



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB3628

Introduced 2/10/2012, by Sen. Kwame Raoul

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-127
40 ILCS 5/17-129

from Ch. 108 1/2, par. 17-127
from Ch. 108 1/2, par. 17-129

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides that, beginning in State fiscal year 2013, the State shall make annual contributions to the Fund. For State fiscal year 2013, the contribution shall be \$270,347,800. For each year thereafter, the Board shall certify to the Governor by December 15th the amount of the required State contribution for the coming fiscal year. The certified contribution shall be equal to 10% of the certified State contribution to the downstate Teachers' Retirement System. In a provision that reduces the required annual Board of Education contribution to the Fund by the amount of any State contribution, makes the reduction apply only if the Board has certified in the previous fiscal year that the total assets of the Fund are at least 90% of the total actuarial liabilities of the Fund. Effective immediately.

LRB097 19189 EFG 64431 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 17-127 and 17-129 as follows:

6 (40 ILCS 5/17-127) (from Ch. 108 1/2, par. 17-127)

7 Sec. 17-127. Financing; revenues for the Fund.

8 (a) The revenues for the Fund shall consist of: (1) amounts
9 paid into the Fund by contributors thereto and from employer
10 contributions and State appropriations in accordance with this
11 Article; (2) amounts contributed to the Fund by an Employer;
12 (3) amounts contributed to the Fund pursuant to any law now in
13 force or hereafter to be enacted; (4) contributions from any
14 other source; and (5) the earnings on investments.

15 (b) The General Assembly finds that for many years the
16 State has contributed to the Fund an annual amount that is
17 between 20% and 30% of the amount of the annual State
18 contribution to the Article 16 retirement system, and the
19 General Assembly declares that it is its goal and intention to
20 continue this level of contribution to the Fund in the future.

21 (c) For ~~Beginning in~~ State fiscal year 1999 through State
22 fiscal year 2012, the State shall include in its annual
23 contribution to the Fund an additional amount equal to 0.544%

1 of the Fund's total teacher payroll; except that this
2 additional contribution need not be made in a fiscal year if
3 the Board has certified in the previous fiscal year that the
4 Fund is at least 90% funded, based on actuarial determinations.
5 These additional State contributions are intended to offset a
6 portion of the cost to the Fund of the increases in retirement
7 benefits resulting from Public Act 90-582 ~~this amendatory Act~~
8 ~~of 1998~~.

9 (d) Beginning in State fiscal year 2013, the State shall
10 make annual contributions to the Fund. For State fiscal year
11 2013, the contribution shall be \$270,347,800. For each year
12 thereafter, the Board shall certify to the Governor by December
13 15th the amount of the required State contribution to the Fund
14 for the coming fiscal year. The certified contribution shall be
15 equal to 10% of the contribution certified for the coming
16 fiscal year under subsection (a-1) of Section 16-158 of this
17 Code.

18 (Source: P.A. 90-548, eff. 12-4-97; 90-566, eff. 1-2-98;
19 90-582, eff. 5-27-98; 90-655, eff. 7-30-98.)

20 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

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

22 (a) If in any fiscal year of the Board of Education ending
23 prior to 1997 the total amounts paid to the Fund from the Board
24 of Education (other than under this subsection, and other than
25 amounts used for making or "picking up" contributions on behalf

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

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

24 (ii) Notwithstanding any other provision of this Section,
25 the Board of Education's total required contribution to the
26 Fund for fiscal year 2012 under this Section is \$192,000,000.

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

4 (iv) For fiscal years 2014 through 2059, the minimum
5 contribution to the Fund to be made by the Board of Education
6 in each fiscal year shall be an amount determined by the Fund
7 to be sufficient to bring the total assets of the Fund up to
8 90% of the total actuarial liabilities of the Fund by the end
9 of fiscal year 2059. In making these determinations, the
10 required Board of Education contribution shall be calculated
11 each year as a level percentage of the applicable employee
12 payrolls over the years remaining to and including fiscal year
13 2059 and shall be determined under the projected unit credit
14 actuarial cost method.

15 (v) Beginning in fiscal year 2060, the minimum Board of
16 Education contribution for each fiscal year shall be the amount
17 needed to maintain the total assets of the Fund at 90% of the
18 total actuarial liabilities of the Fund.

19 (vi) Notwithstanding any other provision of this
20 subsection (b), for any fiscal year, the contribution to the
21 Fund from the Board of Education shall not be required to be in
22 excess of the amount calculated as needed to maintain the
23 assets (or cause the assets to be) at the 90% level by the end
24 of the fiscal year.

25 (vii) Any contribution by the State to or for the benefit
26 of the Fund, including, without limitation, as referred to

1 under Section 17-127, shall be a credit against any
2 contribution required to be made by the Board of Education
3 under this subsection (b) if the Board has certified in the
4 previous fiscal year that the total assets of the Fund are at
5 least 90% of the total actuarial liabilities of the Fund.

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

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

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.