



Sen. Don Harmon

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09500SB0788sam001

LRB095 05457 AMC 51348 a

1 AMENDMENT TO SENATE BILL 788

2 AMENDMENT NO. _____. Amend Senate Bill 788 by replacing
3 everything after the enacting clause with the following:

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

1 issued and sold in accordance with the Baccalaureate Savings
2 Act in the form of General Obligation College Savings Bonds.

3 Of the total amount of Bonds authorized in this Act, up to
4 \$300,000,000 in aggregate original principal amount may be
5 issued and sold in accordance with the Retirement Savings Act
6 in the form of General Obligation Retirement Savings Bonds.

7 Of the total amount of Bonds authorized in this Act, the
8 additional \$10,000,000,000 authorized by Public Act 93-2 and
9 the \$16,000,000,000 authorized by this amendatory Act of the
10 95th General Assembly ~~this amendatory Act of the 93rd General~~
11 ~~Assembly~~ shall be issued and used solely as provided in Section
12 7.2.

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

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

23 (30 ILCS 330/2.5)

24 Sec. 2.5. Limitation on issuance of Bonds.

25 (a) Except as provided in subsection (b), no Bonds may be

1 issued if, after the issuance, in the next State fiscal year
2 after the issuance of the Bonds, the amount of debt service
3 (including principal, whether payable at maturity or pursuant
4 to mandatory sinking fund installments, and interest) on all
5 then-outstanding Bonds, other than Bonds issued pursuant to
6 Section 7.2 of this Act, would exceed 7% of the aggregate
7 appropriations from the general funds (which consist of the
8 General Revenue Fund, the Common School Fund, the General
9 Revenue Common School Special Account Fund, and the Education
10 Assistance Fund) and the Road Fund for the fiscal year
11 immediately prior to the fiscal year of the issuance.

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

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

16 (30 ILCS 330/7.2)

17 Sec. 7.2. State pension funding.

18 (a) The amount of \$10,000,000,000 is authorized to be used
19 for the purpose of making contributions to the designated
20 retirement systems. For the purposes of this Section,
21 "designated retirement systems" means the State Employees'
22 Retirement System of Illinois; the Teachers' Retirement System
23 of the State of Illinois; the State Universities Retirement
24 System; the Judges Retirement System of Illinois; and the
25 General Assembly Retirement System.

1 The amount of \$16,000,000,000 of Bonds authorized by this
2 amendatory Act of the 95th General Assembly is authorized to be
3 used for the purpose of making contributions to the designated
4 retirement systems.

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

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

15 The proceeds of the additional \$16,000,000,000 of bonds
16 authorized by this amendatory Act of the 95th General Assembly,
17 less the amounts directly paid out for bond sale expenses under
18 Section 8, shall be deposited into the Pension Contribution
19 Fund and used as provided in this Section, provided that at the
20 request of the Illinois State Board of Investments or the
21 affected state pension system established under Article 15 or
22 16 of the Illinois Pension Code, all or a portion of such
23 proceeds may be used by the Governor's Office of Management and
24 Budget to purchase an investment contract or other investment
25 assets, which shall be transferred to the affected pension
26 systems.

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

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

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

1 On and after July 1, 2004, in the event that any amount is on
2 deposit in the Pension Contribution Fund from time to time, the
3 Comptroller and Treasurer shall continue to make such transfers
4 based on fiscal year 2005 payments until the entire amount on
5 deposit has been transferred.

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

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

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

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

8 (30 ILCS 330/9) (from Ch. 127, par. 659)

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

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

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

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

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

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

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

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

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

26 (Source: P.A. 92-16, eff. 6-28-01; 93-9, eff. 6-3-03; 93-666,

1 eff. 3-5-04; 93-839, eff. 7-30-04.)

2 (30 ILCS 330/11) (from Ch. 127, par. 661)

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

23 If any Bonds, including refunding Bonds, are to be sold by
24 negotiated sale, the Director of the Governor's Office of
25 Management and Budget shall comply with the competitive request

1 for proposal process set forth in the Illinois Procurement Code
2 and all other applicable requirements of that Code.

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

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

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

23 Section 10. The Illinois Pension Code is amended by
24 changing Sections 2-124, 2-134, 14-131, 14-135.08, 15-155,
25 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

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 so that by State fiscal year 2011, the State is contributing at
4 the rate required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2006 is
7 \$4,157,000.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2007 is
10 \$5,220,300.

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

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

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

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

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

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

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and for fiscal year 2010 and each fiscal year
6 thereafter, as calculated under this Section and certified
7 under Section 2-134, shall not exceed an amount equal to (i)
8 the amount of the required State contribution that would have
9 been calculated under this Section for that fiscal year if the
10 System had not received any payments under subsection (d) of
11 Section 7.2 of the General Obligation Bond Act, minus (ii) the
12 portion of the State's total debt service payments for that
13 fiscal year on the bonds issued for the purposes of that
14 Section 7.2, as determined and certified by the Comptroller,
15 that is the same as the System's portion of the total moneys
16 distributed under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

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

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

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

13 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

1 Obligation Bond Act.

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

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

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

1 appropriations to the System for the applicable fiscal year
2 (including the appropriations to the System under Section 8.12
3 of the State Finance Act and Section 1 of the State Pension
4 Funds Continuing Appropriation Act) is less than the amount
5 lawfully vouchered under this Section, the difference shall be
6 paid from the General Revenue Fund under the continuing
7 appropriation authority provided in Section 1.1 of the State
8 Pension Funds Continuing Appropriation Act.

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

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

18 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

19 Sec. 14-131. Contributions by State.

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

1 recommendations.

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

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

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

22 For the purposes of this Section and Section 14.1 of the
23 State Finance Act, the term "eligible employees" includes
24 employees who participate in the System, persons who may elect
25 to participate in the System but have not so elected, persons
26 who are serving a qualifying period that is required for

1 participation, and annuitants employed by a department as
2 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

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

1 fiscal year 2004 but shall instead make payments as required
2 under subsection (a-1) of Section 14.1 of the State Finance
3 Act. The department or other employer shall resume payment of
4 contributions at the commencement of fiscal year 2005.

5 (e) 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 (i) for State~~
21 ~~fiscal year 1998, for all purposes of this Code and any other~~
22 ~~law of this State, the certified percentage of the applicable~~
23 ~~employee payroll shall be 5.052% for employees earning eligible~~
24 ~~creditable service under Section 14-110 and 6.500% for all~~
25 ~~other employees, notwithstanding any contrary certification~~
26 ~~made under Section 14-135.08 before the effective date of this~~

1 ~~amendatory Act of 1997, and (ii) in the following specified~~
2 ~~State fiscal years, the State contribution to the System shall~~
3 ~~not be less than the following indicated percentages of the~~
4 ~~applicable employee payroll, even if the indicated percentage~~
5 ~~will produce a State contribution in excess of the amount~~
6 ~~otherwise required under this subsection and subsection (a):~~
7 ~~9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY~~
8 ~~2002; 10.6% in FY 2003; and 10.8% in FY 2004.~~

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

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

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

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

1 shall be increased by 3% each year ~~increments from the required~~
2 ~~State contribution for State fiscal year 2007,~~ so that by State
3 fiscal year 2038 ~~2011~~, the State is contributing at the rate
4 otherwise required under this Section. If in any year this
5 specified payment, when actuarially projected forward, should
6 not be sufficient to achieve 90% funding by 2038, then that
7 year's contribution shall be the amount necessary when taken as
8 a level dollar increase, increased by 3% each year, to achieve
9 90% funding by 2038.

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

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act in any fiscal year do not reduce
25 and do not constitute payment of any portion of the minimum
26 State contribution required under this Article in that fiscal

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

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

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

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

1 Year 2004 Overpayment" for purposes of this Section, and the
2 Fiscal Year 2004 Overpayment shall be repaid by the System to
3 the Pension Contribution Fund as soon as practicable after the
4 certification.

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

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

16 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

24 (b) The certification shall include an additional amount
25 necessary to pay all principal of and interest on those general

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

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

24 On or before July 1, 2005, the Board shall recalculate and
25 recertify to the Governor and to each department the amount of
26 the required State contribution to the System and the required

1 rates for State contributions to the System for State fiscal
2 year 2006, taking into account the changes in required State
3 contributions made by this amendatory Act of the 94th General
4 Assembly.

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

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

14 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

15 Sec. 15-155. Employer contributions.

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

23 The Board shall determine the amount of State contributions
24 required for each fiscal year on the basis of the actuarial
25 tables and other assumptions adopted by the Board and the

1 recommendations of the actuary, using the formula in subsection
2 (a-1).

3 (a-1) 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.~~

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2006 is
21 \$166,641,900.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2007 is
24 \$252,064,100.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2009 is

1 \$422,189,000, less that percentage of estimated fiscal year
2 2009 debt service payable on bonds authorized by this
3 amendatory Act of the 95th General Assembly that is
4 attributable to the percentage of bond proceeds received by the
5 System.

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

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

1 calculated each year as a level percentage of employee payroll
2 over 30 years and shall be determined under the project unit
3 credit actuarial cost method. ~~2046, the minimum State~~
4 ~~contribution for each fiscal year shall be the amount needed to~~
5 ~~maintain the total assets of the System at 90% of the total~~
6 ~~actuarial liabilities of the System.~~

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

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

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

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

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

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

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

1 other than those paid from trust and federal funds, shall be
2 payable solely from appropriations to the Illinois Community
3 College Board or the System for employer contributions.

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

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

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

21 (g) If the amount of a participant's earnings for any
22 academic year used to determine the final rate of earnings,
23 determined on a full-time equivalent basis, exceeds the amount
24 of his or her earnings with the same employer for the previous
25 academic year, determined on a full-time equivalent basis, by
26 more than 6%, the participant's employer shall pay to the

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

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

26 The employer contributions required under this subsection

1 (f) may be paid in the form of a lump sum within 90 days after
2 receipt of the bill. If the employer contributions are not paid
3 within 90 days after receipt of the bill, then interest will be
4 charged at a rate equal to the System's annual actuarially
5 assumed rate of return on investment compounded annually from
6 the 91st day after receipt of the bill. Payments must be
7 concluded within 3 years after the employer's receipt of the
8 bill.

9 (h) This subsection (h) applies only to payments made or
10 salary increases given on or after June 1, 2005 but before July
11 1, 2011. The changes made by Public Act 94-1057 shall not
12 require the System to refund any payments received before July
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection
15 (g), the System shall exclude earnings increases paid to
16 participants under contracts or collective bargaining
17 agreements entered into, amended, or renewed before June 1,
18 2005.

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

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases resulting from
25 overload work, including a contract for summer teaching, or
26 overtime when the employer has certified to the System, and the

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

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

25 (i) When assessing payment for any amount due under
26 subsection (g), the System shall exclude any salary increase

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

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

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

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

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

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

24 (k) The Illinois Community College Board shall adopt rules
25 for recommending lists of promotional positions submitted to
26 the Board by community colleges and for reviewing the

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

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

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

24 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)
25 Sec. 15-165. To certify amounts and submit vouchers.

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

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

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

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

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

26 (c) Beginning in State fiscal year 1996, on or as soon as

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

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

23 (d) So long as the payments received are the full amount
24 lawfully vouchered under this Section, payments received by the
25 System under this Section shall be applied first toward the
26 employer contribution to the self-managed plan established

1 under Section 15-158.2. Payments shall be applied second toward
2 the employer's portion of the normal costs of the System, as
3 defined in subsection (f) of Section 15-155. The balance shall
4 be applied toward the unfunded actuarial liabilities of the
5 System.

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

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

19 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

22 (a) The State shall make contributions to the System by
23 means of appropriations from the Common School Fund and other
24 State funds of amounts which, together with other employer
25 contributions, employee contributions, investment income, and

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

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

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

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

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

25 On or before July 1, 2008, the board shall recalculate and
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2009, taking
2 into account the changes in required contributions made by this
3 amendatory Act of the 95th General Assembly.

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

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

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this subsection, the

1 difference shall be paid from the Common School Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

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

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

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

1 ~~excess of the amount otherwise required under this subsection~~
2 ~~and subsection (a), and notwithstanding any contrary~~
3 ~~certification made under subsection (a-1) before the effective~~
4 ~~date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%~~
5 ~~in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY~~
6 ~~2003; and 13.56% in FY 2004.~~

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2006 is
9 \$534,627,700.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2007 is
12 \$738,014,500.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2009 is
15 \$1,194,588,000, less that percentage of estimated fiscal year
16 2009 debt service payable on bonds authorized by this
17 amendatory Act of the 95th General Assembly that is
18 attributable to the percentage of bond proceeds received by the
19 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 subsection (a-1), shall not exceed an amount equal to (i)
11 the amount of the required State contribution that would have
12 been calculated under this Section for that fiscal year if the
13 System had not received any payments under subsection (d) of
14 Section 7.2 of the General Obligation Bond Act, minus (ii) the
15 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 (c) Payment of the required State contributions and of all
6 pensions, retirement annuities, death benefits, refunds, and
7 other benefits granted under or assumed by this System, and all
8 expenses in connection with the administration and operation
9 thereof, are obligations of the State.

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

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

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

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

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

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

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

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

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

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

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

1 after May 1, 1998.

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

26 Whenever it determines that a payment is or may be required

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

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

24 (g) This subsection (g) applies only to payments made or
25 salary increases given on or after June 1, 2005 but before July
26 1, 2011. The changes made by Public Act 94-1057 shall not

1 require the System to refund any payments received before July
2 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

21 When assessing payment for any amount due under subsection
22 (f), the System shall exclude a salary increase resulting from
23 a promotion (i) for which the employee is required to hold a
24 certificate or supervisory endorsement issued by the State
25 Teacher Certification Board that is a different certification
26 or supervisory endorsement than is required for the teacher's

1 previous position and (ii) to a position that has existed and
2 been filled by a member for no less than one complete academic
3 year and the salary increase from the promotion is an increase
4 that results in an amount no greater than the lesser of the
5 average salary paid for other similar positions in the district
6 requiring the same certification or the amount stipulated in
7 the collective bargaining agreement for a similar position
8 requiring the same certification.

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

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

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

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

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

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

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

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

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

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

1 Sec. 18-131. Financing; employer contributions.

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

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

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

24 ~~For State fiscal years 1996 through 2005, the State~~
25 ~~contribution to the System, as a percentage of the applicable~~
26 ~~employee payroll, shall be increased in equal annual increments~~

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

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$29,189,400.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$35,236,800.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2009 is
11 \$51,931,000, less that percentage of estimated fiscal year 2009
12 debt service payable on bonds authorized by this amendatory Act
13 of the 95th General Assembly that is attributable to the
14 percentage of bond proceeds received by the System.

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

1 a level dollar increase, increased by 3% each year, to achieve
2 90% funding by 2038.

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

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

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

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

1 eff. 6-6-06.)

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

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

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

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

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

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

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

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

24 (c) Notwithstanding this Code or any other law to the
25 contrary, the Board must ensure that at least 19% of the
26 proceeds from the issuance of general obligation bonds under

1 the General Obligation Bond Act authorized by this amendatory
2 Act of the 95th General Assembly are invested through qualified
3 investment advisers who are a "minority owned business" or a
4 "female owned business" as those terms are defined in the
5 Business Enterprise for Minorities, Females, and Persons with
6 Disabilities Act.

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

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