



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB1719

by Rep. Kevin A. McCarthy

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-114	from Ch. 108 1/2, par. 17-114
40 ILCS 5/17-131	from Ch. 108 1/2, par. 17-131
40 ILCS 5/17-132	from Ch. 108 1/2, par. 17-132
30 ILCS 805/8.35 new	

Amends the Chicago Teachers Article of the Illinois Pension Code. Changes the method for calculating validated service. Limits the amount of pension credit that may be granted each year. Authorizes deductions for omissions made in prior pay periods. Requires deductions to be made whenever salary represents pay for a day or part of a day (rather than pay for 5 days). Makes other changes concerning the administration of payroll deductions. Requires employers to cause the Fund to receive all payroll records and pension contributions (rather than just pension contributions) within 30 calendar (rather than 15 business) days after each predesignated payday. Makes other changes concerning the payment and certification of salary deductions. Amends the State Mandates Act to require implementation without reimbursement. Effective July 1, 2011.

LRB097 08643 JDS 48772 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

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

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

6 (40 ILCS 5/17-114) (from Ch. 108 1/2, par. 17-114)

7 Sec. 17-114. Computation of service.

8 (a) When computing days of validated service, contributors
9 shall receive one day of service credit for each day for which
10 they are paid salary representing a partial or a full day of
11 employment rendered to an Employer or the Board.

12 (b) When computing months of validated service, 17 or more
13 days of service rendered to an Employer or the Board in a
14 calendar month shall entitle a contributor to one month of
15 service credit for purposes of this Article.

16 (c) When computing years of validated service rendered, 170
17 or more days of service in a fiscal year or 10 or more months of
18 service in a fiscal year shall constitute one year of service
19 credit.

20 (d) Notwithstanding subsections (b) and (c) of this
21 Section, validated service in any fiscal year shall be that
22 fraction of a year equal to the ratio of the number of days of
23 service to 170 days.

1 (e) For purposes of this Section, no contributor shall earn
2 more than one year of service credit per fiscal year.

3 ~~When computing validated service, 10 months or more shall~~
4 ~~constitute one year of service unless a lesser number of months~~
5 ~~is established as a school year by an Employer. Salary~~
6 ~~representing 5 days' or more employment paid in a semi monthly~~
7 ~~or bi weekly payroll period, whichever the case may be, shall~~
8 ~~be considered for the purpose of computing service credit and~~
9 ~~shall entitle a contributor to 1/2 month of service. When~~
10 ~~computing total service rendered, 3 to 10 days' employment in~~
11 ~~the final total of such service shall entitle a contributor to~~
12 ~~1/2 month of service.~~

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

14 (40 ILCS 5/17-131) (from Ch. 108 1/2, par. 17-131)

15 Sec. 17-131. Administration of payroll deductions.

16 (a) An Employer or the Board shall make pension deductions
17 in each pay period on the basis of the salary earned in that
18 period, exclusive of salaries for overtime, special services,
19 or any employment on an optional basis, such as in summer
20 school.

21 (b) If a salary paid in a pay period includes adjustments
22 on account of errors or omissions in prior pay periods, then
23 salary amounts and related pension deductions shall be
24 separately identified as to the adjusted pay period and
25 deductions by the Employer or the Board shall be at rates in

1 force during the applicable adjusted pay period.

2 (c) If members earn salaries for the school year, as
3 established by an Employer, or if they earn annual salaries
4 over more than a 10-calendar month period, or if they earn
5 annual salaries over more than 170 calendar days, the required
6 contribution amount shall be deducted by the Employer in
7 installments on the basis of salary earned in each pay period.
8 The total amounts for each pay period shall be deducted
9 whenever salary payments represent a partial or whole day's
10 pay.

11 (d) If an Employer or the Board pays a salary to a member
12 for vacation periods, then the salary shall be considered part
13 of the member's pensionable salary, shall be subject to the
14 standard deductions for pension contributions, and shall be
15 considered to represent pay for the number of whole days of
16 vacation.

17 (e) If deductions from salaries result in amounts of less
18 than one cent, the fractional sums shall be increased to the
19 next higher cent. Any excess of these fractional increases over
20 the prescribed annual contributions shall be credited to the
21 members' accounts.

22 (f) In the event that, pursuant to Section 17-130.1,
23 employee contributions are picked up or made by the Board of
24 Education on behalf of its employees, then the amount of the
25 employee contributions which are picked up or made in that
26 manner shall not be deducted from the salaries of such

1 employees.

2 ~~During any period in which salaries are paid, such deductions~~
3 ~~by an Employer or the Board shall be made on the basis of the~~
4 ~~full salary rates, exclusive of salaries for overtime, special~~
5 ~~services or any employment on an optional basis, such as in~~
6 ~~summer school. If salaries represent adjustments on account of~~
7 ~~error, deductions by the Employer or the Board shall be at~~
8 ~~rates in force during the applicable payroll period. If~~
9 ~~teachers receive salaries for the school year, as established~~
10 ~~by an Employer, or if they receive salaries for more than 10~~
11 ~~calendar months, the amount required for each year of service~~
12 ~~shall be deducted by such Employer in installments. The total~~
13 ~~amounts for each semimonthly payroll period, or bi-weekly~~
14 ~~payroll period, as the case may be, shall be deducted only when~~
15 ~~salary payments represent 5 days' pay or more. If an Employer~~
16 ~~or the Board pays salaries to members of the teaching force for~~
17 ~~vacation periods, the salary shall be considered part of the~~
18 ~~teacher's annual salary, shall be subject to the standard~~
19 ~~deductions for pension contributions, and shall be considered~~
20 ~~to represent pay for 5 or more days' employment in a bi-weekly~~
21 ~~or semi-monthly payroll period for purposes set forth in this~~
22 ~~Section. If deductions from salaries result in amounts of less~~
23 ~~than one cent, the fractional sums shall be increased to the~~
24 ~~next higher cent. Any excess of these fractional increases over~~
25 ~~the prescribed annual contributions shall be credited to the~~
26 ~~teachers' accounts.~~

1 ~~In the event that, pursuant to Section 17-130.1, employee~~
2 ~~contributions are picked up or made by the Board of Education~~
3 ~~on behalf of its employees from the proceeds of the tax levied~~
4 ~~under Section 34-60 of the School Code, then the amount of the~~
5 ~~employee contributions which are picked up or made in that~~
6 ~~manner shall not be deducted from the salaries of such~~
7 ~~employees.~~

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

9 (40 ILCS 5/17-132) (from Ch. 108 1/2, par. 17-132)

10 Sec. 17-132. Payments and certification of salary
11 deductions.

12 (a) An Employer shall cause the Fund to receive all
13 members' payroll records and pension contributions within 30
14 calendar days after each predesignated payday. For purposes of
15 this Section, the predesignated payday shall be determined in
16 accordance with each Employer's payroll schedule for
17 contributions to the Fund.

18 (b) Amounts not received by the 30th calendar day after the
19 predesignated payday shall be deemed delinquent and subject to
20 late interest penalty (calculated at the average short-term
21 rate of interest earned by the Fund for the calendar month
22 preceding the calendar month in which the delinquency occurs)
23 starting from the predesignated payday and ending on the date
24 payment is received.

25 (c) The payroll records shall report (1) all pensionable

1 salary earned in that pay period, exclusive of salaries for
2 overtime, special services, or any employment on an optional
3 basis, such as in summer school; (2) adjustments to pensionable
4 salary, exclusive of salaries for overtime, special services,
5 or any employment on an optional basis, such as in summer
6 school, made in a pay period for any prior pay periods; (3)
7 pension contributions attributable to pensionable salary
8 earned in the reported pay period or the adjusted pay period as
9 required by subsection (b) of Section 17-131.

10 (d) The appropriate officers of the Employer shall certify
11 and submit the payroll records no later than 30 calendar days
12 after each predesignated payday. The certification shall
13 constitute a confirmation of the accuracy of such deductions
14 according to the provisions of this Article.

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

1 school.

2 ~~An Employer shall cause the Fund to receive all teachers'~~
3 ~~pension contributions within 15 business days of the~~
4 ~~predesignated paydays. Amount not received by the fifth day~~
5 ~~shall be deemed delinquent and subject to late interest penalty~~
6 ~~(calculated at the average short term rate of interest earned~~
7 ~~by the Fund for the calendar month preceding the calendar month~~
8 ~~in which the delinquency occurs) starting from the~~
9 ~~predesignated payday and ending on the date payment is~~
10 ~~received. The appropriate officers of the Employer shall~~
11 ~~certify at least monthly to the Fund all amounts deducted from~~
12 ~~the salaries of contributors. The certification shall~~
13 ~~constitute a confirmation of the accuracy of such deductions~~
14 ~~according to the provisions of this Article. For the purpose of~~
15 ~~this Section the predesignated payday shall be determined in~~
16 ~~accordance with each Employer's payroll schedule for~~
17 ~~contributions to the Fund.~~

18 ~~The Board has the authority to conduct payroll audits of a~~
19 ~~charter school to determine the existence of any delinquencies~~
20 ~~in contributions to the Fund, and such charter school shall be~~
21 ~~required to provide such books and records and contribution~~
22 ~~information as the Board or its authorized representative may~~
23 ~~require. The Board is also authorized to collect delinquent~~
24 ~~contributions from charter schools and develop procedures for~~
25 ~~the collection of such delinquencies. Collection procedures~~
26 ~~may include legal proceedings in the courts of the State of~~

1 ~~Illinois. Expenses, including reasonable attorneys' fees,~~
2 ~~incurred in the collection of delinquent contributions may be~~
3 ~~assessed by the Board against the charter school.~~

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

5 Section 90. The State Mandates Act is amended by adding
6 Section 8.35 as follows:

7 (30 ILCS 805/8.35 new)

8 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
9 of this Act, no reimbursement by the State is required for the
10 implementation of any mandate created by this amendatory Act of
11 the 97th General Assembly.

12 Section 99. Effective date. This Act takes effect July 1,
13 2011.