



## 100TH GENERAL ASSEMBLY

### State of Illinois

### 2017 and 2018

#### HB2707

by Rep. Grant Wehrli

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
40 ILCS 5/14-131	
40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140

Amends the Illinois Pension Code. In the 5 State-funded retirement systems, provides that a change in actuarial assumptions that increases or decreases the required State contribution, including a change in assumed investment returns or mortality rates, that first applies in State fiscal year 2016 or thereafter, shall be implemented in equal annual amounts over a 5-year period beginning in the State fiscal year in which the actuarial change first applies or fiscal year 2018, whichever is later. Requires each board and the State Actuary to recalculate and recertify the amount of the State contribution for State fiscal year 2018, taking into account the changes made by the amendatory Act. Effective immediately.

LRB100 05495 RPS 15506 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing  
5 Sections 2-124, 2-134, 14-131, 14-135.08, 15-155, 15-165,  
6 16-158, 18-131, and 18-140 as follows:

7 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

10 Sec. 2-124. Contributions by State.

11 (a) The State shall make contributions to the System by  
12 appropriations of amounts which, together with the  
13 contributions of participants, interest earned on investments,  
14 and other income will meet the cost of maintaining and  
15 administering the System on a 90% funded basis in accordance  
16 with actuarial recommendations.

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

22 (c) For State fiscal years 2012 through 2045, the minimum  
23 contribution to the System to be made by the State for each

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

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

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2006 is  
16 \$4,157,000.

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2007 is  
19 \$5,220,300.

20 For each of State fiscal years 2008 through 2009, the State  
21 contribution to the System, as a percentage of the applicable  
22 employee payroll, shall be increased in equal annual increments  
23 from the required State contribution for State fiscal year  
24 2007, so that by State fiscal year 2011, the State is  
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is  
2 \$10,454,000 and shall be made from the proceeds of bonds sold  
3 in fiscal year 2010 pursuant to Section 7.2 of the General  
4 Obligation Bond Act, less (i) the pro rata share of bond sale  
5 expenses determined by the System's share of total bond  
6 proceeds, (ii) any amounts received from the General Revenue  
7 Fund in fiscal year 2010, and (iii) any reduction in bond  
8 proceeds due to the issuance of discounted bonds, if  
9 applicable.

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

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

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

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

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

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

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

14 As of June 30, 2008, the actuarial value of the System's  
15 assets shall be equal to the market value of the assets as of  
16 that date. In determining the actuarial value of the System's  
17 assets for fiscal years after June 30, 2008, any actuarial  
18 gains or losses from investment return incurred in a fiscal  
19 year shall be recognized in equal annual amounts over the  
20 5-year period following that fiscal year.

21 (d-5) A change in actuarial assumptions that increases or  
22 decreases the required State contribution, including a change  
23 in assumed investment returns or mortality rates, that first  
24 applies in State fiscal year 2016 or thereafter, shall be  
25 implemented in equal annual amounts over a 5-year period  
26 beginning in the State fiscal year in which the actuarial

1 change first applies or fiscal year 2018, whichever is later.

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

6 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
7 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
8 7-13-12.)

9 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

14 (a) The Board shall certify to the Governor on or before  
15 December 15 of each year until December 15, 2011 the amount of  
16 the required State contribution to the System for the next  
17 fiscal year and shall specifically identify the System's  
18 projected State normal cost for that fiscal year. The  
19 certification shall include a copy of the actuarial  
20 recommendations upon which it is based and shall specifically  
21 identify the System's projected State normal cost for that  
22 fiscal year.

23 On or before November 1 of each year, beginning November 1,  
24 2012, the Board shall submit to the State Actuary, the  
25 Governor, and the General Assembly a proposed certification of

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

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

24 On or before July 1, 2005, the Board shall recalculate and  
25 recertify to the Governor the amount of the required State  
26 contribution to the System for State fiscal year 2006, taking



1 into account the changes in required State contributions made  
2 by this amendatory Act of the 94th General Assembly.

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

9 As soon as practical after the effective date of this  
10 amendatory Act of the 100th General Assembly, the State Actuary  
11 and the Board shall recalculate and recertify to the Governor  
12 and the General Assembly the amount of the State contribution  
13 to the System for State fiscal year 2018, taking into account  
14 the changes in required State contributions made by this  
15 amendatory Act of the 100th General Assembly.

16 (b) Beginning in State fiscal year 1996, on or as soon as  
17 possible after the 15th day of each month the Board shall  
18 submit vouchers for payment of State contributions to the  
19 System, in a total monthly amount of one-twelfth of the  
20 required annual State contribution certified under subsection  
21 (a). From the effective date of this amendatory Act of the 93rd  
22 General Assembly through June 30, 2004, the Board shall not  
23 submit vouchers for the remainder of fiscal year 2004 in excess  
24 of the fiscal year 2004 certified contribution amount  
25 determined under this Section after taking into consideration  
26 the transfer to the System under subsection (d) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by  
2 the State Comptroller and Treasurer by warrants drawn on the  
3 funds appropriated to the System for that fiscal year. If in  
4 any month the amount remaining unexpended from all other  
5 appropriations to the System for the applicable fiscal year  
6 (including the appropriations to the System under Section 8.12  
7 of the State Finance Act and Section 1 of the State Pension  
8 Funds Continuing Appropriation Act) is less than the amount  
9 lawfully vouchered under this Section, the difference shall be  
10 paid from the General Revenue Fund under the continuing  
11 appropriation authority provided in Section 1.1 of the State  
12 Pension Funds Continuing Appropriation Act.

13 (c) The full amount of any annual appropriation for the  
14 System for State fiscal year 1995 shall be transferred and made  
15 available to the System at the beginning of that fiscal year at  
16 the request of the Board. Any excess funds remaining at the end  
17 of any fiscal year from appropriations shall be retained by the  
18 System as a general reserve to meet the System's accrued  
19 liabilities.

20 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
21 97-694, eff. 6-18-12.)

22 (40 ILCS 5/14-131)

23 Sec. 14-131. Contributions by State.

24 (a) The State shall make contributions to the System by  
25 appropriations of amounts which, together with other employer

1 contributions from trust, federal, and other funds, employee  
2 contributions, investment income, and other income, will be  
3 sufficient to meet the cost of maintaining and administering  
4 the System on a 90% funded basis in accordance with actuarial  
5 recommendations.

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

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

15 The Board shall also determine a State contribution rate  
16 for each fiscal year, expressed as a percentage of payroll,  
17 based on the total required State contribution for that fiscal  
18 year (less the amount received by the System from  
19 appropriations under Section 8.12 of the State Finance Act and  
20 Section 1 of the State Pension Funds Continuing Appropriation  
21 Act, if any, for the fiscal year ending on the June 30  
22 immediately preceding the applicable November 15 certification  
23 deadline), the estimated payroll (including all forms of  
24 compensation) for personal services rendered by eligible  
25 employees, and the recommendations of the actuary.

26 For the purposes of this Section and Section 14.1 of the

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

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

21 (c-1) Notwithstanding subsection (c) of this Section, for  
22 fiscal years 2010, 2012, 2013, 2014, 2015, 2016, and 2017 only,  
23 contributions by the several departments are not required to be  
24 made for General Revenue Funds payrolls processed by the  
25 Comptroller. Payrolls paid by the several departments from all  
26 other State funds must continue to be processed pursuant to

1 subsection (c) of this Section.

2 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,  
3 2016, and 2017 only, on or as soon as possible after the 15th  
4 day of each month, the Board shall submit vouchers for payment  
5 of State contributions to the System, in a total monthly amount  
6 of one-twelfth of the fiscal year General Revenue Fund  
7 contribution as certified by the System pursuant to Section  
8 14-135.08 of the Illinois Pension Code.

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

23 (e) For State fiscal years 2012 through 2045, the minimum  
24 contribution to the System to be made by the State for each  
25 fiscal year shall be an amount determined by the System to be  
26 sufficient to bring the total assets of the System up to 90% of

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

7 For State fiscal years 1996 through 2005, the State  
8 contribution to the System, as a percentage of the applicable  
9 employee payroll, shall be increased in equal annual increments  
10 so that by State fiscal year 2011, the State is contributing at  
11 the rate required under this Section; except that (i) for State  
12 fiscal year 1998, for all purposes of this Code and any other  
13 law of this State, the certified percentage of the applicable  
14 employee payroll shall be 5.052% for employees earning eligible  
15 creditable service under Section 14-110 and 6.500% for all  
16 other employees, notwithstanding any contrary certification  
17 made under Section 14-135.08 before the effective date of this  
18 amendatory Act of 1997, and (ii) in the following specified  
19 State fiscal years, the State contribution to the System shall  
20 not be less than the following indicated percentages of the  
21 applicable employee payroll, even if the indicated percentage  
22 will produce a State contribution in excess of the amount  
23 otherwise required under this subsection and subsection (a):  
24 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
25 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution to the System for State  
2 fiscal year 2006 is \$203,783,900.

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

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

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

22 Notwithstanding any other provision of this Article, the  
23 total required State General Revenue Fund contribution for  
24 State fiscal year 2011 is the amount recertified by the System  
25 on or before April 1, 2011 pursuant to Section 14-135.08 and  
26 shall be made from the proceeds of bonds sold in fiscal year

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

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

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

23 Notwithstanding any other provision of this Section, the  
24 required State contribution for State fiscal year 2005 and for  
25 fiscal year 2008 and each fiscal year thereafter, as calculated  
26 under this Section and certified under Section 14-135.08, shall



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

22 (f) After the submission of all payments for eligible  
23 employees from personal services line items in fiscal year 2004  
24 have been made, the Comptroller shall provide to the System a  
25 certification of the sum of all fiscal year 2004 expenditures  
26 for personal services that would have been covered by payments

1 to the System under this Section if the provisions of this  
2 amendatory Act of the 93rd General Assembly had not been  
3 enacted. Upon receipt of the certification, the System shall  
4 determine the amount due to the System based on the full rate  
5 certified by the Board under Section 14-135.08 for fiscal year  
6 2004 in order to meet the State's obligation under this  
7 Section. The System shall compare this amount due to the amount  
8 received by the System in fiscal year 2004 through payments  
9 under this Section and under Section 6z-61 of the State Finance  
10 Act. If the amount due is more than the amount received, the  
11 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
12 purposes of this Section, and the Fiscal Year 2004 Shortfall  
13 shall be satisfied under Section 1.2 of the State Pension Funds  
14 Continuing Appropriation Act. If the amount due is less than  
15 the amount received, the difference shall be termed the "Fiscal  
16 Year 2004 Overpayment" for purposes of this Section, and the  
17 Fiscal Year 2004 Overpayment shall be repaid by the System to  
18 the Pension Contribution Fund as soon as practicable after the  
19 certification.

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

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

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

5 (g-5) A change in actuarial assumptions that increases or  
6 decreases the required State contribution, including a change  
7 in assumed investment returns or mortality rates, that first  
8 applies in State fiscal year 2016 or thereafter, shall be  
9 implemented in equal annual amounts over a 5-year period  
10 beginning in the State fiscal year in which the actuarial  
11 change first applies or fiscal year 2018, whichever is later.

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

16 (i) After the submission of all payments for eligible  
17 employees from personal services line items paid from the  
18 General Revenue Fund in fiscal year 2010 have been made, the  
19 Comptroller shall provide to the System a certification of the  
20 sum of all fiscal year 2010 expenditures for personal services  
21 that would have been covered by payments to the System under  
22 this Section if the provisions of this amendatory Act of the  
23 96th General Assembly had not been enacted. Upon receipt of the  
24 certification, the System shall determine the amount due to the  
25 System based on the full rate certified by the Board under  
26 Section 14-135.08 for fiscal year 2010 in order to meet the

1 State's obligation under this Section. The System shall compare  
2 this amount due to the amount received by the System in fiscal  
3 year 2010 through payments under this Section. If the amount  
4 due is more than the amount received, the difference shall be  
5 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
6 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
7 under Section 1.2 of the State Pension Funds Continuing  
8 Appropriation Act. If the amount due is less than the amount  
9 received, the difference shall be termed the "Fiscal Year 2010  
10 Overpayment" for purposes of this Section, and the Fiscal Year  
11 2010 Overpayment shall be repaid by the System to the General  
12 Revenue Fund as soon as practicable after the certification.

13 (j) After the submission of all payments for eligible  
14 employees from personal services line items paid from the  
15 General Revenue Fund in fiscal year 2011 have been made, the  
16 Comptroller shall provide to the System a certification of the  
17 sum of all fiscal year 2011 expenditures for personal services  
18 that would have been covered by payments to the System under  
19 this Section if the provisions of this amendatory Act of the  
20 96th General Assembly had not been enacted. Upon receipt of the  
21 certification, the System shall determine the amount due to the  
22 System based on the full rate certified by the Board under  
23 Section 14-135.08 for fiscal year 2011 in order to meet the  
24 State's obligation under this Section. The System shall compare  
25 this amount due to the amount received by the System in fiscal  
26 year 2011 through payments under this Section. If the amount

1 due is more than the amount received, the difference shall be  
2 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
3 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
4 under Section 1.2 of the State Pension Funds Continuing  
5 Appropriation Act. If the amount due is less than the amount  
6 received, the difference shall be termed the "Fiscal Year 2011  
7 Overpayment" for purposes of this Section, and the Fiscal Year  
8 2011 Overpayment shall be repaid by the System to the General  
9 Revenue Fund as soon as practicable after the certification.

10 (k) For fiscal years 2012 through 2017 only, after the  
11 submission of all payments for eligible employees from personal  
12 services line items paid from the General Revenue Fund in the  
13 fiscal year have been made, the Comptroller shall provide to  
14 the System a certification of the sum of all expenditures in  
15 the fiscal year for personal services. Upon receipt of the  
16 certification, the System shall determine the amount due to the  
17 System based on the full rate certified by the Board under  
18 Section 14-135.08 for the fiscal year in order to meet the  
19 State's obligation under this Section. The System shall compare  
20 this amount due to the amount received by the System for the  
21 fiscal year. If the amount due is more than the amount  
22 received, the difference shall be termed the "Prior Fiscal Year  
23 Shortfall" for purposes of this Section, and the Prior Fiscal  
24 Year Shortfall shall be satisfied under Section 1.2 of the  
25 State Pension Funds Continuing Appropriation Act. If the amount  
26 due is less than the amount received, the difference shall be

1       termed the "Prior Fiscal Year Overpayment" for purposes of this  
2       Section, and the Prior Fiscal Year Overpayment shall be repaid  
3       by the System to the General Revenue Fund as soon as  
4       practicable after the certification.

5       (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 99-8,  
6       eff. 7-9-15; 99-523, eff. 6-30-16.)

7               (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

10              Sec. 14-135.08. To certify required State contributions.

11              (a) To certify to the Governor and to each department, on  
12       or before November 15 of each year until November 15, 2011, the  
13       required rate for State contributions to the System for the  
14       next State fiscal year, as determined under subsection (b) of  
15       Section 14-131. The certification to the Governor under this  
16       subsection (a) shall include a copy of the actuarial  
17       recommendations upon which the rate is based and shall  
18       specifically identify the System's projected State normal cost  
19       for that fiscal year.

20              (a-5) On or before November 1 of each year, beginning  
21       November 1, 2012, the Board shall submit to the State Actuary,  
22       the Governor, and the General Assembly a proposed certification  
23       of the amount of the required State contribution to the System  
24       for the next fiscal year, along with all of the actuarial  
25       assumptions, calculations, and data upon which that proposed

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

15 (b) The certifications under subsections (a) and (a-5)  
16 shall include an additional amount necessary to pay all  
17 principal of and interest on those general obligation bonds due  
18 the next fiscal year authorized by Section 7.2(a) of the  
19 General Obligation Bond Act and issued to provide the proceeds  
20 deposited by the State with the System in July 2003,  
21 representing deposits other than amounts reserved under  
22 Section 7.2(c) of the General Obligation Bond Act. For State  
23 fiscal year 2005, the Board shall make a supplemental  
24 certification of the additional amount necessary to pay all  
25 principal of and interest on those general obligation bonds due  
26 in State fiscal years 2004 and 2005 authorized by Section

1 7.2(a) of the General Obligation Bond Act and issued to provide  
2 the proceeds deposited by the State with the System in July  
3 2003, representing deposits other than amounts reserved under  
4 Section 7.2(c) of the General Obligation Bond Act, as soon as  
5 practical after the effective date of this amendatory Act of  
6 the 93rd General Assembly.

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

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

21 As soon as practical after the effective date of this  
22 amendatory Act of the 100th General Assembly, the State Actuary  
23 and the Board shall recalculate and recertify to the Governor  
24 and the General Assembly the amount of the State contribution  
25 to the System for State fiscal year 2018, taking into account  
26 the changes in required State contributions made by this



1 amendatory Act of the 100th General Assembly.

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

8 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
9 97-694, eff. 6-18-12.)

10 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

11 Sec. 15-155. Employer contributions.

12 (a) The State of Illinois shall make contributions by  
13 appropriations of amounts which, together with the other  
14 employer contributions from trust, federal, and other funds,  
15 employee contributions, income from investments, and other  
16 income of this System, will be sufficient to meet the cost of  
17 maintaining and administering the System on a 90% funded basis  
18 in accordance with actuarial recommendations.

19 The Board shall determine the amount of State contributions  
20 required for each fiscal year on the basis of the actuarial  
21 tables and other assumptions adopted by the Board and the  
22 recommendations of the actuary, using the formula in subsection  
23 (a-1).

24 (a-1) For State fiscal years 2012 through 2045, the minimum  
25 contribution to the System to be made by the State for each

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

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

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2006 is  
16 \$166,641,900.

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2007 is  
19 \$252,064,100.

20 For each of State fiscal years 2008 through 2009, the State  
21 contribution to the System, as a percentage of the applicable  
22 employee payroll, shall be increased in equal annual increments  
23 from the required State contribution for State fiscal year  
24 2007, so that by State fiscal year 2011, the State is  
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is  
2 \$702,514,000 and shall be made from the State Pensions Fund and  
3 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
4 7.2 of the General Obligation Bond Act, less (i) the pro rata  
5 share of bond sale expenses determined by the System's share of  
6 total bond proceeds, (ii) any amounts received from the General  
7 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
8 proceeds due to the issuance of discounted bonds, if  
9 applicable.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2011 is  
12 the amount recertified by the System on or before April 1, 2011  
13 pursuant to Section 15-165 and shall be made from the State  
14 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
15 pursuant to Section 7.2 of the General Obligation Bond Act,  
16 less (i) the pro rata share of bond sale expenses determined by  
17 the System's share of total bond proceeds, (ii) any amounts  
18 received from the General Revenue Fund in fiscal year 2011, and  
19 (iii) any reduction in bond proceeds due to the issuance of  
20 discounted bonds, if applicable.

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

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

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

11 Notwithstanding any other provision of this Section, the  
12 required State contribution for State fiscal year 2005 and for  
13 fiscal year 2008 and each fiscal year thereafter, as calculated  
14 under this Section and certified under Section 15-165, shall  
15 not exceed an amount equal to (i) the amount of the required  
16 State contribution that would have been calculated under this  
17 Section for that fiscal year if the System had not received any  
18 payments under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act, minus (ii) the portion of the State's  
20 total debt service payments for that fiscal year on the bonds  
21 issued in fiscal year 2003 for the purposes of that Section  
22 7.2, as determined and certified by the Comptroller, that is  
23 the same as the System's portion of the total moneys  
24 distributed under subsection (d) of Section 7.2 of the General  
25 Obligation Bond Act. In determining this maximum for State  
26 fiscal years 2008 through 2010, however, the amount referred to

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

10 (b) If an employee is paid from trust or federal funds, the  
11 employer shall pay to the Board contributions from those funds  
12 which are sufficient to cover the accruing normal costs on  
13 behalf of the employee. However, universities having employees  
14 who are compensated out of local auxiliary funds, income funds,  
15 or service enterprise funds are not required to pay such  
16 contributions on behalf of those employees. The local auxiliary  
17 funds, income funds, and service enterprise funds of  
18 universities shall not be considered trust funds for the  
19 purpose of this Article, but funds of alumni associations,  
20 foundations, and athletic associations which are affiliated  
21 with the universities included as employers under this Article  
22 and other employers which do not receive State appropriations  
23 are considered to be trust funds for the purpose of this  
24 Article.

25 (b-1) The City of Urbana and the City of Champaign shall  
26 each make employer contributions to this System for their

1        respective firefighter employees who participate in this  
2        System pursuant to subsection (h) of Section 15-107. The rate  
3        of contributions to be made by those municipalities shall be  
4        determined annually by the Board on the basis of the actuarial  
5        assumptions adopted by the Board and the recommendations of the  
6        actuary, and shall be expressed as a percentage of salary for  
7        each such employee. The Board shall certify the rate to the  
8        affected municipalities as soon as may be practical. The  
9        employer contributions required under this subsection shall be  
10       remitted by the municipality to the System at the same time and  
11       in the same manner as employee contributions.

12       (c) Through State fiscal year 1995: The total employer  
13       contribution shall be apportioned among the various funds of  
14       the State and other employers, whether trust, federal, or other  
15       funds, in accordance with actuarial procedures approved by the  
16       Board. State of Illinois contributions for employers receiving  
17       State appropriations for personal services shall be payable  
18       from appropriations made to the employers or to the System. The  
19       contributions for Class I community colleges covering earnings  
20       other than those paid from trust and federal funds, shall be  
21       payable solely from appropriations to the Illinois Community  
22       College Board or the System for employer contributions.

23       (d) Beginning in State fiscal year 1996, the required State  
24       contributions to the System shall be appropriated directly to  
25       the System and shall be payable through vouchers issued in  
26       accordance with subsection (c) of Section 15-165, except as

1 provided in subsection (g).

2 (e) The State Comptroller shall draw warrants payable to  
3 the System upon proper certification by the System or by the  
4 employer in accordance with the appropriation laws and this  
5 Code.

6 (f) Normal costs under this Section means liability for  
7 pensions and other benefits which accrues to the System because  
8 of the credits earned for service rendered by the participants  
9 during the fiscal year and expenses of administering the  
10 System, but shall not include the principal of or any  
11 redemption premium or interest on any bonds issued by the Board  
12 or any expenses incurred or deposits required in connection  
13 therewith.

14 (g) If the amount of a participant's earnings for any  
15 academic year used to determine the final rate of earnings,  
16 determined on a full-time equivalent basis, exceeds the amount  
17 of his or her earnings with the same employer for the previous  
18 academic year, determined on a full-time equivalent basis, by  
19 more than 6%, the participant's employer shall pay to the  
20 System, in addition to all other payments required under this  
21 Section and in accordance with guidelines established by the  
22 System, the present value of the increase in benefits resulting  
23 from the portion of the increase in earnings that is in excess  
24 of 6%. This present value shall be computed by the System on  
25 the basis of the actuarial assumptions and tables used in the  
26 most recent actuarial valuation of the System that is available

1 at the time of the computation. The System may require the  
2 employer to provide any pertinent information or  
3 documentation.

4 Whenever it determines that a payment is or may be required  
5 under this subsection (g), the System shall calculate the  
6 amount of the payment and bill the employer for that amount.  
7 The bill shall specify the calculations used to determine the  
8 amount due. If the employer disputes the amount of the bill, it  
9 may, within 30 days after receipt of the bill, apply to the  
10 System in writing for a recalculation. The application must  
11 specify in detail the grounds of the dispute and, if the  
12 employer asserts that the calculation is subject to subsection  
13 (h) or (i) of this Section, must include an affidavit setting  
14 forth and attesting to all facts within the employer's  
15 knowledge that are pertinent to the applicability of subsection  
16 (h) or (i). Upon receiving a timely application for  
17 recalculation, the System shall review the application and, if  
18 appropriate, recalculate the amount due.

19 The employer contributions required under this subsection  
20 (g) may be paid in the form of a lump sum within 90 days after  
21 receipt of the bill. If the employer contributions are not paid  
22 within 90 days after receipt of the bill, then interest will be  
23 charged at a rate equal to the System's annual actuarially  
24 assumed rate of return on investment compounded annually from  
25 the 91st day after receipt of the bill. Payments must be  
26 concluded within 3 years after the employer's receipt of the



1 bill.

2 When assessing payment for any amount due under this  
3 subsection (g), the System shall include earnings, to the  
4 extent not established by a participant under Section 15-113.11  
5 or 15-113.12, that would have been paid to the participant had  
6 the participant not taken (i) periods of voluntary or  
7 involuntary furlough occurring on or after July 1, 2015 and on  
8 or before June 30, 2017 or (ii) periods of voluntary pay  
9 reduction in lieu of furlough occurring on or after July 1,  
10 2015 and on or before June 30, 2017. Determining earnings that  
11 would have been paid to a participant had the participant not  
12 taken periods of voluntary or involuntary furlough or periods  
13 of voluntary pay reduction shall be the responsibility of the  
14 employer, and shall be reported in a manner prescribed by the  
15 System.

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

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

26 When assessing payment for any amount due under subsection

1 (g), the System shall exclude earnings increases paid to a  
2 participant at a time when the participant is 10 or more years  
3 from retirement eligibility under Section 15-135.

4 When assessing payment for any amount due under subsection  
5 (g), the System shall exclude earnings increases resulting from  
6 overload work, including a contract for summer teaching, or  
7 overtime when the employer has certified to the System, and the  
8 System has approved the certification, that: (i) in the case of  
9 overloads (A) the overload work is for the sole purpose of  
10 academic instruction in excess of the standard number of  
11 instruction hours for a full-time employee occurring during the  
12 academic year that the overload is paid and (B) the earnings  
13 increases are equal to or less than the rate of pay for  
14 academic instruction computed using the participant's current  
15 salary rate and work schedule; and (ii) in the case of  
16 overtime, the overtime was necessary for the educational  
17 mission.

18 When assessing payment for any amount due under subsection  
19 (g), the System shall exclude any earnings increase resulting  
20 from (i) a promotion for which the employee moves from one  
21 classification to a higher classification under the State  
22 Universities Civil Service System, (ii) a promotion in academic  
23 rank for a tenured or tenure-track faculty position, or (iii) a  
24 promotion that the Illinois Community College Board has  
25 recommended in accordance with subsection (k) of this Section.  
26 These earnings increases shall be excluded only if the

1 promotion is to a position that has existed and been filled by  
2 a member for no less than one complete academic year and the  
3 earnings increase as a result of the promotion is an increase  
4 that results in an amount no greater than the average salary  
5 paid for other similar positions.

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

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

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

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

25 (3) The total amount the System received from each  
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

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

5 (k) The Illinois Community College Board shall adopt rules  
6 for recommending lists of promotional positions submitted to  
7 the Board by community colleges and for reviewing the  
8 promotional lists on an annual basis. When recommending  
9 promotional lists, the Board shall consider the similarity of  
10 the positions submitted to those positions recognized for State  
11 universities by the State Universities Civil Service System.  
12 The Illinois Community College Board shall file a copy of its  
13 findings with the System. The System shall consider the  
14 findings of the Illinois Community College Board when making  
15 determinations under this Section. The System shall not exclude  
16 any earnings increases resulting from a promotion when the  
17 promotion was not submitted by a community college. Nothing in  
18 this subsection (k) shall require any community college to  
19 submit any information to the Community College Board.

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

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

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

5 (1-5) A change in actuarial assumptions that increases or  
6 decreases the required State contribution, including a change  
7 in assumed investment returns or mortality rates, that first  
8 applies in State fiscal year 2016 or thereafter, shall be  
9 implemented in equal annual amounts over a 5-year period  
10 beginning in the State fiscal year in which the actuarial  
11 change first applies or fiscal year 2018, whichever is later.

12 (m) For purposes of determining the required State  
13 contribution to the system for a particular year, the actuarial  
14 value of assets shall be assumed to earn a rate of return equal  
15 to the system's actuarially assumed rate of return.

16 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;  
17 99-897, eff. 1-1-17.)

18 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

21 Sec. 15-165. To certify amounts and submit vouchers.

22 (a) The Board shall certify to the Governor on or before  
23 November 15 of each year until November 15, 2011 the  
24 appropriation required from State funds for the purposes of  
25 this System for the following fiscal year. The certification

1 under this subsection (a) shall include a copy of the actuarial  
2 recommendations upon which it is based and shall specifically  
3 identify the System's projected State normal cost for that  
4 fiscal year and the projected State cost for the self-managed  
5 plan for that fiscal year.

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

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

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

23 (a-5) On or before November 1 of each year, beginning  
24 November 1, 2012, the Board shall submit to the State Actuary,  
25 the Governor, and the General Assembly a proposed certification  
26 of the amount of the required State contribution to the System

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

18 (a-10) As soon as practical after the effective date of  
19 this amendatory Act of the 100th General Assembly, the State  
20 Actuary and the Board shall recalculate and recertify to the  
21 Governor and the General Assembly the amount of the State  
22 contribution to the System for State fiscal year 2018, taking  
23 into account the changes in required State contributions made  
24 by this amendatory Act of the 100th General Assembly.

25 (b) The Board shall certify to the State Comptroller or  
26 employer, as the case may be, from time to time, by its

1 chairperson and secretary, with its seal attached, the amounts  
2 payable to the System from the various funds.

3 (c) Beginning in State fiscal year 1996, on or as soon as  
4 possible after the 15th day of each month the Board shall  
5 submit vouchers for payment of State contributions to the  
6 System, in a total monthly amount of one-twelfth of the  
7 required annual State contribution certified under subsection  
8 (a). From the effective date of this amendatory Act of the 93rd  
9 General Assembly through June 30, 2004, the Board shall not  
10 submit vouchers for the remainder of fiscal year 2004 in excess  
11 of the fiscal year 2004 certified contribution amount  
12 determined under this Section after taking into consideration  
13 the transfer to the System under subsection (b) of Section  
14 6z-61 of the State Finance Act. These vouchers shall be paid by  
15 the State Comptroller and Treasurer by warrants drawn on the  
16 funds appropriated to the System for that fiscal year.

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

26 (d) So long as the payments received are the full amount



1 lawfully vouchered under this Section, payments received by the  
2 System under this Section shall be applied first toward the  
3 employer contribution to the self-managed plan established  
4 under Section 15-158.2. Payments shall be applied second toward  
5 the employer's portion of the normal costs of the System, as  
6 defined in subsection (f) of Section 15-155. The balance shall  
7 be applied toward the unfunded actuarial liabilities of the  
8 System.

9 (e) In the event that the System does not receive, as a  
10 result of legislative enactment or otherwise, payments  
11 sufficient to fully fund the employer contribution to the  
12 self-managed plan established under Section 15-158.2 and to  
13 fully fund that portion of the employer's portion of the normal  
14 costs of the System, as calculated in accordance with Section  
15 15-155(a-1), then any payments received shall be applied  
16 proportionately to the optional retirement program established  
17 under Section 15-158.2 and to the employer's portion of the  
18 normal costs of the System, as calculated in accordance with  
19 Section 15-155(a-1).

20 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

21 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

1           (a) The State shall make contributions to the System by  
2 means of appropriations from the Common School Fund and other  
3 State funds of amounts which, together with other employer  
4 contributions, employee contributions, investment income, and  
5 other income, 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 (b-3).

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

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

26           On or before July 1, 2005, the Board shall recalculate and

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

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

11 (a-5) On or before November 1 of each year, beginning  
12 November 1, 2012, the Board shall submit to the State Actuary,  
13 the Governor, and the General Assembly a proposed certification  
14 of the amount of the required State contribution to the System  
15 for the next fiscal year, along with all of the actuarial  
16 assumptions, calculations, and data upon which that proposed  
17 certification is based. On or before January 1 of each year,  
18 beginning January 1, 2013, the State Actuary shall issue a  
19 preliminary report concerning the proposed certification and  
20 identifying, if necessary, recommended changes in actuarial  
21 assumptions that the Board must consider before finalizing its  
22 certification of the required State contributions. On or before  
23 January 15, 2013 and each January 15 thereafter, the Board  
24 shall certify to the Governor and the General Assembly the  
25 amount of the required State contribution for the next fiscal  
26 year. The Board's certification must note any deviations from

1 the State Actuary's recommended changes, the reason or reasons  
2 for not following the State Actuary's recommended changes, and  
3 the fiscal impact of not following the State Actuary's  
4 recommended changes on the required State contribution.

5 (a-10) As soon as practical after the effective date of  
6 this amendatory Act of the 100th General Assembly, the State  
7 Actuary and the Board shall recalculate and recertify to the  
8 Governor and the General Assembly the amount of the State  
9 contribution to the System for State fiscal year 2018, taking  
10 into account the changes in required State contributions made  
11 by this amendatory Act of the 100th General Assembly.

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

15 (b-1) Beginning in State fiscal year 1996, on the 15th day  
16 of each month, or as soon thereafter as may be practicable, the  
17 Board shall submit vouchers for payment of State contributions  
18 to the System, in a total monthly amount of one-twelfth of the  
19 required annual State contribution certified under subsection  
20 (a-1). From the effective date of this amendatory Act of the  
21 93rd General Assembly through June 30, 2004, the Board shall  
22 not submit vouchers for the remainder of fiscal year 2004 in  
23 excess of the fiscal year 2004 certified contribution amount  
24 determined under this Section after taking into consideration  
25 the transfer to the System under subsection (a) of Section  
26 6z-61 of the State Finance Act. These vouchers shall be paid by

1 the State Comptroller and Treasurer by warrants drawn on the  
2 funds appropriated to the System for that fiscal year.

3 If in any month the amount remaining unexpended from all  
4 other appropriations to the System for the applicable fiscal  
5 year (including the appropriations to the System under Section  
6 8.12 of the State Finance Act and Section 1 of the State  
7 Pension Funds Continuing Appropriation Act) is less than the  
8 amount lawfully vouchered under this subsection, the  
9 difference shall be paid from the Common School Fund under the  
10 continuing appropriation authority provided in Section 1.1 of  
11 the State Pension Funds Continuing Appropriation Act.

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

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

25 For State fiscal years 1996 through 2005, the State  
26 contribution to the System, as a percentage of the applicable

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

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2006 is  
16 \$534,627,700.

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2007 is  
19 \$738,014,500.

20 For each of State fiscal years 2008 through 2009, the State  
21 contribution to the System, as a percentage of the applicable  
22 employee payroll, shall be increased in equal annual increments  
23 from the required State contribution for State fiscal year  
24 2007, so that by State fiscal year 2011, the State is  
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is  
2 \$2,089,268,000 and shall be made from the proceeds of bonds  
3 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
4 Obligation Bond Act, less (i) the pro rata share of bond sale  
5 expenses determined by the System's share of total bond  
6 proceeds, (ii) any amounts received from the Common School Fund  
7 in fiscal year 2010, and (iii) any reduction in bond proceeds  
8 due to the issuance of discounted bonds, if applicable.

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

25 Beginning in State fiscal year 2046, the minimum State  
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 90% of the total  
2 actuarial liabilities of the System.

3       Amounts received by the System pursuant to Section 25 of  
4 the Budget Stabilization Act or Section 8.12 of the State  
5 Finance Act in any fiscal year do not reduce and do not  
6 constitute payment of any portion of the minimum State  
7 contribution required under this Article in that fiscal year.  
8 Such amounts shall not reduce, and shall not be included in the  
9 calculation of, the required State contributions under this  
10 Article in any future year until the System has reached a  
11 funding ratio of at least 90%. A reference in this Article to  
12 the "required State contribution" or any substantially similar  
13 term does not include or apply to any amounts payable to the  
14 System under Section 25 of the Budget Stabilization Act.

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



1 the same as the System's portion of the total moneys  
2 distributed under subsection (d) of Section 7.2 of the General  
3 Obligation Bond Act. In determining this maximum for State  
4 fiscal years 2008 through 2010, however, the amount referred to  
5 in item (i) shall be increased, as a percentage of the  
6 applicable employee payroll, in equal increments calculated  
7 from the sum of the required State contribution for State  
8 fiscal year 2007 plus the applicable portion of the State's  
9 total debt service payments for fiscal year 2007 on the bonds  
10 issued in fiscal year 2003 for the purposes of Section 7.2 of  
11 the General Obligation Bond Act, so that, by State fiscal year  
12 2011, the State is contributing at the rate otherwise required  
13 under this Section.

14 (c) Payment of the required State contributions and of all  
15 pensions, retirement annuities, death benefits, refunds, and  
16 other benefits granted under or assumed by this System, and all  
17 expenses in connection with the administration and operation  
18 thereof, are obligations of the State.

19 If members are paid from special trust or federal funds  
20 which are administered by the employing unit, whether school  
21 district or other unit, the employing unit shall pay to the  
22 System from such funds the full accruing retirement costs based  
23 upon that service, which, beginning July 1, 2014, shall be at a  
24 rate, expressed as a percentage of salary, equal to the total  
25 minimum contribution to the System to be made by the State for  
26 that fiscal year, including both normal cost and unfunded

1 liability components, expressed as a percentage of payroll, as  
2 determined by the System under subsection (b-3) of this  
3 Section. Employer contributions, based on salary paid to  
4 members from federal funds, may be forwarded by the  
5 distributing agency of the State of Illinois to the System  
6 prior to allocation, in an amount determined in accordance with  
7 guidelines established by such agency and the System. Any  
8 contribution for fiscal year 2015 collected as a result of the  
9 change made by this amendatory Act of the 98th General Assembly  
10 shall be considered a State contribution under subsection (b-3)  
11 of this Section.

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

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

1 16-106 who is serving in that capacity while on leave of  
2 absence from another employer under this Article shall not be  
3 considered an employee of the employer from which the teacher  
4 is on leave.

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

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

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

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

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

22 Each employer of teachers is entitled to a credit against  
23 the contributions required under this subsection (e) with  
24 respect to salaries paid to teachers for the period January 1,  
25 2002 through June 30, 2003, equal to the amount paid by that  
26 employer under subsection (a-5) of Section 6.6 of the State

1 Employees Group Insurance Act of 1971 with respect to salaries  
2 paid to teachers for that period.

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

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

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

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

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

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

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

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

25 When assessing payment for any amount due under subsection  
26 (f), the System shall exclude salary increases paid to a

1 teacher at a time when the teacher is 10 or more years from  
2 retirement eligibility under Section 16-132 or 16-133.2.

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

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

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

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

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

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

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

26                 (3) The total amount the System received from each



1 employer as a result of the changes made to this Section by  
2 Public Act 94-4.

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

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

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

17 (j-5) A change in actuarial assumptions that increases or  
18 decreases the required State contribution, including a change  
19 in assumed investment returns or mortality rates, that first  
20 applies in State fiscal year 2016 or thereafter, shall be  
21 implemented in equal annual amounts over a 5-year period  
22 beginning in the State fiscal year in which the actuarial  
23 change first applies or fiscal year 2018, whichever is later.

24 (k) For purposes of determining the required State  
25 contribution to the system for a particular year, the actuarial  
26 value of assets shall be assumed to earn a rate of return equal

1 to the system's actuarially assumed rate of return.  
2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
4 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

5 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)  
6 Sec. 18-131. Financing; employer contributions.

7 (a) The State of Illinois shall make contributions to this  
8 System by appropriations of the amounts which, together with  
9 the contributions of participants, net earnings on  
10 investments, and other income, will meet the costs of  
11 maintaining and administering this System on a 90% funded basis  
12 in accordance with actuarial recommendations.

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

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

1 including fiscal year 2045 and shall be determined under the  
2 projected unit credit actuarial cost method.

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

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2006 is  
10 \$29,189,400.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2007 is  
13 \$35,236,800.

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

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2010 is  
22 \$78,832,000 and shall be made from the proceeds of bonds sold  
23 in fiscal year 2010 pursuant to Section 7.2 of the General  
24 Obligation Bond Act, less (i) the pro rata share of bond sale  
25 expenses determined by the System's share of total bond  
26 proceeds, (ii) any amounts received from the General Revenue

1 Fund in fiscal year 2010, and (iii) any reduction in bond  
2 proceeds due to the issuance of discounted bonds, if  
3 applicable.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2011 is  
6 the amount recertified by the System on or before April 1, 2011  
7 pursuant to Section 18-140 and shall be made from the proceeds  
8 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
9 the General Obligation Bond Act, less (i) the pro rata share of  
10 bond sale expenses determined by the System's share of total  
11 bond proceeds, (ii) any amounts received from the General  
12 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
13 bond proceeds due to the issuance of discounted bonds, if  
14 applicable.

15 Beginning in State fiscal year 2046, the minimum State  
16 contribution for each fiscal year shall be the amount needed to  
17 maintain the total assets of the System at 90% of the total  
18 actuarial liabilities of the System.

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

1 funding ratio of at least 90%. A reference in this Article to  
2 the "required State contribution" or any substantially similar  
3 term does not include or apply to any amounts payable to the  
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter, as calculated  
8 under this Section and certified under Section 18-140, shall  
9 not exceed an amount equal to (i) the amount of the required  
10 State contribution that would have been calculated under this  
11 Section for that fiscal year if the System had not received any  
12 payments under subsection (d) of Section 7.2 of the General  
13 Obligation Bond Act, minus (ii) the portion of the State's  
14 total debt service payments for that fiscal year on the bonds  
15 issued in fiscal year 2003 for the purposes of that Section  
16 7.2, as determined and certified by the Comptroller, that is  
17 the same as the System's portion of the total moneys  
18 distributed under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act. In determining this maximum for State  
20 fiscal years 2008 through 2010, however, the amount referred to  
21 in item (i) shall be increased, as a percentage of the  
22 applicable employee payroll, in equal increments calculated  
23 from the sum of the required State contribution for State  
24 fiscal year 2007 plus the applicable portion of the State's  
25 total debt service payments for fiscal year 2007 on the bonds  
26 issued in fiscal year 2003 for the purposes of Section 7.2 of

1 the General Obligation Bond Act, so that, by State fiscal year  
2 2011, the State is contributing at the rate otherwise required  
3 under this Section.

4 (d) For purposes of determining the required State  
5 contribution to the System, the value of the System's assets  
6 shall be equal to the actuarial value of the System's assets,  
7 which shall be calculated as follows:

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

15 (d-5) A change in actuarial assumptions that increases or  
16 decreases the required State contribution, including a change  
17 in assumed investment returns or mortality rates, that first  
18 applies in State fiscal year 2016 or thereafter, shall be  
19 implemented in equal annual amounts over a 5-year period  
20 beginning in the State fiscal year in which the actuarial  
21 change first applies or fiscal year 2018, whichever is later.

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

26 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;

1 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
2 7-13-12.)

3 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

4 Sec. 18-140. To certify required State contributions and  
5 submit vouchers.

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

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

1 certification of the required State contributions. On or before  
2 January 15, 2013 and every January 15 thereafter, the Board  
3 shall certify to the Governor and the General Assembly the  
4 amount of the required State contribution for the next fiscal  
5 year. The Board's certification must note any deviations from  
6 the State Actuary's recommended changes, the reason or reasons  
7 for not following the State Actuary's recommended changes, and  
8 the fiscal impact of not following the State Actuary's  
9 recommended changes on the required State contribution.

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

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

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



1       As soon as practical after the effective date of this  
2       amendatory Act of the 100th General Assembly, the State Actuary  
3       and the Board shall recalculate and recertify to the Governor  
4       and the General Assembly the amount of the State contribution  
5       to the System for State fiscal year 2018, taking into account  
6       the changes in required State contributions made by this  
7       amendatory Act of the 100th General Assembly.

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

22      If in any month the amount remaining unexpended from all  
23      other appropriations to the System for the applicable fiscal  
24      year (including the appropriations to the System under Section  
25      8.12 of the State Finance Act and Section 1 of the State  
26      Pension Funds Continuing Appropriation Act) is less than the

1 amount lawfully vouchered under this Section, the difference  
2 shall be paid from the General Revenue Fund under the  
3 continuing appropriation authority provided in Section 1.1 of  
4 the State Pension Funds Continuing Appropriation Act.

5 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
6 97-694, eff. 6-18-12.)

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.