

1 AMENDMENT TO HOUSE BILL 2660

2 AMENDMENT NO. _____. Amend House Bill 2660 by replacing
3 everything after the enacting clause with the following:

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

1 to \$2,200,000,000 in aggregate original principal amount may
2 be issued and sold in accordance with the Baccalaureate
3 Savings Act in the form of General Obligation College Savings
4 Bonds.

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

9 Of the total amount of Bonds authorized in this Act, the
10 additional \$10,000,000,000 authorized by this amendatory Act
11 of the 93rd General Assembly shall be used solely as provided
12 in Section 7.2.

13 The issuance and sale of Bonds pursuant to the General
14 Obligation Bond Act is an economical and efficient method of
15 financing the capital and general operating needs of the
16 State. This Act will permit the issuance of a multi-purpose
17 General Obligation Bond with uniform terms and features.
18 This will not only lower the cost of registration but also
19 reduce the overall cost of issuing debt by improving the
20 marketability of Illinois General Obligation Bonds.

21 (Source: P.A. 91-39, eff. 6-15-99; 91-53, eff. 6-30-99;
22 91-710, eff. 5-17-00; 92-13, eff. 6-22-01; 92-596, eff.
23 6-28-02; 92-598, eff. 6-28-02; revised 10-8-02.)

24 (30 ILCS 330/7.2 new)

25 Sec. 7.2. State pension funding.

26 (a) The amount of \$10,000,000,000 is authorized to be
27 used for the purpose of making contributions to the
28 designated retirement systems. For the purposes of this
29 Section, "designated retirement systems" means the State
30 Employees' Retirement System of Illinois; the Teachers'
31 Retirement System of the State of Illinois; the State
32 Universities Retirement System; the Judges Retirement System
33 of Illinois; and the General Assembly Retirement System.

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

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

11 (c) Of the amount of Bond proceeds first deposited into
12 the Pension Contribution Fund, there shall be reserved for
13 transfers under this subsection the sum of \$300,000,000,
14 representing the required State contributions to the
15 designated retirement systems for the last quarter of State
16 fiscal year 2003, plus the sum of \$1,860,000,000,
17 representing the required State contributions to the
18 designated retirement systems for State fiscal year 2004.

19 Upon the deposit of sufficient moneys into the Pension
20 Contribution Fund, the Comptroller and Treasurer shall
21 immediately transfer the sum of \$300,000,000 from the Pension
22 Contribution Fund to the General Revenue Fund.

23 Whenever any payment of required State contributions for
24 State fiscal year 2004 is made to one of the designated
25 retirement systems, the Comptroller and Treasurer shall, as
26 soon as practicable, transfer from the Pension Contribution
27 Fund to the General Revenue Fund an amount equal to the
28 amount of that payment to the designated retirement system.
29 If the amount reserved for these transfers exceeds the total
30 amount of fiscal year 2004 payments of required State
31 contributions to the designated retirement systems, the
32 Comptroller and Treasurer shall continue to make such
33 transfers based on fiscal year 2005 payments until the entire
34 amount reserved has been transferred.

1 (d) All amounts deposited into the Pension Contribution
2 Fund, other than the amounts reserved for the transfers under
3 subsection (c), shall be appropriated to the designated
4 retirement systems to reduce their actuarial reserve
5 deficiencies. The amount of the appropriation to each
6 designated retirement system shall constitute a portion of
7 the total appropriation under this subsection that is the
8 same as that retirement system's portion of the total
9 actuarial reserve deficiency of the systems, as most recently
10 determined by the Bureau of the Budget under Section 8.12 of
11 the State Finance Act.

12 Within 15 days after any Bond proceeds in excess of the
13 amounts initially reserved under subsection (c) are deposited
14 into the Pension Contribution Fund, the Bureau of the Budget
15 shall (i) allocate those proceeds among the designated
16 retirement systems in proportion to their respective
17 actuarial reserve deficiencies, as most recently determined
18 under Section 8.12 of the State Finance Act, and (ii) certify
19 those allocations to the designated retirement systems and
20 the Comptroller.

21 Upon receiving certification of an allocation under this
22 subsection, a designated retirement system shall submit to
23 the Comptroller a voucher for the amount of its allocation.
24 The voucher shall be paid out of the amount appropriated to
25 that designated retirement system from the Pension
26 Contribution Fund pursuant to this subsection.

27 (30 ILCS 330/8) (from Ch. 127, par. 658)

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

29 (a) An amount not to exceed 0.5 percent of the principal
30 amount of the proceeds of sale of each bond sale is
31 authorized to be used to pay the reasonable costs of issuance
32 and sale of State of Illinois general obligation bonds
33 authorized and sold pursuant to this Act.

1 (b) The Bond Sale Order may provide for a portion of the
2 proceeds of the bond sale, representing up to 12 month's
3 interest on the bonds, to be deposited directly into the
4 capitalized interest account of the General Obligation Bond
5 Retirement and Interest Fund.

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

7 (30 ILCS 330/12) (from Ch. 127, par. 662)

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

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

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

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

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

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

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

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

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

1 Section 7.5.

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

5 (h) Subsequent to the issuance of any Bonds for the
6 purposes described in Sections 2 through 8 of this Act, the
7 Governor and the Director of the Bureau of the Budget may
8 provide for the reallocation of unspent proceeds of such
9 Bonds to any other purposes authorized under said Sections of
10 this Act, subject to the limitations on aggregate principal
11 amounts contained therein. Upon any such reallocation, such
12 unspent proceeds shall be transferred to the appropriate
13 funds as determined by reference to paragraphs (a) through
14 (g) of this Section.

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

16 (30 ILCS 330/13) (from Ch. 127, par. 663)

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

18 (a) At all times, the proceeds from the sale of Bonds
19 issued pursuant to this Act are subject to appropriation by
20 the General Assembly and, except as provided in Section 7.2,
21 may be obligated or expended only with the written approval
22 of the Governor, in such amounts, at such times, and for such
23 purposes as the respective State agencies, as defined in
24 Section 1-7 of the Illinois State Auditing Act, as amended,
25 deem necessary or desirable for the specific purposes
26 contemplated in Sections 2 through 8 of this Act.

27 (b) Proceeds from the sale of Bonds for the purpose of
28 development of coal and alternative forms of energy shall be
29 expended in such amounts and at such times as the Department
30 of Commerce and Community Affairs, with the advice and
31 recommendation of the Illinois Coal Development Board for
32 coal development projects, may deem necessary and desirable
33 for the specific purpose contemplated by Section 7 of this

1 Act. In considering the approval of projects to be funded,
 2 the Department of Commerce and Community Affairs shall give
 3 special consideration to projects designed to remove sulfur
 4 and other pollutants in the preparation and utilization of
 5 coal, and in the use and operation of electric utility
 6 generating plants and industrial facilities which utilize
 7 Illinois coal as their primary source of fuel.

8 (c) Any monies received by any officer or employee of
 9 the state representing a reimbursement of expenditures
 10 previously paid from general obligation bond proceeds shall
 11 be deposited into the General Obligation Bond Retirement and
 12 Interest Fund authorized in Section 14 of this Act.

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

14 (30 ILCS 330/15) (from Ch. 127, par. 665)

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

17 (a) Upon each delivery of Bonds authorized to be issued
 18 under this Act, the Comptroller shall compute and certify to
 19 the Treasurer the total amount of principal of, interest on,
 20 and premium, if any, on Bonds issued that will be payable in
 21 order to retire such Bonds and the amount of principal of,
 22 interest on and premium, if any, on such Bonds that will be
 23 payable on each payment date according to the tenor of such
 24 Bonds during the then current and each succeeding fiscal
 25 year.

26 On or before the last day of each month the State
 27 Treasurer and Comptroller shall transfer from (1) the Road
 28 Fund with respect to Bonds issued under paragraph (a) of
 29 Section 4 of this Act or Bonds issued for the purpose of
 30 refunding such bonds, and from (2) the General Revenue Fund,
 31 with respect to all other Bonds issued under this Act, to the
 32 General Obligation Bond Retirement and Interest Fund an
 33 amount sufficient to pay the aggregate of the principal of,

1 interest on, and premium, if any, on Bonds payable, by their
2 terms on the next payment date divided by the number of full
3 calendar months between the date of such Bonds and the first
4 such payment date, and thereafter, divided by the number of
5 months between each succeeding payment date after the first.
6 Such computations and transfers shall be made for each series
7 of Bonds issued and delivered. Interest for which moneys
8 have already been deposited into the capitalized interest
9 account within the General Obligation Bond Retirement and
10 Interest Fund shall not be included in the calculation of the
11 amounts to be transferred under this subsection.

12 The transfer of monies herein and above directed is not
13 required if monies in the General Obligation Bond Retirement
14 and Interest Fund are more than the amount otherwise to be
15 transferred as herein above provided, and if the Governor or
16 his authorized representative notifies the State Treasurer
17 and Comptroller of such fact in writing.

18 (b) After the effective date of this Act, the balance
19 of, and monies directed to be included in the Capital
20 Development Bond Retirement and Interest Fund, Anti-Pollution
21 Bond Retirement and Interest Fund, Transportation Bond,
22 Series A Retirement and Interest Fund, Transportation Bond,
23 Series B Retirement and Interest Fund, and Coal Development
24 Bond Retirement and Interest Fund shall be transferred to and
25 deposited in the General Obligation Bond Retirement and
26 Interest Fund. This Fund shall be used to make debt service
27 payments on the State's general obligation Bonds heretofore
28 issued which are now outstanding and payable from the Funds
29 herein listed as well as on Bonds issued under this Act.

30 (c) The unused portion of federal funds received for a
31 capital facilities project, as authorized by Section 3 of
32 this Act, for which monies from the Capital Development Fund
33 have been expended shall be deposited upon completion of the
34 project in the General Obligation Bond Retirement and

1 Interest Fund. Any federal funds received as reimbursement
2 for the completed construction of a capital facilities
3 project, as authorized by Section 3 of this Act, for which
4 monies from the Capital Development Fund have been expended
5 shall be deposited in the General Obligation Bond Retirement
6 and Interest Fund.

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

8 Section 15. The Illinois Pension Code is amended by
9 changing Sections 2-124, 2-134, 14-131, 14-135.08, 15-155,
10 15-165, 16-158, 18-131, and 18-140 as follows:

11 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

12 Sec. 2-124. Contributions by State.

13 (a) The State shall make contributions to the System by
14 appropriations of amounts which, together with the
15 contributions of participants, interest earned on
16 investments, and other income will meet the cost of
17 maintaining and administering the System on a 90% funded
18 basis in accordance with actuarial recommendations.

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

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

1 shall be determined under the projected unit credit actuarial
2 cost method.

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

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

12 Notwithstanding any other provision of this Section, the
13 required State contribution for State fiscal year 2005 and
14 each fiscal year thereafter, as calculated under this Section
15 and certified under Section 2-134, shall not exceed an amount
16 equal to (i) the amount of the required State contribution
17 that would have been calculated under this Section for that
18 fiscal year if the System had not received any payments under
19 subsection (d) of Section 7.2 of the General Obligation Bond
20 Act, minus (ii) the portion of the State's total debt service
21 payments for that fiscal year on the bonds issued for the
22 purposes of that Section 7.2, as determined and certified by
23 the Comptroller, that is the same as the System's portion of
24 the total moneys distributed under subsection (d) of Section
25 7.2 of the General Obligation Bond Act.

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

27 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

28 Sec. 2-134. To certify required State contributions and
29 submit vouchers.

30 (a) The Board shall certify to the Governor on or before
31 November 15 of each year the amount of the required State
32 contribution to the System for the next fiscal year. The
33 certification shall include a copy of the actuarial

1 recommendations upon which it is based.

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

8 (b) Beginning in State fiscal year 1996, on or as soon
9 as possible after the 15th day of each month the Board shall
10 submit vouchers for payment of State contributions to the
11 System, in a total monthly amount of one-twelfth of the
12 required annual State contribution certified under subsection
13 (a). These vouchers shall be paid by the State Comptroller
14 and Treasurer by warrants drawn on the funds appropriated to
15 the System for that fiscal year. If in any month the amount
16 remaining unexpended from all other appropriations to the
17 System for the applicable fiscal year (including the
18 appropriations to the System under Section 8.12 of the State
19 Finance Act and Section 1 of the State Pension Funds
20 Continuing Appropriation Act) is less than the amount
21 lawfully vouchered under this Section, the difference shall
22 be paid from the General Revenue Fund under the continuing
23 appropriation authority provided in Section 1.1 of the State
24 Pension Funds Continuing Appropriation Act.

25 (c) The full amount of any annual appropriation for the
26 System for State fiscal year 1995 shall be transferred and
27 made available to the System at the beginning of that fiscal
28 year at the request of the Board. Any excess funds remaining
29 at the end of any fiscal year from appropriations shall be
30 retained by the System as a general reserve to meet the
31 System's accrued liabilities.

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

33 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

1 Sec. 14-131. Contributions by State.

2 (a) The State shall make contributions to the System by
3 appropriations of amounts which, together with other employer
4 contributions from trust, federal, and other funds, employee
5 contributions, investment income, and other income, will be
6 sufficient to meet the cost of maintaining and administering
7 the System on a 90% funded basis in accordance with actuarial
8 recommendations.

9 For the purposes of this Section and Section 14-135.08,
10 references to State contributions refer only to employer
11 contributions and do not include employee contributions that
12 are picked up or otherwise paid by the State or a department
13 on behalf of the employee.

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

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

29 For the purposes of this Section and Section 14.1 of the
30 State Finance Act, the term "eligible employees" includes
31 employees who participate in the System, persons who may
32 elect to participate in the System but have not so elected,
33 persons who are serving a qualifying period that is required
34 for participation, and annuitants employed by a department as

1 described in subdivision (a)(1) or (a)(2) of Section 14-111.

2 (c) Contributions shall be made by the several
3 departments for each pay period by warrants drawn by the
4 State Comptroller against their respective funds or
5 appropriations based upon vouchers stating the amount to be
6 so contributed. These amounts shall be based on the full
7 rate certified by the Board under Section 14-135.08 for that
8 fiscal year.

9 (d) If an employee is paid from trust funds or federal
10 funds, the department or other employer shall pay employer
11 contributions from those funds to the System at the certified
12 rate, unless the terms of the trust or the federal-State
13 agreement preclude the use of the funds for that purpose, in
14 which case the required employer contributions shall be paid
15 by the State.

16 (e) 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; except
32 that (i) for State fiscal year 1998, for all purposes of this
33 Code and any other law of this State, the certified
34 percentage of the applicable employee payroll shall be 5.052%

1 for employees earning eligible creditable service under
 2 Section 14-110 and 6.500% for all other employees,
 3 notwithstanding any contrary certification made under Section
 4 14-135.08 before the effective date of this amendatory Act of
 5 1997, and (ii) in the following specified State fiscal years,
 6 the State contribution to the System shall not be less than
 7 the following indicated percentages of the applicable
 8 employee payroll, even if the indicated percentage will
 9 produce a State contribution in excess of the amount
 10 otherwise required under this subsection and subsection (a):
 11 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in
 12 FY 2002; 10.6% in FY 2003; and 10.8% in FY 2004;~~11.0% in FY~~
 13 ~~2005; 11.2% in FY 2006; 11.4% in FY 2007; 11.6% in FY 2008;~~
 14 ~~and 11.8% in FY 2009.~~

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

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

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

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

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

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

17 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)
18 Sec. 15-155. Employer contributions.

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

26 The Board shall determine the amount of State
27 contributions required for each fiscal year on the basis of
28 the actuarial tables and other assumptions adopted by the
29 Board and the recommendations of the actuary, using the
30 formula in subsection (a-1).

31 (a-1) For State fiscal years 2011 through 2045, the
32 minimum contribution to the System to be made by the State
33 for each fiscal year shall be an amount determined by the

1 System to be sufficient to bring the total assets of the
2 System up to 90% of the total actuarial liabilities of the
3 System by the end of State fiscal year 2045. In making these
4 determinations, the required State contribution shall be
5 calculated each year as a level percentage of payroll over
6 the years remaining to and including fiscal year 2045 and
7 shall be determined under the projected unit credit actuarial
8 cost method.

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

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 Section 15-165, 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 (b) If an employee is paid from trust or federal funds,
34 the employer shall pay to the Board contributions from those

1 funds which are sufficient to cover the accruing normal costs
2 on behalf of the employee. However, universities having
3 employees who are compensated out of local auxiliary funds,
4 income funds, or service enterprise funds are not required to
5 pay such contributions on behalf of those employees. The
6 local auxiliary funds, income funds, and service enterprise
7 funds of universities shall not be considered trust funds for
8 the purpose of this Article, but funds of alumni
9 associations, foundations, and athletic associations which
10 are affiliated with the universities included as employers
11 under this Article and other employers which do not receive
12 State appropriations are considered to be trust funds for the
13 purpose of this Article.

14 (b-1) The City of Urbana and the City of Champaign shall
15 each make employer contributions to this System for their
16 respective firefighter employees who participate in this
17 System pursuant to subsection (h) of Section 15-107. The
18 rate of contributions to be made by those municipalities
19 shall be determined annually by the Board on the basis of the
20 actuarial assumptions adopted by the Board and the
21 recommendations of the actuary, and shall be expressed as a
22 percentage of salary for each such employee. The Board shall
23 certify the rate to the affected municipalities as soon as
24 may be practical. The employer contributions required under
25 this subsection shall be remitted by the municipality to the
26 System at the same time and in the same manner as employee
27 contributions.

28 (c) Through State fiscal year 1995: The total employer
29 contribution shall be apportioned among the various funds of
30 the State and other employers, whether trust, federal, or
31 other funds, in accordance with actuarial procedures approved
32 by the Board. State of Illinois contributions for employers
33 receiving State appropriations for personal services shall be
34 payable from appropriations made to the employers or to the

1 System. The contributions for Class I community colleges
2 covering earnings other than those paid from trust and
3 federal funds, shall be payable solely from appropriations to
4 the Illinois Community College Board or the System for
5 employer contributions.

6 (d) Beginning in State fiscal year 1996, the required
7 State contributions to the System shall be appropriated
8 directly to the System and shall be payable through vouchers
9 issued in accordance with subsection (c) of Section 15-165.

10 (e) The State Comptroller shall draw warrants payable to
11 the System upon proper certification by the System or by the
12 employer in accordance with the appropriation laws and this
13 Code.

14 (f) Normal costs under this Section means liability for
15 pensions and other benefits which accrues to the System
16 because of the credits earned for service rendered by the
17 participants during the fiscal year and expenses of
18 administering the System, but shall not include the principal
19 of or any redemption premium or interest on any bonds issued
20 by the Board or any expenses incurred or deposits required in
21 connection therewith.

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

23 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)
24 Sec. 15-165. To certify amounts and submit vouchers.

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

30 On or before May 1, 2004, the Board shall recalculate and
31 recertify to the Governor the amount of the required State
32 contribution to the System for State fiscal year 2005, taking
33 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) The Board shall certify to the State Comptroller or
4 employer, as the case may be, from time to time, by its
5 president and secretary, with its seal attached, the amounts
6 payable to the System from the various funds.

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

15 If in any month the amount remaining unexpended from all
16 other appropriations to the System for the applicable fiscal
17 year (including the appropriations to the System under
18 Section 8.12 of the State Finance Act and Section 1 of the
19 State Pension Funds Continuing Appropriation Act) is less
20 than the amount lawfully vouchered under this Section, the
21 difference shall be paid from the General Revenue Fund under
22 the continuing appropriation authority provided in Section
23 1.1 of the State Pension Funds Continuing Appropriation Act.

24 (d) So long as the payments received are the full amount
25 lawfully vouchered under this Section, payments received by
26 the System under this Section shall be applied first toward
27 the employer contribution to the self-managed plan
28 established under Section 15-158.2. Payments shall be
29 applied second toward the employer's portion of the normal
30 costs of the System, as defined in subsection (f) of Section
31 15-155. The balance shall be applied toward the unfunded
32 actuarial liabilities of the System.

33 (e) In the event that the System does not receive, as a
34 result of legislative enactment or otherwise, payments

1 sufficient to fully fund the employer contribution to the
2 self-managed plan established under Section 15-158.2 and to
3 fully fund that portion of the employer's portion of the
4 normal costs of the System, as calculated in accordance with
5 Section 15-155(a-1), then any payments received shall be
6 applied proportionately to the optional retirement program
7 established under Section 15-158.2 and to the employer's
8 portion of the normal costs of the System, as calculated in
9 accordance with Section 15-155(a-1).

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

11 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

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

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

31 On or before May 1, 2004, the Board shall recalculate and
32 recertify to the Governor the amount of the required State
33 contribution to the System for State fiscal year 2005, taking

1 into account the amounts appropriated to and received by the
2 System under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act.

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

7 (b-1) Beginning in State fiscal year 1996, on the 15th
8 day of each month, or as soon thereafter as may be
9 practicable, the Board shall submit vouchers for payment of
10 State contributions to the System, in a total monthly amount
11 of one-twelfth of the required annual State contribution
12 certified under subsection (a-1). These vouchers shall be
13 paid by the State Comptroller and Treasurer by warrants drawn
14 on the funds appropriated to the System for that fiscal year.

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

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

28 (b-3) For State fiscal years 2011 through 2045, the
29 minimum contribution to the System to be made by the State
30 for each fiscal year shall be an amount determined by the
31 System to be sufficient to bring the total assets of the
32 System up to 90% of the total actuarial liabilities of the
33 System by the end of State fiscal year 2045. In making these
34 determinations, the required State contribution shall be

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

5 For State fiscal years 1996 through 2010, the State
 6 contribution to the System, as a percentage of the applicable
 7 employee payroll, shall be increased in equal annual
 8 increments so that by State fiscal year 2011, the State is
 9 contributing at the rate required under this Section; except
 10 that in the following specified State fiscal years, the State
 11 contribution to the System shall not be less than the
 12 following indicated percentages of the applicable employee
 13 payroll, even if the indicated percentage will produce a
 14 State contribution in excess of the amount otherwise required
 15 under this subsection and subsection (a), and notwithstanding
 16 any contrary certification made under subsection (a-1) before
 17 the effective date of this amendatory Act of 1998: 10.02% in
 18 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY
 19 2002; 12.86% in FY 2003; and 13.56% in FY 2004; ~~14.25% in FY~~
 20 ~~2005; 14.95% in FY 2006; 15.65% in FY 2007; 16.34% in FY~~
 21 ~~2008; 17.04% in FY 2009; and 17.74% in FY 2010.~~

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

26 Notwithstanding any other provision of this Section, the
 27 required State contribution for State fiscal year 2005 and
 28 each fiscal year thereafter, as calculated under this Section
 29 and certified under subsection (a-1), shall not exceed an
 30 amount equal to (i) the amount of the required State
 31 contribution that would have been calculated under this
 32 Section for that fiscal year if the System had not received
 33 any payments under subsection (d) of Section 7.2 of the
 34 General Obligation Bond Act, minus (ii) the portion of the

1 State's total debt service payments for that fiscal year on
2 the bonds issued for the purposes of that Section 7.2, as
3 determined and certified by the Comptroller, that is the same
4 as the System's portion of the total moneys distributed under
5 subsection (d) of Section 7.2 of the General Obligation Bond
6 Act.

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

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

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

29 However, with respect to benefits granted under Section
30 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
31 of Section 16-106, the employer's contribution shall be 12%
32 (rather than 20%) of the member's highest annual salary rate
33 for each year of creditable service granted, and the employer
34 shall also pay the required employee contribution on behalf

1 of the teacher. For the purposes of Sections 16-133.4 and
2 16-133.5, a teacher as defined in paragraph (8) of Section
3 16-106 who is serving in that capacity while on leave of
4 absence from another employer under this Article shall not be
5 considered an employee of the employer from which the teacher
6 is on leave.

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

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

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

16 The school district or other employing unit may pay these
17 employer contributions out of any source of funding available
18 for that purpose and shall forward the contributions to the
19 System on the schedule established for the payment of member
20 contributions.

21 These employer contributions are intended to offset a
22 portion of the cost to the System of the increases in
23 retirement benefits resulting from this amendatory Act of
24 1998.

25 Each employer of teachers is entitled to a credit against
26 the contributions required under this subsection (e) with
27 respect to salaries paid to teachers for the period January
28 1, 2002 through June 30, 2003, equal to the amount paid by
29 that employer under subsection (a-5) of Section 6.6 of the
30 State Employees Group Insurance Act of 1971 with respect to
31 salaries paid to teachers for that period.

32 The additional 1% employee contribution required under
33 Section 16-152 by this amendatory Act of 1998 is the
34 responsibility of the teacher and not the teacher's employer,

1 unless the employer agrees, through collective bargaining or
2 otherwise, to make the contribution on behalf of the teacher.

3 If an employer is required by a contract in effect on May
4 1, 1998 between the employer and an employee organization to
5 pay, on behalf of all its full-time employees covered by this
6 Article, all mandatory employee contributions required under
7 this Article, then the employer shall be excused from paying
8 the employer contribution required under this subsection (e)
9 for the balance of the term of that contract. The employer
10 and the employee organization shall jointly certify to the
11 System the existence of the contractual requirement, in such
12 form as the System may prescribe. This exclusion shall cease
13 upon the termination, extension, or renewal of the contract
14 at any time after May 1, 1998.

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

16 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

18 (a) The State of Illinois shall make contributions to
19 this System by appropriations of the amounts which, together
20 with the contributions of participants, net earnings on
21 investments, and other income, will meet the costs of
22 maintaining and administering this System on a 90% funded
23 basis in accordance with actuarial recommendations.

24 (b) The Board shall determine the amount of State
25 contributions required for each fiscal year on the basis of
26 the actuarial tables and other assumptions adopted by the
27 Board and the prescribed rate of interest, using the formula
28 in subsection (c).

29 (c) For State fiscal years 2011 through 2045, the
30 minimum contribution to the System to be made by the State
31 for each fiscal year shall be an amount determined by the
32 System to be sufficient to bring the total assets of the
33 System up to 90% of the total actuarial liabilities of the

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

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

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

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

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

32 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

33 Sec. 18-140. To certify required State contributions and

1 submit vouchers.

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

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

13 (b) Beginning in State fiscal year 1996, on or as soon
14 as possible after the 15th day of each month the Board shall
15 submit vouchers for payment of State contributions to the
16 System, in a total monthly amount of one-twelfth of the
17 required annual State contribution certified under subsection
18 (a). These vouchers shall be paid by the State Comptroller
19 and Treasurer by warrants drawn on the funds appropriated to
20 the System for that fiscal year.

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

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

31 Section 99. Effective date. This Act takes effect upon
32 becoming law."