



Rep. Michael J. Madigan

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1 AMENDMENT TO SENATE BILL 179

2 AMENDMENT NO. _____. Amend Senate Bill 179, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois State Auditing Act is amended by
6 adding Section 2-8.1 as follows:

7 (30 ILCS 5/2-8.1 new)

8 Sec. 2-8.1. Actuarial Responsibilities.

9 (a) The Auditor General shall contract with or hire an
10 actuary to serve as the State Actuary. The State Actuary shall
11 be retained by, serve at the pleasure of, and be under the
12 supervision of the Auditor General and shall be paid from
13 appropriations to the office of the Auditor General. The State
14 Actuary may be selected by the Auditor General without engaging
15 in a competitive procurement process.

16 (b) The State Actuary shall:

1 (1) review assumptions and valuations prepared by
2 actuaries retained by the boards of trustees of the
3 State-funded retirement systems;

4 (2) issue preliminary reports to the boards of trustees
5 of the State-funded retirement systems concerning proposed
6 certifications of required State contributions submitted
7 to the State Actuary by those boards;

8 (3) cooperate with the boards of trustees of the
9 State-funded retirement systems to identify recommended
10 changes in actuarial assumptions that the boards must
11 consider before finalizing their certifications of the
12 required State contributions;

13 (4) conduct reviews of the actuarial practices of the
14 boards of trustees of the State-funded retirement systems;

15 (5) make additional reports as directed by joint
16 resolution of the General Assembly; and

17 (6) perform any other duties assigned by the Auditor
18 General, including, but not limited to, reviews of the
19 actuarial practices of other entities.

20 (c) On or before January 1, 2013 and each January 1
21 thereafter, the Auditor General shall submit a written report
22 to the General Assembly and Governor documenting the initial
23 assumptions and valuations prepared by actuaries retained by
24 the boards of trustees of the State-funded retirement systems,
25 any changes recommended by the State Actuary in the actuarial
26 assumptions, and the responses of each board to the State

1 Actuary's recommendations.

2 (d) For the purposes of this Section, "State-funded
3 retirement system" means a retirement system established
4 pursuant to Article 2, 14, 15, 16, or 18 of the Illinois
5 Pension Code.

6 Section 10. The Illinois Pension Code is amended by
7 changing Sections 2-134, 14-135.08, 15-165, 16-158, and 18-140
8 as follows:

9 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

10 Sec. 2-134. To certify required State contributions and
11 submit vouchers.

12 (a) The Board shall certify to the Governor on or before
13 December 15 of each year until December 15, 2011 the amount of
14 the required State contribution to the System for the next
15 fiscal year and shall specifically identify the System's
16 projected State normal cost for that fiscal year. The
17 certification shall include a copy of the actuarial
18 recommendations upon which it is based and shall specifically
19 identify the System's projected State normal cost for that
20 fiscal year.

21 On or before November 1 of each year, beginning November 1,
22 2012, the Board shall submit to the State Actuary, the
23 Governor, and the General Assembly a proposed certification of
24 the amount of the required State contribution to the System for

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

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

23 On or before July 1, 2005, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2006, taking
26 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

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

8 (b) Beginning in State fiscal year 1996, on or as soon as
9 possible after the 15th day of each month the Board shall
10 submit vouchers for payment of State contributions to the
11 System, in a total monthly amount of one-twelfth of the
12 required annual State contribution certified under subsection
13 (a). From the effective date of this amendatory Act of the 93rd
14 General Assembly through June 30, 2004, the Board shall not
15 submit vouchers for the remainder of fiscal year 2004 in excess
16 of the fiscal year 2004 certified contribution amount
17 determined under this Section after taking into consideration
18 the transfer to the System under subsection (d) of Section
19 6z-61 of the State Finance Act. These vouchers shall be paid by
20 the State Comptroller and Treasurer by warrants drawn on the
21 funds appropriated to the System for that fiscal year. If in
22 any month the amount remaining unexpended from all other
23 appropriations to the System for the applicable fiscal year
24 (including the appropriations to the System under Section 8.12
25 of the State Finance Act and Section 1 of the State Pension
26 Funds Continuing Appropriation Act) is less than the amount

1 lawfully vouchered under this Section, the difference shall be
2 paid from the General Revenue Fund under the continuing
3 appropriation authority provided in Section 1.1 of the State
4 Pension Funds Continuing Appropriation Act.

5 (c) The full amount of any annual appropriation for the
6 System for State fiscal year 1995 shall be transferred and made
7 available to the System at the beginning of that fiscal year at
8 the request of the Board. Any excess funds remaining at the end
9 of any fiscal year from appropriations shall be retained by the
10 System as a general reserve to meet the System's accrued
11 liabilities.

12 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;
13 96-1511, eff. 1-27-11.)

14 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

15 Sec. 14-135.08. To certify required State contributions.

16 (a) To certify to the Governor and to each department, on
17 or before November 15 of each year until November 15, 2011, the
18 required rate for State contributions to the System for the
19 next State fiscal year, as determined under subsection (b) of
20 Section 14-131. The certification to the Governor under this
21 subsection (a) shall include a copy of the actuarial
22 recommendations upon which the rate is based and shall
23 specifically identify the System's projected State normal cost
24 for that fiscal year.

25 (a-5) On or before November 1 of each year, beginning

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

20 (b) The certifications under subsections (a) and (a-5)
21 ~~certification~~ shall include an additional amount necessary to
22 pay all principal of and interest on those general obligation
23 bonds due the next fiscal year authorized by Section 7.2(a) of
24 the General Obligation Bond Act and issued to provide the
25 proceeds deposited by the State with the System in July 2003,
26 representing deposits other than amounts reserved under

1 Section 7.2(c) of the General Obligation Bond Act. For State
2 fiscal year 2005, the Board shall make a supplemental
3 certification of the additional amount necessary to pay all
4 principal of and interest on those general obligation bonds due
5 in State fiscal years 2004 and 2005 authorized by Section
6 7.2(a) of the General Obligation Bond Act and issued to provide
7 the proceeds deposited by the State with the System in July
8 2003, representing deposits other than amounts reserved under
9 Section 7.2(c) of the General Obligation Bond Act, as soon as
10 practical after the effective date of this amendatory Act of
11 the 93rd General Assembly.

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

19 On or before July 1, 2005, the Board shall recalculate and
20 recertify to the Governor and to each department the amount of
21 the required State contribution to the System and the required
22 rates for State contributions to the System for State fiscal
23 year 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, the Board shall recalculate and

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

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

7 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

8 Sec. 15-165. To certify amounts and submit vouchers.

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

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

24 On or before July 1, 2005, the Board shall recalculate and
25 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2006, taking
2 into account the changes in required State contributions made
3 by this amendatory Act of the 94th General Assembly.

4 On or before April 1, 2011, 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 2011, applying
7 the changes made by Public Act 96-889 to the System's assets
8 and liabilities as of June 30, 2009 as though Public Act 96-889
9 was approved on that date.

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

1 Actuary's recommended changes, the reason or reasons for not
2 following the State Actuary's recommended changes, and the
3 fiscal impact of not following the State Actuary's recommended
4 changes on the required State contribution.

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

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

23 If in any month the amount remaining unexpended from all
24 other appropriations to the System for the applicable fiscal
25 year (including the appropriations to the System under Section
26 8.12 of the State Finance Act and Section 1 of the State

1 Pension Funds Continuing Appropriation Act) is less than the
2 amount lawfully vouchered under this Section, the difference
3 shall be paid from the General Revenue Fund under the
4 continuing appropriation authority provided in Section 1.1 of
5 the State Pension Funds Continuing Appropriation Act.

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

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

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

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

2 Sec. 16-158. Contributions by State and other employing
3 units.

4 (a) The State shall make contributions to the System by
5 means of appropriations from the Common School Fund and other
6 State funds of amounts which, together with other employer
7 contributions, employee contributions, investment income, and
8 other income, will be sufficient to meet the cost of
9 maintaining and administering the System on a 90% funded basis
10 in accordance with actuarial recommendations.

11 The Board shall determine the amount of State contributions
12 required for each fiscal year on the basis of the actuarial
13 tables and other assumptions adopted by the Board and the
14 recommendations of the actuary, using the formula in subsection
15 (b-3).

16 (a-1) Annually, on or before November 15 until November 15,
17 2011, the Board shall certify to the Governor the amount of the
18 required State contribution for the coming fiscal year. The
19 certification under this subsection (a-1) shall include a copy
20 of the actuarial recommendations upon which it is based and
21 shall specifically identify the System's projected State
22 normal cost for that fiscal year.

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

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

4 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
5 recalculate and recertify to the Governor the amount of the
6 required State contribution to the System for State fiscal year
7 2006, taking into account the changes in required State
8 contributions made by this amendatory Act of the 94th General
9 Assembly.

10 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
11 recalculate and recertify to the Governor the amount of the
12 required State contribution to the System for State fiscal year
13 2011, applying the changes made by Public Act 96-889 to the
14 System's assets and liabilities as of June 30, 2009 as though
15 Public Act 96-889 was approved on that date.

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

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

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

13 (b-1) Beginning in State fiscal year 1996, on the 15th day
14 of each month, or as soon thereafter as may be practicable, the
15 Board shall submit vouchers for payment of State contributions
16 to the System, in a total monthly amount of one-twelfth of the
17 required annual State contribution certified under subsection
18 (a-1). From the effective date of this amendatory Act of the
19 93rd General Assembly through June 30, 2004, the Board shall
20 not submit vouchers for the remainder of fiscal year 2004 in
21 excess of the fiscal year 2004 certified contribution amount
22 determined under this Section after taking into consideration
23 the transfer to the System under subsection (a) of Section
24 6z-61 of the State Finance Act. These vouchers shall be paid by
25 the State Comptroller and Treasurer by warrants drawn on the
26 funds appropriated to the System for that fiscal year.

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

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

13 (b-3) For State fiscal years 2012 through 2045, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 90% of
17 the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of payroll over the years remaining to and
21 including fiscal year 2045 and shall be determined under the
22 projected unit credit actuarial cost method.

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

1 the rate required under this Section; except that in the
2 following specified State fiscal years, the State contribution
3 to the System shall not be less than the following indicated
4 percentages of the applicable employee payroll, even if the
5 indicated percentage will produce a State contribution in
6 excess of the amount otherwise required under this subsection
7 and subsection (a), and notwithstanding any contrary
8 certification made under subsection (a-1) before the effective
9 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
10 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
11 2003; and 13.56% in FY 2004.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$534,627,700.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$738,014,500.

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 \$2,089,268,000 and shall be made from the proceeds of bonds

1 sold in fiscal year 2010 pursuant to Section 7.2 of the General
2 Obligation Bond Act, less (i) the pro rata share of bond sale
3 expenses determined by the System's share of total bond
4 proceeds, (ii) any amounts received from the Common School Fund
5 in fiscal year 2010, and (iii) any reduction in bond proceeds
6 due to the issuance of discounted bonds, if applicable.

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

23 Beginning in State fiscal year 2046, the minimum State
24 contribution for each fiscal year shall be the amount needed to
25 maintain the total assets of the System at 90% of the total
26 actuarial liabilities of the System.

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

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter, as calculated
16 under this Section and certified under subsection (a-1), shall
17 not exceed an amount equal to (i) the amount of the required
18 State contribution that would have been calculated under this
19 Section for that fiscal year if the System had not received any
20 payments under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act, minus (ii) the portion of the State's
22 total debt service payments for that fiscal year on the bonds
23 issued in fiscal year 2003 for the purposes of that Section
24 7.2, as determined and certified by the Comptroller, that is
25 the same as the System's portion of the total moneys
26 distributed under subsection (d) of Section 7.2 of the General

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

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

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

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

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

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

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

26 (2) Beginning July 1, 1999 and thereafter, the employer

1 contribution shall be equal to 0.58% of each teacher's
2 salary.

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

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

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

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

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

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

9 (f) If the amount of a teacher's salary for any school year
10 used to determine final average salary exceeds the member's
11 annual full-time salary rate with the same employer for the
12 previous school year by more than 6%, the teacher's employer
13 shall pay to the System, in addition to all other payments
14 required under this Section and in accordance with guidelines
15 established by the System, the present value of the increase in
16 benefits resulting from the portion of the increase in salary
17 that is in excess of 6%. This present value shall be computed
18 by the System on the basis of the actuarial assumptions and
19 tables used in the most recent actuarial valuation of the
20 System that is available at the time of the computation. If a
21 teacher's salary for the 2005-2006 school year is used to
22 determine final average salary under this subsection (f), then
23 the changes made to this subsection (f) by Public Act 94-1057
24 shall apply in calculating whether the increase in his or her
25 salary is in excess of 6%. For the purposes of this Section,
26 change in employment under Section 10-21.12 of the School Code

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

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

22 The employer contributions required under this subsection
23 (f) may be paid in the form of a lump sum within 90 days after
24 receipt of the bill. If the employer contributions are not paid
25 within 90 days after receipt of the bill, then interest will be
26 charged at a rate equal to the System's annual actuarially

1 assumed rate of return on investment compounded annually from
2 the 91st day after receipt of the bill. Payments must be
3 concluded within 3 years after the employer's receipt of the
4 bill.

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

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

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

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

1 computed on the teacher's current salary and work schedule.

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

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

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

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

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

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

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

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

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

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

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

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

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

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

13 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

14 Sec. 18-140. To certify required State contributions and
15 submit vouchers.

16 (a) The Board shall certify to the Governor, on or before
17 November 15 of each year until November 15, 2011, the amount of
18 the required State contribution to the System for the following
19 fiscal year and shall specifically identify the System's
20 projected State normal cost for that fiscal year. The
21 certification shall include a copy of the actuarial
22 recommendations upon which it is based and shall specifically
23 identify the System's projected State normal cost for that
24 fiscal year.

25 On or before November 1 of each year, beginning November 1,

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

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

26 On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2006, taking
3 into account the changes in required State contributions made
4 by this amendatory Act of the 94th General Assembly.

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

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

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this Section, the difference
5 shall be paid from the General Revenue Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

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

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