**Section 1600.271 Employer Contributions for Earnings in Excess of the Governor's Salary**

a) Purpose and Applicability. This Section implements Section 15-155(j-5) of the Code. Section 15-155(j-5) and this Section shall not apply to any participant's earnings to the extent the employer pays the employer normal cost for those earnings. For purposes of Section 15-155(j-5), the terms stated in subsections (b) through (i) shall have the meanings ascribed in this Section.

b) State Fiscal Year. The "State fiscal year" shall mean the 12-month period beginning July 1.

c) Governor's Salary. The "amount of the salary set by law for the Governor that is in effect on July 1 of that fiscal year" shall be the salary for the Governor set by law by the General Assembly as of July 1 of the State fiscal year or, in its absence, the most recent salary for the Governor set by law by the General Assembly.

d) Earnings Exclusions. Earnings do not include payments made under a collective bargaining agreement for unused sick leave or payments made for unused vacation.

e) Excess Earnings. The "amount of earnings in excess of the amount of the salary set for the Governor" (excess earnings) shall be equal to the difference between the earnings and the Governor's salary as defined in subsection (c).

f) Employer Normal Cost. The "employer normal cost" shall mean the employer normal cost described in Section 15-155, expressed as a total percentage of payroll, approved by the Board for the State fiscal year. *This amount shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation.* [40 ILCS 5/15-155(j-5)]

g) Employer Contribution Amount. The employer contribution amount shall be equal to the excess earnings under subsection (e) multiplied by the employer normal cost percentage under subsection (f).

h) Multiple or Concurrent Employers. In the event that an employee has been employed by two or more employers during a State fiscal year, earnings shall be measured and the employer contribution amount shall be calculated on an employer-by-employer basis.

i) Employer Billing

1) Billing. *Whenever it determines that a payment is or may be required under Section 15-155(j-5) of the Code, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculation used to determine the amount due.* [40 ILCS 5/15-155(j-5)] No bills shall be issued for de minimis employer contribution amounts that are $25 or less. The System shall issue the bill during the September immediately following the end of the State fiscal year to which the bill relates.

2) Request for Recalculation. *If the employer disputes the amount of the bill, it may, within 30 days after* issuance *of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.* An employer shall be deemed to have been in receipt of the bill on the date the bill is issued.

3) Payment. *The employer contributions required under this subsection* (i) *may be paid in the form of a lump sum within 90 days after issuance of the bill. If the employer contributions are not paid within 90 days after issuance of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill.* All *payments must be received within 3 years after the issuance of the bill.* [40 ILCS 5/15-155(j-5)]

4) Comptroller Intercept. *If the employer fails to make complete payment, including applicable interest, within 3 years, then the System may, after giving notice to the employer, certify the delinquent amount to the State Comptroller, and the Comptroller shall deduct the certified delinquent amount from State funds payable to the employer and pay them instead to the System*. [40 ILCS 5/15-155(j-5)] In the case of an employer that is a community college district, Section 15-155.1(b) of the Code shall also apply to delinquent amounts including interest after the 3-year period.

5) Appeals of the Recalculation. The employer may appeal a recalculation pursuant to Section 1600.510.

(Source: Amended at 43 Ill. Reg. 8562, effective July 26, 2019)