



Sen. Christine Radogno

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09700HB3076sam004

LRB097 06263 EFG 70410 a

1 AMENDMENT TO HOUSE BILL 3076

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

5 on page 25, line 13, by changing "15-155.1, 15-155.2," to "and
6 15-155.1,"; and

7 on page 25, line 14, by deleting "and"; and

8 by replacing page 125, line 21, through page 142, line 17, with
9 the following:

10 "(40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

11 Sec. 15-155. Employer contributions.

12 (a) Except as otherwise provided in this Section, the ~~The~~
13 State of Illinois shall make contributions by appropriations of
14 amounts which, together with the other employer contributions

1 from trust, federal, and other funds, employee contributions,
2 income from investments, and other income of this System, will
3 be sufficient to meet the cost of maintaining and administering
4 the System on a 90% funded basis in accordance with actuarial
5 recommendations.

6 The Board shall determine the amount of State contributions
7 required for each fiscal year on the basis of the actuarial
8 tables and other assumptions adopted by the Board and the
9 recommendations of the actuary, using the formula in subsection
10 (a-1).

11 (a-1) Except as provided in subsection (b-5), for ~~For~~ State
12 fiscal years 2012 through 2045, the minimum contribution to the
13 System to be made by the State for each fiscal year shall be an
14 amount determined by the System to be sufficient to bring the
15 total assets of the System up to 90% of the total actuarial
16 liabilities of the System by the end of State fiscal year 2045.
17 In making these determinations, the required State
18 contribution shall be calculated each year as a level
19 percentage of payroll over the years remaining to and including
20 fiscal year 2045 and shall be determined under the projected
21 unit credit actuarial cost method.

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

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$166,641,900.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$252,064,100.

7 For each of State fiscal years 2008 through 2009, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 from the required State contribution for State fiscal year
11 2007, so that by State fiscal year 2011, the State is
12 contributing at the rate otherwise required under this Section.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2010 is
15 \$702,514,000 and shall be made from the State Pensions Fund and
16 proceeds of bonds sold in fiscal year 2010 pursuant to Section
17 7.2 of the General Obligation Bond Act, less (i) the pro rata
18 share of bond sale expenses determined by the System's share of
19 total bond proceeds, (ii) any amounts received from the General
20 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
21 proceeds due to the issuance of discounted bonds, if
22 applicable.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2011 is
25 the amount recertified by the System on or before April 1, 2011
26 pursuant to Section 15-165 and shall be made from the State

1 Pensions Fund and proceeds of bonds sold in fiscal year 2011
2 pursuant to Section 7.2 of the General Obligation Bond Act,
3 less (i) the pro rata share of bond sale expenses determined by
4 the System's share of total bond proceeds, (ii) any amounts
5 received from the General Revenue Fund in fiscal year 2011, and
6 (iii) any reduction in bond proceeds due to the issuance of
7 discounted bonds, if applicable.

8 Except as provided in subsection (b-5), beginning
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 Section 15-165, 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 in fiscal year 2003 for the purposes of that Section
10 7.2, as determined and certified by the Comptroller, that is
11 the same as the System's portion of the total moneys
12 distributed under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act. In determining this maximum for State
14 fiscal years 2008 through 2010, however, the amount referred to
15 in item (i) shall be increased, as a percentage of the
16 applicable employee payroll, in equal increments calculated
17 from the sum of the required State contribution for State
18 fiscal year 2007 plus the applicable portion of the State's
19 total debt service payments for fiscal year 2007 on the bonds
20 issued in fiscal year 2003 for the purposes of Section 7.2 of
21 the General Obligation Bond Act, so that, by State fiscal year
22 2011, the State is contributing at the rate otherwise required
23 under this Section.

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

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

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

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

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

20 (b-5) If at least 50% of Tier I employees making an
21 election under Section 15-134.6 before June 1, 2013 choose the
22 option under paragraph (1) of subsection (a) of that Section,
23 then:

24 (1) In lieu of the State contributions required under
25 subsection (a-1), for State fiscal years 2014 through 2043
26 the minimum contribution to the System to be made by the

1 State for each fiscal year shall be an amount determined by
2 the System to be equal to the sum of (1) the State's
3 portion of the projected normal cost for that fiscal year,
4 plus (2) an amount sufficient to bring the total assets of
5 the System up to 100% of the total actuarial liabilities of
6 the System by the end of State fiscal year 2043. In making
7 these determinations, the required State contribution
8 shall be calculated each year as a level percentage of
9 payroll over the years remaining to and including fiscal
10 year 2043 and shall be determined under the projected unit
11 credit actuarial cost method.

12 (2) Beginning in State fiscal year 2044, the minimum
13 State contribution for each fiscal year shall be the amount
14 needed to maintain the total assets of the System at 100%
15 of the total actuarial liabilities of the System.

16 (b-6) If less than 50% of Tier I employees making an
17 election under Section 15-134.6 before June 1, 2013 choose the
18 option under paragraph (1) of subsection (a) of that Section,
19 then:

20 (1) Instead of the annual required contribution
21 otherwise specified in subsection (b-5) of this Section,
22 the annual required contribution to the System to be made
23 by the State shall be determined under subsection (a-1) of
24 this Section.

25 (2) As soon as possible after June 1, 2014, the Board
26 shall recertify the annual required contribution by the

1 State for State fiscal year 2015.

2 (c) Through State fiscal year 1995: The total employer
3 contribution shall be apportioned among the various funds of
4 the State and other employers, whether trust, federal, or other
5 funds, in accordance with actuarial procedures approved by the
6 Board. State of Illinois contributions for employers receiving
7 State appropriations for personal services shall be payable
8 from appropriations made to the employers or to the System. The
9 contributions for Class I community colleges covering earnings
10 other than those paid from trust and federal funds, shall be
11 payable solely from appropriations to the Illinois Community
12 College Board or the System for employer contributions.

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

18 (e) The State Comptroller shall draw warrants payable to
19 the System upon proper certification by the System or by the
20 employer in accordance with the appropriation laws and this
21 Code.

22 (f) Normal costs under this Section means liability for
23 pensions and other benefits which accrues to the System because
24 of the credits earned for service rendered by the participants
25 during the fiscal year and expenses of administering the
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board
2 or any expenses incurred or deposits required in connection
3 therewith.

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

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

1 specify in detail the grounds of the dispute and, if the
2 employer asserts that the calculation is subject to subsection
3 (h) or (i) of this Section, must include an affidavit setting
4 forth and attesting to all facts within the employer's
5 knowledge that are pertinent to the applicability of subsection
6 (h) or (i). Upon receiving a timely application for
7 recalculation, the System shall review the application and, if
8 appropriate, recalculate the amount due.

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

18 (h) This subsection (h) applies only to payments made or
19 salary increases given on or after June 1, 2005 but before July
20 1, 2011. The changes made by Public Act 94-1057 shall not
21 require the System to refund any payments received before July
22 31, 2006 (the effective date of Public Act 94-1057).

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases paid to
25 participants under contracts or collective bargaining
26 agreements entered into, amended, or renewed before June 1,

1 2005.

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

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

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude any earnings increase resulting
22 from (i) a promotion for which the employee moves from one
23 classification to a higher classification under the State
24 Universities Civil Service System, (ii) a promotion in academic
25 rank for a tenured or tenure-track faculty position, or (iii) a
26 promotion that the Illinois Community College Board has

1 recommended in accordance with subsection (k) of this Section.
2 These earnings increases shall be excluded only if the
3 promotion is to a position that has existed and been filled by
4 a member for no less than one complete academic year and the
5 earnings increase as a result of the promotion is an increase
6 that results in an amount no greater than the average salary
7 paid for other similar positions.

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

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

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

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

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

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

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

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

26 As of June 30, 2008, the actuarial value of the System's

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

7 (m) For purposes of determining the required State
8 contribution to the system for a particular year, the actuarial
9 value of assets shall be assumed to earn a rate of return equal
10 to the system's actuarially assumed rate of return.

11 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
12 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
13 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)"; and

14 by deleting page 144, line 4, through page 145, line 22; and

15 by replacing page 180, line 25, through page 201, line 20, with
16 the following:

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

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

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

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

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

9 (a-1) Annually, on or before November 15 until November 15,
10 2011, the Board shall certify to the Governor the amount of the
11 required State contribution for the coming fiscal year. The
12 certification under this subsection (a-1) shall include a copy
13 of the actuarial recommendations upon which it is based.

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

20 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
21 recalculate and recertify to the Governor the amount of the
22 required State contribution to the System for State fiscal year
23 2006, taking into account the changes in required State
24 contributions made by this amendatory Act of the 94th General
25 Assembly.

26 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall

1 recalculate and recertify to the Governor the amount of the
2 required State contribution to the System for State fiscal year
3 2011, applying the changes made by Public Act 96-889 to the
4 System's assets and liabilities as of June 30, 2009 as though
5 Public Act 96-889 was approved on that date.

6 (a-5) On or before November 1 of each year, beginning
7 November 1, 2012, the Board shall submit to the State Actuary,
8 the Governor, and the General Assembly a proposed certification
9 of the amount of the required State contribution to the System
10 for the next fiscal year, along with all of the actuarial
11 assumptions, calculations, and data upon which that proposed
12 certification is based. On or before January 1 of each year,
13 beginning January 1, 2013, the State Actuary shall issue a
14 preliminary report concerning the proposed certification and
15 identifying, if necessary, recommended changes in actuarial
16 assumptions that the Board must consider before finalizing its
17 certification of the required State contributions. On or before
18 January 15, 2013 and each January 15 thereafter, the Board
19 shall certify to the Governor and the General Assembly the
20 amount of the required State contribution for the next fiscal
21 year. The Board's certification must note any deviations from
22 the State Actuary's recommended changes, the reason or reasons
23 for not following the State Actuary's recommended changes, and
24 the fiscal impact of not following the State Actuary's
25 recommended changes on the required State contribution.

26 (b) Through State fiscal year 1995, the State contributions

1 shall be paid to the System in accordance with Section 18-7 of
2 the School Code.

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

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

26 (b-2) Allocations from the Common School Fund apportioned

1 to school districts not coming under this System shall not be
2 diminished or affected by the provisions of this Article.

3 (b-3) For State fiscal years 2012 through 2045, the minimum
4 contribution to the System to be made by the State for each
5 fiscal year shall be an amount determined by the System to be
6 sufficient to bring the total assets of the System up to 90% of
7 the total actuarial liabilities of the System by the end of
8 State fiscal year 2045. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of payroll over the years remaining to and
11 including fiscal year 2045 and shall be determined under the
12 projected unit credit actuarial cost method.

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

1 2003; and 13.56% in FY 2004.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2006 is
4 \$534,627,700.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2007 is
7 \$738,014,500.

8 For each of State fiscal years 2008 through 2009, the State
9 contribution to the System, as a percentage of the applicable
10 employee payroll, shall be increased in equal annual increments
11 from the required State contribution for State fiscal year
12 2007, so that by State fiscal year 2011, the State is
13 contributing at the rate otherwise required under this Section.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2010 is
16 \$2,089,268,000 and shall be made from the proceeds of bonds
17 sold in fiscal year 2010 pursuant to Section 7.2 of the General
18 Obligation Bond Act, less (i) the pro rata share of bond sale
19 expenses determined by the System's share of total bond
20 proceeds, (ii) any amounts received from the Common School Fund
21 in fiscal year 2010, and (iii) any reduction in bond proceeds
22 due to the issuance of discounted bonds, if applicable.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2011 is
25 the amount recertified by the System on or before April 1, 2011
26 pursuant to subsection (a-1) of this Section and shall be made

1 from the proceeds of bonds sold in fiscal year 2011 pursuant to
2 Section 7.2 of the General Obligation Bond Act, less (i) the
3 pro rata share of bond sale expenses determined by the System's
4 share of total bond proceeds, (ii) any amounts received from
5 the Common School Fund in fiscal year 2011, and (iii) any
6 reduction in bond proceeds due to the issuance of discounted
7 bonds, if applicable. This amount shall include, in addition to
8 the amount certified by the System, an amount necessary to meet
9 employer contributions required by the State as an employer
10 under paragraph (e) of this Section, which may also be used by
11 the System for contributions required by paragraph (a) of
12 Section 16-127.

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

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

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

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and each fiscal year thereafter, as calculated
6 under this Section and certified under subsection (a-1), shall
7 not exceed an amount equal to (i) the amount of the required
8 State contribution that would have been calculated under this
9 Section for that fiscal year if the System had not received any
10 payments under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act, minus (ii) the portion of the State's
12 total debt service payments for that fiscal year on the bonds
13 issued in fiscal year 2003 for the purposes of that Section
14 7.2, as determined and certified by the Comptroller, that is
15 the same as the System's portion of the total moneys
16 distributed under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act. In determining this maximum for State
18 fiscal years 2008 through 2010, however, the amount referred to
19 in item (i) shall be increased, as a percentage of the
20 applicable employee payroll, in equal increments calculated
21 from the sum of the required State contribution for State
22 fiscal year 2007 plus the applicable portion of the State's
23 total debt service payments for fiscal year 2007 on the bonds
24 issued in fiscal year 2003 for the purposes of Section 7.2 of
25 the General Obligation Bond Act, so that, by State fiscal year
26 2011, the State is contributing at the rate otherwise required

1 under this Section.

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

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

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

24 However, with respect to benefits granted under Section
25 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
26 of Section 16-106, the employer's contribution shall be 12%

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

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

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

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

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

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

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

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

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

25 (f) If the amount of a teacher's salary for any school year
26 used to determine final average salary exceeds the member's

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

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

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

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

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

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases paid to teachers
2 under contracts or collective bargaining agreements entered
3 into, amended, or renewed before June 1, 2005.

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

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

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

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

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

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

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

25 (1) The number of recalculations required by the
26 changes made to this Section by Public Act 94-1057 for each

1 employer.

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

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

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

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

15 As of June 30, 2008, the actuarial value of the System's
16 assets shall be equal to the market value of the assets as of
17 that date. In determining the actuarial value of the System's
18 assets for fiscal years after June 30, 2008, any actuarial
19 gains or losses from investment return incurred in a fiscal
20 year shall be recognized in equal annual amounts over the
21 5-year period following that fiscal year.

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

26 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;

1 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
2 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)".