureau of Labor Statistics of the United
8 States Department of Labor that measures the average change in
9 prices of goods and services purchased by all urban consumers,
10 United States city average, all items, 1982-84 = 100.

11 "Salary" means "compensation" as defined in Article 14,
12 without regard to the limitation in subsection (b-5) of Section
13 1-160.

14 "Tier I employee" means a person who is a Tier I employee
15 under the applicable Article of this Code.

16 (c) Cash Balance Account. A notional cash balance account
17 shall be established by the applicable retirement system for
18 each participant in the optional cash balance plan. The account
19 is notional and does not contain any actual money segregated
20 from the commingled assets of the retirement system. The cash
21 balance in the account is to be used in calculating benefits as
22 provided in this Section, but is not to be used in the
23 calculation of any refund, transfer, or other benefit under the
24 applicable Article of this Code.

25 The amounts to be credited to the cash balance account
26 shall consist of (i) amounts contributed by or on behalf of the

1 participant as employee contributions, (ii) notional employer
2 contributions, and (iii) interest credit that is attributable
3 to the account, all as provided in this Section.

4 Whenever necessary for the prompt calculation or
5 administration, or when the System lacks information necessary
6 to the calculation or administration otherwise required of or
7 for a benefit under this Section, the applicable retirement
8 system may estimate an amount to be credited to or debited from
9 a participant's cash balance account and then adjust the amount
10 so credited or debited when more accurate information becomes
11 available.

12 The applicable retirement system shall give to each
13 participant in the optional cash balance plan who has not yet
14 retired annual notice of (1) the balance in the participant's
15 cash balance account and (2) an estimate of the retirement
16 annuity that will be payable to the participant if he or she
17 retires at age 59 1/2.

18 (d) Employee Contributions. In addition to the other
19 contributions required under the applicable Article, each
20 participant shall make contributions to the applicable
21 retirement system at the rate of 2% of each payment of salary.
22 The amount of each contribution shall be credited to the
23 participant's cash balance account upon receipt and after the
24 retirement system's reconciliation of the contribution.

25 (e) Optional Employer Contributions. Employers may make
26 optional additional contributions to the applicable retirement

1 system on behalf of their employees who are participants in the
2 optional cash balance plan in accordance with procedures
3 prescribed by the retirement system, to the extent permitted by
4 federal law and the rules prescribed by the retirement system.
5 The optional additional contributions under this subsection
6 are actual monetary contributions to the retirement system, and
7 the amount of each optional additional contribution shall be
8 credited to the participant's cash balance account upon receipt
9 and after the retirement system's reconciliation of the
10 contribution.

11 (f) Interest Credit. An amount representing earnings on
12 investments shall be determined by the retirement system in
13 accordance with this Section and credited to the participant's
14 cash balance account for each fiscal year in which there is a
15 positive balance in that account; except that no additional
16 interest credit shall be credited while an annuity based on the
17 account is being paid. The interest credit amount shall be a
18 percentage of the average quarterly balance in the cash balance
19 account during that fiscal year, and shall be calculated on
20 June 30.

21 The percentage shall be the assumed treasury rate for the
22 previous fiscal year, unless neither the retirement system's
23 actual rate of investment earnings for the previous fiscal year
24 nor the retirement system's actual rate of investment earnings
25 for the five-year period ending at the end of the previous
26 fiscal year is less than the assumed treasury rate.

1 If both the retirement system's actual rate of investment
2 earnings for the previous fiscal year and the actual rate of
3 investment earnings for the five-year period ending at the end
4 of the previous fiscal year are at least the assumed treasury
5 rate, then the percentage shall be:

6 (i) the assumed treasury rate, plus

7 (ii) two-thirds of the amount of the actual rate of
8 investment earnings for the previous fiscal year that
9 exceeds the assumed treasury rate.

10 However, in no event shall the percentage applied under this
11 subsection exceed 10%.

12 For the purposes of this subsection only, "previous fiscal
13 year" means fiscal year ending one year before the interest
14 rate is calculated.

15 For the purposes of this subsection only, "assumed treasury
16 rate" means the average annual yield of the 30-year U.S.
17 Treasury Bond over the previous fiscal year, but not less than
18 4%.

19 When a person applies for a benefit under this Section, the
20 retirement system shall apply an interest credit based on a
21 proration of an estimate of what the interest credit will be
22 for the relevant year. When the retirement system certifies the
23 credit on June 30, it shall adjust the benefit accordingly.

24 (f-10) Distribution upon Termination of Employment. Upon
25 termination of active employment with at least 5 years of
26 service credit under the applicable retirement system and prior

1 to making application for an annuity under this Section, a
2 participant in the optional cash balance plan may make an
3 irrevocable election to distribute an amount not to exceed 40%
4 of the balance in the participant's account in the form of a
5 direct rollover to another qualified plan, to the extent
6 allowed by federal law. If the participant makes such an
7 election, then the amount distributed shall be debited from the
8 participant's cash balance account. A participant in the
9 optional cash balance plan shall be allowed only one
10 distribution under this subsection. The remaining balance in
11 the participant's account shall be used for the determination
12 of other benefits provided under this Section.

13 (f-15) Refund. In lieu of receiving a distribution under
14 subsection (f-10), at any time after terminating active
15 employment under the applicable retirement system, but before
16 receiving a retirement annuity under this Section, a
17 participant in the optional cash balance plan may elect to
18 receive a refund under this subsection. The refund shall
19 consist of an amount equal to the amount of all employee
20 contributions credited to the participant's account, but shall
21 not include any interest credit or employer contributions. If
22 the participant so requests, the refund may be paid in the form
23 of a direct rollover to another qualified plan, to the extent
24 allowed by federal law and in accordance with the rules of the
25 applicable retirement system. Upon payment of the refund, the
26 participant's notional cash balance account shall be closed.

1 (g) Retirement Annuity. A participant in the optional cash
2 balance plan may begin collecting a retirement annuity at age
3 59 1/2, but no earlier than the date of termination of active
4 employment under the applicable retirement system.

5 The amount of the retirement annuity shall be calculated by
6 the retirement system, based on the balance in the cash balance
7 account, the assumption of future investment returns as
8 specified in this subsection, the participant's election to
9 have a lifetime survivor's annuity as specified in this
10 subsection, the annual increase in retirement annuity as
11 specified in subsection (h), the annual increase in survivor's
12 annuity as specified in subsection (l), and any actuarial
13 assumptions and tables adopted by the board of the retirement
14 system for this purpose. The calculation shall determine the
15 amount of retirement annuity, on an actuarially equivalent
16 basis, that shall be designed to result in the balance in the
17 participant's account arriving at zero on the date when the
18 last payment of the retirement annuity (or survivor's annuity,
19 if the participant elects to provide for a survivor's annuity
20 pursuant to this subsection) is anticipated to be paid under
21 the relevant actuarial assumptions. A retirement annuity or a
22 survivor's annuity provided under this Section shall be a life
23 annuity and shall not expire if the account balance equals
24 zero.

25 The annuity payment shall begin on the date specified by
26 the participant submitting a written application, which date

1 shall not be prior to termination of employment or more than
2 one year before the application is received by the board;
3 however, if the participant is not an employee of an employer
4 participating in this System or in a participating system as
5 defined in Article 20 of this Code on April 1 of the calendar
6 year next following the calendar year in which the participant
7 attains age 70 1/2, the annuity payment period shall begin on
8 that date regardless of whether an application has been filed.

9 The participant may elect, under the participant's written
10 application for retirement, to receive a reduced annuity
11 payable for his or her life and to have a lifetime survivor's
12 annuity in a monthly amount equal to 50%, 75%, or 100% of that
13 reduced monthly amount, to be paid after the participant's
14 death to his or her eligible survivor. Eligibility for a
15 survivor's annuity shall be determined under the applicable
16 Article of this Code.

17 For the purpose of calculating retirement annuities,
18 future investment returns shall be assumed to be a percentage
19 equal to the average yield of the 30-year U.S. Treasury Bond
20 over the 5 fiscal years prior to the calculation of the initial
21 retirement annuity, plus 250 basis points; but not less than 4%
22 nor more than 8%.

23 (h) Annual Increase in Retirement Annuity. The retirement
24 annuity shall be subject to an automatic annual increase in an
25 amount equal to 3% of the originally granted annuity on each
26 January 1 occurring on or after the first anniversary of the

1 annuity start date.

2 (i) Disability Benefits. There are no disability benefits
3 provided under the optional cash balance plan, and no amounts
4 for disability shall be deducted from the account of a
5 participant in the optional cash balance plan. The disability
6 benefits provided under the applicable retirement system apply
7 to participants in the optional cash balance plan.

8 (j) Return to Service. Upon a return to service under the
9 same retirement system after beginning to receive a retirement
10 annuity under the optional cash balance plan, the retirement
11 annuity shall be suspended and active participation in the
12 optional cash balance plan shall resume. Upon termination of
13 the employment, the retirement annuity shall resume in an
14 amount to be recalculated in accordance with subsection (g),
15 taking into effect the changes in the cash balance account. If
16 a retired annuitant returns to service, his or her notional
17 cash balance account shall be decreased by each payment of
18 retirement annuity prior to the return to service.

19 (k) Survivor's Annuity - Death before Retirement. In the
20 case of a participant in the optional cash balance plan who had
21 less than 5 years of service under the applicable Article and
22 had not begun receiving a retirement annuity, the eligible
23 survivor shall be entitled only to a refund of employee
24 contributions under subsection (f-15).

25 In the case of a participant in the optional cash balance
26 plan who had at least 5 years of service under the applicable

1 Article and had not begun receiving a retirement annuity, the
2 eligible survivor shall be entitled to receive a survivor's
3 annuity beginning at age 59 1/2 upon written application. The
4 survivor's annuity shall be calculated in the same manner as a
5 retirement annuity under subsection (g). At any time before
6 receiving a survivor's annuity, the eligible survivor may claim
7 a distribution under subsection (f-10) or a refund under
8 subsection (f-15). The deceased participant's account shall
9 continue to receive interest credit until the eligible survivor
10 begins to receive a survivor's annuity or receives a refund of
11 employee contributions under subsection (f-15).

12 Eligibility for a survivor's annuity shall be determined
13 under the applicable Article of this Code. A child's or
14 parent's annuity for an otherwise eligible child or dependent
15 parent shall be in the same amount, if any, prescribed under
16 the applicable Article.

17 (l) Annual Increase in Survivor's Annuity. A survivor's
18 annuity granted under subsection (g) or (k) shall be subject to
19 an automatic annual increase in an amount equal to 3% of the
20 originally granted annuity on each January 1 occurring on or
21 after the first anniversary of the annuity start date.

22 (m) Applicability of Provisions. The following provisions,
23 if and as they exist in this Code, do not apply to participants
24 in the optional cash balance plan with respect to participation
25 in the optional cash balance plan, except as they are
26 specifically provided for in this Section:

1 (1) minimum service or vesting requirements (other
2 than as provided in this Section);

3 (2) provisions limiting a retirement annuity to a
4 specified percentage of salary;

5 (3) provisions authorizing a minimum retirement or
6 survivor's annuity or a supplemental annuity;

7 (4) provisions authorizing any form of retirement
8 annuity or survivor's annuity not authorized under this
9 Section;

10 (5) provisions authorizing a reversionary annuity
11 (other than the survivor's annuity under subsection (g));

12 (6) provisions authorizing a refund of employee
13 contributions upon termination of service (other than upon
14 the death of the participant without an eligible survivor)
15 or any lump-sum payout in lieu of a retirement or
16 survivor's annuity (other than the distribution under
17 subsection (f-10) or the refund under subsection (f-15) of
18 this Section;

19 (7) provisions authorizing optional service credits or
20 the payment of optional additional contributions (other
21 than the optional employer contributions specifically
22 authorized in this Section); or

23 (8) a level income option.

24 The Retirement Systems Reciprocal Act (Article 20 of this
25 Code) does not apply to participation in the optional cash
26 balance plan and does not affect the calculation of benefits

1 payable under this Section.

2 The other provisions of this Code continue to apply to
3 participants in the optional cash balance plan, to the extent
4 that they do not conflict with this Section. In the case of a
5 conflict between the provisions of this Section and any other
6 provision of this Code, the provisions of this Section control.

7 (n) Rules. The Board of Trustees of the applicable
8 retirement system may adopt rules and procedures for the
9 implementation of this Section, including but not limited to
10 determinations of how to integrate the administration of this
11 Section with the requirements of the applicable Article and any
12 other applicable provisions of this Code.

13 (o) Public Pension Division. The Public Pension Division of
14 the Department of Insurance shall determine in October of each
15 year the annual unadjusted percentage increase (but not less
16 than zero) in the Consumer Price Index-U for the 12 months
17 ending with the preceding September. The Division shall certify
18 its determination to the Board of Trustees of the State
19 Universities Retirement System by November 1 of each year.

20 (p) Actual Employer Contributions. Payment of employer
21 contributions with respect to participants in the optional cash
22 balance plan shall be the responsibility of the actual
23 employer. These contributions shall be determined under and
24 paid in accordance with the provisions of Sections 15-155.
25 Optional additional contributions by employers may be paid in
26 any amount, but must be paid in the manner specified by the

1 applicable retirement system.

2 (q) Prospective Modification. The provisions set forth in
3 this Section are subject to prospective changes made by law
4 provided that any such changes shall not apply to any benefits
5 accrued under this Section prior to the effective date of any
6 amendatory Act of the General Assembly.

7 (s) Qualified Plan Status. No provision of this Section
8 shall be interpreted in a way that would cause the applicable
9 retirement system to cease to be a qualified plan under section
10 461 (a) of the Internal Revenue Code of 1986.

11 (40 ILCS 5/2-105.1 new)

12 Sec. 2-105.1. Tier I employee. "Tier I employee": A
13 participant who first became a participant before January 1,
14 2011.

15 (40 ILCS 5/2-105.2 new)

16 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
17 former Tier I employee who is receiving a retirement annuity.

18 (40 ILCS 5/2-107.9 new)

19 Sec. 2-107.9. Future increase in income. "Future increase
20 in income": Any increase in income in any form offered for
21 service as a member under this Article after June 30, 2013 that
22 would qualify as "salary", as defined under Section 2-108, but
23 for the fact that the increase in income was offered to the

1 member on the condition that it not qualify as salary and was
2 accepted by the member subject to that condition.

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

4 Sec. 2-108. Salary. "Salary": (1) For members of the
5 General Assembly, the total compensation paid to the member by
6 the State for one year of service, including the additional
7 amounts, if any, paid to the member as an officer pursuant to
8 Section 1 of "An Act in relation to the compensation and
9 emoluments of the members of the General Assembly", approved
10 December 6, 1907, as now or hereafter amended.

11 (2) For the State executive officers specified in Section
12 2-105, the total compensation paid to the member for one year
13 of service.

14 (3) For members of the System who are participants under
15 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
16 of the House of Representatives or Secretary or Assistant
17 Secretary of the Senate, the total compensation paid to the
18 member for one year of service, but not to exceed the salary of
19 the highest salaried officer of the General Assembly.

20 However, in the event that federal law results in any
21 participant receiving imputed income based on the value of
22 group term life insurance provided by the State, such imputed
23 income shall not be included in salary for the purposes of this
24 Article.

25 Notwithstanding any other provision of this Section,

1 "salary" does not include any future increase in income that is
2 offered for service as a member under this Article pursuant to
3 the requirements of subsection (c) of Section 2-110.3 and
4 accepted by a Tier I employee, or a Tier I retiree returning to
5 active service, who has made an election under paragraph (2) of
6 subsection (a) or (a-5) of Section Section 2-110.3.

7 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

8 (40 ILCS 5/2-110.3 new)

9 Sec. 2-110.3. Election by Tier I employees and Tier I
10 retirees.

11 (a) Each Tier I employee shall make an irrevocable election
12 either:

13 (1) to agree to the following:

14 (i) to have the amount of the automatic annual
15 increases in his or her retirement annuity that are
16 otherwise provided for in this Article calculated,
17 instead, as provided in subsection (a-1) of Section
18 2-119.1; and

19 (ii) to have his or her eligibility for automatic
20 annual increases in retirement annuity postponed as
21 provided in subsection (a-2) of Section 2-119.1 and to
22 relinquish the additional increases provided in
23 subsection (b) of Section 2-119.1; or

24 (2) to not agree to items (i) and (ii) as set forth in
25 paragraph (1) of this subsection.

1 The election required under this subsection (a) shall be
2 made by each Tier I employee no earlier than January 1, 2013
3 and no later than May 31, 2013, except that:

4 (i) a person who becomes a Tier I employee under this
5 Article after January 1, 2013 must make the election under
6 this subsection (a) within 60 days after becoming a Tier I
7 employee;

8 (ii) a person who returns to active service as a Tier I
9 employee under this Article after January 1, 2013 and has
10 not yet made an election under this Section must make the
11 election under this subsection (a) within 60 days after
12 returning to active service as a Tier I employee; and

13 (iii) a person who made the election under subsection
14 (a-5) as a Tier I retiree remains bound by that election
15 and shall not make a later election under this subsection
16 (a).

17 If a Tier I employee fails for any reason to make a
18 required election under this subsection within the time
19 specified, then the employee shall be deemed to have made the
20 election under paragraph (2) of this subsection.

21 (a-5) Each Tier I retiree shall make an irrevocable
22 election either:

23 (1) to agree to the following:

24 (i) to have the amount of the automatic annual
25 increases in his or her retirement annuity that are
26 otherwise provided for in this Article calculated,

1 instead, as provided in subsection (a-1) of Section
2 2-119.1; and

3 (ii) to have his or her eligibility for automatic
4 annual increases in retirement annuity postponed as
5 provided in subsection (a-2) of Section 2-119.1 and to
6 relinquish the additional increases provided in
7 subsection (b) of Section 2-119.1; or

8 (2) to not agree to items (i) and (ii) as set forth in
9 paragraph (1) of this subsection.

10 The election required under this subsection (a-5) shall be
11 made by each Tier I retiree no earlier than January 1, 2013 and
12 no later than May 31, 2013, except that:

13 (i) a person who becomes a Tier I retiree under this
14 Article on or after January 1, 2013 must make the election
15 under this subsection (a-5) within 60 days after becoming a
16 Tier I retiree; and

17 (ii) a person who made the election under subsection
18 (a) as a Tier I employee remains bound by that election and
19 shall not make a later election under this subsection
20 (a-5).

21 If a Tier I retiree fails for any reason to make a required
22 election under this subsection within the time specified, then
23 the Tier I retiree shall be deemed to have made the election
24 under paragraph (2) of this subsection.

25 (a-10) All elections under subsection (a) or (a-5) that are
26 made or deemed to be made before June 1, 2013 shall take effect

1 on July 1, 2013. Elections that are made or deemed to be made
2 on or after June 1, 2013 shall take effect on the first day of
3 the month following the month in which the election is made or
4 deemed to be made.

5 (b) As adequate and legal consideration provided under this
6 amendatory Act of the 97th General Assembly for making the
7 election under paragraph (1) of subsection (a) of this Section,
8 any future increases in income offered for service as a member
9 under this Article to a Tier I employee who has made the
10 election under paragraph (1) of subsection (a) of this Section
11 shall be offered expressly and irrevocably as constituting
12 salary under Section 2-108.

13 As adequate and legal consideration provided under this
14 amendatory Act of the 97th General Assembly for making the
15 election under paragraph (1) of subsection (a-5) of this
16 Section, any future increases in income offered for service as
17 a member under this Article to a Tier I retiree who returns to
18 active service after having made the election under paragraph
19 (1) of subsection (a-5) of this Section shall be offered
20 expressly and irrevocably as constituting salary under Section
21 2-108.

22 (c) A Tier I employee who makes the election under
23 paragraph (2) of subsection (a) of this Section shall not be
24 subject to items (i) and (ii) set forth in paragraph (1) of
25 subsection (a) of this Section. However, any future increases
26 in income offered for service as a member under this Article to

1 a Tier I employee who has made the election under paragraph (2)
2 of subsection (a) of this Section shall be offered expressly
3 and irrevocably as not constituting salary under Section 2-108,
4 and the member may not accept any future increase in income
5 that is offered in violation of this requirement.

6 A Tier I retiree who makes the election under paragraph (2)
7 of subsection (a-5) of this Section shall not be subject to
8 items (i) and (ii) set forth in paragraph (1) of subsection
9 (a-5) of this Section. However, any future increases in income
10 offered for service as a member under this Article to a Tier I
11 retiree who returns to active service and has made the election
12 under paragraph (2) of subsection (a-5) of this Section shall
13 be offered expressly and irrevocably as not constituting salary
14 under Section 2-108, and the member may not accept any future
15 increase in income that is offered in violation of this
16 requirement.

17 (d) The System shall make a good faith effort to contact
18 each Tier I employee and Tier I retiree subject to this
19 Section. The System shall mail information describing the
20 required election to each Tier I employee and Tier I retiree by
21 United States Postal Service mail to his or her last known
22 address on file with the System. If the Tier I employee or Tier
23 I retiree is not responsive to other means of contact, it is
24 sufficient for the System to publish the details of any
25 required elections on its website or to publish those details
26 in a regularly published newsletter or other existing public

1 forum.

2 Tier I employees and Tier I retirees who are subject to
3 this Section shall be provided with an election packet
4 containing information regarding their options, as well as the
5 forms necessary to make the required election. Upon request,
6 the System shall offer Tier I employees and Tier I retirees an
7 opportunity to receive information from the System before
8 making the required election. The information may be provided
9 through video materials, group presentations, individual
10 consultation with a member or authorized representative of the
11 System in person or by telephone or other electronic means, or
12 any combination of those methods. The System shall not provide
13 advice or counseling with respect to which election a Tier I
14 employee or Tier I retiree should make or specific to the legal
15 or tax circumstances of or consequences to the Tier I employee
16 or Tier I retiree.

17 The System shall inform Tier I employees and Tier I
18 retirees in the election packet required under this subsection
19 that the Tier I employee or Tier I retiree may also wish to
20 obtain information and counsel relating to the election
21 required under this Section from any other available source,
22 including but not limited to labor organizations and private
23 counsel.

24 In no event shall the System, its staff, or the Board be
25 held liable for any information given to a member, beneficiary,
26 or annuitant regarding the elections under this Section. The

1 System shall coordinate with the Illinois Department of Central
2 Management Services and each other retirement system
3 administering an election in accordance with this amendatory
4 Act of the 97th General Assembly to provide information
5 concerning the impact of the election set forth in this
6 Section.

7 (e) Notwithstanding any other provision of law, any future
8 increases in income offered for service as a member must be
9 offered expressly and irrevocably as not constituting "salary"
10 under Section 2-108 to any Tier I employee, or Tier I retiree
11 returning to active service, who has made an election under
12 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A
13 Tier I employee, or Tier I retiree returning to active service,
14 who has made an election under paragraph (2) or subsection (a)
15 or (a-5) of Section 2-110.3 shall not accept any future
16 increase in income that is offered for service as a member
17 under this Article in violation of the requirement set forth in
18 this subsection.

19 (f) A member's election under this Section is not a
20 prohibited election under subdivision (j)(1) of Section 1-119
21 of this Code.

22 (g) Qualified Plan Status. No provision of this Section
23 shall be interpreted in a way that would cause the System to
24 cease to be a qualified plan under section 461 (a) of the
25 Internal Revenue Code of 1986.

1 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

2 Sec. 2-119.1. Automatic increase in retirement annuity.

3 (a) Except as provided in subsections (a-1) and (a-2), a A
4 participant who retires after June 30, 1967, and who has not
5 received an initial increase under this Section before the
6 effective date of this amendatory Act of 1991, shall, in
7 January or July next following the first anniversary of
8 retirement, whichever occurs first, and in the same month of
9 each year thereafter, but in no event prior to age 60, have the
10 amount of the originally granted retirement annuity increased
11 as follows: for each year through 1971, 1 1/2%; for each year
12 from 1972 through 1979, 2%; and for 1980 and each year
13 thereafter, 3%. Annuitants who have received an initial
14 increase under this subsection prior to the effective date of
15 this amendatory Act of 1991 shall continue to receive their
16 annual increases in the same month as the initial increase.

17 (a-1) Notwithstanding any other provision of this Article,
18 for a Tier I employee or Tier I retiree who made the election
19 under paragraph (1) of subsection (a) or (a-5) of Section
20 2-110.3, the amount of each automatic annual increase in
21 retirement annuity occurring on or after the effective date of
22 that election shall be 3% or one-half of the annual unadjusted
23 percentage increase, if any, in the Consumer Price Index-U for
24 the 12 months ending with the preceding September, whichever is
25 less, of the originally granted retirement annuity. For the
26 purposes of this Section, "Consumer Price Index-U" means the

1 index published by the Bureau of Labor Statistics of the United
2 States Department of Labor that measures the average change in
3 prices of goods and services purchased by all urban consumers,
4 United States city average, all items, 1982-84 = 100.

5 (a-2) For a Tier I employee or Tier I retiree who made the
6 election under paragraph (1) of subsection (a) or (a-5) of
7 Section 2-110.3, the monthly retirement annuity shall first be
8 subject to annual increases on the January 1 occurring on or
9 next after the attainment of age 67 or the January 1 occurring
10 on or next after the fifth anniversary of the annuity start
11 date, whichever occurs earlier. If on the effective date of the
12 election under paragraph (1) of subsection (a-5) of Section
13 2-110.3 a Tier I retiree has already received an annual
14 increase under this Section but does not yet meet the new
15 eligibility requirements of this subsection, the annual
16 increases already received shall continue in force, but no
17 additional annual increase shall be granted until the Tier I
18 retiree meets the new eligibility requirements.

19 (b) Beginning January 1, 1990, for eligible participants
20 who remain in service after attaining 20 years of creditable
21 service, the 3% increases provided under subsection (a) shall
22 begin to accrue on the January 1 next following the date upon
23 which the participant (1) attains age 55, or (2) attains 20
24 years of creditable service, whichever occurs later, and shall
25 continue to accrue while the participant remains in service;
26 such increases shall become payable on January 1 or July 1,

1 whichever occurs first, next following the first anniversary of
2 retirement. For any person who has service credit in the System
3 for the entire period from January 15, 1969 through December
4 31, 1992, regardless of the date of termination of service, the
5 reference to age 55 in clause (1) of this subsection (b) shall
6 be deemed to mean age 50.

7 This subsection (b) does not apply to any person who first
8 becomes a member of the System after August 8, 2003 (the
9 effective date of Public Act 93-494) or (ii) has made the
10 election under paragraph (1) of subsection (a) or (a-5) of
11 Section 2-110.3; except that if on the effective date of the
12 election under paragraph (1) of subsection (a-5) of Section
13 2-110.3 a Tier I retiree has already received a retirement
14 annuity based on any annual increases under this subsection,
15 those annual increases under this subsection shall continue in
16 force ~~this amendatory Act of the 93rd General Assembly.~~

17 (b-5) Notwithstanding any other provision of this Article,
18 a participant who first becomes a participant on or after
19 January 1, 2011 (the effective date of Public Act 96-889)
20 shall, in January or July next following the first anniversary
21 of retirement, whichever occurs first, and in the same month of
22 each year thereafter, but in no event prior to age 67, have the
23 amount of the retirement annuity then being paid increased by
24 3% or the annual unadjusted percentage increase in the Consumer
25 Price Index for All Urban Consumers as determined by the Public
26 Pension Division of the Department of Insurance under

1 subsection (a) of Section 2-108.1, whichever is less.

2 (c) The foregoing provisions relating to automatic
3 increases are not applicable to a participant who retires
4 before having made contributions (at the rate prescribed in
5 Section 2-126) for automatic increases for less than the
6 equivalent of one full year. However, in order to be eligible
7 for the automatic increases, such a participant may make
8 arrangements to pay to the system the amount required to bring
9 the total contributions for the automatic increase to the
10 equivalent of one year's contributions based upon his or her
11 last salary.

12 (d) A participant who terminated service prior to July 1,
13 1967, with at least 14 years of service is entitled to an
14 increase in retirement annuity beginning January, 1976, and to
15 additional increases in January of each year thereafter.

16 The initial increase shall be 1 1/2% of the originally
17 granted retirement annuity multiplied by the number of full
18 years that the annuitant was in receipt of such annuity prior
19 to January 1, 1972, plus 2% of the originally granted
20 retirement annuity for each year after that date. The
21 subsequent annual increases shall be at the rate of 2% of the
22 originally granted retirement annuity for each year through
23 1979 and at the rate of 3% for 1980 and thereafter.

24 (e) Beginning January 1, 1990, all automatic annual
25 increases payable under this Section shall be calculated as a
26 percentage of the total annuity payable at the time of the

1 increase, including previous increases granted under this
2 Article.

3 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

4 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)
5 Sec. 2-124. Contributions by State.

6 (a) Except as otherwise provided in this Section, the ~~The~~
7 State shall make contributions to the System by appropriations
8 of amounts which, together with the contributions of
9 participants, interest earned on investments, and other income
10 will meet the cost of maintaining and administering the System
11 on a 90% funded basis in accordance with actuarial
12 recommendations.

13 (b) The Board shall determine the amount of State
14 contributions required for each fiscal year on the basis of the
15 actuarial tables and other assumptions adopted by the Board and
16 the prescribed rate of interest, using the formula in
17 subsection (c).

18 (c) Except as otherwise provided in this Section, for ~~For~~
19 State fiscal years 2012 through 2045, the minimum contribution
20 to the System to be made by the State for each fiscal year
21 shall be an amount determined by the System to be sufficient to
22 bring the total assets of the System up to 90% of the total
23 actuarial liabilities of the System by the end of State fiscal
24 year 2045. In making these determinations, the required State
25 contribution shall be calculated each year as a level

1 percentage of payroll over the years remaining to and including
2 fiscal year 2045 and shall be determined under the projected
3 unit credit actuarial cost method.

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

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2006 is
11 \$4,157,000.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2007 is
14 \$5,220,300.

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2010 is
23 \$10,454,000 and shall be made from the proceeds of bonds sold
24 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 General Revenue
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 is
7 the amount recertified by the System on or before April 1, 2011
8 pursuant to Section 2-134 and shall be made from the proceeds
9 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
10 the General Obligation Bond Act, less (i) the pro rata share of
11 bond sale expenses determined by the System's share of total
12 bond proceeds, (ii) any amounts received from the General
13 Revenue Fund in fiscal year 2011, and (iii) any reduction in
14 bond proceeds due to the issuance of discounted bonds, if
15 applicable.

16 Except as otherwise provided in this Section, beginning
17 ~~Beginning~~ in State fiscal year 2046, the minimum State
18 contribution for each fiscal year shall be the amount needed to
19 maintain the total assets of the System at 90% of the total
20 actuarial liabilities of the System.

21 Amounts received by the System pursuant to Section 25 of
22 the Budget Stabilization Act or Section 8.12 of the State
23 Finance Act in any fiscal year do not reduce and do not
24 constitute payment of any portion of the minimum State
25 contribution required under this Article in that fiscal year.
26 Such amounts shall not reduce, and shall not be included in the

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 90%. A reference in this Article to
4 the "required State contribution" or any substantially similar
5 term does not include or apply to any amounts payable to the
6 System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter, as calculated
10 under this Section and certified under Section 2-134, shall not
11 exceed an amount equal to (i) the amount of the required State
12 contribution that would have been calculated under this Section
13 for that fiscal year if the System had not received any
14 payments under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act, minus (ii) the portion of the State's
16 total debt service payments for that fiscal year on the bonds
17 issued in fiscal year 2003 for the purposes of that Section
18 7.2, as determined and certified by the Comptroller, that is
19 the same as the System's portion of the total moneys
20 distributed under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act. In determining this maximum for State
22 fiscal years 2008 through 2010, however, the amount referred to
23 in item (i) shall be increased, as a percentage of the
24 applicable employee payroll, in equal increments calculated
25 from the sum of the required State contribution for State
26 fiscal year 2007 plus the applicable portion of the State's

1 total debt service payments for fiscal year 2007 on the bonds
2 issued in fiscal year 2003 for the purposes of Section 7.2 of
3 the General Obligation Bond Act, so that, by State fiscal year
4 2011, the State is contributing at the rate otherwise required
5 under this Section.

6 (c-1) If at least 50% of Tier I employees making an
7 election under Section 2-110.3 before June 1, 2013 choose the
8 option under paragraph (1) of subsection (a) of that Section,
9 then:

10 (1) In lieu of the State contributions required under
11 subsection (c), for State fiscal years 2014 through 2043
12 the minimum contribution to the System to be made by the
13 State for each fiscal year shall be an amount determined by
14 the System to be equal to the sum of (1) the State's
15 portion of the projected normal cost for that fiscal year,
16 plus (2) an amount sufficient to bring the total assets of
17 the System up to 100% of the total actuarial liabilities of
18 the System by the end of State fiscal year 2043. In making
19 these determinations, the required State contribution
20 shall be calculated each year as a level percentage of
21 payroll over the years remaining to and including fiscal
22 year 2043 and shall be determined under the projected unit
23 credit actuarial cost method.

24 (2) Beginning in State fiscal year 2043, the minimum
25 State contribution for each fiscal year shall be the amount
26 needed to maintain the total assets of the System at 100%

1 of the total actuarial liabilities of the System.

2 (c-2) If less than 50% of Tier I employees making an
3 election under Section 2-110.3 before June 1, 2013 choose the
4 option under paragraph (1) of subsection (a) of that Section,
5 then the annual required contribution to the System to be made
6 by the State shall be determined under subsection (c) of this
7 Section, instead of the annual required contribution otherwise
8 specified in subsection (c-1) of this Section.

9 (d) For purposes of determining the required State
10 contribution to the System, the value of the System's assets
11 shall be equal to the actuarial value of the System's assets,
12 which shall be calculated as follows:

13 As of June 30, 2008, the actuarial value of the System's
14 assets shall be equal to the market value of the assets as of
15 that date. In determining the actuarial value of the System's
16 assets for fiscal years after June 30, 2008, any actuarial
17 gains or losses from investment return incurred in a fiscal
18 year shall be recognized in equal annual amounts over the
19 5-year period following that fiscal year.

20 (e) For purposes of determining the required State
21 contribution to the system for a particular year, the actuarial
22 value of assets shall be assumed to earn a rate of return equal
23 to the system's actuarially assumed rate of return.

24 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
25 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
26 3-18-11; revised 4-6-11.)

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

2 Sec. 2-134. To certify required State contributions and
3 submit vouchers.

4 (a) The Board shall certify to the Governor on or before
5 December 15 of each year until December 15, 2011 the amount of
6 the required State contribution to the System for the next
7 fiscal year and shall specifically identify the System's
8 projected State normal cost for that fiscal year. The
9 certification shall include a copy of the actuarial
10 recommendations upon which it is based and shall specifically
11 identify the System's projected State normal cost for that
12 fiscal year.

13 On or before November 1 of each year, beginning November 1,
14 2012, the Board shall submit to the State Actuary, the
15 Governor, and the General Assembly a proposed certification of
16 the amount of the required State contribution to the System for
17 the next fiscal year, along with all of the actuarial
18 assumptions, calculations, and data upon which that proposed
19 certification is based. On or before January 1 of each year
20 beginning January 1, 2013, the State Actuary shall issue a
21 preliminary report concerning the proposed certification and
22 identifying, if necessary, recommended changes in actuarial
23 assumptions that the Board must consider before finalizing its
24 certification of the required State contributions. On or before
25 January 15, 2013 and every January 15 thereafter, the Board

1 shall certify to the Governor and the General Assembly the
2 amount of the required State contribution for the next fiscal
3 year. The Board's certification must note any deviations from
4 the State Actuary's recommended changes, the reason or reasons
5 for not following the State Actuary's recommended changes, and
6 the fiscal impact of not following the State Actuary's
7 recommended changes on the required State contribution.

8 On or before May 1, 2004, the Board shall recalculate and
9 recertify to the Governor the amount of the required State
10 contribution to the System for State fiscal year 2005, taking
11 into account the amounts appropriated to and received by the
12 System under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act.

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

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

25 (b) Beginning in State fiscal year 1996, on or as soon as
26 possible after the 15th day of each month the Board shall

1 submit vouchers for payment of State contributions to the
2 System, in a total monthly amount of one-twelfth of the
3 required annual State contribution certified under subsection
4 (a). From the effective date of this amendatory Act of the 93rd
5 General Assembly through June 30, 2004, the Board shall not
6 submit vouchers for the remainder of fiscal year 2004 in excess
7 of the fiscal year 2004 certified contribution amount
8 determined under this Section after taking into consideration
9 the transfer to the System under subsection (d) of Section
10 6z-61 of the State Finance Act. These vouchers shall be paid by
11 the State Comptroller and Treasurer by warrants drawn on the
12 funds appropriated to the System for that fiscal year. If in
13 any month the amount remaining unexpended from all other
14 appropriations to the System for the applicable fiscal year
15 (including the appropriations to the System under Section 8.12
16 of the State Finance Act and Section 1 of the State Pension
17 Funds Continuing Appropriation Act) is less than the amount
18 lawfully vouchered under this Section, the difference shall be
19 paid from the General Revenue Fund under the continuing
20 appropriation authority provided in Section 1.1 of the State
21 Pension Funds Continuing Appropriation Act.

22 (c) The full amount of any annual appropriation for the
23 System for State fiscal year 1995 shall be transferred and made
24 available to the System at the beginning of that fiscal year at
25 the request of the Board. Any excess funds remaining at the end
26 of any fiscal year from appropriations shall be retained by the

1 System as a general reserve to meet the System's accrued
2 liabilities.

3 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;
4 96-1511, eff. 1-27-11.)

5 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)
6 Sec. 7-109. Employee.

7 (1) "Employee" means any person who:

8 (a) 1. Receives earnings as payment for the performance
9 of personal services or official duties out of the
10 general fund of a municipality, or out of any special
11 fund or funds controlled by a municipality, or by an
12 instrumentality thereof, or a participating
13 instrumentality, including, in counties, the fees or
14 earnings of any county fee office; and

15 2. Under the usual common law rules applicable in
16 determining the employer-employee relationship, has
17 the status of an employee with a municipality, or any
18 instrumentality thereof, or a participating
19 instrumentality, including aldermen, county
20 supervisors and other persons (excepting those
21 employed as independent contractors) who are paid
22 compensation, fees, allowances or other emolument for
23 official duties, and, in counties, the several county
24 fee offices.

25 (b) Serves as a township treasurer appointed under the

1 School Code, as heretofore or hereafter amended, and who
2 receives for such services regular compensation as
3 distinguished from per diem compensation, and any regular
4 employee in the office of any township treasurer whether or
5 not his earnings are paid from the income of the permanent
6 township fund or from funds subject to distribution to the
7 several school districts and parts of school districts as
8 provided in the School Code, or from both such sources; or
9 is the chief executive officer, chief educational officer,
10 chief fiscal officer, or other employee of a Financial
11 Oversight Panel established pursuant to Article 1H of the
12 School Code, other than a superintendent or certified
13 school business official, except that such person shall not
14 be treated as an employee under this Section if that person
15 has negotiated with the Financial Oversight Panel, in
16 conjunction with the school district, a contractual
17 agreement for exclusion from this Section.

18 (c) Holds an elective office in a municipality,
19 instrumentality thereof or participating instrumentality.

20 (2) "Employee" does not include persons who:

21 (a) Are eligible for inclusion under any of the
22 following laws:

23 1. "An Act in relation to an Illinois State
24 Teachers' Pension and Retirement Fund", approved May
25 27, 1915, as amended;

26 2. Articles 15 and 16 of this Code.

1 However, such persons shall be included as employees to
2 the extent of earnings that are not eligible for inclusion
3 under the foregoing laws for services not of an
4 instructional nature of any kind.

5 However, any member of the armed forces who is employed
6 as a teacher of subjects in the Reserve Officers Training
7 Corps of any school and who is not certified under the law
8 governing the certification of teachers shall be included
9 as an employee.

10 (b) Are designated by the governing body of a
11 municipality in which a pension fund is required by law to
12 be established for policemen or firemen, respectively, as
13 performing police or fire protection duties, except that
14 when such persons are the heads of the police or fire
15 department and are not eligible to be included within any
16 such pension fund, they shall be included within this
17 Article; provided, that such persons shall not be excluded
18 to the extent of concurrent service and earnings not
19 designated as being for police or fire protection duties.
20 However, (i) any head of a police department who was a
21 participant under this Article immediately before October
22 1, 1977 and did not elect, under Section 3-109 of this Act,
23 to participate in a police pension fund shall be an
24 "employee", and (ii) any chief of police who elects to
25 participate in this Fund under Section 3-109.1 of this
26 Code, regardless of whether such person continues to be

1 employed as chief of police or is employed in some other
2 rank or capacity within the police department, shall be an
3 employee under this Article for so long as such person is
4 employed to perform police duties by a participating
5 municipality and has not lawfully rescinded that election.

6 (c) After August 26, 2011 (the effective date of Public
7 Act 97-609) ~~this amendatory Act of the 97th General~~
8 ~~Assembly~~, are contributors to or eligible to contribute to
9 a Taft-Hartley pension plan established on or before June
10 1, 2011 and are employees of a theatre, arena, or
11 convention center that is located in a municipality located
12 in a county with a population greater than 5,000,000, and
13 to which the participating municipality is required to
14 contribute as the person's employer based on earnings from
15 the municipality. Nothing in this paragraph shall affect
16 service credit or creditable service for any period of
17 service prior to August 26, 2011 ~~the effective date of this~~
18 ~~amendatory Act of the 97th General Assembly~~, and this
19 paragraph shall not apply to individuals who are
20 participating in the Fund prior to August 26, 2011 ~~the~~
21 ~~effective date of this amendatory Act of the 97th General~~
22 ~~Assembly~~.

23 (d) Become an employee of any of the following
24 participating instrumentalities on or after the effective
25 date of this amendatory Act of the 97th General Assembly:
26 the Illinois Municipal League; the Illinois Association of

1 Park Districts; the Illinois Supervisors, County
2 Commissioners and Superintendents of Highways Association;
3 the Township School District Trustees; the United Counties
4 Council; or the Will County Governmental League.

5 (3) All persons, including, without limitation, public
6 defenders and probation officers, who receive earnings from
7 general or special funds of a county for performance of
8 personal services or official duties within the territorial
9 limits of the county, are employees of the county (unless
10 excluded by subsection (2) of this Section) notwithstanding
11 that they may be appointed by and are subject to the direction
12 of a person or persons other than a county board or a county
13 officer. It is hereby established that an employer-employee
14 relationship under the usual common law rules exists between
15 such employees and the county paying their salaries by reason
16 of the fact that the county boards fix their rates of
17 compensation, appropriate funds for payment of their earnings
18 and otherwise exercise control over them. This finding and this
19 amendatory Act shall apply to all such employees from the date
20 of appointment whether such date is prior to or after the
21 effective date of this amendatory Act and is intended to
22 clarify existing law pertaining to their status as
23 participating employees in the Fund.

24 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
25 revised 9-28-11.)

1 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

2 Sec. 14-103.10. Compensation.

3 (a) For periods of service prior to January 1, 1978, the
4 full rate of salary or wages payable to an employee for
5 personal services performed if he worked the full normal
6 working period for his position, subject to the following
7 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
8 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
9 inclusive, \$625 per month or \$7,500 per year; (3) beginning
10 July 1, 1957, no limitation.

11 In the case of service of an employee in a position
12 involving part-time employment, compensation shall be
13 determined according to the employees' earnings record.

14 (b) For periods of service on and after January 1, 1978,
15 all remuneration for personal services performed defined as
16 "wages" under the Social Security Enabling Act, including that
17 part of such remuneration which is in excess of any maximum
18 limitation provided in such Act, and including any benefits
19 received by an employee under a sick pay plan in effect before
20 January 1, 1981, but excluding lump sum salary payments:

- 21 (1) for vacation,
22 (2) for accumulated unused sick leave,
23 (3) upon discharge or dismissal,
24 (4) for approved holidays.

25 (c) For periods of service on or after December 16, 1978,
26 compensation also includes any benefits, other than lump sum

1 salary payments made at termination of employment, which an
2 employee receives or is eligible to receive under a sick pay
3 plan authorized by law.

4 (d) For periods of service after September 30, 1985,
5 compensation also includes any remuneration for personal
6 services not included as "wages" under the Social Security
7 Enabling Act, which is deducted for purposes of participation
8 in a program established pursuant to Section 125 of the
9 Internal Revenue Code or its successor laws.

10 (e) For members for which Section 1-160 applies for periods
11 of service on and after January 1, 2011, all remuneration for
12 personal services performed defined as "wages" under the Social
13 Security Enabling Act, excluding remuneration that is in excess
14 of the annual earnings, salary, or wages of a member or
15 participant, as provided in subsection (b-5) of Section 1-160,
16 but including any benefits received by an employee under a sick
17 pay plan in effect before January 1, 1981. Compensation shall
18 exclude lump sum salary payments:

- 19 (1) for vacation;
- 20 (2) for accumulated unused sick leave;
- 21 (3) upon discharge or dismissal; and
- 22 (4) for approved holidays.

23 (f) Notwithstanding any other provision of this Section,
24 "compensation" does not include any future increase in income
25 offered by a department under this Article pursuant to the
26 requirements of subsection (c) of Section 14-106.5 that is

1 accepted by a Tier I employee, or a Tier I retiree returning to
2 active service, who has made an election under paragraph (2) of
3 subsection (a) or (a-5) of Section 14-106.5.

4 (g) Notwithstanding the other provisions of this Section,
5 for an employee who first becomes a participant on or after the
6 effective date of this amendatory Act of the 97th General
7 Assembly, "compensation" does not include any payments or
8 reimbursements for travel vouchers.

9 (Source: P.A. 96-1490, eff. 1-1-11.)

10 (40 ILCS 5/14-103.40 new)

11 Sec. 14-103.40. Tier I employee. "Tier I employee": An
12 employee under this Article who first became a member or
13 participant before January 1, 2011 under any reciprocal
14 retirement system or pension fund established under this Code
15 other than a retirement system or pension fund established
16 under Article 2, 3, 4, 5, 6, or 18 of this Code.

17 (40 ILCS 5/14-103.41 new)

18 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
19 Tier I employee who is receiving a retirement annuity.

20 (40 ILCS 5/14-103.42 new)

21 Sec. 14-103.42. Future increase in income. "Future
22 increase in income": Any increase in income in any form offered
23 by a department to an employee under this Article after June

1 30, 2013 that would qualify as "compensation", as defined under
2 Section 14-103.10, but for the fact that the department offered
3 the increase in income to the employee on the condition that it
4 not qualify as compensation and the employee accepted the
5 increase in income subject to that condition. The term "future
6 increase in income" does not include an increase in income in
7 any form that is paid to a Tier I employee under an employment
8 contract or collective bargaining agreement that is in effect
9 on the effective date of this Section but does include an
10 increase in income in any form pursuant to an extension,
11 amendment, or renewal of any such employment contract or
12 collective bargaining agreement on or after the effective date
13 of this amendatory Act of the 97th General Assembly.

14 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

15 Sec. 14-106. Membership service credit.

16 (a) After January 1, 1944, all service of a member since he
17 last became a member with respect to which contributions are
18 made shall count as membership service; provided, that for
19 service on and after July 1, 1950, 12 months of service shall
20 constitute a year of membership service, the completion of 15
21 days or more of service during any month shall constitute 1
22 month of membership service, 8 to 15 days shall constitute 1/2
23 month of membership service and less than 8 days shall
24 constitute 1/4 month of membership service. The payroll record
25 of each department shall constitute conclusive evidence of the

1 record of service rendered by a member.

2 (b) For a member who is employed and paid on an
3 academic-year basis rather than on a 12-month annual basis,
4 employment for a full academic year shall constitute a full
5 year of membership service, except that the member shall not
6 receive more than one year of membership service credit (plus
7 any additional service credit granted for unused sick leave)
8 for service during any 12-month period. This subsection (b)
9 applies to all such service for which the member has not begun
10 to receive a retirement annuity before January 1, 2001.

11 (c) A member who first participated in this System before
12 the effective date of this amendatory Act of the 97th General
13 Assembly shall be entitled to additional service credit, under
14 rules prescribed by the Board, for accumulated unused sick
15 leave credited to his account in the last Department on the
16 date of withdrawal from service or for any period for which he
17 would have been eligible to receive benefits under a sick pay
18 plan authorized by law, if he had suffered a sickness or
19 accident on the date of withdrawal from service. It shall be
20 the responsibility of the last Department to certify to the
21 Board the length of time salary or benefits would have been
22 paid to the member based upon the accumulated unused sick leave
23 or the applicable sick pay plan if he had become entitled
24 thereto because of sickness on the date that his status as an
25 employee terminated. This period of service credit granted
26 under this paragraph shall not be considered in determining the

1 date the retirement annuity is to begin, or final average
2 compensation.

3 Service credit is not available for unused sick leave
4 accumulated by a person who first participates in this System
5 on or after the effective date of this amendatory Act of the
6 97th General Assembly.

7 (Source: P.A. 92-14, eff. 6-28-01.)

8 (40 ILCS 5/14-106.5 new)

9 Sec. 14-106.5. Election by Tier I employees and Tier I
10 retirees.

11 (a) Each Tier I employee shall make an irrevocable election
12 either:

13 (1) to agree to the following:

14 (i) to have the amount of the automatic annual
15 increases in his or her retirement annuity that are
16 otherwise provided for in this Article calculated,
17 instead, as provided in subsection (a-1) of Section
18 14-114; and

19 (ii) to have his or her eligibility for automatic
20 annual increases in retirement annuity postponed as
21 provided in subsection (a-2) of Section 14-114; or

22 (2) to not agree to items (i) and (ii) as set forth in
23 paragraph (1) of this subsection.

24 The election required under this subsection (a) shall be
25 made by each Tier I employee no earlier than January 1, 2013

1 and no later than May 31, 2013, except that:

2 (i) a person who becomes a Tier I employee under this
3 Article after January 1, 2013 must make the election under
4 this subsection (a) within 60 days after becoming a Tier I
5 employee;

6 (ii) a person who returns to active service as a Tier I
7 employee under this Article after January 1, 2013 and has
8 not yet made an election under this Section must make the
9 election under this subsection (a) within 60 days after
10 returning to active service as a Tier I employee; and

11 (iii) a person who made the election under subsection
12 (a-5) as a Tier I retiree remains bound by that election
13 and shall not make a later election under this subsection
14 (a).

15 If a Tier I employee fails for any reason to make a
16 required election under this subsection within the time
17 specified, then the employee shall be deemed to have made the
18 election under paragraph (2) of this subsection.

19 (a-5) Each Tier I retiree shall make an irrevocable
20 election either:

21 (1) to agree to the following:

22 (i) to have the amount of the automatic annual
23 increases in his or her retirement annuity that are
24 otherwise provided for in this Article calculated,
25 instead, as provided in subsection (a-1) of Section
26 14-114; and

1 (ii) to have his or her eligibility for automatic
2 annual increases in retirement annuity postponed as
3 provided in subsection (a-2) of Section 14-114; or
4 (2) to not agree to items (i) and (ii) as set forth in
5 paragraph (1) of this subsection.

6 The election required under this subsection (a-5) shall be
7 made by each Tier I retiree no earlier than January 1, 2013 and
8 no later than May 31, 2013, except that:

9 (i) a person who becomes a Tier I retiree under this
10 Article on or after January 1, 2013 must make the election
11 under this subsection (a-5) within 60 days after becoming a
12 Tier I retiree; and

13 (ii) a person who made the election under subsection
14 (a) as a Tier I employee remains bound by that election and
15 shall not make a later election under this subsection
16 (a-5).

17 If a Tier I retiree fails for any reason to make a required
18 election under this subsection within the time specified, then
19 the Tier I retiree shall be deemed to have made the election
20 under paragraph (2) of this subsection.

21 (a-10) All elections under subsection (a) or (a-5) that are
22 made or deemed to be made before June 1, 2013 shall take effect
23 on July 1, 2013. Elections that are made or deemed to be made
24 on or after June 1, 2013 shall take effect on the first day of
25 the month following the month in which the election is made or
26 deemed to be made.

1 (b) As adequate and legal consideration provided under this
2 amendatory Act of the 97th General Assembly for making the
3 election under paragraph (1) of subsection (a) of this Section,
4 any future increases in income offered by a department under
5 this Article to a Tier I employee who has made the election
6 under paragraph (1) of subsection (a) of this Section shall be
7 offered expressly and irrevocably as constituting compensation
8 under Section 14-103.10. In addition, a Tier I employee who has
9 made the election under paragraph (1) of subsection (a) of this
10 Section shall receive the right to also participate in the
11 optional cash balance plan established under Section 1-162.

12 As adequate and legal consideration provided under this
13 amendatory Act of the 97th General Assembly for making the
14 election under paragraph (1) of subsection (a-5) of this
15 Section, any future increases in income offered by a department
16 under this Article to a Tier I retiree who returns to active
17 service after having made the election under paragraph (1) of
18 subsection (a-5) of this Section shall be offered expressly and
19 irrevocably as constituting compensation under Section
20 14-103.10. In addition, a Tier I retiree who returns to active
21 service and has made the election under paragraph (1) of
22 subsection (a) of this Section shall receive the right to also
23 participate in the optional cash balance plan established under
24 Section 1-162.

25 (c) A Tier I employee who makes the election under
26 paragraph (2) of subsection (a) of this Section shall not be

1 subject to items (i) and (ii) set forth in paragraph (1) of
2 subsection (a) of this Section. However, any future increases
3 in income offered by a department under this Article to a Tier
4 I employee who has made the election under paragraph (2) of
5 subsection (a) of this Section shall be offered by the
6 department expressly and irrevocably as not constituting
7 compensation under Section 14-103.10, and the employee may not
8 accept any future increase in income that is offered in
9 violation of this requirement. In addition, a Tier I employee
10 who has made the election under paragraph (2) of subsection (a)
11 of this Section shall not receive the right to participate in
12 the optional cash balance plan established under Section 1-162.

13 A Tier I retiree who makes the election under paragraph (2)
14 of subsection (a-5) of this Section shall not be subject to
15 items (i) and (ii) set forth in paragraph (1) of subsection
16 (a-5) of this Section. However, any future increases in income
17 offered by a department under this Article to a Tier I retiree
18 who returns to active service and has made the election under
19 paragraph (2) of subsection (a-5) of this Section shall be
20 offered by the department expressly and irrevocably as not
21 constituting compensation under Section 14-103.10, and the
22 employee may not accept any future increase in income that is
23 offered in violation of this requirement. In addition, a Tier I
24 retiree who returns to active service and has made the election
25 under paragraph (2) of subsection (a) of this Section shall not
26 receive the right to participate in the optional cash balance

1 plan established under Section 1-162.

2 (d) The System shall make a good faith effort to contact
3 each Tier I employee and Tier I retiree subject to this
4 Section. The System shall mail information describing the
5 required election to each Tier I employee and Tier I retiree by
6 United States Postal Service mail to his or her last known
7 address on file with the System. If the Tier I employee or Tier
8 I retiree is not responsive to other means of contact, it is
9 sufficient for the System to publish the details of any
10 required elections on its website or to publish those details
11 in a regularly published newsletter or other existing public
12 forum.

13 Tier I employees and Tier I retirees who are subject to
14 this Section shall be provided with an election packet
15 containing information regarding their options, as well as the
16 forms necessary to make the required election. Upon request,
17 the System shall offer Tier I employees and Tier I retirees an
18 opportunity to receive information from the System before
19 making the required election. The information may consist of
20 video materials, group presentations, individual consultation
21 with a member or authorized representative of the System in
22 person or by telephone or other electronic means, or any
23 combination of those methods. The System shall not provide
24 advice or counseling with respect to which election a Tier I
25 employee or Tier I retiree should make or specific to the legal
26 or tax circumstances of or consequences to the Tier I employee

1 or Tier I retiree.

2 The System shall inform Tier I employees and Tier I
3 retirees in the election packet required under this subsection
4 that the Tier I employee or Tier I retiree may also wish to
5 obtain information and counsel relating to the election
6 required under this Section from any other available source,
7 including but not limited to labor organizations and private
8 counsel.

9 In no event shall the System, its staff, or the Board be
10 held liable for any information given to a member, beneficiary,
11 or annuitant regarding the elections under this Section. The
12 System shall coordinate with the Illinois Department of Central
13 Management Services and each other retirement system
14 administering an election in accordance with this amendatory
15 Act of the 97th General Assembly to provide information
16 concerning the impact of the election set forth in this
17 Section.

18 (e) Notwithstanding any other provision of law, a
19 department under this Article is required to offer any future
20 increases in income expressly and irrevocably as not
21 constituting "compensation" under Section 14-103.10 to any
22 Tier I employee, or Tier I retiree returning to active service,
23 who has made an election under paragraph (2) of subsection (a)
24 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I
25 retiree returning to active service, who has made an election
26 under paragraph (2) of subsection (a) or (a-5) of Section

1 14-106.5 shall not accept any future increase in income that is
2 offered by an employer under this Article in violation of the
3 requirement set forth in this subsection.

4 (f) A member's election under this Section is not a
5 prohibited election under subdivision (j)(1) of Section 1-119
6 of this Code.

7 (g) An employee who has made the election under paragraph
8 (1) of subsection (a) or (a-5) of this Section may elect to
9 participate in the optional cash balance plan under Section
10 1-162.

11 The election to participate in the optional cash balance
12 plan shall be made in writing, in the manner provided by the
13 applicable retirement system.

14 (h) Qualified Plan Status. No provision of this Section
15 shall be interpreted in a way that would cause the System to
16 cease to be a qualified plan under section 461 (a) of the
17 Internal Revenue Code of 1986.

18 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

19 Sec. 14-114. Automatic increase in retirement annuity.

20 (a) Subject to the provisions of subsections (a-1) and
21 (a-2), any ~~Any~~ person receiving a retirement annuity under this
22 Article who retires having attained age 60, or who retires
23 before age 60 having at least 35 years of creditable service,
24 or who retires on or after January 1, 2001 at an age which,
25 when added to the number of years of his or her creditable

1 service, equals at least 85, shall, on January 1 next following
2 the first full year of retirement, have the amount of the then
3 fixed and payable monthly retirement annuity increased 3%. Any
4 person receiving a retirement annuity under this Article who
5 retires before attainment of age 60 and with less than (i) 35
6 years of creditable service if retirement is before January 1,
7 2001, or (ii) the number of years of creditable service which,
8 when added to the member's age, would equal 85, if retirement
9 is on or after January 1, 2001, shall have the amount of the
10 fixed and payable retirement annuity increased by 3% on the
11 January 1 occurring on or next following (1) attainment of age
12 60, or (2) the first anniversary of retirement, whichever
13 occurs later. However, for persons who receive the alternative
14 retirement annuity under Section 14-110, references in this
15 subsection (a) to attainment of age 60 shall be deemed to refer
16 to attainment of age 55. For a person receiving early
17 retirement incentives under Section 14-108.3 whose retirement
18 annuity began after January 1, 1992 pursuant to an extension
19 granted under subsection (e) of that Section, the first
20 anniversary of retirement shall be deemed to be January 1,
21 1993. For a person who retires on or after June 28, 2001 and on
22 or before October 1, 2001, and whose retirement annuity is
23 calculated, in whole or in part, under Section 14-110 or
24 subsection (g) or (h) of Section 14-108, the first anniversary
25 of retirement shall be deemed to be January 1, 2002.

26 On each January 1 following the date of the initial

1 increase under this subsection, the employee's monthly
2 retirement annuity shall be increased by an additional 3%.

3 Beginning January 1, 1990 and except as provided in
4 subsections (a-1) and (a-2), all automatic annual increases
5 payable under this Section shall be calculated as a percentage
6 of the total annuity payable at the time of the increase,
7 including previous increases granted under this Article.

8 (a-1) Notwithstanding any other provision of this Article,
9 for a Tier I employee or Tier I retiree who made the election
10 under paragraph (1) of subsection (a) or (a-5) of Section
11 14-106.5, the amount of each automatic annual increase in
12 retirement annuity occurring on or after the effective date of
13 that election shall be 3% or one-half of the annual unadjusted
14 percentage increase, if any, in the Consumer Price Index-U for
15 the 12 months ending with the preceding September, whichever is
16 less, of the originally granted retirement annuity. For the
17 purposes of this Section, "Consumer Price Index-U" means the
18 index published by the Bureau of Labor Statistics of the United
19 States Department of Labor that measures the average change in
20 prices of goods and services purchased by all urban consumers,
21 United States city average, all items, 1982-84 = 100.

22 (a-2) Notwithstanding any other provision of this Article,
23 for a Tier I employee or Tier I retiree who made the election
24 under paragraph (1) of subsection (a) or (a-5) of Section
25 14-106.5, the monthly retirement annuity shall first be subject
26 to annual increases on the January 1 occurring on or next after

1 either the attainment of age 67 or the January 1 occurring on
2 or next after the fifth anniversary of the annuity start date,
3 whichever occurs earlier. If on the effective date of the
4 election under paragraph (1) of subsection (a-5) of Section
5 14-106.5 a Tier I retiree has already received an annual
6 increase under this Section but does not yet meet the new
7 eligibility requirements of this subsection, the annual
8 increases already received shall continue in force, but no
9 additional annual increase shall be granted until the Tier I
10 retiree meets the new eligibility requirements.

11 (b) The provisions of subsection (a) of this Section shall
12 be applicable to an employee only if the employee makes the
13 additional contributions required after December 31, 1969 for
14 the purpose of the automatic increases for not less than the
15 equivalent of one full year. If an employee becomes an
16 annuitant before his additional contributions equal one full
17 year's contributions based on his salary at the date of
18 retirement, the employee may pay the necessary balance of the
19 contributions to the system, without interest, and be eligible
20 for the increasing annuity authorized by this Section.

21 (c) The provisions of subsection (a) of this Section shall
22 not be applicable to any annuitant who is on retirement on
23 December 31, 1969, and thereafter returns to State service,
24 unless the member has established at least one year of
25 additional creditable service following reentry into service.

26 (d) In addition to other increases which may be provided by

1 this Section, on January 1, 1981 any annuitant who was
2 receiving a retirement annuity on or before January 1, 1971
3 shall have his retirement annuity then being paid increased \$1
4 per month for each year of creditable service. On January 1,
5 1982, any annuitant who began receiving a retirement annuity on
6 or before January 1, 1977, shall have his retirement annuity
7 then being paid increased \$1 per month for each year of
8 creditable service.

9 On January 1, 1987, any annuitant who began receiving a
10 retirement annuity on or before January 1, 1977, shall have the
11 monthly retirement annuity increased by an amount equal to 8¢
12 per year of creditable service times the number of years that
13 have elapsed since the annuity began.

14 (e) Every person who receives the alternative retirement
15 annuity under Section 14-110 and who is eligible to receive the
16 3% increase under subsection (a) on January 1, 1986, shall also
17 receive on that date a one-time increase in retirement annuity
18 equal to the difference between (1) his actual retirement
19 annuity on that date, including any increases received under
20 subsection (a), and (2) the amount of retirement annuity he
21 would have received on that date if the amendments to
22 subsection (a) made by Public Act 84-162 had been in effect
23 since the date of his retirement.

24 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
25 92-651, eff. 7-11-02.)

1 (40 ILCS 5/14-131)

2 Sec. 14-131. Contributions by State.

3 (a) Except as otherwise provided in this Section, the ~~The~~
4 State shall make contributions to the System by appropriations
5 of amounts which, together with other employer contributions
6 from trust, federal, and other funds, employee contributions,
7 investment income, and other income, will be sufficient to meet
8 the cost of maintaining and administering the System on a 90%
9 funded basis in accordance with actuarial recommendations.

10 For the purposes of this Section and Section 14-135.08,
11 references to State contributions refer only to employer
12 contributions and do not include employee contributions that
13 are picked up or otherwise paid by the State or a department on
14 behalf of the employee.

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

19 The Board shall also determine a State contribution rate
20 for each fiscal year, expressed as a percentage of payroll,
21 based on the total required State contribution for that fiscal
22 year (less the amount received by the System from
23 appropriations under Section 8.12 of the State Finance Act and
24 Section 1 of the State Pension Funds Continuing Appropriation
25 Act, if any, for the fiscal year ending on the June 30
26 immediately preceding the applicable November 15 certification

1 deadline), the estimated payroll (including all forms of
2 compensation) for personal services rendered by eligible
3 employees, and the recommendations of the actuary.

4 For the purposes of this Section and Section 14.1 of the
5 State Finance Act, the term "eligible employees" includes
6 employees who participate in the System, persons who may elect
7 to participate in the System but have not so elected, persons
8 who are serving a qualifying period that is required for
9 participation, and annuitants employed by a department as
10 described in subdivision (a) (1) or (a) (2) of Section 14-111.

11 (c) Contributions shall be made by the several departments
12 for each pay period by warrants drawn by the State Comptroller
13 against their respective funds or appropriations based upon
14 vouchers stating the amount to be so contributed. These amounts
15 shall be based on the full rate certified by the Board under
16 Section 14-135.08 for that fiscal year. From the effective date
17 of this amendatory Act of the 93rd General Assembly through the
18 payment of the final payroll from fiscal year 2004
19 appropriations, the several departments shall not make
20 contributions for the remainder of fiscal year 2004 but shall
21 instead make payments as required under subsection (a-1) of
22 Section 14.1 of the State Finance Act. The several departments
23 shall resume those contributions at the commencement of fiscal
24 year 2005.

25 (c-1) Notwithstanding subsection (c) of this Section, for
26 fiscal years 2010 and 2012 only, contributions by the several

1 departments are not required to be made for General Revenue
2 Funds payrolls processed by the Comptroller. Payrolls paid by
3 the several departments from all other State funds must
4 continue to be processed pursuant to subsection (c) of this
5 Section.

6 (c-2) For State fiscal years 2010 and 2012 only, on or as
7 soon as possible after the 15th day of each month, the Board
8 shall submit vouchers for payment of State contributions to the
9 System, in a total monthly amount of one-twelfth of the fiscal
10 year General Revenue Fund contribution as certified by the
11 System pursuant to Section 14-135.08 of the Illinois Pension
12 Code.

13 (d) If an employee is paid from trust funds or federal
14 funds, the department or other employer shall pay employer
15 contributions from those funds to the System at the certified
16 rate, unless the terms of the trust or the federal-State
17 agreement preclude the use of the funds for that purpose, in
18 which case the required employer contributions shall be paid by
19 the State. From the effective date of this amendatory Act of
20 the 93rd General Assembly through the payment of the final
21 payroll from fiscal year 2004 appropriations, the department or
22 other employer shall not pay contributions for the remainder of
23 fiscal year 2004 but shall instead make payments as required
24 under subsection (a-1) of Section 14.1 of the State Finance
25 Act. The department or other employer shall resume payment of
26 contributions at the commencement of fiscal year 2005.

1 (e) Except as otherwise provided in this Section, for ~~For~~
2 State fiscal years 2012 through 2045, the minimum contribution
3 to the System to be made by the State for each fiscal year
4 shall be an amount determined by the System to be sufficient to
5 bring the total assets of the System up to 90% of the total
6 actuarial liabilities of the System by the end of State fiscal
7 year 2045. In making these determinations, the required State
8 contribution shall be calculated each year as a level
9 percentage of payroll over the years remaining to and including
10 fiscal year 2045 and shall be determined under the projected
11 unit credit actuarial cost method.

12 For State fiscal years 1996 through 2005, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 so that by State fiscal year 2011, the State is contributing at
16 the rate required under this Section; except that (i) for State
17 fiscal year 1998, for all purposes of this Code and any other
18 law of this State, the certified percentage of the applicable
19 employee payroll shall be 5.052% for employees earning eligible
20 creditable service under Section 14-110 and 6.500% for all
21 other employees, notwithstanding any contrary certification
22 made under Section 14-135.08 before the effective date of this
23 amendatory Act of 1997, and (ii) in the following specified
24 State fiscal years, the State contribution to the System shall
25 not be less than the following indicated percentages of the
26 applicable employee payroll, even if the indicated percentage

1 will produce a State contribution in excess of the amount
2 otherwise required under this subsection and subsection (a):
3 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
4 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution to the System for State
7 fiscal year 2006 is \$203,783,900.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution to the System for State
10 fiscal year 2007 is \$344,164,400.

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

17 Notwithstanding any other provision of this Article, the
18 total required State General Revenue Fund contribution for
19 State fiscal year 2010 is \$723,703,100 and shall be made from
20 the proceeds of bonds sold in fiscal year 2010 pursuant to
21 Section 7.2 of the General Obligation Bond Act, less (i) the
22 pro rata share of bond sale expenses determined by the System's
23 share of total bond proceeds, (ii) any amounts received from
24 the General Revenue Fund in fiscal year 2010, and (iii) any
25 reduction in bond proceeds due to the issuance of discounted
26 bonds, if applicable.

1 Notwithstanding any other provision of this Article, the
2 total required State General Revenue Fund contribution for
3 State fiscal year 2011 is the amount recertified by the System
4 on or before April 1, 2011 pursuant to Section 14-135.08 and
5 shall be made from the proceeds of bonds sold in fiscal year
6 2011 pursuant to Section 7.2 of the General Obligation Bond
7 Act, less (i) the pro rata share of bond sale expenses
8 determined by the System's share of total bond proceeds, (ii)
9 any amounts received from the General Revenue Fund in fiscal
10 year 2011, and (iii) any reduction in bond proceeds due to the
11 issuance of discounted bonds, if applicable.

12 Except as otherwise provided in this Section, beginning
13 ~~Beginning~~ in State fiscal year 2046, the minimum State
14 contribution for each fiscal year shall be the amount needed to
15 maintain the total assets of the System at 90% of the total
16 actuarial liabilities of the System.

17 Amounts received by the System pursuant to Section 25 of
18 the Budget Stabilization Act or Section 8.12 of the State
19 Finance Act in any fiscal year do not reduce and do not
20 constitute payment of any portion of the minimum State
21 contribution required under this Article in that fiscal year.
22 Such amounts shall not reduce, and shall not be included in the
23 calculation of, the required State contributions under this
24 Article in any future year until the System has reached a
25 funding ratio of at least 90%. A reference in this Article to
26 the "required State contribution" or any substantially similar

1 term does not include or apply to any amounts payable to the
2 System under Section 25 of the Budget Stabilization Act.

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 14-135.08, 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 in fiscal year 2003 for the purposes of that Section
14 7.2, as determined and certified by the Comptroller, that is
15 the same as the System's portion of the total moneys
16 distributed under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act. In determining this maximum for State
18 fiscal years 2008 through 2010, however, the amount referred to
19 in item (i) shall be increased, as a percentage of the
20 applicable employee payroll, in equal increments calculated
21 from the sum of the required State contribution for State
22 fiscal year 2007 plus the applicable portion of the State's
23 total debt service payments for fiscal year 2007 on the bonds
24 issued in fiscal year 2003 for the purposes of Section 7.2 of
25 the General Obligation Bond Act, so that, by State fiscal year
26 2011, the State is contributing at the rate otherwise required

1 under this Section.

2 (e-1) If at least 50% of Tier I employees making an
3 election under Section 14-106.5 before June 1, 2013 choose the
4 option under paragraph (1) of subsection (a) of that Section,
5 then:

6 (1) In lieu of the State contributions required under
7 subsection (e), for State fiscal years 2014 through 2043
8 the minimum contribution to the System to be made by the
9 State for each fiscal year shall be an amount determined by
10 the System to be equal to the sum of (1) the State's
11 portion of the projected normal cost for that fiscal year,
12 plus (2) an amount sufficient to bring the total assets of
13 the System up to 100% of the total actuarial liabilities of
14 the System by the end of State fiscal year 2043. In making
15 these determinations, the required State contribution
16 shall be calculated each year as a level percentage of
17 payroll over the years remaining to and including fiscal
18 year 2043 and shall be determined under the projected unit
19 credit actuarial cost method.

20 (2) Beginning in State fiscal year 2044, the minimum
21 State contribution for each fiscal year shall be the amount
22 needed to maintain the total assets of the System at 100%
23 of the total actuarial liabilities of the System.

24 (e-2) If less than 50% of Tier I employees making an
25 election under Section 14-106.5 before June 1, 2013 choose the
26 option under paragraph (1) of subsection (a) of that Section,

1 then:

2 (1) Instead of the annual required contribution
3 otherwise specified in subsection (e-1) of this Section,
4 the annual required contribution to the System to be made
5 by the State shall be determined under subsection (e) of
6 this Section.

7 (2) As soon as possible after June 1, 2014, the Board
8 shall recertify the annual required contribution by the
9 State for State fiscal year 2015.

10 (f) After the submission of all payments for eligible
11 employees from personal services line items in fiscal year 2004
12 have been made, the Comptroller shall provide to the System a
13 certification of the sum of all fiscal year 2004 expenditures
14 for personal services that would have been covered by payments
15 to the System under this Section if the provisions of this
16 amendatory Act of the 93rd General Assembly had not been
17 enacted. Upon receipt of the certification, the System shall
18 determine the amount due to the System based on the full rate
19 certified by the Board under Section 14-135.08 for fiscal year
20 2004 in order to meet the State's obligation under this
21 Section. The System shall compare this amount due to the amount
22 received by the System in fiscal year 2004 through payments
23 under this Section and under Section 6z-61 of the State Finance
24 Act. If the amount due is more than the amount received, the
25 difference shall be termed the "Fiscal Year 2004 Shortfall" for
26 purposes of this Section, and the Fiscal Year 2004 Shortfall

1 shall be satisfied under Section 1.2 of the State Pension Funds
2 Continuing Appropriation Act. If the amount due is less than
3 the amount received, the difference shall be termed the "Fiscal
4 Year 2004 Overpayment" for purposes of this Section, and the
5 Fiscal Year 2004 Overpayment shall be repaid by the System to
6 the Pension Contribution Fund as soon as practicable after the
7 certification.

8 (g) For purposes of determining the required State
9 contribution to the System, the value of the System's assets
10 shall be equal to the actuarial value of the System's assets,
11 which shall be calculated as follows:

12 As of June 30, 2008, the actuarial value of the System's
13 assets shall be equal to the market value of the assets as of
14 that date. In determining the actuarial value of the System's
15 assets for fiscal years after June 30, 2008, any actuarial
16 gains or losses from investment return incurred in a fiscal
17 year shall be recognized in equal annual amounts over the
18 5-year period following that fiscal year.

19 (h) For purposes of determining the required State
20 contribution to the System for a particular year, the actuarial
21 value of assets shall be assumed to earn a rate of return equal
22 to the System's actuarially assumed rate of return.

23 (i) After the submission of all payments for eligible
24 employees from personal services line items paid from the
25 General Revenue Fund in fiscal year 2010 have been made, the
26 Comptroller shall provide to the System a certification of the

1 sum of all fiscal year 2010 expenditures for personal services
2 that would have been covered by payments to the System under
3 this Section if the provisions of this amendatory Act of the
4 96th General Assembly had not been enacted. Upon receipt of the
5 certification, the System shall determine the amount due to the
6 System based on the full rate certified by the Board under
7 Section 14-135.08 for fiscal year 2010 in order to meet the
8 State's obligation under this Section. The System shall compare
9 this amount due to the amount received by the System in fiscal
10 year 2010 through payments under this Section. If the amount
11 due is more than the amount received, the difference shall be
12 termed the "Fiscal Year 2010 Shortfall" for purposes of this
13 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
14 under Section 1.2 of the State Pension Funds Continuing
15 Appropriation Act. If the amount due is less than the amount
16 received, the difference shall be termed the "Fiscal Year 2010
17 Overpayment" for purposes of this Section, and the Fiscal Year
18 2010 Overpayment shall be repaid by the System to the General
19 Revenue Fund as soon as practicable after the certification.

20 (j) After the submission of all payments for eligible
21 employees from personal services line items paid from the
22 General Revenue Fund in fiscal year 2011 have been made, the
23 Comptroller shall provide to the System a certification of the
24 sum of all fiscal year 2011 expenditures for personal services
25 that would have been covered by payments to the System under
26 this Section if the provisions of this amendatory Act of the

1 96th General Assembly had not been enacted. Upon receipt of the
2 certification, the System shall determine the amount due to the
3 System based on the full rate certified by the Board under
4 Section 14-135.08 for fiscal year 2011 in order to meet the
5 State's obligation under this Section. The System shall compare
6 this amount due to the amount received by the System in fiscal
7 year 2011 through payments under this Section. If the amount
8 due is more than the amount received, the difference shall be
9 termed the "Fiscal Year 2011 Shortfall" for purposes of this
10 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
11 under Section 1.2 of the State Pension Funds Continuing
12 Appropriation Act. If the amount due is less than the amount
13 received, the difference shall be termed the "Fiscal Year 2011
14 Overpayment" for purposes of this Section, and the Fiscal Year
15 2011 Overpayment shall be repaid by the System to the General
16 Revenue Fund as soon as practicable after the certification.

17 (k) For fiscal year 2012 only, after the submission of all
18 payments for eligible employees from personal services line
19 items paid from the General Revenue Fund in the fiscal year
20 have been made, the Comptroller shall provide to the System a
21 certification of the sum of all expenditures in the fiscal year
22 for personal services. Upon receipt of the certification, the
23 System shall determine the amount due to the System based on
24 the full rate certified by the Board under Section 14-135.08
25 for the fiscal year in order to meet the State's obligation
26 under this Section. The System shall compare this amount due to

1 the amount received by the System for the fiscal year. If the
2 amount due is more than the amount received, the difference
3 shall be termed the "Fiscal Year Shortfall" for purposes of
4 this Section, and the Fiscal Year Shortfall shall be satisfied
5 under Section 1.2 of the State Pension Funds Continuing
6 Appropriation Act. If the amount due is less than the amount
7 received, the difference shall be termed the "Fiscal Year
8 Overpayment" for purposes of this Section, and the Fiscal Year
9 Overpayment shall be repaid by the System to the General
10 Revenue Fund as soon as practicable after the certification.

11 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
12 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
13 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11.)

14 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

15 Sec. 14-132. Obligations of State.

16 (a) The payment of the required department contributions,
17 all allowances, annuities, benefits granted under this
18 Article, and all expenses of administration of the system are
19 obligations of the State of Illinois to the extent specified in
20 this Article.

21 (b) All income of the system shall be credited to a
22 separate account for this system in the State treasury and
23 shall be used to pay allowances, annuities, benefits and
24 administration expense.

25 (c) If the System submits a voucher for monthly

1 contributions as required in Section 14-131 and the State fails
2 to pay within 90 days of receipt of such a voucher, the Board
3 shall submit a written request to the Comptroller seeking
4 payment. A copy of the request shall be filed with the
5 Secretary of State, and the Secretary of State shall provide
6 copies to the Governor and General Assembly. No earlier than
7 the 16th day after filing a request with the Secretary of
8 State, the Board shall have the right to commence a mandamus
9 action in the Supreme Court of Illinois to compel the
10 Comptroller to satisfy the voucher by making payment from the
11 General Revenue Fund. This Section constitutes an express
12 waiver of the State's sovereign immunity solely to the extent
13 it permits the Board to commence a mandamus action in the
14 Illinois Supreme Court to compel the Comptroller to pay a
15 voucher for monthly contributions as required in Section
16 14-131.

17 (Source: P.A. 80-841.)

18 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

19 Sec. 14-133. Contributions on behalf of members.

20 (a) Each participating employee shall make contributions
21 to the System, based on the employee's compensation, as
22 follows:

23 (1) Covered employees, except as indicated below, 3.5%
24 for retirement annuity, and 0.5% for a widow or survivors
25 annuity;

1 (2) Noncovered employees, except as indicated below,
2 7% for retirement annuity and 1% for a widow or survivors
3 annuity;

4 (3) Noncovered employees serving in a position in which
5 "eligible creditable service" as defined in Section 14-110
6 may be earned, 1% for a widow or survivors annuity plus the
7 following amount for retirement annuity: 8.5% through
8 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
9 in 2004 and thereafter;

10 (4) Covered employees serving in a position in which
11 "eligible creditable service" as defined in Section 14-110
12 may be earned, 0.5% for a widow or survivors annuity plus
13 the following amount for retirement annuity: 5% through
14 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
15 and thereafter;

16 (5) Each security employee of the Department of
17 Corrections or of the Department of Human Services who is a
18 covered employee, 0.5% for a widow or survivors annuity
19 plus the following amount for retirement annuity: 5%
20 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
21 in 2004 and thereafter;

22 (6) Each security employee of the Department of
23 Corrections or of the Department of Human Services who is
24 not a covered employee, 1% for a widow or survivors annuity
25 plus the following amount for retirement annuity: 8.5%
26 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and

1 11.5% in 2004 and thereafter.

2 (a-1) In addition to the contributions required under
3 subsection (a), an employee who elects to participate in the
4 optional cash balance plan under Section 1-162 shall pay to the
5 System for the purpose of participating in the optional cash
6 balance plan an additional contribution of 2% of each payment
7 of compensation received while he or she is a participant in
8 the optional cash balance plan. These contributions shall not
9 be used for the purpose of determining any benefit under this
10 Article except as provided in the optional cash balance plan.

11 (b) Contributions shall be in the form of a deduction from
12 compensation and shall be made notwithstanding that the
13 compensation paid in cash to the employee shall be reduced
14 thereby below the minimum prescribed by law or regulation. Each
15 member is deemed to consent and agree to the deductions from
16 compensation provided for in this Article, and shall receipt in
17 full for salary or compensation.

18 (Source: P.A. 92-14, eff. 6-28-01.)

19 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
20 Sec. 14-135.08. To certify required State contributions.

21 (a) To certify to the Governor and to each department, on
22 or before November 15 of each year until November 15, 2011, the
23 required rate for State contributions to the System for the
24 next State fiscal year, as determined under subsection (b) of
25 Section 14-131. The certification to the Governor under this

1 subsection (a) shall include a copy of the actuarial
2 recommendations upon which the rate is based and shall
3 specifically identify the System's projected State normal cost
4 for that fiscal year.

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

25 (b) The certifications under subsections (a) and (a-5)
26 ~~certification~~ shall include an additional amount necessary to

1 pay all principal of and interest on those general obligation
2 bonds due the next fiscal year authorized by Section 7.2(a) of
3 the General Obligation Bond Act and issued to provide the
4 proceeds deposited by the State with the System in July 2003,
5 representing deposits other than amounts reserved under
6 Section 7.2(c) of the General Obligation Bond Act. For State
7 fiscal year 2005, the Board shall make a supplemental
8 certification of the additional amount necessary to pay all
9 principal of and interest on those general obligation bonds due
10 in State fiscal years 2004 and 2005 authorized by Section
11 7.2(a) of the General Obligation Bond Act and issued to provide
12 the proceeds deposited by the State with the System in July
13 2003, representing deposits other than amounts reserved under
14 Section 7.2(c) of the General Obligation Bond Act, as soon as
15 practical after the effective date of this amendatory Act of
16 the 93rd General Assembly.

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

24 On or before July 1, 2005, the Board shall recalculate and
25 recertify to the Governor and to each department the amount of
26 the required State contribution to the System and the required

1 rates for State contributions to the System for State fiscal
2 year 2006, taking into account the changes in required State
3 contributions made by this amendatory Act of the 94th General
4 Assembly.

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

11 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

12 (40 ILCS 5/14-152.1)

13 Sec. 14-152.1. Application and expiration of new benefit
14 increases.

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article, that results from an amendment
19 to this Code that takes effect after June 1, 2005 (the
20 effective date of Public Act 94-4). "New benefit increase",
21 however, does not include any benefit increase resulting from
22 the changes made to this Article or Article 1 by Public Act
23 96-37 or this amendatory Act of the 97th ~~96th~~ General Assembly.

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

24 (d) Every new benefit increase shall expire 5 years after
25 its effective date or on such earlier date as may be specified
26 in the language enacting the new benefit increase or provided

1 under subsection (c). This does not prevent the General
2 Assembly from extending or re-creating a new benefit increase
3 by law.

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

14 (Source: P.A. 96-37, eff. 7-13-09.)

15 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

18 (a) The State shall make contributions to the System by
19 means of appropriations from the Common School Fund and other
20 State funds of amounts which, together with other employer
21 contributions, employee contributions, investment income, and
22 other income, will be sufficient to meet the cost of
23 maintaining and administering the System on a 90% funded basis
24 in accordance with actuarial recommendations.

25 The Board shall determine the amount of State contributions

1 required for each fiscal year on the basis of the actuarial
2 tables and other assumptions adopted by the Board and the
3 recommendations of the actuary, using the formula in subsection
4 (b-3).

5 (a-1) Annually, on or before November 15 until November 15,
6 2011, the Board shall certify to the Governor the amount of the
7 required State contribution for the coming fiscal year. The
8 certification under this subsection (a-1) shall include a copy
9 of the actuarial recommendations upon which it is based.

10 On or before May 1, 2004, the Board shall recalculate and
11 recertify to the Governor the amount of the required State
12 contribution to the System for State fiscal year 2005, taking
13 into account the amounts appropriated to and received by the
14 System under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act.

16 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
17 recalculate and recertify to the Governor the amount of the
18 required State contribution to the System for State fiscal year
19 2006, taking into account the changes in required State
20 contributions made by this amendatory Act of the 94th General
21 Assembly.

22 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
23 recalculate and recertify to the Governor the amount of the
24 required State contribution to the System for State fiscal year
25 2011, applying the changes made by Public Act 96-889 to the
26 System's assets and liabilities as of June 30, 2009 as though

1 Public Act 96-889 was approved on that date.

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

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

25 (b-1) Beginning in State fiscal year 1996, on the 15th day
26 of each month, or as soon thereafter as may be practicable, the

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

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

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

25 (b-3) For State fiscal years 2012 through 2045, the minimum
26 contribution to the System to be made by the State for each

1 fiscal year shall be an amount determined by the System to be
2 sufficient to bring the total assets of the System up to 90% of
3 the total actuarial liabilities of the System by the end of
4 State fiscal year 2045. In making these determinations, the
5 required State contribution shall be calculated each year as a
6 level percentage of payroll over the years remaining to and
7 including fiscal year 2045 and shall be determined under the
8 projected unit credit actuarial cost method.

9 For State fiscal years 1996 through 2005, the State
10 contribution to the System, as a percentage of the applicable
11 employee payroll, shall be increased in equal annual increments
12 so that by State fiscal year 2011, the State is contributing at
13 the rate required under this Section; except that in the
14 following specified State fiscal years, the State contribution
15 to the System shall not be less than the following indicated
16 percentages of the applicable employee payroll, even if the
17 indicated percentage will produce a State contribution in
18 excess of the amount otherwise required under this subsection
19 and subsection (a), and notwithstanding any contrary
20 certification made under subsection (a-1) before the effective
21 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
22 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
23 2003; and 13.56% in FY 2004.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$534,627,700.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2007 is
3 \$738,014,500.

4 For each of State fiscal years 2008 through 2009, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 from the required State contribution for State fiscal year
8 2007, so that by State fiscal year 2011, the State is
9 contributing at the rate otherwise required under this Section.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2010 is
12 \$2,089,268,000 and shall be made from the proceeds of bonds
13 sold in fiscal year 2010 pursuant to Section 7.2 of the General
14 Obligation Bond Act, less (i) the pro rata share of bond sale
15 expenses determined by the System's share of total bond
16 proceeds, (ii) any amounts received from the Common School Fund
17 in fiscal year 2010, and (iii) any reduction in bond proceeds
18 due to the issuance of discounted bonds, if applicable.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2011 is
21 the amount recertified by the System on or before April 1, 2011
22 pursuant to subsection (a-1) of this Section and shall be made
23 from the proceeds of bonds sold in fiscal year 2011 pursuant to
24 Section 7.2 of the General Obligation Bond Act, less (i) the
25 pro rata share of bond sale expenses determined by the System's
26 share of total bond proceeds, (ii) any amounts received from

1 the Common School Fund in fiscal year 2011, and (iii) any
2 reduction in bond proceeds due to the issuance of discounted
3 bonds, if applicable. This amount shall include, in addition to
4 the amount certified by the System, an amount necessary to meet
5 employer contributions required by the State as an employer
6 under paragraph (e) of this Section, which may also be used by
7 the System for contributions required by paragraph (a) of
8 Section 16-127.

9 Beginning in State fiscal year 2046, the minimum State
10 contribution for each fiscal year shall be the amount needed to
11 maintain the total assets of the System at 90% of the total
12 actuarial liabilities of the System.

13 Amounts received by the System pursuant to Section 25 of
14 the Budget Stabilization Act or Section 8.12 of the State
15 Finance Act in any fiscal year do not reduce and do not
16 constitute payment of any portion of the minimum State
17 contribution required under this Article in that fiscal year.
18 Such amounts shall not reduce, and shall not be included in the
19 calculation of, the required State contributions under this
20 Article in any future year until the System has reached a
21 funding ratio of at least 90%. A reference in this Article to
22 the "required State contribution" or any substantially similar
23 term does not include or apply to any amounts payable to the
24 System under Section 25 of the Budget Stabilization Act.

25 Notwithstanding any other provision of this Section, the
26 required State contribution for State fiscal year 2005 and for

1 fiscal year 2008 and each fiscal year thereafter, as calculated
2 under this Section and certified under subsection (a-1), shall
3 not exceed an amount equal to (i) the amount of the required
4 State contribution that would have been calculated under this
5 Section for that fiscal year if the System had not received any
6 payments under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act, minus (ii) the portion of the State's
8 total debt service payments for that fiscal year on the bonds
9 issued in fiscal year 2003 for the purposes of that Section
10 7.2, as determined and certified by the Comptroller, that is
11 the same as the System's portion of the total moneys
12 distributed under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act. In determining this maximum for State
14 fiscal years 2008 through 2010, however, the amount referred to
15 in item (i) shall be increased, as a percentage of the
16 applicable employee payroll, in equal increments calculated
17 from the sum of the required State contribution for State
18 fiscal year 2007 plus the applicable portion of the State's
19 total debt service payments for fiscal year 2007 on the bonds
20 issued in fiscal year 2003 for the purposes of Section 7.2 of
21 the General Obligation Bond Act, so that, by State fiscal year
22 2011, the State is contributing at the rate otherwise required
23 under this Section.

24 (c) Payment of the required State contributions and of all
25 pensions, retirement annuities, death benefits, refunds, and
26 other benefits granted under or assumed by this System, and all

1 expenses in connection with the administration and operation
2 thereof, are obligations of the State.

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (f) If the amount of a teacher's salary for any school year
22 used to determine final average salary exceeds the member's
23 annual full-time salary rate with the same employer for the
24 previous school year by more than 6%, the teacher's employer
25 shall pay to the System, in addition to all other payments
26 required under this Section and in accordance with guidelines

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

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

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

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

17 (g) This subsection (g) applies only to payments made or
18 salary increases given on or after June 1, 2005 but before July
19 1, 2011. The changes made by Public Act 94-1057 shall not
20 require the System to refund any payments received before July
21 31, 2006 (the effective date of Public Act 94-1057).

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

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases paid to a
2 teacher at a time when the teacher is 10 or more years from
3 retirement eligibility under Section 16-132 or 16-133.2.

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

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

1 requiring the same certification.

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

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

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

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

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

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

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

7 (j) For purposes of determining the required State
8 contribution to the System, the value of the System's assets
9 shall be equal to the actuarial value of the System's assets,
10 which shall be calculated as follows:

11 As of June 30, 2008, the actuarial value of the System's
12 assets shall be equal to the market value of the assets as of
13 that date. In determining the actuarial value of the System's
14 assets for fiscal years after June 30, 2008, any actuarial
15 gains or losses from investment return incurred in a fiscal
16 year shall be recognized in equal annual amounts over the
17 5-year period following that fiscal year.

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

22 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
23 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
24 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

1 Sec. 18-140. To certify required State contributions and
2 submit vouchers.

3 (a) The Board shall certify to the Governor, on or before
4 November 15 of each year until November 15, 2011, the amount of
5 the required State contribution to the System for the following
6 fiscal year and shall specifically identify the System's
7 projected State normal cost for that fiscal year. The
8 certification shall include a copy of the actuarial
9 recommendations upon which it is based and shall specifically
10 identify the System's projected State normal cost for that
11 fiscal year.

12 On or before November 1 of each year, beginning November 1,
13 2012, the Board shall submit to the State Actuary, the
14 Governor, and the General Assembly a proposed certification of
15 the amount of the required State contribution to the System for
16 the next fiscal year, along with all of the actuarial
17 assumptions, calculations, and data upon which that proposed
18 certification is based. On or before January 1 of each year
19 beginning January 1, 2013, the State Actuary shall issue a
20 preliminary report concerning the proposed certification and
21 identifying, if necessary, recommended changes in actuarial
22 assumptions that the Board must consider before finalizing its
23 certification of the required State contributions. On or before
24 January 15, 2013 and every January 15 thereafter, the Board
25 shall certify to the Governor and the General Assembly the
26 amount of the required State contribution for the next fiscal

1 year. The Board's certification must note any deviations from
2 the State Actuary's recommended changes, the reason or reasons
3 for not following the State Actuary's recommended changes, and
4 the fiscal impact of not following the State Actuary's
5 recommended changes on the required State contribution.

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

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

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

23 (b) Beginning in State fiscal year 1996, on or as soon as
24 possible after the 15th day of each month the Board shall
25 submit vouchers for payment of State contributions to the
26 System, in a total monthly amount of one-twelfth of the

1 required annual State contribution certified under subsection
2 (a). From the effective date of this amendatory Act of the 93rd
3 General Assembly through June 30, 2004, the Board shall not
4 submit vouchers for the remainder of fiscal year 2004 in excess
5 of the fiscal year 2004 certified contribution amount
6 determined under this Section after taking into consideration
7 the transfer to the System under subsection (c) of Section
8 6z-61 of the State Finance Act. These vouchers shall be paid by
9 the State Comptroller and Treasurer by warrants drawn on the
10 funds appropriated to the System for that fiscal year.

11 If in any month the amount remaining unexpended from all
12 other appropriations to the System for the applicable fiscal
13 year (including the appropriations to the System under Section
14 8.12 of the State Finance Act and Section 1 of the State
15 Pension Funds Continuing Appropriation Act) is less than the
16 amount lawfully vouchered under this Section, the difference
17 shall be paid from the General Revenue Fund under the
18 continuing appropriation authority provided in Section 1.1 of
19 the State Pension Funds Continuing Appropriation Act.

20 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

21 Section 35. The School Code is amended by changing Sections
22 24-1 and 24-8 as follows:

23 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

24 Sec. 24-1. Appointment - Salaries - Payment - School month

1 - School term.† School boards shall appoint all teachers,
2 determine qualifications of employment and fix the amount of
3 their salaries subject to any limitation set forth in this Act
4 and subject to any applicable restrictions in Section 14-106.5
5 of the Illinois Pension Code. They shall pay the wages of
6 teachers monthly, subject, however, to the provisions of
7 Section 24-21. The school month shall be the same as the
8 calendar month but by resolution the school board may adopt for
9 its use a month of 20 days, including holidays. The school term
10 shall consist of at least the minimum number of pupil
11 attendance days required by Section 10-19, any additional legal
12 school holidays, days of teachers' institutes, or equivalent
13 professional educational experiences, and one or two days at
14 the beginning of the school term when used as a teachers'
15 workshop.

16 (Source: P.A. 80-249.)

17 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

18 Sec. 24-8. Minimum salary. In fixing the salaries of
19 teachers, school boards shall pay those who serve on a
20 full-time basis not less than a rate for the school year that
21 is based upon training completed in a recognized institution of
22 higher learning, as follows: for the school year beginning July
23 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
24 120 semester hours or more and a bachelor's degree, \$10,000;
25 150 semester hours or more and a master's degree, \$11,000.

1 Based upon previous public school experience in this State
2 or any other State, territory, dependency or possession of the
3 United States, or in schools operated by or under the auspices
4 of the United States, teachers who serve on a full-time basis
5 shall have their salaries increased to at least the following
6 amounts above the starting salary for a teacher in such
7 district in the same classification: with less than a
8 bachelor's degree, \$750 after 5 years; with 120 semester hours
9 or more and a bachelor's degree, \$1,000 after 5 years and
10 \$1,600 after 8 years; with 150 semester hours or more and a
11 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
12 \$2,750 after 13 years. However, any salary increase is subject
13 to any applicable restrictions in Section 14-106.5 of the
14 Illinois Pension Code.

15 For the purpose of this Section a teacher's salary shall
16 include any amount paid by the school district on behalf of the
17 teacher, as teacher contributions, to the Teachers' Retirement
18 System of the State of Illinois.

19 If a school board establishes a schedule for teachers'
20 salaries based on education and experience, not inconsistent
21 with this Section, all certificated nurses employed by that
22 board shall be paid in accordance with the provisions of such
23 schedule (subject to any applicable restrictions in Section
24 14-106.5 of the Illinois Pension Code).

25 For purposes of this Section, a teacher who submits a
26 certificate of completion to the school office prior to the

1 first day of the school term shall be considered to have the
2 degree stated in such certificate.

3 (Source: P.A. 83-913.)

4 Section 40. The State Universities Civil Service Act is
5 amended by changing Section 36d as follows:

6 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

7 Sec. 36d. Powers and duties of the Merit Board.

8 The Merit Board shall have the power and duty-

9 (1) To approve a classification plan prepared under its
10 direction, assigning to each class positions of substantially
11 similar duties. The Merit Board shall have power to delegate to
12 its Director the duty of assigning each position in the
13 classified service to the appropriate class in the
14 classification plan approved by the Merit Board.

15 (2) To prescribe the duties of each class of positions and
16 the qualifications required by employment in that class.

17 (3) To prescribe the range of compensation for each class
18 or to fix a single rate of compensation for employees in a
19 particular class; and to establish other conditions of
20 employment which an employer and employee representatives have
21 agreed upon as fair and equitable. The Merit Board shall direct
22 the payment of the "prevailing rate of wages" in those
23 classifications in which, on January 1, 1952, any employer is
24 paying such prevailing rate and in such other classes as the

1 Merit Board may thereafter determine. "Prevailing rate of
2 wages" as used herein shall be the wages paid generally in the
3 locality in which the work is being performed to employees
4 engaged in work of a similar character. Subject to any
5 applicable restrictions in Section 14-106.5 of the Illinois
6 Pension Code, each ~~Each~~ employer covered by the University
7 System shall be authorized to negotiate with representatives of
8 employees to determine appropriate ranges or rates of
9 compensation or other conditions of employment and may
10 recommend to the Merit Board for establishment the rates or
11 ranges or other conditions of employment which the employer and
12 employee representatives have agreed upon as fair and
13 equitable. Any rates or ranges established prior to January 1,
14 1952, and hereafter, shall not be changed except in accordance
15 with the procedures herein provided.

16 (4) To recommend to the institutions and agencies specified
17 in Section 36e standards for hours of work, holidays, sick
18 leave, overtime compensation and vacation for the purpose of
19 improving conditions of employment covered therein and for the
20 purpose of insuring conformity with the prevailing rate
21 principal.

22 (5) To prescribe standards of examination for each class,
23 the examinations to be related to the duties of such class. The
24 Merit Board shall have power to delegate to the Director and
25 his staff the preparation, conduct and grading of examinations.
26 Examinations may be written, oral, by statement of training and

1 experience, in the form of tests of knowledge, skill, capacity,
2 intellect, aptitude; or, by any other method, which in the
3 judgment of the Merit Board is reasonable and practical for any
4 particular classification. Different examining procedures may
5 be determined for the examinations in different
6 classifications but all examinations in the same
7 classification shall be uniform.

8 (6) To authorize the continuous recruitment of personnel
9 and to that end, to delegate to the Director and his staff the
10 power and the duty to conduct open and continuous competitive
11 examinations for all classifications of employment.

12 (7) To cause to be established from the results of
13 examinations registers for each class of positions in the
14 classified service of the State Universities Civil Service
15 System, of the persons who shall attain the minimum mark fixed
16 by the Merit Board for the examination; and such persons shall
17 take rank upon the registers as candidates in the order of
18 their relative excellence as determined by examination,
19 without reference to priority of time of examination.

20 (8) To provide by its rules for promotions in the
21 classified service. Vacancies shall be filled by promotion
22 whenever practicable. For the purpose of this paragraph, an
23 advancement in class shall constitute a promotion.

24 (9) To set a probationary period of employment of no less
25 than 6 months and no longer than 12 months for each class of
26 positions in the classification plan, the length of the

1 probationary period for each class to be determined by the
2 Director.

3 (10) To provide by its rules for employment at regular
4 rates of compensation of physically handicapped persons in
5 positions in which the handicap does not prevent the individual
6 from furnishing satisfactory service.

7 (11) To make and publish rules, to carry out the purpose of
8 the State Universities Civil Service System and for
9 examination, appointments, transfers and removals and for
10 maintaining and keeping records of the efficiency of officers
11 and employees and groups of officers and employees in
12 accordance with the provisions of Sections 36b to 36q,
13 inclusive, and said Merit Board may from time to time make
14 changes in such rules.

15 (12) To appoint a Director and such assistants and other
16 clerical and technical help as may be necessary efficiently to
17 administer Sections 36b to 36q, inclusive. To authorize the
18 Director to appoint an assistant resident at the place of
19 employment of each employer specified in Section 36e and this
20 assistant may be authorized to give examinations and to certify
21 names from the regional registers provided in Section 36k.

22 (13) To submit to the Governor of this state on or before
23 November 1 of each year prior to the regular session of the
24 General Assembly a report of the University System's business
25 and an estimate of the amount of appropriation from state funds
26 required for the purpose of administering the University

1 System.

2 (Source: P.A. 82-524.)

3 Section 45. The University of Illinois Act is amended by
4 adding Section 80 as follows:

5 (110 ILCS 305/80 new)

6 Sec. 80. Future increases in income. The University of
7 Illinois must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section 14-106.5
9 of the Illinois Pension Code, to any person in a manner that
10 violates any of those Sections.

11 Section 50. The Southern Illinois University Management
12 Act is amended by adding Section 65 as follows:

13 (110 ILCS 520/65 new)

14 Sec. 65. Future increases in income. Southern Illinois
15 University must not pay, offer, or agree to pay any future
16 increase in income, as that term is defined in Section 14-106.5
17 of the Illinois Pension Code, to any person in a manner that
18 violates any of those Sections.

19 Section 55. The Chicago State University Law is amended by
20 adding Section 5-175 as follows:

1 (110 ILCS 660/5-175 new)

2 Sec. 5-175. Future increases in income. Chicago State
3 University must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section 14-106.5
5 of the Illinois Pension Code, to any person in a manner that
6 violates any of those Sections.

7 Section 60. The Eastern Illinois University Law is amended
8 by adding Section 10-175 as follows:

9 (110 ILCS 665/10-175 new)

10 Sec. 10-175. Future increases in income. Eastern Illinois
11 University must not pay, offer, or agree to pay any future
12 increase in income, as that term is defined in Section 14-106.5
13 of the Illinois Pension Code, to any person in a manner that
14 violates any of those Sections.

15 Section 65. The Governors State University Law is amended
16 by adding Section 15-175 as follows:

17 (110 ILCS 670/15-175 new)

18 Sec. 15-175. Future increases in income. Governors State
19 University must not pay, offer, or agree to pay any future
20 increase in income, as that term is defined in Section 14-106.5
21 of the Illinois Pension Code, to any person in a manner that
22 violates any of those Sections.

1 Section 70. The Illinois State University Law is amended by
2 adding Section 20-180 as follows:

3 (110 ILCS 675/20-180 new)

4 Sec. 20-180. Future increases in income. Illinois State
5 University must not pay, offer, or agree to pay any future
6 increase in income, as that term is defined in Section 14-106.5
7 of the Illinois Pension Code, to any person in a manner that
8 violates any of those Sections.

9 Section 75. The Northeastern Illinois University Law is
10 amended by adding Section 25-175 as follows:

11 (110 ILCS 680/25-175 new)

12 Sec. 25-175. Future increases in income. Northeastern
13 Illinois University must not pay, offer, or agree to pay any
14 future increase in income, as that term is defined in Section
15 14-106.5 of the Illinois Pension Code, to any person in a
16 manner that violates any of those Sections.

17 Section 80. The Northern Illinois University Law is amended
18 by adding Section 30-185 as follows:

19 (110 ILCS 685/30-185 new)

20 Sec. 30-185. Future increases in income. Northern Illinois

1 University must not pay, offer, or agree to pay any future
2 increase in income, as that term is defined in Section 14-106.5
3 of the Illinois Pension Code, to any person in a manner that
4 violates any of those Sections.

5 Section 85. The Western Illinois University Law is amended
6 by adding Section 35-180 as follows:

7 (110 ILCS 690/35-180 new)

8 Sec. 35-180. Future increases in income. Western Illinois
9 University must not pay, offer, or agree to pay any future
10 increase in income, as that term is defined in Section 14-106.5
11 of the Illinois Pension Code, to any person in a manner that
12 violates any of those Sections.

13 Section 90. The Public Community College Act is amended by
14 changing Sections 3-26 and 3-42 as follows:

15 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

16 Sec. 3-26. (a) To make appointments and fix the salaries of
17 a chief administrative officer, who shall be the executive
18 officer of the board, other administrative personnel, and all
19 teachers, but subject to any applicable restrictions in Section
20 14-106.5 of the Illinois Pension Code. In making these
21 appointments and fixing the salaries, the board may make no
22 discrimination on account of sex, race, creed, color or

1 national origin.

2 (b) Upon the written request of an employee, to withhold
3 from the compensation of that employee the membership dues of
4 such employee payable to any specified labor organization as
5 defined in the Illinois Educational Labor Relations Act. Under
6 such arrangement, an amount shall be withheld for each regular
7 payroll period which is equal to the prorata share of the
8 annual membership dues plus any payments or contributions and
9 the board shall pay such withholding to the specified labor
10 organization within 10 working days from the time of the
11 withholding.

12 (Source: P.A. 83-1014.)

13 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

14 Sec. 3-42. To employ such personnel as may be needed, to
15 establish policies governing their employment and dismissal,
16 and to fix the amount of their compensation, subject to any
17 applicable restrictions in Section 14-106.5 of the Illinois
18 Pension Code. In the employment, establishment of policies and
19 fixing of compensation the board may make no discrimination on
20 account of sex, race, creed, color or national origin.

21 Residence within any community college district or outside
22 any community college district shall not be considered:

23 (a) in determining whether to retain or not retain any
24 employee of a community college employed prior to July 1,
25 1977 or prior to the adoption by the community college

1 board of a resolution making residency within the community
2 college district of some or all employees a condition of
3 employment, whichever is later;

4 (b) in assigning, promoting or transferring any
5 employee of a community college to an office or position
6 employed prior to July 1, 1977 or prior to the adoption by
7 the community college board of a resolution making
8 residency within the community college district of some or
9 all employees a condition of employment, whichever is
10 later; or

11 (c) in determining the salary or other compensation of
12 any employee of a community college.

13 (Source: P.A. 80-248.)

14 Section 95. The Illinois Educational Labor Relations Act is
15 amended by changing Sections 4 and 17 as follows:

16 (115 ILCS 5/4) (from Ch. 48, par. 1704)

17 Sec. 4. Employer rights. Employers shall not be required to
18 bargain over matters of inherent managerial policy, which shall
19 include such areas of discretion or policy as the functions of
20 the employer, standards of services, its overall budget, the
21 organizational structure and selection of new employees and
22 direction of employees. Employers, however, shall be required
23 to bargain collectively with regard to policy matters directly
24 affecting wages (but subject to any applicable restrictions in

1 Section 14-106.5 of the Illinois Pension Code), hours and terms
2 and conditions of employment as well as the impact thereon upon
3 request by employee representatives, but excluding the
4 changes, the impact of changes, and the implementation of the
5 changes set forth in this amendatory Act of the 97th General
6 Assembly. To preserve the rights of employers and exclusive
7 representatives which have established collective bargaining
8 relationships or negotiated collective bargaining agreements
9 prior to the effective date of this Act, employers shall be
10 required to bargain collectively with regard to any matter
11 concerning wages (but subject to subject to any applicable
12 restrictions in Section 14-106.5 of the Illinois Pension Code),
13 hours or conditions of employment about which they have
14 bargained for and agreed to in a collective bargaining
15 agreement prior to the effective date of this Act, but
16 excluding the changes, the impact of changes, and the
17 implementation of the changes set forth in this amendatory Act
18 of the 97th General Assembly.

19 (Source: P.A. 83-1014.)

20 (115 ILCS 5/17) (from Ch. 48, par. 1717)

21 Sec. 17. Effect on other laws. In case of any conflict
22 between the provisions of this Act and any other law (other
23 than Section 14-106.5 of the Illinois Pension Code), executive
24 order or administrative regulation, the provisions of this Act
25 shall prevail and control. The provisions of this Act are

1 subject to any applicable restrictions in Section 14-106.5 of
2 the Illinois Pension Code, as well as the changes, impact of
3 changes, and implementation of changes set forth in this
4 amendatory Act of the 97th General Assembly. Nothing in this
5 Act shall be construed to replace or diminish the rights of
6 employees established by Section 36d of "An Act to create the
7 State Universities Civil Service System", approved May 11,
8 1905, as amended or modified.

9 (Source: P.A. 83-1014.)

10 Section 100. The State Mandates Act is amended by adding
11 Section 8.36 as follows:

12 (30 ILCS 805/8.36 new)

13 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
14 of this Act, no reimbursement by the State is required for the
15 implementation of any mandate created by this amendatory Act of
16 the 97th General Assembly.

17 Section 105. Severability and inseverability. The
18 provisions set forth in Sections 5, 15, 20, 25, 35 through 100,
19 and 999 of this Act, as well as Sections 2-134, 7-109,
20 14-135.08, and 18-140 and subsection (a-5) of Section 16-158 of
21 the Illinois Pension Code, as set forth in Section 30 of this
22 Act, are severable pursuant to Section 1.31 of the Statute on
23 Statutes, and are not mutually dependent upon the provisions

1 set forth in any other Section of this Act.

2 Section 10 of this Act and the other provisions of Section
3 30 of this Act are mutually dependent and inseverable. If any
4 of those provision is held invalid other than as applied to a
5 particular person or circumstance, then all of those provisions
6 are invalid.

7 Section 999. Effective date. This Act takes effect upon
8 becoming law.".