

# HB3711



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB3711

by Rep. Barbara Flynn Currie

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-129

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

Amends the Chicago Public Schools Article of the Pension Code. Provides that the total cost of pension benefits accrued by July 1, 2013 shall be used as the base number to determine the funds to be added by the State to the pension fund for fiscal years 2014 through 2059. Provides for additional funding to be provided by the State to the pension fund based on the total cost of pension benefits accrued by July 1, 2013.

LRB098 14224 JWD 48824 b

PENSION IMPACT  
NOTE ACT MAY  
APPLY

A BILL FOR

1 AN ACT concerning pensions.

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

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

6 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

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

8 (a) If in any fiscal year of the Board of Education ending  
9 prior to 1997 the total amounts paid to the Fund from the Board  
10 of Education (other than under this subsection, and other than  
11 amounts used for making or "picking up" contributions on behalf  
12 of teachers) and from the State do not equal the total  
13 contributions made by or on behalf of the teachers for such  
14 year, or if the total income of the Fund in any such fiscal  
15 year of the Board of Education from all sources is less than  
16 the total such expenditures by the Fund for such year, the  
17 Board of Education shall, in the next succeeding year, in  
18 addition to any other payment to the Fund set apart and  
19 appropriate from moneys from its tax levy for educational  
20 purposes, a sum sufficient to remove such deficiency or  
21 deficiencies, and promptly pay such sum into the Fund in order  
22 to restore any of the reserves of the Fund that may have been  
23 so temporarily applied. Any amounts received by the Fund after

1 December 4, 1997 from State appropriations, including under  
2 Section 17-127, shall be a credit against and shall fully  
3 satisfy any obligation that may have arisen, or be claimed to  
4 have arisen, under this subsection (a) as a result of any  
5 deficiency or deficiencies in the fiscal year of the Board of  
6 Education ending in calendar year 1997.

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

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

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

18 (iv) For fiscal years 2014 through 2059, or until the State  
19 has amortized 100% of the total costs of benefits accrued by  
20 July 1, 2013, whichever is earlier, the minimum contribution to  
21 the Fund to be made by the State ~~Board of Education~~ in each  
22 fiscal year shall be an amount determined by the Fund to be  
23 sufficient to amortize, by the end of fiscal year 2059, the  
24 total cost of the benefits of the Fund arising before July 1,  
25 2013 ~~bring the total assets of the Fund up to 90% of the total~~  
26 ~~actuarial liabilities of the Fund by the end of fiscal year~~

1 ~~2059~~. In making these determinations, the required State Board  
2 ~~of Education~~ contribution shall be calculated each year as a  
3 level percentage of the applicable employee payrolls over the  
4 years remaining to and including fiscal year 2059 and shall be  
5 determined under the projected unit credit actuarial cost  
6 method.

7 In addition, beginning with State fiscal year 2014, the  
8 State shall also contribute annually a percentage of projected  
9 payroll, that shall be sufficient to produce an annual amount  
10 equal to the employer's normal cost for that fiscal year and  
11 any unfunded accrued liability assigned to the State for that  
12 year arising from benefits accrued after July 1, 2013.

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

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

23 (vii) Any contribution by the State to or for the benefit  
24 of the Fund, including, without limitation, as referred to  
25 under Section 17-127, shall be a credit against any  
26 contribution required to be made by the Board of Education

1 under this subsection (b).

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

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