



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB3044

Introduced 1/20/2006, by Sen. John O. Jones - Frank C. Watson - David Luechtefeld - Carole Pankau - Gary G. Dahl, et al.

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
40 ILCS 5/14-108.3	
40 ILCS 5/14-131	from Ch. 108 1/2, par. 14-131
40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140

Amends the Illinois Pension Code. In provisions concerning the 5 State-funded retirement systems, deletes language specifying dollar amounts for the State contribution to each System required for FY 2007 and provides that State contributions to the systems for fiscal years 2007 through 2010 shall be increased in equal annual increments from the required State contributions in State fiscal year 2005 until the State is contributing at a rate that will result in the systems being 90% funded. Changes how certain calculations related to the required State contributions are made. Provides that the Board of Trustees of the retirement systems must re-certify, on or before July 1, 2006, the amount of the required State contribution for FY 2007, taking into account the changes made by this amendatory Act. In the State Employee Article of the Illinois Pension Code, provides that increases as a result of certain early retirement incentives shall not be included in the calculation of the required State contribution under that Article, but shall be appropriated separately. Effective immediately.

LRB094 18788 AMC 54193 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 2-124, 2-134, 14-108.3, 14-131, 14-135.08, 15-155,
6 15-165, 16-158, 18-131, and 18-140 as follows:

7 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

8 Sec. 2-124. Contributions by State.

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

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

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

30 For State fiscal years 1996 through 2005, the State
31 contribution to the System, as a percentage of the applicable
32 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$4,157,000.

6 ~~Notwithstanding any other provision of this Article, the~~
7 ~~total required State contribution for State fiscal year 2007 is~~
8 ~~\$5,220,300.~~

9 For each of State fiscal years 2007 ~~2008~~ through 2010, the
10 State contribution to the System, as a percentage of the
11 applicable employee payroll, shall be increased in equal annual
12 increments from the required State contribution for State
13 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
14 State is contributing at the rate otherwise required under this
15 Section.

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
23 calculated under this Section and certified under Section
24 2-134, shall not exceed an amount equal to (i) the amount of
25 the required State contribution that would have been calculated
26 under this Section for that fiscal year if the System had not
27 received any payments under subsection (d) of Section 7.2 of
28 the General Obligation Bond Act, minus (ii) the portion of the
29 State's total debt service payments for that fiscal year on the
30 bonds issued for the purposes of that Section 7.2, as
31 determined and certified by the Comptroller, that is the same
32 as the System's portion of the total moneys distributed under
33 subsection (d) of Section 7.2 of the General Obligation Bond
34 Act. ~~In determining this maximum for State fiscal years 2008~~
35 ~~through 2010, however, the amount referred to in item (i) shall~~
36 ~~be increased, as a percentage of the applicable employee~~

1 ~~payroll, in equal increments calculated from the sum of the~~
2 ~~required State contribution for State fiscal year 2007 plus the~~
3 ~~applicable portion of the State's total debt service payments~~
4 ~~for fiscal year 2007 on the bonds issued for the purposes of~~
5 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~
6 ~~State fiscal year 2011, the State is contributing at the rate~~
7 ~~otherwise required under this Section.~~

8 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

9 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

23 On or before July 1, 2005, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2006, taking
26 into account the changes in required State contributions made
27 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
28 ~~Assembly.~~

29 On or before July 1, 2006, the Board shall recalculate and
30 recertify to the Governor the amount of the required State
31 contribution to the System for State fiscal year 2007, taking
32 into account the changes in required State contributions made
33 by this amendatory Act of the 94th General Assembly.

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

1 submit vouchers for payment of State contributions to the
2 System, in a total monthly amount of one-twelfth of the
3 required annual State contribution certified under subsection
4 (a). From the effective date of this amendatory Act of the 93rd
5 General Assembly through June 30, 2004, the Board shall not
6 submit vouchers for the remainder of fiscal year 2004 in excess
7 of the fiscal year 2004 certified contribution amount
8 determined under this Section after taking into consideration
9 the transfer to the System under subsection (d) of Section
10 6z-61 of the State Finance Act. These vouchers shall be paid by
11 the State Comptroller and Treasurer by warrants drawn on the
12 funds appropriated to the System for that fiscal year. If in
13 any month the amount remaining unexpended from all other
14 appropriations to the System for the applicable fiscal year
15 (including the appropriations to the System under Section 8.12
16 of the State Finance Act and Section 1 of the State Pension
17 Funds Continuing Appropriation Act) is less than the amount
18 lawfully vouchered under this Section, the difference shall be
19 paid from the General Revenue Fund under the continuing
20 appropriation authority provided in Section 1.1 of the State
21 Pension Funds Continuing Appropriation Act.

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

29 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
30 eff. 6-1-05; 94-536, eff. 8-10-05; revised 8-19-05.)

31 (40 ILCS 5/14-108.3)

32 Sec. 14-108.3. Early retirement incentives.

33 (a) To be eligible for the benefits provided in this
34 Section, a person must:

35 (1) be a member of this System who, on any day during

1 June, 2002, is (i) in active payroll status in a position
2 of employment with a department and an active contributor
3 to this System with respect to that employment, and
4 terminates that employment before the retirement annuity
5 under this Article begins, or (ii) on layoff status from
6 such a position with a right of re-employment or recall to
7 service, or (iii) receiving benefits under Section 14-123,
8 14-123.1 or 14-124, but only if the member has not been
9 receiving those benefits for a continuous period of more
10 than 2 years as of the date of application;

11 (2) not have received any retirement annuity under this
12 Article beginning earlier than August 1, 2002;

13 (3) file with the Board on or before December 31, 2002
14 a written application requesting the benefits provided in
15 this Section;

16 (4) terminate employment under this Article no later
17 than December 31, 2002 (or the date established under
18 subsection (d), if applicable);

19 (5) by the date of termination of service, have at
20 least 8 years of creditable service under this Article,
21 without the use of any creditable service established under
22 this Section;

23 (6) by the date of termination of service, have at
24 least 5 years of membership service earned while an
25 employee under this Article, which may include military
26 service for which credit is established under Section
27 14-105(b), service during the qualifying period for which
28 credit is established under Section 14-104(a), and service
29 for which credit has been established by repaying a refund
30 under Section 14-130, but shall not include service for
31 which any other optional service credit has been
32 established; and

33 (7) not receive any early retirement benefit under
34 Section 16-133.3 of this Code.

35 (b) An eligible person may establish up to 5 years of
36 creditable service under this Article, in increments of one

1 month, by making the contributions specified in subsection (c).
2 In addition, for each month of creditable service established
3 under this Section, a person's age at retirement shall be
4 deemed to be one month older than it actually is.

5 The creditable service established under this Section may
6 be used for all purposes under this Article and the Retirement
7 Systems Reciprocal Act, except for the computation of final
8 average compensation under Section 14-103.12 or the
9 determination of compensation under this or any other Article
10 of this Code.

11 The age enhancement established under this Section may not
12 be used to enable any person to begin receiving a retirement
13 annuity calculated under Section 14-110 before actually
14 attaining age 50 (without any age enhancement under this
15 Section). The age enhancement established under this Section
16 may be used for all other purposes under this Article
17 (including calculation of a proportionate annuity payable by
18 this System under the Retirement Systems Reciprocal Act),
19 except for purposes of the level income option in Section
20 14-112, the reversionary annuity under Section 14-113, and the
21 required distributions under Section 14-121.1.

22 The age enhancement established under this Section may be
23 used in determining benefits payable under Article 16 of this
24 Code under the Retirement Systems Reciprocal Act, if the person
25 has at least 5 years of service credit in the Article 16 system
26 that was earned while participating in that system as a teacher
27 (as defined in Section 16-106) employed by a department (as
28 defined in Section 14-103.04). Age enhancement established
29 under this Section shall not otherwise be used in determining
30 benefits payable under other Articles of this Code under the
31 Retirement Systems Reciprocal Act.

32 (c) For all creditable service established under this
33 Section, a person must pay to the System an employee
34 contribution to be determined by the System, based on the
35 member's rate of compensation on June 1, 2002 (or the last date
36 before June 1, 2002 for which a rate can be determined) and the

1 retirement contribution rate in effect on June 1, 2002 for the
2 member (or for members with the same social security and
3 alternative formula status as the member).

4 If the member receives a lump sum payment for accumulated
5 vacation, sick leave and personal leave upon withdrawal from
6 service, and the net amount of that lump sum payment is at
7 least as great as the amount of the contribution required under
8 this Section, the entire contribution must be paid by the
9 employee by payroll deduction. If there is no such lump sum
10 payment, or if it is less than the contribution required under
11 this Section, the member shall make an initial payment by
12 payroll deduction, equal to the net amount of the lump sum
13 payment for accumulated vacation, sick leave, and personal
14 leave, and have the remaining amount due treated as a reduction
15 from the retirement annuity in 24 equal monthly installments
16 beginning in the month in which the retirement annuity takes
17 effect. The required contribution may be paid as a pre-tax
18 deduction from earnings. For federal and Illinois tax purposes,
19 the monthly amount by which the annuitant's benefit is reduced
20 shall not be treated as a contribution by the annuitant, but
21 rather as a reduction of the annuitant's monthly benefit.

22 (c-5) The reduction in retirement annuity provided in
23 subsection (c) of Section 14-108 does not apply to the annuity
24 of a person who retires under this Section. A person who has
25 received any age enhancement or creditable service under this
26 Section may begin to receive an unreduced retirement annuity
27 upon attainment of age 55 with at least 25 years of creditable
28 service (including any age enhancement and creditable service
29 established under this Section).

30 (d) In order to ensure that the efficient operation of
31 State government is not jeopardized by the simultaneous
32 retirement of large numbers of key personnel, the director or
33 other head of a department may, for key employees of that
34 department, extend the December 31, 2002 deadline for
35 terminating employment under this Article established in
36 subdivision (a)(4) of this Section to a date not later than

1 April 30, 2003 by so notifying the System in writing by
2 December 31, 2002.

3 (e) Notwithstanding Section 14-111, a person who has
4 received any age enhancement or creditable service under this
5 Section and who reenters service under this Article (or as an
6 employee of a department under Article 16) other than as a
7 temporary employee thereby forfeits that age enhancement and
8 creditable service and is entitled to a refund of the
9 contributions made pursuant to this Section.

10 (f) The System shall determine the amount of the increase
11 in the present value of future benefits resulting from the
12 granting of early retirement incentives under this Section and
13 shall report that amount to the Governor and the Commission on
14 Government Forecasting and Accountability on or after the
15 effective date of this amendatory Act of the 93rd General
16 Assembly and on or before November 15, 2004. Except in State
17 fiscal year 2006 ~~Beginning with State fiscal year 2008,~~ the
18 increase reported under this subsection (f) shall not be
19 included in the calculation of the required State contribution
20 under Section 14-131.

21 (g) In addition to the contributions otherwise required
22 under this Article, the State shall appropriate and pay to the
23 System (i) an amount equal to \$70,000,000 in State fiscal years
24 2004 and 2005 and (2) in each of State fiscal years 2007
25 through 2015, a level dollar payment based upon the increase in
26 the percent value of future benefits provided by the early
27 retirement incentives provided under this Section amortized at
28 8.5% interest.

29 (h) The Commission on Government Forecasting and
30 Accountability (i) shall hold one or more hearings on or before
31 the last session day during the fall veto session of 2004 to
32 review recommendations relating to funding of early retirement
33 incentives under this Section and (ii) shall file its report
34 with the General Assembly on or before December 31, 2004 making
35 its recommendations relating to funding of early retirement
36 incentives under this Section; the Commission's report may

1 contain both majority recommendations and minority
2 recommendations. The System shall recalculate and recertify to
3 the Governor by January 31, 2005 the amount of the required
4 State contribution to the System for State fiscal year 2005
5 with respect to those incentives. The Pension Laws Commission
6 (or its successor, the Commission on Government Forecasting and
7 Accountability) shall determine and report to the General
8 Assembly, on or before January 1, 2004 and annually thereafter
9 through the year 2013, its estimate of (1) the annual amount of
10 payroll savings likely to be realized by the State as a result
11 of the early retirement of persons receiving early retirement
12 incentives under this Section and (2) the net annual savings or
13 cost to the State from the program of early retirement
14 incentives created under this Section.

15 The System, the Department of Central Management Services,
16 the Governor's Office of Management and Budget (formerly Bureau
17 of the Budget), and all other departments shall provide to the
18 Commission any assistance that the Commission may request with
19 respect to its reports under this Section. The Commission may
20 require departments to provide it with any information that it
21 deems necessary or useful with respect to its reports under
22 this Section, including without limitation information about
23 (1) the final earnings of former department employees who
24 elected to receive benefits under this Section, (2) the
25 earnings of current department employees holding the positions
26 vacated by persons who elected to receive benefits under this
27 Section, and (3) positions vacated by persons who elected to
28 receive benefits under this Section that have not yet been
29 refilled.

30 (i) The changes made to this Section by this amendatory Act
31 of the 92nd General Assembly do not apply to persons who
32 retired under this Section on or before May 1, 1992.

33 (Source: P.A. 93-632, eff. 2-1-04; 93-839, eff. 7-30-04;
34 93-1067, eff. 1-15-05; 94-4, eff. 6-1-05.)

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 on
13 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 the
16 actuarial tables and other assumptions adopted by the Board,
17 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 fiscal
21 year (less the amount received by the System from
22 appropriations under Section 8.12 of the State Finance Act and
23 Section 1 of the State Pension Funds Continuing Appropriation
24 Act, if any, for the fiscal year ending on the June 30
25 immediately preceding the applicable November 15 certification
26 deadline), the estimated payroll (including all forms of
27 compensation) for personal services rendered by eligible
28 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 elect
32 to participate in the System but have not so elected, persons
33 who are serving a qualifying period that is required for
34 participation, and annuitants employed by a department as
35 described in subdivision (a) (1) or (a) (2) of Section 14-111.

36 (c) Contributions shall be made by the several departments

1 for each pay period by warrants drawn by the State Comptroller
2 against their respective funds or appropriations based upon
3 vouchers stating the amount to be so contributed. These amounts
4 shall be based on the full rate certified by the Board under
5 Section 14-135.08 for that fiscal year. From the effective date
6 of this amendatory Act of the 93rd General Assembly through the
7 payment of the final payroll from fiscal year 2004
8 appropriations, the several departments shall not make
9 contributions for the remainder of fiscal year 2004 but shall
10 instead make payments as required under subsection (a-1) of
11 Section 14.1 of the State Finance Act. The several departments
12 shall resume those contributions at the commencement of fiscal
13 year 2005.

14 (d) If an employee is paid from trust funds or federal
15 funds, the department or other employer shall pay employer
16 contributions from those funds to the System at the certified
17 rate, unless the terms of the trust or the federal-State
18 agreement preclude the use of the funds for that purpose, in
19 which case the required employer contributions shall be paid by
20 the State. From the effective date of this amendatory Act of
21 the 93rd General Assembly through the payment of the final
22 payroll from fiscal year 2004 appropriations, the department or
23 other employer shall not pay contributions for the remainder of
24 fiscal year 2004 but shall instead make payments as required
25 under subsection (a-1) of Section 14.1 of the State Finance
26 Act. The department or other employer shall resume payment of
27 contributions at the commencement of fiscal year 2005.

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

1 projected unit credit actuarial cost method.

2 For State fiscal years 1996 through 2005, the State
3 contribution to the System, as a percentage of the applicable
4 employee payroll, shall be increased in equal annual increments
5 so that by State fiscal year 2011, the State is contributing at
6 the rate required under this Section; except that (i) for State
7 fiscal year 1998, for all purposes of this Code and any other
8 law of this State, the certified percentage of the applicable
9 employee payroll shall be 5.052% for employees earning eligible
10 creditable service under Section 14-110 and 6.500% for all
11 other employees, notwithstanding any contrary certification
12 made under Section 14-135.08 before the effective date of this
13 amendatory Act of 1997, and (ii) in the following specified
14 State fiscal years, the State contribution to the System shall
15 not be less than the following indicated percentages of the
16 applicable employee payroll, even if the indicated percentage
17 will produce a State contribution in excess of the amount
18 otherwise required under this subsection and subsection (a):
19 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
20 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution to the System for State
23 fiscal year 2006 is \$203,783,900.

24 ~~Notwithstanding any other provision of this Article, the~~
25 ~~total required State contribution to the System for State~~
26 ~~fiscal year 2007 is \$344,164,400.~~

27 For each of State fiscal years 2007 ~~2008~~ through 2010, the
28 State contribution to the System, as a percentage of the
29 applicable employee payroll, shall be increased in equal annual
30 increments from the required State contribution for State
31 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
32 State is contributing at the rate otherwise required under this
33 Section.

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

1 actuarial liabilities of the System.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
5 calculated under this Section and certified under Section
6 14-135.08, shall not exceed an amount equal to (i) the amount
7 of the required State contribution that would have been
8 calculated under this Section for that fiscal year if the
9 System had not received any payments under subsection (d) of
10 Section 7.2 of the General Obligation Bond Act, minus (ii) the
11 portion of the State's total debt service payments for that
12 fiscal year on the bonds issued for the purposes of that
13 Section 7.2, as determined and certified by the Comptroller,
14 that is the same as the System's portion of the total moneys
15 distributed under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act. ~~In determining this maximum for State
17 fiscal years 2008 through 2010, however, the amount referred to
18 in item (i) shall be increased, as a percentage of the
19 applicable employee payroll, in equal increments calculated
20 from the sum of the required State contribution for State
21 fiscal year 2007 plus the applicable portion of the State's
22 total debt service payments for fiscal year 2007 on the bonds
23 issued for the purposes of Section 7.2 of the General
24 Obligation Bond Act, so that, by State fiscal year 2011, the
25 State is contributing at the rate otherwise required under this
26 Section.~~

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

1 2004 in order to meet the State's obligation under this
2 Section. The System shall compare this amount due to the amount
3 received by the System in fiscal year 2004 through payments
4 under this Section and under Section 6z-61 of the State Finance
5 Act. If the amount due is more than the amount received, the
6 difference shall be termed the "Fiscal Year 2004 Shortfall" for
7 purposes of this Section, and the Fiscal Year 2004 Shortfall
8 shall be satisfied under Section 1.2 of the State Pension Funds
9 Continuing Appropriation Act. If the amount due is less than
10 the amount received, the difference shall be termed the "Fiscal
11 Year 2004 Overpayment" for purposes of this Section, and the
12 Fiscal Year 2004 Overpayment shall be repaid by the System to
13 the Pension Contribution Fund as soon as practicable after the
14 certification.

15 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
16 eff. 6-1-05.)

17 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

18 Sec. 14-135.08. To certify required State contributions.

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

25 (b) The certification shall include an additional amount
26 necessary to pay all principal of and interest on those general
27 obligation bonds due the next fiscal year authorized by Section
28 7.2(a) of the General Obligation Bond Act and issued to provide
29 the proceeds deposited by the State with the System in July
30 2003, representing deposits other than amounts reserved under
31 Section 7.2(c) of the General Obligation Bond Act. For State
32 fiscal year 2005, the Board shall make a supplemental
33 certification of the additional amount necessary to pay all
34 principal of and interest on those general obligation bonds due
35 in State fiscal years 2004 and 2005 authorized by Section

1 7.2(a) of the General Obligation Bond Act and issued to provide
2 the proceeds deposited by the State with the System in July
3 2003, representing deposits other than amounts reserved under
4 Section 7.2(c) of the General Obligation Bond Act, as soon as
5 practical after the effective date of this amendatory Act of
6 the 93rd General Assembly.

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

14 On or before July 1, 2005, the Board shall recalculate and
15 recertify to the Governor and to each department the amount of
16 the required State contribution to the System and the required
17 rates for State contributions to the System for State fiscal
18 year 2006, taking into account the changes in required State
19 contributions made by Public Act 94-4 ~~this amendatory Act of~~
20 ~~the 94th General Assembly.~~

21 On or before July 1, 2006, the Board shall recalculate and
22 recertify to the Governor and to each department the amount of
23 the required State contribution to the System and the required
24 rates for State contributions to the System for State fiscal
25 year 2007, taking into account the changes in required State
26 contributions made by this amendatory Act of the 94th General
27 Assembly.

28 (Source: P.A. 93-2, eff. 4-7-03; 93-839, eff. 7-30-04; 94-4,
29 eff. 6-1-05.)

30 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)
31 Sec. 15-155. Employer contributions.

32 (a) The State of Illinois shall make contributions by
33 appropriations of amounts which, together with the other
34 employer contributions from trust, federal, and other funds,
35 employee contributions, income from investments, and other

1 income of this System, will be sufficient to meet the cost of
2 maintaining and administering the System on a 90% funded basis
3 in accordance with actuarial recommendations.

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

9 (a-1) For State fiscal years 2011 through 2045, the minimum
10 contribution to the System to be made by the State for each
11 fiscal year shall be an amount determined by the System to be
12 sufficient to bring the total assets of the System up to 90% of
13 the total actuarial liabilities of the System by the end of
14 State fiscal year 2045. In making these determinations, the
15 required State contribution shall be calculated each year as a
16 level percentage of payroll over the years remaining to and
17 including fiscal year 2045 and shall be determined under the
18 projected unit credit actuarial cost method.

19 For State fiscal years 1996 through 2005, the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, shall be increased in equal annual increments
22 so that by State fiscal year 2011, the State is contributing at
23 the rate required under this Section.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$166,641,900.

27 ~~Notwithstanding any other provision of this Article, the~~
28 ~~total required State contribution for State fiscal year 2007 is~~
29 ~~\$252,064,100.~~

30 For each of State fiscal years 2007 ~~2008~~ through 2010, the
31 State contribution to the System, as a percentage of the
32 applicable employee payroll, shall be increased in equal annual
33 increments from the required State contribution for State
34 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
35 State is contributing at the rate otherwise required under this
36 Section.

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

5 Notwithstanding any other provision of this Section, the
6 required State contribution for State fiscal year 2005 and for
7 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
8 calculated under this Section and certified under Section
9 15-165, shall not exceed an amount equal to (i) the amount of
10 the required State contribution that would have been calculated
11 under this Section for that fiscal year if the System had not
12 received any payments under subsection (d) of Section 7.2 of
13 the General Obligation Bond Act, minus (ii) the portion of the
14 State's total debt service payments for that fiscal year on the
15 bonds issued for the purposes of that Section 7.2, as
16 determined and certified by the Comptroller, that is the same
17 as the System's portion of the total moneys distributed under
18 subsection (d) of Section 7.2 of the General Obligation Bond
19 Act. ~~In determining this maximum for State fiscal years 2008
20 through 2010, however, the amount referred to in item (i) shall
21 be increased, as a percentage of the applicable employee
22 payroll, in equal increments calculated from the sum of the
23 required State contribution for State fiscal year 2007 plus the
24 applicable portion of the State's total debt service payments
25 for fiscal year 2007 on the bonds issued for the purposes of
26 Section 7.2 of the General Obligation Bond Act, so that, by
27 State fiscal year 2011, the State is contributing at the rate
28 otherwise required under this Section.~~

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

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

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

21 (c) Through State fiscal year 1995: The total employer
22 contribution shall be apportioned among the various funds of
23 the State and other employers, whether trust, federal, or other
24 funds, in accordance with actuarial procedures approved by the
25 Board. State of Illinois contributions for employers receiving
26 State appropriations for personal services shall be payable
27 from appropriations made to the employers or to the System. The
28 contributions for Class I community colleges covering earnings
29 other than those paid from trust and federal funds, shall be
30 payable solely from appropriations to the Illinois Community
31 College Board or the System for employer contributions.

32 (d) Beginning in State fiscal year 1996, the required State
33 contributions to the System shall be appropriated directly to
34 the System and shall be payable through vouchers issued in
35 accordance with subsection (c) of Section 15-165, except as
36 provided in subsection (g).

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

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

13 (g) If the amount of a participant's earnings for any
14 academic year used to determine the final rate of earnings
15 exceeds the amount of his or her earnings with the same
16 employer for the previous academic year by more than 6%, the
17 participant's employer shall pay to the System, in addition to
18 all other payments required under this Section and in
19 accordance with guidelines established by the System, the
20 present value of the increase in benefits resulting from the
21 portion of the increase in earnings that is in excess of 6%.
22 This present value shall be computed by the System on the basis
23 of the actuarial assumptions and tables used in the most recent
24 actuarial valuation of the System that is available at the time
25 of the computation. The employer contributions required under
26 this subsection (g) shall be paid in the form of a lump sum
27 within 30 days after receipt of the bill after the participant
28 begins receiving benefits under this Article.

29 The provisions of this subsection (g) do not apply to
30 earnings increases paid to participants under contracts or
31 collective bargaining agreements entered into, amended, or
32 renewed before the effective date of this amendatory Act of the
33 94th General Assembly.

34 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

35 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

2 (a) The Board shall certify to the Governor on or before
3 November 15 of each year the appropriation required from State
4 funds for the purposes of this System for the following fiscal
5 year. The certification shall include a copy of the actuarial
6 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 On or before July 1, 2005, the Board shall recalculate and
14 recertify to the Governor the amount of the required State
15 contribution to the System for State fiscal year 2006, taking
16 into account the changes in required State contributions made
17 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
18 ~~Assembly.~~

19 On or before July 1, 2006, the Board shall recalculate and
20 recertify to the Governor the amount of the required State
21 contribution to the System for State fiscal year 2007, taking
22 into account the changes in required State contributions made
23 by this amendatory Act of the 94th General Assembly.

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

28 (c) Beginning in State fiscal year 1996, on or as soon as
29 possible after the 15th day of each month the Board shall
30 submit vouchers for payment of State contributions to the
31 System, in a total monthly amount of one-twelfth of the
32 required annual State contribution certified under subsection
33 (a). From the effective date of this amendatory Act of the 93rd
34 General Assembly through June 30, 2004, the Board shall not
35 submit vouchers for the remainder of fiscal year 2004 in excess
36 of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration
2 the transfer to the System under subsection (b) of Section
3 6z-61 of the State Finance Act. These vouchers shall be paid by
4 the State Comptroller and Treasurer by warrants drawn on the
5 funds appropriated to the System for that fiscal year.

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

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

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

35 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
36 eff. 6-1-05.)

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

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

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

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

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

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

27 On or before July 1, 2005, the Board shall recalculate and
28 recertify to the Governor the amount of the required State
29 contribution to the System for State fiscal year 2006, taking
30 into account the changes in required State contributions made
31 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
32 ~~Assembly.~~

33 On or before July 1, 2006, the Board shall recalculate and
34 recertify to the Governor the amount of the required State
35 contribution to the System for State fiscal year 2007, taking

1 into account the changes in required State contributions made
2 by this amendatory Act of the 94th General Assembly.

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

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

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

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

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

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

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$534,627,700.

24 ~~Notwithstanding any other provision of this Article, the~~
25 ~~total required State contribution for State fiscal year 2007 is~~
26 ~~\$738,014,500.~~

27 For each of State fiscal years 2007 ~~2008~~ through 2010, the
28 State contribution to the System, as a percentage of the
29 applicable employee payroll, shall be increased in equal annual
30 increments from the required State contribution for State
31 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
32 State is contributing at the rate otherwise required under this
33 Section.

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

1 actuarial liabilities of the System.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
5 calculated under this Section and certified under subsection
6 (a-1), shall not exceed an amount equal to (i) the amount of
7 the required State contribution that would have been calculated
8 under this Section for that fiscal year if the System had not
9 received any payments under subsection (d) of Section 7.2 of
10 the General Obligation Bond Act, minus (ii) the portion of the
11 State's total debt service payments for that fiscal year on the
12 bonds issued for the purposes of that Section 7.2, as
13 determined and certified by the Comptroller, that is the same
14 as the System's portion of the total moneys distributed under
15 subsection (d) of Section 7.2 of the General Obligation Bond
16 Act. ~~In determining this maximum for State fiscal years 2008~~
17 ~~through 2010, however, the amount referred to in item (i) shall~~
18 ~~be increased, as a percentage of the applicable employee~~
19 ~~payroll, in equal increments calculated from the sum of the~~
20 ~~required State contribution for State fiscal year 2007 plus the~~
21 ~~applicable portion of the State's total debt service payments~~
22 ~~for fiscal year 2007 on the bonds issued for the purposes of~~
23 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~
24 ~~State fiscal year 2011, the State is contributing at the rate~~
25 ~~otherwise required under this Section.~~

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

31 If members are paid from special trust or federal funds
32 which are administered by the employing unit, whether school
33 district or other unit, the employing unit shall pay to the
34 System from such funds the full accruing retirement costs based
35 upon that service, as determined by the System. Employer
36 contributions, based on salary paid to members from federal

1 funds, may be forwarded by the distributing agency of the State
2 of Illinois to the System prior to allocation, in an amount
3 determined in accordance with guidelines established by such
4 agency and the System.

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

12 However, with respect to benefits granted under Section
13 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
14 of Section 16-106, the employer's contribution shall be 12%
15 (rather than 20%) of the member's highest annual salary rate
16 for each year of creditable service granted, and the employer
17 shall also pay the required employee contribution on behalf of
18 the teacher. For the purposes of Sections 16-133.4 and
19 16-133.5, a teacher as defined in paragraph (8) of Section
20 16-106 who is serving in that capacity while on leave of
21 absence from another employer under this Article shall not be
22 considered an employee of the employer from which the teacher
23 is on leave.

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

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

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

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

1 contributions.

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

5 Each employer of teachers is entitled to a credit against
6 the contributions required under this subsection (e) with
7 respect to salaries paid to teachers for the period January 1,
8 2002 through June 30, 2003, equal to the amount paid by that
9 employer under subsection (a-5) of Section 6.6 of the State
10 Employees Group Insurance Act of 1971 with respect to salaries
11 paid to teachers for that period.

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

17 If an employer is required by a contract in effect on May
18 1, 1998 between the employer and an employee organization to
19 pay, on behalf of all its full-time employees covered by this
20 Article, all mandatory employee contributions required under
21 this Article, then the employer shall be excused from paying
22 the employer contribution required under this subsection (e)
23 for the balance of the term of that contract. The employer and
24 the employee organization shall jointly certify to the System
25 the existence of the contractual requirement, in such form as
26 the System may prescribe. This exclusion shall cease upon the
27 termination, extension, or renewal of the contract at any time
28 after May 1, 1998.

29 (f) If the amount of a teacher's salary for any school year
30 used to determine final average salary exceeds the amount of
31 his or her salary with the same employer for the previous
32 school year by more than 6%, the teacher's employer shall pay
33 to the System, in addition to all other payments required under
34 this Section and in accordance with guidelines established by
35 the System, the present value of the increase in benefits
36 resulting from the portion of the increase in salary that is in

1 excess of 6%. This present value shall be computed by the
2 System on the basis of the actuarial assumptions and tables
3 used in the most recent actuarial valuation of the System that
4 is available at the time of the computation. The employer
5 contributions required under this subsection (f) shall be paid
6 in the form of a lump sum within 30 days after receipt of the
7 bill after the teacher begins receiving benefits under this
8 Article.

9 The provisions of this subsection (f) do not apply to
10 salary increases paid to teachers under contracts or collective
11 bargaining agreements entered into, amended, or renewed before
12 the effective date of this amendatory Act of the 94th General
13 Assembly.

14 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
15 eff. 6-1-05.)

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 this
19 System by appropriations of the amounts which, together with
20 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 basis
23 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 the
26 actuarial tables and other assumptions adopted by the Board and
27 the prescribed rate of interest, using the formula in
28 subsection (c).

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

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

4 For State fiscal years 1996 through 2005, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 so that by State fiscal year 2011, the State is contributing at
8 the rate required under this Section.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2006 is
11 \$29,189,400.

12 ~~Notwithstanding any other provision of this Article, the~~
13 ~~total required State contribution for State fiscal year 2007 is~~
14 ~~\$35,236,800.~~

15 For each of State fiscal years 2007 ~~2008~~ through 2010, the
16 State contribution to the System, as a percentage of the
17 applicable employee payroll, shall be increased in equal annual
18 increments from the required State contribution for State
19 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
20 State is contributing at the rate otherwise required under this
21 Section.

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

26 Notwithstanding any other provision of this Section, the
27 required State contribution for State fiscal year 2005 and for
28 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
29 calculated under this Section and certified under Section
30 18-140, shall not exceed an amount equal to (i) the amount of
31 the required State contribution that would have been calculated
32 under this Section for that fiscal year if the System had not
33 received any payments under subsection (d) of Section 7.2 of
34 the General Obligation Bond Act, minus (ii) the portion of the
35 State's total debt service payments for that fiscal year on the
36 bonds issued for the purposes of that Section 7.2, as

1 determined and certified by the Comptroller, that is the same
2 as the System's portion of the total moneys distributed under
3 subsection (d) of Section 7.2 of the General Obligation Bond
4 Act. ~~In determining this maximum for State fiscal years 2008~~
5 ~~through 2010, however, the amount referred to in item (i) shall~~
6 ~~be increased, as a percentage of the applicable employee~~
7 ~~payroll, in equal increments calculated from the sum of the~~
8 ~~required State contribution for State fiscal year 2007 plus the~~
9 ~~applicable portion of the State's total debt service payments~~
10 ~~for fiscal year 2007 on the bonds issued for the purposes of~~
11 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~
12 ~~State fiscal year 2011, the State is contributing at the rate~~
13 ~~otherwise required under this Section.~~

14 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

15 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

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

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

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

29 On or before July 1, 2005, the Board shall recalculate and
30 recertify to the Governor the amount of the required State
31 contribution to the System for State fiscal year 2006, taking
32 into account the changes in required State contributions made
33 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
34 ~~Assembly.~~

35 On or before July 1, 2006, the Board shall recalculate and

1 recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2007, taking
3 into account the changes in required State contributions made
4 by this amendatory Act of the 94th General Assembly.

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

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

28 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
29 eff. 6-1-05.)

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