

**SB0538**



**97TH GENERAL ASSEMBLY**

**State of Illinois**

**2011 and 2012**

**SB0538**

Introduced 2/8/2011, by Sen. John J. Cullerton

**SYNOPSIS AS INTRODUCED:**

40 ILCS 5/14-131

Amends the State Employee Article of the Illinois Pension Code. Makes a technical change in a Section concerning contributions by the State.

LRB097 04285 JDS 44324 b

PENSION IMPACT  
NOTE ACT MAY  
APPLY

**A BILL FOR**

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 Section 14-131 as follows:

6 (40 ILCS 5/14-131)

7 Sec. 14-131. Contributions by State.

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

15 For the purposes of this Section and Section 14-135.08,  
16 references to State contributions refer only to employer  
17 contributions and do not include employee contributions that  
18 are picked up or otherwise paid by the State or a department on  
19 behalf of the employee.

20 (b) The Board shall determine the total amount of State  
21 contributions required for each fiscal year on the basis of the  
22 actuarial tables and other assumptions adopted by the Board,  
23 using the formula in subsection (e).

1           The Board shall also determine a State contribution rate  
2 for each fiscal year, expressed as a percentage of payroll,  
3 based on the total required State contribution for that fiscal  
4 year (less the amount received by the System from  
5 appropriations under Section 8.12 of the State Finance Act and  
6 Section 1 of the State Pension Funds Continuing Appropriation  
7 Act, if any, for the fiscal year ending on the June 30  
8 immediately preceding the applicable November 15 certification  
9 deadline), the estimated payroll (including all forms of  
10 compensation) for personal services rendered by eligible  
11 employees, and the recommendations of the actuary.

12           For the purposes of this Section and Section 14.1 of the  
13 State Finance Act, the term "eligible employees" includes  
14 employees who participate in the System, persons who may elect  
15 to participate in the System but have not so elected, persons  
16 who are serving a qualifying period that is required for  
17 participation, and annuitants employed by a department as  
18 described in subdivision (a) (1) or (a) (2) of Section 14-111.

19           (c) Contributions shall be made by the several departments  
20 for each pay period by warrants drawn by the State Comptroller  
21 against their respective funds or appropriations based upon  
22 vouchers stating the amount to be so contributed. These amounts  
23 shall be based on the full rate certified by the Board under  
24 Section 14-135.08 for that fiscal year. From the effective date  
25 of this amendatory Act of the 93rd General Assembly through the  
26 payment of the final payroll from fiscal year 2004

1 appropriations, the several departments shall not make  
2 contributions for the remainder of fiscal year 2004 but shall  
3 instead make payments as required under subsection (a-1) of  
4 Section 14.1 of the State Finance Act. The several departments  
5 shall resume those contributions at the commencement of fiscal  
6 year 2005.

7 (c-1) Notwithstanding subsection (c) of this Section, for  
8 fiscal year 2010 only, contributions by the several departments  
9 are not required to be made for General Revenue Funds payrolls  
10 processed by the Comptroller. Payrolls paid by the several  
11 departments from all other State funds must continue to be  
12 processed pursuant to subsection (c) of this Section.

13 (c-2) For State fiscal year 2010 only, on or as soon as  
14 possible after the 15th day of each month the Board shall  
15 submit vouchers for payment of State contributions to the  
16 System, in a total monthly amount of one-twelfth of the fiscal  
17 year 2010 General Revenue Fund appropriation to the System.

18 (d) If an employee is paid from trust funds or federal  
19 funds, the department or other employer shall pay employer  
20 contributions from those funds to the System at the certified  
21 rate, unless the terms of the trust or the federal-State  
22 agreement preclude the use of the funds for that purpose, in  
23 which case the required employer contributions shall be paid by  
24 the State. From the effective date of this amendatory Act of  
25 the 93rd General Assembly through the payment of the final  
26 payroll from fiscal year 2004 appropriations, the department or

1 other employer shall not pay contributions for the remainder of  
2 fiscal year 2004 but shall instead make payments as required  
3 under subsection (a-1) of Section 14.1 of the State Finance  
4 Act. The department or other employer shall resume payment of  
5 contributions at the commencement of fiscal year 2005.

6 (e) For State fiscal years 2011 through 2045, the minimum  
7 contribution to the System to be made by the State for each  
8 fiscal year shall be an amount determined by the System to be  
9 sufficient to bring the total assets of the System up to 90% of  
10 the total actuarial liabilities of the System by the end of  
11 State fiscal year 2045. In making these determinations, the  
12 required State contribution shall be calculated each year as a  
13 level percentage of payroll over the years remaining to and  
14 including fiscal year 2045 and shall be determined under the  
15 projected unit credit actuarial cost method.

16 For State fiscal years 1996 through 2005, the State  
17 contribution to the System, as a percentage of the applicable  
18 employee payroll, shall be increased in equal annual increments  
19 so that by State fiscal year 2011, the State is contributing at  
20 the rate required under this Section; except that (i) for State  
21 fiscal year 1998, for all purposes of this Code and any other  
22 law of this State, the certified percentage of the applicable  
23 employee payroll shall be 5.052% for employees earning eligible  
24 creditable service under Section 14-110 and 6.500% for all  
25 other employees, notwithstanding any contrary certification  
26 made under Section 14-135.08 before the effective date of this

1 amendatory Act of 1997, and (ii) in the following specified  
2 State fiscal years, the State contribution to the System shall  
3 not be less than the following indicated percentages of the  
4 applicable employee payroll, even if the indicated percentage  
5 will produce a State contribution in excess of the amount  
6 otherwise required under this subsection and subsection (a):  
7 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
8 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution to the System for State  
11 fiscal year 2006 is \$203,783,900.

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution to the System for State  
14 fiscal year 2007 is \$344,164,400.

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

21 Notwithstanding any other provision of this Article, the  
22 total required State General Revenue Fund contribution for  
23 State fiscal year 2010 is \$723,703,100 and shall be made from  
24 the proceeds of bonds sold in fiscal year 2010 pursuant to  
25 Section 7.2 of the General Obligation Bond Act, less (i) the  
26 pro rata share of bond sale expenses determined by the System's

1 share of total bond proceeds, (ii) any amounts received from  
2 the General Revenue Fund in fiscal year 2010, and (iii) any  
3 reduction in bond proceeds due to the issuance of discounted  
4 bonds, if applicable.

5 Beginning in State fiscal year 2046, the minimum State  
6 contribution for each fiscal year shall be the amount needed to  
7 maintain the total assets of the System at 90% of the total  
8 actuarial liabilities of the System.

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

21 Notwithstanding any other provision of this Section, the  
22 required State contribution for State fiscal year 2005 and for  
23 fiscal year 2008 and each fiscal year thereafter, as calculated  
24 under this Section and certified under Section 14-135.08, shall  
25 not exceed an amount equal to (i) the amount of the required  
26 State contribution that would have been calculated under this

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

19 (f) After the submission of all payments for eligible  
20 employees from personal services line items in fiscal year 2004  
21 have been made, the Comptroller shall provide to the System a  
22 certification of the sum of all fiscal year 2004 expenditures  
23 for personal services that would have been covered by payments  
24 to the System under this Section if the provisions of this  
25 amendatory Act of the 93rd General Assembly had not been  
26 enacted. Upon receipt of the certification, the System shall



1 determine the amount due to the System based on the full rate  
2 certified by the Board under Section 14-135.08 for fiscal year  
3 2004 in order to meet the State's obligation under this  
4 Section. The System shall compare this amount due to the amount  
5 received by the System in fiscal year 2004 through payments  
6 under this Section and under Section 6z-61 of the State Finance  
7 Act. If the amount due is more than the amount received, the  
8 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
9 purposes of this Section, and the Fiscal Year 2004 Shortfall  
10 shall be satisfied under Section 1.2 of the State Pension Funds  
11 Continuing Appropriation Act. If the amount due is less than  
12 the amount received, the difference shall be termed the "Fiscal  
13 Year 2004 Overpayment" for purposes of this Section, and the  
14 Fiscal Year 2004 Overpayment shall be repaid by the System to  
15 the Pension Contribution Fund as soon as practicable after the  
16 certification.

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

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

1 5-year period following that fiscal year.

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

6 (i) After the submission of all payments for eligible  
7 employees from personal services line items paid from the  
8 General Revenue Fund in fiscal year 2010 have been made, the  
9 Comptroller shall provide to the System a certification of the  
10 sum of all fiscal year 2010 expenditures for personal services  
11 that would have been covered by payments to the System under  
12 this Section if the provisions of this amendatory Act of the  
13 96th General Assembly had not been enacted. Upon receipt of the  
14 certification, the System shall determine the amount due to the  
15 System based on the full rate certified by the Board under  
16 Section 14-135.08 for fiscal year 2010 in order to meet the  
17 State's obligation under this Section. The System shall compare  
18 this amount due to the amount received by the System in fiscal  
19 year 2010 through payments under this Section. If the amount  
20 due is more than the amount received, the difference shall be  
21 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
22 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
23 under Section 1.2 of the State Pension Funds Continuing  
24 Appropriation Act. If the amount due is less than the amount  
25 received, the difference shall be termed the "Fiscal Year 2010  
26 Overpayment" for purposes of this Section, and the Fiscal Year

1 2010 Overpayment shall be repaid by the System to the General  
2 Revenue Fund as soon as practicable after the certification.

3 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09; 96-45,  
4 eff. 7-15-09; 96-1000, eff. 7-2-10.)