

SB2794



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2794

Introduced 2/15/2008, by Sen. Don Harmon

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-131

from Ch. 108 1/2, par. 14-131

Amends the State Employee Article of the Illinois Pension Code. Makes a technical change in a Section concerning contributions by the State.

LRB095 19063 AMC 45254 b

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 14-131 as follows:

6 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)
7 Sec. 14-131. Contributions by State.

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

15 For the purposes of this Section and Section 14-135.08,
16 references to State contributions refer only to employer
17 contributions and do not include employee contributions that
18 are picked up or otherwise paid by the State or a department on
19 behalf of the employee.

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

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

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

19 (c) Contributions shall be made by the several departments
20 for each pay period by warrants drawn by the State Comptroller
21 against their respective funds or appropriations based upon
22 vouchers stating the amount to be so contributed. These amounts
23 shall be based on the full rate certified by the Board under
24 Section 14-135.08 for that fiscal year. From the effective date
25 of this amendatory Act of the 93rd General Assembly through the
26 payment of the final payroll from fiscal year 2004

1 appropriations, the several departments shall not make
2 contributions for the remainder of fiscal year 2004 but shall
3 instead make payments as required under subsection (a-1) of
4 Section 14.1 of the State Finance Act. The several departments
5 shall resume those contributions at the commencement of fiscal
6 year 2005.

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

21 (e) For State fiscal years 2011 through 2045, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. In making these determinations, the

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

5 For State fiscal years 1996 through 2005, the State
6 contribution to the System, as a percentage of the applicable
7 employee payroll, shall be increased in equal annual increments
8 so that by State fiscal year 2011, the State is contributing at
9 the rate required under this Section; except that (i) for State
10 fiscal year 1998, for all purposes of this Code and any other
11 law of this State, the certified percentage of the applicable
12 employee payroll shall be 5.052% for employees earning eligible
13 creditable service under Section 14-110 and 6.500% for all
14 other employees, notwithstanding any contrary certification
15 made under Section 14-135.08 before the effective date of this
16 amendatory Act of 1997, and (ii) in the following specified
17 State fiscal years, the State contribution to the System shall
18 not be less than the following indicated percentages of the
19 applicable employee payroll, even if the indicated percentage
20 will produce a State contribution in excess of the amount
21 otherwise required under this subsection and subsection (a):
22 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
23 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

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

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

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

23 (f) After the submission of all payments for eligible
24 employees from personal services line items in fiscal year 2004
25 have been made, the Comptroller shall provide to the System a
26 certification of the sum of all fiscal year 2004 expenditures

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

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