



Rep. Kevin A. McCarthy

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LRB096 06450 AMC 28036 a

1 AMENDMENT TO SENATE BILL 415

2 AMENDMENT NO. _____. Amend Senate Bill 415 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, 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 \$32,923,149,369
12 ~~\$30,693,149,369~~.

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 \$2,230,000,000 authorized by this amendatory Act of the
10 96th General Assembly ~~this amendatory Act of the 93rd General~~
11 ~~Assembly~~ shall be used solely as provided in Section 7.2.

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

20 (Source: P.A. 95-1026, eff. 1-12-09; 96-5, eff. 4-3-09.)

21 (30 ILCS 330/7.2)

22 Sec. 7.2. State pension funding.

23 (a) The amount of \$10,000,000,000 is authorized to be used
24 for the purpose of making contributions to the designated
25 retirement systems. For the purposes of this Section,

1 "designated retirement systems" means the State Employees'
2 Retirement System of Illinois; the Teachers' Retirement System
3 of the State of Illinois; the State Universities Retirement
4 System; the Judges Retirement System of Illinois; and the
5 General Assembly Retirement System.

6 The amount of \$2,230,000,000 of Bonds authorized by this
7 amendatory Act of the 96th General Assembly is authorized to be
8 used for the purpose of making a portion of the State's Fiscal
9 Year 2010 required contributions to the designated retirement
10 systems.

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

13 The proceeds of the additional \$10,000,000,000 of Bonds
14 authorized by Public Act 93-2 ~~this amendatory Act of the 93rd~~
15 ~~General Assembly~~, less the amounts authorized in the Bond Sale
16 Order to be deposited directly into the capitalized interest
17 account of the General Obligation Bond Retirement and Interest
18 Fund or otherwise directly paid out for bond sale expenses
19 under Section 8, shall be deposited into the Pension
20 Contribution Fund and used as provided in this Section.

21 The proceeds of the additional \$2,230,000,000 of Bonds
22 authorized by this amendatory Act of the 96th General Assembly,
23 less the amounts directly paid out for bond sale expenses under
24 Section 8, shall be deposited into the Pension Contribution
25 Fund, and the Comptroller and the Treasurer shall, as soon as
26 practical, make transfers from the Pension Contribution Fund to

1 the designated retirement systems pursuant to Sections 2-124,
2 14-131, 15-155, 16-158, and 18-131 of the Illinois Pension
3 Code.

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

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

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

1 30, 2004, and the remaining balance in the Pension Contribution
2 Fund shall be transferred directly to the designated retirement
3 systems as provided in Section 6z-61 of the State Finance Act.
4 On and after July 1, 2004, in the event that any amount is on
5 deposit in the Pension Contribution Fund from time to time, the
6 Comptroller and Treasurer shall continue to make such transfers
7 based on fiscal year 2005 payments until the entire amount on
8 deposit has been transferred.

9 (d) All amounts deposited into the Pension Contribution
10 Fund, other than the amounts reserved for the transfers under
11 subsection (c) from the bond sale authorized by Public Act 93-2
12 and other than amounts deposited into the Pension Contribution
13 Fund from the bond sale authorized by this amendatory Act of
14 the 96th General Assembly, shall be appropriated to the
15 designated retirement systems to reduce their actuarial
16 reserve deficiencies. The amount of the appropriation to each
17 designated retirement system shall constitute a portion of the
18 total appropriation under this subsection that is the same as
19 that retirement system's portion of the total actuarial reserve
20 deficiency of the systems, as most recently determined by the
21 Governor's Office of Management and Budget under Section 8.12
22 of the State Finance Act.

23 With respect to proceeds from the bond sale authorized by
24 Public Act 93-2 only, within ~~Within~~ 15 days after any Bond
25 proceeds in excess of the amounts initially reserved under
26 subsection (c) are deposited into the Pension Contribution

1 Fund, the Governor's Office of Management and Budget shall (i)
2 allocate those proceeds among the designated retirement
3 systems in proportion to their respective actuarial reserve
4 deficiencies, as most recently determined under Section 8.12 of
5 the State Finance Act, and (ii) certify those allocations to
6 the designated retirement systems and the Comptroller.

7 Upon receiving certification of an allocation under this
8 subsection, a designated retirement system shall submit to the
9 Comptroller a voucher for the amount of its allocation. The
10 voucher shall be paid out of the amount appropriated to that
11 designated retirement system from the Pension Contribution
12 Fund pursuant to this subsection.

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

14 (30 ILCS 330/9) (from Ch. 127, par. 659)

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

17 (a) Except as otherwise provided in this subsection, Bonds
18 shall be issued and sold from time to time, in one or more
19 series, in such amounts and at such prices as may be directed
20 by the Governor, upon recommendation by the Director of the
21 Governor's Office of Management and Budget. Bonds shall be in
22 such form (either coupon, registered or book entry), in such
23 denominations, payable within 25 years from their date, subject
24 to such terms of redemption with or without premium, bear
25 interest payable at such times and at such fixed or variable

1 rate or rates, and be dated as shall be fixed and determined by
2 the Director of the Governor's Office of Management and Budget
3 in the order authorizing the issuance and sale of any series of
4 Bonds, which order shall be approved by the Governor and is
5 herein called a "Bond Sale Order"; provided however, that
6 interest payable at fixed or variable rates shall not exceed
7 that permitted in the Bond Authorization Act, as now or
8 hereafter amended. Bonds shall be payable at such place or
9 places, within or without the State of Illinois, and may be
10 made registrable as to either principal or as to both principal
11 and interest, as shall be specified in the Bond Sale Order.
12 Bonds may be callable or subject to purchase and retirement or
13 tender and remarketing as fixed and determined in the Bond Sale
14 Order. Bonds must be issued with principal or mandatory
15 redemption amounts in equal amounts, with the first maturity
16 issued occurring within the fiscal year in which the Bonds are
17 issued or within the next succeeding fiscal year, with Bonds
18 issued maturing or subject to mandatory redemption each fiscal
19 year thereafter up to 25 years. Notwithstanding any provision
20 of this Act to the contrary, the Bonds authorized by this
21 amendatory Act of the 96th General Assembly shall be payable
22 within 5 years from their date and must be issued with
23 principal or mandatory redemption amounts in equal amounts,
24 with payment of principal or mandatory redemption beginning in
25 the first fiscal year following the fiscal year in which the
26 Bonds are issued.

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 may also provide for such variable interest rates to be
25 established pursuant to a process generally known as an auction
26 rate process and may provide for appointment of one or more

1 financial institutions to serve as auction agents and
2 broker-dealers in connection with the establishment of such
3 interest rates and the sale and remarketing of such Bonds.

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

21 The State may, with respect to Bonds issued or anticipated
22 to be issued, participate in and enter into arrangements with
23 respect to interest rate protection or exchange agreements,
24 guarantees, or financial futures contracts for the purpose of
25 limiting, reducing, or managing interest rate exposure. The
26 authority granted under this paragraph, however, shall not

1 increase the principal amount of Bonds authorized to be issued
2 by law. The arrangements may be executed and delivered by the
3 Director of the Governor's Office of Management and Budget on
4 behalf of the State. Net payments for such arrangements shall
5 constitute interest on the Bonds and shall be paid from the
6 General Obligation Bond Retirement and Interest Fund. The
7 Director of the Governor's Office of Management and Budget
8 shall at least annually certify to the Governor and the State
9 Comptroller his or her estimate of the amounts of such net
10 payments to be included in the calculation of interest required
11 to be paid by the State.

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

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

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

2 Sec. 11. Sale of Bonds. Except as otherwise provided in
3 this Section, Bonds shall be sold from time to time pursuant to
4 notice of sale and public bid or by negotiated sale in such
5 amounts and at such times as is directed by the Governor, upon
6 recommendation by the Director of the Governor's Office of
7 Management and Budget. At least 25%, based on total principal
8 amount, of all Bonds issued each fiscal year shall be sold
9 pursuant to notice of sale and public bid. At all times during
10 each fiscal year, no more than 75%, based on total principal
11 amount, of the Bonds issued each fiscal year, shall have been
12 sold by negotiated sale. Failure to satisfy the requirements in
13 the preceding 2 sentences shall not affect the validity of any
14 previously issued Bonds; provided that all Bonds authorized by
15 this amendatory Act of the 96th General Assembly shall not be
16 included in determining compliance for any fiscal year with the
17 requirements of the preceding 2 sentences.

18 If any Bonds, including refunding Bonds, are to be sold by
19 negotiated sale, the Director of the Governor's Office of
20 Management and Budget shall comply with the competitive request
21 for proposal process set forth in the Illinois Procurement Code
22 and all other applicable requirements of that Code.

23 If Bonds are to be sold pursuant to notice of sale and
24 public bid, the Director of the Governor's Office of Management
25 and Budget shall, from time to time, as Bonds are to be sold,
26 advertise the sale of the Bonds in at least 2 daily newspapers,

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

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

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

17 Section 10. The Illinois Pension Code is amended by
18 changing Sections 2-124, 14-131, 15-155, 16-158, and 18-131 as
19 follows:

20 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

21 Sec. 2-124. Contributions by State.

22 (a) The State shall make contributions to the System by
23 appropriations of amounts which, together with the
24 contributions of participants, interest earned on investments,

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

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

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$4,157,000.

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

4 For each of State fiscal years 2008 through 2009 ~~2010~~, the
5 State contribution to the System, as a percentage of the
6 applicable employee payroll, shall be increased in equal annual
7 increments from the required State contribution for State
8 fiscal year 2007, so that by State fiscal year 2011, the State
9 is contributing at the rate otherwise required under this
10 Section.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2010 is
13 \$2,800,000. In addition to the required State contribution, the
14 System shall receive an amount equal to \$7,654,000 of the
15 proceeds of bonds sold in fiscal year 2010 pursuant to Section
16 7.2 of the General Obligation Bond Act, less the pro rata share
17 of bond sale expenses determined by the System's share of the
18 total bond proceeds and any reduction in bond proceeds due to
19 the issuance of discounted bonds, if applicable.

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

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

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

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

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

8 (d) For purposes of determining the required State
9 contribution to the System, the value of the System's assets
10 shall be equal to the actuarial value of the System's assets,
11 which shall be calculated as follows:

12 As of June 30, 2008, the actuarial value of the System's
13 assets shall be equal to the market value of the assets as of
14 that date. In determining the actuarial value of the System's
15 assets for fiscal years after June 30, 2008, any unexpected
16 gains or losses from investment return incurred in a fiscal
17 year shall be recognized in equal annual amounts over the
18 5-year period following that fiscal year.

19 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 95-950,
20 eff. 8-29-08.)

21 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

22 Sec. 14-131. Contributions by State.

23 (a) The State shall make contributions to the System by
24 appropriations of amounts which, together with other employer
25 contributions from trust, federal, and other funds, employee

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

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

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

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

25 For the purposes of this Section and Section 14.1 of the
26 State Finance Act, the term "eligible employees" includes

1 employees who participate in the System, persons who may elect
2 to participate in the System but have not so elected, persons
3 who are serving a qualifying period that is required for
4 participation, and annuitants employed by a department as
5 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

20 (d) If an employee is paid from trust funds or federal
21 funds, the department or other employer shall pay employer
22 contributions from those funds to the System at the certified
23 rate, unless the terms of the trust or the federal-State
24 agreement preclude the use of the funds for that purpose, in
25 which case the required employer contributions shall be paid by
26 the State. From the effective date of this amendatory Act of

1 the 93rd General Assembly through the payment of the final
2 payroll from fiscal year 2004 appropriations, the department or
3 other employer shall not pay contributions for the remainder of
4 fiscal year 2004 but shall instead make payments as required
5 under subsection (a-1) of Section 14.1 of the State Finance
6 Act. The department or other employer shall resume payment of
7 contributions at the commencement of fiscal year 2005.

8 (e) For State fiscal years 2011 through 2045, the minimum
9 contribution to the System to be made by the State for each
10 fiscal year shall be an amount determined by the System to be
11 sufficient to bring the total assets of the System up to 90% of
12 the total actuarial liabilities of the System by the end of
13 State fiscal year 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 (i) for State
23 fiscal year 1998, for all purposes of this Code and any other
24 law of this State, the certified percentage of the applicable
25 employee payroll shall be 5.052% for employees earning eligible
26 creditable service under Section 14-110 and 6.500% for all

1 other employees, notwithstanding any contrary certification
2 made under Section 14-135.08 before the effective date of this
3 amendatory Act of 1997, and (ii) in the following specified
4 State fiscal years, the State contribution to the System shall
5 not be less than the following indicated percentages of the
6 applicable employee payroll, even if the indicated percentage
7 will produce a State contribution in excess of the amount
8 otherwise required under this subsection and subsection (a):
9 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
10 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

17 For each of State fiscal years 2008 through 2009 ~~2010~~, the
18 State contribution to the System, as a percentage of the
19 applicable employee payroll, shall be increased in equal annual
20 increments from the required State contribution for State
21 fiscal year 2007, so that by State fiscal year 2011, the State
22 is contributing at the rate otherwise required under this
23 Section.

24 Notwithstanding any other provision of this Article, the
25 total required State General Revenue Fund contribution for
26 State fiscal year 2010 is \$289,677,100. In addition to the

1 required State General Revenue Fund contribution, the System
2 shall receive an amount equal to \$434,026,000 of the proceeds
3 of bonds sold in fiscal year 2010 pursuant to Section 7.2 of
4 the General Obligation Bond Act, less the pro rata share of
5 bond sale expenses determined by the System's share of the
6 total bond proceeds and any reduction in bond proceeds due to
7 the issuance of discounted bonds, if applicable.

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

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

24 Notwithstanding any other provision of this Section, the
25 required State contribution for State fiscal year 2005 and for
26 fiscal year 2008 and each fiscal year thereafter, as calculated

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

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

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

20 (g) For purposes of determining the required State
21 contribution to the System, the value of the System's assets
22 shall be equal to the actuarial value of the System's assets,
23 which shall be calculated as follows:

24 As of June 30, 2008, the actuarial value of the System's
25 assets shall be equal to the market value of the assets as of
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any unexpected
2 gains or losses from investment return incurred in a fiscal
3 year shall be recognized in equal annual amounts over the
4 5-year period following that fiscal year.

5 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 95-950,
6 eff. 8-29-08.)

7 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

8 Sec. 15-155. Employer contributions.

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

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

21 (a-1) 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

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

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

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2006 is
13 \$166,641,900.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2007 is
16 \$252,064,100.

17 For each of State fiscal years 2008 through 2009 ~~2010~~, the
18 State contribution to the System, as a percentage of the
19 applicable employee payroll, shall be increased in equal annual
20 increments from the required State contribution for State
21 fiscal year 2007, so that by State fiscal year 2011, the State
22 is contributing at the rate otherwise required under this
23 Section.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$295,604,000. In addition to the required State contribution,

1 the System shall receive an amount equal to \$406,910,000 of the
2 proceeds of bonds sold in fiscal year 2010 pursuant to Section
3 7.2 of the General Obligation Bond Act, less the pro rata share
4 of bond sale expenses determined by the System's share of the
5 total bond proceeds and any reduction in bond proceeds due to
6 the issuance of discounted bonds, if applicable.

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

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

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter, as calculated
26 under this Section and certified under Section 15-165, shall

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

21 (b) If an employee is paid from trust or federal funds, the
22 employer shall pay to the Board contributions from those funds
23 which are sufficient to cover the accruing normal costs on
24 behalf of the employee. However, universities having employees
25 who are compensated out of local auxiliary funds, income funds,
26 or service enterprise funds are not required to pay such

1 contributions on behalf of those employees. The local auxiliary
2 funds, income funds, and service enterprise funds of
3 universities shall not be considered trust funds for the
4 purpose of this Article, but funds of alumni associations,
5 foundations, and athletic associations which are affiliated
6 with the universities included as employers under this Article
7 and other employers which do not receive State appropriations
8 are considered to be trust funds for the purpose of this
9 Article.

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

23 (c) Through State fiscal year 1995: The total employer
24 contribution shall be apportioned among the various funds of
25 the State and other employers, whether trust, federal, or other
26 funds, in accordance with actuarial procedures approved by the

1 Board. State of Illinois contributions for employers receiving
2 State appropriations for personal services shall be payable
3 from appropriations made to the employers or to the System. The
4 contributions for Class I community colleges covering earnings
5 other than those paid from trust and federal funds, shall be
6 payable solely from appropriations to the Illinois Community
7 College Board or the System for employer contributions.

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

13 (e) The State Comptroller shall draw warrants payable to
14 the System upon proper certification by the System or by the
15 employer in accordance with the appropriation laws and this
16 Code.

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

25 (g) If the amount of a participant's earnings for any
26 academic year used to determine the final rate of earnings,

1 determined on a full-time equivalent basis, exceeds the amount
2 of his or her earnings with the same employer for the previous
3 academic year, determined on a full-time equivalent basis, by
4 more than 6%, the participant's employer shall pay to the
5 System, in addition to all other payments required under this
6 Section and in accordance with guidelines established by the
7 System, the present value of the increase in benefits resulting
8 from the portion of the increase in earnings that is in excess
9 of 6%. This present value shall be computed by the System on
10 the basis of the actuarial assumptions and tables used in the
11 most recent actuarial valuation of the System that is available
12 at the time of the computation. The System may require the
13 employer to provide any pertinent information or
14 documentation.

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

1 (h) or (i). Upon receiving a timely application for
2 recalculation, the System shall review the application and, if
3 appropriate, recalculate the amount due.

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

13 (h) This subsection (h) applies only to payments made or
14 salary increases given on or after June 1, 2005 but before July
15 1, 2011. The changes made by Public Act 94-1057 shall not
16 require the System to refund any payments received before July
17 31, 2006 (the effective date of Public Act 94-1057).

18 When assessing payment for any amount due under subsection
19 (g), the System shall exclude earnings increases paid to
20 participants under contracts or collective bargaining
21 agreements entered into, amended, or renewed before June 1,
22 2005.

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

1 When assessing payment for any amount due under subsection
2 (g), the System shall exclude earnings increases resulting from
3 overload work, including a contract for summer teaching, or
4 overtime when the employer has certified to the System, and the
5 System has approved the certification, that: (i) in the case of
6 overloads (A) the overload work is for the sole purpose of
7 academic instruction in excess of the standard number of
8 instruction hours for a full-time employee occurring during the
9 academic year that the overload is paid and (B) the earnings
10 increases are equal to or less than the rate of pay for
11 academic instruction computed using the participant's current
12 salary rate and work schedule; and (ii) in the case of
13 overtime, the overtime was necessary for the educational
14 mission.

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

1 that results in an amount no greater than the average salary
2 paid for other similar positions.

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

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

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

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

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

25 (4) The increase in the required State contribution
26 resulting from the changes made to this Section by Public

1 Act 94-1057.

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

17 (l) For purposes of determining the required State
18 contribution to the System, the value of the System's assets
19 shall be equal to the actuarial value of the System's assets,
20 which shall be calculated as follows:

21 As of June 30, 2008, the actuarial value of the System's
22 assets shall be equal to the market value of the assets as of
23 that date. In determining the actuarial value of the System's
24 assets for fiscal years after June 30, 2008, any unexpected
25 gains or losses from investment return incurred in a fiscal
26 year shall be recognized in equal annual amounts over the

1 5-year period following that fiscal year.

2 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057,
3 eff. 7-31-06; 95-331, eff. 8-21-07; 95-950, eff. 8-29-08.)

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

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

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

24 On or before May 1, 2004, the Board shall recalculate and
25 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2005, taking
2 into account the amounts appropriated to and received by the
3 System under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act.

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

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

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

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

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

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

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

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

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

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

18 For each of State fiscal years 2008 through 2009 ~~2010~~, the
19 State contribution to the System, as a percentage of the
20 applicable employee payroll, shall be increased in equal annual
21 increments from the required State contribution for State
22 fiscal year 2007, so that by State fiscal year 2011, the State
23 is contributing at the rate otherwise required under this
24 Section.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2010 is

1 \$749,477,000. In addition to the required State contribution,
2 the System shall receive an amount equal to \$1,339,791,000 of
3 the proceeds of bonds sold in fiscal year 2010 pursuant to
4 Section 7.2 of the General Obligation Bond Act, less the pro
5 rata share of bond sale expenses determined by the System's
6 share of the total bond proceeds and any reduction in bond
7 proceeds due to the issuance of discounted bonds, if
8 applicable.

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

13 Amounts received by the System pursuant to Section 25 of
14 the Budget Stabilization Act or Section 8.12 of the State
15 Finance Act in any fiscal year do not reduce and do not
16 constitute payment of any portion of the minimum State
17 contribution required under this Article in that fiscal year.
18 Such amounts shall not reduce, and shall not be included in the
19 calculation of, the required State contributions under this
20 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 subsection (a-1), 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 (c) Payment of the required State contributions and of all
24 pensions, retirement annuities, death benefits, refunds, and
25 other benefits granted under or assumed by this System, and all
26 expenses in connection with the administration and operation

1 thereof, are obligations of the State.

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

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

19 However, with respect to benefits granted under Section
20 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
21 of Section 16-106, the employer's contribution shall be 12%
22 (rather than 20%) of the member's highest annual salary rate
23 for each year of creditable service granted, and the employer
24 shall also pay the required employee contribution on behalf of
25 the teacher. For the purposes of Sections 16-133.4 and
26 16-133.5, a teacher as defined in paragraph (8) of Section

1 16-106 who is serving in that capacity while on leave of
2 absence from another employer under this Article shall not be
3 considered an employee of the employer from which the teacher
4 is on leave.

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

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

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

14 The school district or other employing unit may pay these
15 employer contributions out of any source of funding available
16 for that purpose and shall forward the contributions to the
17 System on the schedule established for the payment of member
18 contributions.

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

22 Each employer of teachers is entitled to a credit against
23 the contributions required under this subsection (e) with
24 respect to salaries paid to teachers for the period January 1,
25 2002 through June 30, 2003, equal to the amount paid by that
26 employer under subsection (a-5) of Section 6.6 of the State

1 Employees Group Insurance Act of 1971 with respect to salaries
2 paid to teachers for that period.

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

8 If an employer is required by a contract in effect on May
9 1, 1998 between the employer and an employee organization to
10 pay, on behalf of all its full-time employees covered by this
11 Article, all mandatory employee contributions required under
12 this Article, then the employer shall be excused from paying
13 the employer contribution required under this subsection (e)
14 for the balance of the term of that contract. The employer and
15 the employee organization shall jointly certify to the System
16 the existence of the contractual requirement, in such form as
17 the System may prescribe. This exclusion shall cease upon the
18 termination, extension, or renewal of the contract at any time
19 after May 1, 1998.

20 (f) If the amount of a teacher's salary for any school year
21 used to determine final average salary exceeds the member's
22 annual full-time salary rate with the same employer for the
23 previous school year by more than 6%, the teacher's employer
24 shall pay to the System, in addition to all other payments
25 required under this Section and in accordance with guidelines
26 established by the System, the present value of the increase in

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

18 Whenever it determines that a payment is or may be required
19 under this subsection, the System shall calculate the amount of
20 the payment and bill the employer for that amount. The bill
21 shall specify the calculations used to determine the amount
22 due. If the employer disputes the amount of the bill, it may,
23 within 30 days after receipt of the bill, apply to the System
24 in writing for a recalculation. The application must specify in
25 detail the grounds of the dispute and, if the employer asserts
26 that the calculation is subject to subsection (g) or (h) of

1 this Section, must include an affidavit setting forth and
2 attesting to all facts within the employer's knowledge that are
3 pertinent to the applicability of that subsection. Upon
4 receiving a timely application for recalculation, the System
5 shall review the application and, if appropriate, recalculate
6 the amount due.

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

16 (g) This subsection (g) applies only to payments made or
17 salary increases given on or after June 1, 2005 but before July
18 1, 2011. The changes made by Public Act 94-1057 shall not
19 require the System to refund any payments received before July
20 31, 2006 (the effective date of Public Act 94-1057).

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

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude salary increases paid to a

1 teacher at a time when the teacher is 10 or more years from
2 retirement eligibility under Section 16-132 or 16-133.2.

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

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

1 When assessing payment for any amount due under subsection
2 (f), the System shall exclude any payment to the teacher from
3 the State of Illinois or the State Board of Education over
4 which the employer does not have discretion, notwithstanding
5 that the payment is included in the computation of final
6 average salary.

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

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

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

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

26 (3) The total amount the System received from each

1 employer as a result of the changes made to this Section by
2 Public Act 94-4.

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

6 (j) For purposes of determining the required State
7 contribution to the System, the value of the System's assets
8 shall be equal to the actuarial value of the System's assets,
9 which shall be calculated as follows:

10 As of June 30, 2008, the actuarial value of the System's
11 assets shall be equal to the market value of the assets as of
12 that date. In determining the actuarial value of the System's
13 assets for fiscal years after June 30, 2008, any unexpected
14 gains or losses from investment return incurred in a fiscal
15 year shall be recognized in equal annual amounts over the
16 5-year period following that fiscal year.

17 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057,
18 eff. 7-31-06; 94-1111, eff. 2-27-07; 95-331, eff. 8-21-07;
19 95-950, eff. 8-29-08.)

20 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

22 (a) The State of Illinois shall make contributions to this
23 System by appropriations of the amounts which, together with
24 the contributions of participants, net earnings on
25 investments, and other income, will meet the costs of

1 maintaining and administering this System on a 90% funded basis
2 in accordance with actuarial recommendations.

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

8 (c) For State fiscal years 2011 through 2045, the minimum
9 contribution to the System to be made by the State for each
10 fiscal year shall be an amount determined by the System to be
11 sufficient to bring the total assets of the System up to 90% of
12 the total actuarial liabilities of the System by the end of
13 State fiscal year 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.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2006 is
25 \$29,189,400.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$35,236,800.

3 For each of State fiscal years 2008 through 2009 ~~2010~~, the
4 State contribution to the System, as a percentage of the
5 applicable employee payroll, shall be increased in equal annual
6 increments from the required State contribution for State
7 fiscal year 2007, so that by State fiscal year 2011, the State
8 is contributing at the rate otherwise required under this
9 Section.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2010 is
12 \$37,925,000. In addition to the required State contribution,
13 the System shall receive an amount equal to \$40,907,000 of the
14 proceeds of bonds sold in fiscal year 2010 pursuant to Section
15 7.2 of the General Obligation Bond Act, less the pro rata share
16 of bond sale expenses determined by the System's share of the
17 total bond proceeds and any reduction in bond proceeds due to
18 the issuance of discounted bonds, if applicable.

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

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

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

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

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

7 (d) For purposes of determining the required State
8 contribution to the System, the value of the System's assets
9 shall be equal to the actuarial value of the System's assets,
10 which shall be calculated as follows:

11 As of June 30, 2008, the actuarial value of the System's
12 assets shall be equal to the market value of the assets as of
13 that date. In determining the actuarial value of the System's
14 assets for fiscal years after June 30, 2008, any unexpected
15 gains or losses from investment return incurred in a fiscal
16 year shall be recognized in equal annual amounts over the
17 5-year period following that fiscal year.

18 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 95-950,
19 eff. 8-29-08.)

20 Section 15. The State Pension Funds Continuing
21 Appropriation Act is amended by changing Sections 1.1 and 1.2
22 as follows:

23 (40 ILCS 15/1.1)

24 Sec. 1.1. Appropriations to certain retirement systems.

1 (a) There is hereby appropriated from the General Revenue
2 Fund to the General Assembly Retirement System, on a continuing
3 monthly basis, the amount, if any, by which the total available
4 amount of all other appropriations to that retirement system
5 for the payment of State contributions is less than the total
6 amount of the vouchers for required State contributions
7 lawfully submitted by the retirement system for that month
8 under Section 2-134 of the Illinois Pension Code.

9 (b) There is hereby appropriated from the General Revenue
10 Fund to the State Universities Retirement System, on a
11 continuing monthly basis, the amount, if any, by which the
12 total available amount of all other appropriations to that
13 retirement system for the payment of State contributions,
14 including any deficiency in the required contributions of the
15 optional retirement program established under Section 15-158.2
16 of the Illinois Pension Code, is less than the total amount of
17 the vouchers for required State contributions lawfully
18 submitted by the retirement system for that month under Section
19 15-165 of the Illinois Pension Code.

20 (c) There is hereby appropriated from the Common School
21 Fund to the Teachers' Retirement System of the State of
22 Illinois, on a continuing monthly basis, the amount, if any, by
23 which the total available amount of all other appropriations to
24 that retirement system for the payment of State contributions
25 is less than the total amount of the vouchers for required
26 State contributions lawfully submitted by the retirement

1 system for that month under Section 16-158 of the Illinois
2 Pension Code.

3 (d) There is hereby appropriated from the General Revenue
4 Fund to the Judges Retirement System of Illinois, on a
5 continuing monthly basis, the amount, if any, by which the
6 total available amount of all other appropriations to that
7 retirement system for the payment of State contributions is
8 less than the total amount of the vouchers for required State
9 contributions lawfully submitted by the retirement system for
10 that month under Section 18-140 of the Illinois Pension Code.

11 (e) The continuing appropriations provided by this Section
12 shall first be available in State fiscal year 1996.

13 (f) For State fiscal year 2010 only, the continuing
14 appropriations provided by this Section shall not exceed the
15 required State contributions provided in Sections 2-124,
16 15-155, 16-158, and 18-131.

17 (Source: P.A. 90-448, eff. 8-16-97.)

18 (40 ILCS 15/1.2)

19 Sec. 1.2. Appropriations for the State Employees'
20 Retirement System.

21 (a) From each fund from which an amount is appropriated for
22 personal services to a department or other employer under
23 Article 14 of the Illinois Pension Code, there is hereby
24 appropriated to that department or other employer, on a
25 continuing annual basis for each State fiscal year, an

1 additional amount equal to the amount, if any, by which (1) an
2 amount equal to the percentage of the personal services line
3 item for that department or employer from that fund for that
4 fiscal year that the Board of Trustees of the State Employees'
5 Retirement System of Illinois has certified under Section
6 14-135.08 of the Illinois Pension Code to be necessary to meet
7 the State's obligation under Section 14-131 of the Illinois
8 Pension Code for that fiscal year, exceeds (2) the amounts
9 otherwise appropriated to that department or employer from that
10 fund for State contributions to the State Employees' Retirement
11 System for that fiscal year. From the effective date of this
12 amendatory Act of the 93rd General Assembly through the final
13 payment from a department or employer's personal services line
14 item for fiscal year 2004, payments to the State Employees'
15 Retirement System that otherwise would have been made under
16 this subsection (a) shall be governed by the provisions in
17 subsection (a-1).

18 (a-1) If a Fiscal Year 2004 Shortfall is certified under
19 subsection (f) of Section 14-131 of the Illinois Pension Code,
20 there is hereby appropriated to the State Employees' Retirement
21 System of Illinois on a continuing basis from the General
22 Revenue Fund an additional aggregate amount equal to the Fiscal
23 Year 2004 Shortfall.

24 (b) The continuing appropriations provided for by this
25 Section shall first be available in State fiscal year 1996.

26 (c) Beginning in Fiscal Year 2005, any continuing

1 appropriation under this Section arising out of an
2 appropriation for personal services from the Road Fund to the
3 Department of State Police or the Secretary of State shall be
4 payable from the General Revenue Fund rather than the Road
5 Fund.

6 (d) For State fiscal year 2010 only, the continuing
7 appropriations provided by this Section shall not exceed the
8 required State General Revenue Fund contribution provided in
9 Section 14-131.

10 (Source: P.A. 93-665, eff. 3-5-04; 93-1067, eff. 1-15-05.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law."