



Sen. Christine Radogno

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09700HB3865sam005

LRB097 14296 EFG 70409 a

1 AMENDMENT TO HOUSE BILL 3865

2 AMENDMENT NO. _____. Amend House Bill 3865, AS AMENDED,
3 with reference to page and line numbers of Senate Amendment No.
4 No. 3 as follows:

5 on page 13, line 24, after "16-131.7," by inserting "and", and
6 delete ", and 16-158.2"; and

7 by replacing page 127, line 23, through page 150, line 1, with
8 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) Except as otherwise provided in this Section, the ~~The~~
13 State shall make contributions to the System by means of
14 appropriations from the Common School Fund and other State
15 funds of amounts which, together with other employer

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

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

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

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

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

1 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
2 recalculate and recertify to the Governor the amount of the
3 required State contribution to the System for State fiscal year
4 2011, applying the changes made by Public Act 96-889 to the
5 System's assets and liabilities as of June 30, 2009 as though
6 Public Act 96-889 was approved on that date.

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

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

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

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

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

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

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

1 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
2 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
3 2003; and 13.56% in FY 2004.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$534,627,700.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$738,014,500.

10 For each of State fiscal years 2008 through 2009, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2011 is

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

15 Except as provided in subsection (b-5), beginning
16 ~~Beginning~~ in State fiscal year 2046, the minimum State
17 contribution for each fiscal year shall be the amount needed to
18 maintain the total assets of the System at 90% of the total
19 actuarial liabilities of the System.

20 Amounts received by the System pursuant to Section 25 of
21 the Budget Stabilization Act or Section 8.12 of the State
22 Finance Act in any fiscal year do not reduce and do not
23 constitute payment of any portion of the minimum State
24 contribution required under this Article in that fiscal year.
25 Such amounts shall not reduce, and shall not be included in the
26 calculation of, the required State contributions under this

1 Article in any future year until the System has reached a
2 funding ratio of at least 90%. A reference in this Article to
3 the "required State contribution" or any substantially similar
4 term does not include or apply to any amounts payable to the
5 System under Section 25 of the Budget Stabilization Act.

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

1 issued in fiscal year 2003 for the purposes of Section 7.2 of
2 the General Obligation Bond Act, so that, by State fiscal year
3 2011, the State is contributing at the rate otherwise required
4 under this Section.

5 (b-5) If at least 50% of Tier I employees making an
6 election under Section 16-131.7 before June 1, 2013 choose the
7 option under paragraph (1) of subsection (a) of that Section,
8 then:

9 (1) In lieu of the State contributions required under
10 subsection (b-3), for State fiscal years 2014 through 2043
11 the minimum contribution to the System to be made by the
12 State for each fiscal year shall be an amount determined by
13 the System to be equal to the sum of (1) the State's
14 portion of the projected normal cost for that fiscal year,
15 plus (2) an amount sufficient to bring the total assets of
16 the System up to 100% of the total actuarial liabilities of
17 the System by the end of State fiscal year 2043. In making
18 these determinations, the required State contribution
19 shall be calculated each year as a level percentage of
20 payroll over the years remaining to and including fiscal
21 year 2043 and shall be determined under the projected unit
22 credit actuarial cost method.

23 (2) Beginning in State fiscal year 2044, the minimum
24 State contribution for each fiscal year shall be the amount
25 needed to maintain the total assets of the System at 100%
26 of the total actuarial liabilities of the System.

1 (b-6) If less than 50% of Tier I employees making an
2 election under Section 16-131.7 before June 1, 2013 choose the
3 option under paragraph (1) of subsection (a) of that Section,
4 then:

5 (1) Instead of the annual required contribution
6 otherwise specified in subsection (b-5) of this Section,
7 the annual required contribution to the System to be made
8 by the State shall be determined under subsection (b-3) of
9 this Section.

10 (2) As soon as possible after June 1, 2014, the Board
11 shall recertify the annual required contribution by the
12 State for State fiscal year 2015.

13 (c) Payment of the required State contributions and of all
14 pensions, retirement annuities, death benefits, refunds, and
15 other benefits granted under or assumed by this System, and all
16 expenses in connection with the administration and operation
17 thereof, are obligations of the State.

18 If members are paid from special trust or federal funds
19 which are administered by the employing unit, whether school
20 district or other unit, the employing unit shall pay to the
21 System from such funds the full accruing retirement costs based
22 upon that service, as determined by the System. Employer
23 contributions, based on salary paid to members from federal
24 funds, may be forwarded by the distributing agency of the State
25 of Illinois to the System prior to allocation, in an amount
26 determined in accordance with guidelines established by such

1 agency and the System.

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

9 However, with respect to benefits granted under Section
10 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
11 of Section 16-106, the employer's contribution shall be 12%
12 (rather than 20%) of the member's highest annual salary rate
13 for each year of creditable service granted, and the employer
14 shall also pay the required employee contribution on behalf of
15 the teacher. For the purposes of Sections 16-133.4 and
16 16-133.5, a teacher as defined in paragraph (8) of Section
17 16-106 who is serving in that capacity while on leave of
18 absence from another employer under this Article shall not be
19 considered an employee of the employer from which the teacher
20 is on leave.

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

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

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

4 The school district or other employing unit may pay these
5 employer contributions out of any source of funding available
6 for that purpose and shall forward the contributions to the
7 System on the schedule established for the payment of member
8 contributions.

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

12 Each employer of teachers is entitled to a credit against
13 the contributions required under this subsection (e) with
14 respect to salaries paid to teachers for the period January 1,
15 2002 through June 30, 2003, equal to the amount paid by that
16 employer under subsection (a-5) of Section 6.6 of the State
17 Employees Group Insurance Act of 1971 with respect to salaries
18 paid to teachers for that period.

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

24 If an employer is required by a contract in effect on May
25 1, 1998 between the employer and an employee organization to
26 pay, on behalf of all its full-time employees covered by this

1 Article, all mandatory employee contributions required under
2 this Article, then the employer shall be excused from paying
3 the employer contribution required under this subsection (e)
4 for the balance of the term of that contract. The employer and
5 the employee organization shall jointly certify to the System
6 the existence of the contractual requirement, in such form as
7 the System may prescribe. This exclusion shall cease upon the
8 termination, extension, or renewal of the contract at any time
9 after May 1, 1998.

10 (f) If the amount of a teacher's salary for any school year
11 used to determine final average salary exceeds the member's
12 annual full-time salary rate with the same employer for the
13 previous school year by more than 6%, the teacher's employer
14 shall pay to the System, in addition to all other payments
15 required under this Section and in accordance with guidelines
16 established by the System, the present value of the increase in
17 benefits resulting from the portion of the increase in salary
18 that is in excess of 6%. This present value shall be computed
19 by the System on the basis of the actuarial assumptions and
20 tables used in the most recent actuarial valuation of the
21 System that is available at the time of the computation. If a
22 teacher's salary for the 2005-2006 school year is used to
23 determine final average salary under this subsection (f), then
24 the changes made to this subsection (f) by Public Act 94-1057
25 shall apply in calculating whether the increase in his or her
26 salary is in excess of 6%. For the purposes of this Section,

1 change in employment under Section 10-21.12 of the School Code
2 on or after June 1, 2005 shall constitute a change in employer.
3 The System may require the employer to provide any pertinent
4 information or documentation. The changes made to this
5 subsection (f) by this amendatory Act of the 94th General
6 Assembly apply without regard to whether the teacher was in
7 service on or after its effective date.

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

23 The employer contributions required under this subsection
24 (f) may be paid in the form of a lump sum within 90 days after
25 receipt of the bill. If the employer contributions are not paid
26 within 90 days after receipt of the bill, then interest will be

1 charged at a rate equal to the System's annual actuarially
2 assumed rate of return on investment compounded annually from
3 the 91st day after receipt of the bill. Payments must be
4 concluded within 3 years after the employer's receipt of the
5 bill.

6 (g) This subsection (g) applies only to payments made or
7 salary increases given on or after June 1, 2005 but before July
8 1, 2011. The changes made by Public Act 94-1057 shall not
9 require the System to refund any payments received before July
10 31, 2006 (the effective date of Public Act 94-1057).

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

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

19 When assessing payment for any amount due under subsection
20 (f), the System shall exclude salary increases resulting from
21 overload work, including summer school, when the school
22 district has certified to the System, and the System has
23 approved the certification, that (i) the overload work is for
24 the sole purpose of classroom instruction in excess of the
25 standard number of classes for a full-time teacher in a school
26 district during a school year and (ii) the salary increases are

1 equal to or less than the rate of pay for classroom instruction
2 computed on the teacher's current salary and work schedule.

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

17 When assessing payment for any amount due under subsection
18 (f), the System shall exclude any payment to the teacher from
19 the State of Illinois or the State Board of Education over
20 which the employer does not have discretion, notwithstanding
21 that the payment is included in the computation of final
22 average salary.

23 (h) When assessing payment for any amount due under
24 subsection (f), the System shall exclude any salary increase
25 described in subsection (g) of this Section given on or after
26 July 1, 2011 but before July 1, 2014 under a contract or

1 collective bargaining agreement entered into, amended, or
2 renewed on or after June 1, 2005 but before July 1, 2011.
3 Notwithstanding any other provision of this Section, any
4 payments made or salary increases given after June 30, 2014
5 shall be used in assessing payment for any amount due under
6 subsection (f) of this Section.

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

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

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

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

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

22 (j) 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 (k) 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.)".