

**SB3622**



**100TH GENERAL ASSEMBLY**

**State of Illinois**

**2017 and 2018**

**SB3622**

Introduced 7/25/2018, by Sen. Dale Fowler

**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 Downstate Teachers and State Universities Articles of the Illinois Pension Code. Requires an employer to make an additional employer contribution for a participant whose earnings for any academic year used to determine the final rate of earnings exceed the amount of his or her earnings with the same employer for the previous academic year by more than 6% (instead of 3%). Makes conforming changes. Effective immediately.

LRB100 22541 RPS 41439 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

**A BILL FOR**

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

1 ~~Assembly, if~~ the amount of a participant's earnings for any  
2 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) (Blank). ~~For academic years beginning on or after~~  
8 ~~July 1, 2018 and for earnings paid to a participant under a~~  
9 ~~contract or collective bargaining agreement entered into,~~  
10 ~~amended, or renewed on or after the effective date of this~~  
11 ~~amendatory Act of the 100th General Assembly, if the amount of~~  
12 ~~a participant's earnings for any academic year used to~~  
13 ~~determine the final rate of earnings, determined on a full-time~~  
14 ~~equivalent basis, exceeds the amount of his or her earnings~~  
15 ~~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) of this Section applies,~~  
10 ~~must include an affidavit setting forth and attesting to all~~  
11 ~~facts within the employer's knowledge that are pertinent to the~~  
12 ~~applicability of subsection (g). Upon receiving a timely~~  
13 ~~application for recalculation, the System shall review the~~  
14 ~~application and, if appropriate, recalculate the amount due.~~

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

24 ~~This subsection (g-1) does not apply to (1) Tier 2 hybrid~~  
25 ~~plan members and (2) Tier 2 defined benefit members who first~~  
26 ~~participate under this Article on or after the implementation~~

1 ~~date of the Optional Hybrid Plan.~~

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

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

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

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

1 salary rate and work schedule; and (ii) in the case of  
2 overtime, the overtime was necessary for the educational  
3 mission.

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

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



1 subsection (g) of this Section.

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

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

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

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

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

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

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

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

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

26 (k) The Illinois Community College Board shall adopt rules

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

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

19 As of June 30, 2008, the actuarial value of the System's  
20 assets shall be equal to the market value of the assets as of  
21 that date. In determining the actuarial value of the System's  
22 assets for fiscal years after June 30, 2008, any actuarial  
23 gains or losses from investment return incurred in a fiscal  
24 year shall be recognized in equal annual amounts over the  
25 5-year period following that fiscal year.

26 (m) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial  
2 value of assets shall be assumed to earn a rate of return equal  
3 to the system's actuarially assumed rate of return.

4 (Source: P.A. 99-897, eff. 1-1-17; 100-23, eff. 7-6-17;  
5 100-587, eff. 6-4-18.)

6 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

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

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

1 shall specifically identify the System's projected State  
2 normal cost for that fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

7 For 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; except that in the  
10          following specified State fiscal years, the State contribution  
11          to the System shall not be less than the following indicated  
12          percentages of the applicable employee payroll, even if the  
13          indicated percentage will produce a State contribution in  
14          excess of the amount otherwise required under this subsection  
15          and subsection (a), and notwithstanding any contrary  
16          certification made under subsection (a-1) before May 27, 1998  
17          (the effective date of Public Act 90-582): 10.02% in FY 1999;  
18          10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86%  
19          in FY 2003; and 13.56% in FY 2004.

20          Notwithstanding any other provision of this Article, the  
21          total required State contribution for State fiscal year 2006 is  
22          \$534,627,700.

23          Notwithstanding any other provision of this Article, the  
24          total required State contribution for State fiscal year 2007 is  
25          \$738,014,500.

26          For each of State fiscal years 2008 through 2009, the State

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

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

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

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

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

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

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

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

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

24 (i) for each of fiscal years 2018, 2019, and 2020, the  
25 defined benefit normal cost of the defined benefit plan,  
26 less the employee contribution, for each employee of that

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

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

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

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

25 The contributions required under this subsection (b-4)  
26 shall be paid by an employer concurrently with that employer's

1 payroll payment period. The State, as the actual employer of an  
2 employee, shall make the required contributions under this  
3 subsection.

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

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

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

1 service, in addition to employee contributions, as determined  
2 by the System. Such employer contributions shall be forwarded  
3 monthly in accordance with guidelines established by the  
4 System.

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

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

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

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

26 The school district or other employing unit may pay these



1 employer contributions out of any source of funding available  
2 for that purpose and shall forward the contributions to the  
3 System on the schedule established for the payment of member  
4 contributions.

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

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 is the responsibility of  
17 the teacher and not the teacher's employer, unless the employer  
18 agrees, through collective bargaining or otherwise, to make the  
19 contribution on behalf of the teacher.

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

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

6 (f) ~~If For school years beginning on or after June 1, 2005~~  
7 ~~and before July 1, 2018 and for salary paid to a teacher under~~  
8 ~~a contract or collective bargaining agreement entered into,~~  
9 ~~amended, or renewed before the effective date of this~~  
10 ~~amendatory Act of the 100th General Assembly, if the amount of~~  
11 a teacher's salary for any school year used to determine final  
12 average salary exceeds the member's annual full-time salary  
13 rate with the same employer for the previous school year by  
14 more than 6%, the teacher's employer shall pay to the System,  
15 in addition to all other payments required under this Section  
16 and in accordance with guidelines established by the System,  
17 the present value of the increase in benefits resulting from  
18 the portion of the increase in salary that is in excess of 6%.  
19 This present value shall be computed by the System on the basis  
20 of the actuarial assumptions and tables used in the most recent  
21 actuarial valuation of the System that is available at the time  
22 of the computation. If a teacher's salary for the 2005-2006  
23 school year is used to determine final average salary under  
24 this subsection (f), then the changes made to this subsection  
25 (f) by Public Act 94-1057 shall apply in calculating whether  
26 the 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) (Blank). ~~For school years beginning on or after July~~  
7 ~~1, 2018 and for salary paid to a teacher under a contract or~~  
8 ~~collective bargaining agreement entered into, amended, or~~  
9 ~~renewed on or after the effective date of this amendatory Act~~  
10 ~~of the 100th General Assembly, if the amount of a teacher's~~  
11 ~~salary for any school year used to determine final average~~  
12 ~~salary exceeds the member's annual full-time salary rate with~~  
13 ~~the same employer for the previous school year by more than 3%,~~  
14 ~~then the teacher's employer shall pay to the System, in~~  
15 ~~addition to all other payments required under this Section and~~  
16 ~~in accordance with guidelines established by the System, the~~  
17 ~~present value of the increase in benefits resulting from the~~  
18 ~~portion of the increase in salary that is in excess of 3%. This~~  
19 ~~present value shall be computed by the System on the basis of~~  
20 ~~the actuarial assumptions and tables used in the most recent~~  
21 ~~actuarial valuation of the System that is available at the time~~  
22 ~~of the computation. The System may require the employer to~~  
23 ~~provide any pertinent information or documentation.~~

24 ~~Whenever it determines that a payment is or may be required~~  
25 ~~under this subsection (f-1), the System shall calculate the~~  
26 ~~amount of the payment and bill the employer for that amount.~~

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

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

21 (g) This subsection (g) applies only to payments made or  
22 salary increases given on or after June 1, 2005 but before July  
23 1, 2011. The changes made by Public Act 94-1057 shall not  
24 require the System to refund any payments received before July  
25 31, 2006 (the effective date of Public Act 94-1057).

26 When assessing payment for any amount due under subsection

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

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

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

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude a salary increase resulting from  
20 a promotion (i) for which the employee is required to hold a  
21 certificate or supervisory endorsement issued by the State  
22 Teacher Certification Board that is a different certification  
23 or supervisory endorsement than is required for the teacher's  
24 previous position and (ii) to a position that has existed and  
25 been filled by a member for no less than one complete academic  
26 year and the salary increase from the promotion is an increase

1 that results in an amount no greater than the lesser of the  
2 average salary paid for other similar positions in the district  
3 requiring the same certification or the amount stipulated in  
4 the collective bargaining agreement for a similar position  
5 requiring the same certification.

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

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

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

25 (1) The number of recalculations required by the  
26 changes made to this Section by Public Act 94-1057 for each

1 employer.

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

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

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

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



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

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

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

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

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

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

9 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;  
10 100-587, eff. 6-4-18.)

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.