

1 AN ACT concerning bonds.

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 adding
5 Section 5.595 as follows:

6 (30 ILCS 105/5.595 new)

7 Sec. 5.595. The Pension Contribution Fund.

8 Section 10. The General Obligation Bond Act is amended
9 by changing Sections 2, 8, 12, 13, and 15 and adding Section
10 7.2 as follows:

11 (30 ILCS 330/2) (from Ch. 127, par. 652)

12 Sec. 2. Authorization for Bonds. The State of Illinois
13 is authorized to issue, sell and provide for the retirement
14 of General Obligation Bonds of the State of Illinois for the
15 categories and specific purposes expressed in Sections 2
16 through 8 of this Act, in the total amount of \$27,658,149,369
17 ~~\$17,658,149,369~~ ~~\$16,908,149,369~~ ~~\$16,015,007,500~~.

18 The bonds authorized in this Section 2 and in Section 16
19 of this Act are herein called "Bonds".

20 Of the total amount of Bonds authorized in this Act, up
21 to \$2,200,000,000 in aggregate original principal amount may
22 be issued and sold in accordance with the Baccalaureate
23 Savings Act in the form of General Obligation College Savings
24 Bonds.

25 Of the total amount of Bonds authorized in this Act, up
26 to \$300,000,000 in aggregate original principal amount may be
27 issued and sold in accordance with the Retirement Savings Act
28 in the form of General Obligation Retirement Savings Bonds.

29 Of the total amount of Bonds authorized in this Act, the

1 additional \$10,000,000,000 authorized by this amendatory Act
2 of the 93rd General Assembly shall be used solely as provided
3 in Section 7.2.

4 The issuance and sale of Bonds pursuant to the General
5 Obligation Bond Act is an economical and efficient method of
6 financing the capital and general operating needs of the
7 State. This Act will permit the issuance of a multi-purpose
8 General Obligation Bond with uniform terms and features.
9 This will not only lower the cost of registration but also
10 reduce the overall cost of issuing debt by improving the
11 marketability of Illinois General Obligation Bonds.

12 (Source: P.A. 91-39, eff. 6-15-99; 91-53, eff. 6-30-99;
13 91-710, eff. 5-17-00; 92-13, eff. 6-22-01; 92-596, eff.
14 6-28-02; 92-598, eff. 6-28-02; revised 10-8-02.)

15 (30 ILCS 330/7.2 new)

16 Sec. 7.2. State pension funding.

17 (a) The amount of \$10,000,000,000 is authorized to be
18 used for the purpose of making contributions to the
19 designated retirement systems. For the purposes of this
20 Section, "designated retirement systems" means the State
21 Employees' Retirement System of Illinois; the Teachers'
22 Retirement System of the State of Illinois; the State
23 Universities Retirement System; the Judges Retirement System
24 of Illinois; and the General Assembly Retirement System.

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

27 The proceeds of the additional \$10,000,000,000 of Bonds
28 authorized by this amendatory Act of the 93rd General
29 Assembly, less the amounts authorized in the Bond Sale Order
30 to be deposited directly into the capitalized interest
31 account of the General Obligation Bond Retirement and
32 Interest Fund or otherwise directly paid out for bond sale
33 expenses under Section 8, shall be deposited into the Pension

1 Contribution Fund and used as provided in this Section.

2 (c) Of the amount of Bond proceeds first deposited into
3 the Pension Contribution Fund, there shall be reserved for
4 transfers under this subsection the sum of \$300,000,000,
5 representing the required State contributions to the
6 designated retirement systems for the last quarter of State
7 fiscal year 2003, plus the sum of \$1,860,000,000,
8 representing the required State contributions to the
9 designated retirement systems for State fiscal year 2004.

10 Upon the deposit of sufficient moneys into the Pension
11 Contribution Fund, the Comptroller and Treasurer shall
12 immediately transfer the sum of \$300,000,000 from the Pension
13 Contribution Fund to the General Revenue Fund.

14 Whenever any payment of required State contributions for
15 State fiscal year 2004 is made to one of the designated
16 retirement systems, the Comptroller and Treasurer shall, as
17 soon as practicable, transfer from the Pension Contribution
18 Fund to the General Revenue Fund an amount equal to the
19 amount of that payment to the designated retirement system.
20 If the amount reserved for these transfers exceeds the total
21 amount of fiscal year 2004 payments of required State
22 contributions to the designated retirement systems, the
23 Comptroller and Treasurer shall continue to make such
24 transfers based on fiscal year 2005 payments until the entire
25 amount reserved has been transferred.

26 (d) All amounts deposited into the Pension Contribution
27 Fund, other than the amounts reserved for the transfers under
28 subsection (c), shall be appropriated to the designated
29 retirement systems to reduce their actuarial reserve
30 deficiencies. The amount of the appropriation to each
31 designated retirement system shall constitute a portion of
32 the total appropriation under this subsection that is the
33 same as that retirement system's portion of the total
34 actuarial reserve deficiency of the systems, as most recently

1 determined by the Bureau of the Budget under Section 8.12 of
2 the State Finance Act.

3 Within 15 days after any Bond proceeds in excess of the
4 amounts initially reserved under subsection (c) are deposited
5 into the Pension Contribution Fund, the Bureau of the Budget
6 shall (i) allocate those proceeds among the designated
7 retirement systems in proportion to their respective
8 actuarial reserve deficiencies, as most recently determined
9 under Section 8.12 of the State Finance Act, and (ii) certify
10 those allocations to the designated retirement systems and
11 the Comptroller.

12 Upon receiving certification of an allocation under this
13 subsection, a designated retirement system shall submit to
14 the Comptroller a voucher for the amount of its allocation.
15 The voucher shall be paid out of the amount appropriated to
16 that designated retirement system from the Pension
17 Contribution Fund pursuant to this subsection.

18 (30 ILCS 330/8) (from Ch. 127, par. 658)

19 Sec. 8. Bond sale expenses; capitalized interest.

20 (a) An amount not to exceed 0.5 percent of the principal
21 amount of the proceeds of sale of each bond sale is
22 authorized to be used to pay the reasonable costs of issuance
23 and sale of State of Illinois general obligation bonds
24 authorized and sold pursuant to this Act.

25 (b) The Bond Sale Order may provide for a portion of the
26 proceeds of the bond sale, representing up to 12 months'
27 interest on the bonds, to be deposited directly into the
28 capitalized interest account of the General Obligation Bond
29 Retirement and Interest Fund.

30 (Source: P.A. 83-1490.)

31 (30 ILCS 330/12) (from Ch. 127, par. 662)

32 Sec. 12. Allocation of Proceeds from Sale of Bonds.

1 (a) Proceeds from the sale of Bonds, authorized by
2 Section 3 of this Act, shall be deposited in the separate
3 fund known as the Capital Development Fund.

4 (b) Proceeds from the sale of Bonds, authorized by
5 paragraph (a) of Section 4 of this Act, shall be deposited in
6 the separate fund known as the Transportation Bond, Series A
7 Fund.

8 (c) Proceeds from the sale of Bonds, authorized by
9 paragraphs (b) and (c) of Section 4 of this Act, shall be
10 deposited in the separate fund known as the Transportation
11 Bond, Series B Fund.

12 (d) Proceeds from the sale of Bonds, authorized by
13 Section 5 of this Act, shall be deposited in the separate
14 fund known as the School Construction Fund.

15 (e) Proceeds from the sale of Bonds, authorized by
16 Section 6 of this Act, shall be deposited in the separate
17 fund known as the Anti-Pollution Fund.

18 (f) Proceeds from the sale of Bonds, authorized by
19 Section 7 of this Act, shall be deposited in the separate
20 fund known as the Coal Development Fund.

21 (f-2) Proceeds from the sale of Bonds, authorized by
22 Section 7.2 of this Act, shall be deposited as set forth in
23 Section 7.2.

24 (f-5) Proceeds from the sale of Bonds, authorized by
25 Section 7.5 of this Act, shall be deposited as set forth in
26 Section 7.5.

27 (g) Proceeds from the sale of Bonds, authorized by
28 Section 8 of this Act, shall be deposited in the Capital
29 Development Fund.

30 (h) Subsequent to the issuance of any Bonds for the
31 purposes described in Sections 2 through 8 of this Act, the
32 Governor and the Director of the Bureau of the Budget may
33 provide for the reallocation of unspent proceeds of such
34 Bonds to any other purposes authorized under said Sections of

1 this Act, subject to the limitations on aggregate principal
2 amounts contained therein. Upon any such reallocation, such
3 unspent proceeds shall be transferred to the appropriate
4 funds as determined by reference to paragraphs (a) through
5 (g) of this Section.

6 (Source: P.A. 92-596, eff. 6-28-02.)

7 (30 ILCS 330/13) (from Ch. 127, par. 663)

8 Sec. 13. Appropriation of Proceeds from Sale of Bonds.

9 (a) At all times, the proceeds from the sale of Bonds
10 issued pursuant to this Act are subject to appropriation by
11 the General Assembly and, except as provided in Section 7.2,
12 may be obligated or expended only with the written approval
13 of the Governor, in such amounts, at such times, and for such
14 purposes as the respective State agencies, as defined in
15 Section 1-7 of the Illinois State Auditing Act, as amended,
16 deem necessary or desirable for the specific purposes
17 contemplated in Sections 2 through 8 of this Act.

18 (b) Proceeds from the sale of Bonds for the purpose of
19 development of coal and alternative forms of energy shall be
20 expended in such amounts and at such times as the Department
21 of Commerce and Community Affairs, with the advice and
22 recommendation of the Illinois Coal Development Board for
23 coal development projects, may deem necessary and desirable
24 for the specific purpose contemplated by Section 7 of this
25 Act. In considering the approval of projects to be funded,
26 the Department of Commerce and Community Affairs shall give
27 special consideration to projects designed to remove sulfur
28 and other pollutants in the preparation and utilization of
29 coal, and in the use and operation of electric utility
30 generating plants and industrial facilities which utilize
31 Illinois coal as their primary source of fuel.

32 (c) Any monies received by any officer or employee of
33 the state representing a reimbursement of expenditures

1 previously paid from general obligation bond proceeds shall
2 be deposited into the General Obligation Bond Retirement and
3 Interest Fund authorized in Section 14 of this Act.

4 (Source: P.A. 89-445, eff. 2-7-96; 90-348, eff. 1-1-98.)

5 (30 ILCS 330/15) (from Ch. 127, par. 665)

6 Sec. 15. Computation of Principal and Interest;
7 transfers. Transfer-from-General-Revenue-Fund-

8 (a) Upon each delivery of Bonds authorized to be issued
9 under this Act, the Comptroller shall compute and certify to
10 the Treasurer the total amount of principal of, interest on,
11 and premium, if any, on Bonds issued that will be payable in
12 order to retire such Bonds and the amount of principal of,
13 interest on and premium, if any, on such Bonds that will be
14 payable on each payment date according to the tenor of such
15 Bonds during the then current and each succeeding fiscal
16 year.

17 On or before the last day of each month the State
18 Treasurer and Comptroller shall transfer from (1) the Road
19 Fund with respect to Bonds issued under paragraph (a) of
20 Section 4 of this Act or Bonds issued for the purpose of
21 refunding such bonds, and from (2) the General Revenue Fund,
22 with respect to all other Bonds issued under this Act, to the
23 General Obligation Bond Retirement and Interest Fund an
24 amount sufficient to pay the aggregate of the principal of,
25 interest on, and premium, if any, on Bonds payable, by their
26 terms on the next payment date divided by the number of full
27 calendar months between the date of such Bonds and the first
28 such payment date, and thereafter, divided by the number of
29 months between each succeeding payment date after the first.
30 Such computations and transfers shall be made for each series
31 of Bonds issued and delivered. Interest for which moneys
32 have already been deposited into the capitalized interest
33 account within the General Obligation Bond Retirement and

1 Interest Fund shall not be included in the calculation of the
2 amounts to be transferred under this subsection.

3 The transfer of monies herein and above directed is not
4 required if monies in the General Obligation Bond Retirement
5 and Interest Fund are more than the amount otherwise to be
6 transferred as herein above provided, and if the Governor or
7 his authorized representative notifies the State Treasurer
8 and Comptroller of such fact in writing.

9 (b) After the effective date of this Act, the balance
10 of, and monies directed to be included in the Capital
11 Development Bond Retirement and Interest Fund, Anti-Pollution
12 Bond Retirement and Interest Fund, Transportation Bond,
13 Series A Retirement and Interest Fund, Transportation Bond,
14 Series B Retirement and Interest Fund, and Coal Development
15 Bond Retirement and Interest Fund shall be transferred to and
16 deposited in the General Obligation Bond Retirement and
17 Interest Fund. This Fund shall be used to make debt service
18 payments on the State's general obligation Bonds heretofore
19 issued which are now outstanding and payable from the Funds
20 herein listed as well as on Bonds issued under this Act.

21 (c) The unused portion of federal funds received for a
22 capital facilities project, as authorized by Section 3 of
23 this Act, for which monies from the Capital Development Fund
24 have been expended shall be deposited upon completion of the
25 project in the General Obligation Bond Retirement and
26 Interest Fund. Any federal funds received as reimbursement
27 for the completed construction of a capital facilities
28 project, as authorized by Section 3 of this Act, for which
29 monies from the Capital Development Fund have been expended
30 shall be deposited in the General Obligation Bond Retirement
31 and Interest Fund.

32 (Source: P.A. 84-952.)

33 Section 15. The Illinois Pension Code is amended by

1 changing Sections 2-124, 2-134, 14-131, 14-135.08, 15-155,
2 15-165, 16-158, 18-131, and 18-140 as follows:

3 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)
4 Sec. 2-124. Contributions by State.

5 (a) The State shall make contributions to the System by
6 appropriations of amounts which, together with the
7 contributions of participants, interest earned on
8 investments, and other income will meet the cost of
9 maintaining and administering the System on a 90% funded
10 basis in accordance with actuarial recommendations.

11 (b) The Board shall determine the amount of State
12 contributions required for each fiscal year on the basis of
13 the actuarial tables and other assumptions adopted by the
14 Board and the prescribed rate of interest, using the formula
15 in subsection (c).

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

27 For State fiscal years 1996 through 2010, the State
28 contribution to the System, as a percentage of the applicable
29 employee payroll, shall be increased in equal annual
30 increments so that by State fiscal year 2011, the State is
31 contributing at the rate required under this Section.

32 Beginning in State fiscal year 2046, the minimum State
33 contribution for each fiscal year shall be the amount needed

1 to maintain the total assets of the System at 90% of the
2 total actuarial liabilities of the System.

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and
5 each fiscal year thereafter, as calculated under this Section
6 and certified under Section 2-134, shall not exceed an amount
7 equal to (i) the amount of the required State contribution
8 that would have been calculated under this Section for that
9 fiscal year if the System had not received any payments under
10 subsection (d) of Section 7.2 of the General Obligation Bond
11 Act, minus (ii) the portion of the State's total debt service
12 payments for that fiscal year on the bonds issued for the
13 purposes of that Section 7.2, as determined and certified by
14 the Comptroller, that is the same as the System's portion of
15 the total moneys distributed under subsection (d) of Section
16 7.2 of the General Obligation Bond Act.

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

18 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

19 Sec. 2-134. To certify required State contributions and
20 submit vouchers.

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

26 On or before May 1, 2004, the Board shall recalculate and
27 recertify to the Governor the amount of the required State
28 contribution to the System for State fiscal year 2005, taking
29 into account the amounts appropriated to and received by the
30 System under subsection (d) of Section 7.2 of the General
31 Obligation Bond Act.

32 (b) Beginning in State fiscal year 1996, on or as soon
33 as possible after the 15th day of each month the Board shall

1 submit vouchers for payment of State contributions to the
2 System, in a total monthly amount of one-twelfth of the
3 required annual State contribution certified under subsection
4 (a). These vouchers shall be paid by the State Comptroller
5 and Treasurer by warrants drawn on the funds appropriated to
6 the System for that fiscal year. If in any month the amount
7 remaining unexpended from all other appropriations to the
8 System for the applicable fiscal year (including the
9 appropriations to the System under Section 8.12 of the State
10 Finance Act and Section 1 of the State Pension Funds
11 Continuing Appropriation Act) is less than the amount
12 lawfully vouchered under this Section, the difference shall
13 be paid from the General Revenue Fund under the continuing
14 appropriation authority provided in Section 1.1 of the State
15 Pension Funds Continuing Appropriation Act.

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

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

24 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

25 Sec. 14-131. Contributions by State.

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

33 For the purposes of this Section and Section 14-135.08,

1 references to State contributions refer only to employer
2 contributions and do not include employee contributions that
3 are picked up or otherwise paid by the State or a department
4 on behalf of the employee.

5 (b) The Board shall determine the total amount of State
6 contributions required for each fiscal year on the basis of
7 the actuarial tables and other assumptions adopted by the
8 Board, using the formula in subsection (e).

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

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

27 (c) Contributions shall be made by the several
28 departments for each pay period by warrants drawn by the
29 State Comptroller against their respective funds or
30 appropriations based upon vouchers stating the amount to be
31 so contributed. These amounts shall be based on the full
32 rate certified by the Board under Section 14-135.08 for that
33 fiscal year.

34 (d) If an employee is paid from trust funds or federal

1 funds, the department or other employer shall pay employer
2 contributions from those funds to the System at the certified
3 rate, unless the terms of the trust or the federal-State
4 agreement preclude the use of the funds for that purpose, in
5 which case the required employer contributions shall be paid
6 by the State.

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

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

1 otherwise required under this subsection and subsection (a):
 2 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in
 3 FY 2002; 10.6% in FY 2003; and 10.8% in FY 2004; ~~11.0% in FY~~
 4 ~~2005; 11.2% in FY 2006; 11.4% in FY 2007; 11.6% in FY 2008;~~
 5 ~~and 11.8% in FY 2009.~~

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

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

25 (Source: P.A. 89-136, eff. 7-14-95; 90-65, eff. 7-7-97.)

26 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
 27 Sec. 14-135.08. To certify required State contributions.
 28 To certify to the Governor and to each department, on or
 29 before November 15 of each year, the required rate for State
 30 contributions to the System for the next State fiscal year,
 31 as determined under subsection (b) of Section 14-131. The
 32 certification to the Governor shall include a copy of the
 33 actuarial recommendations upon which the rate is based.

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

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

9 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

10 Sec. 15-155. Employer contributions.

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

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

23 (a-1) For State fiscal years 2011 through 2045, the
24 minimum contribution to the System to be made by the State
25 for each fiscal year shall be an amount determined by the
26 System to be sufficient to bring the total assets of the
27 System up to 90% of the total actuarial liabilities of the
28 System by the end of State fiscal year 2045. In making these
29 determinations, the required State contribution shall be
30 calculated each year as a level percentage of payroll over
31 the years remaining to and including fiscal year 2045 and
32 shall be determined under the projected unit credit actuarial
33 cost method.

1 For State fiscal years 1996 through 2010, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual
4 increments so that by State fiscal year 2011, the State is
5 contributing at the rate required under this Section.

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

10 Notwithstanding any other provision of this Section, the
11 required State contribution for State fiscal year 2005 and
12 each fiscal year thereafter, as calculated under this Section
13 and certified under Section 15-165, shall not exceed an
14 amount equal to (i) the amount of the required State
15 contribution that would have been calculated under this
16 Section for that fiscal year if the System had not received
17 any payments under subsection (d) of Section 7.2 of the
18 General Obligation Bond Act, minus (ii) the portion of the
19 State's total debt service payments for that fiscal year on
20 the bonds issued for the purposes of that Section 7.2, as
21 determined and certified by the Comptroller, that is the same
22 as the System's portion of the total moneys distributed under
23 subsection (d) of Section 7.2 of the General Obligation Bond
24 Act.

25 (b) If an employee is paid from trust or federal funds,
26 the employer shall pay to the Board contributions from those
27 funds which are sufficient to cover the accruing normal costs
28 on behalf of the employee. However, universities having
29 employees who are compensated out of local auxiliary funds,
30 income funds, or service enterprise funds are not required to
31 pay such contributions on behalf of those employees. The
32 local auxiliary funds, income funds, and service enterprise
33 funds of universities shall not be considered trust funds for
34 the purpose of this Article, but funds of alumni

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

6 (b-1) The City of Urbana and the City of Champaign shall
7 each make employer contributions to this System for their
8 respective firefighter employees who participate in this
9 System pursuant to subsection (h) of Section 15-107. The
10 rate of contributions to be made by those municipalities
11 shall be determined annually by the Board on the basis of the
12 actuarial assumptions adopted by the Board and the
13 recommendations of the actuary, and shall be expressed as a
14 percentage of salary for each such employee. The Board shall
15 certify the rate to the affected municipalities as soon as
16 may be practical. The employer contributions required under
17 this subsection shall be remitted by the municipality to the
18 System at the same time and in the same manner as employee
19 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
23 other funds, in accordance with actuarial procedures approved
24 by the Board. State of Illinois contributions for employers
25 receiving State appropriations for personal services shall be
26 payable from appropriations made to the employers or to the
27 System. The contributions for Class I community colleges
28 covering earnings other than those paid from trust and
29 federal funds, shall be payable solely from appropriations to
30 the Illinois Community College Board or the System for
31 employer contributions.

32 (d) Beginning in State fiscal year 1996, the required
33 State contributions to the System shall be appropriated
34 directly to the System and shall be payable through vouchers

1 issued in accordance with subsection (c) of Section 15-165.

2 (e) The State Comptroller shall draw warrants payable to
3 the System upon proper certification by the System or by the
4 employer in accordance with the appropriation laws and this
5 Code.

6 (f) Normal costs under this Section means liability for
7 pensions and other benefits which accrues to the System
8 because of the credits earned for service rendered by the
9 participants during the fiscal year and expenses of
10 administering the System, but shall not include the principal
11 of or any redemption premium or interest on any bonds issued
12 by the Board or any expenses incurred or deposits required in
13 connection therewith.

14 (Source: P.A. 89-602, eff. 8-2-96; 90-576, eff. 3-31-98.)

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

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

22 On or before May 1, 2004, the Board shall recalculate and
23 recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2005, taking
25 into account the amounts appropriated to and received by the
26 System under subsection (d) of Section 7.2 of the General
27 Obligation Bond Act.

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

32 (c) Beginning in State fiscal year 1996, on or as soon
33 as possible after the 15th day of each month the Board shall

1 submit vouchers for payment of State contributions to the
2 System, in a total monthly amount of one-twelfth of the
3 required annual State contribution certified under subsection
4 (a). These vouchers shall be paid by the State Comptroller
5 and Treasurer by warrants drawn on the funds appropriated to
6 the System for that fiscal year.

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

16 (d) So long as the payments received are the full amount
17 lawfully vouchered under this Section, payments received by
18 the System under this Section shall be applied first toward
19 the employer contribution to the self-managed plan
20 established under Section 15-158.2. Payments shall be
21 applied second toward the employer's portion of the normal
22 costs of the System, as defined in subsection (f) of Section
23 15-155. The balance shall be applied toward the unfunded
24 actuarial liabilities of the System.

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

1 accordance with Section 15-155(a-1).

2 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98.)

3 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

4 Sec. 16-158. Contributions by State and other employing
5 units.

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

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

18 (a-1) Annually, on or before November 15, the Board
19 shall certify to the Governor the amount of the required
20 State contribution for the coming fiscal year. The
21 certification shall include a copy of the actuarial
22 recommendations upon which it is based.

23 On or before May 1, 2004, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2005, taking
26 into account the amounts appropriated to and received by the
27 System under subsection (d) of Section 7.2 of the General
28 Obligation Bond Act.

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

32 (b-1) Beginning in State fiscal year 1996, on the 15th
33 day of each month, or as soon thereafter as may be

1 practicable, the Board shall submit vouchers for payment of
2 State contributions to the System, in a total monthly amount
3 of one-twelfth of the required annual State contribution
4 certified under subsection (a-1). These vouchers shall be
5 paid by the State Comptroller and Treasurer by warrants drawn
6 on the funds appropriated to the System for that fiscal year.

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

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

20 (b-3) For State fiscal years 2011 through 2045, the
21 minimum contribution to the System to be made by the State
22 for each fiscal year shall be an amount determined by the
23 System to be sufficient to bring the total assets of the
24 System up to 90% of the total actuarial liabilities of the
25 System by the end of State fiscal year 2045. In making these
26 determinations, the required State contribution shall be
27 calculated each year as a level percentage of payroll over
28 the years remaining to and including fiscal year 2045 and
29 shall be determined under the projected unit credit actuarial
30 cost method.

31 For State fiscal years 1996 through 2010, the State
32 contribution to the System, as a percentage of the applicable
33 employee payroll, shall be increased in equal annual
34 increments so that by State fiscal year 2011, the State is

1 contributing at the rate required under this Section; except
2 that in the following specified State fiscal years, the State
3 contribution to the System shall not be less than the
4 following indicated percentages of the applicable employee
5 payroll, even if the indicated percentage will produce a
6 State contribution in excess of the amount otherwise required
7 under this subsection and subsection (a), and notwithstanding
8 any contrary certification made under subsection (a-1) before
9 the effective date of this amendatory Act of 1998: 10.02% in
10 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY
11 2002; 12.86% in FY 2003; and 13.56% in FY 2004; ~~14.25% in FY~~
12 ~~2005; 14.95% in FY 2006; 15.65% in FY 2007; 16.34% in FY~~
13 ~~2008; 17.04% in FY 2009; and 17.74% in FY 2010.~~

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

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

33 (c) Payment of the required State contributions and of
34 all pensions, retirement annuities, death benefits, refunds,

1 and other benefits granted under or assumed by this System,
2 and all expenses in connection with the administration and
3 operation thereof, are obligations of the State.

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

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

21 However, with respect to benefits granted under Section
22 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
23 of Section 16-106, the employer's contribution shall be 12%
24 (rather than 20%) of the member's highest annual salary rate
25 for each year of creditable service granted, and the employer
26 shall also pay the required employee contribution on behalf
27 of the teacher. For the purposes of Sections 16-133.4 and
28 16-133.5, a teacher as defined in paragraph (8) of Section
29 16-106 who is serving in that capacity while on leave of
30 absence from another employer under this Article shall not be
31 considered an employee of the employer from which the teacher
32 is on leave.

33 (e) Beginning July 1, 1998, every employer of a teacher
34 shall pay to the System an employer contribution computed as

1 follows:

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

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

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

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

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

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

29 If an employer is required by a contract in effect on May
30 1, 1998 between the employer and an employee organization to
31 pay, on behalf of all its full-time employees covered by this
32 Article, all mandatory employee contributions required under
33 this Article, then the employer shall be excused from paying
34 the employer contribution required under this subsection (e)

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

7 (Source: P.A. 92-505, eff. 12-20-01.)

8 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

9 Sec. 18-131. Financing; employer contributions.

10 (a) The State of Illinois shall make contributions to
11 this System by appropriations of the amounts which, together
12 with the contributions of participants, net earnings on
13 investments, and other income, will meet the costs of
14 maintaining and administering this System on a 90% funded
15 basis in accordance with actuarial recommendations.

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

21 (c) For State fiscal years 2011 through 2045, the
22 minimum contribution to the System to be made by the State
23 for each fiscal year shall be an amount determined by the
24 System to be sufficient to bring the total assets of the
25 System up to 90% of the total actuarial liabilities of the
26 System by the end of State fiscal year 2045. In making these
27 determinations, the required State contribution shall be
28 calculated each year as a level percentage of payroll over
29 the years remaining to and including fiscal year 2045 and
30 shall be determined under the projected unit credit actuarial
31 cost method.

32 For State fiscal years 1996 through 2010, the State
33 contribution to the System, as a percentage of the applicable

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

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

8 Notwithstanding any other provision of this Section, the
9 required State contribution for State fiscal year 2005 and
10 each fiscal year thereafter, as calculated under this Section
11 and certified under Section 18-140, shall not exceed an
12 amount equal to (i) the amount of the required State
13 contribution that would have been calculated under this
14 Section for that fiscal year if the System had not received
15 any payments under subsection (d) of Section 7.2 of the
16 General Obligation Bond Act, minus (ii) the portion of the
17 State's total debt service payments for that fiscal year on
18 the bonds issued for the purposes of that Section 7.2, as
19 determined and certified by the Comptroller, that is the same
20 as the System's portion of the total moneys distributed under
21 subsection (d) of Section 7.2 of the General Obligation Bond
22 Act.

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

24 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

25 Sec. 18-140. To certify required State contributions and
26 submit vouchers.

27 (a) The Board shall certify to the Governor, on or
28 before November 15 of each year, the amount of the required
29 State contribution to the System for the following fiscal
30 year. The certification shall include a copy of the
31 actuarial recommendations upon 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

1 contribution to the System for State fiscal year 2005, taking
2 into account the amounts appropriated to and received by the
3 System under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act.

5 (b) Beginning in State fiscal year 1996, on or as soon
6 as possible after the 15th day of each month the Board shall
7 submit vouchers for payment of State contributions to the
8 System, in a total monthly amount of one-twelfth of the
9 required annual State contribution certified under subsection
10 (a). These vouchers shall be paid by the State Comptroller
11 and Treasurer by warrants drawn on the funds appropriated to
12 the System for that fiscal year.

13 If in any month the amount remaining unexpended from all
14 other appropriations to the System for the applicable fiscal
15 year (including the appropriations to the System under
16 Section 8.12 of the State Finance Act and Section 1 of the
17 State Pension Funds Continuing Appropriation Act) is less
18 than the amount lawfully vouchered under this Section, the
19 difference shall be paid from the General Revenue Fund under
20 the continuing appropriation authority provided in Section
21 1.1 of the State Pension Funds Continuing Appropriation Act.
22 (Source: P.A. 88-593, eff. 8-22-94.)

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.