



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB0134

by Rep. André M. Thapedi

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160	
40 ILCS 5/1-163 new	
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
30 ILCS 805/8.39 new	

Amends the Illinois Pension Code. Creates a Tier III benefit package applicable to persons who first begin participating in one of the State-funded retirement systems on or after July 1, 2015. Provides for retirement benefits and certain employee contribution changes that supersede the corresponding provisions of the applicable retirement system. Provides that those retirement benefits may be annually increased or decreased in response to the retirement system's investment earnings. Changes the amount of the required State contributions and, in the State Universities and Downstate Teacher Articles, requires the actual employers to make contributions to amortize any unfunded liabilities arising out of their employees who are Tier III participants. Provides that, when the State's total debt service obligation for certain pension bonds has ended, any funds remaining available for the payment of that debt service shall be distributed to the 5 State-funded retirement systems, to be used to reduce their unfunded actuarial liabilities. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB099 03486 RPS 23494 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 1. Legislative findings. The General Assembly
5 hereby finds that:

6 (1) the last two decades of the Twentieth Century saw
7 simultaneously robust growth in bond and stock markets,
8 which boosted funding for promised benefits;

9 (2) there was a tendency, as a result, to spend that
10 newfound wealth by granting higher benefits or by providing
11 employers substantial contribution reductions;

12 (3) benefit levels were raised to what now appear to be
13 unsustainable levels, given prevailing financial
14 constraints;

15 (4) current required contributions are higher than the
16 State budget can tolerate during current severe economic
17 distress, and near-term reductions will not reduce
18 ultimate costs, but distribute them differently, creating
19 an intergenerational debt transfer;

20 (5) financial markets will offer fewer and
21 lower-returning investment opportunities; and

22 (6) many funds and plan sponsors are interested in less
23 volatility after the experiences of the past decade.

1 Section 5. The Illinois Pension Code is amended by changing
2 Sections 1-160, 2-124, 14-131, 15-155, 16-158, and 18-131 and
3 by adding Section 1-163 as follows:

4 (40 ILCS 5/1-160)

5 Sec. 1-160. Tier II provisions ~~Provisions~~ applicable to new
6 hires.

7 (a) The provisions of this Section apply to a person who,
8 on or after January 1, 2011, first becomes a member or a
9 participant under any reciprocal retirement system or pension
10 fund established under this Code, other than a retirement
11 system or pension fund established under Article 2, 3, 4, 5, 6,
12 15 or 18 of this Code, notwithstanding any other provision of
13 this Code to the contrary, but do not apply (i) to any
14 self-managed plan established under this Code, (ii) to any
15 person with respect to service as a sheriff's law enforcement
16 employee under Article 7, (iii) to any person with respect to
17 service for which the person is subject to the Tier III benefit
18 package established under Section 1-163, or (iv) to any
19 participant of the retirement plan established under Section
20 22-101. Notwithstanding anything to the contrary in this
21 Section, for purposes of this Section, a person who
22 participated in a retirement system under Article 15 prior to
23 January 1, 2011 shall be deemed a person who first became a
24 member or participant prior to January 1, 2011 under any
25 retirement system or pension fund subject to this Section. The

1 changes made to this Section by Public Act 98-596 are a
2 clarification of existing law and are intended to be
3 retroactive to the effective date of Public Act 96-889,
4 notwithstanding the provisions of Section 1-103.1 of this Code.

5 (b) "Final average salary" means the average monthly (or
6 annual) salary obtained by dividing the total salary or
7 earnings calculated under the Article applicable to the member
8 or participant during the 96 consecutive months (or 8
9 consecutive years) of service within the last 120 months (or 10
10 years) of service in which the total salary or earnings
11 calculated under the applicable Article was the highest by the
12 number of months (or years) of service in that period. For the
13 purposes of a person who first becomes a member or participant
14 of any retirement system or pension fund to which this Section
15 applies on or after January 1, 2011, in this Code, "final
16 average salary" shall be substituted for the following:

17 (1) In Article 7 (except for service as sheriff's law
18 enforcement employees), "final rate of earnings".

19 (2) In Articles 8, 9, 10, 11, and 12, "highest average
20 annual salary for any 4 consecutive years within the last
21 10 years of service immediately preceding the date of
22 withdrawal".

23 (3) In Article 13, "average final salary".

24 (4) In Article 14, "final average compensation".

25 (5) In Article 17, "average salary".

26 (6) In Section 22-207, "wages or salary received by him

1 at the date of retirement or discharge".

2 (b-5) Beginning on January 1, 2011, for all purposes under
3 this Code (including without limitation the calculation of
4 benefits and employee contributions), the annual earnings,
5 salary, or wages (based on the plan year) of a member or
6 participant to whom this Section applies shall not exceed
7 \$106,800; however, that amount shall annually thereafter be
8 increased by the lesser of (i) 3% of that amount, including all
9 previous adjustments, or (ii) one-half the annual unadjusted
10 percentage increase (but not less than zero) in the consumer
11 price index-u for the 12 months ending with the September
12 preceding each November 1, including all previous adjustments.

13 For the purposes of this Section, "consumer price index-u"
14 means the index published by the Bureau of Labor Statistics of
15 the United States Department of Labor that measures the average
16 change in prices of goods and services purchased by all urban
17 consumers, United States city average, all items, 1982-84 =
18 100. The new amount resulting from each annual adjustment shall
19 be determined by the Public Pension Division of the Department
20 of Insurance and made available to the boards of the retirement
21 systems and pension funds by November 1 of each year.

22 (c) A member or participant is entitled to a retirement
23 annuity upon written application if he or she has attained age
24 67 (beginning January 1, 2015, age 65 with respect to service
25 under Article 8, 11, or 12 of this Code that is subject to this
26 Section) and has at least 10 years of service credit and is

1 otherwise eligible under the requirements of the applicable
2 Article.

3 A member or participant who has attained age 62 (beginning
4 January 1, 2015, age 60 with respect to service under Article
5 8, 11, or 12 of this Code that is subject to this Section) and
6 has at least 10 years of service credit and is otherwise
7 eligible under the requirements of the applicable Article may
8 elect to receive the lower retirement annuity provided in
9 subsection (d) of this Section.

10 (d) The retirement annuity of a member or participant who
11 is retiring after attaining age 62 (beginning January 1, 2015,
12 age 60 with respect to service under Article 8, 11, or 12 of
13 this Code that is subject to this Section) with at least 10
14 years of service credit shall be reduced by one-half of 1% for
15 each full month that the member's age is under age 67
16 (beginning January 1, 2015, age 65 with respect to service
17 under Article 8, 11, or 12 of this Code that is subject to this
18 Section).

19 (e) Any retirement annuity or supplemental annuity shall be
20 subject to annual increases on the January 1 occurring either
21 on or after the attainment of age 67 (beginning January 1,
22 2015, age 65 with respect to service under Article 8, 11, or 12
23 of this Code that is subject to this Section) or the first
24 anniversary (the second anniversary with respect to service
25 under Article 8 or 11) of the annuity start date, whichever is
26 later. Each annual increase shall be calculated at 3% or

1 one-half the annual unadjusted percentage increase (but not
2 less than zero) in the consumer price index-u for the 12 months
3 ending with the September preceding each November 1, whichever
4 is less, of the originally granted retirement annuity. If the
5 annual unadjusted percentage change in the consumer price
6 index-u for the 12 months ending with the September preceding
7 each November 1 is zero or there is a decrease, then the
8 annuity shall not be increased.

9 Notwithstanding any provision of this Section to the
10 contrary, with respect to service under Article 8 or 11 of this
11 Code that is subject to this Section, no annual increase under
12 this subsection shall be paid or accrue to any person in year
13 2025. In all other years, the Fund shall continue to pay annual
14 increases as provided in this Section.

15 Notwithstanding Section 1-103.1 of this Code, the changes
16 in this amendatory Act of the 98th General Assembly are
17 applicable without regard to whether the employee was in active
18 service on or after the effective date of this amendatory Act
19 of the 98th General Assembly.

20 (f) The initial survivor's or widow's annuity of an
21 otherwise eligible survivor or widow of a retired member or
22 participant who first became a member or participant on or
23 after January 1, 2011 shall be in the amount of 66 2/3% of the
24 retired member's or participant's retirement annuity at the
25 date of death. In the case of the death of a member or
26 participant who has not retired and who first became a member

1 or participant on or after January 1, 2011, eligibility for a
2 survivor's or widow's annuity shall be determined by the
3 applicable Article of this Code. The initial benefit shall be
4 $66\frac{2}{3}\%$ of the earned annuity without a reduction due to age. A
5 child's annuity of an otherwise eligible child shall be in the
6 amount prescribed under each Article if applicable. Any
7 survivor's or widow's annuity shall be increased (1) on each
8 January 1 occurring on or after the commencement of the annuity
9 if the deceased member died while receiving a retirement
10 annuity or (2) in other cases, on each January 1 occurring
11 after the first anniversary of the commencement of the annuity.
12 Each annual increase shall be calculated at 3% or one-half the
13 annual unadjusted percentage increase (but not less than zero)
14 in the consumer price index-u for the 12 months ending with the
15 September preceding each November 1, whichever is less, of the
16 originally granted survivor's annuity. If the annual
17 unadjusted percentage change in the consumer price index-u for
18 the 12 months ending with the September preceding each November
19 1 is zero or there is a decrease, then the annuity shall not be
20 increased.

21 (g) The benefits in Section 14-110 apply only if the person
22 is a State policeman, a fire fighter in the fire protection
23 service of a department, or a security employee of the
24 Department of Corrections or the Department of Juvenile
25 Justice, as those terms are defined in subsection (c) ~~(b)~~ of
26 Section 14-110. A person who meets the requirements of this

1 Section is entitled to an annuity calculated under the
2 provisions of Section 14-110, in lieu of the regular or minimum
3 retirement annuity, only if the person has withdrawn from
4 service with not less than 20 years of eligible creditable
5 service and has attained age 60, regardless of whether the
6 attainment of age 60 occurs while the person is still in
7 service.

8 (h) If a person who first becomes a member or a participant
9 of a retirement system or pension fund subject to this Section
10 on or after January 1, 2011 is receiving a retirement annuity
11 or retirement pension under that system or fund and becomes a
12 member or participant under any other system or fund created by
13 this Code and is employed on a full-time basis, except for
14 those members or participants exempted from the provisions of
15 this Section under subsection (a) of this Section, then the
16 person's retirement annuity or retirement pension under that
17 system or fund shall be suspended during that employment. Upon
18 termination of that employment, the person's retirement
19 annuity or retirement pension payments shall resume and be
20 recalculated if recalculation is provided for under the
21 applicable Article of this Code.

22 If a person who first becomes a member of a retirement
23 system or pension fund subject to this Section on or after
24 January 1, 2012 and is receiving a retirement annuity or
25 retirement pension under that system or fund ~~and~~ accepts on a
26 contractual basis a position to provide services to a

1 governmental entity from which he or she has retired, then that
2 person's annuity or retirement pension earned as an active
3 employee of the employer shall be suspended during that
4 contractual service. A person receiving an annuity or
5 retirement pension under this Code shall notify the pension
6 fund or retirement system from which he or she is receiving an
7 annuity or retirement pension, as well as his or her
8 contractual employer, of his or her retirement status before
9 accepting contractual employment. A person who fails to submit
10 such notification shall be guilty of a Class A misdemeanor and
11 required to pay a fine of \$1,000. Upon termination of that
12 contractual employment, the person's retirement annuity or
13 retirement pension payments shall resume and, if appropriate,
14 be recalculated under the applicable provisions of this Code.

15 (i) (Blank).

16 (j) In the case of a conflict between the provisions of
17 this Section and any other provision of this Code, the
18 provisions of this Section shall control.

19 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,
20 eff. 11-19-13; 98-622, eff. 6-1-14; 98-641, eff. 6-9-14.)

21 (40 ILCS 5/1-163 new)

22 Sec. 1-163. Tier III benefit package.

23 (a) This Section may be referred to as the "Tier III
24 benefit package", and a person subject to this Section may be
25 referred to as a "Tier III participant" of the applicable

1 retirement system.

2 This Section creates the Tier III benefit package,
3 consisting of retirement benefits (and certain employee
4 contribution changes) that supersede the corresponding
5 provisions of the applicable Article of this Code for Tier III
6 participants, including, without limitation, provisions
7 relating to minimum retirement annuity or automatic annual
8 increases in retirement annuity. The other provisions of the
9 applicable Article of this Code continue to apply to Tier III
10 participants and their survivors and beneficiaries, including,
11 without limitation, those relating to eligibility, survivor
12 benefits, and refunds; except that in the case of an
13 irreconcilable conflict between this Section and the
14 provisions of the applicable Article, the provisions of this
15 Section shall control.

16 (b) The provisions of this Section apply to a person who,
17 on or after July 1, 2015, first begins participating in a
18 retirement system established under Article 2, 14, 15, 16, or
19 18 of this Code, with respect to that person's participation in
20 the applicable retirement system.

21 (c) As used in this Section:

22 "Final average salary" means the average monthly (or
23 annual) salary obtained by dividing the participant's total
24 salary, compensation, or earnings as determined under the
25 applicable Article of this Code for the final 36 months of
26 service by the number of months (or years) of service in that

1 period.

2 "Interest at the experienced rate" means the interest rate
3 for all or any part of a fiscal year that is determined by the
4 board of the applicable retirement system to represent the
5 actual investment earnings of the system; or, if those actual
6 earnings are not yet known, then the projected rate of earnings
7 based on factors including the system's past and expected
8 investment experience, historical and expected fluctuations in
9 the market value of investments, the desirability of minimizing
10 volatility in the effective rate of interest from year to year,
11 and the provision of reserves for anticipated losses upon sale,
12 redemption, or other disposition of investments and for
13 variations in interest experience.

14 (d) In lieu of the retirement annuity otherwise provided
15 for under the applicable Article of this Code, a Tier III
16 participant, upon reaching eligibility for a retirement
17 annuity under the applicable Article, shall instead be entitled
18 to receive an initial retirement annuity determined as provided
19 in this Section, consisting of whichever of the following is
20 higher:

21 (1) The defined benefit calculation, which shall
22 consist of 1.6% of final average salary for each year of
23 service.

24 (2) The defined contribution calculation, which shall
25 consist of the annuity that can be provided on an
26 actuarially equivalent basis from the sum of (i) the

1 participant's contributions to the applicable retirement
2 system, plus (ii) the total of the State and actual
3 employer contributions to the applicable retirement system
4 with respect to the participant, plus (iii) interest at the
5 experienced rate on the amounts specified in items (i) and
6 (ii), calculated to the date of retirement.

7 (e) The retirement annuity shall be subject to annual
8 post-retirement adjustments on each January 1, in an amount
9 determined by the applicable retirement system, based solely on
10 the retirement system's investment return for the previous
11 fiscal year. If the experienced investment return exceeds the
12 assumed rate, the annuity may be increased, and if the
13 experienced investment return is less than the assumed rate,
14 the annuity may be decreased. The increase or decrease shall be
15 a percentage of the annuity amount then payable, and shall be a
16 uniform percentage for all Tier III participants receiving a
17 retirement annuity from the applicable retirement system on the
18 annual adjustment date. Any increase in annuity is a
19 non-guaranteed dividend and is not guaranteed to continue
20 beyond the next annual adjustment date.

21 (f) For a Tier III participant, the required employee
22 contributions otherwise specified in the applicable Article
23 shall be subject to annual adjustments on each January 1, in an
24 amount determined by the applicable retirement system, based
25 solely on the retirement system's investment return for the
26 previous fiscal year. If the experienced investment return

1 exceeds the assumed rate, the employee contribution rate may be
2 increased, and if the experienced investment return is less
3 than the assumed rate, the employee contribution rate may be
4 decreased. The increase or decrease shall be a percentage of
5 the participant's salary, compensation, or earnings, and shall
6 be a uniform percentage for all Tier III participants under the
7 applicable retirement system. Any increase or decrease in
8 employee contribution rates shall apply equally to the required
9 State or employer contribution rate.

10 A Tier III participant who does not participate in Social
11 Security with respect to his or her Tier III service may elect
12 to contribute an additional 7.65% of each payment of salary,
13 compensation, or earnings for retirement annuity in order to
14 increase the amount of annuity available under the defined
15 contribution calculation.

16 (g) The participant's employer may agree to pay some or all
17 of the employee contribution, depending on the employer's
18 contribution plan or collective bargaining agreements.

19 (h) Affected retirement systems may adopt rules and
20 procedures as necessary or useful for the effective
21 implementation of this Section.

22
23 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

24 Sec. 2-124. Contributions by State.

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

1 appropriations of amounts which, together with the
2 contributions of participants, interest earned on investments,
3 and other income will meet the cost of maintaining and
4 administering the System on a 100% funded basis in accordance
5 with actuarial recommendations by the end of State fiscal year
6 2044.

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

12 (c) For State fiscal year 2016 and thereafter, the minimum
13 contribution to the System to be made by the State for each
14 fiscal year shall be an amount determined by the System to be
15 equal to the sum of the following:

16 (1) representing the State's portion of the projected
17 normal cost for that fiscal year relating to Tier III
18 participants under Section 1-163, a percentage of the
19 applicable Tier III participant payroll equal to the Tier
20 III participant contribution rate, as annually adjusted
21 under Section 1-163, plus a matching 7.65% of payroll for
22 each participant who elects to make the optional employee
23 contribution authorized for participants ineligible for
24 Social Security; plus

25 (2) the State's portion of the projected normal cost
26 for that fiscal year relating to participants other than

1 Tier III participants; plus

2 (3) an amount sufficient to amortize the unfunded
3 accrued liability of the System under a rolling 30-year
4 amortization period. In making these determinations, the
5 required State contribution under this item (3) shall be
6 calculated each year as a level percentage of payroll and
7 shall be determined under the projected unit credit
8 actuarial cost method.

9 For State fiscal ~~year~~ ~~years~~ 2015 ~~through 2044~~, the minimum
10 contribution to the System to be made by the State for ~~the~~ ~~each~~
11 fiscal year shall be an amount determined by the System to be
12 equal to the sum of (1) the State's portion of the projected
13 normal cost for ~~the~~ ~~that~~ fiscal year, plus (2) an amount
14 sufficient to bring the total assets of the System up to 100%
15 of the total actuarial liabilities of the System by the end of
16 State fiscal year 2044. In making these determinations, the
17 required State contribution shall be calculated ~~each year~~ as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2044 and shall be determined under the
20 projected unit cost method for fiscal year 2015 ~~and under the~~
21 ~~entry age normal actuarial cost method for fiscal years 2016~~
22 ~~through 2044.~~

23 For State fiscal years 2012 through 2014, the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be
26 sufficient to bring the total assets of the System up to 90% of

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

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

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

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

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

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

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

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

19 ~~Beginning in State fiscal year 2045, the minimum State~~
20 ~~contribution for each fiscal year shall be the amount needed to~~
21 ~~maintain the total assets of the System at 100% of the total~~
22 ~~actuarial liabilities of the System.~~

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

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

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter through State
12 fiscal year 2014, as calculated under this Section and
13 certified under Section 2-134, shall not exceed an amount equal
14 to (i) the amount of the required State contribution that would
15 have been calculated under this Section for that fiscal year if
16 the System had not received any payments under subsection (d)
17 of Section 7.2 of the General Obligation Bond Act, minus (ii)
18 the portion of the State's total debt service payments for that
19 fiscal year on the bonds issued in fiscal year 2003 for the
20 purposes of that Section 7.2, as determined and certified by
21 the Comptroller, that is the same as the System's portion of
22 the total moneys distributed under subsection (d) of Section
23 7.2 of the General Obligation Bond Act. In determining this
24 maximum for State fiscal years 2008 through 2010, however, the
25 amount referred to in item (i) shall be increased, as a
26 percentage of the applicable employee payroll, in equal

1 increments calculated from the sum of the required State
2 contribution for State fiscal year 2007 plus the applicable
3 portion of the State's total debt service payments for fiscal
4 year 2007 on the bonds issued in fiscal year 2003 for the
5 purposes of Section 7.2 of the General Obligation Bond Act, so
6 that, by State fiscal year 2011, the State is contributing at
7 the rate otherwise required under this Section. When the
8 State's total debt service obligation for those bonds has
9 ended, any funds remaining available for the payment of that
10 debt service shall be distributed to this System and the 4
11 other State-funded retirement systems, in the same proportion
12 as the total moneys distributed under subsection (d) of Section
13 7.2 of the General Obligation Bond Act, to be used to reduce
14 their unfunded actuarial liabilities.

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

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

26 (e) For purposes of determining the required State

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

4 (Source: P.A. 97-813, eff. 7-13-12; 98-599, eff. 6-1-14.)

5 (40 ILCS 5/14-131)

6 Sec. 14-131. Contributions by State.

7 (a) The State shall make contributions to the System by
8 appropriations of amounts which, together with other employer
9 contributions from trust, federal, and other funds, employee
10 contributions, investment income, and other income, will be
11 sufficient to meet the cost of maintaining and administering
12 the System on a 100% funded basis in accordance with actuarial
13 recommendations by the end of State fiscal year 2044.

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

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

23 The Board shall also determine a State contribution rate
24 for each fiscal year, expressed as a percentage of payroll,
25 based on the total required State contribution for that fiscal

1 year (less the amount received by the System from
2 appropriations under Section 8.12 of the State Finance Act and
3 Section 1 of the State Pension Funds Continuing Appropriation
4 Act, if any, for the fiscal year ending on the June 30
5 immediately preceding the applicable November 15 certification
6 deadline), the estimated payroll (including all forms of
7 compensation) for personal services rendered by eligible
8 employees, and the recommendations of the actuary.

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

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

1 Section 14.1 of the State Finance Act. The several departments
2 shall resume those contributions at the commencement of fiscal
3 year 2005.

4 (c-1) Notwithstanding subsection (c) of this Section, for
5 fiscal years 2010, 2012, 2013, 2014, and 2015 only,
6 contributions by the several departments are not required to be
7 made for General Revenue Funds payrolls processed by the
8 Comptroller. Payrolls paid by the several departments from all
9 other State funds must continue to be processed pursuant to
10 subsection (c) of this Section.

11 (c-2) For State fiscal years 2010, 2012, 2013, 2014, and
12 2015 only, on or as soon as possible after the 15th day of each
13 month, the Board shall submit vouchers for payment of State
14 contributions to the System, in a total monthly amount of
15 one-twelfth of the fiscal year General Revenue Fund
16 contribution as certified by the System pursuant to Section
17 14-135.08 of the Illinois Pension Code.

18 (d) If an employee is paid from trust funds or federal
19 funds, the department or other employer shall pay employer
20 contributions from those funds to the System at the certified
21 rate, unless the terms of the trust or the federal-State
22 agreement preclude the use of the funds for that purpose, in
23 which case the required employer contributions shall be paid by
24 the State. From the effective date of this amendatory Act of
25 the 93rd General Assembly through the payment of the final
26 payroll from fiscal year 2004 appropriations, the department or

1 other employer shall not pay contributions for the remainder of
2 fiscal year 2004 but shall instead make payments as required
3 under subsection (a-1) of Section 14.1 of the State Finance
4 Act. The department or other employer shall resume payment of
5 contributions at the commencement of fiscal year 2005.

6 (e) For State fiscal year 2016 and each fiscal year
7 thereafter, the minimum contribution to the System to be made
8 by the State for each fiscal year shall be the sum of the
9 following:

10 (1) representing the State's portion of the projected
11 normal cost for that fiscal year relating to Tier III
12 participants under Section 1-163, a percentage of the
13 applicable Tier III participant payroll equal to the Tier
14 III participant contribution rate, as annually adjusted
15 under Section 1-163, plus a matching 7.65% of payroll for
16 each participant who elects to make the optional employee
17 contribution authorized for participants ineligible for
18 Social Security; plus

19 (2) the State's portion of the projected normal cost
20 for that fiscal year relating to participants other than
21 Tier III participants; plus

22 (3) an amount sufficient to amortize the unfunded
23 accrued liability of the System under a rolling 30-year
24 amortization period. In making these determinations, the
25 required State contribution under this item (3) shall be
26 calculated each year as a level percentage of payroll and

1 shall be determined under the projected unit credit
2 actuarial cost method.

3 For State fiscal year ~~years~~ 2015 ~~through 2044~~, the minimum
4 contribution to the System to be made by the State for the ~~each~~
5 fiscal year shall be an amount determined by the System to be
6 equal to the sum of (1) the State's portion of the projected
7 normal cost for the ~~that~~ fiscal year, plus (2) an amount
8 sufficient to bring the total assets of the System up to 100%
9 of the total actuarial liabilities of the System by the end of
10 State fiscal year 2044. In making these determinations, the
11 required State contribution shall be calculated ~~each year~~ as a
12 level percentage of payroll over the years remaining to and
13 including fiscal year 2044 and shall be determined under the
14 projected unit cost method for fiscal year 2015 ~~and under the~~
15 ~~entry age normal actuarial cost method for fiscal years 2016~~
16 ~~through 2044.~~

17 For State fiscal years 2012 through 2014, 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
26 projected unit credit actuarial cost method.

1 For State fiscal years 1996 through 2005, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 so that by State fiscal year 2011, the State is contributing at
5 the rate required under this Section; except that (i) for State
6 fiscal year 1998, for all purposes of this Code and any other
7 law of this State, the certified percentage of the applicable
8 employee payroll shall be 5.052% for employees earning eligible
9 creditable service under Section 14-110 and 6.500% for all
10 other employees, notwithstanding any contrary certification
11 made under Section 14-135.08 before the effective date of this
12 amendatory Act of 1997, and (ii) in the following specified
13 State fiscal years, the State contribution to the System shall
14 not be less than the following indicated percentages of the
15 applicable employee payroll, even if the indicated percentage
16 will produce a State contribution in excess of the amount
17 otherwise required under this subsection and subsection (a):
18 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
19 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

26 For each of State fiscal years 2008 through 2009, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 from the required State contribution for State fiscal year
4 2007, so that by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

6 Notwithstanding any other provision of this Article, the
7 total required State General Revenue Fund contribution for
8 State fiscal year 2010 is \$723,703,100 and shall be made from
9 the proceeds of bonds sold in fiscal year 2010 pursuant to
10 Section 7.2 of the General Obligation Bond Act, less (i) the
11 pro rata share of bond sale expenses determined by the System's
12 share of total bond proceeds, (ii) any amounts received from
13 the General Revenue Fund in fiscal year 2010, and (iii) any
14 reduction in bond proceeds due to the issuance of discounted
15 bonds, if applicable.

16 Notwithstanding any other provision of this Article, the
17 total required State General Revenue Fund contribution for
18 State fiscal year 2011 is the amount recertified by the System
19 on or before April 1, 2011 pursuant to Section 14-135.08 and
20 shall be made from the proceeds of bonds sold in fiscal year
21 2011 pursuant to Section 7.2 of the General Obligation Bond
22 Act, less (i) the pro rata share of bond sale expenses
23 determined by the System's share of total bond proceeds, (ii)
24 any amounts received from the General Revenue Fund in fiscal
25 year 2011, and (iii) any reduction in bond proceeds due to the
26 issuance of discounted bonds, if applicable.

1 ~~Beginning in State fiscal year 2015, the minimum State~~
2 ~~contribution for each fiscal year shall be the amount needed to~~
3 ~~maintain the total assets of the System at 100% of the total~~
4 ~~actuarial liabilities of the System.~~

5 Amounts received by the System pursuant to Section 25 of
6 the Budget Stabilization Act or Section 8.12 of the State
7 Finance Act in any fiscal year do not reduce and do not
8 constitute payment of any portion of the minimum State
9 contribution required under this Article in that fiscal year.
10 Such amounts shall not reduce, and shall not be included in the
11 calculation of, the required State contributions under this
12 Article in any future year until the System has reached a
13 funding ratio of at least 100%. A reference in this Article to
14 the "required State contribution" or any substantially similar
15 term does not include or apply to any amounts payable to the
16 System under Section 25 of the Budget Stabilization Act.

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter through State
20 fiscal year 2014, as calculated under this Section and
21 certified under Section 14-135.08, shall not exceed an amount
22 equal to (i) the amount of the required State contribution that
23 would have been calculated under this Section for that fiscal
24 year if the System had not received any payments under
25 subsection (d) of Section 7.2 of the General Obligation Bond
26 Act, minus (ii) the portion of the State's total debt service

1 payments for that fiscal year on the bonds issued in fiscal
2 year 2003 for the purposes of that Section 7.2, as determined
3 and certified by the Comptroller, that is the same as the
4 System's portion of the total moneys distributed under
5 subsection (d) of Section 7.2 of the General Obligation Bond
6 Act. In determining this maximum for State fiscal years 2008
7 through 2010, however, the amount referred to in item (i) shall
8 be increased, as a percentage of the applicable employee
9 payroll, in equal increments calculated from the sum of the
10 required State contribution for State fiscal year 2007 plus the
11 applicable portion of the State's total debt service payments
12 for fiscal year 2007 on the bonds issued in fiscal year 2003
13 for the purposes of Section 7.2 of the General Obligation Bond
14 Act, so that, by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.
16 When the State's total debt service obligation for those bonds
17 has ended, any funds remaining available for the payment of
18 that debt service shall be distributed to this System and the 4
19 other State-funded retirement systems, in the same proportion
20 as the total moneys distributed under subsection (d) of Section
21 7.2 of the General Obligation Bond Act, to be used to reduce
22 their unfunded actuarial liabilities.

23 (f) After the submission of all payments for eligible
24 employees from personal services line items in fiscal year 2004
25 have been made, the Comptroller shall provide to the System a
26 certification of the sum of all fiscal year 2004 expenditures

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

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

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

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

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

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

1 under Section 1.2 of the State Pension Funds Continuing
2 Appropriation Act. If the amount due is less than the amount
3 received, the difference shall be termed the "Fiscal Year 2010
4 Overpayment" for purposes of this Section, and the Fiscal Year
5 2010 Overpayment shall be repaid by the System to the General
6 Revenue Fund as soon as practicable after the certification.

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

1 Overpayment" for purposes of this Section, and the Fiscal Year
2 2011 Overpayment shall be repaid by the System to the General
3 Revenue Fund as soon as practicable after the certification.

4 (k) For fiscal years 2012 through 2015 only, after the
5 submission of all payments for eligible employees from personal
6 services line items paid from the General Revenue Fund in the
7 fiscal year have been made, the Comptroller shall provide to
8 the System a certification of the sum of all expenditures in
9 the fiscal year for personal services. Upon receipt of the
10 certification, the System shall determine the amount due to the
11 System based on the full rate certified by the Board under
12 Section 14-135.08 for the fiscal year in order to meet the
13 State's obligation under this Section. The System shall compare
14 this amount due to the amount received by the System for the
15 fiscal year. If the amount due is more than the amount
16 received, the difference shall be termed the "Prior Fiscal Year
17 Shortfall" for purposes of this Section, and the Prior Fiscal
18 Year Shortfall shall be satisfied under Section 1.2 of the
19 State Pension Funds Continuing Appropriation Act. If the amount
20 due is less than the amount received, the difference shall be
21 termed the "Prior Fiscal Year Overpayment" for purposes of this
22 Section, and the Prior Fiscal Year Overpayment shall be repaid
23 by the System to the General Revenue Fund as soon as
24 practicable after the certification.

25 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,
26 eff. 6-19-13; 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

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

2 Sec. 15-155. Employer contributions.

3 (a) The State of Illinois shall make contributions by
4 appropriations of amounts which, together with the other
5 employer contributions from trust, federal, and other funds,
6 employee contributions, income from investments, and other
7 income of this System, will be sufficient to meet the cost of
8 maintaining and administering the System on a 100% funded basis
9 in accordance with actuarial recommendations by the end of
10 State fiscal year 2044.

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

16 (a-1) For State fiscal year 2016 and thereafter, the
17 minimum contribution to the System to be made by the State for
18 each fiscal year shall be an amount determined by the System to
19 be equal to the sum of the following:

20 (1) representing the State's portion of the projected
21 normal cost for that fiscal year relating to Tier III
22 participants under Section 1-163, a percentage of the
23 applicable Tier III participant payroll equal to the Tier
24 III participant contribution rate, as annually adjusted
25 under Section 1-163, plus a matching 7.65% of payroll for

1 each participant who elects to make the optional employee
2 contribution authorized for participants ineligible for
3 Social Security; plus

4 (2) the State's portion of the projected normal cost
5 for that fiscal year relating to participants other than
6 Tier III participants; plus

7 (3) an amount determined by the Board, sufficient to
8 amortize, under a rolling 30-year amortization period, the
9 unfunded accrued liability of the System not relating to
10 Tier III participants. In making these determinations, the
11 required State contribution under this item (3) shall be
12 calculated each year as a level percentage of payroll and
13 shall be determined under the projected unit credit
14 actuarial cost method.

15 For State fiscal year 2016 and thereafter, the actual
16 employer shall contribute to the System an amount determined by
17 the Board, sufficient to amortize, under a rolling 30-year
18 amortization period, the unfunded accrued liability of the
19 System relating to Tier III participants of that employer.

20 For State fiscal ~~year years~~ 2015 ~~through 2044~~, the minimum
21 contribution to the System to be made by the State for the each
22 fiscal year shall be an amount determined by the System to be
23 equal to the sum of (1) the State's portion of the projected
24 normal cost for the that fiscal year, plus (2) an amount
25 sufficient to bring the total assets of the System up to 100%
26 of the total actuarial liabilities of the System by the end of

1 the State fiscal year 2044. 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 2044 and shall be determined under the
5 projected unit cost method for fiscal year 2015 ~~and under the~~
6 ~~entry age normal actuarial cost method for fiscal years 2016~~
7 ~~through 2044.~~

8 For State fiscal years 2012 through 2014, the minimum
9 contribution to the System to be made by the State for each
10 fiscal year shall be an amount determined by the System to be
11 sufficient to bring the total assets of the System up to 90% of
12 the total actuarial liabilities of the System by the end of
13 State fiscal year 2045. In making these determinations, the
14 required State contribution shall be calculated each year as a
15 level percentage of payroll over the years remaining to and
16 including fiscal year 2045 and shall be determined under the
17 projected unit credit actuarial cost method.

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2006 is
25 \$166,641,900.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$252,064,100.

3 For each of State fiscal years 2008 through 2009, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 from the required State contribution for State fiscal year
7 2007, so that by State fiscal year 2011, the State is
8 contributing at the rate otherwise required under this Section.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2010 is
11 \$702,514,000 and shall be made from the State Pensions Fund and
12 proceeds of bonds sold in fiscal year 2010 pursuant to Section
13 7.2 of the General Obligation Bond Act, less (i) the pro rata
14 share of bond sale expenses determined by the System's share of
15 total bond proceeds, (ii) any amounts received from the General
16 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
17 proceeds due to the issuance of discounted bonds, if
18 applicable.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2011 is
21 the amount recertified by the System on or before April 1, 2011
22 pursuant to Section 15-165 and shall be made from the State
23 Pensions Fund and proceeds of bonds sold in fiscal year 2011
24 pursuant to Section 7.2 of the General Obligation Bond Act,
25 less (i) the pro rata share of bond sale expenses determined by
26 the System's share of total bond proceeds, (ii) any amounts

1 received from the General Revenue Fund in fiscal year 2011, and
2 (iii) any reduction in bond proceeds due to the issuance of
3 discounted bonds, if applicable.

4 ~~Beginning in State fiscal year 2045, the minimum~~
5 ~~contribution for each fiscal year shall be the amount needed to~~
6 ~~maintain the total assets of the System at 100% of the total~~
7 ~~liabilities of the System.~~

8 Amounts received by the System pursuant to Section 25 of
9 the Budget Stabilization Act or Section 8.12 of the State
10 Finance Act in any fiscal year do not reduce and do not
11 constitute payment of any portion of the minimum State
12 contribution required under this Article in that fiscal year.
13 Such amounts shall not reduce, and shall not be included in the
14 calculation of, the required State contributions under this
15 Article in any future year until the System has reached a
16 funding ratio of at least 100%. A reference in this Article to
17 the "required State contribution" or any substantially similar
18 term does not include or apply to any amounts payable to the
19 System under Section 25 of the Budget Stabilization Act.

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter through State
23 fiscal year 2014, as calculated under this Section and
24 certified under Section 15-165, shall not exceed an amount
25 equal to (i) the amount of the required State contribution that
26 would have been calculated under this Section for that fiscal

1 year if the System had not received any payments under
2 subsection (d) of Section 7.2 of the General Obligation Bond
3 Act, minus (ii) the portion of the State's total debt service
4 payments for that fiscal year on the bonds issued in fiscal
5 year 2003 for the purposes of that Section 7.2, as determined
6 and certified by the Comptroller, that is the same as the
7 System's portion of the total moneys distributed under
8 subsection (d) of Section 7.2 of the General Obligation Bond
9 Act. In determining this maximum for State fiscal years 2008
10 through 2010, however, the amount referred to in item (i) shall
11 be increased, as a percentage of the applicable employee
12 payroll, in equal increments calculated from the sum of the
13 required State contribution for State fiscal year 2007 plus the
14 applicable portion of the State's total debt service payments
15 for fiscal year 2007 on the bonds issued in fiscal year 2003
16 for the purposes of Section 7.2 of the General Obligation Bond
17 Act, so that, by State fiscal year 2011, the State is
18 contributing at the rate otherwise required under this Section.
19 When the State's total debt service obligation for those bonds
20 has ended, any funds remaining available for the payment of
21 that debt service shall be distributed to this System and the 4
22 other State-funded retirement systems, in the same proportion
23 as the total moneys distributed under subsection (d) of Section
24 7.2 of the General Obligation Bond Act, to be used to reduce
25 their unfunded actuarial liabilities.

26 (b) If an employee is paid from trust or federal funds, the

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

15 (b-1) The City of Urbana and the City of Champaign shall
16 each make employer contributions to this System for their
17 respective firefighter employees who participate in this
18 System pursuant to subsection (h) of Section 15-107. The rate
19 of contributions to be made by those municipalities shall be
20 determined annually by the Board on the basis of the actuarial
21 assumptions adopted by the Board and the recommendations of the
22 actuary, and shall be expressed as a percentage of salary for
23 each such employee. The Board shall certify the rate to the
24 affected municipalities as soon as may be practical. The
25 employer contributions required under this subsection shall be
26 remitted by the municipality to the System at the same time and

1 in the same manner as employee contributions.

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

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

18 (e) The State Comptroller shall draw warrants payable to
19 the System upon proper certification by the System or by the
20 employer in accordance with the appropriation laws and this
21 Code.

22 (f) Normal costs under this Section means liability for
23 pensions and other benefits which accrues to the System because
24 of the credits earned for service rendered by the participants
25 during the fiscal year and expenses of administering the
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board
2 or any expenses incurred or deposits required in connection
3 therewith.

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

20 Whenever it determines that a payment is or may be required
21 under this subsection (g), the System shall calculate the
22 amount of the payment and bill the employer for that amount.
23 The bill shall specify the calculations used to determine the
24 amount due. If the employer disputes the amount of the bill, it
25 may, within 30 days after receipt of the bill, apply to the
26 System in writing for a recalculation. The application must

1 specify in detail the grounds of the dispute and, if the
2 employer asserts that the calculation is subject to subsection
3 (h) or (i) of this Section, must include an affidavit setting
4 forth and attesting to all facts within the employer's
5 knowledge that are pertinent to the applicability of subsection
6 (h) or (i). Upon receiving a timely application for
7 recalculation, the System shall review the application and, if
8 appropriate, recalculate the amount due.

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

18 (h) This subsection (h) applies only to payments made or
19 salary increases given on or after June 1, 2005 but before July
20 1, 2011. The changes made by Public Act 94-1057 shall not
21 require the System to refund any payments received before July
22 31, 2006 (the effective date of Public Act 94-1057).

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases paid to
25 participants under contracts or collective bargaining
26 agreements entered into, amended, or renewed before June 1,

1 2005.

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

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

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude any earnings increase resulting
22 from (i) a promotion for which the employee moves from one
23 classification to a higher classification under the State
24 Universities Civil Service System, (ii) a promotion in academic
25 rank for a tenured or tenure-track faculty position, or (iii) a
26 promotion that the Illinois Community College Board has

1 recommended in accordance with subsection (k) of this Section.
2 These earnings increases shall be excluded only if the
3 promotion is to a position that has existed and been filled by
4 a member for no less than one complete academic year and the
5 earnings increase as a result of the promotion is an increase
6 that results in an amount no greater than the average salary
7 paid for other similar positions.

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

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

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

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

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

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

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

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

26 As of June 30, 2008, the actuarial value of the System's

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

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

11 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
12 98-463, eff. 8-16-13; 98-599, eff. 6-1-14.)

13 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

14 Sec. 16-158. Contributions by State and other employing
15 units.

16 (a) The State shall make contributions to the System by
17 means of appropriations from the Common School Fund and other
18 State funds of amounts which, together with other employer
19 contributions, employee contributions, investment income, and
20 other income, will be sufficient to meet the cost of
21 maintaining and administering the System on a 100% funded basis
22 in accordance with actuarial recommendations by the end of
23 State fiscal year 2044.

24 The Board shall determine the amount of State contributions
25 required for each fiscal year on the basis of the actuarial

1 tables and other assumptions adopted by the Board and the
2 recommendations of the actuary, using the formula in subsection
3 (b-3).

4 (a-1) Annually, on or before November 15 through November
5 15, 2011, the Board shall certify to the Governor the amount of
6 the required State contribution for the coming fiscal year. The
7 certification under this subsection (a-1) shall include a copy
8 of the actuarial recommendations upon which it is based.

9 On or before May 1, 2004, the Board shall recalculate and
10 recertify to the Governor the amount of the required State
11 contribution to the System for State fiscal year 2005, taking
12 into account the amounts appropriated to and received by the
13 System under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act.

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

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

26 (a-5) On or before November 1 of each year, beginning

1 November 1, 2012, the Board shall submit to the State Actuary,
2 the Governor, and the General Assembly a proposed certification
3 of the amount of the required State contribution to the System
4 for the next fiscal year, along with all of the actuarial
5 assumptions, calculations, and data upon which that proposed
6 certification is based. On or before January 1 of each year,
7 beginning January 1, 2013, the State Actuary shall issue a
8 preliminary report concerning the proposed certification and
9 identifying, if necessary, recommended changes in actuarial
10 assumptions that the Board must consider before finalizing its
11 certification of the required State contributions.

12 On or before January 15, 2013 and each January 15
13 thereafter, the Board shall certify to the Governor and the
14 General Assembly the amount of the required State contribution
15 for the next fiscal year. The certification shall include a
16 copy of the actuarial recommendations upon which it is based
17 and shall specifically identify the System's projected State
18 normal cost for that fiscal year. The Board's certification
19 must note any deviations from the State Actuary's recommended
20 changes, the reason or reasons for not following the State
21 Actuary's recommended changes, and the fiscal impact of not
22 following the State Actuary's recommended changes on the
23 required State contribution.

24 (a-10) For purposes of Section (c-5) of Section 20 of the
25 Budget Stabilization Act, on or before November 1 of each year
26 beginning November 1, 2014, the Board shall determine the

1 amount of the State contribution to the System that would have
2 been required for the next fiscal year if this amendatory Act
3 of the 98th General Assembly had not taken effect, using the
4 best and most recent available data but based on the law in
5 effect on May 31, 2014. The Board shall submit to the State
6 Actuary, the Governor, and the General Assembly a proposed
7 certification, along with the relevant law, actuarial
8 assumptions, calculations, and data upon which that
9 certification is based. On or before January 1, 2015 and every
10 January 1 thereafter, the State Actuary shall issue a
11 preliminary report concerning the proposed certification and
12 identifying, if necessary, recommended changes in actuarial
13 assumptions that the Board must consider before finalizing its
14 certification. On or before January 15, 2015 and every January
15 1 thereafter, the Board shall certify to the Governor and the
16 General Assembly the amount of the State contribution to the
17 System that would have been required for the next fiscal year
18 if this amendatory Act of the 98th General Assembly had not
19 taken effect, using the best and most recent available data but
20 based on the law in effect on May 31, 2014. The Board's
21 certification must note any deviations from the State Actuary's
22 recommended changes, the reason or reasons for not following
23 the State Actuary's recommended changes, and the impact of not
24 following the State Actuary's recommended changes.

25 (b) Through State fiscal year 1995, the State contributions
26 shall be paid to the System in accordance with Section 18-7 of

1 the School Code.

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

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

25 (b-2) Allocations from the Common School Fund apportioned
26 to school districts not coming under this System shall not be

1 diminished or affected by the provisions of this Article.

2 (b-3) For State fiscal year 2016 and thereafter, the
3 minimum contribution to the System to be made by the State for
4 each fiscal year shall be an amount determined by the System to
5 be equal to the sum of the following:

6 (1) representing the State's portion of the projected
7 normal cost for that fiscal year relating to Tier III
8 participants under Section 1-163, a percentage of the
9 applicable Tier III participant payroll equal to the Tier
10 III participant contribution rate, as annually adjusted
11 under Section 1-163, plus a matching 7.65% of payroll for
12 each participant who elects to make the optional employee
13 contribution authorized for participants ineligible for
14 Social Security; plus

15 (2) the State's portion of the projected normal cost
16 for that fiscal year relating to participants other than
17 Tier III participants; plus

18 (3) an amount determined by the Board, sufficient to
19 amortize, under a rolling 30-year amortization period, the
20 unfunded accrued liability of the System not relating to
21 Tier III participants. In making these determinations, the
22 required State contribution under this item (3) shall be
23 calculated each year as a level percentage of payroll and
24 shall be determined under the projected unit credit
25 actuarial cost method.

26 For State fiscal year 2016 and thereafter, the actual

1 employer shall contribute to the System an amount determined by
2 the Board, sufficient to amortize, under a rolling 30-year
3 amortization period, the unfunded accrued liability of the
4 System relating to Tier III participants of that employer.

5 For State fiscal year ~~years~~ 2015 ~~through 2044~~, the minimum
6 contribution to the System to be made by the State for the each
7 fiscal year shall be an amount determined by the System to be
8 equal to the sum of (1) the State's portion of the projected
9 normal cost for the ~~that~~ fiscal year, plus (2) an amount
10 sufficient to bring the total assets of the System up to 100%
11 of the total actuarial liabilities of the System by the end of
12 State fiscal year 2044. In making these determinations, the
13 required State contribution shall be calculated ~~each year~~ as a
14 level percentage of payroll over the years remaining to and
15 including fiscal year 2044 and shall be determined under the
16 projected unit cost method for fiscal year 2015 ~~and under the~~
17 ~~entry age normal actuarial cost method for fiscal years 2016~~
18 ~~through 2044.~~

19 For State fiscal years 2012 through 2014, 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
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the
2 projected unit credit actuarial cost method.

3 For State fiscal years 1996 through 2005, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 so that by State fiscal year 2011, the State is contributing at
7 the rate required under this Section; except that in the
8 following specified State fiscal years, the State contribution
9 to the System shall not be less than the following indicated
10 percentages of the applicable employee payroll, even if the
11 indicated percentage will produce a State contribution in
12 excess of the amount otherwise required under this subsection
13 and subsection (a), and notwithstanding any contrary
14 certification made under subsection (a-1) before the effective
15 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
16 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
17 2003; and 13.56% in FY 2004.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2006 is
20 \$534,627,700.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2007 is
23 \$738,014,500.

24 For each of State fiscal years 2008 through 2009, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 from the required State contribution for State fiscal year
2 2007, so that by State fiscal year 2011, the State is
3 contributing at the rate otherwise required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2010 is
6 \$2,089,268,000 and shall be made from the proceeds of bonds
7 sold in fiscal year 2010 pursuant to Section 7.2 of the General
8 Obligation Bond Act, less (i) the pro rata share of bond sale
9 expenses determined by the System's share of total bond
10 proceeds, (ii) any amounts received from the Common School Fund
11 in fiscal year 2010, and (iii) any reduction in bond proceeds
12 due to the issuance of discounted bonds, if applicable.

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

1 the System for contributions required by paragraph (a) of
2 Section 16-127.

3 ~~Beginning in State fiscal year 2045, the minimum State~~
4 ~~contribution for each fiscal year shall be the amount needed to~~
5 ~~maintain the total assets of the System at 100% of the total~~
6 ~~actuarial liabilities of the System.~~

7 Amounts received by the System pursuant to Section 25 of
8 the Budget Stabilization Act or Section 8.12 of the State
9 Finance Act in any fiscal year do not reduce and do not
10 constitute payment of any portion of the minimum State
11 contribution required under this Article in that fiscal year.
12 Such amounts shall not reduce, and shall not be included in the
13 calculation of, the required State contributions under this
14 Article in any future year until the System has reached a
15 funding ratio of at least 100%. A reference in this Article to
16 the "required State contribution" or any substantially similar
17 term does not include or apply to any amounts payable to the
18 System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter through State
22 fiscal year 2014, as calculated under this Section and
23 certified under subsection (a-1), shall not exceed an amount
24 equal to (i) the amount of the required State contribution that
25 would have been calculated under this Section for that fiscal
26 year if the System had not received any payments under

1 subsection (d) of Section 7.2 of the General Obligation Bond
2 Act, minus (ii) the portion of the State's total debt service
3 payments for that fiscal year on the bonds issued in fiscal
4 year 2003 for the purposes of that Section 7.2, as determined
5 and certified by the Comptroller, that is the same as the
6 System's portion of the total moneys distributed under
7 subsection (d) of Section 7.2 of the General Obligation Bond
8 Act. In determining this maximum for State fiscal years 2008
9 through 2010, however, the amount referred to in item (i) shall
10 be increased, as a percentage of the applicable employee
11 payroll, in equal increments calculated from the sum of the
12 required State contribution for State fiscal year 2007 plus the
13 applicable portion of the State's total debt service payments
14 for fiscal year 2007 on the bonds issued in fiscal year 2003
15 for the purposes of Section 7.2 of the General Obligation Bond
16 Act, so that, by State fiscal year 2011, the State is
17 contributing at the rate otherwise required under this Section.
18 When the State's total debt service obligation for those bonds
19 has ended, any funds remaining available for the payment of
20 that debt service shall be distributed to this System and the 4
21 other State-funded retirement systems, in the same proportion
22 as the total moneys distributed under subsection (d) of Section
23 7.2 of the General Obligation Bond Act, to be used to reduce
24 their unfunded actuarial liabilities.

25 (c) Payment of the required State contributions and of all
26 pensions, retirement annuities, death benefits, refunds, and

1 other benefits granted under or assumed by this System, and all
2 expenses in connection with the administration and operation
3 thereof, are obligations of the State.

4 If members are paid from special trust or federal funds
5 which are administered by the employing unit, whether school
6 district or other unit, the employing unit shall pay to the
7 System from such funds the full accruing retirement costs based
8 upon that service, which, beginning July 1, 2014, shall be at a
9 rate, expressed as a percentage of salary, equal to the total
10 minimum contribution to the System to be made by the State for
11 that fiscal year, including both normal cost and unfunded
12 liability components, expressed as a percentage of payroll, as
13 determined by the System under subsection (b-3) of this
14 Section. Employer contributions, based on salary paid to
15 members from federal funds, may be forwarded by the
16 distributing agency of the State of Illinois to the System
17 prior to allocation, in an amount determined in accordance with
18 guidelines established by such agency and the System. Any
19 contribution for fiscal year 2015 collected as a result of the
20 change made by this amendatory Act of the 98th General Assembly
21 shall be considered a State contribution under subsection (b-3)
22 of this Section.

23 (d) Effective July 1, 1986, any employer of a teacher as
24 defined in paragraph (8) of Section 16-106 shall pay the
25 employer's normal cost of benefits based upon the teacher's
26 service, in addition to employee contributions, as determined

1 by the System. Such employer contributions shall be forwarded
2 monthly in accordance with guidelines established by the
3 System.

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

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

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

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

25 The school district or other employing unit may pay these
26 employer contributions out of any source of funding available

1 for that purpose and shall forward the contributions to the
2 System on the schedule established for the payment of member
3 contributions.

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

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

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

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

1 the existence of the contractual requirement, in such form as
2 the System may prescribe. This exclusion shall cease upon the
3 termination, extension, or renewal of the contract at any time
4 after May 1, 1998.

5 (f) If the amount of a teacher's salary for any school year
6 used to determine final average salary exceeds the member's
7 annual full-time salary rate with the same employer for the
8 previous school year by more than 6%, the teacher's employer
9 shall pay to the System, in addition to all other payments
10 required under this Section and in accordance with guidelines
11 established by the System, the present value of the increase in
12 benefits resulting from the portion of the increase in salary
13 that is in excess of 6%. This present value shall be computed
14 by the System on the basis of the actuarial assumptions and
15 tables used in the most recent actuarial valuation of the
16 System that is available at the time of the computation. If a
17 teacher's salary for the 2005-2006 school year is used to
18 determine final average salary under this subsection (f), then
19 the changes made to this subsection (f) by Public Act 94-1057
20 shall apply in calculating whether the increase in his or her
21 salary is in excess of 6%. For the purposes of this Section,
22 change in employment under Section 10-21.12 of the School Code
23 on or after June 1, 2005 shall constitute a change in employer.
24 The System may require the employer to provide any pertinent
25 information or documentation. The changes made to this
26 subsection (f) by this amendatory Act of the 94th General

1 Assembly apply without regard to whether the teacher was in
2 service on or after its effective date.

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

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

1 (g) This subsection (g) applies only to payments made or
2 salary increases given on or after June 1, 2005 but before July
3 1, 2011. The changes made by Public Act 94-1057 shall not
4 require the System to refund any payments received before July
5 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude a salary increase resulting from
26 a promotion (i) for which the employee is required to hold a

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

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

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

1 subsection (f) of this Section.

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

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

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

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

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

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

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

1 5-year period following that fiscal year.

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

6 (Source: P.A. 97-694, eff. 6-18-12; 97-813, eff. 7-13-12;
7 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

8 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

21 (c) For State fiscal year 2016 and each fiscal year
22 thereafter, the minimum contribution to the System to be made
23 by the State for each fiscal year shall be the sum of the
24 following:

25 (1) representing the State's portion of the projected

1 normal cost for that fiscal year relating to Tier III
2 participants under Section 1-163, a percentage of the
3 applicable Tier III participant payroll equal to the Tier
4 III participant contribution rate, as annually adjusted
5 under Section 1-163, plus a matching 7.65% of payroll for
6 each participant who elects to make the optional employee
7 contribution authorized for participants ineligible for
8 Social Security; plus

9 (2) the State's portion of the projected normal cost
10 for that fiscal year relating to participants other than
11 Tier III participants; plus

12 (3) an amount sufficient to amortize the unfunded
13 accrued liability of the System under a rolling 30-year
14 amortization period. In making these determinations, the
15 required State contribution under this item (3) shall be
16 calculated each year as a level percentage of payroll and
17 shall be determined under the projected unit credit
18 actuarial cost method.

19 For State fiscal years 2012 through 2015 ~~through 2045~~, the
20 minimum contribution to the System to be made by the State for
21 each fiscal year shall be an amount determined by the System to
22 be sufficient to bring the total assets of the System up to 90%
23 of 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
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the
2 projected unit credit actuarial cost method.

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

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

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

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

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

1 Fund in fiscal year 2010, and (iii) any reduction in bond
2 proceeds due to the issuance of discounted bonds, if
3 applicable.

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

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

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

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

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

1 the General Obligation Bond Act, so that, by State fiscal year
2 2011, the State is contributing at the rate otherwise required
3 under this Section. When the State's total debt service
4 obligation for those bonds has ended, any funds remaining
5 available for the payment of that debt service shall be
6 distributed to this System and the 4 other State-funded
7 retirement systems, in the same proportion as the total moneys
8 distributed under subsection (d) of Section 7.2 of the General
9 Obligation Bond Act, to be used to reduce their unfunded
10 actuarial liabilities.

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

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

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

26 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;

1 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
2 7-13-12.)

3 Section 90. The State Mandates Act is amended by adding
4 Section 8.39 as follows:

5 (30 ILCS 805/8.39 new)

6 Sec. 8.39. Exempt mandate. Notwithstanding Sections 6 and 8
7 of this Act, no reimbursement by the State is required for the
8 implementation of any mandate created by this amendatory Act of
9 the 99th General Assembly.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.