



## 97TH GENERAL ASSEMBLY

### State of Illinois

### 2011 and 2012

### HB6157

by Rep. Darlene J. Senger

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/8-174.2 new	
40 ILCS 5/8-191	from Ch. 108 1/2, par. 8-191
40 ILCS 5/11-179.1 new	
40 ILCS 5/11-180	from Ch. 108 1/2, par. 11-180
40 ILCS 5/12-155.2 new	
40 ILCS 5/17-129	from Ch. 108 1/2, par. 17-129
30 ILCS 805/8.36 new	

Amends the Chicago Municipal, Chicago Laborers, Chicago Park District, and Chicago Teachers Articles of the Illinois Pension Code. In every affected Article, except the Chicago Teachers Article, establishes a minimum contribution that must be paid to the affected Funds by employers during each fiscal year beginning in fiscal year 2013. In the Chicago Teachers Article, changes the required minimum contribution so that the Fund is 90% funded by 2046 (rather than 2060). In the Chicago Municipal and Chicago Laborers Articles, requires the amounts that must be paid for annuities, benefits, and administrative expenses to be paid by the city (rather than by the city from the prescribed tax levy). Amends the State Mandates Act to require implementation without reimbursement. Effective July 1, 2012.

LRB097 21139 JDS 68583 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 8-191, 11-180, and 17-129 and by adding Sections  
6 8-174.2, 11-179.1, and 12-155.2 as follows:

7 (40 ILCS 5/8-174.2 new)

8 Sec. 8-174.2. Minimum required employer contributions.  
9 Notwithstanding subsection (a) of Section 8-174.1, the minimum  
10 required employer contribution to the Fund for each fiscal year  
11 shall be:

12 (1) for fiscal years 2013 through 2045, the amount  
13 determined by the Fund to be sufficient to bring the total  
14 assets of the Fund up to 90% of the total actuarial  
15 liabilities of the Fund by the end of fiscal year 2045,  
16 calculated as a level percentage of payroll over the years  
17 remaining to and including fiscal year 2045 using the  
18 projected unit credit actuarial cost method; and

19 (2) for fiscal year 2046 and thereafter, the amount  
20 needed to maintain the total assets of the Fund at 90% of  
21 the actuarial liabilities of the Fund.

22

1 (40 ILCS 5/8-191) (from Ch. 108 1/2, par. 8-191)

2 Sec. 8-191. Estimates of sums required for certain  
3 annuities and benefits.

4 The board shall estimate the amounts required each year to  
5 pay for all annuities and benefits and administrative expenses.  
6 The amounts shall be paid into the fund annually by the city  
7 ~~from the prescribed tax levy.~~

8 (Source: Laws 1963, p. 161.)

9 (40 ILCS 5/11-179.1 new)

10 Sec. 11-179.1. Minimum required contributions by city. The  
11 minimum required contribution by the city to the Fund for each  
12 fiscal year shall be:

13 (1) for fiscal years 2013 through 2045, the amount  
14 determined by the Fund to be sufficient to bring the total  
15 assets of the Fund up to 90% of the total actuarial  
16 liabilities of the Fund by the end of fiscal year 2045,  
17 calculated as a level percentage of payroll over the years  
18 remaining to and including fiscal year 2045 using the  
19 projected unit credit actuarial cost method; and

20 (2) for fiscal year 2046 and thereafter, the amount  
21 needed to maintain the total assets of the Fund at 90% of  
22 the actuarial liabilities of the Fund.

23 (40 ILCS 5/11-180) (from Ch. 108 1/2, par. 11-180)

24 Sec. 11-180. Estimates of sums required for certain

1 annuities and benefits.

2 The board shall estimate the amounts required each year to  
3 pay for all annuities and benefits and administrative expenses.  
4 The amounts shall be paid into the fund annually by the city  
5 ~~from the prescribed tax levy.~~

6 (Source: Laws 1963, p. 161.)

7 (40 ILCS 5/12-155.2 new)

8 Sec. 12-155.2. Minimum required contributions by employer.

9 The minimum required contribution by the employer to the Fund  
10 for each fiscal year shall be:

11 (1) for fiscal years 2013 through 2045, the amount  
12 determined by the Fund to be sufficient to bring the total  
13 assets of the Fund up to 90% of the total actuarial  
14 liabilities of the Fund by the end of fiscal year 2045,  
15 calculated as a level percentage of payroll over the years  
16 remaining to and including fiscal year 2045 using the  
17 projected unit credit actuarial cost method; and

18 (2) for fiscal year 2046 and thereafter, the amount  
19 needed to maintain the total assets of the Fund at 90% of  
20 the actuarial liabilities of the Fund.

21 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

22 Sec. 17-129. Employer contributions; deficiency in Fund.

23 (a) If in any fiscal year of the Board of Education ending  
24 prior to 1997 the total amounts paid to the Fund from the Board

1 of Education (other than under this subsection, and other than  
2 amounts used for making or "picking up" contributions on behalf  
3 of teachers) and from the State do not equal the total  
4 contributions made by or on behalf of the teachers for such  
5 year, or if the total income of the Fund in any such fiscal  
6 year of the Board of Education from all sources is less than  
7 the total such expenditures by the Fund for such year, the  
8 Board of Education shall, in the next succeeding year, in  
9 addition to any other payment to the Fund set apart and  
10 appropriate from moneys from its tax levy for educational  
11 purposes, a sum sufficient to remove such deficiency or  
12 deficiencies, and promptly pay such sum into the Fund in order  
13 to restore any of the reserves of the Fund that may have been  
14 so temporarily applied. Any amounts received by the Fund after  
15 December 4, 1997 from State appropriations, including under  
16 Section 17-127, shall be a credit against and shall fully  
17 satisfy any obligation that may have arisen, or be claimed to  
18 have arisen, under this subsection (a) as a result of any  
19 deficiency or deficiencies in the fiscal year of the Board of  
20 Education ending in calendar year 1997.

21 (b) (i) Notwithstanding any other provision of this  
22 Section, and notwithstanding any prior certification by the  
23 Board under subsection (c) for fiscal year 2011, the Board of  
24 Education's total required contribution to the Fund for fiscal  
25 year 2011 under this Section is \$187,000,000.

26 (ii) Notwithstanding any other provision of this Section,

1 the Board of Education's total required contribution to the  
2 Fund for fiscal year 2012 under this Section is \$192,000,000.

3 (iii) (Blank). ~~Notwithstanding any other provision of this~~  
4 ~~Section, the Board of Education's total required contribution~~  
5 ~~to the Fund for fiscal year 2013 under this Section is~~  
6 ~~\$196,000,000.~~

7 (iv) Notwithstanding any other provision of this Section or  
8 Section 17-130.1, for For fiscal years 2013 ~~2014~~ through 2045  
9 ~~2059~~, the minimum contribution to the Fund to be made by the  
10 Board of Education in each fiscal year shall be an amount  
11 determined by the Fund to be sufficient to bring the total  
12 assets of the Fund up to 90% of the total actuarial liabilities  
13 of the Fund by the end of fiscal year 2045 ~~2059~~. In making  
14 these determinations, the required Board of Education  
15 contribution shall be calculated each year as a level  
16 percentage of the applicable employee payrolls over the years  
17 remaining to and including fiscal year 2045 ~~2059~~ and shall be  
18 determined under the projected unit credit actuarial cost  
19 method.

20 (v) Beginning in fiscal year 2046 ~~2060~~, the minimum Board  
21 of Education contribution for each fiscal year shall be the  
22 amount needed to maintain the total assets of the Fund at 90%  
23 of the total actuarial liabilities of the Fund.

24 (vi) Notwithstanding any other provision of this  
25 subsection (b), for any fiscal year, the contribution to the  
26 Fund from the Board of Education shall not be required to be in

1 excess of the amount calculated as needed to maintain the  
2 assets (or cause the assets to be) at the 90% level by the end  
3 of the fiscal year.

4 (vii) Any contribution by the State to or for the benefit  
5 of the Fund, including, without limitation, as referred to  
6 under Section 17-127, shall be a credit against any  
7 contribution required to be made by the Board of Education  
8 under this subsection (b).

9 (c) The Board shall determine the amount of Board of  
10 Education contributions required for each fiscal year on the  
11 basis of the actuarial tables and other assumptions adopted by  
12 the Board and the recommendations of the actuary, in order to  
13 meet the minimum contribution requirements of subsections (a)  
14 and (b). Annually, on or before February 28, the Board shall  
15 certify to the Board of Education the amount of the required  
16 Board of Education contribution for the coming fiscal year. The  
17 certification shall include a copy of the actuarial  
18 recommendations upon which it is based.

19 (Source: P.A. 96-889, eff. 4-14-10.)

20 Section 90. The State Mandates Act is amended by adding  
21 Section 8.36 as follows:

22 (30 ILCS 805/8.36 new)

23 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8  
24 of this Act, no reimbursement by the State is required for the

1 implementation of any mandate created by this amendatory Act of  
2 the 97th General Assembly.

3 Section 99. Effective date. This Act takes effect July 1,  
4 2012.