



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3383

Introduced 2/24/2011, by Rep. William Davis

SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
30 ILCS 805/8.35 new	

Amends the Downstate Teachers and State Universities Articles of the Illinois Pension Code. Extends, by 5 years, the period during which certain types of salary increases may be excluded from the calculation of a 6% salary increase above which employees must make additional contributions. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 08840 JDS 48970 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 15-155 and 16-158 as follows:

6 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

7 Sec. 15-155. Employer contributions.

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

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

20 (a-1) For State fiscal years 2011 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

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

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

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$166,641,900.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$252,064,100.

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$702,514,000 and shall be made from the State Pensions Fund and

1 proceeds of bonds sold in fiscal year 2010 pursuant to Section
2 7.2 of the General Obligation Bond Act, less (i) the pro rata
3 share of bond sale expenses determined by the System's share of
4 total bond proceeds, (ii) any amounts received from the General
5 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
6 proceeds due to the issuance of discounted bonds, if
7 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 15-165, 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 (b) If an employee is paid from trust or federal funds, the
23 employer shall pay to the Board contributions from those funds
24 which are sufficient to cover the accruing normal costs on
25 behalf of the employee. However, universities having employees
26 who are compensated out of local auxiliary funds, income funds,

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

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

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

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

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

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

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

26 (g) If the amount of a participant's earnings for any

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

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

1 knowledge that are pertinent to the applicability of subsection
2 (h) or (i). Upon receiving a timely application for
3 recalculation, the System shall review the application and, if
4 appropriate, recalculate the amount due.

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

14 (h) This subsection (h) applies only to payments made or
15 salary increases given on or after June 1, 2005 but before July
16 1, 2016 ~~2011~~. The changes made by Public Act 94-1057 shall not
17 require the System to refund any payments received before July
18 31, 2006 (the effective date of Public Act 94-1057).

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

24 When assessing payment for any amount due under subsection
25 (g), the System shall exclude earnings increases paid to a
26 participant at a time when the participant is 10 or more years

1 from retirement eligibility under Section 15-135.

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

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

1 earnings increase as a result of the promotion is an increase
2 that results in an amount no greater than the average salary
3 paid for other similar positions.

4 (i) When assessing payment for any amount due under
5 subsection (g), the System shall exclude any salary increase
6 described in subsection (h) of this Section given on or after
7 July 1, 2016 ~~2011~~ but before July 1, 2019 ~~2014~~ under a contract
8 or collective bargaining agreement entered into, amended, or
9 renewed on or after June 1, 2005 but before July 1, 2016 ~~2011~~.
10 Notwithstanding any other provision of this Section, any
11 payments made or salary increases given after June 30, 2019
12 ~~2014~~ shall be used in assessing payment for any amount due
13 under subsection (g) of this Section.

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

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

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

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

26 (4) The increase in the required State contribution

1 resulting from the changes made to this Section by Public
2 Act 94-1057.

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

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

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

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

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

7 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
8 96-43, eff. 7-15-09.)

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, the Board shall
25 certify to the Governor the amount of the required State

1 contribution for the coming fiscal year. The certification
2 shall include a copy of the actuarial recommendations upon
3 which it is based.

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

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

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

18 (b-1) Beginning in State fiscal year 1996, on the 15th day
19 of each month, or as soon thereafter as may be practicable, the
20 Board shall submit vouchers for payment of State contributions
21 to the System, in a total monthly amount of one-twelfth of the
22 required annual State contribution certified under subsection
23 (a-1). From the effective date of this amendatory Act of the
24 93rd General Assembly through June 30, 2004, the Board shall
25 not submit vouchers for the remainder of fiscal year 2004 in
26 excess of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration
2 the transfer to the System under subsection (a) of Section
3 6z-61 of the State Finance Act. These vouchers shall be paid by
4 the State Comptroller and Treasurer by warrants drawn on the
5 funds appropriated to the System for that fiscal year.

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

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

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

1 projected unit credit actuarial cost method.

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

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

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

23 For each of State fiscal years 2008 through 2009, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 from the required State contribution for State fiscal year

1 2007, so that by State fiscal year 2011, the State is
2 contributing at the rate otherwise required under this Section.

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

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

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

1 System under Section 25 of the Budget Stabilization Act.

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

26 (c) Payment of the required State contributions and of all

1 pensions, retirement annuities, death benefits, refunds, and
2 other benefits granted under or assumed by this System, and all
3 expenses in connection with the administration and operation
4 thereof, are obligations of the State.

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

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

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

1 shall also pay the required employee contribution on behalf of
2 the teacher. For the purposes of Sections 16-133.4 and
3 16-133.5, a teacher as defined in paragraph (8) of Section
4 16-106 who is serving in that capacity while on leave of
5 absence from another employer under this Article shall not be
6 considered an employee of the employer from which the teacher
7 is on leave.

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

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

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

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

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

25 Each employer of teachers is entitled to a credit against
26 the contributions required under this subsection (e) with

1 respect to salaries paid to teachers for the period January 1,
2 2002 through June 30, 2003, equal to the amount paid by that
3 employer under subsection (a-5) of Section 6.6 of the State
4 Employees Group Insurance Act of 1971 with respect to salaries
5 paid to teachers for that period.

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

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

23 (f) If the amount of a teacher's salary for any school year
24 used to determine final average salary exceeds the member's
25 annual full-time salary rate with the same employer for the
26 previous school year by more than 6%, the teacher's employer

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

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

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

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

19 (g) This subsection (g) applies only to payments made or
20 salary increases given on or after June 1, 2005 but before July
21 1, 2016 ~~2011~~. The changes made by Public Act 94-1057 shall not
22 require the System to refund any payments received before July
23 31, 2006 (the effective date of Public Act 94-1057).

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to teachers
26 under contracts or collective bargaining agreements entered

1 into, amended, or renewed before June 1, 2005.

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

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

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

1 requiring the same certification or the amount stipulated in
2 the collective bargaining agreement for a similar position
3 requiring the same certification.

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

10 (h) When assessing payment for any amount due under
11 subsection (f), the System shall exclude any salary increase
12 described in subsection (g) of this Section given on or after
13 July 1, 2016 ~~2011~~ but before July 1, 2019 ~~2014~~ under a contract
14 or collective bargaining agreement entered into, amended, or
15 renewed on or after June 1, 2005 but before July 1, 2016 ~~2011~~.
16 Notwithstanding any other provision of this Section, any
17 payments made or salary increases given after June 30, 2019
18 ~~2014~~ shall be used in assessing payment for any amount due
19 under subsection (f) of this Section.

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

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

26 (2) The dollar amount by which each employer's

1 contribution to the System was changed due to
2 recalculations required by Public Act 94-1057.

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

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

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

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

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

24 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
25 96-43, eff. 7-15-09.)

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.35 as follows:

3 (30 ILCS 805/8.35 new)

4 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 97th General Assembly.

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