



## 98TH GENERAL ASSEMBLY

### State of Illinois

#### 2013 and 2014

##### HB1277

by Rep. Darlene J. Senger

#### SYNOPSIS AS INTRODUCED:

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. In the current funding provisions of the 5 State-funded retirement systems, changes the actuarial cost method from "projected unit credit" to "entry age normal". Effective immediately.

LRB098 07116 EFG 37177 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 2-124, 14-131, 15-155, 16-158, and 18-131 as follows:

6 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

7 Sec. 2-124. Contributions by State.

8 (a) The State shall make contributions to the System by  
9 appropriations of amounts which, together with the  
10 contributions of participants, interest earned on investments,  
11 and other income will meet the cost of maintaining and  
12 administering the System on a 90% funded basis in accordance  
13 with actuarial recommendations.

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

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

1 State fiscal year 2045. In making these determinations, the  
2 required State contribution shall be calculated each year as a  
3 level percentage of payroll over the years remaining to and  
4 including fiscal year 2045 and shall be determined under the  
5 entry age normal ~~projected unit credit~~ actuarial cost method.

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

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2006 is  
13 \$4,157,000.

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2007 is  
16 \$5,220,300.

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

23 Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2010 is  
25 \$10,454,000 and shall be made from the proceeds of bonds sold  
26 in fiscal year 2010 pursuant to Section 7.2 of the General

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

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

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

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

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

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

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

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

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

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

22 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
23 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
24 7-13-12.)

1           Sec. 14-131. Contributions by State.

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

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

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

18          The Board shall also determine a State contribution rate  
19          for each fiscal year, expressed as a percentage of payroll,  
20          based on the total required State contribution for that fiscal  
21          year (less the amount received by the System from  
22          appropriations under Section 8.12 of the State Finance Act and  
23          Section 1 of the State Pension Funds Continuing Appropriation  
24          Act, if any, for the fiscal year ending on the June 30  
25          immediately preceding the applicable November 15 certification  
26          deadline), the estimated payroll (including all forms of

1 compensation) for personal services rendered by eligible  
2 employees, and the recommendations of the actuary.

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

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

24 (c-1) Notwithstanding subsection (c) of this Section, for  
25 fiscal years 2010, 2012, and 2013 only, contributions by the  
26 several departments are not required to be made for General



1 Revenue Funds payrolls processed by the Comptroller. Payrolls  
2 paid by the several departments from all other State funds must  
3 continue to be processed pursuant to subsection (c) of this  
4 Section.

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

12 (d) If an employee is paid from trust funds or federal  
13 funds, the department or other employer shall pay employer  
14 contributions from those funds to the System at the certified  
15 rate, unless the terms of the trust or the federal-State  
16 agreement preclude the use of the funds for that purpose, in  
17 which case the required employer contributions shall be paid by  
18 the State. From the effective date of this amendatory Act of  
19 the 93rd General Assembly through the payment of the final  
20 payroll from fiscal year 2004 appropriations, the department or  
21 other employer shall not pay contributions for the remainder of  
22 fiscal year 2004 but shall instead make payments as required  
23 under subsection (a-1) of Section 14.1 of the State Finance  
24 Act. The department or other employer shall resume payment of  
25 contributions at the commencement of fiscal year 2005.

26 (e) For State fiscal years 2012 through 2045, the minimum

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

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

1 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
2 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

25 Notwithstanding any other provision of this Article, the  
26 total required State General Revenue Fund contribution for

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

10 Beginning in State fiscal year 2046, the minimum State  
11 contribution for each fiscal year shall be the amount needed to  
12 maintain the total assets of the System at 90% of the total  
13 actuarial liabilities of the System.

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

26 Notwithstanding any other provision of this Section, the

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

25 (f) After the submission of all payments for eligible  
26 employees from personal services line items in fiscal year 2004

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

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

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

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

12           (i) 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 2010 have been made, the  
15 Comptroller shall provide to the System a certification of the  
16 sum of all fiscal year 2010 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 2010 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 2010 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 2010 Shortfall" for purposes of this  
2       Section, and the Fiscal Year 2010 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 2010  
6       Overpayment" for purposes of this Section, and the Fiscal Year  
7       2010 Overpayment shall be repaid by the System to the General  
8       Revenue Fund as soon as practicable after the certification.

9       (j) After the submission of all payments for eligible  
10       employees from personal services line items paid from the  
11       General Revenue Fund in fiscal year 2011 have been made, the  
12       Comptroller shall provide to the System a certification of the  
13       sum of all fiscal year 2011 expenditures for personal services  
14       that would have been covered by payments to the System under  
15       this Section if the provisions of this amendatory Act of the  
16       96th General Assembly had not been enacted. Upon receipt of the  
17       certification, the System shall determine the amount due to the  
18       System based on the full rate certified by the Board under  
19       Section 14-135.08 for fiscal year 2011 in order to meet the  
20       State's obligation under this Section. The System shall compare  
21       this amount due to the amount received by the System in fiscal  
22       year 2011 through payments under this Section. If the amount  
23       due is more than the amount received, the difference shall be  
24       termed the "Fiscal Year 2011 Shortfall" for purposes of this  
25       Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
26       under Section 1.2 of the State Pension Funds Continuing



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

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

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

5 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)  
6 Sec. 15-155. Employer contributions.

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

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

19 (a-1) For State fiscal years 2012 through 2045, the minimum  
20 contribution to the System to be made by the State for each  
21 fiscal year shall be an amount determined by the System to be  
22 sufficient to bring the total assets of the System up to 90% of  
23 the total actuarial liabilities of the System by the end of  
24 State fiscal year 2045. In making these determinations, the  
25 required State contribution shall be calculated each year as a

1 level percentage of payroll over the years remaining to and  
2 including fiscal year 2045 and shall be determined under the  
3 entry age normal ~~projected unit credit~~ actuarial cost method.

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

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution for State fiscal year 2006 is  
11 \$166,641,900.

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution for State fiscal year 2007 is  
14 \$252,064,100.

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 contribution for State fiscal year 2010 is  
23 \$702,514,000 and shall be made from the State Pensions Fund and  
24 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
25 7.2 of the General Obligation Bond Act, less (i) the pro rata  
26 share of bond sale expenses determined by the System's share of

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

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

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

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

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

6 Notwithstanding any other provision of this Section, the  
7 required State contribution for State fiscal year 2005 and for  
8 fiscal year 2008 and each fiscal year thereafter, as calculated  
9 under this Section and certified under Section 15-165, shall  
10 not exceed an amount equal to (i) the amount of the required  
11 State contribution that would have been calculated under this  
12 Section for that fiscal year if the System had not received any  
13 payments under subsection (d) of Section 7.2 of the General  
14 Obligation Bond Act, minus (ii) the portion of the State's  
15 total debt service payments for that fiscal year on the bonds  
16 issued in fiscal year 2003 for the purposes of that Section  
17 7.2, as determined and certified by the Comptroller, that is  
18 the same as the System's portion of the total moneys  
19 distributed under subsection (d) of Section 7.2 of the General  
20 Obligation Bond Act. In determining this maximum for State  
21 fiscal years 2008 through 2010, however, the amount referred to  
22 in item (i) shall be increased, as a percentage of the  
23 applicable employee payroll, in equal increments calculated  
24 from the sum of the required State contribution for State  
25 fiscal year 2007 plus the applicable portion of the State's  
26 total debt service payments for fiscal year 2007 on the bonds

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

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

20 (b-1) The City of Urbana and the City of Champaign shall  
21 each make employer contributions to this System for their  
22 respective firefighter employees who participate in this  
23 System pursuant to subsection (h) of Section 15-107. The rate  
24 of contributions to be made by those municipalities shall be  
25 determined annually by the Board on the basis of the actuarial  
26 assumptions adopted by the Board and the recommendations of the

1     actuary, and shall be expressed as a percentage of salary for  
2     each such employee. The Board shall certify the rate to the  
3     affected municipalities as soon as may be practical. The  
4     employer contributions required under this subsection shall be  
5     remitted by the municipality to the System at the same time and  
6     in the same manner as employee contributions.

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

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

23           (e) The State Comptroller shall draw warrants payable to  
24    the System upon proper certification by the System or by the  
25    employer in accordance with the appropriation laws and this  
26    Code.

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

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

25           Whenever it determines that a payment is or may be required  
26 under this subsection (g), the System shall calculate the



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

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

23 (h) This subsection (h) applies only to payments made or  
24 salary increases given on or after June 1, 2005 but before July  
25 1, 2011. The changes made by Public Act 94-1057 shall not  
26 require the System to refund any payments received before July

1 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

25 When assessing payment for any amount due under subsection  
26 (g), the System shall exclude any earnings increase resulting

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

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

23 (j) The System shall prepare a report and file copies of  
24 the report with the Governor and the General Assembly by  
25 January 1, 2007 that contains all of the following information:

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for each  
2 employer.

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

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

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

12 (k) The Illinois Community College Board shall adopt rules  
13 for recommending lists of promotional positions submitted to  
14 the Board by community colleges and for reviewing the  
15 promotional lists on an annual basis. When recommending  
16 promotional lists, the Board shall consider the similarity of  
17 the positions submitted to those positions recognized for State  
18 universities by the State Universities Civil Service System.  
19 The Illinois Community College Board shall file a copy of its  
20 findings with the System. The System shall consider the  
21 findings of the Illinois Community College Board when making  
22 determinations under this Section. The System shall not exclude  
23 any earnings increases resulting from a promotion when the  
24 promotion was not submitted by a community college. Nothing in  
25 this subsection (k) shall require any community college to  
26 submit any information to the Community College Board.

1           (1) For purposes of determining the required State  
2 contribution to the System, the value of the System's assets  
3 shall be equal to the actuarial value of the System's assets,  
4 which shall be calculated as follows:

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

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

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

19           (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

20           Sec. 16-158. Contributions by State and other employing  
21 units.

22           (a) The State shall make contributions to the System by  
23 means of appropriations from the Common School Fund and other  
24 State funds of amounts which, together with other employer  
25 contributions, employee contributions, investment income, and

1 other income, will be sufficient to meet the cost of  
2 maintaining and administering the System on a 90% funded basis  
3 in accordance with actuarial recommendations.

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

9 (a-1) Annually, on or before November 15 until November 15,  
10 2011, the Board shall certify to the Governor the amount of the  
11 required State contribution for the coming fiscal year. The  
12 certification under this subsection (a-1) shall include a copy  
13 of the actuarial recommendations upon which it is based and  
14 shall specifically identify the System's projected State  
15 normal cost for that fiscal year.

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

22 On or before July 1, 2005, the Board shall recalculate and  
23 recertify to the Governor the amount of the required State  
24 contribution to the System for State fiscal year 2006, taking  
25 into account the changes in required State contributions made  
26 by this amendatory Act of the 94th General Assembly.

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

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

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

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

18 If in any month the amount remaining unexpended from all  
19 other appropriations to the System for the applicable fiscal  
20 year (including the appropriations to the System under Section  
21 8.12 of the State Finance Act and Section 1 of the State  
22 Pension Funds Continuing Appropriation Act) is less than the  
23 amount lawfully vouchered under this subsection, the  
24 difference shall be paid from the Common School Fund under the  
25 continuing appropriation authority provided in Section 1.1 of  
26 the State Pension Funds Continuing Appropriation Act.



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

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

14 For State fiscal years 1996 through 2005, the State  
15 contribution to the System, as a percentage of the applicable  
16 employee payroll, shall be increased in equal annual increments  
17 so that by State fiscal year 2011, the State is contributing at  
18 the rate required under this Section; except that in the  
19 following specified State fiscal years, the State contribution  
20 to the System shall not be less than the following indicated  
21 percentages of the applicable employee payroll, even if the  
22 indicated percentage will produce a State contribution in  
23 excess of the amount otherwise required under this subsection  
24 and subsection (a), and notwithstanding any contrary  
25 certification made under subsection (a-1) before the effective  
26 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%

1 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
2 2003; and 13.56% in FY 2004.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2006 is  
5 \$534,627,700.

6 Notwithstanding any other provision of this Article, the  
7 total required State contribution for State fiscal year 2007 is  
8 \$738,014,500.

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

15 Notwithstanding any other provision of this Article, the  
16 total required State contribution for State fiscal year 2010 is  
17 \$2,089,268,000 and shall be made from the proceeds of bonds  
18 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
19 Obligation Bond Act, less (i) the pro rata share of bond sale  
20 expenses determined by the System's share of total bond  
21 proceeds, (ii) any amounts received from the Common School Fund  
22 in fiscal year 2010, and (iii) any reduction in bond proceeds  
23 due to the issuance of discounted bonds, if applicable.

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2011 is  
26 the amount recertified by the System on or before April 1, 2011

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

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

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

1 the "required State contribution" or any substantially similar  
2 term does not include or apply to any amounts payable to the  
3 System under Section 25 of the Budget Stabilization Act.

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

1 2011, the State is contributing at the rate otherwise required  
2 under this Section.

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

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

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

25 However, with respect to benefits granted under Section  
26 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)

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

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

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

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

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

25 These employer contributions are intended to offset a  
26 portion of the cost to the System of the increases in

1 retirement benefits resulting from this amendatory Act of 1998.

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

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

14 If an employer is required by a contract in effect on May  
15 1, 1998 between the employer and an employee organization to  
16 pay, on behalf of all its full-time employees covered by this  
17 Article, all mandatory employee contributions required under  
18 this Article, then the employer shall be excused from paying  
19 the employer contribution required under this subsection (e)  
20 for the balance of the term of that contract. The employer and  
21 the employee organization shall jointly certify to the System  
22 the existence of the contractual requirement, in such form as  
23 the System may prescribe. This exclusion shall cease upon the  
24 termination, extension, or renewal of the contract at any time  
25 after May 1, 1998.

26 (f) If the amount of a teacher's salary for any school year

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

24 Whenever it determines that a payment is or may be required  
25 under this subsection, the System shall calculate the amount of  
26 the payment and bill the employer for that amount. The bill



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

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

22       (g) This subsection (g) applies only to payments made or  
23 salary increases given on or after June 1, 2005 but before July  
24 1, 2011. The changes made by Public Act 94-1057 shall not  
25 require the System to refund any payments received before July  
26 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

19           When assessing payment for any amount due under subsection  
20 (f), the System shall exclude a salary increase resulting from  
21 a promotion (i) for which the employee is required to hold a  
22 certificate or supervisory endorsement issued by the State  
23 Teacher Certification Board that is a different certification  
24 or supervisory endorsement than is required for the teacher's  
25 previous position and (ii) to a position that has existed and  
26 been filled by a member for no less than one complete academic

1 year and the salary increase from the promotion is an increase  
2 that results in an amount no greater than the lesser of the  
3 average salary paid for other similar positions in the district  
4 requiring the same certification or the amount stipulated in  
5 the collective bargaining agreement for a similar position  
6 requiring the same certification.

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

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

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

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for each  
2 employer.

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

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

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

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

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

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

1 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
2 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
3 6-18-12; 97-813, eff. 7-13-12.)

4 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

17 (c) For State fiscal years 2012 through 2045, the minimum  
18 contribution to the System to be made by the State for each  
19 fiscal year shall be an amount determined by the System to be  
20 sufficient to bring the total assets of the System up to 90% of  
21 the total actuarial liabilities of the System by the end of  
22 State fiscal year 2045. In making these determinations, the  
23 required State contribution shall be calculated each year as a  
24 level percentage of payroll over the years remaining to and  
25 including fiscal year 2045 and shall be determined under the

1 entry age normal ~~projected unit credit~~ actuarial cost method.

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

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2006 is  
9 \$29,189,400.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2007 is  
12 \$35,236,800.

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

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2010 is  
21 \$78,832,000 and shall be made from the proceeds of bonds sold  
22 in fiscal year 2010 pursuant to Section 7.2 of the General  
23 Obligation Bond Act, less (i) the pro rata share of bond sale  
24 expenses determined by the System's share of total bond  
25 proceeds, (ii) any amounts received from the General Revenue  
26 Fund in fiscal year 2010, and (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if  
2 applicable.

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

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

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

1 the "required State contribution" or any substantially similar  
2 term does not include or apply to any amounts payable to the  
3 System under Section 25 of the Budget Stabilization Act.

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



1 2011, the State is contributing at the rate otherwise required  
2 under this Section.

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

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

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

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

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law.