



Rep. Kelly M. Burke

Filed: 5/25/2016

09900SB2156ham003

LRB099 13062 RPS 49165 a

1 AMENDMENT TO SENATE BILL 2156

2 AMENDMENT NO. _____. Amend Senate Bill 2156, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Pension Code is amended by
6 changing Sections 15-106, 15-107, 15-110, 15-111, 15-113.11,
7 15-155, 15-158.2, 15-168, and 15-168.2 and by adding Sections
8 15-111.5 and 15-113.12 as follows:

9 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

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

12 Sec. 15-106. Employer. "Employer": The University of
13 Illinois, Southern Illinois University, Chicago State
14 University, Eastern Illinois University, Governors State
15 University, Illinois State University, Northeastern Illinois
16 University, Northern Illinois University, Western Illinois

1 University, the State Board of Higher Education, the Illinois
2 Mathematics and Science Academy, the University Civil Service
3 Merit Board, the Board of Trustees of the State Universities
4 Retirement System, the Illinois Community College Board,
5 community college boards, any association of community college
6 boards organized under Section 3-55 of the Public Community
7 College Act, the Board of Examiners established under the
8 Illinois Public Accounting Act, and, only during the period for
9 which employer contributions required under Section 15-155 are
10 paid, the following organizations: the alumni associations,
11 the foundations and the athletic associations which are
12 affiliated with the universities and colleges included in this
13 Section as employers. An individual who begins employment on or
14 after the effective date of this amendatory Act of the 99th
15 General Assembly with any association of community college
16 boards organized under Section 3-55 of the Public Community
17 College Act, the Association of Illinois Middle-Grade Schools,
18 the Illinois Association of School Administrators, the
19 Illinois Association for Supervision and Curriculum
20 Development, the Illinois Principals Association, the Illinois
21 Association of School Business Officials, the Illinois Special
22 Olympics, or an entity not defined as an employer in this
23 Section shall not be deemed an employee for the purposes of
24 this Article with respect to that employment and shall not be
25 eligible to participate in the System with respect to that
26 employment; provided, however, that those individuals who are

1 both employed by such an entity and are participating in the
2 System with respect to that employment on the effective date of
3 this amendatory Act of the 99th General Assembly shall be
4 allowed to continue as participants in the System for the
5 duration of that employment.

6 A department as defined in Section 14-103.04 is an employer
7 for any person appointed by the Governor under the Civil
8 Administrative Code of Illinois who is a participating employee
9 as defined in Section 15-109. The Department of Central
10 Management Services is an employer with respect to persons
11 employed by the State Board of Higher Education in positions
12 with the Illinois Century Network as of June 30, 2004 who
13 remain continuously employed after that date by the Department
14 of Central Management Services in positions with the Illinois
15 Century Network, the Bureau of Communication and Computer
16 Services, or, if applicable, any successor bureau.

17 The cities of Champaign and Urbana shall be considered
18 employers, but only during the period for which contributions
19 are required to be made under subsection (b-1) of Section
20 15-155 and only with respect to individuals described in
21 subsection (h) of Section 15-107.

22 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
23 Sec. 999.)

24 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 15-107. Employee.

3 (a) "Employee" means any member of the educational,
4 administrative, secretarial, clerical, mechanical, labor or
5 other staff of an employer whose employment is permanent and
6 continuous or who is employed in a position in which services
7 are expected to be rendered on a continuous basis for at least
8 4 months or one academic term, whichever is less, who (A)
9 receives payment for personal services on a warrant issued
10 pursuant to a payroll voucher certified by an employer and
11 drawn by the State Comptroller upon the State Treasurer or by
12 an employer upon trust, federal or other funds, or (B) is on a
13 leave of absence without pay. Employment which is irregular,
14 intermittent or temporary shall not be considered continuous
15 for purposes of this paragraph.

16 However, a person is not an "employee" if he or she:

17 (1) is a student enrolled in and regularly attending
18 classes in a college or university which is an employer,
19 and is employed on a temporary basis at less than full
20 time;

21 (2) is currently receiving a retirement annuity or a
22 disability retirement annuity under Section 15-153.2 from
23 this System;

24 (3) is on a military leave of absence;

25 (4) is eligible to participate in the Federal Civil
26 Service Retirement System and is currently making

1 contributions to that system based upon earnings paid by an
2 employer;

3 (5) is on leave of absence without pay for more than 60
4 days immediately following termination of disability
5 benefits under this Article;

6 (6) is hired after June 30, 1979 as a public service
7 employment program participant under the Federal
8 Comprehensive Employment and Training Act and receives
9 earnings in whole or in part from funds provided under that
10 Act; or

11 (7) is employed on or after July 1, 1991 to perform
12 services that are excluded by subdivision (a)(7)(f) or
13 (a)(19) of Section 210 of the federal Social Security Act
14 from the definition of employment given in that Section (42
15 U.S.C. 410).

16 (b) Any employer may, by filing a written notice with the
17 board, exclude from the definition of "employee" all persons
18 employed pursuant to a federally funded contract entered into
19 after July 1, 1982 with a federal military department in a
20 program providing training in military courses to federal
21 military personnel on a military site owned by the United
22 States Government, if this exclusion is not prohibited by the
23 federally funded contract or federal laws or rules governing
24 the administration of the contract.

25 (c) Any person appointed by the Governor under the Civil
26 Administrative Code of the State is an employee, if he or she

1 is a participant in this system on the effective date of the
2 appointment.

3 (d) A participant on lay-off status under civil service
4 rules is considered an employee for not more than 120 days from
5 the date of the lay-off.

6 (e) A participant is considered an employee during (1) the
7 first 60 days of disability leave, (2) the period, not to
8 exceed one year, in which his or her eligibility for disability
9 benefits is being considered by the board or reviewed by the
10 courts, and (3) the period he or she receives disability
11 benefits under the provisions of Section 15-152, workers'
12 compensation or occupational disease benefits, or disability
13 income under an insurance contract financed wholly or partially
14 by the employer.

15 (f) Absences without pay, other than formal leaves of
16 absence, of less than 30 calendar days, are not considered as
17 an interruption of a person's status as an employee. If such
18 absences during any period of 12 months exceed 30 work days,
19 the employee status of the person is considered as interrupted
20 as of the 31st work day.

21 (g) A staff member whose employment contract requires
22 services during an academic term is to be considered an
23 employee during the summer and other vacation periods, unless
24 he or she declines an employment contract for the succeeding
25 academic term or his or her employment status is otherwise
26 terminated, and he or she receives no earnings during these

1 periods.

2 (h) An individual who was a participating employee employed
3 in the fire department of the University of Illinois's
4 Champaign-Urbana campus immediately prior to the elimination
5 of that fire department and who immediately after the
6 elimination of that fire department became employed by the fire
7 department of the City of Urbana or the City of Champaign shall
8 continue to be considered as an employee for purposes of this
9 Article for so long as the individual remains employed as a
10 firefighter by the City of Urbana or the City of Champaign. The
11 individual shall cease to be considered an employee under this
12 subsection (h) upon the first termination of the individual's
13 employment as a firefighter by the City of Urbana or the City
14 of Champaign.

15 (i) An individual who is employed on a full-time basis as
16 an officer or employee of a statewide teacher organization that
17 serves System participants or an officer of a national teacher
18 organization that serves System participants may participate
19 in the System and shall be deemed an employee, provided that
20 (1) the individual has previously earned creditable service
21 under this Article, (2) the individual files with the System an
22 irrevocable election to become a participant before the
23 effective date of this amendatory Act of the 97th General
24 Assembly, (3) the individual does not receive credit for that
25 employment under any other Article of this Code, and (4) the
26 individual first became a full-time employee of the teacher

1 organization and becomes a participant before the effective
2 date of this amendatory Act of the 97th General Assembly. An
3 employee under this subsection (i) is responsible for paying to
4 the System both (A) employee contributions based on the actual
5 compensation received for service with the teacher
6 organization and (B) employer contributions equal to the normal
7 costs (as defined in Section 15-155) resulting from that
8 service; all or any part of these contributions may be paid on
9 the employee's behalf or picked up for tax purposes (if
10 authorized under federal law) by the teacher organization.

11 A person who is an employee as defined in this subsection
12 (i) may establish service credit for similar employment prior
13 to becoming an employee under this subsection by paying to the
14 System for that employment the contributions specified in this
15 subsection, plus interest at the effective rate from the date
16 of service to the date of payment. However, credit shall not be
17 granted under this subsection for any such prior employment for
18 which the applicant received credit under any other provision
19 of this Code, or during which the applicant was on a leave of
20 absence under Section 15-113.2.

21 (j) A person employed by the State Board of Higher
22 Education in a position with the Illinois Century Network as of
23 June 30, 2004 shall be considered to be an employee for so long
24 as he or she remains continuously employed after that date by
25 the Department of Central Management Services in a position
26 with the Illinois Century Network, the Bureau of Communication

1 and Computer Services, or, if applicable, any successor bureau
2 and meets the requirements of subsection (a).

3 (k) The Board shall promulgate rules with respect to
4 determining whether any person is an employee within the
5 meaning of this Section. In the case of doubt as to whether any
6 person is an employee within the meaning of this Section or any
7 rule adopted by the Board, the decision of the Board shall be
8 final.

9 (Source: P.A. 97-651, eff. 1-5-12.)

10 (40 ILCS 5/15-110) (from Ch. 108 1/2, par. 15-110)

11 Sec. 15-110. Basic compensation. "Basic compensation":
12 Subject to Section 15-111.5, the ~~The~~ gross basic rate of salary
13 or wages payable by an employer, including:

14 (1) the value of maintenance, board, living quarters,
15 personal laundry, or other allowances furnished in lieu of
16 salary which are considered gross income under the federal
17 ~~Federal~~ Internal Revenue Code of 1986, as amended;~~;~~

18 (2) the employee contributions required under Section
19 15-157;~~;~~ and

20 (3) the amount paid by any employer to a custodial
21 account for investment in regulated investment company
22 stocks for the benefit of the employee pursuant to the
23 University Employees Custodial Accounts Act; ~~"An Act in~~
24 ~~relation to payments to custodial accounts for the benefit~~
25 ~~of employees of public institutions of higher education",~~

1 ~~approved September 9, 1983, and~~

2 (4) the amount of the premium payable by any employer
3 to an insurance company or companies on an annuity
4 contract, pursuant to the employee's election to accept a
5 reduction in earnings or forego an increase in earnings
6 under Section 30c of the State Finance Act ~~"An Act in~~
7 ~~relation to State Finance," approved June 10, 1919, as~~
8 ~~amended~~, or a tax-sheltered annuity plan approved by any
9 employer; and

10 (5) the amount of any elective deferral to a deferred
11 compensation plan established under Article 24 of this Code
12 pursuant to Section 457(b) of the federal Internal Revenue
13 Code of 1986, as amended.

14 Basic compensation does not include (1) salary or wages for
15 overtime or other extra service; (2) prospective salary or
16 wages under a summer teaching contract not yet entered upon;
17 and (3) overseas differential allowances, quarters allowances,
18 post allowances, educational allowances and transportation
19 allowances paid by an employer under a contract with the
20 federal government or its agencies for services rendered in
21 other countries. If an employee elects to receive in lieu of
22 cash salary or wages, fringe benefits which are not taxable
23 under the federal ~~Federal~~ Internal Revenue Code of 1986, as
24 amended, the amount of the cash salary or wages which is waived
25 shall be included in determining basic compensation.

26 (Source: P.A. 84-1308.)

1 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

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

4 Sec. 15-111. Earnings.

5 (a) "Earnings": Subject to Section 15-111.5, an ~~An~~ amount
6 paid for personal services equal to the sum of the basic
7 compensation plus extra compensation for summer teaching,
8 overtime or other extra service. For periods for which an
9 employee receives service credit under subsection (c) of
10 Section 15-113.1 or Section 15-113.2, earnings are equal to the
11 basic compensation on which contributions are paid by the
12 employee during such periods. Compensation for employment
13 which is irregular, intermittent and temporary shall not be
14 considered earnings, unless the participant is also receiving
15 earnings from the employer as an employee under Section 15-107.

16 With respect to transition pay paid by the University of
17 Illinois to a person who was a participating employee employed
18 in the fire department of the University of Illinois's
19 Champaign-Urbana campus immediately prior to the elimination
20 of that fire department:

21 (1) "Earnings" includes transition pay paid to the
22 employee on or after the effective date of this amendatory
23 Act of the 91st General Assembly.

24 (2) "Earnings" includes transition pay paid to the
25 employee before the effective date of this amendatory Act

1 of the 91st General Assembly only if (i) employee
2 contributions under Section 15-157 have been withheld from
3 that transition pay or (ii) the employee pays to the System
4 before January 1, 2001 an amount representing employee
5 contributions under Section 15-157 on that transition pay.
6 Employee contributions under item (ii) may be paid in a
7 lump sum, by withholding from additional transition pay
8 accruing before January 1, 2001, or in any other manner
9 approved by the System. Upon payment of the employee
10 contributions on transition pay, the corresponding
11 employer contributions become an obligation of the State.

12 (b) For a Tier 2 member, the annual earnings shall not
13 exceed \$106,800; however, that amount shall annually
14 thereafter be increased by the lesser of (i) 3% of that amount,
15 including all previous adjustments, or (ii) one half the annual
16 unadjusted percentage increase (but not less than zero) in the
17 consumer price index-u for the 12 months ending with the
18 September preceding each November 1, including all previous
19 adjustments.

20 For the purposes of this Section, "consumer price index u"
21 means the index published by the Bureau of Labor Statistics of
22 the United States Department of Labor that measures the average
23 change in prices of goods and services purchased by all urban
24 consumers, United States city average, all items, 1982-84 =
25 100. The new amount resulting from each annual adjustment shall
26 be determined by the Public Pension Division of the Department

1 of Insurance and made available to the boards of the retirement
2 systems and pension funds by November 1 of each year.

3 (c) With each submission of payroll information in the
4 manner prescribed by the System, the employer shall certify
5 that the payroll information is correct and complies with all
6 applicable State and federal laws.

7 (Source: P.A. 98-92, eff. 7-16-13.)

8 (40 ILCS 5/15-111.5 new)

9 Sec. 15-111.5. Basic compensation and earnings
10 restrictions. For an employee who first becomes a participant
11 on or after the effective date of this amendatory Act of the
12 99th General Assembly, basic compensation under Section 15-110
13 and earnings under Section 15-111 shall not include bonuses,
14 housing allowances, vehicle allowances, social club dues, or
15 athletic club dues.

16 (40 ILCS 5/15-113.11)

17 Sec. 15-113.11. Service for periods of voluntary or
18 involuntary furlough.

19 (a) A participant may establish creditable service and
20 earnings credit for periods of furlough beginning on or after
21 July 1, 2009 and ending on or before June 30, 2011. To receive
22 this credit, the participant must (i) apply in writing to the
23 System before December 31, 2011; (ii) not receive compensation
24 from an employer for any furlough period; and (iii) make, on an

1 after-tax basis, employee contributions required under Section
2 15-157 based on the rate of basic compensation during the
3 periods of furlough, plus an amount determined by the Board to
4 be equal to the employer's normal cost of the benefit, plus
5 compounded interest at the actuarially assumed rate from the
6 date of voluntary or involuntary furlough to the date of
7 payment. The participant shall provide, at the time of
8 application, written certification from the employer providing
9 the total number of furlough days a participant has been
10 required to take.

11 (b) A participant may establish creditable service and
12 earnings credit for periods of furlough beginning on or after
13 July 1, 2015 and ending on or before June 30, 2017. To receive
14 this credit, the participant must (i) apply in writing to the
15 System before December 31, 2018; (ii) not receive compensation
16 from an employer for any furlough period; and (iii) make, on an
17 after-tax basis, employee contributions required under Section
18 15-157 based on the rate of basic compensation during the
19 periods of furlough, plus an amount determined by the Board to
20 be equal to the employer's normal cost of the benefit, plus
21 compounded interest at the actuarially assumed rate from the
22 date of voluntary or involuntary furlough to the date of
23 payment. The participant shall provide, at the time of
24 application, written certification from the employer providing
25 the total number of furlough days a participant has been
26 required to take.

1 (Source: P.A. 96-961, eff. 7-2-10.)

2 (40 ILCS 5/15-113.12 new)

3 Sec. 15-113.12. Earnings for periods of voluntary pay
4 reduction taken in lieu of furlough. A participant may
5 establish earnings credit for periods of voluntary pay
6 reduction, taken in lieu of furlough, beginning on or after
7 July 1, 2015 and ending on or before June 30, 2017. To receive
8 this credit, the participant must: (1) apply in writing to the
9 System before December 31, 2018; and (2) make, on an after-tax
10 basis, employee contributions required under Section 15-157
11 based on the voluntary reduction in pay, plus an amount
12 determined by the Board to be equal to the employer's normal
13 cost of the benefit, plus compounded interest at the
14 actuarially assumed rate from the date of voluntary reduction
15 in pay to the date of payment. The participant shall provide,
16 at the time of application, (i) written certification from the
17 employer providing the total voluntary reduction in pay per pay
18 period for each pay period with a voluntary reduction in pay
19 and (ii) written certification from the employer stating that
20 the voluntary reduction in pay was taken in lieu of furlough.

21 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

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

24 Sec. 15-155. Employer contributions.

1 (a) The State of Illinois shall make contributions by
2 appropriations of amounts which, together with the other
3 employer contributions from trust, federal, and other funds,
4 employee contributions, income from investments, and other
5 income of this System, will be sufficient to meet the cost of
6 maintaining and administering the System on a 90% funded basis
7 in accordance with actuarial recommendations.

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

13 (a-1) For State fiscal years 2012 through 2045, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 90% of
17 the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of payroll over the years remaining to and
21 including fiscal year 2045 and shall be determined under the
22 projected unit credit actuarial cost method.

23 For State fiscal years 1996 through 2005, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 so that by State fiscal year 2011, the State is contributing at

1 the rate required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2006 is
4 \$166,641,900.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2007 is
7 \$252,064,100.

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2010 is
16 \$702,514,000 and shall be made from the State Pensions Fund and
17 proceeds of bonds sold in fiscal year 2010 pursuant to Section
18 7.2 of the General Obligation Bond Act, less (i) the pro rata
19 share of bond sale expenses determined by the System's share of
20 total bond proceeds, (ii) any amounts received from the General
21 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
22 proceeds due to the issuance of discounted bonds, if
23 applicable.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2011 is
26 the amount recertified by the System on or before April 1, 2011

1 pursuant to Section 15-165 and shall be made from the State
2 Pensions Fund and proceeds of bonds sold in fiscal year 2011
3 pursuant to Section 7.2 of the General Obligation Bond Act,
4 less (i) the pro rata share of bond sale expenses determined by
5 the System's share of total bond proceeds, (ii) any amounts
6 received from the General Revenue Fund in fiscal year 2011, and
7 (iii) any reduction in bond proceeds due to the issuance of
8 discounted bonds, if applicable.

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 Section 15-165, 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 (b) If an employee is paid from trust or federal funds, the
25 employer shall pay to the Board contributions from those funds
26 which are sufficient to cover the accruing normal costs on

1 behalf of the employee. However, universities having employees
2 who are compensated out of local auxiliary funds, income funds,
3 or service enterprise funds are not required to pay such
4 contributions on behalf of those employees. The local auxiliary
5 funds, income funds, and service enterprise funds of
6 universities shall not be considered trust funds for the
7 purpose of this Article, but funds of alumni associations,
8 foundations, and athletic associations which are affiliated
9 with the universities included as employers under this Article
10 and other employers which do not receive State appropriations
11 are considered to be trust funds for the purpose of this
12 Article.

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

26 (c) Through State fiscal year 1995: The total employer

1 contribution shall be apportioned among the various funds of
2 the State and other employers, whether trust, federal, or other
3 funds, in accordance with actuarial procedures approved by the
4 Board. State of Illinois contributions for employers receiving
5 State appropriations for personal services shall be payable
6 from appropriations made to the employers or to the System. The
7 contributions for Class I community colleges covering earnings
8 other than those paid from trust and federal funds, shall be
9 payable solely from appropriations to the Illinois Community
10 College Board or the System for employer contributions.

11 (d) Beginning in State fiscal year 1996, the required State
12 contributions to the System shall be appropriated directly to
13 the System and shall be payable through vouchers issued in
14 accordance with subsection (c) of Section 15-165, except as
15 provided in subsection (g).

16 (e) The State Comptroller shall draw warrants payable to
17 the System upon proper certification by the System or by the
18 employer in accordance with the appropriation laws and this
19 Code.

20 (f) Normal costs under this Section means liability for
21 pensions and other benefits which accrues to the System because
22 of the credits earned for service rendered by the participants
23 during the fiscal year and expenses of administering the
24 System, but shall not include the principal of or any
25 redemption premium or interest on any bonds issued by the Board
26 or any expenses incurred or deposits required in connection

1 therewith.

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

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

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

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

16 When assessing payment for any amount due under this
17 subsection (g), the System shall include earnings, to the
18 extent not established by a participant under Section 15-113.11
19 or 15-113.12, that would have been paid to the participant had
20 the participant not taken (i) periods of voluntary or
21 involuntary furlough occurring on or after July 1, 2015 and on
22 or before June 30, 2017 or (ii) periods of voluntary pay
23 reduction in lieu of furlough occurring on or after July 1,
24 2015 and on or before June 30, 2017. Determining earnings that
25 would have been paid to a participant had the participant not
26 taken periods of voluntary or involuntary furlough or periods

1 of voluntary pay reduction shall be the responsibility of the
2 employer, and shall be reported in a manner prescribed by the
3 System.

4 (h) This subsection (h) applies only to payments made or
5 salary increases given on or after June 1, 2005 but before July
6 1, 2011. The changes made by Public Act 94-1057 shall not
7 require the System to refund any payments received before July
8 31, 2006 (the effective date of Public Act 94-1057).

9 When assessing payment for any amount due under subsection
10 (g), the System shall exclude earnings increases paid to
11 participants under contracts or collective bargaining
12 agreements entered into, amended, or renewed before June 1,
13 2005.

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

18 When assessing payment for any amount due under subsection
19 (g), the System shall exclude earnings increases resulting from
20 overload work, including a contract for summer teaching, or
21 overtime when the employer has certified to the System, and the
22 System has approved the certification, that: (i) in the case of
23 overloads (A) the overload work is for the sole purpose of
24 academic instruction in excess of the standard number of
25 instruction hours for a full-time employee occurring during the
26 academic year that the overload is paid and (B) the earnings

1 increases are equal to or less than the rate of pay for
2 academic instruction computed using the participant's current
3 salary rate and work schedule; and (ii) in the case of
4 overtime, the overtime was necessary for the educational
5 mission.

6 When assessing payment for any amount due under subsection
7 (g), the System shall exclude any earnings increase resulting
8 from (i) a promotion for which the employee moves from one
9 classification to a higher classification under the State
10 Universities Civil Service System, (ii) a promotion in academic
11 rank for a tenured or tenure-track faculty position, or (iii) a
12 promotion that the Illinois Community College Board has
13 recommended in accordance with subsection (k) of this Section.
14 These earnings increases shall be excluded only if the
15 promotion is to a position that has existed and been filled by
16 a member for no less than one complete academic year and the
17 earnings increase as a result of the promotion is an increase
18 that results in an amount no greater than the average salary
19 paid for other similar positions.

20 (i) When assessing payment for any amount due under
21 subsection (g), the System shall exclude any salary increase
22 described in subsection (h) of this Section given on or after
23 July 1, 2011 but before July 1, 2014 under a contract or
24 collective bargaining agreement entered into, amended, or
25 renewed on or after June 1, 2005 but before July 1, 2011.
26 Notwithstanding any other provision of this Section, any

1 payments made or salary increases given after June 30, 2014
2 shall be used in assessing payment for any amount due under
3 subsection (g) of this Section.

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

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

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

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

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

19 (k) The Illinois Community College Board shall adopt rules
20 for recommending lists of promotional positions submitted to
21 the Board by community colleges and for reviewing the
22 promotional lists on an annual basis. When recommending
23 promotional lists, the Board shall consider the similarity of
24 the positions submitted to those positions recognized for State
25 universities by the State Universities Civil Service System.
26 The Illinois Community College Board shall file a copy of its

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

8 (l) 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 (m) 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 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
24 98-463, eff. 8-16-13.)

1 Sec. 15-158.2. Self-managed plan.

2 (a) Purpose. The General Assembly finds that it is
3 important for colleges and universities to be able to attract
4 and retain the most qualified employees and that in order to
5 attract and retain these employees, colleges and universities
6 should have the flexibility to provide a defined contribution
7 plan as an alternative for eligible employees who elect not to
8 participate in a defined benefit retirement program provided
9 under this Article. Accordingly, the State Universities
10 Retirement System is hereby authorized to establish and
11 administer a self-managed plan, which shall offer
12 participating employees the opportunity to accumulate assets
13 for retirement through a combination of employee and employer
14 contributions that may be invested in mutual funds, collective
15 investment funds, or other investment products and used to
16 purchase annuity contracts, either fixed or variable or a
17 combination thereof. The plan must be qualified under the
18 Internal Revenue Code of 1986.

19 (b) Adoption by employers. Each employer subject to this
20 Article may elect to adopt the self-managed plan established
21 under this Section; this election is irrevocable. An employer's
22 election to adopt the self-managed plan makes available to the
23 eligible employees of that employer the elections described in
24 Section 15-134.5.

25 The State Universities Retirement System shall be the plan
26 sponsor for the self-managed plan and shall prepare a plan

1 document and prescribe such rules and procedures as are
2 considered necessary or desirable for the administration of the
3 self-managed plan. Consistent with its fiduciary duty to the
4 participants and beneficiaries of the self-managed plan, the
5 Board of Trustees of the System may delegate aspects of plan
6 administration as it sees fit to companies authorized to do
7 business in this State, to the employers, or to a combination
8 of both.

9 (c) Selection of service providers and funding vehicles.
10 The System, in consultation with the employers, shall solicit
11 proposals to provide administrative services and funding
12 vehicles for the self-managed plan from insurance and annuity
13 companies and mutual fund companies, banks, trust companies, or
14 other financial institutions authorized to do business in this
15 State. In reviewing the proposals received and approving and
16 contracting with no fewer than 2 and no more than 7 companies,
17 the Board of Trustees of the System shall consider, among other
18 things, the following criteria:

19 (1) the nature and extent of the benefits that would be
20 provided to the participants;

21 (2) the reasonableness of the benefits in relation to
22 the premium charged;

23 (3) the suitability of the benefits to the needs and
24 interests of the participating employees and the employer;

25 (4) the ability of the company to provide benefits
26 under the contract and the financial stability of the

1 company; and

2 (5) the efficacy of the contract in the recruitment and
3 retention of employees.

4 The System, in consultation with the employers, shall
5 periodically review each approved company. A company may
6 continue to provide administrative services and funding
7 vehicles for the self-managed plan only so long as it continues
8 to be an approved company under contract with the Board.

9 (d) Employee Direction. Employees who are participating in
10 the program must be allowed to direct the transfer of their
11 account balances among the various investment options offered,
12 subject to applicable contractual provisions. The participant
13 shall not be deemed a fiduciary by reason of providing such
14 investment direction. A person who is a fiduciary shall not be
15 liable for any loss resulting from such investment direction
16 and shall not be deemed to have breached any fiduciary duty by
17 acting in accordance with that direction. The System shall
18 provide advance notice to the participant of the participant's
19 obligation to direct the investment of employee and employer
20 contributions into one or more investment funds selected by the
21 System at the time he or she makes his or her initial
22 retirement plan selection. If a participant fails to direct the
23 investment of employee and employer contributions into the
24 various investment options offered to the participant when
25 making his or her initial retirement election choice, that
26 failure shall require the System to invest the employee and

1 employer contributions in a default investment fund on behalf
2 of the participant, and the investment shall be deemed to have
3 been made at the participant's investment direction. The
4 participant has the right to transfer account balances out of
5 the default investment fund during time periods designated by
6 the System. Neither the System nor the employer guarantees any
7 of the investments in the employee's account balances.

8 (e) Participation. An employee eligible to participate in
9 the self-managed plan must make a written election in
10 accordance with the provisions of Section 15-134.5 and the
11 procedures established by the System. Participation in the
12 self-managed plan by an electing employee shall begin on the
13 first day of the first pay period following the later of the
14 date the employee's election is filed with the System or the
15 effective date as of which the employee's employer begins to
16 offer participation in the self-managed plan. Employers may not
17 make the self-managed plan available earlier than January 1,
18 1998. An employee's participation in any other retirement
19 program administered by the System under this Article shall
20 terminate on the date that participation in the self-managed
21 plan begins.

22 An employee who has elected to participate in the
23 self-managed plan under this Section must continue
24 participation while employed in an eligible position, and may
25 not participate in any other retirement program administered by
26 the System under this Article while employed by that employer

1 or any other employer that has adopted the self-managed plan,
2 unless the self-managed plan is terminated in accordance with
3 subsection (i).

4 Notwithstanding any other provision of this Article, a Tier
5 2 member shall have the option to enroll in the self-managed
6 plan.

7 Participation in the self-managed plan under this Section
8 shall constitute membership in the State Universities
9 Retirement System.

10 A participant under this Section shall be entitled to the
11 benefits of Article 20 of this Code.

12 (f) Establishment of Initial Account Balance. If at the
13 time an employee elects to participate in the self-managed plan
14 he or she has rights and credits in the System due to previous
15 participation in the traditional benefit package, the System
16 shall establish for the employee an opening account balance in
17 the self-managed plan, equal to the amount of contribution
18 refund that the employee would be eligible to receive under
19 Section 15-154 if the employee terminated employment on that
20 date and elected a refund of contributions, except that this
21 hypothetical refund shall include interest at the effective
22 rate for the respective years. The System shall transfer assets
23 from the defined benefit retirement program to the self-managed
24 plan, as a tax free transfer in accordance with Internal
25 Revenue Service guidelines, for purposes of funding the
26 employee's opening account balance.

1 (g) No Duplication of Service Credit. Notwithstanding any
2 other provision of this Article, an employee may not purchase
3 or receive service or service credit applicable to any other
4 retirement program administered by the System under this
5 Article for any period during which the employee was a
6 participant in the self-managed plan established under this
7 Section.

8 (h) Contributions. The self-managed plan shall be funded by
9 contributions from employees participating in the self-managed
10 plan and employer contributions as provided in this Section.

11 The contribution rate for employees participating in the
12 self-managed plan under this Section shall be equal to the
13 employee contribution rate for other participants in the
14 System, as provided in Section 15-157. This required
15 contribution shall be made as an "employer pick-up" under
16 Section 414(h) of the Internal Revenue Code of 1986 or any
17 successor Section thereof. Any employee participating in the
18 System's traditional benefit package prior to his or her
19 election to participate in the self-managed plan shall continue
20 to have the employer pick up the contributions required under
21 Section 15-157. However, the amounts picked up after the
22 election of the self-managed plan shall be remitted to and
23 treated as assets of the self-managed plan. In no event shall
24 an employee have an option of receiving these amounts in cash.
25 Employees may make additional contributions to the
26 self-managed plan in accordance with procedures prescribed by

1 the System, to the extent permitted under rules prescribed by
2 the System.

3 The program shall provide for employer contributions to be
4 credited to each self-managed plan participant at a rate of
5 7.6% of the participating employee's salary, less the amount
6 used by the System to provide disability benefits for the
7 employee. The amounts so credited shall be paid into the
8 participant's self-managed plan accounts in a manner to be
9 prescribed by the System.

10 An amount of employer contribution, not exceeding 1% of the
11 participating employee's salary, shall be used for the purpose
12 of providing the disability benefits of the System to the
13 employee. Prior to the beginning of each plan year under the
14 self-managed plan, the Board of Trustees shall determine, as a
15 percentage of salary, the amount of employer contributions to
16 be allocated during that plan year for providing disability
17 benefits for employees in the self-managed plan.

18 The State of Illinois shall make contributions by
19 appropriations to the System of the employer contributions
20 required for employees who participate in the self-managed plan
21 under this Section. The amount required shall be certified by
22 the Board of Trustees of the System and paid by the State in
23 accordance with Section 15-165. The System shall not be
24 obligated to remit the required employer contributions to any
25 of the insurance and annuity companies, mutual fund companies,
26 banks, trust companies, financial institutions, or other

1 sponsors of any of the funding vehicles offered under the
2 self-managed plan until it has received the required employer
3 contributions from the State. In the event of a deficiency in
4 the amount of State contributions, the System shall implement
5 those procedures described in subsection (c) of Section 15-165
6 to obtain the required funding from the General Revenue Fund.

7 (i) Termination. The self-managed plan authorized under
8 this Section may be terminated by the System, subject to the
9 terms of any relevant contracts, and the System shall have no
10 obligation to reestablish the self-managed plan under this
11 Section. This Section does not create a right to continued
12 participation in any self-managed plan set up by the System
13 under this Section. If the self-managed plan is terminated, the
14 participants shall have the right to participate in one of the
15 other retirement programs offered by the System and receive
16 service credit in such other retirement program for any years
17 of employment following the termination.

18 (j) Vesting; Withdrawal; Return to Service. A participant
19 in the self-managed plan becomes vested in the employer
20 contributions credited to his or her accounts in the
21 self-managed plan on the earliest to occur of the following:

22 (1) completion of 5 years of service with an employer described
23 in Section 15-106; (2) the death of the participating employee
24 while employed by an employer described in Section 15-106, if
25 the participant has completed at least 1 1/2 years of service;
26 or (3) the participant's election to retire and apply the

1 reciprocal provisions of Article 20 of this Code.

2 A participant in the self-managed plan who receives a
3 distribution of his or her vested amounts from the self-managed
4 plan while not yet eligible for retirement under this Article
5 (and Article 20, if applicable) shall forfeit all service
6 credit and accrued rights in the System; if subsequently
7 re-employed, the participant shall be considered a new
8 employee. If a former participant again becomes a participating
9 employee (or becomes employed by a participating system under
10 Article 20 of this Code) and continues as such for at least 2
11 years, all such rights, service credits, and previous status as
12 a participant shall be restored upon repayment of the amount of
13 the distribution, without interest.

14 (k) Benefit amounts. If an employee who is vested in
15 employer contributions terminates employment, the employee
16 shall be entitled to a benefit which is based on the account
17 values attributable to both employer and employee
18 contributions and any investment return thereon.

19 If an employee who is not vested in employer contributions
20 terminates employment, the employee shall be entitled to a
21 benefit based solely on the account values attributable to the
22 employee's contributions and any investment return thereon,
23 and the employer contributions and any investment return
24 thereon shall be forfeited. Any employer contributions which
25 are forfeited shall be held in escrow by the company investing
26 those contributions and shall be used as directed by the System

1 for future allocations of employer contributions or for the
2 restoration of amounts previously forfeited by former
3 participants who again become participating employees.

4 (Source: P.A. 98-92, eff. 7-16-13.)

5 (40 ILCS 5/15-168) (from Ch. 108 1/2, par. 15-168)

6 Sec. 15-168. To require information.

7 (a) To require such information as shall be necessary for
8 the proper operation of the system from any participant or
9 beneficiary or annuitant ~~benefit recipient~~ or from any current
10 or former employer of a participant or annuitant. Such
11 information may include, but is not limited to, employment
12 contracts ~~current or former participant~~.

13 (b) When the System submits a request for information under
14 subsection (a) of this Section, the employer shall respond
15 within 90 calendar days of the System's request. Beginning on
16 the 91st calendar day after the System's request, the System
17 may assess a penalty of \$250 per calendar day until receipt of
18 the information by the System, with a maximum penalty of
19 \$25,000. All payments must be received within one calendar year
20 after receipt of the information by the System or one calendar
21 year of reaching the maximum penalty of \$25,000, whichever
22 occurs earlier. If the employer fails to make complete payment
23 within the applicable timeframe, then the System may, after
24 giving notice to the employer, certify the delinquent amount to
25 the State Comptroller, and the Comptroller shall thereupon

1 deduct the certified delinquent amount from State funds payable
2 to the employer and pay them instead to the System.

3 (c) If a participant, beneficiary, or annuitant fails to
4 provide any information that is necessary for the calculation,
5 payment, or finalization of any benefit under this Article
6 within 90 calendar days of the date of the System's request
7 under subsection (a) of this Section, then the System may
8 immediately cease processing the benefit and may not pay any
9 additional benefit payment to the participant, beneficiary, or
10 annuitant until the requested information is provided.

11 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

12 (40 ILCS 5/15-168.2)

13 Sec. 15-168.2. Audit of employers.

14 (a) Beginning August 1, 2013, the System may audit the
15 employment records and payroll records of all employers. When
16 the System audits an employer, it shall specify the exact
17 information it requires, which may include but need not be
18 limited to the names, titles, and earnings history of every
19 individual receiving compensation from the employer. If an
20 employer is audited by the System, then the employer must
21 provide to the System all necessary documents and records
22 within 60 calendar days after receiving notification from the
23 System. When the System audits an employer, it shall send
24 related correspondence by certified mail.

25 (b) When the System submits a request for information under

1 subsection (a) of this Section, the employer shall respond
2 within 60 calendar days of the System's request. Beginning on
3 the 61st calendar day after the System's request, the System
4 may assess a penalty of \$250 per calendar day until receipt of
5 the information by the System, with a maximum penalty of
6 \$25,000. All payments must be received by the System within one
7 calendar year after receipt of the information by the System or
8 one calendar year after reaching the maximum penalty of
9 \$25,000, whichever occurs earlier. If the employer fails to
10 make complete payment within the applicable timeframe, then the
11 System may, after giving notice to the employer, certify the
12 delinquent amount to the State Comptroller, and the Comptroller
13 shall thereupon deduct the certified delinquent amount from
14 State funds payable to the employer and pay them instead to the
15 System.

16 (Source: P.A. 97-968, eff. 8-16-12.)".