

1 AN ACT in relation to 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 State Finance Act is amended by changing
5 Sections 14a and 15a as follows:

6 (30 ILCS 105/14a) (from Ch. 127, par. 150a)

7 Sec. 14a. Payments for unused benefits; use of sick
8 leave.

9 (a) Upon the death of a State employee, his or her
10 estate is entitled to receive from the appropriation for
11 personal services available for payment of his or her
12 compensation such sum for accrued vacation period, accrued
13 overtime, and accrued qualifying sick leave as would have
14 been paid or allowed to such employee had he or she survived
15 and terminated his or her employment.

16 The State Comptroller shall draw a warrant or warrants
17 against the appropriation, upon receipt of a proper death
18 certificate, payable to decedent's estate, or if no estate is
19 opened, to the person or persons entitled thereto under
20 Section 25-1 of the Probate Act of 1975 upon receipt of the
21 affidavit referred to in that Section, for the sum due.

22 (b) The Department of Central Management Services shall
23 prescribe by rule the method of computing the accrued
24 vacation period and accrued overtime for all employees,
25 including those not otherwise subject to its jurisdiction,
26 and for the purposes of this Act the Department of Central
27 Management Services may require such reports as it deems
28 necessary. Accrued sick leave shall be computed as provided
29 in subsection (f).

30 (c) Upon the retirement or resignation of a State
31 employee from State service, his or her accrued vacation,

1 overtime and qualifying sick leave shall be payable to the
2 employee in a single lump sum payment.

3 A lump sum payment payable under this subsection (c) on
4 or after January 1, 2002 and before September 1, 2003 shall
5 not be combined with or submitted on the same payroll voucher
6 as the employee's last payment of salary and shall be subject
7 to withholding at the following rates: 28% for federal income
8 tax purposes and 3% for Illinois State income tax purposes.

9 A lump sum payment payable under this subsection (c) to a
10 person who terminates State service during June of 2002 may
11 be paid during July or August of 2002 from either a fiscal
12 year 2002 appropriation or a fiscal year 2003 appropriation.

13 A lump sum payment payable under this subsection (c) to a
14 person who terminates State service during June of 2003 may
15 be paid during July or August of 2003 from either a fiscal
16 year 2003 appropriation or a fiscal year 2004 appropriation.

17 However,

18 If the employee returns to employment in any capacity
19 with the same agency or department within 30 days of the
20 termination of his or her previous State employment, the
21 employee must, as a condition of his or her new State
22 employment, repay the lump sum amount within 30 days after
23 his or her new State employment commences. The amount repaid
24 shall be deposited into the fund from which the payment was
25 made or the General Revenue Fund, and the accrued vacation,
26 overtime and sick leave upon which the lump sum payment was
27 based shall be credited to the account of the employee in
28 accordance with the rules of the jurisdiction under which he
29 or she is employed.

30 (d) Upon the movement of a State employee from a
31 position subject to the Personnel Code to another State
32 position not subject to the Personnel Code, or to a position
33 subject to the Personnel Code from a State position not
34 subject to the Personnel Code, or upon the movement of a

1 State employee of an institution or agency subject to the
2 State Universities Civil Service System from one such
3 institution or agency to another such institution or agency,
4 his or her accrued vacation, overtime and sick leave shall be
5 credited to the employee's account in accordance with the
6 rules of the jurisdiction to which the State employee moved.
7 However, if the rules preclude crediting the State employee's
8 total accrued vacation, overtime or sick leave to his or her
9 account at the jurisdiction to which he or she is to move,
10 the nontransferable accrued vacation, overtime, and
11 qualifying sick leave shall be payable to the employee in a
12 single lump sum payment by the jurisdiction from which he or
13 she moved.

14 (e) Upon the death of a State employee or the
15 retirement, indeterminate layoff or resignation of a State
16 employee from State service, the employee's retirement or
17 disability benefits shall be computed as if the employee had
18 remained in the State employment at his or her most recent
19 rate of compensation until his or her accumulated unused
20 leave for vacation, overtime, sickness and personal business
21 would have been exhausted. The employing agency shall
22 certify, in writing to the employee, the unused leaves the
23 employee has accrued. This certification may be held by the
24 employee or forwarded to the retirement fund. Employing
25 agencies not covered by the Personnel Code shall certify, in
26 writing to the employee, the unused leaves the employee has
27 accrued.

28 (f) Accrued sick leave shall be computed by multiplying
29 1/2 of the number of days of accumulated sick leave by the
30 daily rate of compensation applicable to the employee at the
31 time of his or her death, retirement, resignation, or other
32 termination of service described in this Section.

33 The payment for qualifying accrued sick leave after the
34 employee's death, retirement, resignation, or other

1 termination of service provided by Public Act 83-976 shall be
2 for sick leave days earned on or after January 1, 1984 and
3 before January 1, 1998. Sick leave accumulated on or after
4 January 1, 1998 is not compensable under this Section at the
5 time of the employee's death, retirement, resignation, or
6 other termination of service, but may be used to establish
7 retirement system service credit as provided in the Illinois
8 Pension Code.

9 The Department of Central Management Services shall
10 prescribe by rule the method of computing the accrued sick
11 leave days for all employees, including those not otherwise
12 subject to its jurisdiction. Beginning January 1, 1998, sick
13 leave used by an employee shall be charged against his or her
14 accumulated sick leave in the following order: first, sick
15 leave accumulated before January 1, 1984; then sick leave
16 accumulated on or after January 1, 1998; and finally sick
17 leave accumulated on or after January 1, 1984 but before
18 January 1, 1998.

19 (Source: P.A. 90-65, eff. 7-7-97.)

20 (30 ILCS 105/15a) (from Ch. 127, par. 151a)

21 Sec. 15a. Contractual services. The item "contractual
22 services", when used in an appropriation act, means and
23 includes:

24 (a) Expenditures incident to the current conduct
25 and operation of an office, department, board,
26 commission, institution or agency for postage and postal
27 charges, surety bond premiums, publications,
28 subscriptions, office conveniences and services,
29 exclusive of commodities as herein defined;

30 (b) Expenditures for rental of property or
31 equipment, repair or maintenance of property or equipment
32 including related supplies, equipment, materials,
33 services, replacement fixtures and repair parts, utility

1 services, professional or technical services, moving
2 expenses incident to a new State employment, and
3 transportation charges exclusive of "travel" as herein
4 defined;

5 (c) Expenditures for the rental of lodgings in
6 Springfield, Illinois and for the payment of utilities
7 used in connection with such lodgings for all elected
8 State officials, who are required by Section 1, Article V
9 of the Constitution of the State of Illinois to reside at
10 the seat of government during their term of office;

11 (d) Expenditures pursuant to multi-year lease,
12 lease-purchase or installment purchase contracts for
13 duplicating equipment authorized by Section 5.1 of the
14 Illinois Purchasing Act;

15 (e) Expenditures of \$5,000 or less per project for
16 improvements to real property which, except for the
17 operation of this Section, would be classified as
18 "permanent improvements" as defined in Section 21;

19 (f) Expenditures pursuant to multi-year lease,
20 lease-purchase or installment purchase contracts for
21 land, permanent improvements or fixtures.

22 The item "contractual services" does not, however,
23 include any expenditures included in "operation of automotive
24 equipment" as defined in Section 24.2.

25 The item "contractual services" does not include any
26 expenditures for professional, technical, or other services
27 performed for a State agency under a contract executed after
28 July 1 the-effective-date-of-this-amendatory-Act-of 1992 by a
29 person who was formerly employed by that agency and has
30 received any early retirement incentive under Section
31 14-108.3 or 16-133.3 of the Illinois Pension Code based on
32 retirement before 1993, unless the official or employee
33 executing the contract on behalf of the agency has certified
34 that the person performing the services either (i) possesses

1 unique expertise, or (ii) is essential to the operation of
 2 the agency. This certification must be filed with the Office
 3 of the Auditor General prior to the execution of the
 4 contract, and shall be made available by that Office for
 5 public inspection and copying. The item "contractual
 6 services" does not include any expenditures for professional,
 7 technical, or other services performed for a State agency
 8 under a contract executed after the effective date of this
 9 amendatory Act of the 92nd General Assembly by a person who
 10 has received any early retirement incentive under Section
 11 14-108.3 or 16-133.3 of the Illinois Pension Code based on
 12 retirement in 2001 or later. A contract not payable from the
 13 contractual services item because of this paragraph shall not
 14 be payable from any other item of appropriation. For the
 15 purposes of this paragraph, the term "agency" includes all
 16 offices, boards, commissions, departments, agencies, and
 17 institutions of State government.

18 (Source: P.A. 91-357, eff. 7-29-99.)

19 Section 10. The Illinois Pension Code is amended by
 20 changing Sections 14-108.3 and 16-133.3 as follows:

21 (40 ILCS 5/14-108.3)

22 Sec. 14-108.3. Early retirement incentives.

23 (a) To be eligible for the benefits provided in this
 24 Section, a person must:

25 (1) be a member of this System who, on any day
 26 during December, 2001, is (i) in active payroll status in
 27 a position of employment with a department and terminates
 28 that employment before the retirement annuity under this
 29 Article begins, or (ii) on layoff status from such a
 30 position with a right of re-employment or recall to
 31 service, or (iii) receiving benefits under Section
 32 14-123, 14-123.1 or 14-124, but only if the member has

1 not been receiving those benefits for a continuous period
2 of more than 2 years as of the date of application;

3 (2) have not previously retired under this Article
4 or Article 2, 15, 16, 17, or 18;

5 (3) file with the Board before June 1, 2003, a
6 written application requesting the benefits provided in
7 this Section; and

8 (4) by the date of application, have at least 8
9 years of membership service earned while an employee
10 under this Article, which may include military service
11 for which credit is established under Section 14-105(b),
12 service during the qualifying period for which credit is
13 established under Section 14-104(a), and service for
14 which credit has been established by repaying a refund
15 under Section 14-130, but shall not include service for
16 which any other optional service credit has been
17 established.

18 A person who has established additional creditable
19 service under any other early retirement incentive program
20 under this Code is not eligible to participate in the program
21 of early retirement incentives established under this
22 Section.

23 (b) An eligible person may establish up to 5 years of
24 creditable service under this Article, in increments of one
25 month, by making the contributions specified in subsection
26 (c). In addition, for each month of creditable service
27 established under this Section, a person's age at retirement
28 shall be deemed to be one month older than it actually is.

29 The creditable service established under this Section may
30 be used for all purposes under this Article and the
31 Retirement Systems Reciprocal Act, except for the computation
32 of final average compensation under Section 14-103.12 or the
33 determination of compensation under this or any other Article
34 of this Code.

1 The age enhancement established under this Section may be
2 used for all purposes under this Article (including
3 calculation of a proportionate annuity payable by this System
4 under the Retirement Systems Reciprocal Act), except for
5 purposes of the level income option in Section 14-112, the
6 reversionary annuity under Section 14-113, and the required
7 distributions under Section 14-121.1.

8 The age enhancement established under this Section may be
9 used in determining benefits payable under Article 16 of this
10 Code under the Retirement Systems Reciprocal Act, if the
11 person has at least 5 years of service credit in the Article
12 16 system that was earned while participating in that system
13 as a teacher (as defined in Section 16-106) employed by a
14 department (as defined in Section 14-103.04). Age
15 enhancement established under this Section shall not
16 otherwise be used in determining benefits payable under other
17 Articles of this Code under the Retirement Systems Reciprocal
18 Act.

19 (c) For all creditable service established under this
20 Section, a person must pay to the System an employee
21 contribution to be determined by the System, based on the
22 member's rate of compensation on November 1, 2001 (or the
23 last date before November 1, 2001 for which a rate can be
24 determined) and one-half of the retirement contribution rate
25 in effect on November 1, 2001 for the member (or for members
26 with the same social security and alternative formula status
27 as the member).

28 (1) If the member withdraws from service before July 1,
29 2003, the required contribution must be paid as follows: If
30 the member receives a lump sum payment for accumulated
31 vacation, sick leave and personal leave upon withdrawal from
32 service, and the net amount of that lump sum payment is at
33 least as great as the amount of the contribution required
34 under this Section, the entire contribution must be paid by

1 the employee before the retirement annuity may become
2 payable. If there is no such lump sum payment, or if it is
3 less than the contribution required under this Section, the
4 member may either pay the entire contribution before the
5 retirement annuity becomes payable or instead make an initial
6 payment before the retirement annuity becomes payable, equal
7 to the net amount of the lump sum payment for accumulated
8 vacation, sick leave, and personal leave, and have the
9 remaining amount due deducted from the retirement annuity in
10 24 equal monthly installments beginning in the month in which
11 the retirement annuity takes effect. The required
12 contribution may be paid as a pre-tax deduction from
13 earnings, but only if the required contribution is less than
14 the net amount of the lump sum payment for accumulated
15 vacation, sick leave, and personal leave.

16 (2) If the member withdraws from service on or after
17 July 1, 2003, the required contribution must be paid in one
18 of the following ways: (i) as a lump sum payment before
19 withdrawal and no later than July 1, 2005; or (ii) in up to
20 24 equal monthly installments beginning in the month
21 following the month of application and ending before
22 withdrawal and no later than July 1, 2005. In either case,
23 the required contribution may be paid as a pre-tax deduction
24 from earnings, but only in accordance with the rules of the
25 System.

26 (d) Notwithstanding Section 14-111, an annuitant who has
27 received any age enhancement or creditable service under this
28 Section and who reenters service under this Article other
29 than as a temporary employee shall thereby forfeit that age
30 enhancement and creditable service, and become entitled to a
31 refund of the contributions made pursuant to this Section.

32 (e) For the sole purpose of determining eligibility for
33 the automatic annual increase in retirement annuity under
34 Section 14-114, an annuitant who is receiving an early

1 retirement incentive under this Section and whose retirement
2 annuity begins on or before July 1, 2002 shall be deemed to
3 have retired on January 1, 2002, regardless of the actual
4 date of retirement.

5 (f) The System shall determine the amount of the
6 increase in unfunded accrued liability resulting from the
7 granting of early retirement incentives under this Section
8 and shall report that amount to the Governor and the Pension
9 Laws Commission on or before April 1, 2004. The increase in
10 liability reported under this subsection (f) shall not be
11 included in the calculation of the required State
12 contribution under Section 14-131.

13 (g) The System shall determine the amount of the annual
14 State contribution necessary to amortize on a level
15 dollar-payment basis, over a period of 6 years at 8.5%
16 interest, compounded annually, an amount equal to the
17 increase in unfunded accrued liability determined under
18 subsection (f) minus \$90,000,000. The System shall certify
19 the amount of this annual State contribution to the Governor,
20 the State Comptroller, the Bureau of the Budget, and the
21 Pension Laws Commission on or before April 1, 2004.

22 In addition to the contributions otherwise required under
23 this Article, the State shall appropriate and pay to the
24 System (1) an amount equal to \$90,000,000 in State fiscal
25 year 2004 and (2) in each of State fiscal years 2005 through
26 2010, an amount equal to the annual State contribution
27 certified by the System under this subsection (g).

28 (h) The Pension Laws Commission shall determine and
29 report to the General Assembly, on or before October 1, 2004
30 and annually thereafter through the year 2010, its estimate
31 of (1) the annual amount of payroll savings likely to be
32 realized by the State as a result of the early retirement of
33 annuitants who have received early retirement incentives
34 under this Section and (2) the net annual savings or cost to

1 the State from the program of early retirement incentives
2 created under this Section.

3 The System, the Department of Central Management
4 Services, the Bureau of the Budget, and all other departments
5 shall provide to the Commission any assistance that the
6 Commission may request with respect to its reports under this
7 Section. The Commission may require departments to provide
8 it with any information that it deems necessary or useful
9 with respect to its reports under this Section, including
10 without limitation information about (1) the final earnings
11 of former department employees who elected to receive
12 benefits under this Section, (2) the earnings of current
13 department employees holding the positions vacated by persons
14 who elected to receive benefits under this Section, and (3)
15 positions vacated by persons who elected to receive benefits
16 under this Section that have not yet been refilled.

17 (i) It is the purpose of this Section to enable the
18 State to realize savings in payroll costs by replacing
19 certain highly-compensated employees with employees who have
20 less seniority and are therefore, on the average, less highly
21 compensated. To this end, in State fiscal year 2004 the
22 General Assembly shall not fund the positions vacated by
23 persons receiving early retirement incentives under this
24 Section at more than 85% of the rate of compensation payable
25 to those persons at the time of their retirement.

26 (j) The changes made to this Section by this amendatory
27 Act of the 92nd General Assembly do not apply to persons who
28 retired under this Section on or before May 1, 1992.

29 ~~(a) To be eligible for the benefits provided in this~~
30 ~~Section, a person must:~~

31 ~~(1) be a member of this System who, on any day~~
32 ~~during May, 1991, is (i) in active payroll status in a~~
33 ~~position of employment with a department, or (ii) on~~
34 ~~layoff status from such a position with a right of~~

1 re-employment-or-recall-to-service, or (iii) on leave--of
 2 absence--from--such-a-position, but-only-if-the-member-on
 3 leave-has--not--been--receiving--benefits--under--Section
 4 14-123,--14-123.1--or-14-124-for-a-continuous-period-of-2
 5 years-or-more-as-of-the-date-of-application;

6 (2)--have-not-retired-under-this-Article;

7 (3)--file-with-the-Board-before-December-1, 1991,--a
 8 written--application--requesting-the-benefits-provided-in
 9 this-Section;

10 (4)--establish-eligibility-to-receive--a--retirement
 11 annuity--under--this--Article--(for-which-purpose-any-age
 12 enhancement-or-creditable--service--received--under--this
 13 Section--may-be-used)--and-elect-to-receive-the-retirement
 14 annuity-beginning-not-earlier-than-the-first-day--of--the
 15 month-following-the-month-in-which-this-amendatory-Act-of
 16 1991-takes-effect, and-not-later-than-January-1, 1992--(or
 17 the-date-established-under-subsection-(e)-if-applicable);

18 (5)--have--attained-age-50-or-accumulated-30-or-more
 19 years-of-creditable-service--(without-the-use-of--any--age
 20 enhancement--or--creditable--service--received-under-this
 21 Section)--by-December-31, 1991.

22 (b)--An-eligible-person-may-establish-up-to--5--years--of
 23 creditable--service--under-this-Article, in-increments-of-one
 24 month, by-making-the-contributions--specified--in--subsection
 25 (c).--In--addition,--for--each--month--of-creditable-service
 26 established-under-this-Section, a-person's-age-at--retirement
 27 shall-be-deemed-to-be-one-month-older-than-it-actually-is.

28 The-creditable-service-established-under-this-Section-may
 29 be--used--for--all--purposes--under--this--Article--and--the
 30 Retirement-Systems-Reciprocal-Act, except-for-the-computation
 31 of-final-average-compensation-under-Section-14-103.12, or-the
 32 determination-of-compensation-under-this-or-any-other-Article
 33 of-this-Code.

34 The-age-enhancement-established-under-this-Section-may-be

1 used--for--all--purposes--under---this---Article---(including
 2 calculation-of-a-proportionate-annuity-payable-by-this-System
 3 under--the--Retirement--Systems--Reciprocal--Act),--except--for
 4 purposes-of-the-level-income-option-in--Section--14-112,--the
 5 reversionary--annuity--under-Section-14-113,--and-the-required
 6 distributions---under---Section---14-121.1.---However,---age
 7 enhancement-established-under-this-Section-shall-not-be--used
 8 in--determining-benefits-payable-under-other-Articles-of-this
 9 Code-under-the-Retirement-Systems-Reciprocal-Act.

10 (c)--For-all-creditable-service--established--under--this
 11 Section,--a--person--must--pay--to--the--System--an--employee
 12 contribution--to--be--determined--by--the--System,--based-on-the
 13 member's-final-rate--of--compensation--and--one-half--of--the
 14 retirement--contribution-rate-in-effect-for-the-member-on-the
 15 date-of-withdrawal.

16 If-the-member-receives-a-lump-sum-payment-for-accumulated
 17 vacation,--sick-leave-and-personal-leave-upon-withdrawal--from
 18 service,--and--the--net-amount-of-that-lump-sum-payment-is-at
 19 least-as-great-as-the-amount--of--the--contribution--required
 20 under-this-Section,--the-entire-contribution-(or-so-much-of-it
 21 as--does--not--exceed-the-contribution-limitations-of-Section
 22 415-of-the-Internal-Revenue-Code-of-1986)--must-be-paid-by-the
 23 employee-before-the-retirement-annuity--may--become--payable.
 24 If--there--is-no-such-lump-sum-payment,--or-if-it-is-less-than
 25 the-contribution-required-under-this-Section-the--member--may
 26 either--pay--the--entire--contribution--before-the-retirement
 27 annuity-becomes-payable,--or--may--instead--make--an--initial
 28 payment--before-the-retirement-annuity-becomes-payable,--equal
 29 to-the-net-amount-of-the-lump--sum--payment--for--accumulated
 30 vacation,--sick-leave-and-personal-leave-(or-so-much-of-it-as
 31 does-not-exceed-the-contribution-limitations-of--Section--415
 32 of-the-Internal-Revenue-Code-of-1986),--and-have-the-remaining
 33 amount--due--deducted-from-the-retirement-annuity-in-24-equal
 34 monthly-installments-beginning-in-January-of-1992-or--in--the

1 month-in-which-the-retirement-annuity-takes-effect, whichever
2 is-later.

3 However, --if--the--net-amount-of-the-lump-sum-payment-for
4 accumulated-vacation, sick-leave-and-personal-leave-equals-or
5 exceeds-the-contribution-required-under-this-Section, but-the
6 required--contribution--exceeds--an--applicable--contribution
7 limitation-contained-in-Section-415-of-the--Internal--Revenue
8 Code--of--1986, then-the-amount-of-the-contribution-in-excess
9 of-the-Section-415-limitation-shall-instead-be--paid--by--the
10 annuitant--in--January--of--1992-or-in-the-month-in-which-the
11 retirement-annuity-takes-effect, whichever-is-later.--If-this
12 additional-amount-is-not-paid--as--required,--the--retirement
13 annuity-shall-be-suspended-until-the-required-contribution-is
14 received.

15 (d)--In--the-event-that-the-age-enhancement-or-creditable
16 service-received-under-this-Section-result-in--a--retirement
17 benefit--that--exceeds--any--applicable--benefit--limitation
18 contained-in-Section-415-of--the--Internal--Revenue--Code--of
19 1986,--the--amount-of-the-retirement-benefit-that-exceeds-the
20 Section-415-limitation-shall-not-be-paid-for--any--period--to
21 which--the-limitation-is-applicable.--If-no-contributions-are
22 otherwise-due-in-1992-and-1993-under-subsection-(c)--from--an
23 annuitant-whose-retirement-benefits-are-subject-to-limitation
24 under-this-subsection, then-10%--of-the-contribution-otherwise
25 required--under--subsection--(c)--to--be--paid--before--the
26 retirement--annuity--becomes--payable--shall--instead--be
27 contributed--to--the--System--by--the--annuitant-in-January-of
28 1993.

29 (e)--In-order-to-ensure-that-the-public-health-and-safety
30 are-not-jeopardized-by-the-simultaneous-retirement--of--large
31 numbers--of--critical-personnel, the-Director-of-State-Police
32 (for-State-police-officers--under--the--Department--of--State
33 Police)--and--the-Director-of-Corrections-(for-security-staff
34 at-adult-and-juvenile-institutions-under--the--Department--of

1 Corrections}--may-extend-the-January-1,1992-deadline-for-the
 2 effective--date--of--a--retirement--annuity--established---in
 3 subdivision--(a)(4)--of-this-Section-to-a-date-not-later-than
 4 May-1,1992,by-so-notifying-the-System-in-writing--no--later
 5 than-December-31,1991.

6 In--order--to--ensure-that-the-efficient-operation-of-the
 7 courts-of-this-State-is-not-jeopardized-by--the--simultaneous
 8 retirement--of--large--numbers--of-court-reporters, the-Chief
 9 Justice-of-the-Illinois-Supreme-Court-may, for-official-court
 10 reporters-employed-in-the-courts-of-this--State,--extend--the
 11 January--1,1992--deadline--for--the--effective--date--of--a
 12 retirement--annuity-established-in-subdivision-(a)(4)-of-this
 13 Section-to-a-date-not-later-than-May-1,1992,by-so-notifying
 14 the-System-in-writing-no-later-than-December-31,1991.

15 (f)--Notwithstanding-Section-14-111,an-annuitant-who-has
 16 received-any-age-enhancement-or-creditable-service-under-this
 17 Section-and-who-reenters-service--under--this--Article--other
 18 than--as--a-temporary-employee-shall-thereby-forefeit-such-age
 19 enhancement-and-creditable-service, and-become-entitled-to--a
 20 refund-of-the-contributions-made-pursuant-to-this-Section.

21 (Source: P.A. 87-14.)

22 (40 ILCS 5/16-133.3) (from Ch. 108 1/2, par. 16-133.3)
 23 Sec. 16-133.3. Early retirement incentives for State
 24 employees.

25 (a) To be eligible for the benefits provided in this
 26 Section, a person must:

27 (1) be a member of this System who, on any day
 28 during December, 2001, is (i) in active payroll status as
 29 a full-time teacher employed by a department, or (ii) on
 30 layoff status from such a position with a right of
 31 re-employment or recall to service, or (iii) receiving a
 32 disability benefit under Section 16-149 or 16-149.1, but
 33 only if the member has not been receiving that benefit

1 for a continuous period of more than 2 years as of the
2 date of application;

3 (2) have never previously received a retirement
4 annuity under this Article or Article 2, 14, 15, 17, or
5 18;

6 (3) file with the Board before June 1, 2003, a
7 written application requesting the benefits provided in
8 this Section; and

9 (4) by the date of commencement of the annuity,
10 have at least 8 years of service credit earned while
11 participating in the System as a teacher employed by a
12 department.

13 For the purposes of this Section, "department" means a
14 department as defined in Section 14-103.04 that employs a
15 teacher as defined in this Article.

16 A person who has established additional creditable
17 service under any other early retirement incentive program
18 under this Code is not eligible to participate in the program
19 of early retirement incentives established under this
20 Section.

21 (b) An eligible person may establish up to 5 years of
22 creditable service under this Article, in increments of one
23 month, by making the contributions specified in subsection
24 (c). In addition, for each month of creditable service
25 established under this Section, a person's age at retirement
26 shall be deemed to be one month older than it actually is.

27 The creditable service established under this Section may
28 be used for all purposes under this Article and the
29 Retirement Systems Reciprocal Act, except for the computation
30 of final average salary, the determination of salary or
31 compensation under this Article or any other Article of this
32 Code, or the determination of eligibility for or the
33 computation of benefits under Section 16-133.2.

34 The age enhancement established under this Section may be

1 used for all purposes under this Article (including
2 calculation of a proportionate annuity payable by this System
3 under the Retirement Systems Reciprocal Act), except for
4 purposes of a retirement annuity under Section 16-133(a)(A),
5 a reversionary annuity under Section 16-136, the required
6 distributions under Section 16-142.3, and the determination
7 of eligibility for or the computation of benefits under
8 Section 16-133.2. Age enhancement established under this
9 Section may be used in determining benefits payable under
10 Article 14 of this Code under the Retirement Systems
11 Reciprocal Act; age enhancement established under this
12 Section shall not be used in determining benefits payable
13 under other Articles of this Code under the Retirement
14 Systems Reciprocal Act.

15 (c) For all creditable service established under this
16 Section, a person must pay to the System an employee
17 contribution to be determined by the System, based on the
18 member's rate of compensation on November 1, 2001 (or the
19 last date before November 1, 2001 for which a rate can be
20 determined) and one-half of the retirement contribution rate
21 in effect for members on November 1, 2001.

22 (1) If the member withdraws from service before July 1,
23 2003, the required contribution must be paid as follows: If
24 the member receives a lump sum payment for accumulated
25 vacation, sick leave and personal leave upon withdrawal from
26 service, and the net amount of that lump sum payment is at
27 least as great as the amount of the contribution required
28 under this Section, the entire contribution must be paid by
29 the employee before the retirement annuity may become
30 payable. If there is no such lump sum payment, or if it is
31 less than the contribution required under this Section, the
32 member may either pay the entire contribution before the
33 retirement annuity becomes payable or instead make an initial
34 payment before the retirement annuity becomes payable, equal

1 to the net amount of the lump sum payment for accumulated
2 vacation, sick leave, and personal leave, and have the
3 remaining amount due deducted from the retirement annuity in
4 24 equal monthly installments beginning in the month in which
5 the retirement annuity takes effect. The required
6 contribution may be paid as a pre-tax deduction from
7 earnings, but only if the required contribution is less than
8 the net amount of the lump sum payment for accumulated
9 vacation, sick leave, and personal leave.

10 (2) If the member withdraws from service on or after
11 July 1, 2003, the required contribution must be paid in one
12 of the following ways: (i) as a lump sum payment before
13 withdrawal and no later than July 1, 2005; or (ii) in up to
14 24 equal monthly installments beginning in the month
15 following the month of application and ending before
16 withdrawal and no later than July 1, 2005. In either case,
17 the required contribution may be paid as a pre-tax deduction
18 from earnings, but only in accordance with the rules of the
19 System.

20 (d) An annuitant who has received any age enhancement or
21 creditable service under this Section and who reenters
22 contributing service under this Article or Article 14 shall
23 thereby forfeit that age enhancement and creditable service,
24 and become entitled to a refund of the contributions made
25 pursuant to this Section.

26 (e) For the sole purpose of determining eligibility for
27 the automatic annual increase in retirement annuity under
28 Section 16-133.1, an annuitant who is receiving an early
29 retirement incentive under this Section and whose retirement
30 annuity begins on or before July 1, 2002 shall be deemed to
31 have retired on January 1, 2002, regardless of the actual
32 date of retirement.

33 (f) The System shall determine the amount of the
34 increase in unfunded accrued liability resulting from the

1 granting of early retirement incentives under this Section
2 and shall report that amount to the Governor and the Pension
3 Laws Commission on or before April 1, 2004. The increase in
4 liability reported under this subsection (f) shall not be
5 included in the calculation of the required State
6 contribution under Section 16-158.

7 (g) The System shall determine the amount of the annual
8 State contribution necessary to amortize on a level
9 dollar-payment basis, over a period of 6 years at 8.5%
10 interest, compounded annually, an amount equal to the
11 increase in unfunded accrued liability determined under
12 subsection (f) minus \$1,000,000. The System shall certify
13 the amount of this annual State contribution to the Governor,
14 the State Comptroller, the Bureau of the Budget, and the
15 Pension Laws Commission on or before April 1, 2004.

16 In addition to the contributions otherwise required under
17 this Article, the State shall appropriate and pay to the
18 System (1) an amount equal to \$1,000,000 in State fiscal year
19 2004 and (2) in each of State fiscal years 2005 through 2010,
20 an amount equal to the annual State contribution certified by
21 the System under this subsection (g).

22 (h) The Pension Laws Commission shall determine and
23 report to the General Assembly, on or before October 1, 2004
24 and annually thereafter through the year 2010, its estimate
25 of (1) the annual amount of payroll savings likely to be
26 realized by the State as a result of the early retirement of
27 annuitants who have received early retirement incentives
28 under this Section and (2) the net annual savings or cost to
29 the State from the program of early retirement incentives
30 created under this Section.

31 The System, the Department of Central Management
32 Services, the Bureau of the Budget, and all other departments
33 shall provide to the Commission any assistance that the
34 Commission may request with respect to its reports under this

1 Section. The Commission may require departments to provide
 2 it with any information that it deems necessary or useful
 3 with respect to its reports under this Section, including
 4 without limitation information about (1) the final earnings
 5 of former department employees who elected to receive
 6 benefits under this Section, (2) the earnings of current
 7 department employees holding the positions vacated by persons
 8 who elected to receive benefits under this Section, and (3)
 9 positions vacated by persons who elected to receive benefits
 10 under this Section that have not yet been refilled.

11 (i) It is the purpose of this Section to enable the
 12 State to realize savings in payroll costs by replacing
 13 certain highly-compensated employees with employees who have
 14 less seniority and are therefore, on the average, less highly
 15 compensated. To this end, in State fiscal year 2004 the
 16 General Assembly shall not fund the positions vacated by
 17 persons receiving early retirement incentives under this
 18 Section at more than 85% of the rate of compensation payable
 19 to those persons at the time of their retirement.

20 (j) The changes made to this Section by this amendatory
 21 Act of the 92nd General Assembly do not apply to persons who
 22 retired under this Section on or before May 1, 1992.

23 ~~(a) To be eligible for the benefits provided in this~~
 24 ~~Section, a member must:~~

25 ~~(1) be a member of this System who, on any day~~
 26 ~~during May, 1991, is (i) in active payroll status as a~~
 27 ~~full-time teacher employed by the Department of~~
 28 ~~Rehabilitation Services, the Department of Corrections,~~
 29 ~~the Department of Mental Health and Developmental~~
 30 ~~Disabilities, the Teachers' Retirement System of the~~
 31 ~~State of Illinois, the State Board of Education, or the~~
 32 ~~Illinois Purchased-Care Review Board, or (ii) on layoff~~
 33 ~~status from such a position with a right of re-employment~~
 34 ~~or recall to service, or (iii) on a leave of absence from~~

1 such--a-position, but only if the member on leave has not
2 been receiving benefits under Section 16-149 or 16-149.1
3 for a continuous period of 2 years or more as of the date
4 of application;

5 (2) -- have never previously received a retirement
6 annuity under this Article or Article 14, 15 or 17;

7 (3) -- file with the Board before December 1, 1991, a
8 written application requesting the benefits provided in
9 this Section;

10 (4) -- be eligible no later than January 1, 1992, to
11 receive a retirement annuity under this Article (for
12 which purpose any age enhancement or creditable service
13 received under this Section may be used) and elect to
14 receive the retirement annuity beginning not earlier than
15 the first day of the month following the month in which
16 this amendatory Act of 1991 takes effect, and not later
17 than January 1, 1992;

18 (5) -- have attained age 50 (without the use of any
19 age enhancement received under this Section) by December
20 31, 1991;

21 (6) -- have at least 5 years of creditable service
22 under this System or any of the participating systems
23 under the Retirement Systems Reciprocal Act (without the
24 use of any creditable service received under this
25 Section) by the effective date of the retirement annuity;
26 and

27 (7) -- have paid all applicable contributions as
28 required by this Section; however, the date such
29 contributions are received by the System shall not be
30 considered in determining the effective date of
31 retirement.

32 (b) -- An eligible person may establish up to 5 years of
33 creditable service under this Article by making the
34 contributions specified in subsection (c). In addition, for

1 each--period--of--creditable--service--established-under-this
2 Section-a-person-shall-have-his--or--her--age--at--retirement
3 deemed-enhanced-by-an-equivalent-period.

4 The-creditable-service-established-under-this-Section-may
5 be---used--for--all--purposes--under--this--Article--and--the
6 Retirement-Systems-Reciprocal-Act,--except-for-the-computation
7 of-final-average--salary,--the--determination--of--salary--or
8 compensation--under-this-or-any-other-Article-of-the-Code,--or
9 the-determination-of-eligibility-for-and-the--computation--of
10 benefits-under-Section-16-133.2-of-this-Article.

11 The-age-enhancement-established-under-this-Section-may-be
12 used---for---all---purposes--under--this--Article--(including
13 calculation-of-a-proportionate-annuity-payable-by-this-System
14 under-the-Retirement--Systems--Reciprocal--Act),--except--for
15 purposes--of-a-reversionary-annuity-under-Section-16-136,--the
16 retirement-annuity-under-Section-16-133(a)(A),--the--required
17 distributions--under--Section-16-142.3,--and-the-determination
18 of-eligibility-for-and--the--computation--of--benefits--under
19 Section--16-133.2--of-this-Article.--However,--age-enhancement
20 established--under--this--Section--shall--not--be---used---in
21 determining--benefits--payable--under--other-Articles-of-this
22 Code-under-the-Retirement-Systems-Reciprocal-Act.

23 (c)--For-all-creditable-service--established--under--this
24 Section,--a--member--must--pay--to--the--System--an--employee
25 contribution--consisting-of-4%--of-the-member's-highest-annual
26 salary-rate-used-in-the-determination-of-the--average--salary
27 for--retirement--annuity--purposes--for--each-year-creditable
28 service-has-been-increased-under-this-Section.

29 If-the-member-receives-a-lump-sum-payment-for-accumulated
30 vacation,--sick-leave-and-personal-leave-upon-withdrawal--from
31 service,--and--the--net-amount-of-that-lump-sum-payment-is-at
32 least-as-great-as-the-amount--of--the--contribution--required
33 under--this--Section,--the-entire-contribution-must-be-paid-by
34 the--employee--before--the--retirement--annuity--may--become

1 payable.---If--there-is-no-such-lump-sum-payment,--or-if-it-is
 2 less-than-the-contribution-required-under-this--Section,--the
 3 member--may--either--pay--the--entire-contribution-before-the
 4 retirement-annuity-becomes-payable,--or-may--instead--make--an
 5 initial--payment--before--the--retirement--annuity--becomes
 6 payable,--equal-to-the-net-amount-of-the-lump-sum-payment--for
 7 accumulated-vacation,--sick-leave-and-personal-leave,--and-have
 8 the-remaining-amount-due-deducted-from-the-retirement-annuity
 9 in--24--equal--monthly--installments--beginning-in-January-of
 10 1992.

11 (d)--An-annuitant-who-has-received-any-age-enhancement-or
 12 creditable-service--under--this--Section--and--who--re-enters
 13 contributing--service-under-this-Article-or-Article-14,--15-or
 14 17,--shall-thereby-forfeit-such-age-enhancement-and-creditable
 15 service,--and--upon--re-retirement--the--annuity---shall---be
 16 recomputed.---Upon--forfeiting--creditable-service-under-this
 17 subsection,--a-person-shall-be-entitled-to--a--refund--of--the
 18 contribution-paid-under-this-Section.

19 (Source: P.A. 89-21, eff. 7-1-95.)

20 Section 15. The State Pension Funds Continuing
 21 Appropriation Act is amended by adding Section 1.6 as
 22 follows:

23 (40 ILCS 15/1.6 new)
 24 Sec. 1.6. Appropriations for early retirement programs.
 25 (a) There is hereby appropriated from the General
 26 Revenue Fund to the State Employees' Retirement System of
 27 Illinois, on a continuing annual basis in each of State
 28 fiscal years 2004 through 2010, the amount, if any, by which
 29 the total available amount of all other appropriations to
 30 that retirement system for the payment of State contributions
 31 under subsection (g) of Section 14-108.3 of the Illinois
 32 Pension Code in that fiscal year is less than the total

1 amount of State contributions required for that fiscal year
2 under that subsection (g).

3 (b) There is hereby appropriated from the General
4 Revenue Fund to the Teachers' Retirement System of the State
5 of Illinois, on a continuing annual basis in each of State
6 fiscal years 2004 through 2010, the amount, if any, by which
7 the total available amount of all other appropriations to
8 that retirement system for the payment of State contributions
9 under subsection (g) of Section 16-133.3 of the Illinois
10 Pension Code in that fiscal year is less than the total
11 amount of State contributions required for that fiscal year
12 under that subsection (g).

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.