



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1266

by Rep. Joe Sosnowski

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-103.3	
40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/14-131	
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131

Amends the Illinois Pension Code. Increases the prescribed funding ratio for the 5 State-funded retirement systems from 90% to 100%. Makes corresponding changes in the funding formula for each system. Effective immediately.

LRB098 08105 EFG 38196 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 1-103.3, 2-124, 14-131, 15-155, 16-158, and 18-131 as
6 follows:

7 (40 ILCS 5/1-103.3)

8 Sec. 1-103.3. Application of 1994 amendment; funding
9 standard.

10 (a) The provisions of this amendatory Act of 1994 that
11 change the method of calculating, certifying, and paying the
12 required State contributions to the retirement systems
13 established under Articles 2, 14, 15, 16, and 18 shall first
14 apply to the State contributions required for State fiscal year
15 1996.

16 (b) The General Assembly declares that a funding ratio (the
17 ratio of a retirement system's total assets to its total
18 actuarial liabilities) of 100% ~~90%~~ is an appropriate goal for
19 State-funded retirement systems in Illinois, and it finds that
20 a funding ratio of 100% ~~90%~~ is now the generally-recognized
21 norm throughout the nation for public employee retirement
22 systems that are considered to be financially secure and funded
23 in an appropriate and responsible manner.

1 (c) Every 5 years, beginning in 1999, the Commission on
2 Government Forecasting and Accountability, in consultation
3 with the affected retirement systems and the Governor's Office
4 of Management and Budget (formerly Bureau of the Budget), shall
5 consider and determine whether the 100% ~~90%~~ funding ratio
6 adopted in subsection (b) continues to represent an appropriate
7 goal for State-funded retirement systems in Illinois, and it
8 shall report its findings and recommendations on this subject
9 to the Governor and the General Assembly.

10 (Source: P.A. 93-1067, eff. 1-15-05.)

11 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

12 Sec. 2-124. Contributions by State.

13 (a) The State shall make contributions to the System by
14 appropriations of amounts which, together with the
15 contributions of participants, interest earned on investments,
16 and other income will meet the cost of maintaining and
17 administering the System on a 100% ~~90%~~ funded basis in
18 accordance with actuarial recommendations.

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

24 (c) For State fiscal years 2012 through 2045, the minimum
25 contribution to the System to be made by the State for each

1 fiscal year shall be an amount determined by the System to be
2 sufficient to bring the total assets of the System up to 100%
3 ~~90%~~ of the total actuarial liabilities of the System by the end
4 of State fiscal year 2045. In making these determinations, the
5 required State contribution shall be calculated each year as a
6 level percentage of payroll over the years remaining to and
7 including fiscal year 2045 and shall be determined under the
8 projected unit credit actuarial cost method.

9 For State fiscal years 1996 through 2005, the State
10 contribution to the System, as a percentage of the applicable
11 employee payroll, shall be increased in equal annual increments
12 so that by State fiscal year 2011, the State is contributing at
13 the rate required under this Section.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$4,157,000.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$5,220,300.

20 For each of State fiscal years 2008 through 2009, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 from the required State contribution for State fiscal year
24 2007, so that by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$10,454,000 and shall be made from the proceeds of bonds sold
3 in fiscal year 2010 pursuant to Section 7.2 of the General
4 Obligation Bond Act, less (i) the pro rata share of bond sale
5 expenses determined by the System's share of total bond
6 proceeds, (ii) any amounts received from the General Revenue
7 Fund in fiscal year 2010, and (iii) any reduction in bond
8 proceeds due to the issuance of discounted bonds, if
9 applicable.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2011 is
12 the amount recertified by the System on or before April 1, 2011
13 pursuant to Section 2-134 and shall be made from the proceeds
14 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
15 the General Obligation Bond Act, less (i) the pro rata share of
16 bond sale expenses determined by the System's share of total
17 bond proceeds, (ii) any amounts received from the General
18 Revenue Fund in fiscal year 2011, and (iii) any reduction in
19 bond proceeds due to the issuance of discounted bonds, if
20 applicable.

21 Beginning in State fiscal year 2046, the minimum State
22 contribution for each fiscal year shall be the amount needed to
23 maintain the total assets of the System at 100% ~~90%~~ of the
24 total actuarial liabilities of the System.

25 Amounts received by the System pursuant to Section 25 of
26 the Budget Stabilization Act or Section 8.12 of the State

1 Finance Act in any fiscal year do not reduce and do not
2 constitute payment of any portion of the minimum State
3 contribution required under this Article in that fiscal year.
4 Such amounts shall not reduce, and shall not be included in the
5 calculation of, the required State contributions under this
6 Article in any future year until the System has reached a
7 funding ratio of at least 100% ~~90%~~. A reference in this Article
8 to the "required State contribution" or any substantially
9 similar term does not include or apply to any amounts payable
10 to the System under Section 25 of the Budget Stabilization Act.

11 Notwithstanding any other provision of this Section, the
12 required State contribution for State fiscal year 2005 and for
13 fiscal year 2008 and each fiscal year thereafter, as calculated
14 under this Section and certified under Section 2-134, shall not
15 exceed an amount equal to (i) the amount of the required State
16 contribution that would have been calculated under this Section
17 for that fiscal year if the System had not received any
18 payments under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act, minus (ii) the portion of the State's
20 total debt service payments for that fiscal year on the bonds
21 issued in fiscal year 2003 for the purposes of that Section
22 7.2, as determined and certified by the Comptroller, that is
23 the same as the System's portion of the total moneys
24 distributed under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act. In determining this maximum for State
26 fiscal years 2008 through 2010, however, the amount referred to

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

10 (d) For purposes of determining the required State
11 contribution to the System, the value of the System's assets
12 shall be equal to the actuarial value of the System's assets,
13 which shall be calculated as follows:

14 As of June 30, 2008, the actuarial value of the System's
15 assets shall be equal to the market value of the assets as of
16 that date. In determining the actuarial value of the System's
17 assets for fiscal years after June 30, 2008, any actuarial
18 gains or losses from investment return incurred in a fiscal
19 year shall be recognized in equal annual amounts over the
20 5-year period following that fiscal year.

21 (e) For purposes of determining the required State
22 contribution to the system for a particular year, the actuarial
23 value of assets shall be assumed to earn a rate of return equal
24 to the system's actuarially assumed rate of return.

25 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
26 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.

1 7-13-12.)

2 (40 ILCS 5/14-131)

3 Sec. 14-131. Contributions by State.

4 (a) The State shall make contributions to the System by
5 appropriations of amounts which, together with other employer
6 contributions from trust, federal, and other funds, employee
7 contributions, investment income, and other income, will be
8 sufficient to meet the cost of maintaining and administering
9 the System on a 100% ~~90%~~ funded basis in accordance with
10 actuarial recommendations.

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

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

20 The Board shall also determine a State contribution rate
21 for each fiscal year, expressed as a percentage of payroll,
22 based on the total required State contribution for that fiscal
23 year (less the amount received by the System from
24 appropriations under Section 8.12 of the State Finance Act and
25 Section 1 of the State Pension Funds Continuing Appropriation

1 Act, if any, for the fiscal year ending on the June 30
2 immediately preceding the applicable November 15 certification
3 deadline), the estimated payroll (including all forms of
4 compensation) for personal services rendered by eligible
5 employees, and the recommendations of the actuary.

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

13 (c) Contributions shall be made by the several departments
14 for each pay period by warrants drawn by the State Comptroller
15 against their respective funds or appropriations based upon
16 vouchers stating the amount to be so contributed. These amounts
17 shall be based on the full rate certified by the Board under
18 Section 14-135.08 for that fiscal year. From the effective date
19 of this amendatory Act of the 93rd General Assembly through the
20 payment of the final payroll from fiscal year 2004
21 appropriations, the several departments shall not make
22 contributions for the remainder of fiscal year 2004 but shall
23 instead make payments as required under subsection (a-1) of
24 Section 14.1 of the State Finance Act. The several departments
25 shall resume those contributions at the commencement of fiscal
26 year 2005.

1 (c-1) Notwithstanding subsection (c) of this Section, for
2 fiscal years 2010, 2012, and 2013 only, contributions by the
3 several departments are not required to be made for General
4 Revenue Funds payrolls processed by the Comptroller. Payrolls
5 paid by the several departments from all other State funds must
6 continue to be processed pursuant to subsection (c) of this
7 Section.

8 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
9 or as soon as possible after the 15th day of each month, the
10 Board shall submit vouchers for payment of State contributions
11 to the System, in a total monthly amount of one-twelfth of the
12 fiscal year General Revenue Fund contribution as certified by
13 the System pursuant to Section 14-135.08 of the Illinois
14 Pension Code.

15 (d) If an employee is paid from trust funds or federal
16 funds, the department or other employer shall pay employer
17 contributions from those funds to the System at the certified
18 rate, unless the terms of the trust or the federal-State
19 agreement preclude the use of the funds for that purpose, in
20 which case the required employer contributions shall be paid by
21 the State. From the effective date of this amendatory Act of
22 the 93rd General Assembly through the payment of the final
23 payroll from fiscal year 2004 appropriations, the department or
24 other employer shall not pay contributions for the remainder of
25 fiscal year 2004 but shall instead make payments as required
26 under subsection (a-1) of Section 14.1 of the State Finance

1 Act. The department or other employer shall resume payment of
2 contributions at the commencement of fiscal year 2005.

3 (e) For State fiscal years 2012 through 2045, the minimum
4 contribution to the System to be made by the State for each
5 fiscal year shall be an amount determined by the System to be
6 sufficient to bring the total assets of the System up to 100%
7 ~~90%~~ of the total actuarial liabilities of the System by the end
8 of State fiscal year 2045. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of payroll over the years remaining to and
11 including fiscal year 2045 and shall be determined under the
12 projected unit credit actuarial cost method.

13 For State fiscal years 1996 through 2005, the State
14 contribution to the System, as a percentage of the applicable
15 employee payroll, shall be increased in equal annual increments
16 so that by State fiscal year 2011, the State is contributing at
17 the rate required under this Section; except that (i) for State
18 fiscal year 1998, for all purposes of this Code and any other
19 law of this State, the certified percentage of the applicable
20 employee payroll shall be 5.052% for employees earning eligible
21 creditable service under Section 14-110 and 6.500% for all
22 other employees, notwithstanding any contrary certification
23 made under Section 14-135.08 before the effective date of this
24 amendatory Act of 1997, and (ii) in the following specified
25 State fiscal years, the State contribution to the System shall
26 not be less than the following indicated percentages of the

1 applicable employee payroll, even if the indicated percentage
2 will produce a State contribution in excess of the amount
3 otherwise required under this subsection and subsection (a):
4 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
5 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

1 bonds, if applicable.

2 Notwithstanding any other provision of this Article, the
3 total required State General Revenue Fund contribution for
4 State fiscal year 2011 is the amount recertified by the System
5 on or before April 1, 2011 pursuant to Section 14-135.08 and
6 shall be made from the proceeds of bonds sold in fiscal year
7 2011 pursuant to Section 7.2 of the General Obligation Bond
8 Act, less (i) the pro rata share of bond sale expenses
9 determined by the System's share of total bond proceeds, (ii)
10 any amounts received from the General Revenue Fund in fiscal
11 year 2011, and (iii) any reduction in bond proceeds due to the
12 issuance of discounted bonds, if applicable.

13 Beginning in State fiscal year 2046, the minimum State
14 contribution for each fiscal year shall be the amount needed to
15 maintain the total assets of the System at 100% ~~90%~~ of the
16 total actuarial liabilities of the System.

17 Amounts received by the System pursuant to Section 25 of
18 the Budget Stabilization Act or Section 8.12 of the State
19 Finance Act in any fiscal year do not reduce and do not
20 constitute payment of any portion of the minimum State
21 contribution required under this Article in that fiscal year.
22 Such amounts shall not reduce, and shall not be included in the
23 calculation of, the required State contributions under this
24 Article in any future year until the System has reached a
25 funding ratio of at least 100% ~~90%~~. A reference in this Article
26 to the "required State contribution" or any substantially

1 similar term does not include or apply to any amounts payable
2 to the System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and each fiscal year thereafter, as calculated
6 under this Section and certified under Section 14-135.08, shall
7 not exceed an amount equal to (i) the amount of the required
8 State contribution that would have been calculated under this
9 Section for that fiscal year if the System had not received any
10 payments under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act, minus (ii) the portion of the State's
12 total debt service payments for that fiscal year on the bonds
13 issued in fiscal year 2003 for the purposes of that Section
14 7.2, as determined and certified by the Comptroller, that is
15 the same as the System's portion of the total moneys
16 distributed under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act. In determining this maximum for State
18 fiscal years 2008 through 2010, however, the amount referred to
19 in item (i) shall be increased, as a percentage of the
20 applicable employee payroll, in equal increments calculated
21 from the sum of the required State contribution for State
22 fiscal year 2007 plus the applicable portion of the State's
23 total debt service payments for fiscal year 2007 on the bonds
24 issued in fiscal year 2003 for the purposes of Section 7.2 of
25 the General Obligation Bond Act, so that, by State fiscal year
26 2011, the State is contributing at the rate otherwise required

1 under this Section.

2 (f) After the submission of all payments for eligible
3 employees from personal services line items in fiscal year 2004
4 have been made, the Comptroller shall provide to the System a
5 certification of the sum of all fiscal year 2004 expenditures
6 for personal services that would have been covered by payments
7 to the System under this Section if the provisions of this
8 amendatory Act of the 93rd General Assembly had not been
9 enacted. Upon receipt of the certification, the System shall
10 determine the amount due to the System based on the full rate
11 certified by the Board under Section 14-135.08 for fiscal year
12 2004 in order to meet the State's obligation under this
13 Section. The System shall compare this amount due to the amount
14 received by the System in fiscal year 2004 through payments
15 under this Section and under Section 6z-61 of the State Finance
16 Act. If the amount due is more than the amount received, the
17 difference shall be termed the "Fiscal Year 2004 Shortfall" for
18 purposes of this Section, and the Fiscal Year 2004 Shortfall
19 shall be satisfied under Section 1.2 of the State Pension Funds
20 Continuing Appropriation Act. If the amount due is less than
21 the amount received, the difference shall be termed the "Fiscal
22 Year 2004 Overpayment" for purposes of this Section, and the
23 Fiscal Year 2004 Overpayment shall be repaid by the System to
24 the Pension Contribution Fund as soon as practicable after the
25 certification.

26 (g) For purposes of determining the required State

1 contribution to the System, the value of the System's assets
2 shall be equal to the actuarial value of the System's assets,
3 which shall be calculated as follows:

4 As of June 30, 2008, the actuarial value of the System's
5 assets shall be equal to the market value of the assets as of
6 that date. In determining the actuarial value of the System's
7 assets for fiscal years after June 30, 2008, any actuarial
8 gains or losses from investment return incurred in a fiscal
9 year shall be recognized in equal annual amounts over the
10 5-year period following that fiscal year.

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

15 (i) After the submission of all payments for eligible
16 employees from personal services line items paid from the
17 General Revenue Fund in fiscal year 2010 have been made, the
18 Comptroller shall provide to the System a certification of the
19 sum of all fiscal year 2010 expenditures for personal services
20 that would have been covered by payments to the System under
21 this Section if the provisions of this amendatory Act of the
22 96th General Assembly had not been enacted. Upon receipt of the
23 certification, the System shall determine the amount due to the
24 System based on the full rate certified by the Board under
25 Section 14-135.08 for fiscal year 2010 in order to meet the
26 State's obligation under this Section. The System shall compare

1 this amount due to the amount received by the System in fiscal
2 year 2010 through payments under this Section. If the amount
3 due is more than the amount received, the difference shall be
4 termed the "Fiscal Year 2010 Shortfall" for purposes of this
5 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
6 under Section 1.2 of the State Pension Funds Continuing
7 Appropriation Act. If the amount due is less than the amount
8 received, the difference shall be termed the "Fiscal Year 2010
9 Overpayment" for purposes of this Section, and the Fiscal Year
10 2010 Overpayment shall be repaid by the System to the General
11 Revenue Fund as soon as practicable after the certification.

12 (j) After the submission of all payments for eligible
13 employees from personal services line items paid from the
14 General Revenue Fund in fiscal year 2011 have been made, the
15 Comptroller shall provide to the System a certification of the
16 sum of all fiscal year 2011 expenditures for personal services
17 that would have been covered by payments to the System under
18 this Section if the provisions of this amendatory Act of the
19 96th General Assembly had not been enacted. Upon receipt of the
20 certification, the System shall determine the amount due to the
21 System based on the full rate certified by the Board under
22 Section 14-135.08 for fiscal year 2011 in order to meet the
23 State's obligation under this Section. The System shall compare
24 this amount due to the amount received by the System in fiscal
25 year 2011 through payments under this Section. If the amount
26 due is more than the amount received, the difference shall be

1 termed the "Fiscal Year 2011 Shortfall" for purposes of this
2 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
3 under Section 1.2 of the State Pension Funds Continuing
4 Appropriation Act. If the amount due is less than the amount
5 received, the difference shall be termed the "Fiscal Year 2011
6 Overpayment" for purposes of this Section, and the Fiscal Year
7 2011 Overpayment shall be repaid by the System to the General
8 Revenue Fund as soon as practicable after the certification.

9 (k) For fiscal years 2012 and 2013 only, after the
10 submission of all payments for eligible employees from personal
11 services line items paid from the General Revenue Fund in the
12 fiscal year have been made, the Comptroller shall provide to
13 the System a certification of the sum of all expenditures in
14 the fiscal year for personal services. Upon receipt of the
15 certification, the System shall determine the amount due to the
16 System based on the full rate certified by the Board under
17 Section 14-135.08 for the fiscal year in order to meet the
18 State's obligation under this Section. The System shall compare
19 this amount due to the amount received by the System for the
20 fiscal year. If the amount due is more than the amount
21 received, the difference shall be termed the "Prior Fiscal Year
22 Shortfall" for purposes of this Section, and the Prior Fiscal
23 Year Shortfall shall be satisfied under Section 1.2 of the
24 State Pension Funds Continuing Appropriation Act. If the amount
25 due is less than the amount received, the difference shall be
26 termed the "Prior Fiscal Year Overpayment" for purposes of this

1 Section, and the Prior Fiscal Year Overpayment shall be repaid
2 by the System to the General Revenue Fund as soon as
3 practicable after the certification.

4 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
5 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
6 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
7 eff. 6-30-12.)

8 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

9 Sec. 15-155. Employer contributions.

10 (a) The State of Illinois shall make contributions by
11 appropriations of amounts which, together with the other
12 employer contributions from trust, federal, and other funds,
13 employee contributions, income from investments, and other
14 income of this System, will be sufficient to meet the cost of
15 maintaining and administering the System on a 100% ~~90%~~ funded
16 basis in accordance with actuarial recommendations.

17 The Board shall determine the amount of State contributions
18 required for each fiscal year on the basis of the actuarial
19 tables and other assumptions adopted by the Board and the
20 recommendations of the actuary, using the formula in subsection
21 (a-1).

22 (a-1) For State fiscal years 2012 through 2045, the minimum
23 contribution to the System to be made by the State for each
24 fiscal year shall be an amount determined by the System to be
25 sufficient to bring the total assets of the System up to 100%

1 ~~90%~~ of the total actuarial liabilities of the System by the end
2 of State fiscal year 2045. In making these determinations, the
3 required State contribution shall be calculated each year as a
4 level percentage of payroll over the years remaining to and
5 including fiscal year 2045 and shall be determined under the
6 projected unit credit actuarial cost method.

7 For State fiscal years 1996 through 2005, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 so that by State fiscal year 2011, the State is contributing at
11 the rate required under this Section.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$166,641,900.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$252,064,100.

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 \$702,514,000 and shall be made from the State Pensions Fund and

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

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2011 is
10 the amount recertified by the System on or before April 1, 2011
11 pursuant to Section 15-165 and shall be made from the State
12 Pensions Fund and proceeds of bonds sold in fiscal year 2011
13 pursuant to Section 7.2 of the General Obligation Bond Act,
14 less (i) the pro rata share of bond sale expenses determined by
15 the System's share of total bond proceeds, (ii) any amounts
16 received from the General Revenue Fund in fiscal year 2011, and
17 (iii) any reduction in bond proceeds due to the issuance of
18 discounted bonds, if applicable.

19 Beginning in State fiscal year 2046, the minimum State
20 contribution for each fiscal year shall be the amount needed to
21 maintain the total assets of the System at 100% ~~90%~~ of the
22 total actuarial liabilities of the System.

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act or Section 8.12 of the State
25 Finance Act in any fiscal year do not reduce and do not
26 constitute payment of any portion of the minimum State

1 contribution required under this Article in that fiscal year.
2 Such amounts shall not reduce, and shall not be included in the
3 calculation of, the required State contributions under this
4 Article in any future year until the System has reached a
5 funding ratio of at least 100% ~~90%~~. A reference in this Article
6 to the "required State contribution" or any substantially
7 similar term does not include or apply to any amounts payable
8 to the System under Section 25 of the Budget Stabilization Act.

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter, as calculated
12 under this Section and certified under Section 15-165, shall
13 not exceed an amount equal to (i) the amount of the required
14 State contribution that would have been calculated under this
15 Section for that fiscal year if the System had not received any
16 payments under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act, minus (ii) the portion of the State's
18 total debt service payments for that fiscal year on the bonds
19 issued in fiscal year 2003 for the purposes of that Section
20 7.2, as determined and certified by the Comptroller, that is
21 the same as the System's portion of the total moneys
22 distributed under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act. In determining this maximum for State
24 fiscal years 2008 through 2010, however, the amount referred to
25 in item (i) shall be increased, as a percentage of the
26 applicable employee payroll, in equal increments calculated

1 from the sum of the required State contribution for State
2 fiscal year 2007 plus the applicable portion of the State's
3 total debt service payments for fiscal year 2007 on the bonds
4 issued in fiscal year 2003 for the purposes of Section 7.2 of
5 the General Obligation Bond Act, so that, by State fiscal year
6 2011, the State is contributing at the rate otherwise required
7 under this Section.

8 (b) If an employee is paid from trust or federal funds, the
9 employer shall pay to the Board contributions from those funds
10 which are sufficient to cover the accruing normal costs on
11 behalf of the employee. However, universities having employees
12 who are compensated out of local auxiliary funds, income funds,
13 or service enterprise funds are not required to pay such
14 contributions on behalf of those employees. The local auxiliary
15 funds, income funds, and service enterprise funds of
16 universities shall not be considered trust funds for the
17 purpose of this Article, but funds of alumni associations,
18 foundations, and athletic associations which are affiliated
19 with the universities included as employers under this Article
20 and other employers which do not receive State appropriations
21 are considered to be trust funds for the purpose of this
22 Article.

23 (b-1) The City of Urbana and the City of Champaign shall
24 each make employer contributions to this System for their
25 respective firefighter employees who participate in this
26 System pursuant to subsection (h) of Section 15-107. The rate

1 of contributions to be made by those municipalities shall be
2 determined annually by the Board on the basis of the actuarial
3 assumptions adopted by the Board and the recommendations of the
4 actuary, and shall be expressed as a percentage of salary for
5 each such employee. The Board shall certify the rate to the
6 affected municipalities as soon as may be practical. The
7 employer contributions required under this subsection shall be
8 remitted by the municipality to the System at the same time and
9 in the same manner as employee contributions.

10 (c) Through State fiscal year 1995: The total employer
11 contribution shall be apportioned among the various funds of
12 the State and other employers, whether trust, federal, or other
13 funds, in accordance with actuarial procedures approved by the
14 Board. State of Illinois contributions for employers receiving
15 State appropriations for personal services shall be payable
16 from appropriations made to the employers or to the System. The
17 contributions for Class I community colleges covering earnings
18 other than those paid from trust and federal funds, shall be
19 payable solely from appropriations to the Illinois Community
20 College Board or the System for employer contributions.

21 (d) Beginning in State fiscal year 1996, the required State
22 contributions to the System shall be appropriated directly to
23 the System and shall be payable through vouchers issued in
24 accordance with subsection (c) of Section 15-165, except as
25 provided in subsection (g).

26 (e) The State Comptroller shall draw warrants payable to

1 the System upon proper certification by the System or by the
2 employer in accordance with the appropriation laws and this
3 Code.

4 (f) Normal costs under this Section means liability for
5 pensions and other benefits which accrues to the System because
6 of the credits earned for service rendered by the participants
7 during the fiscal year and expenses of administering the
8 System, but shall not include the principal of or any
9 redemption premium or interest on any bonds issued by the Board
10 or any expenses incurred or deposits required in connection
11 therewith.

12 (g) If the amount of a participant's earnings for any
13 academic year used to determine the final rate of earnings,
14 determined on a full-time equivalent basis, exceeds the amount
15 of his or her earnings with the same employer for the previous
16 academic year, determined on a full-time equivalent basis, by
17 more than 6%, the participant's employer shall pay to the
18 System, in addition to all other payments required under this
19 Section and in accordance with guidelines established by the
20 System, the present value of the increase in benefits resulting
21 from the portion of the increase in earnings that is in excess
22 of 6%. This present value shall be computed by the System on
23 the basis of the actuarial assumptions and tables used in the
24 most recent actuarial valuation of the System that is available
25 at the time of the computation. The System may require the
26 employer to provide any pertinent information or

1 documentation.

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

17 The employer contributions required under this subsection
18 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days
19 after receipt of the bill. If the employer contributions are
20 not paid within 90 days after receipt of the bill, then
21 interest will be charged at a rate equal to the System's annual
22 actuarially assumed rate of return on investment compounded
23 annually from the 91st day after receipt of the bill. Payments
24 must be concluded within 3 years after the employer's receipt
25 of the bill.

26 (h) This subsection (h) applies only to payments made or

1 salary increases given on or after June 1, 2005 but before July
2 1, 2011. The changes made by Public Act 94-1057 shall not
3 require the System to refund any payments received before July
4 31, 2006 (the effective date of Public Act 94-1057).

5 When assessing payment for any amount due under subsection
6 (g), the System shall exclude earnings increases paid to
7 participants under contracts or collective bargaining
8 agreements entered into, amended, or renewed before June 1,
9 2005.

10 When assessing payment for any amount due under subsection
11 (g), the System shall exclude earnings increases paid to a
12 participant at a time when the participant is 10 or more years
13 from retirement eligibility under Section 15-135.

14 When assessing payment for any amount due under subsection
15 (g), the System shall exclude earnings increases resulting from
16 overload work, including a contract for summer teaching, or
17 overtime when the employer has certified to the System, and the
18 System has approved the certification, that: (i) in the case of
19 overloads (A) the overload work is for the sole purpose of
20 academic instruction in excess of the standard number of
21 instruction hours for a full-time employee occurring during the
22 academic year that the overload is paid and (B) the earnings
23 increases are equal to or less than the rate of pay for
24 academic instruction computed using the participant's current
25 salary rate and work schedule; and (ii) in the case of
26 overtime, the overtime was necessary for the educational

1 mission.

2 When assessing payment for any amount due under subsection
3 (g), the System shall exclude any earnings increase resulting
4 from (i) a promotion for which the employee moves from one
5 classification to a higher classification under the State
6 Universities Civil Service System, (ii) a promotion in academic
7 rank for a tenured or tenure-track faculty position, or (iii) a
8 promotion that the Illinois Community College Board has
9 recommended in accordance with subsection (k) of this Section.
10 These earnings increases shall be excluded only if the
11 promotion is to a position that has existed and been filled by
12 a member for no less than one complete academic year and the
13 earnings increase as a result of the promotion is an increase
14 that results in an amount no greater than the average salary
15 paid for other similar positions.

16 (i) When assessing payment for any amount due under
17 subsection (g), the System shall exclude any salary increase
18 described in subsection (h) of this Section given on or after
19 July 1, 2011 but before July 1, 2014 under a contract or
20 collective bargaining agreement entered into, amended, or
21 renewed on or after June 1, 2005 but before July 1, 2011.
22 Notwithstanding any other provision of this Section, any
23 payments made or salary increases given after June 30, 2014
24 shall be used in assessing payment for any amount due under
25 subsection (g) of this Section.

26 (j) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by
2 January 1, 2007 that contains all of the following information:

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

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

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

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

15 (k) The Illinois Community College Board shall adopt rules
16 for recommending lists of promotional positions submitted to
17 the Board by community colleges and for reviewing the
18 promotional lists on an annual basis. When recommending
19 promotional lists, the Board shall consider the similarity of
20 the positions submitted to those positions recognized for State
21 universities by the State Universities Civil Service System.
22 The Illinois Community College Board shall file a copy of its
23 findings with the System. The System shall consider the
24 findings of the Illinois Community College Board when making
25 determinations under this Section. The System shall not exclude
26 any earnings increases resulting from a promotion when the

1 promotion was not submitted by a community college. Nothing in
2 this subsection (k) shall require any community college to
3 submit any information to the Community College Board.

4 (l) For purposes of determining the required State
5 contribution to the System, the value of the System's assets
6 shall be equal to the actuarial value of the System's assets,
7 which shall be calculated as follows:

8 As of June 30, 2008, the actuarial value of the System's
9 assets shall be equal to the market value of the assets as of
10 that date. In determining the actuarial value of the System's
11 assets for fiscal years after June 30, 2008, any actuarial
12 gains or losses from investment return incurred in a fiscal
13 year shall be recognized in equal annual amounts over the
14 5-year period following that fiscal year.

15 (m) For purposes of determining the required State
16 contribution to the system for a particular year, the actuarial
17 value of assets shall be assumed to earn a rate of return equal
18 to the system's actuarially assumed rate of return.

19 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
20 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
21 7-13-12; revised 10-17-12.)

22 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

23 Sec. 16-158. Contributions by State and other employing
24 units.

25 (a) The State shall make contributions to the System by

1 means of appropriations from the Common School Fund and other
2 State funds of amounts which, together with other employer
3 contributions, employee contributions, investment income, and
4 other income, will be sufficient to meet the cost of
5 maintaining and administering the System on a 100% ~~90%~~ funded
6 basis in accordance with actuarial recommendations.

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

12 (a-1) Annually, on or before November 15 until November 15,
13 2011, the Board shall certify to the Governor the amount of the
14 required State contribution for the coming fiscal year. The
15 certification under this subsection (a-1) shall include a copy
16 of the actuarial recommendations upon which it is based and
17 shall specifically identify the System's projected State
18 normal cost for that fiscal year.

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

25 On or before July 1, 2005, the Board shall recalculate and
26 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 any deviations from
26 the State Actuary's recommended changes, the reason or reasons

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

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

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

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this subsection, the

1 difference shall be paid from the Common School Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

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

7 (b-3) For State fiscal years 2012 through 2045, the minimum
8 contribution to the System to be made by the State for each
9 fiscal year shall be an amount determined by the System to be
10 sufficient to bring the total assets of the System up to 100%
11 ~~90%~~ of the total actuarial liabilities of the System by the end
12 of State fiscal year 2045. In making these determinations, the
13 required State contribution shall be calculated each year as a
14 level percentage of payroll over the years remaining to and
15 including fiscal year 2045 and shall be determined under the
16 projected unit credit actuarial cost method.

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

1 and subsection (a), and notwithstanding any contrary
2 certification made under subsection (a-1) before the effective
3 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
4 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
5 2003; and 13.56% in FY 2004.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2006 is
8 \$534,627,700.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2007 is
11 \$738,014,500.

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

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

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

17 Beginning in State fiscal year 2046, the minimum State
18 contribution for each fiscal year shall be the amount needed to
19 maintain the total assets of the System at 100% ~~90%~~ of the
20 total actuarial liabilities of the System.

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

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 100% ~~90%~~. A reference in this Article
4 to the "required State contribution" or any substantially
5 similar term does not include or apply to any amounts payable
6 to the System under Section 25 of the Budget Stabilization Act.

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

1 total debt service payments for fiscal year 2007 on the bonds
2 issued in fiscal year 2003 for the purposes of Section 7.2 of
3 the General Obligation Bond Act, so that, by State fiscal year
4 2011, the State is contributing at the rate otherwise required
5 under this Section.

6 (c) Payment of the required State contributions and of all
7 pensions, retirement annuities, death benefits, refunds, and
8 other benefits granted under or assumed by this System, and all
9 expenses in connection with the administration and operation
10 thereof, are obligations of the State.

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

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

1 System.

2 However, with respect to benefits granted under Section
3 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
4 of Section 16-106, the employer's contribution shall be 12%
5 (rather than 20%) of the member's highest annual salary rate
6 for each year of creditable service granted, and the employer
7 shall also pay the required employee contribution on behalf of
8 the teacher. For the purposes of Sections 16-133.4 and
9 16-133.5, a teacher as defined in paragraph (8) of Section
10 16-106 who is serving in that capacity while on leave of
11 absence from another employer under this Article shall not be
12 considered an employee of the employer from which the teacher
13 is on leave.

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

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

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

23 The school district or other employing unit may pay these
24 employer contributions out of any source of funding available
25 for that purpose and shall forward the contributions to the
26 System on the schedule established for the payment of member

1 contributions.

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

5 Each employer of teachers is entitled to a credit against
6 the contributions required under this subsection (e) with
7 respect to salaries paid to teachers for the period January 1,
8 2002 through June 30, 2003, equal to the amount paid by that
9 employer under subsection (a-5) of Section 6.6 of the State
10 Employees Group Insurance Act of 1971 with respect to salaries
11 paid to teachers for that period.

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

17 If an employer is required by a contract in effect on May
18 1, 1998 between the employer and an employee organization to
19 pay, on behalf of all its full-time employees covered by this
20 Article, all mandatory employee contributions required under
21 this Article, then the employer shall be excused from paying
22 the employer contribution required under this subsection (e)
23 for the balance of the term of that contract. The employer and
24 the employee organization shall jointly certify to the System
25 the existence of the contractual requirement, in such form as
26 the System may prescribe. This exclusion shall cease upon the

1 termination, extension, or renewal of the contract at any time
2 after May 1, 1998.

3 (f) If the amount of a teacher's salary for any school year
4 used to determine final average salary exceeds the member's
5 annual full-time salary rate with the same employer for the
6 previous school year by more than 6%, the teacher's employer
7 shall pay to the System, in addition to all other payments
8 required under this Section and in accordance with guidelines
9 established by the System, the present value of the increase in
10 benefits resulting from the portion of the increase in salary
11 that is in excess of 6%. This present value shall be computed
12 by the System on the basis of the actuarial assumptions and
13 tables used in the most recent actuarial valuation of the
14 System that is available at the time of the computation. If a
15 teacher's salary for the 2005-2006 school year is used to
16 determine final average salary under this subsection (f), then
17 the changes made to this subsection (f) by Public Act 94-1057
18 shall apply in calculating whether the increase in his or her
19 salary is in excess of 6%. For the purposes of this Section,
20 change in employment under Section 10-21.12 of the School Code
21 on or after June 1, 2005 shall constitute a change in employer.
22 The System may require the employer to provide any pertinent
23 information or documentation. The changes made to this
24 subsection (f) by this amendatory Act of the 94th General
25 Assembly apply without regard to whether the teacher was in
26 service on or after its effective date.

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

16 The employer contributions required under this subsection
17 (f) may be paid in the form of a lump sum within 90 days after
18 receipt of the bill. If the employer contributions are not paid
19 within 90 days after receipt of the bill, then interest will be
20 charged at a rate equal to the System's annual actuarially
21 assumed rate of return on investment compounded annually from
22 the 91st day after receipt of the bill. Payments must be
23 concluded within 3 years after the employer's receipt of the
24 bill.

25 (g) This subsection (g) applies only to payments made or
26 salary increases given on or after June 1, 2005 but before July

1 1, 2011. The changes made by Public Act 94-1057 shall not
2 require the System to refund any payments received before July
3 31, 2006 (the effective date of Public Act 94-1057).

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

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

12 When assessing payment for any amount due under subsection
13 (f), the System shall exclude salary increases resulting from
14 overload work, including summer school, when the school
15 district has certified to the System, and the System has
16 approved the certification, that (i) the overload work is for
17 the sole purpose of classroom instruction in excess of the
18 standard number of classes for a full-time teacher in a school
19 district during a school year and (ii) the salary increases are
20 equal to or less than the rate of pay for classroom instruction
21 computed on the teacher's current salary and work schedule.

22 When assessing payment for any amount due under subsection
23 (f), the System shall exclude a salary increase resulting from
24 a promotion (i) for which the employee is required to hold a
25 certificate or supervisory endorsement issued by the State
26 Teacher Certification Board that is a different certification

1 or supervisory endorsement than is required for the teacher's
2 previous position and (ii) to a position that has existed and
3 been filled by a member for no less than one complete academic
4 year and the salary increase from the promotion is an increase
5 that results in an amount no greater than the lesser of the
6 average salary paid for other similar positions in the district
7 requiring the same certification or the amount stipulated in
8 the collective bargaining agreement for a similar position
9 requiring the same certification.

10 When assessing payment for any amount due under subsection
11 (f), the System shall exclude any payment to the teacher from
12 the State of Illinois or the State Board of Education over
13 which the employer does not have discretion, notwithstanding
14 that the payment is included in the computation of final
15 average salary.

16 (h) When assessing payment for any amount due under
17 subsection (f), the System shall exclude any salary increase
18 described in subsection (g) of this Section given on or after
19 July 1, 2011 but before July 1, 2014 under a contract or
20 collective bargaining agreement entered into, amended, or
21 renewed on or after June 1, 2005 but before July 1, 2011.
22 Notwithstanding any other provision of this Section, any
23 payments made or salary increases given after June 30, 2014
24 shall be used in assessing payment for any amount due under
25 subsection (f) of this Section.

26 (i) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by
2 January 1, 2007 that contains all of the following information:

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

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

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

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

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

19 As of June 30, 2008, the actuarial value of the System's
20 assets shall be equal to the market value of the assets as of
21 that date. In determining the actuarial value of the System's
22 assets for fiscal years after June 30, 2008, any actuarial
23 gains or losses from investment return incurred in a fiscal
24 year shall be recognized in equal annual amounts over the
25 5-year period following that fiscal year.

26 (k) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial
2 value of assets shall be assumed to earn a rate of return equal
3 to the system's actuarially assumed rate of return.

4 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
5 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
6 6-18-12; 97-813, eff. 7-13-12.)

7 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

8 Sec. 18-131. Financing; employer contributions.

9 (a) The State of Illinois shall make contributions to this
10 System by appropriations of the amounts which, together with
11 the contributions of participants, net earnings on
12 investments, and other income, will meet the costs of
13 maintaining and administering this System on a 100% ~~90%~~ funded
14 basis in accordance with actuarial recommendations.

15 (b) The Board shall determine the amount of State
16 contributions required for each fiscal year on the basis of the
17 actuarial tables and other assumptions adopted by the Board and
18 the prescribed rate of interest, using the formula in
19 subsection (c).

20 (c) For State fiscal years 2012 through 2045, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 sufficient to bring the total assets of the System up to 100%
24 ~~90%~~ of the total actuarial liabilities of the System by the end
25 of State fiscal year 2045. In making these determinations, the

1 required State contribution shall be calculated each year as a
2 level percentage of payroll over the years remaining to and
3 including fiscal year 2045 and shall be determined under the
4 projected unit credit actuarial cost method.

5 For State fiscal years 1996 through 2005, the State
6 contribution to the System, as a percentage of the applicable
7 employee payroll, shall be increased in equal annual increments
8 so that by State fiscal year 2011, the State is contributing at
9 the rate required under this Section.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$29,189,400.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$35,236,800.

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$78,832,000 and shall be made from the proceeds of bonds sold
25 in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

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

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2011 is
8 the amount recertified by the System on or before April 1, 2011
9 pursuant to Section 18-140 and shall be made from the proceeds
10 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
11 the General Obligation Bond Act, less (i) the pro rata share of
12 bond sale expenses determined by the System's share of total
13 bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2011, and (iii) any reduction in
15 bond proceeds due to the issuance of discounted bonds, if
16 applicable.

17 Beginning in State fiscal year 2046, the minimum State
18 contribution for each fiscal year shall be the amount needed to
19 maintain the total assets of the System at 100% ~~90%~~ of the
20 total actuarial liabilities of the System.

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

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 100% ~~90%~~. A reference in this Article
4 to the "required State contribution" or any substantially
5 similar term does not include or apply to any amounts payable
6 to the System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter, as calculated
10 under this Section and certified under Section 18-140, shall
11 not exceed an amount equal to (i) the amount of the required
12 State contribution that would have been calculated under this
13 Section for that fiscal year if the System had not received any
14 payments under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act, minus (ii) the portion of the State's
16 total debt service payments for that fiscal year on the bonds
17 issued in fiscal year 2003 for the purposes of that Section
18 7.2, as determined and certified by the Comptroller, that is
19 the same as the System's portion of the total moneys
20 distributed under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act. In determining this maximum for State
22 fiscal years 2008 through 2010, however, the amount referred to
23 in item (i) shall be increased, as a percentage of the
24 applicable employee payroll, in equal increments calculated
25 from the sum of the required State contribution for State
26 fiscal year 2007 plus the applicable portion of the State's

1 total debt service payments for fiscal year 2007 on the bonds
2 issued in fiscal year 2003 for the purposes of Section 7.2 of
3 the General Obligation Bond Act, so that, by State fiscal year
4 2011, the State is contributing at the rate otherwise required
5 under this Section.

6 (d) For purposes of determining the required State
7 contribution to the System, the value of the System's assets
8 shall be equal to the actuarial value of the System's assets,
9 which shall be calculated as follows:

10 As of June 30, 2008, the actuarial value of the System's
11 assets shall be equal to the market value of the assets as of
12 that date. In determining the actuarial value of the System's
13 assets for fiscal years after June 30, 2008, any actuarial
14 gains or losses from investment return incurred in a fiscal
15 year shall be recognized in equal annual amounts over the
16 5-year period following that fiscal year.

17 (e) For purposes of determining the required State
18 contribution to the system for a particular year, the actuarial
19 value of assets shall be assumed to earn a rate of return equal
20 to the system's actuarially assumed rate of return.

21 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
22 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
23 7-13-12.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.