

1 AN ACT in relation to pensions.

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

4 Section 5. The State Finance Act is amended by changing
5 Sections 8.12, 8a, and 14.1 and adding Section 6z-61 as
6 follows:

7 (30 ILCS 105/6z-61 new)

8 Sec. 6z-61. Transfers from Pension Contribution Fund.

9 (a) As soon as practicable after the effective date of this
10 amendatory Act of the 93rd General Assembly, the State
11 Comptroller shall direct and the State Treasurer shall transfer
12 from the Pension Contribution Fund to the Teachers' Retirement
13 System of Illinois an amount equal to the unexpended balance of
14 the fiscal year 2004 appropriations to the System from the
15 General Revenue Fund, the Education Assistance Fund, the Common
16 School Fund, and the State Pensions Fund so that the amount
17 received by the System in fiscal year 2004 is equal to the
18 fiscal year 2004 certified contribution amount for the System
19 as determined under Section 16-158 of the Illinois Pension
20 Code.

21 (b) As soon as practicable after the effective date of this
22 amendatory Act of the 93rd General Assembly, the State
23 Comptroller shall direct and the State Treasurer shall transfer
24 from the Pension Contribution Fund to the State Universities
25 Retirement System an amount equal to the unexpended balance of
26 the fiscal year 2004 appropriations to the System from the
27 General Revenue Fund, the Education Assistance Fund, and the
28 State Pensions Fund so that the amount received by the System
29 in fiscal year 2004 is equal to the fiscal year 2004 certified
30 contribution amount for the System as determined under Section
31 15-165 of the Illinois Pension Code.

32 (c) As soon as practicable after the effective date of this

1 amendatory Act of the 93rd General Assembly, the State
2 Comptroller shall direct and the State Treasurer shall transfer
3 from the Pension Contribution Fund to the Judges Retirement
4 System of Illinois an amount equal to the unexpended balance of
5 the fiscal year 2004 appropriations to the System from the
6 General Revenue Fund and the State Pensions Fund so that the
7 amount received by the System in fiscal year 2004 is equal to
8 the fiscal year 2004 certified contribution amount for the
9 System as determined under Section 18-140 of the Illinois
10 Pension Code.

11 (d) As soon as practicable after the effective date of this
12 amendatory Act of the 93rd General Assembly, the State
13 Comptroller shall direct and the State Treasurer shall transfer
14 from the Pension Contribution Fund to the General Assembly
15 Retirement System an amount equal to the unexpended balance of
16 the fiscal year 2004 appropriations to the System from the
17 General Revenue Fund and the State Pensions Fund so that the
18 amount received by the System in fiscal year 2004 is equal to
19 the fiscal year 2004 certified contribution amount for the
20 System as determined under Section 2-134 of the Illinois
21 Pension Code.

22 (e) As soon as practicable after the effective date of this
23 amendatory Act of the 93rd General Assembly, and taking into
24 consideration the transfers provided for by subsections (a),
25 (b), (c), and (d), the State Comptroller shall direct and the
26 State Treasurer shall transfer the remaining balance in the
27 Pension Contribution Fund to the State Employees' Retirement
28 System of Illinois.

29 (30 ILCS 105/8.12) (from Ch. 127, par. 144.12)

30 Sec. 8.12. State Pensions Fund.

31 (a) The moneys in the State Pensions Fund shall be used
32 exclusively for the administration of the Uniform Disposition
33 of Unclaimed Property Act and for the payment of or repayment
34 to the General Revenue Fund a portion of the required State
35 contributions to the designated retirement systems.

1 "Designated retirement systems" means:

2 (1) the State Employees' Retirement System of
3 Illinois;

4 (2) the Teachers' Retirement System of the State of
5 Illinois;

6 (3) the State Universities Retirement System;

7 (4) the Judges Retirement System of Illinois; and

8 (5) the General Assembly Retirement System.

9 (b) Each year the General Assembly may make appropriations
10 from the State Pensions Fund for the administration of the
11 Uniform Disposition of Unclaimed Property Act.

12 Each month, the Commissioner of the Office of Banks and
13 Real Estate shall certify to the State Treasurer the actual
14 expenditures that the Office of Banks and Real Estate incurred
15 conducting unclaimed property examinations under the Uniform
16 Disposition of Unclaimed Property Act during the immediately
17 preceding month. Within a reasonable time following the
18 acceptance of such certification by the State Treasurer, the
19 State Treasurer shall pay from its appropriation from the State
20 Pensions Fund to the Bank and Trust Company Fund and the
21 Savings and Residential Finance Regulatory Fund an amount equal
22 to the expenditures incurred by each Fund for that month.

23 Each month, the Director of Financial Institutions shall
24 certify to the State Treasurer the actual expenditures that the
25 Department of Financial Institutions incurred conducting
26 unclaimed property examinations under the Uniform Disposition
27 of Unclaimed Property Act during the immediately preceding
28 month. Within a reasonable time following the acceptance of
29 such certification by the State Treasurer, the State Treasurer
30 shall pay from its appropriation from the State Pensions Fund
31 to the Financial Institutions Fund and the Credit Union Fund an
32 amount equal to the expenditures incurred by each Fund for that
33 month.

34 (c) Each year the General Assembly shall appropriate a
35 total amount equal to the balance in the State Pensions Fund at
36 the close of business on June 30 of the preceding fiscal year,

1 less \$5,000,000, as part of the required State contributions to
2 the designated retirement systems. The amount of the
3 appropriation to each designated retirement system shall
4 constitute a portion of the total appropriation under this
5 subsection for that fiscal year which is the same as that
6 retirement system's portion of the total actuarial reserve
7 deficiency of the systems, as most recently determined by the
8 Governor's Office of Management and Budget Bureau of the
9 Budget.

10 (d) The Governor's Office of Management and Budget Bureau
11 of the Budget shall determine the individual and total reserve
12 deficiencies of the designated retirement systems. For this
13 purpose, the Governor's Office of Management and Budget Bureau
14 of the Budget shall utilize the latest available audit and
15 actuarial reports of each of the retirement systems and the
16 relevant reports and statistics of the Public Employee Pension
17 Fund Division of the Department of Insurance.

18 (d-1) As soon as practicable after the effective date of
19 this amendatory Act of the 93rd General Assembly, the
20 Comptroller shall direct and the Treasurer shall transfer from
21 the State Pensions Fund to the General Revenue Fund, as funds
22 become available, a sum equal to the amounts that would have
23 been paid from the State Pensions Fund to the Teachers'
24 Retirement System of the State of Illinois, the State
25 Universities Retirement System, the Judges Retirement System
26 of Illinois, the General Assembly Retirement System, and the
27 State Employees' Retirement System of Illinois after the
28 effective date of this amendatory Act during the remainder of
29 fiscal year 2004 to the designated retirement systems from the
30 appropriations provided for in this Section if the transfers
31 provided in Section 6z-61 had not occurred. The transfers
32 described in this subsection (d-1) are to partially repay the
33 General Revenue Fund for the costs associated with the bonds
34 used to fund the moneys transferred to the designated
35 retirement systems under Section 6z-61.

36 (e) The changes to this Section made by this amendatory Act

1 of 1994 shall first apply to distributions from the Fund for
2 State fiscal year 1996.

3 (Source: P.A. 91-16, eff. 7-1-99; revised 8-23-03.)

4 (30 ILCS 105/8a) (from Ch. 127, par. 144a)

5 Sec. 8a. Common School Fund; transfers to Common School
6 Fund and Education Assistance Fund.

7 (a) Except as provided in subsection (b) of this Section
8 and except as otherwise provided in this subsection (a) with
9 respect to amounts transferred from the General Revenue Fund to
10 the Common School Fund for distribution therefrom for the
11 benefit of the Teachers' Retirement System of the State of
12 Illinois and the Public School Teachers' Pension and Retirement
13 Fund of Chicago:

14 (1) With respect to all school districts, for each
15 fiscal year other than fiscal year 1994, on or before the
16 eleventh and twenty-first days of each of the months of
17 August through the following July, at a time or times
18 designated by the Governor, the State Treasurer and the
19 State Comptroller shall transfer from the General Revenue
20 Fund to the Common School Fund and Education Assistance
21 Fund, as appropriate, 1/24 or so much thereof as may be
22 necessary of the amount appropriated to the State Board of
23 Education for distribution to all school districts from
24 such Common School Fund and Education Assistance Fund, for
25 the fiscal year, including interest on the School Fund
26 proportionate for that distribution for such year.

27 (2) With respect to all school districts, but for
28 fiscal year 1994 only, on the 11th day of August, 1993 and
29 on or before the 11th and 21st days of each of the months
30 of October, 1993 through July, 1994 at a time or times
31 designated by the Governor, the State Treasurer and the
32 State Comptroller shall transfer from the General Revenue
33 Fund to the Common School Fund 1/24 or so much thereof as
34 may be necessary of the amount appropriated to the State
35 Board of Education for distribution to all school districts

1 from such Common School Fund, for fiscal year 1994,
2 including interest on the School Fund proportionate for
3 that distribution for such year; and on or before the 21st
4 day of August, 1993 at a time or times designated by the
5 Governor, the State Treasurer and the State Comptroller
6 shall transfer from the General Revenue Fund to the Common
7 School Fund 3/24 or so much thereof as may be necessary of
8 the amount appropriated to the State Board of Education for
9 distribution to all school districts from the Common School
10 Fund, for fiscal year 1994, including interest
11 proportionate for that distribution on the School Fund for
12 such fiscal year.

13 The amounts of the payments made in July of each year: (i)
14 shall be considered an outstanding liability as of the 30th day
15 of June immediately preceding those July payments, within the
16 meaning of Section 25 of this Act; (ii) shall be payable from
17 the appropriation for the fiscal year that ended on that 30th
18 day of June; and (iii) shall be considered payments for claims
19 covering the school year that commenced during the immediately
20 preceding calendar year.

21 Notwithstanding the foregoing provisions of this
22 subsection, as soon as may be after the 10th and 20th days of
23 each of the months of August through May, 1/24, and on or as
24 soon as may be after the 10th and 20th days of June, 1/12 of the
25 annual amount appropriated to the State Board of Education for
26 distribution and payment during that fiscal year from the
27 Common School Fund to and for the benefit of the Teachers'
28 Retirement System of the State of Illinois (until the end of
29 State fiscal year 1995) and the Public School Teachers' Pension
30 and Retirement Fund of Chicago as provided by the Illinois
31 Pension Code and Section 18-7 of the School Code, or so much
32 thereof as may be necessary, shall be transferred by the State
33 Treasurer and the State Comptroller from the General Revenue
34 Fund to the Common School Fund to permit semi-monthly payments
35 from the Common School Fund to and for the benefit of such
36 teacher retirement systems as required by Section 18-7 of the

1 School Code.

2 Notwithstanding the other provisions of this Section, on or
3 as soon as may be after the 15th day of each month, beginning
4 in July of 1995, 1/12 of the annual amount appropriated for
5 that fiscal year from the Common School Fund to the Teachers'
6 Retirement System of the State of Illinois (other than amounts
7 appropriated under Section 1.1 of the State Pension Funds
8 Continuing Appropriation Act), or so much thereof as may be
9 necessary, shall be transferred by the State Treasurer and the
10 State Comptroller from the General Revenue Fund to the Common
11 School Fund to permit monthly payments from the Common School
12 Fund to that retirement system in accordance with Section
13 16-158 of the Illinois Pension Code and Section 18-7 of the
14 School Code, except that such transfers in fiscal year 2004
15 from the General Revenue Fund to the Common School Fund for the
16 benefit of the Teachers' Retirement System of the State of
17 Illinois shall be reduced in the aggregate by the State
18 Comptroller and State Treasurer to adjust for the amount
19 transferred to the Teachers' Retirement System of the State of
20 Illinois pursuant to subsection (a) of Section 6z-61. Amounts
21 appropriated to the Teachers' Retirement System of the State of
22 Illinois under Section 1.1 of the State Pension Funds
23 Continuing Appropriation Act shall be transferred by the State
24 Treasurer and the State Comptroller from the General Revenue
25 Fund to the Common School Fund as necessary to provide for the
26 payment of vouchers drawn against those appropriations.

27 The Governor may notify the State Treasurer and the State
28 Comptroller to transfer, at a time designated by the Governor,
29 such additional amount as may be necessary to effect advance
30 distribution to school districts of amounts that otherwise
31 would be payable in the next month pursuant to Sections 18-8
32 through 18-10 of the School Code. The State Treasurer and the
33 State Comptroller shall thereupon transfer such additional
34 amount. The aggregate amount transferred from the General
35 Revenue Fund to the Common School Fund in the eleven months
36 beginning August 1 of any fiscal year shall not be in excess of

1 the amount necessary for payment of claims certified by the
2 State Superintendent of Education pursuant to the
3 appropriation of the Common School Fund for that fiscal year.
4 Notwithstanding the provisions of the first paragraph in this
5 section, no transfer to effect an advance distribution shall be
6 made in any month except on notification, as provided above, by
7 the Governor.

8 The State Comptroller and State Treasurer shall transfer
9 from the General Revenue Fund to the Common School Fund and the
10 Education Assistance Fund such amounts as may be required to
11 honor the vouchers presented by the State Board of Education
12 pursuant to Sections 18-3, 18-4.3, 18-5, 18-6 and 18-7 of the
13 School Code.

14 The State Comptroller shall report all transfers provided
15 for in this Act to the President of the Senate, Minority Leader
16 of the Senate, Speaker of the House, and Minority Leader of the
17 House.

18 (b) On or before the 11th and 21st days of each of the
19 months of June, 1982 through July, 1983, at a time or times
20 designated by the Governor, the State Treasurer and the State
21 Comptroller shall transfer from the General Revenue Fund to the
22 Common School Fund 1/24 or so much thereof as may be necessary
23 of the amount appropriated to the State Board of Education for
24 distribution from such Common School Fund, for that same fiscal
25 year, including interest on the School Fund for such year. The
26 amounts of the payments in the months of July, 1982 and July,
27 1983 shall be considered an outstanding liability as of the
28 30th day of June immediately preceding such July payment,
29 within the meaning of Section 25 of this Act, and shall be
30 payable from the appropriation for the fiscal year which ended
31 on such 30th day of June, and such July payments shall be
32 considered payments for claims covering school years 1981-1982
33 and 1982-1983 respectively.

34 In the event the Governor makes notification to effect
35 advanced distribution under the provisions of subsection (a) of
36 this Section, the aggregate amount transferred from the General

1 Revenue Fund to the Common School Fund in the 12 months
2 beginning August 1, 1981 or the 12 months beginning August 1,
3 1982 shall not be in excess of the amount necessary for payment
4 of claims certified by the State Superintendent of Education
5 pursuant to the appropriation of the Common School Fund for the
6 fiscal years commencing on the first of July of the years 1981
7 and 1982.

8 (Source: P.A. 90-372, eff. 7-1-98; 90-587, eff. 7-1-98; 91-96,
9 eff. 7-9-99.)

10 (30 ILCS 105/14.1) (from Ch. 127, par. 150.1)

11 Sec. 14.1. Appropriations for State contributions to the
12 State Employees' Retirement System; payroll requirements.

13 (a) Appropriations for State contributions to the State
14 Employees' Retirement System of Illinois shall be expended in
15 the manner provided in this Section. Except as otherwise
16 provided in subsection (a-1), at the time of each payment of
17 salary to an employee under the personal services line item,
18 payment shall be made to the State Employees' Retirement
19 System, from the amount appropriated for State contributions to
20 the State Employees' Retirement System, of an amount calculated
21 at the rate certified for the applicable fiscal year by the
22 Board of Trustees of the State Employees' Retirement System
23 under Section 14-135.08 of the Illinois Pension Code. If a line
24 item appropriation to an employer for this purpose is
25 unavailable or exhausted, the amounts shall be paid under the
26 continuing appropriation for this purpose contained in the
27 State Pension Funds Continuing Appropriation Act.

28 (a-1) Beginning on the effective date of this amendatory
29 Act of the 93rd General Assembly through the payment of the
30 final payroll from fiscal year 2004 appropriations,
31 appropriations for State contributions to the State Employees'
32 Retirement System of Illinois shall be expended in the manner
33 provided in this subsection (a-1). At the time of each payment
34 of salary to an employee under the personal services line item
35 from a fund other than the General Revenue Fund, payment shall

1 be made for deposit into the General Revenue Fund from the
2 amount appropriated for State contributions to the State
3 Employees' Retirement System of an amount calculated at the
4 rate certified for fiscal year 2004 by the Board of Trustees of
5 the State Employees' Retirement System under Section 14-135.08
6 of the Illinois Pension Code. This payment shall be made to the
7 extent that a line item appropriation to an employer for this
8 purpose is available or unexhausted. No payment from
9 appropriations for State contributions shall be made in
10 conjunction with payment of salary to an employee under the
11 personal services line item from the General Revenue Fund.

12 (b) Except during the period beginning on the effective
13 date of this amendatory Act of the 93rd General Assembly and
14 ending at the time of the payment of the final payroll from
15 fiscal year 2004 appropriations, the State Comptroller shall
16 not approve for payment any payroll voucher that (1) includes
17 payments of salary to eligible employees in the State
18 Employees' Retirement System of Illinois and (2) does not
19 include the corresponding payment of State contributions to
20 that retirement system at the full rate certified under Section
21 14-135.08 for that fiscal year for eligible employees, unless
22 the balance in the fund on which the payroll voucher is drawn
23 is insufficient to pay the total payroll voucher. If the State
24 Comptroller approves a payroll voucher under this Section for
25 which the fund balance is insufficient to pay the full amount
26 of the required State contribution to the State Employees'
27 Retirement System, the Comptroller shall promptly so notify the
28 Retirement System.

29 (Source: P.A. 88-593, eff. 8-22-94; 89-136, eff. 7-14-95.)

30 Section 10. The General Obligation Bond Act is amended by
31 changing Section 7.2 as follows:

32 (30 ILCS 330/7.2)

33 Sec. 7.2. State pension funding.

34 (a) The amount of \$10,000,000,000 is authorized to be used

1 for the purpose of making contributions to the designated
2 retirement systems. For the purposes of this Section,
3 "designated retirement systems" means the State Employees'
4 Retirement System of Illinois; the Teachers' Retirement System
5 of the State of Illinois; the State Universities Retirement
6 System; the Judges Retirement System of Illinois; and the
7 General Assembly Retirement System.

8 (b) The Pension Contribution Fund is created as a special
9 fund in the State Treasury.

10 The proceeds of the additional \$10,000,000,000 of Bonds
11 authorized by this amendatory Act of the 93rd General Assembly,
12 less the amounts authorized in the Bond Sale Order to be
13 deposited directly into the capitalized interest account of the
14 General Obligation Bond Retirement and Interest Fund or
15 otherwise directly paid out for bond sale expenses under
16 Section 8, shall be deposited into the Pension Contribution
17 Fund and used as provided in this Section.

18 (c) Of the amount of Bond proceeds first deposited into the
19 Pension Contribution Fund, there shall be reserved for
20 transfers under this subsection the sum of \$300,000,000,
21 representing the required State contributions to the
22 designated retirement systems for the last quarter of State
23 fiscal year 2003, plus the sum of \$1,860,000,000, representing
24 the required State contributions to the designated retirement
25 systems for State fiscal year 2004.

26 Upon the deposit of sufficient moneys into the Pension
27 Contribution Fund, the Comptroller and Treasurer shall
28 immediately transfer the sum of \$300,000,000 from the Pension
29 Contribution Fund to the General Revenue Fund.

30 Whenever any payment of required State contributions for
31 State fiscal year 2004 is made to one of the designated
32 retirement systems, the Comptroller and Treasurer shall, as
33 soon as practicable, transfer from the Pension Contribution
34 Fund to the General Revenue Fund an amount equal to the amount
35 of that payment to the designated retirement system. Beginning
36 on the effective date of this amendatory Act of the 93rd

1 General Assembly, the transfers from the Pension Contribution
2 Fund to the General Revenue Fund shall be suspended until June
3 30, 2004, and the remaining balance in the Pension Contribution
4 Fund shall be transferred directly to the designated retirement
5 systems as provided in Section 6z-61 of the State Finance Act.
6 On and after July 1, 2004, in the event that any amount is on
7 deposit in the Pension Contribution Fund from time to time ~~if~~
8 ~~the amount reserved for these transfers exceeds the total~~
9 ~~amount of fiscal year 2004 payments of required State~~
10 ~~contributions to the designated retirement systems, the~~
11 Comptroller and Treasurer shall continue to make such transfers
12 based on fiscal year 2005 payments until the entire amount on
13 deposit ~~reserved~~ has been transferred.

14 (d) All amounts deposited into the Pension Contribution
15 Fund, other than the amounts reserved for the transfers under
16 subsection (c), shall be appropriated to the designated
17 retirement systems to reduce their actuarial reserve
18 deficiencies. The amount of the appropriation to each
19 designated retirement system shall constitute a portion of the
20 total appropriation under this subsection that is the same as
21 that retirement system's portion of the total actuarial reserve
22 deficiency of the systems, as most recently determined by the
23 Governor's Office of Management and Budget ~~Bureau of the Budget~~
24 under Section 8.12 of the State Finance Act.

25 Within 15 days after any Bond proceeds in excess of the
26 amounts initially reserved under subsection (c) are deposited
27 into the Pension Contribution Fund, the Governor's Office of
28 Management and Budget ~~Bureau of the Budget~~ shall (i) allocate
29 those proceeds among the designated retirement systems in
30 proportion to their respective actuarial reserve deficiencies,
31 as most recently determined under Section 8.12 of the State
32 Finance Act, and (ii) certify those allocations to the
33 designated retirement systems and the Comptroller.

34 Upon receiving certification of an allocation under this
35 subsection, a designated retirement system shall submit to the
36 Comptroller a voucher for the amount of its allocation. The

1 voucher shall be paid out of the amount appropriated to that
2 designated retirement system from the Pension Contribution
3 Fund pursuant to this subsection.

4 (Source: P.A. 93-2, eff. 4-7-03; revised 8-23-03.)

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

8 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

9 Sec. 2-134. To certify required State contributions and
10 submit vouchers.

11 (a) The Board shall certify to the Governor on or before
12 November 15 of each year the amount of the required State
13 contribution to the System for the next fiscal year. The
14 certification shall include a copy of the actuarial
15 recommendations upon which it is based.

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

22 (b) Beginning in State fiscal year 1996, on or as soon as
23 possible after the 15th day of each month the Board shall
24 submit vouchers for payment of State contributions to the
25 System, in a total monthly amount of one-twelfth of the
26 required annual State contribution certified under subsection
27 (a). From the effective date of this amendatory Act of the 93rd
28 General Assembly through June 30, 2004, the Board shall not
29 submit vouchers for the remainder of fiscal year 2004 in excess
30 of the fiscal year 2004 certified contribution amount
31 determined under this Section after taking into consideration
32 the transfer to the System under subsection (d) of Section
33 6z-61 of the State Finance Act. These vouchers shall be paid by
34 the State Comptroller and Treasurer by warrants drawn on the

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

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

18 (Source: P.A. 93-2, eff. 4-7-03.)

19 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

20 Sec. 14-131. Contributions by State.

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

28 For the purposes of this Section and Section 14-135.08,
29 references to State contributions refer only to employer
30 contributions and do not include employee contributions that
31 are picked up or otherwise paid by the State or a department on
32 behalf of the employee.

33 (b) The Board shall determine the total amount of State
34 contributions required for each fiscal year on the basis of the
35 actuarial tables and other assumptions adopted by the Board,

1 using the formula in subsection (e).

2 The Board shall also determine a State contribution rate
3 for each fiscal year, expressed as a percentage of payroll,
4 based on the total required State contribution for that fiscal
5 year (less the amount received by the System from
6 appropriations under Section 8.12 of the State Finance Act and
7 Section 1 of the State Pension Funds Continuing Appropriation
8 Act, if any, for the fiscal year ending on the June 30
9 immediately preceding the applicable November 15 certification
10 deadline), the estimated payroll (including all forms of
11 compensation) for personal services rendered by eligible
12 employees, and the recommendations of the actuary.

13 For the purposes of this Section and Section 14.1 of the
14 State Finance Act, the term "eligible employees" includes
15 employees who participate in the System, persons who may elect
16 to participate in the System but have not so elected, persons
17 who are serving a qualifying period that is required for
18 participation, and annuitants employed by a department as
19 described in subdivision (a) (1) or (a) (2) of Section 14-111.

20 (c) Contributions shall be made by the several departments
21 for each pay period by warrants drawn by the State Comptroller
22 against their respective funds or appropriations based upon
23 vouchers stating the amount to be so contributed. These amounts
24 shall be based on the full rate certified by the Board under
25 Section 14-135.08 for that fiscal year. From the effective date
26 of this amendatory Act of the 93rd General Assembly through the
27 payment of the final payroll from fiscal year 2004
28 appropriations, the several departments shall not make
29 contributions for the remainder of fiscal year 2004 but shall
30 instead make payments as required under subsection (a-1) of
31 Section 14.1 of the State Finance Act. The several departments
32 shall resume those contributions at the commencement of fiscal
33 year 2005.

34 (d) If an employee is paid from trust funds or federal
35 funds, the department or other employer shall pay employer
36 contributions from those funds to the System at the certified

1 rate, unless the terms of the trust or the federal-State
2 agreement preclude the use of the funds for that purpose, in
3 which case the required employer contributions shall be paid by
4 the State. From the effective date of this amendatory Act of
5 the 93rd General Assembly through the payment of the final
6 payroll from fiscal year 2004 appropriations, the department or
7 other employer shall not pay contributions for the remainder of
8 fiscal year 2004 but shall instead make payments as required
9 under subsection (a-1) of Section 14.1 of the State Finance
10 Act. The department or other employer shall resume payment of
11 contributions at the commencement of fiscal year 2005.

12 (e) For State fiscal years 2011 through 2045, the minimum
13 contribution to the System to be made by the State for each
14 fiscal year shall be an amount determined by the System to be
15 sufficient to bring the total assets of the System up to 90% of
16 the total actuarial liabilities of the System by the end of
17 State fiscal year 2045. In making these determinations, the
18 required State contribution shall be calculated each year as a
19 level percentage of payroll over the years remaining to and
20 including fiscal year 2045 and shall be determined under the
21 projected unit credit actuarial cost method.

22 For State fiscal years 1996 through 2010, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 so that by State fiscal year 2011, the State is contributing at
26 the rate required under this Section; except that (i) for State
27 fiscal year 1998, for all purposes of this Code and any other
28 law of this State, the certified percentage of the applicable
29 employee payroll shall be 5.052% for employees earning eligible
30 creditable service under Section 14-110 and 6.500% for all
31 other employees, notwithstanding any contrary certification
32 made under Section 14-135.08 before the effective date of this
33 amendatory Act of 1997, and (ii) in the following specified
34 State fiscal years, the State contribution to the System shall
35 not be less than the following indicated percentages of the
36 applicable employee payroll, even if the indicated percentage

1 will produce a State contribution in excess of the amount
2 otherwise required under this subsection and subsection (a):
3 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
4 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and each
11 fiscal year thereafter, as calculated under this Section and
12 certified under Section 14-135.08, shall not exceed an amount
13 equal to (i) the amount of the required State contribution that
14 would have been calculated under this Section for that fiscal
15 year if the System had not received any payments under
16 subsection (d) of Section 7.2 of the General Obligation Bond
17 Act, minus (ii) the portion of the State's total debt service
18 payments for that fiscal year on the bonds issued for the
19 purposes of that Section 7.2, as determined and certified by
20 the Comptroller, that is the same as the System's portion of
21 the total moneys distributed under subsection (d) of Section
22 7.2 of the General Obligation Bond Act.

23 (f) After the submission of all payments for eligible
24 employees from personal services line items in fiscal year 2004
25 have been made, the Comptroller shall provide to the System a
26 certification of the sum of all fiscal year 2004 expenditures
27 for personal services that would have been covered by payments
28 to the System under this Section if the provisions of this
29 amendatory Act of the 93rd General Assembly had not been
30 enacted. Upon receipt of the certification, the System shall
31 determine the amount due to the System based on the full rate
32 certified by the Board under Section 14-135.08 for fiscal year
33 2004 in order to meet the State's obligation under this
34 Section. The System shall compare this amount due to the amount
35 received by the System in fiscal year 2004 through payments
36 under this Section and under Section 6z-61 of the State Finance

1 Act. If the amount due is more than the amount received, the
2 difference shall be termed the "Fiscal Year 2004 Shortfall" for
3 purposes of this Section, and the Fiscal Year 2004 Shortfall
4 shall be satisfied under Section 1.2 of the State Pension Funds
5 Continuing Appropriation Act. If the amount due is less than
6 the amount received, the difference shall be termed the "Fiscal
7 Year 2004 Overpayment" for purposes of this Section, and the
8 Fiscal Year 2004 Overpayment shall be repaid by the System to
9 the Pension Contribution Fund as soon as practicable after the
10 certification.

11 (Source: P.A. 93-2, eff. 4-7-03.)

12 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

13 Sec. 16-158. Contributions by State and other employing
14 units.

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

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

27 (a-1) Annually, on or before November 15, the Board shall
28 certify to the Governor the amount of the required State
29 contribution for the coming fiscal year. The certification
30 shall include a copy of the actuarial recommendations upon
31 which it is based.

32 On or before May 1, 2004, the Board shall recalculate and
33 recertify to the Governor the amount of the required State
34 contribution to the System for State fiscal year 2005, taking
35 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

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

6 (b-1) Beginning in State fiscal year 1996, on the 15th day
7 of each month, or as soon thereafter as may be practicable, the
8 Board shall submit vouchers for payment of State contributions
9 to the System, in a total monthly amount of one-twelfth of the
10 required annual State contribution certified under subsection
11 (a-1). From the effective date of this amendatory Act of the
12 93rd General Assembly through June 30, 2004, the Board shall
13 not submit vouchers for the remainder of fiscal year 2004 in
14 excess of the fiscal year 2004 certified contribution amount
15 determined under this Section after taking into consideration
16 the transfer to the System under subsection (a) of Section
17 6z-61 of the State Finance Act. These vouchers shall be paid by
18 the State Comptroller and Treasurer by warrants drawn on the
19 funds appropriated to the System for that fiscal year.

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

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

32 (b-3) For State fiscal years 2011 through 2045, the minimum
33 contribution to the System to be made by the State for each
34 fiscal year shall be an amount determined by the System to be
35 sufficient to bring the total assets of the System up to 90% of
36 the total actuarial liabilities of the System by the end of

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

6 For State fiscal years 1996 through 2010, the State
7 contribution to the System, as a percentage of the applicable
8 employee payroll, shall be increased in equal annual increments
9 so that by State fiscal year 2011, the State is contributing at
10 the rate required under this Section; except that in the
11 following specified State fiscal years, the State contribution
12 to the System shall not be less than the following indicated
13 percentages of the applicable employee payroll, even if the
14 indicated percentage will produce a State contribution in
15 excess of the amount otherwise required under this subsection
16 and subsection (a), and notwithstanding any contrary
17 certification made under subsection (a-1) before the effective
18 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
19 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
20 2003; and 13.56% in FY 2004.

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

25 Notwithstanding any other provision of this Section, the
26 required State contribution for State fiscal year 2005 and each
27 fiscal year thereafter, as calculated under this Section and
28 certified under subsection (a-1), shall not exceed an amount
29 equal to (i) the amount of the required State contribution that
30 would have been calculated under this Section for that fiscal
31 year if the System had not received any payments under
32 subsection (d) of Section 7.2 of the General Obligation Bond
33 Act, minus (ii) the portion of the State's total debt service
34 payments for that fiscal year on the bonds issued for the
35 purposes of that Section 7.2, as determined and certified by
36 the Comptroller, that is the same as the System's portion of

1 the total moneys distributed under subsection (d) of Section
2 7.2 of the General Obligation Bond Act.

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

8 If members are paid from special trust or federal funds
9 which are administered by the employing unit, whether school
10 district or other unit, the employing unit shall pay to the
11 System from such funds the full accruing retirement costs based
12 upon that service, as determined by the System. Employer
13 contributions, based on salary paid to members from federal
14 funds, may be forwarded by the distributing agency of the State
15 of Illinois to the System prior to allocation, in an amount
16 determined in accordance with guidelines established by such
17 agency and the System.

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

25 However, with respect to benefits granted under Section
26 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
27 of Section 16-106, the employer's contribution shall be 12%
28 (rather than 20%) of the member's highest annual salary rate
29 for each year of creditable service granted, and the employer
30 shall also pay the required employee contribution on behalf of
31 the teacher. For the purposes of Sections 16-133.4 and
32 16-133.5, a teacher as defined in paragraph (8) of Section
33 16-106 who is serving in that capacity while on leave of
34 absence from another employer under this Article shall not be
35 considered an employee of the employer from which the teacher
36 is on leave.

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

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

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

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

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

18 Each employer of teachers is entitled to a credit against
19 the contributions required under this subsection (e) with
20 respect to salaries paid to teachers for the period January 1,
21 2002 through June 30, 2003, equal to the amount paid by that
22 employer under subsection (a-5) of Section 6.6 of the State
23 Employees Group Insurance Act of 1971 with respect to salaries
24 paid to teachers for that period.

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

30 If an employer is required by a contract in effect on May
31 1, 1998 between the employer and an employee organization to
32 pay, on behalf of all its full-time employees covered by this
33 Article, all mandatory employee contributions required under
34 this Article, then the employer shall be excused from paying
35 the employer contribution required under this subsection (e)
36 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 (Source: P.A. 92-505, eff. 12-20-01; 93-2, eff. 4-7-03.)

7 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)
8 Sec. 15-165. To certify amounts and submit vouchers.

9 (a) The Board shall certify to the Governor on or before
10 November 15 of each year the appropriation required from State
11 funds for the purposes of this System for the following fiscal
12 year. The certification shall include a copy of the actuarial
13 recommendations upon which it is based.

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

20 (b) The Board shall certify to the State Comptroller or
21 employer, as the case may be, from time to time, by its
22 president and secretary, with its seal attached, the amounts
23 payable to the System from the various funds.

24 (c) Beginning in State fiscal year 1996, on or as soon as
25 possible after the 15th day of each month the Board shall
26 submit vouchers for payment of State contributions to the
27 System, in a total monthly amount of one-twelfth of the
28 required annual State contribution certified under subsection
29 (a). From the effective date of this amendatory Act of the 93rd
30 General Assembly through June 30, 2004, the Board shall not
31 submit vouchers for the remainder of fiscal year 2004 in excess
32 of the fiscal year 2004 certified contribution amount
33 determined under this Section after taking into consideration
34 the transfer to the System under subsection (b) of Section
35 6z-61 of the State Finance Act. These vouchers shall be paid by

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

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

12 (d) So long as the payments received are the full amount
13 lawfully vouchered under this Section, payments received by the
14 System under this Section shall be applied first toward the
15 employer contribution to the self-managed plan established
16 under Section 15-158.2. Payments shall be applied second toward
17 the employer's portion of the normal costs of the System, as
18 defined in subsection (f) of Section 15-155. The balance shall
19 be applied toward the unfunded actuarial liabilities of the
20 System.

21 (e) In the event that the System does not receive, as a
22 result of legislative enactment or otherwise, payments
23 sufficient to fully fund the employer contribution to the
24 self-managed plan established under Section 15-158.2 and to
25 fully fund that portion of the employer's portion of the normal
26 costs of the System, as calculated in accordance with Section
27 15-155(a-1), then any payments received shall be applied
28 proportionately to the optional retirement program established
29 under Section 15-158.2 and to the employer's portion of the
30 normal costs of the System, as calculated in accordance with
31 Section 15-155(a-1).

32 (Source: P.A. 93-2, eff. 4-7-03.)

33 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

34 Sec. 18-140. To certify required State contributions and
35 submit vouchers.

1 (a) The Board shall certify to the Governor, on or before
2 November 15 of each year, the amount of the required State
3 contribution to the System for the following fiscal year. The
4 certification shall include a copy of the actuarial
5 recommendations upon which it is based.

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

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

26 If in any month the amount remaining unexpended from all
27 other appropriations to the System for the applicable fiscal
28 year (including the appropriations to the System under Section
29 8.12 of the State Finance Act and Section 1 of the State
30 Pension Funds Continuing Appropriation Act) is less than the
31 amount lawfully vouchered under this Section, the difference
32 shall be paid from the General Revenue Fund under the
33 continuing appropriation authority provided in Section 1.1 of
34 the State Pension Funds Continuing Appropriation Act.

35 (Source: P.A. 93-2, eff. 4-7-03.)

1 Section 20. The State Pension Funds Continuing
2 Appropriation Act is amended by changing Section 1.2 as
3 follows:

4 (40 ILCS 15/1.2)

5 Sec. 1.2. Appropriations for the State Employees'
6 Retirement System.

7 (a) From each fund from which an amount is appropriated for
8 personal services to a department or other employer under
9 Article 14 of the Illinois Pension Code, there is hereby
10 appropriated to that department or other employer, on a
11 continuing annual basis for each State fiscal year, an
12 additional amount equal to the amount, if any, by which (1) an
13 amount equal to the percentage of the personal services line
14 item for that department or employer from that fund for that
15 fiscal year that the Board of Trustees of the State Employees'
16 Retirement System of Illinois has certified under Section
17 14-135.08 of the Illinois Pension Code to be necessary to meet
18 the State's obligation under Section 14-131 of the Illinois
19 Pension Code for that fiscal year, exceeds (2) the amounts
20 otherwise appropriated to that department or employer from that
21 fund for State contributions to the State Employees' Retirement
22 System for that fiscal year. From the effective date of this
23 amendatory Act of the 93rd General Assembly through the final
24 payment from a department or employer's personal services line
25 item for fiscal year 2004, payments to the State Employees'
26 Retirement System that otherwise would have been made under
27 this subsection (a) shall be governed by the provisions in
28 subsection (a-1).

29 (a-1) If a Fiscal Year 2004 Shortfall is certified under
30 subsection (f) of Section 14-131 of the Illinois Pension Code,
31 there is hereby appropriated to the State Employees' Retirement
32 System of Illinois on a continuing basis from the General
33 Revenue Fund an additional aggregate amount equal to the Fiscal
34 Year 2004 Shortfall.

35 (b) The continuing appropriations provided for by this

1 Section shall first be available in State fiscal year 1996.

2 (Source: P.A. 88-593, eff. 8-22-94.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.