

1 AN ACT concerning finance.

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

4 Section 5. The General Obligation Bond Act is amended by  
5 changing Sections 2, 2.5, 7.2, 9 and 11 as follows:

6 (30 ILCS 330/2) (from Ch. 127, par. 652)

7 Sec. 2. Authorization for Bonds. The State of Illinois is  
8 authorized to issue, sell and provide for the retirement of  
9 General Obligation Bonds of the State of Illinois for the  
10 categories and specific purposes expressed in Sections 2  
11 through 8 of this Act, in the total amount of \$43,658,149,369  
12 ~~\$27,658,149,369~~.

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

15 Of the total amount of Bonds authorized in this Act, up to  
16 \$2,200,000,000 in aggregate original principal amount may be  
17 issued and sold in accordance with the Baccalaureate Savings  
18 Act in the form of General Obligation College Savings Bonds.

19 Of the total amount of Bonds authorized in this Act, up to  
20 \$300,000,000 in aggregate original principal amount may be  
21 issued and sold in accordance with the Retirement Savings Act  
22 in the form of General Obligation Retirement Savings Bonds.

23 Of the total amount of Bonds authorized in this Act, the

1 additional \$10,000,000,000 authorized by Public Act 93-2 and  
2 the \$16,000,000,000 authorized by this amendatory Act of the  
3 95th General Assembly ~~this amendatory Act of the 93rd General~~  
4 ~~Assembly~~ shall be issued and used solely as provided in Section  
5 7.2.

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

14 (Source: P.A. 92-13, eff. 6-22-01; 92-596, eff. 6-28-02;  
15 92-598, eff. 6-28-02; 93-2, eff. 4-7-03; 93-839, eff. 7-30-04.)

16 (30 ILCS 330/2.5)

17 Sec. 2.5. Limitation on issuance of Bonds.

18 (a) Except as provided in subsection (b), no Bonds may be  
19 issued if, after the issuance, in the next State fiscal year  
20 after the issuance of the Bonds, the amount of debt service  
21 (including principal, whether payable at maturity or pursuant  
22 to mandatory sinking fund installments, and interest) on all  
23 then-outstanding Bonds, other than Bonds issued pursuant to  
24 Section 7.2 of this Act, would exceed 7% of the aggregate  
25 appropriations from the general funds (which consist of the

1 General Revenue Fund, the Common School Fund, the General  
2 Revenue Common School Special Account Fund, and the Education  
3 Assistance Fund) and the Road Fund for the fiscal year  
4 immediately prior to the fiscal year of the issuance.

5 (b) If the Comptroller and Treasurer each consent in  
6 writing, Bonds may be issued even if the issuance does not  
7 comply with subsection (a).

8 (Source: P.A. 93-839, eff. 7-30-04.)

9 (30 ILCS 330/7.2)

10 Sec. 7.2. State pension funding.

11 (a) The amount of \$10,000,000,000 is authorized to be used  
12 for the purpose of making contributions to the designated  
13 retirement systems. For the purposes of this Section,  
14 "designated retirement systems" means the State Employees'  
15 Retirement System of Illinois; the Teachers' Retirement System  
16 of the State of Illinois; the State Universities Retirement  
17 System; the Judges Retirement System of Illinois; and the  
18 General Assembly Retirement System.

19 The amount of \$16,000,000,000 of Bonds authorized by this  
20 amendatory Act of the 95th General Assembly is authorized to be  
21 used for the purpose of making contributions to the designated  
22 retirement systems.

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

25 The proceeds of the additional \$10,000,000,000 of Bonds

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

8 The proceeds of the additional \$16,000,000,000 of bonds  
9 authorized by this amendatory Act of the 95th General Assembly,  
10 less the amounts directly paid out for bond sale expenses under  
11 Section 8, shall be deposited into the Pension Contribution  
12 Fund and used as provided in this Section, provided that at the  
13 request of the Illinois State Board of Investments or the  
14 affected state pension system established under Article 15 or  
15 16 of the Illinois Pension Code, all or a portion of such  
16 proceeds may be used by the Governor's Office of Management and  
17 Budget to purchase an investment contract or other investment  
18 assets, which shall be transferred to the affected pension  
19 systems. The investment contract or other investment asset  
20 shall be in an amount specified by the Illinois State Board of  
21 Investments or state pension system, provide for a guaranteed  
22 minimum interest rate, be with an issuer satisfactory to the  
23 Illinois State Board of Investments or state pension system,  
24 and have a credit rating of A3 or higher from Moody's Investor  
25 Services or A- or higher from Standard & Poor's.

26 (c) Of the amount of Bond proceeds from the bond sale

1 authorized by Public Act 93-2 first deposited into the Pension  
2 Contribution Fund, there shall be reserved for transfers under  
3 this subsection the sum of \$300,000,000, representing the  
4 required State contributions to the designated retirement  
5 systems for the last quarter of State fiscal year 2003, plus  
6 the sum of \$1,860,000,000, representing the required State  
7 contributions to the designated retirement systems for State  
8 fiscal year 2004.

9 Upon the deposit of sufficient moneys from the bond sale  
10 authorized by Public Act 93-2 into the Pension Contribution  
11 Fund, the Comptroller and Treasurer shall immediately transfer  
12 the sum of \$300,000,000 from the Pension Contribution Fund to  
13 the General Revenue Fund.

14 Whenever any payment of required State contributions for  
15 State fiscal year 2004 is made to one of the designated  
16 retirement systems, the Comptroller and Treasurer shall, as  
17 soon as practicable, transfer from the Pension Contribution  
18 Fund to the General Revenue Fund an amount equal to the amount  
19 of that payment to the designated retirement system. Beginning  
20 on the effective date of this amendatory Act of the 93rd  
21 General Assembly, the transfers from the Pension Contribution  
22 Fund to the General Revenue Fund shall be suspended until June  
23 30, 2004, and the remaining balance in the Pension Contribution  
24 Fund shall be transferred directly to the designated retirement  
25 systems as provided in Section 6z-61 of the State Finance Act.  
26 On and after July 1, 2004, in the event that any amount is on

1 deposit in the Pension Contribution Fund from time to time, the  
2 Comptroller and Treasurer shall continue to make such transfers  
3 based on fiscal year 2005 payments until the entire amount on  
4 deposit has been transferred.

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

16 Within 15 days after any Bond proceeds in excess of the  
17 amounts initially reserved under subsection (c) from the bond  
18 sale authorized by Public Act 93-2 are deposited into the  
19 Pension Contribution Fund, the Governor's Office of Management  
20 and Budget shall (i) allocate those proceeds among the  
21 designated retirement systems in proportion to their  
22 respective actuarial reserve deficiencies, as most recently  
23 determined under Section 8.12 of the State Finance Act, and  
24 (ii) certify those allocations to the designated retirement  
25 systems and the Comptroller.

26 Upon receiving certification of an allocation under this

1 subsection, a designated retirement system shall submit to the  
2 Comptroller a voucher for the amount of its allocation. The  
3 voucher shall be paid out of the amount appropriated to that  
4 designated retirement system from the Pension Contribution  
5 Fund pursuant to this subsection.

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

7 (30 ILCS 330/9) (from Ch. 127, par. 659)

8 Sec. 9. Conditions for Issuance and Sale of Bonds -  
9 Requirements for Bonds.

10 (a) Except as otherwise provided in this subsection, Bonds  
11 shall be issued and sold from time to time, in one or more  
12 series, in such amounts and at such prices as may be directed  
13 by the Governor, upon recommendation by the Director of the  
14 Governor's Office of Management and Budget. Bonds shall be in  
15 such form (either coupon, registered or book entry), in such  
16 denominations, payable within 25 years from their date, subject  
17 to such terms of redemption with or without premium, bear  
18 interest payable at such times and at such fixed or variable  
19 rate or rates, and be dated as shall be fixed and determined by  
20 the Director of the Governor's Office of Management and Budget  
21 in the order authorizing the issuance and sale of any series of  
22 Bonds, which order shall be approved by the Governor and is  
23 herein called a "Bond Sale Order"; provided however, that  
24 interest payable at fixed or variable rates shall not exceed  
25 that permitted in the Bond Authorization Act, as now or

1 hereafter amended, and provided further that Bonds authorized  
2 by this amendatory Act of the 95th General Assembly, issued at  
3 a fixed rate, shall bear interest at an interest rate or  
4 interest rates not to exceed 5.95%. Bonds shall be payable at  
5 such place or places, within or without the State of Illinois,  
6 and may be made registrable as to either principal or as to  
7 both principal and interest, as shall be specified in the Bond  
8 Sale Order. Bonds may be callable or subject to purchase and  
9 retirement or tender and remarketing as fixed and determined in  
10 the Bond Sale Order. Bonds must be issued with principal or  
11 mandatory redemption amounts in equal amounts, with the first  
12 maturity issued occurring within the fiscal year in which the  
13 Bonds are issued or within the next succeeding fiscal year,  
14 with Bonds issued maturing or subject to mandatory redemption  
15 each fiscal year thereafter up to 25 years. Notwithstanding  
16 anything in this Act to the contrary, the term of the Bonds  
17 authorized by this amendatory Act of the 95th General Assembly  
18 may not exceed 30 years from issuance, with payment of  
19 principal beginning in the first State fiscal year following  
20 the fiscal year of issuance and, to the extent so determined  
21 and specified in the Bond Sale Order, including periodic  
22 increases in principal payments, whether at maturity or upon  
23 mandatory redemption thereafter, provided that such Bonds  
24 maturing more than one year from the date of issuance shall not  
25 be payable on a single date in a fixed amount.

26 In the case of any series of Bonds bearing interest at a



1 variable interest rate ("Variable Rate Bonds"), in lieu of  
2 determining the rate or rates at which such series of Variable  
3 Rate Bonds shall bear interest and the price or prices at which  
4 such Variable Rate Bonds shall be initially sold or remarketed  
5 (in the event of purchase and subsequent resale), the Bond Sale  
6 Order may provide that such interest rates and prices may vary  
7 from time to time depending on criteria established in such  
8 Bond Sale Order, which criteria may include, without  
9 limitation, references to indices or variations in interest  
10 rates as may, in the judgment of a remarketing agent, be  
11 necessary to cause Variable Rate Bonds of such series to be  
12 remarketable from time to time at a price equal to their  
13 principal amount, and may provide for appointment of a bank,  
14 trust company, investment bank, or other financial institution  
15 to serve as remarketing agent in that connection. The Bond Sale  
16 Order may provide that alternative interest rates or provisions  
17 for establishing alternative interest rates, different  
18 security or claim priorities, or different call or amortization  
19 provisions will apply during such times as Variable Rate Bonds  
20 of any series are held by a person providing credit or  
21 liquidity enhancement arrangements for such Bonds as  
22 authorized in subsection (b) of this Section. The Bond Sale  
23 Order, other than for those bonds authorized pursuant to this  
24 amendatory Act of the 95th General Assembly, may also provide  
25 for such variable interest rates to be established pursuant to  
26 a process generally known as an auction rate process and may

1 provide for appointment of one or more financial institutions  
2 to serve as auction agents and broker-dealers in connection  
3 with the establishment of such interest rates and the sale and  
4 remarketing of such Bonds.

5 (b) In connection with the issuance of any series of Bonds,  
6 the State may enter into arrangements to provide additional  
7 security and liquidity for such Bonds, including, without  
8 limitation, bond or interest rate insurance or letters of  
9 credit, lines of credit, bond purchase contracts, or other  
10 arrangements whereby funds are made available to retire or  
11 purchase Bonds, thereby assuring the ability of owners of the  
12 Bonds to sell or redeem their Bonds. The State may enter into  
13 contracts and may agree to pay fees to persons providing such  
14 arrangements, but only under circumstances where the Director  
15 of the Governor's Office of Management and Budget certifies  
16 that he or she reasonably expects the total interest paid or to  
17 be paid on the Bonds, together with the fees for the  
18 arrangements (being treated as if interest), would not, taken  
19 together, cause the Bonds to bear interest, calculated to their  
20 stated maturity, at a rate in excess of the rate that the Bonds  
21 would bear in the absence of such arrangements.

22 The State may, with respect to Bonds issued or anticipated  
23 to be issued, participate in and enter into arrangements with  
24 respect to interest rate protection or exchange agreements,  
25 guarantees, or financial futures contracts for the purpose of  
26 limiting, reducing, or managing interest rate exposure. The

1 authority granted under this paragraph, however, shall not  
2 increase the principal amount of Bonds authorized to be issued  
3 by law. The arrangements may be executed and delivered by the  
4 Director of the Governor's Office of Management and Budget on  
5 behalf of the State. Net payments for such arrangements shall  
6 constitute interest on the Bonds and shall be paid from the  
7 General Obligation Bond Retirement and Interest Fund. The  
8 Director of the Governor's Office of Management and Budget  
9 shall at least annually certify to the Governor and the State  
10 Comptroller his or her estimate of the amounts of such net  
11 payments to be included in the calculation of interest required  
12 to be paid by the State.

13 (c) Prior to the issuance of any Variable Rate Bonds  
14 pursuant to subsection (a), the Director of the Governor's  
15 Office of Management and Budget shall adopt an interest rate  
16 risk management policy providing that the amount of the State's  
17 variable rate exposure with respect to Bonds shall not exceed  
18 20%. This policy shall remain in effect while any Bonds are  
19 outstanding and the issuance of Bonds shall be subject to the  
20 terms of such policy. The terms of this policy may be amended  
21 from time to time by the Director of the Governor's Office of  
22 Management and Budget but in no event shall any amendment cause  
23 the permitted level of the State's variable rate exposure with  
24 respect to Bonds to exceed 20%.

25 (Source: P.A. 92-16, eff. 6-28-01; 93-9, eff. 6-3-03; 93-666,  
26 eff. 3-5-04; 93-839, eff. 7-30-04.)

1 (30 ILCS 330/11) (from Ch. 127, par. 661)

2 Sec. 11. Sale of Bonds. Except as otherwise provided in  
3 this Section, Bonds shall be sold from time to time pursuant to  
4 notice of sale and public bid or by negotiated sale in such  
5 amounts and at such times as is directed by the Governor, upon  
6 recommendation by the Director of the Governor's Office of  
7 Management and Budget. At least 25%, based on total principal  
8 amount, of all Bonds issued each fiscal year shall be sold  
9 pursuant to notice of sale and public bid. At all times during  
10 each fiscal year, no more than 75%, based on total principal  
11 amount, of the Bonds issued each fiscal year, shall have been  
12 sold by negotiated sale. Failure to satisfy the requirements in  
13 the preceding 2 sentences shall not affect the validity of any  
14 previously issued Bonds. All Bonds issued pursuant to the  
15 authorization contained in this amendatory Act of the 95th  
16 General Assembly may be sold by negotiated sale. The principal  
17 amount of Bonds issued pursuant to the authorization contained  
18 in this amendatory Act of the 95th General Assembly shall not  
19 be included in determining compliance for any fiscal year with  
20 the requirements of the second and third sentences of this  
21 paragraph.

22 If any Bonds, including refunding Bonds, are to be sold by  
23 negotiated sale, the Director of the Governor's Office of  
24 Management and Budget shall comply with the competitive request  
25 for proposal process set forth in the Illinois Procurement Code

1 and all other applicable requirements of that Code.

2 If Bonds are to be sold pursuant to notice of sale and  
3 public bid, the Director of the Governor's Office of Management  
4 and Budget shall, from time to time, as Bonds are to be sold,  
5 advertise the sale of the Bonds in at least 2 daily newspapers,  
6 one of which is published in the City of Springfield and one in  
7 the City of Chicago. The sale of the Bonds shall also be  
8 advertised in the volume of the Illinois Procurement Bulletin  
9 that is published by the Department of Central Management  
10 Services. Each of the advertisements for proposals shall be  
11 published once at least 10 days prior to the date fixed for the  
12 opening of the bids. The Director of the Governor's Office of  
13 Management and Budget may reschedule the date of sale upon the  
14 giving of such additional notice as the Director deems adequate  
15 to inform prospective bidders of such change; provided,  
16 however, that all other conditions of the sale shall continue  
17 as originally advertised.

18 Executed Bonds shall, upon payment therefor, be delivered  
19 to the purchaser, and the proceeds of Bonds shall be paid into  
20 the State Treasury as directed by Section 12 of this Act.

21 (Source: P.A. 93-839, eff. 7-30-04.)

22 Section 10. The Illinois Pension Code is amended by  
23 changing Sections 2-124, 2-134, 14-131, 14-135.08, 15-155,  
24 15-156, 15-157, 15-165, 16-158, 18-131, and 18-140 as follows:

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

2 Sec. 2-124. Contributions by State.

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

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

14 (c) Except as otherwise provided in this Section, the ~~For~~  
15 ~~State fiscal years 2011 through 2045, the~~ minimum contribution  
16 to the System to be made by the State for each fiscal year  
17 shall be an amount determined by the System to be sufficient to  
18 bring the total assets of the System up to 90% of the total  
19 actuarial liabilities of the System by the end of State fiscal  
20 year 2034, as 2045. ~~In making these determinations, the~~  
21 ~~required State contribution shall be calculated each year as a~~  
22 ~~level percentage of payroll over the years remaining to and~~  
23 ~~including fiscal year 2045 and shall be~~ determined under the  
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State  
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments  
2 so that by State fiscal year 2011, the State is contributing at  
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2006 is  
6 \$4,157,000.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2007 is  
9 \$5,220,300.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2009 is  
12 \$7,653,000, less that percentage of estimated fiscal year 2009  
13 debt service payable on bonds authorized by this amendatory Act  
14 of the 95th General Assembly that is attributable to the  
15 percentage of bond proceeds received by the System.

16 For each of State fiscal years 2010 ~~2008~~ through 2038 ~~2010~~,  
17 the State contribution to the System, ~~as a percentage of the~~  
18 ~~applicable employee payroll,~~ shall be increased in an ~~equal~~  
19 annual amount equal to the increase from the required State  
20 contribution from the preceding fiscal year, and this increase  
21 shall be increased by 3% each year ~~increments from the required~~  
22 ~~State contribution for State fiscal year 2007,~~ so that by State  
23 fiscal year 2038 ~~2011~~, the State is contributing at the rate  
24 otherwise required under this Section. If in any year this  
25 specified payment, when actuarially projected forward, should  
26 not be sufficient to achieve 90% funding by 2038, then that

1 year's contribution shall be the amount necessary when taken as  
2 a level dollar increase, increased by 3% each year, to achieve  
3 90% funding by 2038.

4 Beginning in State fiscal year 2039 or the fiscal year  
5 following that fiscal year during which 90% funding is  
6 achieved, the minimum State contribution for each fiscal year  
7 shall be the amount determined by the System to be sufficient  
8 to accumulate total System assets equal to 90% of the total  
9 actuarial liabilities of the System over 30 years. In making  
10 these determinations, the required State contribution shall be  
11 calculated each year as a level percentage of employee payroll  
12 over 30 years and shall be determined under the project unit  
13 credit actuarial cost method. 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 in any fiscal year do not reduce  
19 and do not constitute payment of any portion of the minimum  
20 State contribution required under this Article in that fiscal  
21 year. Such amounts shall not reduce, and shall not be included  
22 in the calculation of, the required State contributions under  
23 this 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 for fiscal year 2010 and each fiscal year  
5 thereafter, as calculated under this Section and certified  
6 under Section 2-134, shall not exceed an amount equal to (i)  
7 the amount of the required State contribution that would have  
8 been calculated under this Section for that fiscal year if the  
9 System had not received any payments under subsection (d) of  
10 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
11 portion of the State's total debt service payments for that  
12 fiscal year on the bonds issued for the purposes of that  
13 Section 7.2, as determined and certified by the Comptroller,  
14 that is the same as the System's portion of the total moneys  
15 distributed under subsection (d) of Section 7.2 of the General  
16 Obligation Bond Act.

17 (d) Notwithstanding this Code or any other law to the  
18 contrary, the Board must ensure that at least 19% of the  
19 proceeds from the issuance of general obligation bonds under  
20 the General Obligation Bond Act authorized by this amendatory  
21 Act of the 95th General Assembly are invested through qualified  
22 investment advisers who are a "minority owned business" or a  
23 "female owned business" as those terms are defined in the  
24 Business Enterprise for Minorities, Females, and Persons with  
25 Disabilities Act. ~~In determining this maximum for State fiscal~~  
26 ~~years 2008 through 2010, however, the amount referred to in~~

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

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

11 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

25 On or before July 1, 2005, 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 2006, taking  
3 into account the changes in required State contributions made  
4 by this amendatory Act of the 94th General Assembly.

5 On or before July 1, 2008, the board shall recalculate and  
6 recertify to the Governor the amount of the required State  
7 contribution to the System for State fiscal year 2009, taking  
8 into account the changes in required contributions made by this  
9 amendatory Act of the 95th General Assembly.

10 (b) Beginning in State fiscal year 1996, on or as soon as  
11 possible after the 15th day of each month the Board shall  
12 submit vouchers for payment of State contributions to the  
13 System, in a total monthly amount of one-twelfth of the  
14 required annual State contribution certified under subsection  
15 (a). From the effective date of this amendatory Act of the 93rd  
16 General Assembly through June 30, 2004, the Board shall not  
17 submit vouchers for the remainder of fiscal year 2004 in excess  
18 of the fiscal year 2004 certified contribution amount  
19 determined under this Section after taking into consideration  
20 the transfer to the System under subsection (d) of Section  
21 6z-61 of the State Finance Act. These vouchers shall be paid by  
22 the State Comptroller and Treasurer by warrants drawn on the  
23 funds appropriated to the System for that fiscal year. If in  
24 any month the amount remaining unexpended from all other  
25 appropriations to the System for the applicable fiscal year  
26 (including the appropriations to the System under Section 8.12

1 of the State Finance Act and Section 1 of the State Pension  
2 Funds Continuing Appropriation Act) is less than the amount  
3 lawfully vouchered under this Section, the difference shall be  
4 paid from the General Revenue Fund under the continuing  
5 appropriation authority provided in Section 1.1 of the State  
6 Pension Funds Continuing Appropriation Act.

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

14 (Source: P.A. 94-4, eff. 6-1-05; 94-536, eff. 8-10-05; 95-331,  
15 eff. 8-21-07.)

16 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

17 Sec. 14-131. Contributions by State.

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

25 For the purposes of this Section and Section 14-135.08,

1 references to State contributions refer only to employer  
2 contributions and do not include employee contributions that  
3 are picked up or otherwise paid by the State or a department on  
4 behalf of the employee.

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

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

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

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

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

1 Act. The department or other employer shall resume payment of  
2 contributions at the commencement of fiscal year 2005.

3 (e) Except as otherwise provided in this Section, the For  
4 ~~State fiscal years 2011 through 2045, the~~ minimum contribution  
5 to the System to be made by the State for each fiscal year  
6 shall be an amount determined by the System to be sufficient to  
7 bring the total assets of the System up to 90% of the total  
8 actuarial liabilities of the System by the end of State fiscal  
9 year 2034, as 2045. ~~In making these determinations, the~~  
10 ~~required State contribution shall be calculated each year as a~~  
11 ~~level percentage of payroll over the years remaining to and~~  
12 ~~including fiscal year 2045 and shall be determined under the~~  
13 projected unit credit actuarial cost method.

14 ~~For State fiscal years 1996 through 2005, the State~~  
15 ~~contribution to the System, as a percentage of the applicable~~  
16 ~~employee payroll, shall be increased in equal annual increments~~  
17 ~~so that by State fiscal year 2011, the State is contributing at~~  
18 ~~the rate required under this Section; except that (i) for State~~  
19 ~~fiscal year 1998, for all purposes of this Code and any other~~  
20 ~~law of this State, the certified percentage of the applicable~~  
21 ~~employee payroll shall be 5.052% for employees earning eligible~~  
22 ~~creditable service under Section 14-110 and 6.500% for all~~  
23 ~~other employees, notwithstanding any contrary certification~~  
24 ~~made under Section 14-135.08 before the effective date of this~~  
25 ~~amendatory Act of 1997, and (ii) in the following specified~~  
26 ~~State fiscal years, the State contribution to the System shall~~

1 ~~not be less than the following indicated percentages of the~~  
2 ~~applicable employee payroll, even if the indicated percentage~~  
3 ~~will produce a State contribution in excess of the amount~~  
4 ~~otherwise required under this subsection and subsection (a):~~  
5 ~~9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY~~  
6 ~~2002; 10.6% in FY 2003; and 10.8% in FY 2004.~~

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

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

13 Notwithstanding any other provision of this Article, the  
14 total required State contribution to the System for State  
15 fiscal year 2009 is \$623,406,000, less that percentage of  
16 estimated fiscal year 2009 debt service payable on bonds  
17 authorized by this amendatory Act of the 95th General Assembly  
18 that is attributable to the percentage of bond proceeds  
19 received by the System.

20 For each of State fiscal years 2010 ~~2008~~ through 2038 ~~2010~~,  
21 the State contribution to the System, ~~as a percentage of the~~  
22 ~~applicable employee payroll,~~ shall be increased in an equal  
23 annual amount equal to the increase from the required State  
24 contribution from the preceding fiscal year, and this increase  
25 shall be increased by 3% each year ~~increments from the required~~  
26 ~~State contribution for State fiscal year 2007, so that by State~~



1 fiscal year 2038 ~~2011~~, the State is contributing at the rate  
2 otherwise required under this Section. If in any year this  
3 specified payment, when actuarially projected forward, should  
4 not be sufficient to achieve 90% funding by 2038, then that  
5 year's contribution shall be the amount necessary when taken as  
6 a level dollar increase, increased by 3% each year, to achieve  
7 90% funding by 2038.

8 Beginning in State fiscal year 2039 ~~or the fiscal year~~  
9 ~~following that fiscal year during which 90% funding is~~  
10 ~~achieved, the minimum State contribution for each fiscal year~~  
11 ~~shall be the amount determined by the System to be sufficient~~  
12 ~~to accumulate total System assets equal to 90% of the total~~  
13 ~~actuarial liabilities of the System over 30 years. In making~~  
14 ~~these determinations, the required State contribution shall be~~  
15 ~~calculated each year as a level percentage of employee payroll~~  
16 ~~over 30 years and shall be determined under the project unit~~  
17 ~~credit actuarial cost method. 2046, the minimum State~~  
18 ~~contribution for each fiscal year shall be the amount needed to~~  
19 ~~maintain the total assets of the System at 90% of the total~~  
20 ~~actuarial liabilities of the System.~~

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

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

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

1 ~~issued for the purposes of Section 7.2 of the General~~  
2 ~~Obligation Bond Act, so that, by State fiscal year 2011, the~~  
3 ~~State is contributing at the rate otherwise required under this~~  
4 ~~Section.~~

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

1 the Pension Contribution Fund as soon as practicable after the  
2 certification.

3 (g) Notwithstanding this Code or any other law to the  
4 contrary, the Board must ensure that at least 19% of the  
5 proceeds from the issuance of general obligation bonds under  
6 the General Obligation Bond Act authorized by this amendatory  
7 Act of the 95th General Assembly are invested through qualified  
8 investment advisers who are a "minority owned business" or a  
9 "female owned business" as those terms are defined in the  
10 Business Enterprise for Minorities, Females, and Persons with  
11 Disabilities Act.

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

14 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)  
15 Sec. 14-135.08. To certify required State contributions.

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

22 (b) The certification shall include an additional amount  
23 necessary to pay all principal of and interest on those general  
24 obligation bonds due the next fiscal year authorized by Section  
25 7.2(a) of the General Obligation Bond Act and issued to provide

1 the proceeds deposited by the State with the System ~~in July~~  
2 ~~2003~~, representing deposits other than amounts reserved under  
3 Section 7.2(c) of the General Obligation Bond Act from the bond  
4 sale authorized by Public Act 93-2. For State fiscal year 2005,  
5 the Board shall make a supplemental certification of the  
6 additional amount necessary to pay all principal of and  
7 interest on those general obligation bonds due in State fiscal  
8 years 2004 and 2005 authorized by Section 7.2(a) of the General  
9 Obligation Bond Act and issued to provide the proceeds  
10 deposited by the State with the System in July 2003,  
11 representing deposits other than amounts reserved under  
12 Section 7.2(c) of the General Obligation Bond Act, as soon as  
13 practical after the effective date of this amendatory Act of  
14 the 93rd General Assembly.

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

22 On or before July 1, 2005, the Board shall recalculate and  
23 recertify to the Governor and to each department the amount of  
24 the required State contribution to the System and the required  
25 rates for State contributions to the System for State fiscal  
26 year 2006, taking into account the changes in required State

1 contributions made by this amendatory Act of the 94th General  
2 Assembly.

3 On or before July 1, 2008, the Board shall recalculate and  
4 recertify to the Governor and to each Department the amount of  
5 the required State contribution to the System and the required  
6 rates for State contribution to the System for State fiscal  
7 year 2009, taking into account the changes in required  
8 contributions made by this amendatory Act of the 95th General  
9 Assembly.

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

12 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

13 Sec. 15-155. Employer contributions.

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

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

1           (a-1) Except as otherwise provided in this Section, the For  
2 ~~State fiscal years 2011 through 2045,~~ the minimum contribution  
3 to the System to be made by the State for each fiscal year  
4 shall be an amount determined by the System to be sufficient to  
5 bring the total assets of the System up to 90% of the total  
6 actuarial liabilities of the System by the end of State fiscal  
7 year 2034, as 2045. ~~In making these determinations, the~~  
8 ~~required State contribution shall be calculated each year as a~~  
9 ~~level percentage of payroll over the years remaining to and~~  
10 ~~including fiscal year 2045 and shall be~~ determined under the  
11 projected unit credit actuarial cost method.

12           ~~For State fiscal years 1996 through 2005, the State~~  
13 ~~contribution to the System, as a percentage of the applicable~~  
14 ~~employee payroll, shall be increased in equal annual increments~~  
15 ~~so that by State fiscal year 2011, the State is contributing at~~  
16 ~~the rate required under this Section.~~

17           Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2006 is  
19 \$166,641,900.

20           Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2007 is  
22 \$252,064,100.

23           Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2009 is  
25 \$422,189,000, less that percentage of estimated fiscal year  
26 2009 debt service payable on bonds authorized by this

1 amendatory Act of the 95th General Assembly that is  
2 attributable to the percentage of bond proceeds received by the  
3 System.

4 For each of State fiscal years 2010 ~~2008~~ through 2038 ~~2010~~,  
5 the State contribution to the System, ~~as a percentage of the~~  
6 ~~applicable employee payroll,~~ shall be increased in an equal  
7 annual amount equal to the increase from the required State  
8 contribution from the preceding fiscal year, and this increase  
9 shall be increased by 3% each year ~~increments from the required~~  
10 ~~State contribution for State fiscal year 2007,~~ so that by State  
11 fiscal year 2038 ~~2011~~, the State is contributing at the rate  
12 otherwise required under this Section. If in any year this  
13 specified payment, when actuarially projected forward, should  
14 not be sufficient to achieve 90% funding by 2038, then that  
15 year's contribution shall be the amount necessary when taken as  
16 a level dollar increase, increased by 3% each year, to achieve  
17 90% funding by 2038.

18 Beginning in State fiscal year 2039 or the fiscal year  
19 following that fiscal year during which 90% funding is  
20 achieved, the minimum State contribution for each fiscal year  
21 shall be the amount determined by the System to be sufficient  
22 to accumulate total System assets equal to 90% of the total  
23 actuarial liabilities of the System over 30 years. In making  
24 these determinations, the required State contribution shall be  
25 calculated each year as a level percentage of employee payroll  
26 over 30 years and shall be determined under the project unit



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

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

16 Notwithstanding any other provision of this Section, the  
17 required State contribution for State fiscal year 2005 and for  
18 fiscal year 2008 and for fiscal year 2010 and each fiscal year  
19 thereafter, as calculated under this Section and certified  
20 under Section 15-165, shall not exceed an amount equal to (i)  
21 the amount of the required State contribution that would have  
22 been calculated under this Section for that fiscal year if the  
23 System had not received any payments under subsection (d) of  
24 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
25 portion of the State's total debt service payments for that  
26 fiscal year on the bonds issued for the purposes of that

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

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

1 and other employers which do not receive State appropriations  
2 are considered to be trust funds for the purpose of this  
3 Article.

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

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

1 College Board or the System for employer contributions.

2 (d) Beginning in State fiscal year 1996, the required State  
3 contributions to the System shall be appropriated directly to  
4 the System and shall be payable through vouchers issued in  
5 accordance with subsection (c) of Section 15-165, except as  
6 provided in subsection (g).

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

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

19 (g) If the amount of a participant's earnings for any  
20 academic year used to determine the final rate of earnings,  
21 determined on a full-time equivalent basis, exceeds the amount  
22 of his or her earnings with the same employer for the previous  
23 academic year, determined on a full-time equivalent basis, by  
24 more than 6%, the participant's employer shall pay to the  
25 System, in addition to all other payments required under this  
26 Section and in accordance with guidelines established by the

1 System, the present value of the increase in benefits resulting  
2 from the portion of the increase in earnings that is in excess  
3 of 6%. This present value shall be computed by the System on  
4 the basis of the actuarial assumptions and tables used in the  
5 most recent actuarial valuation of the System that is available  
6 at the time of the computation. The System may require the  
7 employer to provide any pertinent information or  
8 documentation.

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

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

1 within 90 days after receipt of the bill, then interest will be  
2 charged at a rate equal to the System's annual actuarially  
3 assumed rate of return on investment compounded annually from  
4 the 91st day after receipt of the bill. Payments must be  
5 concluded within 3 years after the employer's receipt of the  
6 bill.

7 (h) This subsection (h) applies only to payments made or  
8 salary increases given on or after June 1, 2005 but before July  
9 1, 2011. The changes made by Public Act 94-1057 shall not  
10 require the System to refund any payments received before July  
11 31, 2006 (the effective date of Public Act 94-1057).

12 When assessing payment for any amount due under subsection  
13 (g), the System shall exclude earnings increases paid to  
14 participants under contracts or collective bargaining  
15 agreements entered into, amended, or renewed before June 1,  
16 2005.

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

21 When assessing payment for any amount due under subsection  
22 (g), the System shall exclude earnings increases resulting from  
23 overload work, including a contract for summer teaching, or  
24 overtime when the employer has certified to the System, and the  
25 System has approved the certification, that: (i) in the case of  
26 overloads (A) the overload work is for the sole purpose of

1 academic instruction in excess of the standard number of  
2 instruction hours for a full-time employee occurring during the  
3 academic year that the overload is paid and (B) the earnings  
4 increases are equal to or less than the rate of pay for  
5 academic instruction computed using the participant's current  
6 salary rate and work schedule; and (ii) in the case of  
7 overtime, the overtime was necessary for the educational  
8 mission.

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

23 (i) When assessing payment for any amount due under  
24 subsection (g), the System shall exclude any salary increase  
25 described in subsection (h) 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 (g) of this Section.

7 (j) 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 (k) The Illinois Community College Board shall adopt rules  
23 for recommending lists of promotional positions submitted to  
24 the Board by community colleges and for reviewing the  
25 promotional lists on an annual basis. When recommending  
26 promotional lists, the Board shall consider the similarity of



1 the positions submitted to those positions recognized for State  
2 universities by the State Universities Civil Service System.  
3 The Illinois Community College Board shall file a copy of its  
4 findings with the System. The System shall consider the  
5 findings of the Illinois Community College Board when making  
6 determinations under this Section. The System shall not exclude  
7 any earnings increases resulting from a promotion when the  
8 promotion was not submitted by a community college. Nothing in  
9 this subsection (k) shall require any community college to  
10 submit any information to the Community College Board.

11 (l) Notwithstanding this Code or any other law to the  
12 contrary, the Board must ensure that at least 19% of the  
13 proceeds from the issuance of general obligation bonds under  
14 the General Obligation Bond Act authorized by this amendatory  
15 Act of the 95th General Assembly are invested through qualified  
16 investment advisers who are a "minority owned business" or a  
17 "female owned business" as those terms are defined in the  
18 Business Enterprise for Minorities, Females, and Persons with  
19 Disabilities Act.

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

22 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

24 (a) The Board shall certify to the Governor on or before  
25 November 15 of each year the appropriation required from State

1 funds for the purposes of this System for the following fiscal  
2 year. The certification shall include a copy of the actuarial  
3 recommendations upon which it is based.

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

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

15 On or before July 1, 2008, the Board shall recalculate and  
16 recertify to the Governor the amount of the required State  
17 contribution to the System for State fiscal year 2009, taking  
18 into account the changes in required State contributions made  
19 by this amendatory Act of the 95th General Assembly.

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

24 (c) Beginning in State fiscal year 1996, on or as soon as  
25 possible after the 15th day of each month the Board shall  
26 submit vouchers for payment of State contributions to the

1 System, in a total monthly amount of one-twelfth of the  
2 required annual State contribution certified under subsection  
3 (a). From the effective date of this amendatory Act of the 93rd  
4 General Assembly through June 30, 2004, the Board shall not  
5 submit vouchers for the remainder of fiscal year 2004 in excess  
6 of the fiscal year 2004 certified contribution amount  
7 determined under this Section after taking into consideration  
8 the transfer to the System under subsection (b) of Section  
9 6z-61 of the State Finance Act. These vouchers shall be paid by  
10 the State Comptroller and Treasurer by warrants drawn on the  
11 funds appropriated to the System for that fiscal year.

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

21 (d) So long as the payments received are the full amount  
22 lawfully vouchered under this Section, payments received by the  
23 System under this Section shall be applied first toward the  
24 employer contribution to the self-managed plan established  
25 under Section 15-158.2. Payments shall be applied second toward  
26 the employer's portion of the normal costs of the System, as

1 defined in subsection (f) of Section 15-155. The balance shall  
2 be applied toward the unfunded actuarial liabilities of the  
3 System.

4 (e) In the event that the System does not receive, as a  
5 result of legislative enactment or otherwise, payments  
6 sufficient to fully fund the employer contribution to the  
7 self-managed plan established under Section 15-158.2 and to  
8 fully fund that portion of the employer's portion of the normal  
9 costs of the System, as calculated in accordance with Section  
10 15-155(a-1), then any payments received shall be applied  
11 proportionately to the optional retirement program established  
12 under Section 15-158.2 and to the employer's portion of the  
13 normal costs of the System, as calculated in accordance with  
14 Section 15-155(a-1).

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

17 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

20 (a) The State shall make contributions to the System by  
21 means of appropriations from the Common School Fund and other  
22 State funds of amounts which, together with other employer  
23 contributions, employee contributions, investment income, and  
24 other income, will be sufficient to meet the cost of  
25 maintaining and administering the System on a 90% funded basis

1 in accordance with actuarial recommendations.

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

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

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

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

23 On or before July 1, 2008, the board shall recalculate and  
24 recertify to the Governor the amount of the required State  
25 contribution to the System for State fiscal year 2009, taking  
26 into account the changes in required contributions made by this

1 amendatory Act of the 95th General Assembly.

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

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

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

1 the State Pension Funds Continuing Appropriation Act.

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

5 (b-3) Except as otherwise provided in this Section, the For  
6 ~~State fiscal years 2011 through 2045, the~~ minimum contribution  
7 to the System to be made by the State for each fiscal year  
8 shall be an amount determined by the System to be sufficient to  
9 bring the total assets of the System up to 90% of the total  
10 actuarial liabilities of the System by the end of State fiscal  
11 year 2034, as 2045. ~~In making these determinations, the~~  
12 ~~required State contribution shall be calculated each year as a~~  
13 ~~level percentage of payroll over the years remaining to and~~  
14 ~~including fiscal year 2045 and shall be~~ determined under the  
15 projected unit credit actuarial cost method.

16 ~~For State fiscal years 1996 through 2005, the State~~  
17 ~~contribution to the System, as a percentage of the applicable~~  
18 ~~employee payroll, shall be increased in equal annual increments~~  
19 ~~so that by State fiscal year 2011, the State is contributing at~~  
20 ~~the rate required under this Section; except that in the~~  
21 ~~following specified State fiscal years, the State contribution~~  
22 ~~to the System shall not be less than the following indicated~~  
23 ~~percentages of the applicable employee payroll, even if the~~  
24 ~~indicated percentage will produce a State contribution in~~  
25 ~~excess of the amount otherwise required under this subsection~~  
26 ~~and subsection (a), and notwithstanding any contrary~~

1 ~~certification made under subsection (a-1) before the effective~~  
2 ~~date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%~~  
3 ~~in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY~~  
4 ~~2003; and 13.56% in FY 2004.~~

5 Notwithstanding any other provision of this Article, the  
6 total required State contribution for State fiscal year 2006 is  
7 \$534,627,700.

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2007 is  
10 \$738,014,500.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2009 is  
13 \$1,194,588,000, less that percentage of estimated fiscal year  
14 2009 debt service payable on bonds authorized by this  
15 amendatory Act of the 95th General Assembly that is  
16 attributable to the percentage of bond proceeds received by the  
17 System.

18 For each of State fiscal years 2010 ~~2008~~ through 2038 ~~2010~~,  
19 the State contribution to the System, ~~as a percentage of the~~  
20 ~~applicable employee payroll,~~ shall be increased in an equal  
21 annual amount equal to the increase from the required State  
22 contribution from the preceding fiscal year, and this increase  
23 shall be increased by 3% each year ~~increments from the required~~  
24 ~~State contribution for State fiscal year 2007,~~ so that by State  
25 fiscal year 2038 ~~2011~~, the State is contributing at the rate  
26 otherwise required under this Section. If in any year this



1 specified payment, when actuarially projected forward, should  
2 not be sufficient to achieve 90% funding by 2038, then that  
3 year's contribution shall be the amount necessary when taken as  
4 a level dollar increase, increased by 3% each year, to achieve  
5 90% funding by 2038.

6 Beginning in State fiscal year 2039 or the fiscal year  
7 following that fiscal year during which 90% funding is  
8 achieved, the minimum State contribution for each fiscal year  
9 shall be the amount determined by the System to be sufficient  
10 to accumulate total System assets equal to 90% of the total  
11 actuarial liabilities of the System over 30 years. In making  
12 these determinations, the required State contribution shall be  
13 calculated each year as a level percentage of employee payroll  
14 over 30 years and shall be determined under the project unit  
15 credit actuarial cost method. 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 in any fiscal year do not reduce  
21 and do not constitute payment of any portion of the minimum  
22 State contribution required under this Article in that fiscal  
23 year. Such amounts shall not reduce, and shall not be included  
24 in the calculation of, the required State contributions under  
25 this Article in any future year until the System has reached a  
26 funding ratio of at least 90%. A reference in this Article to

1 the "required State contribution" or any substantially similar  
2 term does not include or apply to any amounts payable to the  
3 System under Section 25 of the Budget Stabilization Act.

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

1 ~~State is contributing at the rate otherwise required under this~~  
2 ~~Section.~~

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

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

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

25 However, with respect to benefits granted under Section  
26 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)

1 of Section 16-106, the employer's contribution shall be 12%  
2 (rather than 20%) of the member's highest annual salary rate  
3 for each year of creditable service granted, and the employer  
4 shall also pay the required employee contribution on behalf of  
5 the teacher. For the purposes of Sections 16-133.4 and  
6 16-133.5, a teacher as defined in paragraph (8) of Section  
7 16-106 who is serving in that capacity while on leave of  
8 absence from another employer under this Article shall not be  
9 considered an employee of the employer from which the teacher  
10 is on leave.

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

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

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

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

25 These employer contributions are intended to offset a  
26 portion of the cost to the System of the increases in

1 retirement benefits resulting from this amendatory Act of 1998.

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

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

14 If an employer is required by a contract in effect on May  
15 1, 1998 between the employer and an employee organization to  
16 pay, on behalf of all its full-time employees covered by this  
17 Article, all mandatory employee contributions required under  
18 this Article, then the employer shall be excused from paying  
19 the employer contribution required under this subsection (e)  
20 for the balance of the term of that contract. The employer and  
21 the employee organization shall jointly certify to the System  
22 the existence of the contractual requirement, in such form as  
23 the System may prescribe. This exclusion shall cease upon the  
24 termination, extension, or renewal of the contract at any time  
25 after May 1, 1998.

26 (f) If the amount of a teacher's salary for any school year

1 used to determine final average salary exceeds the member's  
2 annual full-time salary rate with the same employer for the  
3 previous school year by more than 6%, the teacher's employer  
4 shall pay to the System, in addition to all other payments  
5 required under this Section and in accordance with guidelines  
6 established by the System, the present value of the increase in  
7 benefits resulting from the portion of the increase in salary  
8 that is in excess of 6%. This present value shall be computed  
9 by the System on the basis of the actuarial assumptions and  
10 tables used in the most recent actuarial valuation of the  
11 System that is available at the time of the computation. If a  
12 teacher's salary for the 2005-2006 school year is used to  
13 determine final average salary under this subsection (f), then  
14 the changes made to this subsection (f) by Public Act 94-1057  
15 shall apply in calculating whether the increase in his or her  
16 salary is in excess of 6%. For the purposes of this Section,  
17 change in employment under Section 10-21.12 of the School Code  
18 on or after June 1, 2005 shall constitute a change in employer.  
19 The System may require the employer to provide any pertinent  
20 information or documentation. The changes made to this  
21 subsection (f) by this amendatory Act of the 94th General  
22 Assembly apply without regard to whether the teacher was in  
23 service on or after its effective date.

24 Whenever it determines that a payment is or may be required  
25 under this subsection, the System shall calculate the amount of  
26 the payment and bill the employer for that amount. The bill

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

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

22       (g) This subsection (g) applies only to payments made or  
23 salary increases given on or after June 1, 2005 but before July  
24 1, 2011. The changes made by Public Act 94-1057 shall not  
25 require the System to refund any payments received before July  
26 31, 2006 (the effective date of Public Act 94-1057).

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

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

9           When assessing payment for any amount due under subsection  
10 (f), the System shall exclude salary increases resulting from  
11 overload work, including summer school, when the school  
12 district has certified to the System, and the System has  
13 approved the certification, that (i) the overload work is for  
14 the sole purpose of classroom instruction in excess of the  
15 standard number of classes for a full-time teacher in a school  
16 district during a school year and (ii) the salary increases are  
17 equal to or less than the rate of pay for classroom instruction  
18 computed on the teacher's current salary and work schedule.

19           When assessing payment for any amount due under subsection  
20 (f), the System shall exclude a salary increase resulting from  
21 a promotion (i) for which the employee is required to hold a  
22 certificate or supervisory endorsement issued by the State  
23 Teacher Certification Board that is a different certification  
24 or supervisory endorsement than is required for the teacher's  
25 previous position and (ii) to a position that has existed and  
26 been filled by a member for no less than one complete academic



1 year and the salary increase from the promotion is an increase  
2 that results in an amount no greater than the lesser of the  
3 average salary paid for other similar positions in the district  
4 requiring the same certification or the amount stipulated in  
5 the collective bargaining agreement for a similar position  
6 requiring the same certification.

7 When assessing payment for any amount due under subsection  
8 (f), the System shall exclude any payment to the teacher from  
9 the State of Illinois or the State Board of Education over  
10 which the employer does not have discretion, notwithstanding  
11 that the payment is included in the computation of final  
12 average salary.

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

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

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for each  
2 employer.

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

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

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

12 (j) Notwithstanding this Code or any other law to the  
13 contrary, the Board must ensure that at least 19% of the  
14 proceeds from the issuance of general obligation bonds under  
15 the General Obligation Bond Act authorized by this amendatory  
16 Act of the 95th General Assembly are invested through qualified  
17 investment advisers who are a "minority owned business" or a  
18 "female owned business" as those terms are defined in the  
19 Business Enterprise for Minorities, Females, and Persons with  
20 Disabilities Act.

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

23 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)  
24 Sec. 18-131. Financing; employer contributions.

25 (a) The State of Illinois shall make contributions to this

1 System by appropriations of the amounts which, together with  
2 the contributions of participants, net earnings on  
3 investments, and other income, will meet the costs of  
4 maintaining and administering this System on a 90% funded basis  
5 in accordance 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) Except as otherwise provided in this Section, the ~~For~~  
12 ~~State fiscal years 2011 through 2045, the~~ minimum contribution  
13 to the System to be made by the State for each fiscal year  
14 shall be an amount determined by the System to be sufficient to  
15 bring the total assets of the System up to 90% of the total  
16 actuarial liabilities of the System by the end of State fiscal  
17 year 2034, as 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           Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2009 is  
9 \$51,931,000, less that percentage of estimated fiscal year 2009  
10 debt service payable on bonds authorized by this amendatory Act  
11 of the 95th General Assembly that is attributable to the  
12 percentage of bond proceeds received by the System.

13           For each of State fiscal years 2010 ~~2008~~ through 2038 ~~2010~~,  
14 the State contribution to the System, ~~as a percentage of the~~  
15 ~~applicable employee payroll,~~ shall be increased in an equal  
16 annual amount equal to the increase from the required State  
17 contribution from the preceding fiscal year, and this increase  
18 shall be increased by 3% each year increments from the required  
19 ~~State contribution for State fiscal year 2007,~~ so that by State  
20 fiscal year 2038 ~~2011~~, the State is contributing at the rate  
21 otherwise required under this Section. If in any year this  
22 specified payment, when actuarially projected forward, should  
23 not be sufficient to achieve 90% funding by 2038, then that  
24 year's contribution shall be the amount necessary when taken as  
25 a level dollar increase, increased by 3% each year, to achieve  
26 90% funding by 2038.

1           Beginning in State fiscal year 2039 or the fiscal year  
2 following that fiscal year during which 90% funding is  
3 achieved, the minimum State contribution for each fiscal year  
4 shall be the amount determined by the System to be sufficient  
5 to accumulate total System assets equal to 90% of the total  
6 actuarial liabilities of the System over 30 years. In making  
7 these determinations, the required State contribution shall be  
8 calculated each year as a level percentage of employee payroll  
9 over 30 years and shall be determined under the project unit  
10 credit actuarial cost method. ~~2046, the minimum State~~  
11 ~~contribution for each fiscal year shall be the amount needed to~~  
12 ~~maintain the total assets of the System at 90% of the total~~  
13 ~~actuarial liabilities of the System.~~

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

25           Notwithstanding any other provision of this Section, the  
26 required State contribution for State fiscal year 2005 and for

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

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

1 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)  
2 Sec. 18-140. To certify required State contributions and  
3 submit vouchers.

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

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

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

20 On or before July 1, 2008, the board shall recalculate and  
21 recertify to the Governor the amount of the required State  
22 contribution to the System for State fiscal year 2009, taking  
23 into account the changes in required contributions made by this  
24 amendatory Act of the 95th General Assembly.

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

1 submit vouchers for payment of State contributions to the  
2 System, in a total monthly amount of one-twelfth of the  
3 required annual State contribution certified under subsection  
4 (a). From the effective date of this amendatory Act of the 93rd  
5 General Assembly through June 30, 2004, the Board shall not  
6 submit vouchers for the remainder of fiscal year 2004 in excess  
7 of the fiscal year 2004 certified contribution amount  
8 determined under this Section after taking into consideration  
9 the transfer to the System under subsection (c) of Section  
10 6z-61 of the State Finance Act. These vouchers shall be paid by  
11 the State Comptroller and Treasurer by warrants drawn on the  
12 funds appropriated to the System for that fiscal year.

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

22 (c) Notwithstanding this Code or any other law to the  
23 contrary, the Board must ensure that at least 19% of the  
24 proceeds from the issuance of general obligation bonds under  
25 the General Obligation Bond Act authorized by this amendatory  
26 Act of the 95th General Assembly are invested through qualified



1 investment advisers who are a "minority owned business" or a  
2 "female owned business" as those terms are defined in the  
3 Business Enterprise for Minorities, Females, and Persons with  
4 Disabilities Act.

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

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