

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.