AMENDMENT TO HOUSE BILL 2660

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

"Section 5. The State Finance Act is amended by adding Section 5.595 as follows:

(30 ILCS 105/5.595 new)

Sec. 5.595. The Pension Contribution Fund.

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

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

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

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

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

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

<u>Of the total amount of Bonds authorized in this Act, the additional $10,000,000,000 authorized by this amendatory Act of the 93rd General Assembly shall be used solely as provided in Section 7.2.</u>

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

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

(30 ILCS 330/7.2 new)

<u>Sec. 7.2. State pension funding.</u>

<u>(a) The amount of $10,000,000,000 is authorized to be used for the purpose of making contributions to the designated retirement systems. For the purposes of this Section, "designated retirement systems" means the State Employees' Retirement System of Illinois; the Teachers' Retirement System of the State of Illinois; the State Universities Retirement System; the Judges Retirement System of Illinois; and the General Assembly Retirement System.</u>

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

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

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

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

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

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

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

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

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

Sec. 8. Bond sale expenses; capitalized interest.

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

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

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

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

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

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

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

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

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

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

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

<u>(f-2) Proceeds from the sale of Bonds, authorized by Section 7.2 of this Act, shall be deposited as set forth in Section 7.2.</u>

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

Section 7.5.

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

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

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

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

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

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

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

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

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

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

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

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

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

On or before the last day of each month the State Treasurer and Comptroller shall transfer from (1) the Road Fund with respect to Bonds issued under paragraph (a) of Section 4 of this Act or Bonds issued for the purpose of refunding such bonds, and from (2) the General Revenue Fund, with respect to all other Bonds issued under this Act, to the General Obligation Bond Retirement and Interest Fund an amount sufficient to pay the aggregate of the principal of, interest on, and premium, if any, on Bonds payable, by their terms on the next payment date divided by the number of full calendar months between the date of such Bonds and the first such payment date, and thereafter, divided by the number of months between each succeeding payment date after the first. Such computations and transfers shall be made for each series of Bonds issued and delivered. Interest for which moneys have already been deposited into the capitalized interest account within the General Obligation Bond Retirement and Interest Fund shall not be included in the calculation of the amounts to be transferred under this subsection.

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

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

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

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

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

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

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

Sec. 2-124. Contributions by State.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 14-131. Contributions by State.

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

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

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

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

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

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

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

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

For State fiscal years 1996 through 2010, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments so that by State fiscal year 2011, the State is contributing at the rate required under this Section; except that (i) for State fiscal year 1998, for all purposes of this Code and any other law of this State, the certified percentage of the applicable employee payroll shall be 5.052%

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

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

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

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

(40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

Sec. 14-135.08. To certify required State contributions. To certify to the Governor and to each department, on or before November 15 of each year, the required rate for State contributions to the System for the next State fiscal year, as determined under subsection (b) of Section 14-131. The certification to the Governor shall include a copy of the actuarial recommendations upon which the rate is based.

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

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

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

Sec. 15-155. Employer contributions.

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

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

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

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

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

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

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

(b) If an employee is paid from trust or federal funds, the employer shall pay to the Board contributions from those funds which are sufficient to cover the accruing normal costs on behalf of the employee. However, universities having employees who are compensated out of local auxiliary funds, income funds, or service enterprise funds are not required to pay such contributions on behalf of those employees. The local auxiliary funds, income funds, and service enterprise funds of universities shall not be considered trust funds for the purpose of this Article, but funds of alumni associations, foundations, and athletic associations which are affiliated with the universities included as employers under this Article and other employers which do not receive State appropriations are considered to be trust funds for the purpose of this Article.

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

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

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

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

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

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

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

(40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

Sec. 15-165. To certify amounts and submit vouchers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>On or before May 1, 2004, the Board shall recalculate and recertify to the Governor the amount of the required State contribution to the System for State fiscal year 2005, taking</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 18-131. Financing; employer contributions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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