



## 101ST GENERAL ASSEMBLY

### State of Illinois

### 2019 and 2020

### SB2145

Introduced 2/15/2019, by Sen. Ram Villivalam

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-155  
40 ILCS 5/16-158

from Ch. 108 1/2, par. 15-155  
from Ch. 108 1/2, par. 16-158

Amends the Illinois Pension Code. In a provision of the State Universities Article that requires an employer to make an additional contribution to the System for certain earnings increases greater than 3%, excludes earnings increases paid to a participant when the participant is 10 or more years from retirement eligibility under specified provisions and earnings increases resulting from overload work or a promotion if certain requirements are met. Provides that the exclusions apply only to payments made or salary increases given in academic years beginning on or after July 1, 2018 and that the changes made by the amendatory Act shall not require the System to refund any payment received before the effective date of the amendatory Act. In a provision of the Downstate Teacher Article that requires an employer to make an additional contribution to the System for certain salary increases greater than 3%, excludes (i) salary increases paid to a teacher when the teacher is 10 or more years from retirement eligibility under specified provisions, (ii) salary increases resulting from overload work or a promotion if certain requirements are met, and (iii) payments from the State or the State Board of Education over which the employer does not have discretion. Provides that the exclusions apply only to payments made or salary increases given in school years beginning on or after July 1, 2018 and that the changes made by the amendatory Act shall not require the System to refund any payment received before the effective date of the amendatory Act. Makes conforming changes. Effective immediately.

LRB101 08466 RPS 53542 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 15-155 and 16-158 as follows:

6 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

7 Sec. 15-155. Employer contributions.

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

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

20 (a-1) For State fiscal years 2012 through 2045, the minimum  
21 contribution to the System to be made by the State for each  
22 fiscal year shall be an amount determined by the System to be  
23 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 each of State fiscal years 2018, 2019, and 2020, the  
8 State shall make an additional contribution to the System equal  
9 to 2% of the total payroll of each employee who is deemed to  
10 have elected the benefits under Section 1-161 or who has made  
11 the election under subsection (c) of Section 1-161.

12 A change in an actuarial or investment assumption that  
13 increases or decreases the required State contribution and  
14 first applies in State fiscal year 2018 or thereafter shall be  
15 implemented in equal annual amounts over a 5-year period  
16 beginning in the State fiscal year in which the actuarial  
17 change first applies to the required State contribution.

18 A change in an actuarial or investment assumption that  
19 increases or decreases the required State contribution and  
20 first applied to the State contribution in fiscal year 2014,  
21 2015, 2016, or 2017 shall be implemented:

22 (i) as already applied in State fiscal years before  
23 2018; and

24 (ii) in the portion of the 5-year period beginning in  
25 the State fiscal year in which the actuarial change first  
26 applied that occurs in State fiscal year 2018 or

1           thereafter, by calculating the change in equal annual  
2           amounts over that 5-year period and then implementing it at  
3           the resulting annual rate in each of the remaining fiscal  
4           years in that 5-year period.

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

10          Notwithstanding any other provision of this Article, the  
11          total required State contribution for State fiscal year 2006 is  
12          \$166,641,900.

13          Notwithstanding any other provision of this Article, the  
14          total required State contribution for State fiscal year 2007 is  
15          \$252,064,100.

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

22          Notwithstanding any other provision of this Article, the  
23          total required State contribution for State fiscal year 2010 is  
24          \$702,514,000 and shall be made from the State Pensions Fund and  
25          proceeds of bonds sold in fiscal year 2010 pursuant to Section  
26          7.2 of the General Obligation Bond Act, less (i) the pro rata

1 share of bond sale expenses determined by the System's share of  
2 total bond proceeds, (ii) any amounts received from the General  
3 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
4 proceeds due to the issuance of discounted bonds, if  
5 applicable.

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

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

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

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

7 Notwithstanding any other provision of this Section, the  
8 required State contribution for State fiscal year 2005 and for  
9 fiscal year 2008 and each fiscal year thereafter, as calculated  
10 under this Section and certified under Section 15-165, shall  
11 not exceed an amount equal to (i) the amount of the required  
12 State contribution that would have been calculated under this  
13 Section for that fiscal year if the System had not received any  
14 payments under subsection (d) of Section 7.2 of the General  
15 Obligation Bond Act, minus (ii) the portion of the State's  
16 total debt service payments for that fiscal year on the bonds  
17 issued in fiscal year 2003 for the purposes of that Section  
18 7.2, as determined and certified by the Comptroller, that is  
19 the same as the System's portion of the total moneys  
20 distributed under subsection (d) of Section 7.2 of the General  
21 Obligation Bond Act. In determining this maximum for State  
22 fiscal years 2008 through 2010, however, the amount referred to  
23 in item (i) shall be increased, as a percentage of the  
24 applicable employee payroll, in equal increments calculated  
25 from the sum of the required State contribution for State  
26 fiscal year 2007 plus the applicable portion of the State's

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

6 (a-2) Beginning in fiscal year 2018, each employer under  
7 this Article shall pay to the System a required contribution  
8 determined as a percentage of projected payroll and sufficient  
9 to produce an annual amount equal to:

10 (i) for each of fiscal years 2018, 2019, and 2020, the  
11 defined benefit normal cost of the defined benefit plan,  
12 less the employee contribution, for each employee of that  
13 employer who has elected or who is deemed to have elected  
14 the benefits under Section 1-161 or who has made the  
15 election under subsection (c) of Section 1-161; for fiscal  
16 year 2021 and each fiscal year thereafter, the defined  
17 benefit normal cost of the defined benefit plan, less the  
18 employee contribution, plus 2%, for each employee of that  
19 employer who has elected or who is deemed to have elected  
20 the benefits under Section 1-161 or who has made the  
21 election under subsection (c) of Section 1-161; plus

22 (ii) the amount required for that fiscal year to  
23 amortize any unfunded actuarial accrued liability  
24 associated with the present value of liabilities  
25 attributable to the employer's account under Section  
26 15-155.2, determined as a level percentage of payroll over

1 a 30-year rolling amortization period.

2 In determining contributions required under item (i) of  
3 this subsection, the System shall determine an aggregate rate  
4 for all employers, expressed as a percentage of projected  
5 payroll.

6 In determining the contributions required under item (ii)  
7 of this subsection, the amount shall be computed by the System  
8 on the basis of the actuarial assumptions and tables used in  
9 the most recent actuarial valuation of the System that is  
10 available at the time of the computation.

11 The contributions required under this subsection (a-2)  
12 shall be paid by an employer concurrently with that employer's  
13 payroll payment period. The State, as the actual employer of an  
14 employee, shall make the required contributions under this  
15 subsection.

16 As used in this subsection, "academic year" means the  
17 12-month period beginning September 1.

18 (b) If an employee is paid from trust or federal funds, the  
19 employer shall pay to the Board contributions from those funds  
20 which are sufficient to cover the accruing normal costs on  
21 behalf of the employee. However, universities having employees  
22 who are compensated out of local auxiliary funds, income funds,  
23 or service enterprise funds are not required to pay such  
24 contributions on behalf of those employees. The local auxiliary  
25 funds, income funds, and service enterprise funds of  
26 universities shall not be considered trust funds for the



1 purpose of this Article, but funds of alumni associations,  
2 foundations, and athletic associations which are affiliated  
3 with the universities included as employers under this Article  
4 and other employers which do not receive State appropriations  
5 are considered to be trust funds for the purpose of this  
6 Article.

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

20 (c) Through State fiscal year 1995: The total employer  
21 contribution shall be apportioned among the various funds of  
22 the State and other employers, whether trust, federal, or other  
23 funds, in accordance with actuarial procedures approved by the  
24 Board. State of Illinois contributions for employers receiving  
25 State appropriations for personal services shall be payable  
26 from appropriations made to the employers or to the System. The

1 contributions for Class I community colleges covering earnings  
2 other than those paid from trust and federal funds, shall be  
3 payable solely from appropriations to the Illinois Community  
4 College Board or the System for employer contributions.

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

10 (e) The State Comptroller shall draw warrants payable to  
11 the System upon proper certification by the System or by the  
12 employer in accordance with the appropriation laws and this  
13 Code.

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

22 (g) For academic years beginning on or after June 1, 2005  
23 and before July 1, 2018 and for earnings paid to a participant  
24 under a contract or collective bargaining agreement entered  
25 into, amended, or renewed before June 4, 2018 (the effective  
26 date of Public Act 100-587) ~~this amendatory Act of the 100th~~

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

17 Whenever it determines that a payment is or may be required  
18 under this subsection (g), the System shall calculate the  
19 amount of the payment and bill the employer for that amount.  
20 The bill shall specify the calculations used to determine the  
21 amount due. If the employer disputes the amount of the bill, it  
22 may, within 30 days after receipt of the bill, apply to the  
23 System in writing for a recalculation. The application must  
24 specify in detail the grounds of the dispute and, if the  
25 employer asserts that the calculation is subject to subsection  
26 (h) or (i) of this Section or that subsection (g-1) applies,

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

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

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

1 employer, and shall be reported in a manner prescribed by the  
2 System.

3 This subsection (g) does not apply to (1) Tier 2 hybrid  
4 plan members and (2) Tier 2 defined benefit members who first  
5 participate under this Article on or after the implementation  
6 date of the Optional Hybrid Plan.

7 (g-1) For academic years beginning on or after July 1, 2018  
8 and for earnings paid to a participant under a contract or  
9 collective bargaining agreement entered into, amended, or  
10 renewed on or after June 4, 2018 (the effective date of Public  
11 Act 100-587) ~~this amendatory Act of the 100th General Assembly,~~  
12 if the amount of a participant's earnings for any academic year  
13 used to determine the final rate of earnings, determined on a  
14 full-time equivalent basis, exceeds the amount of his or her  
15 earnings with the same employer for the previous academic year,  
16 determined on a full-time equivalent basis, by more than 3%,  
17 then the participant's employer shall pay to the System, in  
18 addition to all other payments required under this Section and  
19 in accordance with guidelines established by the System, the  
20 present value of the increase in benefits resulting from the  
21 portion of the increase in earnings that is in excess of 3%.  
22 This present value shall be computed by the System on the basis  
23 of the actuarial assumptions and tables used in the most recent  
24 actuarial valuation of the System that is available at the time  
25 of the computation. The System may require the employer to  
26 provide any pertinent information or documentation.

1           Whenever it determines that a payment is or may be required  
2 under this subsection (g-1), the System shall calculate the  
3 amount of the payment and bill the employer for that amount.  
4 The bill shall specify the calculations used to determine the  
5 amount due. If the employer disputes the amount of the bill, it  
6 may, within 30 days after receipt of the bill, apply to the  
7 System in writing for a recalculation. The application must  
8 specify in detail the grounds of the dispute and, if the  
9 employer asserts that subsection (g) or (h-1) of this Section  
10 applies, must include an affidavit setting forth and attesting  
11 to all facts within the employer's knowledge that are pertinent  
12 to the applicability of subsection (g) or (h-1). Upon receiving  
13 a timely application for recalculation, the System shall review  
14 the application and, if appropriate, recalculate the amount  
15 due.

16           The employer contributions required under this subsection  
17 (g-1) may be paid in the form of a lump sum within 90 days after  
18 receipt of the bill. If the employer contributions are not paid  
19 within 90 days after receipt of the bill, then interest shall  
20 be charged at a rate equal to the System's annual actuarially  
21 assumed rate of return on investment compounded annually from  
22 the 91st day after receipt of the bill. Payments must be  
23 concluded within 3 years after the employer's receipt of the  
24 bill.

25           This subsection (g-1) does not apply to (1) Tier 2 hybrid  
26 plan members and (2) Tier 2 defined benefit members who first

1 participate under this Article on or after the implementation  
2 date of the Optional Hybrid Plan.

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

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

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

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

1 academic instruction computed using the participant's current  
2 salary rate and work schedule; and (ii) in the case of  
3 overtime, the overtime was necessary for the educational  
4 mission.

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

19 (h-1) This subsection (h-1) applies only to payments made  
20 or salary increases given in academic years beginning on or  
21 after July 1, 2018. The changes made by this amendatory Act of  
22 the 101st General Assembly shall not require the System to  
23 refund any payments received before the effective date of this  
24 amendatory Act of the 101st General Assembly.

25 When assessing payment for any amount due under subsection  
26 (g-1), the System shall exclude earnings increases paid to a



1 participant at a time when the participant is 10 or more years  
2 from retirement eligibility under Section 15-135.

3 When assessing payment for any amount due under subsection  
4 (g-1), the System shall exclude earnings increases resulting  
5 from overload work, including a contract for summer teaching,  
6 or overtime when the employer has certified to the System, and  
7 the System has approved the certification, that: (i) in the  
8 case of overloads (A) the overload work is for the sole purpose  
9 of academic instruction in excess of the standard number of  
10 instruction hours for a full-time employee occurring during the  
11 academic year that the overload is paid and (B) the earnings  
12 increases are equal to or less than the rate of pay for  
13 academic instruction computed using the participant's current  
14 salary rate and work schedule; and (ii) in the case of  
15 overtime, the overtime was necessary for the educational  
16 mission.

17 When assessing payment for any amount due under subsection  
18 (g-1), the System shall exclude any earnings increase resulting  
19 from (i) a promotion for which the employee moves from one  
20 classification to a higher classification under the State  
21 Universities Civil Service System, (ii) a promotion in academic  
22 rank for a tenured or tenure-track faculty position, or (iii) a  
23 promotion that the Illinois Community College Board has  
24 recommended in accordance with subsection (k) of this Section.  
25 These earnings increases shall be excluded only if the  
26 promotion is to a position that has existed and been filled by

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

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

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

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

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

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

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

4           (j-5) For State fiscal years beginning on or after July 1,  
5           2017, if the amount of a participant's earnings for any State  
6           fiscal year exceeds the amount of the salary set by law for the  
7           Governor that is in effect on July 1 of that fiscal year, the  
8           participant's employer shall pay to the System, in addition to  
9           all other payments required under this Section and in  
10          accordance with guidelines established by the System, an amount  
11          determined by the System to be equal to the employer normal  
12          cost, as established by the System and expressed as a total  
13          percentage of payroll, multiplied by the amount of earnings in  
14          excess of the amount of the salary set by law for the Governor.  
15          This amount shall be computed by the System on the basis of the  
16          actuarial assumptions and tables used in the most recent  
17          actuarial valuation of the System that is available at the time  
18          of the computation. The System may require the employer to  
19          provide any pertinent information or documentation.

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

1 detail the grounds of the dispute. Upon receiving a timely  
2 application for recalculation, the System shall review the  
3 application and, if appropriate, recalculate the amount due.

4 The employer contributions required under this subsection  
5 may be paid in the form of a lump sum within 90 days after  
6 issuance of the bill. If the employer contributions are not  
7 paid within 90 days after issuance of the bill, then interest  
8 will be charged at a rate equal to the System's annual  
9 actuarially assumed rate of return on investment compounded  
10 annually from the 91st day after issuance of the bill. All  
11 payments must be received within 3 years after issuance of the  
12 bill. If the employer fails to make complete payment, including  
13 applicable interest, within 3 years, then the System may, after  
14 giving notice to the employer, certify the delinquent amount to  
15 the State Comptroller, and the Comptroller shall thereupon  
16 deduct the certified delinquent amount from State funds payable  
17 to the employer and pay them instead to the System.

18 This subsection (j-5) does not apply to a participant's  
19 earnings to the extent an employer pays the employer normal  
20 cost of such earnings.

21 The changes made to this subsection (j-5) by Public Act  
22 100-624 ~~this amendatory Act of the 100th General Assembly~~ are  
23 intended to apply retroactively to July 6, 2017 (the effective  
24 date of Public Act 100-23).

25 (k) The Illinois Community College Board shall adopt rules  
26 for recommending lists of promotional positions submitted to

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

14 (l) For purposes of determining the required State  
15 contribution to the System, the value of the System's assets  
16 shall be equal to the actuarial value of the System's assets,  
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's  
19 assets shall be equal to the market value of the assets as of  
20 that date. In determining the actuarial value of the System's  
21 assets for fiscal years after June 30, 2008, any actuarial  
22 gains or losses from investment return incurred in a fiscal  
23 year shall be recognized in equal annual amounts over the  
24 5-year period following that fiscal year.

25 (m) For purposes of determining the required State  
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal  
2 to the system's actuarially assumed rate of return.

3 (Source: P.A. 99-897, eff. 1-1-17; 100-23, eff. 7-6-17;  
4 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; revised 7-30-18.)

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

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

8 (a) The State shall make contributions to the System by  
9 means of appropriations from the Common School Fund and other  
10 State funds of amounts which, together with other employer  
11 contributions, employee contributions, investment income, and  
12 other income, will be sufficient to meet the cost of  
13 maintaining and administering the System on a 90% funded basis  
14 in accordance with actuarial recommendations.

15 The Board shall determine the amount of State contributions  
16 required for each fiscal year on the basis of the actuarial  
17 tables and other assumptions adopted by the Board and the  
18 recommendations of the actuary, using the formula in subsection  
19 (b-3).

20 (a-1) Annually, on or before November 15 until November 15,  
21 2011, the Board shall certify to the Governor the amount of the  
22 required State contribution for the coming fiscal year. The  
23 certification under this subsection (a-1) shall include a copy  
24 of the actuarial recommendations upon which it is based and  
25 shall specifically identify the System's projected State

1 normal cost for that fiscal year.

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

8 On or before July 1, 2005, the Board shall recalculate and  
9 recertify to the Governor the amount of the required State  
10 contribution to the System for State fiscal year 2006, taking  
11 into account the changes in required State contributions made  
12 by Public Act 94-4.

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

19 (a-5) On or before November 1 of each year, beginning  
20 November 1, 2012, the Board shall submit to the State Actuary,  
21 the Governor, and the General Assembly a proposed certification  
22 of the amount of the required State contribution to the System  
23 for the next fiscal year, along with all of the actuarial  
24 assumptions, calculations, and data upon which that proposed  
25 certification is based. On or before January 1 of each year,  
26 beginning January 1, 2013, the State Actuary shall issue a

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

13 (a-10) By November 1, 2017, the Board shall recalculate and  
14 recertify to the State Actuary, the Governor, and the General  
15 Assembly the amount of the State contribution to the System for  
16 State fiscal year 2018, taking into account the changes in  
17 required State contributions made by Public Act 100-23. The  
18 State Actuary shall review the assumptions and valuations  
19 underlying the Board's revised certification and issue a  
20 preliminary report concerning the proposed recertification and  
21 identifying, if necessary, recommended changes in actuarial  
22 assumptions that the Board must consider before finalizing its  
23 certification of the required State contributions. The Board's  
24 final certification must note any deviations from the State  
25 Actuary's recommended changes, the reason or reasons for not  
26 following the State Actuary's recommended changes, and the



1 fiscal impact of not following the State Actuary's recommended  
2 changes on the required State contribution.

3 (a-15) On or after June 15, 2019, but no later than June  
4 30, 2019, the Board shall recalculate and recertify to the  
5 Governor and the General Assembly the amount of the State  
6 contribution to the System for State fiscal year 2019, taking  
7 into account the changes in required State contributions made  
8 by Public Act 100-587 ~~this amendatory Act of the 100th General~~  
9 ~~Assembly~~. The recalculation shall be made using assumptions  
10 adopted by the Board for the original fiscal year 2019  
11 certification. The monthly voucher for the 12th month of fiscal  
12 year 2019 shall be paid by the Comptroller after the  
13 recertification required pursuant to this subsection is  
14 submitted to the Governor, Comptroller, and General Assembly.  
15 The recertification submitted to the General Assembly shall be  
16 filed with the Clerk of the House of Representatives and the  
17 Secretary of the Senate in electronic form only, in the manner  
18 that the Clerk and the Secretary shall direct.

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

22 (b-1) Beginning in State fiscal year 1996, on the 15th day  
23 of each month, or as soon thereafter as may be practicable, the  
24 Board shall submit vouchers for payment of State contributions  
25 to the System, in a total monthly amount of one-twelfth of the  
26 required annual State contribution certified under subsection

1 (a-1). From March 5, 2004 (the effective date of Public Act  
2 93-665) through June 30, 2004, the Board shall not submit  
3 vouchers for the remainder of fiscal year 2004 in excess of the  
4 fiscal year 2004 certified contribution amount determined  
5 under this Section after taking into consideration the transfer  
6 to the System under subsection (a) of Section 6z-61 of the  
7 State Finance Act. These vouchers shall be paid by the State  
8 Comptroller and Treasurer by warrants drawn on the funds  
9 appropriated to the System for that fiscal year.

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

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

22 (b-3) For State fiscal years 2012 through 2045, the minimum  
23 contribution to the System to be made by the State for each  
24 fiscal year shall be an amount determined by the System to be  
25 sufficient to bring the total assets of the System up to 90% of  
26 the total actuarial liabilities of the System by the end of

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

6 For each of State fiscal years 2018, 2019, and 2020, the  
7 State shall make an additional contribution to the System equal  
8 to 2% of the total payroll of each employee who is deemed to  
9 have elected the benefits under Section 1-161 or who has made  
10 the election under subsection (c) of Section 1-161.

11 A change in an actuarial or investment assumption that  
12 increases or decreases the required State contribution and  
13 first applies in State fiscal year 2018 or thereafter shall be  
14 implemented in equal annual amounts over a 5-year period  
15 beginning in the State fiscal year in which the actuarial  
16 change first applies to the required State contribution.

17 A change in an actuarial or investment assumption that  
18 increases or decreases the required State contribution and  
19 first applied to the State contribution in fiscal year 2014,  
20 2015, 2016, or 2017 shall be implemented:

21 (i) as already applied in State fiscal years before  
22 2018; and

23 (ii) in the portion of the 5-year period beginning in  
24 the State fiscal year in which the actuarial change first  
25 applied that occurs in State fiscal year 2018 or  
26 thereafter, by calculating the change in equal annual

1 amounts over that 5-year period and then implementing it at  
2 the resulting annual rate in each of the remaining fiscal  
3 years in that 5-year period.

4 For State fiscal years 1996 through 2005, the State  
5 contribution to the System, as a percentage of the applicable  
6 employee payroll, shall be increased in equal annual increments  
7 so that by State fiscal year 2011, the State is contributing at  
8 the rate required under this Section; except that in the  
9 following specified State fiscal years, the State contribution  
10 to the System shall not be less than the following indicated  
11 percentages of the applicable employee payroll, even if the  
12 indicated percentage will produce a State contribution in  
13 excess of the amount otherwise required under this subsection  
14 and subsection (a), and notwithstanding any contrary  
15 certification made under subsection (a-1) before May 27, 1998  
16 (the effective date of Public Act 90-582): 10.02% in FY 1999;  
17 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86%  
18 in FY 2003; and 13.56% in FY 2004.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2006 is  
21 \$534,627,700.

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2007 is  
24 \$738,014,500.

25 For each of State fiscal years 2008 through 2009, the State  
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments  
2 from the required State contribution for State fiscal year  
3 2007, so that by State fiscal year 2011, the State is  
4 contributing at the rate otherwise required under this Section.

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

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

1 under paragraph (e) of this Section, which may also be used by  
2 the System for contributions required by paragraph (a) of  
3 Section 16-127.

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

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

20 Notwithstanding any other provision of this Section, the  
21 required State contribution for State fiscal year 2005 and for  
22 fiscal year 2008 and each fiscal year thereafter, as calculated  
23 under this Section and certified under subsection (a-1), shall  
24 not exceed an amount equal to (i) the amount of the required  
25 State contribution that would have been calculated under this  
26 Section for that fiscal year if the System had not received any

1 payments under subsection (d) of Section 7.2 of the General  
2 Obligation Bond Act, minus (ii) the portion of the State's  
3 total debt service payments for that fiscal year on the bonds  
4 issued in fiscal year 2003 for the purposes of that Section  
5 7.2, as determined and certified by the Comptroller, that is  
6 the same as the System's portion of the total moneys  
7 distributed under subsection (d) of Section 7.2 of the General  
8 Obligation Bond Act. In determining this maximum for State  
9 fiscal years 2008 through 2010, however, the amount referred to  
10 in item (i) shall be increased, as a percentage of the  
11 applicable employee payroll, in equal increments calculated  
12 from the sum of the required State contribution for State  
13 fiscal year 2007 plus the applicable portion of the State's  
14 total debt service payments for fiscal year 2007 on the bonds  
15 issued in fiscal year 2003 for the purposes of Section 7.2 of  
16 the General Obligation Bond Act, so that, by State fiscal year  
17 2011, the State is contributing at the rate otherwise required  
18 under this Section.

19 (b-4) Beginning in fiscal year 2018, each employer under  
20 this Article shall pay to the System a required contribution  
21 determined as a percentage of projected payroll and sufficient  
22 to produce an annual amount equal to:

23 (i) for each of fiscal years 2018, 2019, and 2020, the  
24 defined benefit normal cost of the defined benefit plan,  
25 less the employee contribution, for each employee of that  
26 employer who has elected or who is deemed to have elected

1 the benefits under Section 1-161 or who has made the  
2 election under subsection (b) of Section 1-161; for fiscal  
3 year 2021 and each fiscal year thereafter, the defined  
4 benefit normal cost of the defined benefit plan, less the  
5 employee contribution, plus 2%, for each employee of that  
6 employer who has elected or who is deemed to have elected  
7 the benefits under Section 1-161 or who has made the  
8 election under subsection (b) of Section 1-161; plus

9 (ii) the amount required for that fiscal year to  
10 amortize any unfunded actuarial accrued liability  
11 associated with the present value of liabilities  
12 attributable to the employer's account under Section  
13 16-158.3, determined as a level percentage of payroll over  
14 a 30-year rolling amortization period.

15 In determining contributions required under item (i) of  
16 this subsection, the System shall determine an aggregate rate  
17 for all employers, expressed as a percentage of projected  
18 payroll.

19 In determining the contributions required under item (ii)  
20 of this subsection, the amount shall be computed by the System  
21 on the basis of the actuarial assumptions and tables used in  
22 the most recent actuarial valuation of the System that is  
23 available at the time of the computation.

24 The contributions required under this subsection (b-4)  
25 shall be paid by an employer concurrently with that employer's  
26 payroll payment period. The State, as the actual employer of an



1 employee, shall make the required contributions under this  
2 subsection.

3 (c) Payment of the required State contributions and of all  
4 pensions, retirement annuities, death benefits, refunds, and  
5 other benefits granted under or assumed by this System, and all  
6 expenses in connection with the administration and operation  
7 thereof, are obligations of the State.

8 If members are paid from special trust or federal funds  
9 which are administered by the employing unit, whether school  
10 district or other unit, the employing unit shall pay to the  
11 System from such funds the full accruing retirement costs based  
12 upon that service, which, beginning July 1, 2017, shall be at a  
13 rate, expressed as a percentage of salary, equal to the total  
14 employer's normal cost, expressed as a percentage of payroll,  
15 as determined by the System. Employer contributions, based on  
16 salary paid to members from federal funds, may be forwarded by  
17 the distributing agency of the State of Illinois to the System  
18 prior to allocation, in an amount determined in accordance with  
19 guidelines established by such agency and the System. Any  
20 contribution for fiscal year 2015 collected as a result of the  
21 change made by Public Act 98-674 shall be considered a State  
22 contribution under subsection (b-3) of this Section.

23 (d) Effective July 1, 1986, any employer of a teacher as  
24 defined in paragraph (8) of Section 16-106 shall pay the  
25 employer's normal cost of benefits based upon the teacher's  
26 service, in addition to employee contributions, as determined

1 by the System. Such employer contributions shall be forwarded  
2 monthly in accordance with guidelines established by the  
3 System.

4 However, with respect to benefits granted under Section  
5 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
6 of Section 16-106, the employer's contribution shall be 12%  
7 (rather than 20%) of the member's highest annual salary rate  
8 for each year of creditable service granted, and the employer  
9 shall also pay the required employee contribution on behalf of  
10 the teacher. For the purposes of Sections 16-133.4 and  
11 16-133.5, a teacher as defined in paragraph (8) of Section  
12 16-106 who is serving in that capacity while on leave of  
13 absence from another employer under this Article shall not be  
14 considered an employee of the employer from which the teacher  
15 is on leave.

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

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

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

25 The school district or other employing unit may pay these  
26 employer contributions out of any source of funding available

1 for that purpose and shall forward the contributions to the  
2 System on the schedule established for the payment of member  
3 contributions.

4 These employer contributions are intended to offset a  
5 portion of the cost to the System of the increases in  
6 retirement benefits resulting from Public Act 90-582.

7 Each employer of teachers is entitled to a credit against  
8 the contributions required under this subsection (e) with  
9 respect to salaries paid to teachers for the period January 1,  
10 2002 through June 30, 2003, equal to the amount paid by that  
11 employer under subsection (a-5) of Section 6.6 of the State  
12 Employees Group Insurance Act of 1971 with respect to salaries  
13 paid to teachers for that period.

14 The additional 1% employee contribution required under  
15 Section 16-152 by Public Act 90-582 is the responsibility of  
16 the teacher and not the teacher's employer, unless the employer  
17 agrees, through collective bargaining or otherwise, to make the  
18 contribution on behalf of the teacher.

19 If an employer is required by a contract in effect on May  
20 1, 1998 between the employer and an employee organization to  
21 pay, on behalf of all its full-time employees covered by this  
22 Article, all mandatory employee contributions required under  
23 this Article, then the employer shall be excused from paying  
24 the employer contribution required under this subsection (e)  
25 for the balance of the term of that contract. The employer and  
26 the employee organization shall jointly certify to the System

1 the existence of the contractual requirement, in such form as  
2 the System may prescribe. This exclusion shall cease upon the  
3 termination, extension, or renewal of the contract at any time  
4 after May 1, 1998.

5 (f) For school years beginning on or after June 1, 2005 and  
6 before July 1, 2018 and for salary paid to a teacher under a  
7 contract or collective bargaining agreement entered into,  
8 amended, or renewed before June 4, 2018 (the effective date of  
9 Public Act 100-587) ~~this amendatory Act of the 100th General~~  
10 ~~Assembly~~, if the amount of a teacher's salary for any school  
11 year used to determine final average salary exceeds the  
12 member's annual full-time salary rate with the same employer  
13 for the previous school year by more than 6%, the teacher's  
14 employer shall pay to the System, in addition to all other  
15 payments required under this Section and in accordance with  
16 guidelines established by the System, the present value of the  
17 increase in benefits resulting from the portion of the increase  
18 in salary that is in excess of 6%. This present value shall be  
19 computed by the System on the basis of the actuarial  
20 assumptions and tables used in the most recent actuarial  
21 valuation of the System that is available at the time of the  
22 computation. If a teacher's salary for the 2005-2006 school  
23 year is used to determine final average salary under this  
24 subsection (f), then the changes made to this subsection (f) by  
25 Public Act 94-1057 shall apply in calculating whether the  
26 increase in his or her salary is in excess of 6%. For the

1 purposes of this Section, change in employment under Section  
2 10-21.12 of the School Code on or after June 1, 2005 shall  
3 constitute a change in employer. The System may require the  
4 employer to provide any pertinent information or  
5 documentation. The changes made to this subsection (f) by  
6 Public Act 94-1111 apply without regard to whether the teacher  
7 was in service on or after its effective date.

8 Whenever it determines that a payment is or may be required  
9 under this subsection, the System shall calculate the amount of  
10 the payment and bill the employer for that amount. The bill  
11 shall specify the calculations used to determine the amount  
12 due. If the employer disputes the amount of the bill, it may,  
13 within 30 days after receipt of the bill, apply to the System  
14 in writing for a recalculation. The application must specify in  
15 detail the grounds of the dispute and, if the employer asserts  
16 that the calculation is subject to subsection (g) or (h) of  
17 this Section or that subsection (f-1) of this Section applies,  
18 must include an affidavit setting forth and attesting to all  
19 facts within the employer's knowledge that are pertinent to the  
20 applicability of that subsection. Upon receiving a timely  
21 application for recalculation, the System shall review the  
22 application and, if appropriate, recalculate the amount due.

23 The employer contributions required under this subsection  
24 (f) may be paid in the form of a lump sum within 90 days after  
25 receipt of the bill. If the employer contributions are not paid  
26 within 90 days after receipt of the bill, then interest will be

1 charged at a rate equal to the System's annual actuarially  
2 assumed rate of return on investment compounded annually from  
3 the 91st day after receipt of the bill. Payments must be  
4 concluded within 3 years after the employer's receipt of the  
5 bill.

6 (f-1) For school years beginning on or after July 1, 2018  
7 and for salary paid to a teacher under a contract or collective  
8 bargaining agreement entered into, amended, or renewed on or  
9 after June 4, 2018 (the effective date of Public Act 100-587)  
10 ~~this amendatory Act of the 100th General Assembly~~, if the  
11 amount of a teacher's salary for any school year used to  
12 determine final average salary exceeds the member's annual  
13 full-time salary rate with the same employer for the previous  
14 school year by more than 3%, then the teacher's employer shall  
15 pay to the System, in addition to all other payments required  
16 under this Section and in accordance with guidelines  
17 established by the System, the present value of the increase in  
18 benefits resulting from the portion of the increase in salary  
19 that is in excess of 3%. This present value shall be computed  
20 by the System on the basis of the actuarial assumptions and  
21 tables used in the most recent actuarial valuation of the  
22 System that is available at the time of the computation. The  
23 System may require the employer to provide any pertinent  
24 information or documentation.

25 Whenever it determines that a payment is or may be required  
26 under this subsection (f-1), the System shall calculate the

1 amount of the payment and bill the employer for that amount.  
2 The bill shall specify the calculations used to determine the  
3 amount due. If the employer disputes the amount of the bill, it  
4 shall, within 30 days after receipt of the bill, apply to the  
5 System in writing for a recalculation. The application must  
6 specify in detail the grounds of the dispute and, if the  
7 employer asserts that subsection (f) or (g-1) of this Section  
8 applies, must include an affidavit setting forth and attesting  
9 to all facts within the employer's knowledge that are pertinent  
10 to the applicability of subsection (f) or (g-1). Upon receiving  
11 a timely application for recalculation, the System shall review  
12 the application and, if appropriate, recalculate the amount  
13 due.

14 The employer contributions required under this subsection  
15 (f-1) may be paid in the form of a lump sum within 90 days after  
16 receipt of the bill. If the employer contributions are not paid  
17 within 90 days after receipt of the bill, then interest shall  
18 be charged at a rate equal to the System's annual actuarially  
19 assumed rate of return on investment compounded annually from  
20 the 91st day after receipt of the bill. Payments must be  
21 concluded within 3 years after the employer's receipt of the  
22 bill.

23 (g) This subsection (g) applies only to payments made or  
24 salary increases given on or after June 1, 2005 but before July  
25 1, 2011. The changes made by Public Act 94-1057 shall not  
26 require the System to refund any payments received before July

1 31, 2006 (the effective date of Public Act 94-1057).

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

6 When assessing payment for any amount due under subsection  
7 (f), the System shall exclude salary increases paid to a  
8 teacher at a time when the teacher is 10 or more years from  
9 retirement eligibility under Section 16-132 or 16-133.2.

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

20 When assessing payment for any amount due under subsection  
21 (f), the System shall exclude a salary increase resulting from  
22 a promotion (i) for which the employee is required to hold a  
23 certificate or supervisory endorsement issued by the State  
24 Teacher Certification Board that is a different certification  
25 or supervisory endorsement than is required for the teacher's  
26 previous position and (ii) to a position that has existed and



1 been filled by a member for no less than one complete academic  
2 year and the salary increase from the promotion is an increase  
3 that results in an amount no greater than the lesser of the  
4 average salary paid for other similar positions in the district  
5 requiring the same certification or the amount stipulated in  
6 the collective bargaining agreement for a similar position  
7 requiring the same certification.

8 When assessing payment for any amount due under subsection  
9 (f), the System shall exclude any payment to the teacher from  
10 the State of Illinois or the State Board of Education over  
11 which the employer does not have discretion, notwithstanding  
12 that the payment is included in the computation of final  
13 average salary.

14 (g-1) This subsection (g-1) applies only to payments made  
15 or salary increases given in school years beginning on or after  
16 July 1, 2018. The changes made by this amendatory Act of the  
17 101st General Assembly shall not require the System to refund  
18 any payments received before the effective date of this  
19 amendatory Act of the 101st General Assembly.

20 When assessing payment for any amount due under subsection  
21 (f-1), the System shall exclude salary increases paid to a  
22 teacher at a time when the teacher is 10 or more years from  
23 retirement eligibility under Section 16-132 or 16-133.2.

24 When assessing payment for any amount due under subsection  
25 (f-1), the System shall exclude salary increases resulting from  
26 overload work, including summer school, when the school

1 district has certified to the System, and the System has  
2 approved the certification, that (i) the overload work is for  
3 the sole purpose of classroom instruction in excess of the  
4 standard number of classes for a full-time teacher in a school  
5 district during a school year and (ii) the salary increases are  
6 equal to or less than the rate of pay for classroom instruction  
7 computed on the teacher's current salary and work schedule.

8 When assessing payment for any amount due under subsection  
9 (f-1), the System shall exclude a salary increase resulting  
10 from a promotion (i) for which the employee is required to hold  
11 a certificate or supervisory endorsement issued by the State  
12 Teacher Certification Board that is a different certification  
13 or supervisory endorsement than is required for the teacher's  
14 previous position and (ii) to a position that has existed and  
15 been filled by a member for no less than one complete academic  
16 year and the salary increase from the promotion is an increase  
17 that results in an amount no greater than the lesser of the  
18 average salary paid for other similar positions in the district  
19 requiring the same certification or the amount stipulated in  
20 the collective bargaining agreement for a similar position  
21 requiring the same certification.

22 When assessing payment for any amount due under subsection  
23 (f-1), the System shall exclude any payment to the teacher from  
24 the State of Illinois or the State Board of Education over  
25 which the employer does not have discretion, notwithstanding  
26 that the payment is included in the computation of final

1 average salary.

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

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

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

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

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

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

1 (i-5) For school years beginning on or after July 1, 2017,  
2 if the amount of a participant's salary for any school year  
3 exceeds the amount of the salary set for the Governor, the  
4 participant's employer shall pay to the System, in addition to  
5 all other payments required under this Section and in  
6 accordance with guidelines established by the System, an amount  
7 determined by the System to be equal to the employer normal  
8 cost, as established by the System and expressed as a total  
9 percentage of payroll, multiplied by the amount of salary in  
10 excess of the amount of the salary set for the Governor. This  
11 amount shall be computed by the System on the basis of the  
12 actuarial assumptions and tables used in the most recent  
13 actuarial valuation of the System that is available at the time  
14 of the computation. The System may require the employer to  
15 provide any pertinent information or documentation.

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

26 The employer contributions required under this subsection

1 may be paid in the form of a lump sum within 90 days after  
2 receipt of the bill. If the employer contributions are not paid  
3 within 90 days after receipt of the bill, then interest will be  
4 charged at a rate equal to the System's annual actuarially  
5 assumed rate of return on investment compounded annually from  
6 the 91st day after receipt of the bill. Payments must be  
7 concluded within 3 years after the employer's receipt of the  
8 bill.

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

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

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

24 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;  
25 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; 100-863, eff.  
26 8-14-18; revised 10-4-18.)

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.