



Sen. John J. Cullerton

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1 AMENDMENT TO HOUSE BILL 3076

2 AMENDMENT NO. _____. Amend House Bill 3076, AS AMENDED,
3 with reference to page and line numbers of Senate Amendment No.
4 2, as follows:

5 on page 25, in line 10, immediately after "15-163," by
6 inserting "15-165,"; and

7 by replacing line 14 on page 81 through line 8 on page 86 with
8 the following:

9 "(40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)
10 Sec. 7-109. Employee.

11 (1) "Employee" means any person who:

12 (a) 1. Receives earnings as payment for the performance
13 of personal services or official duties out of the
14 general fund of a municipality, or out of any special
15 fund or funds controlled by a municipality, or by an

1 instrumentality thereof, or a participating
2 instrumentality, including, in counties, the fees or
3 earnings of any county fee office; and

4 2. Under the usual common law rules applicable in
5 determining the employer-employee relationship, has
6 the status of an employee with a municipality, or any
7 instrumentality thereof, or a participating
8 instrumentality, including aldermen, county
9 supervisors and other persons (excepting those
10 employed as independent contractors) who are paid
11 compensation, fees, allowances or other emolument for
12 official duties, and, in counties, the several county
13 fee offices.

14 (b) Serves as a township treasurer appointed under the
15 School Code, as heretofore or hereafter amended, and who
16 receives for such services regular compensation as
17 distinguished from per diem compensation, and any regular
18 employee in the office of any township treasurer whether or
19 not his earnings are paid from the income of the permanent
20 township fund or from funds subject to distribution to the
21 several school districts and parts of school districts as
22 provided in the School Code, or from both such sources; or
23 is the chief executive officer, chief educational officer,
24 chief fiscal officer, or other employee of a Financial
25 Oversight Panel established pursuant to Article 1H of the
26 School Code, other than a superintendent or certified

1 school business official, except that such person shall not
2 be treated as an employee under this Section if that person
3 has negotiated with the Financial Oversight Panel, in
4 conjunction with the school district, a contractual
5 agreement for exclusion from this Section.

6 (c) Holds an elective office in a municipality,
7 instrumentality thereof or participating instrumentality.

8 (2) "Employee" does not include persons who:

9 (a) Are eligible for inclusion under any of the
10 following laws:

11 1. "An Act in relation to an Illinois State
12 Teachers' Pension and Retirement Fund", approved May
13 27, 1915, as amended;

14 2. Articles 15 and 16 of this Code.

15 However, such persons shall be included as employees to
16 the extent of earnings that are not eligible for inclusion
17 under the foregoing laws for services not of an
18 instructional nature of any kind.

19 However, any member of the armed forces who is employed
20 as a teacher of subjects in the Reserve Officers Training
21 Corps of any school and who is not certified under the law
22 governing the certification of teachers shall be included
23 as an employee.

24 (b) Are designated by the governing body of a
25 municipality in which a pension fund is required by law to
26 be established for policemen or firemen, respectively, as

1 performing police or fire protection duties, except that
2 when such persons are the heads of the police or fire
3 department and are not eligible to be included within any
4 such pension fund, they shall be included within this
5 Article; provided, that such persons shall not be excluded
6 to the extent of concurrent service and earnings not
7 designated as being for police or fire protection duties.
8 However, (i) any head of a police department who was a
9 participant under this Article immediately before October
10 1, 1977 and did not elect, under Section 3-109 of this Act,
11 to participate in a police pension fund shall be an
12 "employee", and (ii) any chief of police who elects to
13 participate in this Fund under Section 3-109.1 of this
14 Code, regardless of whether such person continues to be
15 employed as chief of police or is employed in some other
16 rank or capacity within the police department, shall be an
17 employee under this Article for so long as such person is
18 employed to perform police duties by a participating
19 municipality and has not lawfully rescinded that election.

20 (c) After August 26, 2011 (the effective date of Public
21 Act 97-609) ~~this amendatory Act of the 97th General~~
22 ~~Assembly~~, are contributors to or eligible to contribute to
23 a Taft-Hartley pension plan established on or before June
24 1, 2011 and are employees of a theatre, arena, or
25 convention center that is located in a municipality located
26 in a county with a population greater than 5,000,000, and

1 to which the participating municipality is required to
2 contribute as the person's employer based on earnings from
3 the municipality. Nothing in this paragraph shall affect
4 service credit or creditable service for any period of
5 service prior to August 26, 2011 ~~the effective date of this~~
6 ~~amendatory Act of the 97th General Assembly~~, and this
7 paragraph shall not apply to individuals who are
8 participating in the Fund prior to August 26, 2011 ~~the~~
9 ~~effective date of this amendatory Act of the 97th General~~
10 ~~Assembly~~.

11 (d) Become an employee of any of the following
12 participating instrumentalities on or after the effective
13 date of this amendatory Act of the 97th General Assembly:
14 the Illinois Municipal League; the Illinois Association of
15 Park Districts; the Illinois Supervisors, County
16 Commissioners and Superintendents of Highways Association;
17 an association, or not-for-profit corporation, membership
18 in which is authorized under Section 85-15 of the Township
19 Code; the United Counties Council; or the Will County
20 Governmental League.

21 (3) All persons, including, without limitation, public
22 defenders and probation officers, who receive earnings from
23 general or special funds of a county for performance of
24 personal services or official duties within the territorial
25 limits of the county, are employees of the county (unless
26 excluded by subsection (2) of this Section) notwithstanding

1 that they may be appointed by and are subject to the direction
2 of a person or persons other than a county board or a county
3 officer. It is hereby established that an employer-employee
4 relationship under the usual common law rules exists between
5 such employees and the county paying their salaries by reason
6 of the fact that the county boards fix their rates of
7 compensation, appropriate funds for payment of their earnings
8 and otherwise exercise control over them. This finding and this
9 amendatory Act shall apply to all such employees from the date
10 of appointment whether such date is prior to or after the
11 effective date of this amendatory Act and is intended to
12 clarify existing law pertaining to their status as
13 participating employees in the Fund.

14 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
15 revised 9-28-11.)"; and

16 on page 90, immediately below line 21, by inserting the
17 following:

18 "(40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

19 Sec. 15-106. Employer. "Employer": The University of
20 Illinois, Southern Illinois University, Chicago State
21 University, Eastern Illinois University, Governors State
22 University, Illinois State University, Northeastern Illinois
23 University, Northern Illinois University, Western Illinois
24 University, the State Board of Higher Education, the Illinois

1 Mathematics and Science Academy, the University Civil Service
2 Merit Board, the Board of Trustees of the State Universities
3 Retirement System, the Illinois Community College Board,
4 community college boards, any association of community college
5 boards organized under Section 3-55 of the Public Community
6 College Act, the Board of Examiners established under the
7 Illinois Public Accounting Act, and, only during the period for
8 which employer contributions required under Section 15-155 are
9 paid, the following organizations: the alumni associations,
10 the foundations and the athletic associations which are
11 affiliated with the universities and colleges included in this
12 Section as employers. An individual that begins employment
13 after the effective date of this amendatory Act of the 97th
14 General Assembly with an entity not defined as an employer in
15 this Section shall not be deemed an employee for the purposes
16 of this Article with respect to that employment and shall not
17 be eligible to participate in the System with respect to that
18 employment; provided, however, that those individuals who are
19 both employed and already participants in the System on the
20 effective date of this amendatory Act of the 97th General
21 Assembly shall be allowed to continue as participants in the
22 System for the duration of that employment.

23 Notwithstanding any provision of law to the contrary, an
24 individual who begins employment with any of the following
25 employers on or after the effective date of this amendatory Act
26 of the 97th General Assembly shall not be deemed an employee

1 and shall not be eligible to participate in the System with
2 respect to that employment: any association of community
3 college boards organized under Section 3-55 of the Public
4 Community College Act, the Association of Illinois
5 Middle-Grade Schools, the Illinois Association of School
6 Administrators, the Illinois Association for Supervision and
7 Curriculum Development, the Illinois Principals Association,
8 the Illinois Association of School Business Officials, or the
9 Illinois Special Olympics; provided, however, that those
10 individuals who are both employed and already participants in
11 the System on the effective date of this amendatory Act of the
12 97th General Assembly shall be allowed to continue as
13 participants in the System for the duration of that employment.

14 A department as defined in Section 14-103.04 is an employer
15 for any person appointed by the Governor under the Civil
16 Administrative Code of Illinois who is a participating employee
17 as defined in Section 15-109. The Department of Central
18 Management Services is an employer with respect to persons
19 employed by the State Board of Higher Education in positions
20 with the Illinois Century Network as of June 30, 2004 who
21 remain continuously employed after that date by the Department
22 of Central Management Services in positions with the Illinois
23 Century Network, the Bureau of Communication and Computer
24 Services, or, if applicable, any successor bureau.

25 The cities of Champaign and Urbana shall be considered
26 employers, but only during the period for which contributions

1 are required to be made under subsection (b-1) of Section
2 15-155 and only with respect to individuals described in
3 subsection (h) of Section 15-107.

4 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
5 Sec. 999.)"; and

6 on page 132, in line 26, by replacing "arising" with
7 "associated with the total cost of benefits accrued"; and

8 on page 165, immediately below line 7, by inserting the
9 following:

10 "(40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)
11 Sec. 15-165. To certify amounts and submit vouchers.

12 (a) The Board shall certify to the Governor on or before
13 November 15 of each year until November 15, 2011 the
14 appropriation required from State funds for the purposes of
15 this System for the following fiscal year. The certification
16 under this subsection (a) shall include a copy of the actuarial
17 recommendations upon which it is based and shall specifically
18 identify the System's projected State normal cost for that
19 fiscal year and the projected State cost for the self-managed
20 plan for that fiscal year.

21 On or before May 1, 2004, the Board shall recalculate and
22 recertify to the Governor the amount of the required State
23 contribution to the System for State fiscal year 2005, taking

1 into account the amounts appropriated to and received by the
2 System under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act.

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

9 On or before April 1, 2011, the Board shall recalculate and
10 recertify to the Governor the amount of the required State
11 contribution to the System for State fiscal year 2011, applying
12 the changes made by Public Act 96-889 to the System's assets
13 and liabilities as of June 30, 2009 as though Public Act 96-889
14 was approved on that date.

15 (a-5) On or before November 1 of each year, beginning
16 November 1, 2012, the Board shall submit to the State Actuary,
17 the Governor, and the General Assembly a proposed certification
18 of the amount of the required State contribution to the System
19 for the next fiscal year, along with all of the actuarial
20 assumptions, calculations, and data upon which that proposed
21 certification is based. On or before January 1 of each year,
22 beginning January 1, 2013, the State Actuary shall issue a
23 preliminary report concerning the proposed certification and
24 identifying, if necessary, recommended changes in actuarial
25 assumptions that the Board must consider before finalizing its
26 certification of the required State contributions. On or before

1 January 15, 2013 and each January 15 thereafter, the Board
2 shall certify to the Governor and the General Assembly the
3 amount of the required State contribution for the next fiscal
4 year. The Board's certification must note, in a written
5 response to the State Actuary, any deviations from the State
6 Actuary's recommended changes, the reason or reasons for not
7 following the State Actuary's recommended changes, and the
8 fiscal impact of not following the State Actuary's recommended
9 changes on the required State contribution.

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

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

1 funds appropriated to the System for that fiscal year.

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

11 (d) So long as the payments received are the full amount
12 lawfully vouchered under this Section, payments received by the
13 System under this Section shall be applied first toward the
14 employer contribution to the self-managed plan established
15 under Section 15-158.2. Payments shall be applied second toward
16 the employer's portion of the normal costs of the System, as
17 defined in subsection (f) of Section 15-155. The balance shall
18 be applied toward the unfunded actuarial liabilities of the
19 System.

20 (e) In the event that the System does not receive, as a
21 result of legislative enactment or otherwise, payments
22 sufficient to fully fund the employer contribution to the
23 self-managed plan established under Section 15-158.2 and to
24 fully fund that portion of the employer's portion of the normal
25 costs of the System, as calculated in accordance with Section
26 15-155(a-1), then any payments received shall be applied

1 proportionately to the optional retirement program established
2 under Section 15-158.2 and to the employer's portion of the
3 normal costs of the System, as calculated in accordance with
4 Section 15-155(a-1).

5 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.);
6 and

7 by replacing line 25 on page 180 through line 20 on page 201
8 with the following:

9 "(40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

10 Sec. 16-158. Contributions by State and other employing
11 units.

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

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

24 (a-1) Annually, on or before November 15 until November 15,

1 2011, the Board shall certify to the Governor the amount of the
2 required State contribution for the coming fiscal year. The
3 certification under this subsection (a-1) shall include a copy
4 of the actuarial recommendations upon which it is based.

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

11 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
12 recalculate and recertify to the Governor the amount of the
13 required State contribution to the System for State fiscal year
14 2006, taking into account the changes in required State
15 contributions made by this amendatory Act of the 94th General
16 Assembly.

17 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
18 recalculate and recertify to the Governor the amount of the
19 required State contribution to the System for State fiscal year
20 2011, applying the changes made by Public Act 96-889 to the
21 System's assets and liabilities as of June 30, 2009 as though
22 Public Act 96-889 was approved on that date.

23 (a-5) On or before November 1 of each year, beginning
24 November 1, 2012, the Board shall submit to the State Actuary,
25 the Governor, and the General Assembly a proposed certification
26 of the amount of the required State contribution to the System

1 for the next fiscal year, along with all of the actuarial
2 assumptions, calculations, and data upon which that proposed
3 certification is based. On or before January 1 of each year,
4 beginning January 1, 2013, the State Actuary shall issue a
5 preliminary report concerning the proposed certification and
6 identifying, if necessary, recommended changes in actuarial
7 assumptions that the Board must consider before finalizing its
8 certification of the required State contributions. On or before
9 January 15, 2013 and each January 15 thereafter, the Board
10 shall certify to the Governor and the General Assembly the
11 amount of the required State contribution for the next fiscal
12 year. The Board's certification must note any deviations from
13 the State Actuary's recommended changes, the reason or reasons
14 for not following the State Actuary's recommended changes, and
15 the fiscal impact of not following the State Actuary's
16 recommended changes on the required State contribution.

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

20 (b-1) Beginning in State fiscal year 1996, on the 15th day
21 of each month, or as soon thereafter as may be practicable, the
22 Board shall submit vouchers for payment of State contributions
23 to the System, in a total monthly amount of one-twelfth of the
24 required annual State contribution certified under subsection
25 (a-1). From the effective date of this amendatory Act of the
26 93rd General Assembly through June 30, 2004, the Board shall

1 not submit vouchers for the remainder of fiscal year 2004 in
2 excess of the fiscal year 2004 certified contribution amount
3 determined under this Section after taking into consideration
4 the transfer to the System under subsection (a) of Section
5 6z-61 of the State Finance Act. These vouchers shall be paid by
6 the State Comptroller and Treasurer by warrants drawn on the
7 funds appropriated to the System for that fiscal year.

8 If in any month the amount remaining unexpended from all
9 other appropriations to the System for the applicable fiscal
10 year (including the appropriations to the System under Section
11 8.12 of the State Finance Act and Section 1 of the State
12 Pension Funds Continuing Appropriation Act) is less than the
13 amount lawfully vouchered under this subsection, the
14 difference shall be paid from the Common School Fund under the
15 continuing appropriation authority provided in Section 1.1 of
16 the State Pension Funds Continuing Appropriation Act.

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

20 (b-3) For State fiscal years 2012 through 2045, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 sufficient to bring the total assets of the System up to 90% of
24 the total actuarial liabilities of the System by the end of
25 State fiscal year 2045. In making these determinations, the
26 required State contribution shall be calculated each year as a

1 level percentage of payroll over the years remaining to and
2 including fiscal year 2045 and shall be determined under the
3 projected unit credit actuarial cost method.

4 For State fiscal years 1996 through 2005, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 so that by State fiscal year 2011, the State is contributing at
8 the rate required under this Section; except that in the
9 following specified State fiscal years, the State contribution
10 to the System shall not be less than the following indicated
11 percentages of the applicable employee payroll, even if the
12 indicated percentage will produce a State contribution in
13 excess of the amount otherwise required under this subsection
14 and subsection (a), and notwithstanding any contrary
15 certification made under subsection (a-1) before the effective
16 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
17 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
18 2003; and 13.56% in FY 2004.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2006 is
21 \$534,627,700.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2007 is
24 \$738,014,500.

25 For each of State fiscal years 2008 through 2009, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 from the required State contribution for State fiscal year
3 2007, so that by State fiscal year 2011, the State is
4 contributing at the rate otherwise required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2010 is
7 \$2,089,268,000 and shall be made from the proceeds of bonds
8 sold in fiscal year 2010 pursuant to Section 7.2 of the General
9 Obligation Bond Act, less (i) the pro rata share of bond sale
10 expenses determined by the System's share of total bond
11 proceeds, (ii) any amounts received from the Common School Fund
12 in fiscal year 2010, and (iii) any reduction in bond proceeds
13 due to the issuance of discounted bonds, if applicable.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2011 is
16 the amount recertified by the System on or before April 1, 2011
17 pursuant to subsection (a-1) of this Section and shall be made
18 from the proceeds of bonds sold in fiscal year 2011 pursuant to
19 Section 7.2 of the General Obligation Bond Act, less (i) the
20 pro rata share of bond sale expenses determined by the System's
21 share of total bond proceeds, (ii) any amounts received from
22 the Common School Fund in fiscal year 2011, and (iii) any
23 reduction in bond proceeds due to the issuance of discounted
24 bonds, if applicable. This amount shall include, in addition to
25 the amount certified by the System, an amount necessary to meet
26 employer contributions required by the State as an employer

1 under paragraph (e) of this Section, which may also be used by
2 the System for contributions required by paragraph (a) of
3 Section 16-127.

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

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter, as calculated
23 under this Section and certified under subsection (a-1), shall
24 not exceed an amount equal to (i) the amount of the required
25 State contribution that would have been calculated under this
26 Section for that fiscal year if the System had not received any

1 payments under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act, minus (ii) the portion of the State's
3 total debt service payments for that fiscal year on the bonds
4 issued in fiscal year 2003 for the purposes of that Section
5 7.2, as determined and certified by the Comptroller, that is
6 the same as the System's portion of the total moneys
7 distributed under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act. In determining this maximum for State
9 fiscal years 2008 through 2010, however, the amount referred to
10 in item (i) shall be increased, as a percentage of the
11 applicable employee payroll, in equal increments calculated
12 from the sum of the required State contribution for State
13 fiscal year 2007 plus the applicable portion of the State's
14 total debt service payments for fiscal year 2007 on the bonds
15 issued in fiscal year 2003 for the purposes of Section 7.2 of
16 the General Obligation Bond Act, so that, by State fiscal year
17 2011, the State is contributing at the rate otherwise required
18 under this Section.

19 (c) Payment of the required State contributions and of all
20 pensions, retirement annuities, death benefits, refunds, and
21 other benefits granted under or assumed by this System, and all
22 expenses in connection with the administration and operation
23 thereof, are obligations of the State.

24 If members are paid from special trust or federal funds
25 which are administered by the employing unit, whether school
26 district or other unit, the employing unit shall pay to the

1 System from such funds the full accruing retirement costs based
2 upon that service, as determined by the System. Employer
3 contributions, based on salary paid to members from federal
4 funds, may be forwarded by the distributing agency of the State
5 of Illinois to the System prior to allocation, in an amount
6 determined in accordance with guidelines established by such
7 agency and the System.

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

15 However, with respect to benefits granted under Section
16 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
17 of Section 16-106, the employer's contribution shall be 12%
18 (rather than 20%) of the member's highest annual salary rate
19 for each year of creditable service granted, and the employer
20 shall also pay the required employee contribution on behalf of
21 the teacher. For the purposes of Sections 16-133.4 and
22 16-133.5, a teacher as defined in paragraph (8) of Section
23 16-106 who is serving in that capacity while on leave of
24 absence from another employer under this Article shall not be
25 considered an employee of the employer from which the teacher
26 is on leave.

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

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

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

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

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

18 Each employer of teachers is entitled to a credit against
19 the contributions required under this subsection (e) with
20 respect to salaries paid to teachers for the period January 1,
21 2002 through June 30, 2003, equal to the amount paid by that
22 employer under subsection (a-5) of Section 6.6 of the State
23 Employees Group Insurance Act of 1971 with respect to salaries
24 paid to teachers for that period.

25 The additional 1% employee contribution required under
26 Section 16-152 by this amendatory Act of 1998 is the

1 responsibility of the teacher and not the teacher's employer,
2 unless the employer agrees, through collective bargaining or
3 otherwise, to make the contribution on behalf of the teacher.

4 If an employer is required by a contract in effect on May
5 1, 1998 between the employer and an employee organization to
6 pay, on behalf of all its full-time employees covered by this
7 Article, all mandatory employee contributions required under
8 this Article, then the employer shall be excused from paying
9 the employer contribution required under this subsection (e)
10 for the balance of the term of that contract. The employer and
11 the employee organization shall jointly certify to the System
12 the existence of the contractual requirement, in such form as
13 the System may prescribe. This exclusion shall cease upon the
14 termination, extension, or renewal of the contract at any time
15 after May 1, 1998.

16 (f) If the amount of a teacher's salary for any school year
17 used to determine final average salary exceeds the member's
18 annual full-time salary rate with the same employer for the
19 previous school year by more than 6%, the teacher's employer
20 shall pay to the System, in addition to all other payments
21 required under this Section and in accordance with guidelines
22 established by the System, the present value of the increase in
23 benefits resulting from the portion of the increase in salary
24 that is in excess of 6%. This present value shall be computed
25 by the System on the basis of the actuarial assumptions and
26 tables used in the most recent actuarial valuation of the

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

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

1 shall review the application and, if appropriate, recalculate
2 the amount due.

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

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

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

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

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

1 overload work, including summer school, when the school
2 district has certified to the System, and the System has
3 approved the certification, that (i) the overload work is for
4 the sole purpose of classroom instruction in excess of the
5 standard number of classes for a full-time teacher in a school
6 district during a school year and (ii) the salary increases are
7 equal to or less than the rate of pay for classroom instruction
8 computed on the teacher's current salary and work schedule.

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

23 When assessing payment for any amount due under subsection
24 (f), the System shall exclude any payment to the teacher from
25 the State of Illinois or the State Board of Education over
26 which the employer does not have discretion, notwithstanding

1 that the payment is included in the computation of final
2 average salary.

3 (h) When assessing payment for any amount due under
4 subsection (f), the System shall exclude any salary increase
5 described in subsection (g) 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 (f) of this Section.

13 (i) 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 (j) For purposes of determining the required State
3 contribution to the System, the value of the System's assets
4 shall be equal to the actuarial value of the System's assets,
5 which shall be calculated as follows:

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

13 (k) For purposes of determining the required State
14 contribution to the system for a particular year, the actuarial
15 value of assets shall be assumed to earn a rate of return equal
16 to the system's actuarially assumed rate of return.

17 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
18 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
19 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)"; and

20 on page 213, in line 11, by changing "equitable" to "equitable,
21 but excluding the changes, the impact of changes, and the
22 implementation of the changes set forth in this amendatory Act
23 of the 97th General Assembly; and

24 on page 223, in line 16, by replacing "35 through 100," with

1 "40, 95, 100,"; and

2 on page 224, by replacing lines 1 and 2, with the following:

3 "Sections 10, 35, and 45 through 90 of this Act, as well as
4 the other provisions of Section 30 of this Act, are mutually
5 dependent and inseverable. If any of".