

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 3. The Department of Professional Regulation Law of
5 the Civil Administrative Code of Illinois is amended by
6 changing Section 2105-300 as follows:

7 (20 ILCS 2105/2105-300) (was 20 ILCS 2105/61e)

8 Sec. 2105-300. Professions Indirect Cost Fund;
9 allocations; analyses.

10 (a) Appropriations for the direct and allocable indirect
11 costs of licensing and regulating each regulated profession,
12 trade, occupation, or industry are intended to be payable from
13 the fees and fines that are assessed and collected from that
14 profession, trade, occupation, or industry, to the extent that
15 those fees and fines are sufficient. In any fiscal year in
16 which the fees and fines generated by a specific profession,
17 trade, occupation, or industry are insufficient to finance the
18 necessary direct and allocable indirect costs of licensing and
19 regulating that profession, trade, occupation, or industry,
20 the remainder of those costs shall be financed from
21 appropriations payable from revenue sources other than fees and
22 fines. The direct and allocable indirect costs of the
23 Department identified in its cost allocation plans that are not

1 attributable to the licensing and regulation of a specific
2 profession, trade, or occupation, or industry or group of
3 professions, trades, occupations, or industries shall be
4 financed from appropriations from revenue sources other than
5 fees and fines.

6 (b) The Professions Indirect Cost Fund is hereby created as
7 a special fund in the State Treasury. Except as provided in
8 subsection (e), the ~~The~~ Fund may receive transfers of moneys
9 authorized by the Department from the cash balances in special
10 funds that receive revenues from the fees and fines associated
11 with the licensing of regulated professions, trades,
12 occupations, and industries by the Department. Moneys in the
13 Fund shall be invested and earnings on the investments shall be
14 retained in the Fund. Subject to appropriation, the Department
15 shall use moneys in the Fund to pay the ordinary and necessary
16 allocable indirect expenses associated with each of the
17 regulated professions, trades, occupations, and industries.

18 (c) Before the beginning of each fiscal year, the
19 Department shall prepare a cost allocation analysis to be used
20 in establishing the necessary appropriation levels for each
21 cost purpose and revenue source. At the conclusion of each
22 fiscal year, the Department shall prepare a cost allocation
23 analysis reflecting the extent of the variation between how the
24 costs were actually financed in that year and the planned cost
25 allocation for that year. Variations between the planned and
26 actual cost allocations for the prior fiscal year shall be

1 adjusted into the Department's planned cost allocation for the
2 next fiscal year.

3 Each cost allocation analysis shall separately identify
4 the direct and allocable indirect costs of each regulated
5 profession, trade, occupation, or industry and the costs of the
6 Department's general public health and safety purposes. The
7 analyses shall determine whether the direct and allocable
8 indirect costs of each regulated profession, trade,
9 occupation, or industry and the costs of the Department's
10 general public health and safety purposes are sufficiently
11 financed from their respective funding sources. The Department
12 shall prepare the cost allocation analyses in consultation with
13 the respective regulated professions, trades, occupations, and
14 industries and shall make copies of the analyses available to
15 them in a timely fashion.

16 (d) Except as provided in subsection (e), the ~~The~~
17 Department may direct the State Comptroller and Treasurer to
18 transfer moneys from the special funds that receive fees and
19 fines associated with regulated professions, trades,
20 occupations, and industries into the Professions Indirect Cost
21 Fund in accordance with the Department's cost allocation
22 analysis plan for the applicable fiscal year. For a given
23 fiscal year, the Department shall not direct the transfer of
24 moneys under this subsection from a special fund associated
25 with a specific regulated profession, trade, occupation, or
26 industry (or group of professions, trades, occupations, or

1 industries) in an amount exceeding the allocable indirect costs
2 associated with that profession, trade, occupation, or
3 industry (or group of professions, trades, occupations, or
4 industries) as provided in the cost allocation analysis for
5 that fiscal year and adjusted for allocation variations from
6 the prior fiscal year. No direct costs identified in the cost
7 allocation plan shall be used as a basis for transfers into the
8 Professions Indirect Cost Fund or for expenditures from the
9 Fund.

10 (e) No transfer may be made to the Professions Indirect
11 Cost Fund under this Section from the Public Pension Regulation
12 Fund.

13 (Source: P.A. 94-91, eff. 7-1-05.)

14 Section 4. The Pension Impact Note Act is amended by
15 changing Section 3 as follows:

16 (25 ILCS 55/3) (from Ch. 63, par. 42.43)

17 Sec. 3. Content of pension impact note.

18 (a) The pension impact note shall be factual in nature, as
19 brief and concise as may be, and shall provide a reliable
20 estimate of the impact of the bill on any public pension
21 systems to be effected by it, in dollars where appropriate,
22 and, in addition, it shall include both the immediate effect
23 and, if determinable or reasonably foreseeable, the long range
24 effect of the measure. If, after careful investigation, it is

1 determined that no dollar estimate is possible, the note shall
2 contain a statement to that effect, setting forth the reasons
3 why no dollar estimate can be given. A brief summary or work
4 sheet of computations used in arriving at pension impact note
5 figures shall be included.

6 (b) The pension impact note for any legislation or
7 amendment that the Commission on Government Forecasting and
8 Accountability determines would result in an increase in
9 benefits or increased costs to a pension fund established under
10 Article 3 or 4 of the Illinois Pension Code may demonstrate the
11 fiscal impact of the legislation being considered on selected
12 individual municipalities with such pension funds.

13 (Source: P.A. 79-1397.)

14 Section 5. The State Finance Act is amended by changing
15 Sections 8.12 and 8f as follows:

16 (30 ILCS 105/8.12) (from Ch. 127, par. 144.12)

17 Sec. 8.12. State Pensions Fund.

18 (a) The moneys in the State Pensions Fund shall be used
19 exclusively for the administration of the Uniform Disposition
20 of Unclaimed Property Act and for the funding of the unfunded
21 liabilities of the designated retirement systems. Payments to
22 the designated retirement systems under this Section shall be
23 in addition to, and not in lieu of, any State contributions
24 required under the Illinois Pension Code ~~payment of or~~

1 ~~repayment to the General Revenue Fund a portion of the required~~
2 ~~State contributions to the designated retirement systems.~~

3 "Designated retirement systems" means:

4 (1) the State Employees' Retirement System of
5 Illinois;

6 (2) the Teachers' Retirement System of the State of
7 Illinois;

8 (3) the State Universities Retirement System;

9 (4) the Judges Retirement System of Illinois; and

10 (5) the General Assembly Retirement System.

11 (b) Each year the General Assembly may make appropriations
12 from the State Pensions Fund for the administration of the
13 Uniform Disposition of Unclaimed Property Act.

14 Each month, the Commissioner of the Office of Banks and
15 Real Estate shall certify to the State Treasurer the actual
16 expenditures that the Office of Banks and Real Estate incurred
17 conducting unclaimed property examinations under the Uniform
18 Disposition of Unclaimed Property Act during the immediately
19 preceding month. Within a reasonable time following the
20 acceptance of such certification by the State Treasurer, the
21 State Treasurer shall pay from its appropriation from the State
22 Pensions Fund to the Bank and Trust Company Fund and the
23 Savings and Residential Finance Regulatory Fund an amount equal
24 to the expenditures incurred by each Fund for that month.

25 Each month, the Director of Financial Institutions shall
26 certify to the State Treasurer the actual expenditures that the

1 Department of Financial Institutions incurred conducting
2 unclaimed property examinations under the Uniform Disposition
3 of Unclaimed Property Act during the immediately preceding
4 month. Within a reasonable time following the acceptance of
5 such certification by the State Treasurer, the State Treasurer
6 shall pay from its appropriation from the State Pensions Fund
7 to the Financial Institutions Fund and the Credit Union Fund an
8 amount equal to the expenditures incurred by each Fund for that
9 month.

10 (c) As soon as possible after the effective date of this
11 amendatory Act of the 93rd General Assembly, the General
12 Assembly shall appropriate from the State Pensions Fund (1) to
13 the State Universities Retirement System the amount certified
14 under Section 15-165 during the prior year, (2) to the Judges
15 Retirement System of Illinois the amount certified under
16 Section 18-140 during the prior year, and (3) to the General
17 Assembly Retirement System the amount certified under Section
18 2-134 during the prior year as part of the required State
19 contributions to each of those designated retirement systems;
20 except that amounts appropriated under this subsection (c) in
21 State fiscal year 2005 shall not reduce the amount in the State
22 Pensions Fund below \$5,000,000. If the amount in the State
23 Pensions Fund does not exceed the sum of the amounts certified
24 in Sections 15-165, 18-140, and 2-134 by at least \$5,000,000,
25 the amount paid to each designated retirement system under this
26 subsection shall be reduced in proportion to the amount

1 certified by each of those designated retirement systems.

2 (c-5) For fiscal years ~~year~~ 2006 ~~and thereafter~~, 2007,
3 2008, 2009, and 2010 the General Assembly shall appropriate
4 from the State Pensions Fund to the State Universities
5 Retirement System the amount estimated to be available during
6 the fiscal year in the State Pensions Fund; provided, however,
7 that the amounts appropriated under this subsection (c-5) shall
8 not reduce the amount in the State Pensions Fund below
9 \$5,000,000.

10 (c-6) For fiscal year 2011 and each fiscal year thereafter,
11 as soon as may be practical after any money is deposited into
12 the State Pensions Fund from the Unclaimed Property Trust Fund,
13 the State Treasurer shall apportion the deposited amount among
14 the designated retirement systems as defined in subsection (a)
15 to reduce their actuarial reserve deficiencies. The State
16 Comptroller and State Treasurer shall pay the apportioned
17 amounts to the designated retirement systems to fund the
18 unfunded liabilities of the designated retirement systems. The
19 amount apportioned to each designated retirement system shall
20 constitute a portion of the amount estimated to be available
21 for appropriation from the State Pensions Fund that is the same
22 as that retirement system's portion of the total actual reserve
23 deficiency of the systems, as determined annually by the
24 Governor's Office of Management and Budget at the request of
25 the State Treasurer. The amounts apportioned under this
26 subsection shall not reduce the amount in the State Pensions

1 Fund below \$5,000,000.

2 (d) The Governor's Office of Management and Budget shall
3 determine the individual and total reserve deficiencies of the
4 designated retirement systems. For this purpose, the
5 Governor's Office of Management and Budget shall utilize the
6 latest available audit and actuarial reports of each of the
7 retirement systems and the relevant reports and statistics of
8 the Public Employee Pension Fund Division of the Department of
9 Insurance.

10 (d-1) As soon as practicable after the effective date of
11 this amendatory Act of the 93rd General Assembly, the
12 Comptroller shall direct and the Treasurer shall transfer from
13 the State Pensions Fund to the General Revenue Fund, as funds
14 become available, a sum equal to the amounts that would have
15 been paid from the State Pensions Fund to the Teachers'
16 Retirement System of the State of Illinois, the State
17 Universities Retirement System, the Judges Retirement System
18 of Illinois, the General Assembly Retirement System, and the
19 State Employees' Retirement System of Illinois after the
20 effective date of this amendatory Act during the remainder of
21 fiscal year 2004 to the designated retirement systems from the
22 appropriations provided for in this Section if the transfers
23 provided in Section 6z-61 had not occurred. The transfers
24 described in this subsection (d-1) are to partially repay the
25 General Revenue Fund for the costs associated with the bonds
26 used to fund the moneys transferred to the designated

1 retirement systems under Section 6z-61.

2 (e) The changes to this Section made by this amendatory Act
3 of 1994 shall first apply to distributions from the Fund for
4 State fiscal year 1996.

5 (Source: P.A. 93-665, eff. 3-5-04; 93-839, eff. 7-30-04; 94-91,
6 eff. 7-1-05.)

7 (30 ILCS 105/8f)

8 Sec. 8f. Public Pension Regulation Fund. The Public Pension
9 Regulation Fund is created in the State Treasury. Except as
10 otherwise provided in the Illinois Pension Code, all money
11 received by the Department of Financial and Professional
12 Regulation, as successor to the Illinois Department of
13 Insurance, under the Illinois Pension Code shall be paid into
14 the Fund. ~~Moneys in the Fund may be transferred to the~~
15 ~~Professions Indirect Cost Fund, as authorized under Section~~
16 ~~2105-300 of the Department of Professional Regulation Law of~~
17 ~~the Civil Administrative Code of Illinois.~~ The State Treasurer
18 promptly shall invest the money in the Fund, and all earnings
19 that accrue on the money in the Fund shall be credited to the
20 Fund. No money may be transferred from this Fund to any other
21 fund. The General Assembly may make appropriations from this
22 Fund for the ordinary and contingent expenses of the Public
23 Pension Division of the Illinois Department of Insurance.

24 (Source: P.A. 94-91, eff. 7-1-05.)

1 Section 10. The Illinois Pension Code is amended by
2 changing Sections 1-110, 1-113.5, 1A-104, 2-124, 3-143, 4-134,
3 14-131, 15-155, 16-158, and 18-131 and by adding Sections
4 1-125, 3-141.1, 3-144.5, 4-138.5, and 22-1004 as follows:

5 (40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)

6 Sec. 1-110. Prohibited Transactions.

7 (a) A fiduciary with respect to a retirement system or
8 pension fund shall not cause the retirement system or pension
9 fund to engage in a transaction if he or she knows or should
10 know that such transaction constitutes a direct or indirect:

11 (1) Sale or exchange, or leasing of any property from
12 the retirement system or pension fund to a party in
13 interest for less than adequate consideration, or from a
14 party in interest to a retirement system or pension fund
15 for more than adequate consideration.

16 (2) Lending of money or other extension of credit from
17 the retirement system or pension fund to a party in
18 interest without the receipt of adequate security and a
19 reasonable rate of interest, or from a party in interest to
20 a retirement system or pension fund with the provision of
21 excessive security or an unreasonably high rate of
22 interest.

23 (3) Furnishing of goods, services or facilities from
24 the retirement system or pension fund to a party in
25 interest for less than adequate consideration, or from a

1 party in interest to a retirement system or pension fund
2 for more than adequate consideration.

3 (4) Transfer to, or use by or for the benefit of, a
4 party in interest of any assets of a retirement system or
5 pension fund for less than adequate consideration.

6 (b) A fiduciary with respect to a retirement system or
7 pension fund established under this Code shall not:

8 (1) Deal with the assets of the retirement system or
9 pension fund in his own interest or for his own account;

10 (2) In his individual or any other capacity act in any
11 transaction involving the retirement system or pension
12 fund on behalf of a party whose interests are adverse to
13 the interests of the retirement system or pension fund or
14 the interests of its participants or beneficiaries; or

15 (3) Receive any consideration for his own personal
16 account from any party dealing with the retirement system
17 or pension fund in connection with a transaction involving
18 the assets of the retirement system or pension fund.

19 (c) Nothing in this Section shall be construed to prohibit
20 any trustee from:

21 (1) Receiving any benefit to which he may be entitled
22 as a participant or beneficiary in the retirement system or
23 pension fund.

24 (2) Receiving any reimbursement of expenses properly
25 and actually incurred in the performance of his duties with
26 the retirement system or pension fund.

1 (3) Serving as a trustee in addition to being an
2 officer, employee, agent or other representative of a party
3 in interest.

4 (d) A fiduciary of a pension fund established under Article
5 3 or 4 shall not knowingly cause or advise the pension fund to
6 engage in an investment transaction when the fiduciary (i) has
7 any direct interest in the income, gains, or profits of the
8 investment advisor through which the investment transaction is
9 made or (ii) has a business relationship with that investment
10 advisor that would result in a pecuniary benefit to the
11 fiduciary as a result of the investment transaction.

12 Violation of this subsection (d) is a Class 4 felony.

13 (Source: P.A. 88-535.)

14 (40 ILCS 5/1-113.5)

15 Sec. 1-113.5. Investment advisers and investment services.

16 (a) The board of trustees of a pension fund may appoint
17 investment advisers as defined in Section 1-101.4. The board of
18 any pension fund investing in common or preferred stock under
19 Section 1-113.4 shall appoint an investment adviser before
20 making such investments.

21 The investment adviser shall be a fiduciary, as defined in
22 Section 1-101.2, with respect to the pension fund and shall be
23 one of the following:

24 (1) an investment adviser registered under the federal
25 Investment Advisers Act of 1940 and the Illinois Securities

1 Law of 1953;

2 (2) a bank or trust company authorized to conduct a
3 trust business in Illinois;

4 (3) a life insurance company authorized to transact
5 business in Illinois; or

6 (4) an investment company as defined and registered
7 under the federal Investment Company Act of 1940 and
8 registered under the Illinois Securities Law of 1953.

9 (a-5) Notwithstanding any other provision of law, a person
10 or entity that provides consulting services (referred to as a
11 "consultant" in this Section) to a pension fund with respect to
12 the selection of fiduciaries may not be awarded a contract to
13 provide those consulting services that is more than 5 years in
14 duration. No contract to provide such consulting services may
15 be renewed or extended. At the end of the term of a contract,
16 however, the contractor is eligible to compete for a new
17 contract. No person shall attempt to avoid or contravene the
18 restrictions of this subsection by any means. All offers from
19 responsive offerors shall be accompanied by disclosure of the
20 names and addresses of the following:

21 (1) The offeror.

22 (2) Any entity that is a parent of, or owns a
23 controlling interest in, the offeror.

24 (3) Any entity that is a subsidiary of, or in which a
25 controlling interest is owned by, the offeror.

26 Beginning on July 1, 2008, a person, other than a trustee

1 or an employee of a pension fund or retirement system, may not
2 act as a consultant under this Section unless that person is at
3 least one of the following: (i) registered as an investment
4 adviser under the federal Investment Advisers Act of 1940 (15
5 U.S.C. 80b-1, et seq.); (ii) registered as an investment
6 adviser under the Illinois Securities Law of 1953; (iii) a
7 bank, as defined in the Investment Advisers Act of 1940; or
8 (iv) an insurance company authorized to transact business in
9 this State.

10 (b) All investment advice and services provided by an
11 investment adviser or a consultant appointed under this Section
12 shall be rendered pursuant to a written contract between the
13 investment adviser and the board, and in accordance with the
14 board's investment policy.

15 The contract shall include all of the following:

16 (1) acknowledgement in writing by the investment
17 adviser that he or she is a fiduciary with respect to the
18 pension fund;

19 (2) the board's investment policy;

20 (3) full disclosure of direct and indirect fees,
21 commissions, penalties, and any other compensation that
22 may be received by the investment adviser, including
23 reimbursement for expenses; and

24 (4) a requirement that the investment adviser submit
25 periodic written reports, on at least a quarterly basis,
26 for the board's review at its regularly scheduled meetings.

1 All returns on investment shall be reported as net returns
2 after payment of all fees, commissions, and any other
3 compensation.

4 (b-5) Each contract described in subsection (b) shall also
5 include (i) full disclosure of direct and indirect fees,
6 commissions, penalties, and other compensation, including
7 reimbursement for expenses, that may be paid by or on behalf of
8 the investment adviser or consultant in connection with the
9 provision of services to the pension fund and (ii) a
10 requirement that the investment adviser or consultant update
11 the disclosure promptly after a modification of those payments
12 or an additional payment.

13 Within 30 days after the effective date of this amendatory
14 Act of the 95th General Assembly, each investment adviser and
15 consultant providing services on the effective date or subject
16 to an existing contract for the provision of services must
17 disclose to the board of trustees all direct and indirect fees,
18 commissions, penalties, and other compensation paid by or on
19 behalf of the investment adviser or consultant in connection
20 with the provision of those services and shall update that
21 disclosure promptly after a modification of those payments or
22 an additional payment.

23 A person required to make a disclosure under subsection (d)
24 is also required to disclose direct and indirect fees,
25 commissions, penalties, or other compensation that shall or may
26 be paid by or on behalf of the person in connection with the

1 rendering of those services. The person shall update the
2 disclosure promptly after a modification of those payments or
3 an additional payment.

4 The disclosures required by this subsection shall be in
5 writing and shall include the date and amount of each payment
6 and the name and address of each recipient of a payment.

7 (c) Within 30 days after appointing an investment adviser
8 or consultant, the board shall submit a copy of the contract to
9 the Division ~~Department~~ of Insurance of the Department of
10 Financial and Professional Regulation.

11 (d) Investment services provided by a person other than an
12 investment adviser appointed under this Section, including but
13 not limited to services provided by the kinds of persons listed
14 in items (1) through (4) of subsection (a), shall be rendered
15 only after full written disclosure of direct and indirect fees,
16 commissions, penalties, and any other compensation that shall
17 or may be received by the person rendering those services.

18 (e) The board of trustees of each pension fund shall retain
19 records of investment transactions in accordance with the rules
20 of the Department of Financial and Professional Regulation
21 ~~Insurance.~~

22 (Source: P.A. 90-507, eff. 8-22-97.)

23 (40 ILCS 5/1-125 new)

24 Sec. 1-125. Prohibition on gifts.

25 (a) For the purposes of this Section:

1 "Gift" means a gift as defined in Section 1-5 of the State
2 Officials and Employees Ethics Act.

3 "Prohibited source" means a person or entity who:

4 (i) is seeking official action (A) by the board or (B)
5 by a board member;

6 (ii) does business or seeks to do business (A) with the
7 board or (B) with a board member;

8 (iii) has interests that may be substantially affected
9 by the performance or non-performance of the official
10 duties of the board member; or

11 (iv) is registered or required to be registered with
12 the Secretary of State under the Lobbyist Registration Act,
13 except that an entity not otherwise a prohibited source
14 does not become a prohibited source merely because a
15 registered lobbyist is one of its members or serves on its
16 board of directors.

17 (b) No trustee of a board created under Article 3 or 4 of
18 this Code shall intentionally solicit or accept any gift from
19 any prohibited source as prescribed in Article 10 of the State
20 Officials and Employees Ethics Act, including the exceptions
21 contained in Section 10-15 of that Act, other than paragraphs
22 (4) and (5) of that Section. Solicitation or acceptance of
23 educational materials, however, is not prohibited. For the
24 purposes of this Section, references to "State employee" and
25 "employee" in Article 10 of the State Officials and Employees
26 Ethics Act shall include a trustee of a board created under

1 Article 3 or 4 of this Code.

2 (c) A municipality may adopt or maintain policies or
3 ordinances that are more restrictive than those set forth in
4 this Section and may continue to follow any existing policies
5 or ordinances that are more restrictive or are in addition to
6 those set forth in this Section.

7 (d) Violation of this Section is a Class A misdemeanor.

8 (40 ILCS 5/1A-104)

9 Sec. 1A-104. Examinations and investigations.

10 (a) The Division shall make periodic examinations and
11 investigations of all pension funds established under this Code
12 and maintained for the benefit of employees and officers of
13 governmental units in the State of Illinois. However, in lieu
14 of making an examination and investigation, the Division may
15 accept and rely upon a report of audit or examination of any
16 pension fund made by an independent certified public accountant
17 pursuant to the provisions of the Article of this Code
18 governing the pension fund. The acceptance of the report of
19 audit or examination does not bar the Division from making a
20 further audit, examination, and investigation if deemed
21 necessary by the Division.

22 The Department may implement a flexible system of
23 examinations under which it directs resources as it deems
24 necessary or appropriate. In consultation with the pension fund
25 being examined, the Division may retain attorneys, independent

1 actuaries, independent certified public accountants, and other
2 professionals and specialists as examiners, the cost of which
3 (except in the case of pension funds established under Article
4 3 or 4) shall be borne by the pension fund that is the subject
5 of the examination.

6 (b) The Division shall examine or investigate each pension
7 fund established under Article 3 or Article 4 of this Code. The
8 schedule of each examination shall be such that each fund shall
9 be examined once every 3 years.

10 Each examination shall include the following:

11 (1) an audit of financial transactions, investment
12 policies, and procedures;

13 (2) an examination of books, records, documents,
14 files, and other pertinent memoranda relating to
15 financial, statistical, and administrative operations;

16 (3) a review of policies and procedures maintained for
17 the administration and operation of the pension fund;

18 (4) a determination of whether or not full effect is
19 being given to the statutory provisions governing the
20 operation of the pension fund;

21 (5) a determination of whether or not the
22 administrative policies in force are in accord with the
23 purposes of the statutory provisions and effectively
24 protect and preserve the rights and equities of the
25 participants; ~~and~~

26 (6) a determination of whether or not proper financial

1 and statistical records have been established and adequate
2 documentary evidence is recorded and maintained in support
3 of the several types of annuity and benefit payments being
4 made; ~~and-~~

5 (7) a determination of whether or not the calculations
6 made by the fund for the payment of all annuities and
7 benefits are accurate.

8 In addition, the Division may conduct investigations,
9 which shall be identified as such and which may include one or
10 more of the items listed in this subsection.

11 A copy of the report of examination or investigation as
12 prepared by the Division shall be submitted to the secretary of
13 the board of trustees of the pension fund examined or
14 investigated and to the chief executive officer of the
15 municipality. The Director, upon request, shall grant a hearing
16 to the officers or trustees of the pension fund or their duly
17 appointed representatives, upon any facts contained in the
18 report of examination. The hearing shall be conducted before
19 filing the report or making public any information contained in
20 the report. The Director may withhold the report from public
21 inspection for up to 60 days following the hearing.

22 (Source: P.A. 90-507, eff. 8-22-97.)

23 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

24 Sec. 2-124. Contributions by State.

25 (a) The State shall make contributions to the System by

1 appropriations of amounts which, together with the
2 contributions of participants, interest earned on investments,
3 and other income will meet the cost of maintaining and
4 administering the System on a 90% funded basis in accordance
5 with actuarial recommendations.

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

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

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2006 is
2 \$4,157,000.

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

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

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

16 Amounts received by the System pursuant to Section 25 of
17 the Budget Stabilization Act or Section 8.12 of the State
18 Finance Act in any fiscal year do not reduce and do not
19 constitute payment of any portion of the minimum State
20 contribution required under this Article in that fiscal year.
21 Such amounts shall not reduce, and shall not be included in the
22 calculation of, the required State contributions under this
23 Article in any future year until the System has reached a
24 funding ratio of at least 90%. A reference in this Article to
25 the "required State contribution" or any substantially similar
26 term does not include or apply to any amounts payable to the

1 System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2008 and each fiscal year thereafter, as calculated
5 under this Section and certified under Section 2-134, shall not
6 exceed an amount equal to (i) the amount of the required State
7 contribution that would have been calculated under this Section
8 for that fiscal year if the System had not received any
9 payments under subsection (d) of Section 7.2 of the General
10 Obligation Bond Act, minus (ii) the portion of the State's
11 total debt service payments for that fiscal year on the bonds
12 issued for the purposes of that Section 7.2, as determined and
13 certified by the Comptroller, that is the same as the System's
14 portion of the total moneys distributed under subsection (d) of
15 Section 7.2 of the General Obligation Bond Act. In determining
16 this maximum for State fiscal years 2008 through 2010, however,
17 the amount referred to in item (i) shall be increased, as a
18 percentage of the applicable employee payroll, in equal
19 increments calculated from the sum of the required State
20 contribution for State fiscal year 2007 plus the applicable
21 portion of the State's total debt service payments for fiscal
22 year 2007 on the bonds issued for the purposes of Section 7.2
23 of the General Obligation Bond Act, so that, by State fiscal
24 year 2011, the State is contributing at the rate otherwise
25 required under this Section.

26 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05; 94-839,

1 eff. 6-6-06.)

2 (40 ILCS 5/3-141.1 new)

3 Sec. 3-141.1. Award of benefits. Prior to the board's
4 determination of benefits, the board shall provide, in writing,
5 the total amount of the annuity for a member and all
6 information used in the calculation of that benefit to the
7 Treasurer of the municipality. If the Treasurer is of the
8 opinion that the calculated annuity is incorrect, the Treasurer
9 shall immediately notify the board. The board shall review the
10 Treasurer's findings, and if the Board concurs that an error
11 exists it shall re-determine the annuity so that it is
12 calculated in accordance with the Illinois Pension Code.

13 (40 ILCS 5/3-143) (from Ch. 108 1/2, par. 3-143)

14 Sec. 3-143. Report by pension board.

15 (a) The pension board shall report annually to the city
16 council or board of trustees of the municipality on the
17 condition of the pension fund at the end of its most recently
18 completed fiscal year. The report shall be made prior to the
19 council or board meeting held for the levying of taxes for the
20 year for which the report is made.

21 The pension board shall certify and provide the following
22 information to the city council or board of trustees of the
23 municipality:

24 (1) the total assets of the fund in its custody at the

1 end of the fiscal year and the current market value of
2 those assets;

3 (2) the estimated receipts during the next succeeding
4 fiscal year from deductions from the salaries of police
5 officers, and from all other sources;

6 (3) the estimated amount required during the next
7 succeeding fiscal year to (a) pay all pensions and other
8 obligations provided in this Article, and (b) to meet the
9 annual requirements of the fund as provided in Sections
10 3-125 and 3-127; ~~and~~

11 (4) the total net income received from investment of
12 assets along with the assumed investment return and actual
13 investment return received by the fund during its most
14 recently completed fiscal year, compared to the total net
15 ~~such~~ income, assumed investment return, and actual
16 investment return received during the preceding fiscal
17 year;~~;~~

18 (5) the total number of active employees who are
19 financially contributing to the fund;

20 (6) the total amount that was disbursed in benefits
21 during the fiscal year, including the number of and total
22 amount disbursed to (i) annuitants in receipt of a regular
23 retirement pension, (ii) recipients being paid a
24 disability pension, and (iii) survivors and children in
25 receipt of benefits;

26 (7) the funded ratio of the fund;

1 (8) the unfunded liability carried by the fund, along
2 with an actuarial explanation of the unfunded liability;
3 and

4 (9) the investment policy of the pension board under
5 the statutory investment restrictions imposed on the fund.

6 Before the pension board makes its report, the municipality
7 shall have the assets of the fund and their current market
8 value verified by an independent certified public accountant of
9 its choice.

10 (b) The municipality is authorized to publish the report
11 submitted under this Section. This publication may be made,
12 without limitation, by publication in a local newspaper of
13 general circulation in the municipality or by publication on
14 the municipality's Internet website. If the municipality
15 publishes the report, then that publication must include all of
16 the information submitted by the pension board under subsection
17 (a).

18 (Source: P.A. 90-507, eff. 8-22-97.)

19 (40 ILCS 5/3-144.5 new)

20 Sec. 3-144.5. Fraud. Any person, member, trustee, or
21 employee of the board who knowingly makes any false statement
22 or falsifies or permits to be falsified any record of a fund in
23 any attempt to defraud such fund as a result of such act, or
24 intentionally or knowingly defrauds a fund in any manner, is
25 guilty of a Class A misdemeanor.

1 (40 ILCS 5/4-134) (from Ch. 108 1/2, par. 4-134)

2 Sec. 4-134. Report for tax levy. (a) The board shall report
3 to the city council or board of trustees of the municipality on
4 the condition of the pension fund at the end of its most
5 recently completed fiscal year. The report shall be made prior
6 to the council or board meeting held for appropriating and
7 levying taxes for the year for which the report is made.

8 The pension board in the report shall certify and provide
9 the following information to the city council or board of
10 trustees of the municipality:

11 (1) the total assets of the fund and their current
12 market value of those assets;

13 (2) the estimated receipts during the next succeeding
14 fiscal year from deductions from the salaries or wages of
15 firefighters, and from all other sources;

16 (3) the estimated amount necessary during the fiscal
17 year to meet the annual actuarial requirements of the
18 pension fund as provided in Sections 4-118 and 4-120;

19 (4) the total net income received from investment of
20 assets along with the assumed investment return and actual
21 investment return received by the fund during its most
22 recently completed fiscal year, compared to the total net
23 such income, assumed investment return, and actual
24 investment return received during the preceding fiscal
25 year; ~~and~~

1 (5) the increase in employer pension contributions
2 that results from the implementation of the provisions of
3 this amendatory Act of the 93rd General Assembly;~~;~~

4 (6) the total number of active employees who are
5 financially contributing to the fund;

6 (7) the total amount that was disbursed in benefits
7 during the fiscal year, including the number of and total
8 amount disbursed to (i) annuitants in receipt of a regular
9 retirement pension, (ii) recipients being paid a
10 disability pension, and (iii) survivors and children in
11 receipt of benefits;

12 (8) the funded ratio of the fund;

13 (9) the unfunded liability carried by the fund, along
14 with an actuarial explanation of the unfunded liability;
15 and

16 (10) the investment policy of the pension board under
17 the statutory investment restrictions imposed on the fund.

18 Before the pension board makes its report, the municipality
19 shall have the assets of the fund and their current market
20 value verified by an independent certified public accountant of
21 its choice.

22 (b) The municipality is authorized to publish the report
23 submitted under this Section. This publication may be made,
24 without limitation, by publication in a local newspaper of
25 general circulation in the municipality or by publication on
26 the municipality's Internet website. If the municipality

1 publishes the report, then that publication must include all of
2 the information submitted by the pension board under subsection
3 (a).

4 (Source: P.A. 93-689, eff. 7-1-04.)

5 (40 ILCS 5/4-138.5 new)

6 Sec. 4-138.5. Fraud. Any person, member, trustee, or
7 employee of the board who knowingly makes any false statement
8 or falsifies or permits to be falsified any record of a fund in
9 any attempt to defraud such fund as a result of such act, or
10 intentionally or knowingly defrauds a fund in any manner, is
11 guilty of a Class A misdemeanor.

12 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

13 Sec. 14-131. Contributions by State.

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

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

1 behalf of the employee.

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

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

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

24 (c) Contributions shall be made by the several departments
25 for each pay period by warrants drawn by the State Comptroller
26 against their respective funds or appropriations based upon

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

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

26 (e) For State fiscal years 2011 through 2045, the minimum

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

10 For State fiscal years 1996 through 2005, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 so that by State fiscal year 2011, the State is contributing at
14 the rate required under this Section; except that (i) for State
15 fiscal year 1998, for all purposes of this Code and any other
16 law of this State, the certified percentage of the applicable
17 employee payroll shall be 5.052% for employees earning eligible
18 creditable service under Section 14-110 and 6.500% for all
19 other employees, notwithstanding any contrary certification
20 made under Section 14-135.08 before the effective date of this
21 amendatory Act of 1997, and (ii) in the following specified
22 State fiscal years, the State contribution to the System shall
23 not be less than the following indicated percentages of the
24 applicable employee payroll, even if the indicated percentage
25 will produce a State contribution in excess of the amount
26 otherwise required under this subsection and subsection (a):

1 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
2 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

6 Notwithstanding any other provision of this Article, the
7 total required State contribution to the System for State
8 fiscal year 2007 is \$344,164,400.

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

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

19 Amounts received by the System pursuant to Section 25 of
20 the Budget Stabilization Act or Section 8.12 of the State
21 Finance Act in any fiscal year do not reduce and do not
22 constitute payment of any portion of the minimum State
23 contribution required under this Article in that fiscal year.
24 Such amounts shall not reduce, and shall not be included in the
25 calculation of, the required State contributions under this
26 Article in any future year until the System has reached a

1 funding ratio of at least 90%. A reference in this Article to
2 the "required State contribution" or any substantially similar
3 term does not include or apply to any amounts payable to the
4 System under Section 25 of the Budget Stabilization Act.

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

1 year 2011, the State is contributing at the rate otherwise
2 required under this Section.

3 (f) After the submission of all payments for eligible
4 employees from personal services line items in fiscal year 2004
5 have been made, the Comptroller shall provide to the System a
6 certification of the sum of all fiscal year 2004 expenditures
7 for personal services that would have been covered by payments
8 to the System under this Section if the provisions of this
9 amendatory Act of the 93rd General Assembly had not been
10 enacted. Upon receipt of the certification, the System shall
11 determine the amount due to the System based on the full rate
12 certified by the Board under Section 14-135.08 for fiscal year
13 2004 in order to meet the State's obligation under this
14 Section. The System shall compare this amount due to the amount
15 received by the System in fiscal year 2004 through payments
16 under this Section and under Section 6z-61 of the State Finance
17 Act. If the amount due is more than the amount received, the
18 difference shall be termed the "Fiscal Year 2004 Shortfall" for
19 purposes of this Section, and the Fiscal Year 2004 Shortfall
20 shall be satisfied under Section 1.2 of the State Pension Funds
21 Continuing Appropriation Act. If the amount due is less than
22 the amount received, the difference shall be termed the "Fiscal
23 Year 2004 Overpayment" for purposes of this Section, and the
24 Fiscal Year 2004 Overpayment shall be repaid by the System to
25 the Pension Contribution Fund as soon as practicable after the
26 certification.

1 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
2 eff. 6-1-05; 94-839, eff. 6-6-06.)

3 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

4 Sec. 15-155. Employer contributions.

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

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

17 (a-1) For State fiscal years 2011 through 2045, the minimum
18 contribution to the System to be made by the State for each
19 fiscal year shall be an amount determined by the System to be
20 sufficient to bring the total assets of the System up to 90% of
21 the total actuarial liabilities of the System by the end of
22 State fiscal year 2045. In making these determinations, the
23 required State contribution shall be calculated each year as a
24 level percentage of payroll over the years remaining to and
25 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.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2006 is
9 \$166,641,900.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2007 is
12 \$252,064,100.

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

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

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act or Section 8.12 of the State
25 Finance Act in any fiscal year do not reduce and do not
26 constitute payment of any portion of the minimum State

1 contribution required under this Article in that fiscal year.
2 Such amounts shall not reduce, and shall not be included in the
3 calculation of, the required State contributions under this
4 Article in any future year until the System has reached a
5 funding ratio of at least 90%. A reference in this Article to
6 the "required State contribution" or any substantially similar
7 term does not include or apply to any amounts payable to the
8 System under Section 25 of the Budget Stabilization Act.

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

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

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

22 (b-1) The City of Urbana and the City of Champaign shall
23 each make employer contributions to this System for their
24 respective firefighter employees who participate in this
25 System pursuant to subsection (h) of Section 15-107. The rate
26 of contributions to be made by those municipalities shall be

1 determined annually by the Board on the basis of the actuarial
2 assumptions adopted by the Board and the recommendations of the
3 actuary, and shall be expressed as a percentage of salary for
4 each such employee. The Board shall certify the rate to the
5 affected municipalities as soon as may be practical. The
6 employer contributions required under this subsection shall be
7 remitted by the municipality to the System at the same time and
8 in the same manner as employee contributions.

9 (c) Through State fiscal year 1995: The total employer
10 contribution shall be apportioned among the various funds of
11 the State and other employers, whether trust, federal, or other
12 funds, in accordance with actuarial procedures approved by the
13 Board. State of Illinois contributions for employers receiving
14 State appropriations for personal services shall be payable
15 from appropriations made to the employers or to the System. The
16 contributions for Class I community colleges covering earnings
17 other than those paid from trust and federal funds, shall be
18 payable solely from appropriations to the Illinois Community
19 College Board or the System for employer contributions.

20 (d) Beginning in State fiscal year 1996, the required State
21 contributions to the System shall be appropriated directly to
22 the System and shall be payable through vouchers issued in
23 accordance with subsection (c) of Section 15-165, except as
24 provided in subsection (g).

25 (e) The State Comptroller shall draw warrants payable to
26 the System upon proper certification by the System or by the

1 employer in accordance with the appropriation laws and this
2 Code.

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

11 (g) If the amount of a participant's earnings for any
12 academic year used to determine the final rate of earnings,
13 determined on a full-time equivalent basis, exceeds the amount
14 of his or her earnings with the same employer for the previous
15 academic year, determined on a full-time equivalent basis, by
16 more than 6%, the participant's employer shall pay to the
17 System, in addition to all other payments required under this
18 Section and in accordance with guidelines established by the
19 System, the present value of the increase in benefits resulting
20 from the portion of the increase in earnings that is in excess
21 of 6%. This present value shall be computed by the System on
22 the basis of the actuarial assumptions and tables used in the
23 most recent actuarial valuation of the System that is available
24 at the time of the computation. The System may require the
25 employer to provide any pertinent information or
26 documentation.

1 Whenever it determines that a payment is or may be required
2 under this subsection (g), the System shall calculate the
3 amount of the payment and bill the employer for that amount.
4 The bill shall specify the calculations used to determine the
5 amount due. If the employer disputes the amount of the bill, it
6 may, within 30 days after receipt of the bill, apply to the
7 System in writing for a recalculation. The application must
8 specify in detail the grounds of the dispute and, if the
9 employer asserts that the calculation is subject to subsection
10 (h) or (i) of this Section, must include an affidavit setting
11 forth and attesting to all facts within the employer's
12 knowledge that are pertinent to the applicability of subsection
13 (h) or (i). Upon receiving a timely application for
14 recalculation, the System shall review the application and, if
15 appropriate, recalculate the amount due.

16 The employer contributions required under this subsection
17 (f) may be paid in the form of a lump sum within 90 days after
18 receipt of the bill. If the employer contributions are not paid
19 within 90 days after receipt of the bill, then interest will be
20 charged at a rate equal to the System's annual actuarially
21 assumed rate of return on investment compounded annually from
22 the 91st day after receipt of the bill. Payments must be
23 concluded within 3 years after the employer's receipt of the
24 bill.

25 (h) This subsection (h) applies only to payments made or
26 salary increases given on or after June 1, 2005 but before July

1 1, 2011. The changes made by Public Act 94-1057 shall not
2 require the System to refund any payments received before July
3 31, 2006 (the effective date of Public Act 94-1057).

4 When assessing payment for any amount due under subsection
5 (g), the System shall exclude earnings increases paid to
6 participants under contracts or collective bargaining
7 agreements entered into, amended, or renewed before June 1,
8 2005.

9 When assessing payment for any amount due under subsection
10 (g), the System shall exclude earnings increases paid to a
11 participant at a time when the participant is 10 or more years
12 from retirement eligibility under Section 15-135.

13 When assessing payment for any amount due under subsection
14 (g), the System shall exclude earnings increases resulting from
15 overload work, including a contract for summer teaching, or
16 overtime when the employer has certified to the System, and the
17 System has approved the certification, that: (i) in the case of
18 overloads (A) the overload work is for the sole purpose of
19 academic instruction in excess of the standard number of
20 instruction hours for a full-time employee occurring during the
21 academic year that the overload is paid and (B) the earnings
22 increases are equal to or less than the rate of pay for
23 academic instruction computed using the participant's current
24 salary rate and work schedule; and (ii) in the case of
25 overtime, the overtime was necessary for the educational
26 mission.

1 When assessing payment for any amount due under subsection
2 (g), the System shall exclude any earnings increase resulting
3 from (i) a promotion for which the employee moves from one
4 classification to a higher classification under the State
5 Universities Civil Service System, (ii) a promotion in academic
6 rank for a tenured or tenure-track faculty position, or (iii) a
7 promotion that the Illinois Community College Board has
8 recommended in accordance with subsection (k) of this Section.
9 These earnings increases shall be excluded only if the
10 promotion is to a position that has existed and been filled by
11 a member for no less than one complete academic year and the
12 earnings increase as a result of the promotion is an increase
13 that results in an amount no greater than the average salary
14 paid for other similar positions.

15 (i) When assessing payment for any amount due under
16 subsection (g), the System shall exclude any salary increase
17 described in subsection (h) of this Section given on or after
18 July 1, 2011 but before July 1, 2014 under a contract or
19 collective bargaining agreement entered into, amended, or
20 renewed on or after June 1, 2005 but before July 1, 2011.
21 Notwithstanding any other provision of this Section, any
22 payments made or salary increases given after June 30, 2014
23 shall be used in assessing payment for any amount due under
24 subsection (g) of this Section.

25 (j) The System shall prepare a report and file copies of
26 the report with the Governor and the General Assembly by

1 January 1, 2007 that contains all of the following information:

2 (1) The number of recalculations required by the
3 changes made to this Section by Public Act 94-1057 for each
4 employer.

5 (2) The dollar amount by which each employer's
6 contribution to the System was changed due to
7 recalculations required by Public Act 94-1057.

8 (3) The total amount the System received from each
9 employer as a result of the changes made to this Section by
10 Public Act 94-4.

11 (4) The increase in the required State contribution
12 resulting from the changes made to this Section by Public
13 Act 94-1057.

14 (k) The Illinois Community College Board shall adopt rules
15 for recommending lists of promotional positions submitted to
16 the Board by community colleges and for reviewing the
17 promotional lists on an annual basis. When recommending
18 promotional lists, the Board shall consider the similarity of
19 the positions submitted to those positions recognized for State
20 universities by the State Universities Civil Service System.
21 The Illinois Community College Board shall file a copy of its
22 findings with the System. The System shall consider the
23 findings of the Illinois Community College Board when making
24 determinations under this Section. The System shall not exclude
25 any earnings increases resulting from a promotion when the
26 promotion was not submitted by a community college. Nothing in

1 this subsection (k) shall require any community college to
2 submit any information to the Community College Board.

3 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057,
4 eff. 7-31-06; 95-331, eff. 8-21-07.)

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

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

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

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

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

25 On or before May 1, 2004, 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 2005, taking
3 into account the amounts appropriated to and received by the
4 System under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act.

6 On or before July 1, 2005, the Board shall recalculate and
7 recertify to the Governor the amount of the required State
8 contribution to the System for State fiscal year 2006, taking
9 into account the changes in required State contributions made
10 by this amendatory Act of the 94th General Assembly.

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

14 (b-1) Beginning in State fiscal year 1996, on the 15th day
15 of each month, or as soon thereafter as may be practicable, the
16 Board shall submit vouchers for payment of State contributions
17 to the System, in a total monthly amount of one-twelfth of the
18 required annual State contribution certified under subsection
19 (a-1). From the effective date of this amendatory Act of the
20 93rd General Assembly through June 30, 2004, the Board shall
21 not submit vouchers for the remainder of fiscal year 2004 in
22 excess of the fiscal year 2004 certified contribution amount
23 determined under this Section after taking into consideration
24 the transfer to the System under subsection (a) of Section
25 6z-61 of the State Finance Act. These vouchers shall be paid by
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year.

2 If in any month the amount remaining unexpended from all
3 other appropriations to the System for the applicable fiscal
4 year (including the appropriations to the System under Section
5 8.12 of the State Finance Act and Section 1 of the State
6 Pension Funds Continuing Appropriation Act) is less than the
7 amount lawfully vouchered under this subsection, the
8 difference shall be paid from the Common School Fund under the
9 continuing appropriation authority provided in Section 1.1 of
10 the State Pension Funds Continuing Appropriation Act.

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

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

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 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; except that in the
3 following specified State fiscal years, the State contribution
4 to the System shall not be less than the following indicated
5 percentages of the applicable employee payroll, even if the
6 indicated percentage will produce a State contribution in
7 excess of the amount otherwise required under this subsection
8 and subsection (a), and notwithstanding any contrary
9 certification made under subsection (a-1) before the effective
10 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
11 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
12 2003; and 13.56% in FY 2004.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2006 is
15 \$534,627,700.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2007 is
18 \$738,014,500.

19 For each of State fiscal years 2008 through 2010, the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, shall be increased in equal annual increments
22 from the required State contribution for State fiscal year
23 2007, so that by State fiscal year 2011, the State is
24 contributing at the rate otherwise required under this Section.

25 Beginning in State fiscal year 2046, the minimum State
26 contribution for each fiscal year shall be the amount needed to

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

3 Amounts received by the System pursuant to Section 25 of
4 the Budget Stabilization Act or Section 8.12 of the State
5 Finance Act in any fiscal year do not reduce and do not
6 constitute payment of any portion of the minimum State
7 contribution required under this Article in that fiscal year.
8 Such amounts shall not reduce, and shall not be included in the
9 calculation of, the required State contributions under this
10 Article in any future year until the System has reached a
11 funding ratio of at least 90%. A reference in this Article to
12 the "required State contribution" or any substantially similar
13 term does not include or apply to any amounts payable to the
14 System under Section 25 of the Budget Stabilization Act.

15 Notwithstanding any other provision of this Section, the
16 required State contribution for State fiscal year 2005 and for
17 fiscal year 2008 and each fiscal year thereafter, as calculated
18 under this Section and certified under subsection (a-1), shall
19 not exceed an amount equal to (i) the amount of the required
20 State contribution that would have been calculated under this
21 Section for that fiscal year if the System had not received any
22 payments under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act, minus (ii) the portion of the State's
24 total debt service payments for that fiscal year on the bonds
25 issued for the purposes of that Section 7.2, as determined and
26 certified by the Comptroller, that is the same as the System's

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

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

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

1 agency and the System.

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

9 However, with respect to benefits granted under Section
10 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
11 of Section 16-106, the employer's contribution shall be 12%
12 (rather than 20%) of the member's highest annual salary rate
13 for each year of creditable service granted, and the employer
14 shall also pay the required employee contribution on behalf of
15 the teacher. For the purposes of Sections 16-133.4 and
16 16-133.5, a teacher as defined in paragraph (8) of Section
17 16-106 who is serving in that capacity while on leave of
18 absence from another employer under this Article shall not be
19 considered an employee of the employer from which the teacher
20 is on leave.

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

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

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

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

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

12 Each employer of teachers is entitled to a credit against
13 the contributions required under this subsection (e) with
14 respect to salaries paid to teachers for the period January 1,
15 2002 through June 30, 2003, equal to the amount paid by that
16 employer under subsection (a-5) of Section 6.6 of the State
17 Employees Group Insurance Act of 1971 with respect to salaries
18 paid to teachers for that period.

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

24 If an employer is required by a contract in effect on May
25 1, 1998 between the employer and an employee organization to
26 pay, on behalf of all its full-time employees covered by this

1 Article, all mandatory employee contributions required under
2 this Article, then the employer shall be excused from paying
3 the employer contribution required under this subsection (e)
4 for the balance of the term of that contract. The employer and
5 the employee organization shall jointly certify to the System
6 the existence of the contractual requirement, in such form as
7 the System may prescribe. This exclusion shall cease upon the
8 termination, extension, or renewal of the contract at any time
9 after May 1, 1998.

10 (f) If the amount of a teacher's salary for any school year
11 used to determine final average salary exceeds the member's
12 annual full-time salary rate with the same employer for the
13 previous school year by more than 6%, the teacher's employer
14 shall pay to the System, in addition to all other payments
15 required under this Section and in accordance with guidelines
16 established by the System, the present value of the increase in
17 benefits resulting from the portion of the increase in salary
18 that is in excess of 6%. This present value shall be computed
19 by the System on the basis of the actuarial assumptions and
20 tables used in the most recent actuarial valuation of the
21 System that is available at the time of the computation. If a
22 teacher's salary for the 2005-2006 school year is used to
23 determine final average salary under this subsection (f), then
24 the changes made to this subsection (f) by Public Act 94-1057
25 shall apply in calculating whether the increase in his or her
26 salary is in excess of 6%. For the purposes of this Section,

1 change in employment under Section 10-21.12 of the School Code
2 on or after June 1, 2005 shall constitute a change in employer.
3 The System may require the employer to provide any pertinent
4 information or documentation. The changes made to this
5 subsection (f) by this amendatory Act of the 94th General
6 Assembly apply without regard to whether the teacher was in
7 service on or after its effective date.

8 Whenever it determines that a payment is or may be required
9 under this subsection, the System shall calculate the amount of
10 the payment and bill the employer for that amount. The bill
11 shall specify the calculations used to determine the amount
12 due. If the employer disputes the amount of the bill, it may,
13 within 30 days after receipt of the bill, apply to the System
14 in writing for a recalculation. The application must specify in
15 detail the grounds of the dispute and, if the employer asserts
16 that the calculation is subject to subsection (g) or (h) of
17 this Section, must include an affidavit setting forth and
18 attesting to all facts within the employer's knowledge that are
19 pertinent to the applicability of that subsection. Upon
20 receiving a timely application for recalculation, the System
21 shall review the application and, if appropriate, recalculate
22 the amount due.

23 The employer contributions required under this subsection
24 (f) may be paid in the form of a lump sum within 90 days after
25 receipt of the bill. If the employer contributions are not paid
26 within 90 days after receipt of the bill, then interest will be

1 charged at a rate equal to the System's annual actuarially
2 assumed rate of return on investment compounded annually from
3 the 91st day after receipt of the bill. Payments must be
4 concluded within 3 years after the employer's receipt of the
5 bill.

6 (g) This subsection (g) applies only to payments made or
7 salary increases given on or after June 1, 2005 but before July
8 1, 2011. The changes made by Public Act 94-1057 shall not
9 require the System to refund any payments received before July
10 31, 2006 (the effective date of Public Act 94-1057).

11 When assessing payment for any amount due under subsection
12 (f), the System shall exclude salary increases paid to teachers
13 under contracts or collective bargaining agreements entered
14 into, amended, or renewed before June 1, 2005.

15 When assessing payment for any amount due under subsection
16 (f), the System shall exclude salary increases paid to a
17 teacher at a time when the teacher is 10 or more years from
18 retirement eligibility under Section 16-132 or 16-133.2.

19 When assessing payment for any amount due under subsection
20 (f), the System shall exclude salary increases resulting from
21 overload work, including summer school, when the school
22 district has certified to the System, and the System has
23 approved the certification, that (i) the overload work is for
24 the sole purpose of classroom instruction in excess of the
25 standard number of classes for a full-time teacher in a school
26 district during a school year and (ii) the salary increases are

1 equal to or less than the rate of pay for classroom instruction
2 computed on the teacher's current salary and work schedule.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude a salary increase resulting from
5 a promotion (i) for which the employee is required to hold a
6 certificate or supervisory endorsement issued by the State
7 Teacher Certification Board that is a different certification
8 or supervisory endorsement than is required for the teacher's
9 previous position and (ii) to a position that has existed and
10 been filled by a member for no less than one complete academic
11 year and the salary increase from the promotion is an increase
12 that results in an amount no greater than the lesser of the
13 average salary paid for other similar positions in the district
14 requiring the same certification or the amount stipulated in
15 the collective bargaining agreement for a similar position
16 requiring the same certification.

17 When assessing payment for any amount due under subsection
18 (f), the System shall exclude any payment to the teacher from
19 the State of Illinois or the State Board of Education over
20 which the employer does not have discretion, notwithstanding
21 that the payment is included in the computation of final
22 average salary.

23 (h) When assessing payment for any amount due under
24 subsection (f), the System shall exclude any salary increase
25 described in subsection (g) of this Section given on or after
26 July 1, 2011 but before July 1, 2014 under a contract or

1 collective bargaining agreement entered into, amended, or
2 renewed on or after June 1, 2005 but before July 1, 2011.
3 Notwithstanding any other provision of this Section, any
4 payments made or salary increases given after June 30, 2014
5 shall be used in assessing payment for any amount due under
6 subsection (f) of this Section.

7 (i) The System shall prepare a report and file copies of
8 the report with the Governor and the General Assembly by
9 January 1, 2007 that contains all of the following information:

10 (1) The number of recalculations required by the
11 changes made to this Section by Public Act 94-1057 for each
12 employer.

13 (2) The dollar amount by which each employer's
14 contribution to the System was changed due to
15 recalculations required by Public Act 94-1057.

16 (3) The total amount the System received from each
17 employer as a result of the changes made to this Section by
18 Public Act 94-4.

19 (4) The increase in the required State contribution
20 resulting from the changes made to this Section by Public
21 Act 94-1057.

22 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057,
23 eff. 7-31-06; 94-1111, eff. 2-27-07; 95-331, eff. 8-21-07.)

24 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)
25 Sec. 18-131. Financing; employer contributions.

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

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

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

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

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$29,189,400.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$35,236,800.

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

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

17 Amounts received by the System pursuant to Section 25 of
18 the Budget Stabilization Act or Section 8.12 of the State
19 Finance Act in any fiscal year do not reduce and do not
20 constitute payment of any portion of the minimum State
21 contribution required under this Article in that fiscal year.
22 Such amounts shall not reduce, and shall not be included in the
23 calculation of, the required State contributions under this
24 Article in any future year until the System has reached a
25 funding ratio of at least 90%. A reference in this Article to
26 the "required State contribution" or any substantially similar

1 term does not include or apply to any amounts payable to the
2 System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and each fiscal year thereafter, as calculated
6 under this Section and certified under Section 18-140, shall
7 not exceed an amount equal to (i) the amount of the required
8 State contribution that would have been calculated under this
9 Section for that fiscal year if the System had not received any
10 payments under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act, minus (ii) the portion of the State's
12 total debt service payments for that fiscal year on the bonds
13 issued for the purposes of that Section 7.2, as determined and
14 certified by the Comptroller, that is the same as the System's
15 portion of the total moneys distributed under subsection (d) of
16 Section 7.2 of the General Obligation Bond Act. In determining
17 this maximum for State fiscal years 2008 through 2010, however,
18 the amount referred to in item (i) shall be increased, as a
19 percentage of the applicable employee payroll, in equal
20 increments calculated from the sum of the required State
21 contribution for State fiscal year 2007 plus the applicable
22 portion of the State's total debt service payments for fiscal
23 year 2007 on the bonds issued for the purposes of Section 7.2
24 of the General Obligation Bond Act, so that, by State fiscal
25 year 2011, the State is contributing at the rate otherwise
26 required under this Section.

1 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05; 94-839,
2 eff. 6-6-06.)

3 (40 ILCS 5/22-1004 new)

4 Sec. 22-1004. Commission on Government Forecasting and
5 Accountability report on Articles 3 and 4 funds. Each odd
6 numbered year, the Commission on Government Forecasting and
7 Accountability shall analyze data submitted by the Public
8 Pension Division of the Illinois Department of Financial and
9 Professional Regulation pertaining to the pension systems
10 established under Article 3 and Article 4 of this Code. The
11 Commission shall issue a formal report during such years, the
12 content of which is, to the extent practicable, to be similar
13 in nature to that required under Section 22-1003. In addition
14 to providing aggregate analyses of both systems, the report
15 shall analyze the fiscal status and provide forecasting
16 projections for selected individual funds in each system. To
17 the fullest extent practicable, the report shall analyze
18 factors that affect each selected individual fund's unfunded
19 liability and any actuarial gains and losses caused by salary
20 increases, investment returns, employer contributions, benefit
21 increases, change in assumptions, the difference in employer
22 contributions and the normal cost plus interest, and any other
23 applicable factors. In analyzing net investment returns, the
24 report shall analyze the assumed investment return compared to
25 the actual investment return over the preceding 10 fiscal

1 years. The Public Pension Division of the Department of
2 Financial and Professional Regulation shall provide to the
3 Commission any assistance that the Commission may request with
4 respect to its report under this Section.

5 Section 15. The State Pension Funds Continuing
6 Appropriation Act is amended by changing Section 1 as follows:

7 (40 ILCS 15/1)

8 Sec. 1. Appropriations from State Pensions Fund. For the
9 purpose of making up any deficiency in the appropriations to
10 the designated retirement systems that are required to be made
11 under Section 8.12 of the State Finance Act, there is hereby
12 appropriated, on a continuing annual basis in each fiscal year,
13 from the State Pensions Fund to each designated retirement
14 system, the amount, if any, by which the total appropriation to
15 that system from the State Pensions Fund for that fiscal year
16 is less than the amount required to be appropriated to that
17 retirement system under Section 8.12 of the State Finance Act.

18 The annual appropriation under this Section to each
19 designated retirement system shall take effect on July 1 for
20 the State fiscal year beginning on that date.

21 The amount of any continuing appropriation used by a
22 retirement system under this Section for a given fiscal year
23 shall be charged against the unexpended amount of any
24 appropriation to that retirement system for that fiscal year

1 under Section 8.12 of the State Finance Act that subsequently
2 becomes available, subject to Section 8.3 of the State Finance
3 Act.

4 "Designated retirement systems" means the State Employees'
5 Retirement System of Illinois, the Teachers' Retirement System
6 of the State of Illinois, the State Universities Retirement
7 System, the Judges Retirement System of Illinois, and the
8 General Assembly Retirement System.

9 The appropriations made in this Section are appropriated to
10 the designated retirement systems for the funding of the
11 unfunded liabilities of the designated retirement systems and
12 are in addition to, and not in lieu of, any State contributions
13 required under the Illinois Pension Code. ~~as a part of the~~
14 ~~annual State contribution required by the laws providing for~~
15 ~~the funding of those systems.~~

16 (Source: P.A. 93-1067, eff. 1-15-05.)

17 Section 20. The Uniform Disposition of Unclaimed Property
18 Act is amended by changing Section 18 as follows:

19 (765 ILCS 1025/18) (from Ch. 141, par. 118)

20 Sec. 18. Deposit of funds received under the Act.

21 (a) The State Treasurer shall retain all funds received
22 under this Act, including the proceeds from the sale of
23 abandoned property under Section 17, in a trust fund. The State
24 Treasurer may deposit any amount in the Trust Fund into the

1 State Pensions Fund during the fiscal year at his or her
2 discretion; however, he or she ~~and~~ shall, on April 15 and
3 October 15 of each year, deposit any amount in the trust fund
4 exceeding \$2,500,000 into the State Pensions Fund. All amounts
5 in excess of \$2,500,000 that are deposited into the State
6 Pension Fund from the unclaimed Property Trust Fund shall be
7 apportioned to the designated retirement systems as provided in
8 subsection (c-6) of Section 8.12 of the state Finance Act to
9 reduce their actuarial reserve deficiencies. He or she shall
10 make prompt payment of claims he or she duly allows as provided
11 for in this Act for the trust fund. Before making the deposit
12 the State Treasurer shall record the name and last known
13 address of each person appearing from the holders' reports to
14 be entitled to the abandoned property. The record shall be
15 available for public inspection during reasonable business
16 hours.

17 (b) Before making any deposit to the credit of the State
18 Pensions Fund, the State Treasurer may deduct: (1) any costs in
19 connection with sale of abandoned property, (2) any costs of
20 mailing and publication in connection with any abandoned
21 property, and (3) any costs in connection with the maintenance
22 of records or disposition of claims made pursuant to this Act.
23 The State Treasurer shall semiannually file an itemized report
24 of all such expenses with the Legislative Audit Commission.

25 (Source: P.A. 93-531, eff. 8-14-03.)

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.32 as follows:

3 (30 ILCS 805/8.32 new)

4 Sec. 8.32. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 95th General Assembly.

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

1 INDEX

2 Statutes amended in order of appearance

3	30 ILCS 105/8.12	from Ch. 127, par. 144.12
4	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
5	40 ILCS 5/14-131	from Ch. 108 1/2, par. 14-131
6	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
7	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
8	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
9	40 ILCS 15/1	
10	765 ILCS 1025/18	from Ch. 141, par. 118