



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB2507

Introduced 1/18/2006, by Sen. Iris Y. Martinez

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-127
40 ILCS 5/17-129

from Ch. 108 1/2, par. 17-127
from Ch. 108 1/2, par. 17-129

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides for mandatory State contributions to the Chicago Teacher Pension Fund. Provides that, if the State does not make the required contribution, then the Board of Education shall meet the minimum funding requirement. Effective immediately.

LRB094 15711 AMC 50921 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 17-127 and 17-129 as follows:

6 (40 ILCS 5/17-127) (from Ch. 108 1/2, par. 17-127)

7 Sec. 17-127. Financing; revenues for the Fund.

8 (a) The revenues for the Fund shall consist of: (1) amounts
9 paid into the Fund by contributors thereto and from employer
10 contributions and State appropriations in accordance with this
11 Article; (2) amounts contributed to the Fund by an Employer;
12 (3) amounts contributed to the Fund pursuant to any law now in
13 force or hereafter to be enacted; (4) contributions from any
14 other source; and (5) the earnings on investments of the Fund.

15 (b) The General Assembly finds that for many years the
16 State has contributed to the Fund an annual amount that is
17 between 20% and 30% of the amount of the annual State
18 contribution to the Article 16 retirement system, and the
19 General Assembly declares that it is its goal and intention to
20 continue this level of contribution to the Fund in the future.

21 (b-5) Beginning In State fiscal years year 1999 through
22 2006, the State shall include in its annual contribution to the
23 Fund an additional amount equal to 0.544% of the Fund's total
24 teacher payroll; except that this additional contribution need
25 not be made in a fiscal year if the Board has certified in the
26 previous fiscal year that the Fund is at least 90% funded,
27 based on actuarial determinations. These additional State
28 contributions are intended to offset a portion of the cost to
29 the Fund of the increases in retirement benefits resulting from
30 Public Act 90-582 this amendatory Act of 1998.

31 (c) For each State fiscal year ending after calendar year
32 2006, the State shall contribute to the Fund, by means of

1 appropriations from the Common School Fund or other State
2 funds, an amount not less than the greater of (i) the amount
3 appropriated for the Fund for the State fiscal year ending in
4 calendar year 2005 or (ii) the minimum funding requirement, as
5 defined below, for that fiscal year (calculated without regard
6 to any contribution of the State to or for the benefit of the
7 Fund under this subsection (c)).

8 (d) Beginning in the State fiscal year ending in 2007, on
9 the 15th day of each month, or as soon after that date as is
10 practicable, the Board shall submit vouchers for payment of
11 State contributions to the Fund, in a monthly amount of
12 one-twelfth of the required annual State contribution under
13 subsection (c) of this Section. If that required annual
14 contribution changes during the State fiscal year, the
15 remaining monthly amounts shall be adjusted in equal amounts so
16 that the total amount for which vouchers are submitted for the
17 year equals that required annual contribution. These vouchers
18 shall be paid by the State Comptroller and Treasurer by
19 warrants drawn on the funds appropriated to the Fund for that
20 fiscal year. If, in any month, the amount remaining unexpended
21 from all other State appropriations to the Fund for that State
22 fiscal year is less than the amount for which vouchers are
23 lawfully submitted under this Section, the difference shall be
24 paid under the continuing appropriation available for that
25 purpose pursuant to the Chicago Teacher Pension Fund Continuing
26 Appropriation Act.

27 (e) If the State does not make the contribution required by
28 subsections (c) and (d), then the Board of Education shall meet
29 the minimum funding requirement, as defined in subsection (f).

30 (f) For the purposes of this Section, "minimum funding
31 requirement" for any fiscal year means the minimum Board of
32 Education contribution to the Fund under Section 17-129
33 (calculated without regard to any contribution of the State to
34 or for the benefit of the Fund).

35 (g) The changes made to this Section or Section 17-129 by
36 this amendatory Act of the 94th General Assembly shall not be

1 construed, interpreted, or otherwise viewed to imply an
2 authorization, desire, or intent to merge or in any other way
3 combine the Public School Teachers' Pension and Retirement Fund
4 of Chicago with any other pension fund.

5 (Source: P.A. 90-548, eff. 12-4-97; 90-566, eff. 1-2-98;
6 90-582, eff. 5-27-98; 90-655, eff. 7-30-98.)

7 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

8 Sec. 17-129. Employer contributions; deficiency in Fund.

9 (a) If in any fiscal year of the Board of Education ending
10 prior to 1997 the total amounts paid to the Fund from the Board
11 of Education (other than under this subsection, and other than
12 amounts used for making or "picking up" contributions on behalf
13 of teachers) and from the State do not equal the total
14 contributions made by or on behalf of the teachers for such
15 year, or if the total income of the Fund in any such fiscal
16 year of the Board of Education from all sources is less than
17 the total such expenditures by the Fund for such year, the
18 Board of Education shall, in the next succeeding year, in
19 addition to any other payment to the Fund set apart and
20 appropriate from moneys from its tax levy for educational
21 purposes, a sum sufficient to remove such deficiency or
22 deficiencies, and promptly pay such sum into the Fund in order
23 to restore any of the reserves of the Fund that may have been
24 so temporarily applied. Any amounts received by the Fund after
25 December 4, 1997 from State appropriations, including under
26 Section 17-127, shall be a credit against and shall fully
27 satisfy any obligation that may have arisen, or be claimed to
28 have arisen, under this subsection (a) as a result of any
29 deficiency or deficiencies in the fiscal year of the Board of
30 Education ending in calendar year 1997.

31 (b) (i) For fiscal years 2011 through 2045, the minimum
32 contribution to the Fund to be made by the Board of Education
33 in each fiscal year shall be an amount determined by the Fund
34 to be sufficient, taking into account payments made and to be
35 made under Section 17-127.2, to bring the total assets of the

1 Fund up to 90% of the total actuarial liabilities of the Fund
2 by the end of fiscal year 2045. In making these determinations,
3 the required Board of Education contribution shall be
4 calculated each year as a level percentage of the applicable
5 employee payrolls over the years remaining to and including
6 fiscal year 2045 and shall be determined under the projected
7 unit credit actuarial cost method.

8 (ii) For fiscal years 1999 through 2010, the Board of
9 Education's contribution to the Fund, as a percentage of the
10 applicable employee payroll, shall be increased in equal annual
11 increments so that by fiscal year 2011, the Board of Education
12 is contributing at the rate required under this subsection.

13 (iii) Beginning in fiscal year 2046, the minimum Board of
14 Education contribution for each fiscal year shall be the amount
15 needed to maintain the total assets of the Fund at 90% of the
16 total actuarial liabilities of the Fund.

17 (iv) Notwithstanding the provisions of paragraphs (i),
18 (ii), and (iii) of this subsection (b) or Section 17-127.2, for
19 any fiscal year the contribution to the Fund from the Board of
20 Education shall not be required to be in excess of the amount
21 calculated as needed to maintain the assets (or cause the
22 assets to be) at the 90% level by the end of the fiscal year.

23 (v) Any contribution by the State to or for the benefit of
24 the Fund in a fiscal year, including, without limitation, any
25 contribution ~~as referred to~~ under Section 17-127, shall be a
26 credit against any contribution required to be made by the
27 Board of Education under this subsection (b).

28 (c) The Board shall determine the amount of Board of
29 Education contributions required for each fiscal year on the
30 basis of the actuarial tables and other assumptions adopted by
31 the Board and the recommendations of the actuary, in order to
32 meet the minimum contribution requirements of subsections (a)
33 and (b). Annually, on or before February 28, the Board shall
34 certify to the Board of Education the amount of the required
35 Board of Education contribution for the coming fiscal year. The
36 certification shall include a copy of the actuarial

1 recommendations upon which it is based.

2 (Source: P.A. 89-15, eff. 5-30-95; 90-548, eff. 12-4-97;
3 90-566, eff. 1-2-98; 90-655, eff. 7-30-98.)

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