

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) If the amount of a participant's earnings for any
23 academic year used to determine the final rate of earnings,
24 determined on a full-time equivalent basis, exceeds the amount
25 of his or her earnings with the same employer for the previous
26 academic year, determined on a full-time equivalent basis, by

1 more than 6%, the participant's employer shall pay to the
2 System, in addition to all other payments required under this
3 Section and in accordance with guidelines established by the
4 System, the present value of the increase in benefits resulting
5 from the portion of the increase in earnings that is in excess
6 of 6%. This present value shall be computed by the System on
7 the basis of the actuarial assumptions and tables used in the
8 most recent actuarial valuation of the System that is available
9 at the time of the computation. The System may require the
10 employer to provide any pertinent information or
11 documentation.

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

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

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

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

1 require the System to refund any payments received before July
2 31, 2006 (the effective date of Public Act 94-1057).

3 When assessing payment for any amount due under subsection
4 (g), the System shall exclude earnings increases paid to
5 participants under contracts or collective bargaining
6 agreements entered into, amended, or renewed before June 1,
7 2005.

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

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

26 When assessing payment for any amount due under subsection

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

14 (i) When assessing payment for any amount due under
15 subsection (g), the System shall exclude any salary increase
16 described in subsection (h) of this Section given on or after
17 July 1, 2011 but before July 1, 2014 under a contract or
18 collective bargaining agreement entered into, amended, or
19 renewed on or after June 1, 2005 but before July 1, 2011.
20 Notwithstanding any other provision of this Section, any
21 payments made or salary increases given after June 30, 2014
22 shall be used in assessing payment for any amount due under
23 subsection (g) of this Section.

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

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

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

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

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

13 (j-5) For State fiscal ~~academic~~ years beginning on or after
14 July 1, 2017, if the amount of a participant's earnings for any
15 State fiscal ~~school~~ year, ~~determined on a full-time equivalent~~
16 ~~basis,~~ exceeds the amount of the salary set by law for the
17 Governor that is in effect on July 1 of that fiscal year, the
18 participant's employer shall pay to the System, in addition to
19 all other payments required under this Section and in
20 accordance with guidelines established by the System, an amount
21 determined by the System to be equal to the employer normal
22 cost, as established by the System and expressed as a total
23 percentage of payroll, multiplied by the amount of earnings in
24 excess of the amount of the salary set by law for the Governor.
25 This amount shall be computed by the System on the basis of the
26 actuarial assumptions and tables used in the most recent

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

4 Whenever it determines that a payment is or may be required
5 under this subsection, the System shall calculate the amount of
6 the payment and bill the employer for that amount. The bill
7 shall specify the calculation ~~calculations~~ used to determine
8 the amount due. If the employer disputes the amount of the
9 bill, it may, within 30 days after receipt of the bill, apply
10 to the System in writing for a recalculation. The application
11 must specify in detail the grounds of the dispute. Upon
12 receiving a timely application for recalculation, the System
13 shall review the application and, if appropriate, recalculate
14 the amount due.

15 The employer contributions required under this subsection
16 may be paid in the form of a lump sum within 90 days after
17 issuance ~~receipt~~ of the bill. If the employer contributions are
18 not paid within 90 days after issuance ~~receipt~~ of the bill,
19 then interest will be charged at a rate equal to the System's
20 annual actuarially assumed rate of return on investment
21 compounded annually from the 91st day after issuance ~~receipt~~
22 of the bill. All payments ~~Payments~~ must be received ~~concluded~~
23 within 3 years after issuance ~~the employer's receipt~~ of the
24 bill. If the employer fails to make complete payment, including
25 applicable interest, within 3 years, then the System may, after
26 giving notice to the employer, certify the delinquent amount to

1 the State Comptroller, and the Comptroller shall thereupon
2 deduct the certified delinquent amount from State funds payable
3 to the employer and pay them instead to the System.

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

7 The changes made to this subsection (j-5) by this
8 amendatory Act of the 100th General Assembly are intended to
9 apply retroactively to July 6, 2017 (the effective date of
10 Public Act 100-23).

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

26 (l) For purposes of determining the required State

1 contribution to the System, the value of the System's assets
2 shall be equal to the actuarial value of the System's assets,
3 which shall be calculated as follows:

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

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

15 (Source: P.A. 99-897, eff. 1-1-17; 100-23, eff. 7-6-17.)

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

17 Sec. 16-158. Contributions by State and other employing
18 units.

19 (a) The State shall make contributions to the System by
20 means of appropriations from the Common School Fund and other
21 State funds of amounts which, together with other employer
22 contributions, employee contributions, investment income, and
23 other income, will be sufficient to meet the cost of
24 maintaining and administering the System on a 90% funded basis
25 in accordance with actuarial recommendations.

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

6 (a-1) Annually, on or before November 15 until November 15,
7 2011, the Board shall certify to the Governor the amount of the
8 required State contribution for the coming fiscal year. The
9 certification under this subsection (a-1) shall include a copy
10 of the actuarial recommendations upon which it is based and
11 shall specifically identify the System's projected State
12 normal cost for that fiscal year.

13 On or before May 1, 2004, 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 2005, taking
16 into account the amounts appropriated to and received by the
17 System under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act.

19 On or before July 1, 2005, the Board shall recalculate and
20 recertify to the Governor the amount of the required State
21 contribution to the System for State fiscal year 2006, taking
22 into account the changes in required State contributions made
23 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
24 ~~Assembly.~~

25 On or before April 1, 2011, the Board shall recalculate and
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2011, applying
2 the changes made by Public Act 96-889 to the System's assets
3 and liabilities as of June 30, 2009 as though Public Act 96-889
4 was approved on that date.

5 (a-5) On or before November 1 of each year, beginning
6 November 1, 2012, the Board shall submit to the State Actuary,
7 the Governor, and the General Assembly a proposed certification
8 of the amount of the required State contribution to the System
9 for the next fiscal year, along with all of the actuarial
10 assumptions, calculations, and data upon which that proposed
11 certification is based. On or before January 1 of each year,
12 beginning January 1, 2013, the State Actuary shall issue a
13 preliminary report concerning the proposed certification and
14 identifying, if necessary, recommended changes in actuarial
15 assumptions that the Board must consider before finalizing its
16 certification of the required State contributions. On or before
17 January 15, 2013 and each January 15 thereafter, the Board
18 shall certify to the Governor and the General Assembly the
19 amount of the required State contribution for the next fiscal
20 year. The Board's certification must note any deviations from
21 the State Actuary's recommended changes, the reason or reasons
22 for not following the State Actuary's recommended changes, and
23 the fiscal impact of not following the State Actuary's
24 recommended changes on the required State contribution.

25 (a-10) By November 1, 2017, the Board shall recalculate and
26 recertify to the State Actuary, the Governor, and the General

1 Assembly the amount of the State contribution to the System for
2 State fiscal year 2018, taking into account the changes in
3 required State contributions made by Public Act 100-23 ~~this~~
4 ~~amendatory Act of the 100th General Assembly~~. The State Actuary
5 shall review the assumptions and valuations underlying the
6 Board's revised certification and issue a preliminary report
7 concerning the proposed recertification and identifying, if
8 necessary, recommended changes in actuarial assumptions that
9 the Board must consider before finalizing its certification of
10 the required State contributions. The Board's final
11 certification must note any deviations from the State Actuary's
12 recommended changes, the reason or reasons for not following
13 the State Actuary's recommended changes, and the fiscal impact
14 of not following the State Actuary's recommended changes on the
15 required State contribution.

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

19 (b-1) Beginning in State fiscal year 1996, on the 15th day
20 of each month, or as soon thereafter as may be practicable, the
21 Board shall submit vouchers for payment of State contributions
22 to the System, in a total monthly amount of one-twelfth of the
23 required annual State contribution certified under subsection
24 (a-1). From March 5, 2004 (the effective date of Public Act
25 93-665) ~~this amendatory Act of the 93rd General Assembly~~
26 through June 30, 2004, the Board shall not submit vouchers for

1 the remainder of fiscal year 2004 in excess of the fiscal year
2 2004 certified contribution amount determined under this
3 Section after taking into consideration the transfer to the
4 System under subsection (a) of Section 6z-61 of the State
5 Finance Act. These vouchers shall be paid by the State
6 Comptroller and Treasurer by warrants drawn on the funds
7 appropriated to the System for that fiscal year.

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

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

20 (b-3) 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
24 the total actuarial liabilities of the System by the end of
25 State fiscal year 2045. In making these determinations, the
26 required State contribution shall be calculated each year as a

1 level percentage of payroll over the years remaining to and
2 including fiscal year 2045 and shall be determined under the
3 projected unit credit actuarial cost method.

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

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

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

19 (i) as already applied in State fiscal years before
20 2018; and

21 (ii) in the portion of the 5-year period beginning in
22 the State fiscal year in which the actuarial change first
23 applied that occurs in State fiscal year 2018 or
24 thereafter, by calculating the change in equal annual
25 amounts over that 5-year period and then implementing it at
26 the resulting annual rate in each of the remaining fiscal

1 years in that 5-year period.

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

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

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

24 For each of State fiscal years 2008 through 2009, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 from the required State contribution for State fiscal year
2 2007, so that by State fiscal year 2011, the State is
3 contributing at the rate otherwise required under this Section.

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

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

1 the System for contributions required by paragraph (a) of
2 Section 16-127.

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

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

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under subsection (a-1), shall
23 not exceed an amount equal to (i) the amount of the required
24 State contribution that would have been calculated under this
25 Section for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General

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

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

22 (i) for each of fiscal years 2018, 2019, and 2020, the
23 defined benefit normal cost of the defined benefit plan,
24 less the employee contribution, for each employee of that
25 employer who has elected or who is deemed to have elected
26 the benefits under Section 1-161 or who has made the

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

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

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

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

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

1 subsection.

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

7 If members are paid from special trust or federal funds
8 which are administered by the employing unit, whether school
9 district or other unit, the employing unit shall pay to the
10 System from such funds the full accruing retirement costs based
11 upon that service, which, beginning July 1, 2017, shall be at a
12 rate, expressed as a percentage of salary, equal to the total
13 employer's normal cost, expressed as a percentage of payroll,
14 as determined by the System. Employer contributions, based on
15 salary paid to members from federal funds, may be forwarded by
16 the distributing agency of the State of Illinois to the System
17 prior to allocation, in an amount determined in accordance with
18 guidelines established by such agency and the System. Any
19 contribution for fiscal year 2015 collected as a result of the
20 change made by Public Act 98-674 ~~this amendatory Act of the~~
21 ~~98th General Assembly~~ shall be considered a State contribution
22 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 ~~this~~
7 ~~amendatory Act of 1998~~.

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

15 The additional 1% employee contribution required under
16 Section 16-152 by Public Act 90-582 ~~this amendatory Act of 1998~~
17 is the responsibility of the teacher and not the teacher's
18 employer, unless the employer agrees, through collective
19 bargaining or otherwise, to make the contribution on behalf of
20 the teacher.

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

1 for the balance of the term of that contract. The employer and
2 the employee organization shall jointly certify to the System
3 the existence of the contractual requirement, in such form as
4 the System may prescribe. This exclusion shall cease upon the
5 termination, extension, or renewal of the contract at any time
6 after May 1, 1998.

7 (f) If the amount of a teacher's salary for any school year
8 used to determine final average salary exceeds the member's
9 annual full-time salary rate with the same employer for the
10 previous school year by more than 6%, the teacher's employer
11 shall pay to the System, in addition to all other payments
12 required under this Section and in accordance with guidelines
13 established by the System, the present value of the increase in
14 benefits resulting from the portion of the increase in salary
15 that is in excess of 6%. This present value shall be computed
16 by the System on the basis of the actuarial assumptions and
17 tables used in the most recent actuarial valuation of the
18 System that is available at the time of the computation. If a
19 teacher's salary for the 2005-2006 school year is used to
20 determine final average salary under this subsection (f), then
21 the changes made to this subsection (f) by Public Act 94-1057
22 shall apply in calculating whether the increase in his or her
23 salary is in excess of 6%. For the purposes of this Section,
24 change in employment under Section 10-21.12 of the School Code
25 on or after June 1, 2005 shall constitute a change in employer.
26 The System may require the employer to provide any pertinent

1 information or documentation. The changes made to this
2 subsection (f) by Public Act 94-1111 ~~this amendatory Act of the~~
3 ~~94th General Assembly~~ apply without regard to whether the
4 teacher was in service on or after its effective date.

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

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

1 concluded within 3 years after the employer's receipt of the
2 bill.

3 (g) This subsection (g) 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 (f), the System shall exclude salary increases paid to teachers
10 under contracts or collective bargaining agreements entered
11 into, amended, or renewed before June 1, 2005.

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

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

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude a salary increase resulting from
2 a promotion (i) for which the employee is required to hold a
3 certificate or supervisory endorsement issued by the State
4 Teacher Certification Board that is a different certification
5 or supervisory endorsement than is required for the teacher's
6 previous position and (ii) to a position that has existed and
7 been filled by a member for no less than one complete academic
8 year and the salary increase from the promotion is an increase
9 that results in an amount no greater than the lesser of the
10 average salary paid for other similar positions in the district
11 requiring the same certification or the amount stipulated in
12 the collective bargaining agreement for a similar position
13 requiring the same certification.

14 When assessing payment for any amount due under subsection
15 (f), the System shall exclude any payment to the teacher from
16 the State of Illinois or the State Board of Education over
17 which the employer does not have discretion, notwithstanding
18 that the payment is included in the computation of final
19 average salary.

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

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

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

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

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

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

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

19 (i-5) For school years beginning on or after July 1, 2017,
20 if the amount of a participant's salary for any school year ~~7~~
21 ~~determined on a full-time equivalent basis,~~ exceeds the amount
22 of the salary set for the Governor, the participant's employer
23 shall pay to the System, in addition to all other payments
24 required under this Section and in accordance with guidelines
25 established by the System, an amount determined by the System
26 to be equal to the employer normal cost, as established by the

1 System and expressed as a total percentage of payroll,
2 multiplied by the amount of salary in excess of the amount of
3 the salary set for the Governor. This amount shall be computed
4 by the System on the basis of the actuarial assumptions and
5 tables used in the most recent actuarial valuation of the
6 System that is available at the time of the computation. The
7 System may require the employer to provide any pertinent
8 information or documentation.

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

19 The employer contributions required under this subsection
20 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 (j) For purposes of determining the required State
3 contribution to the System, the value of the System's assets
4 shall be equal to the actuarial value of the System's assets,
5 which shall be calculated as follows:

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

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

17 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;
18 revised 9-25-17.)

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.