HB0134

LRB09903486RPS23494b

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

A BILL FOR

AN ACT concerning public employee benefits.

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

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

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

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

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

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

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

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

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

(40 ILCS 5/1-160)

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

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply (i) to any self-managed plan established under this Code, (ii) to any person with respect to service as a sheriff's law enforcement employee under Article 7, (iii) to any person with respect to service for which the person is subject to the Tier III benefit package established under Section 1-163, or (iv) to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 are a clarification of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

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

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

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

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

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

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

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

at the date of retirement or discharge".

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

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

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

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

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

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (beginning January 1, 2015, age 65 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) or the first anniversary (the second anniversary with respect to service under Article 8 or 11) of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

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

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

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

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

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund ~~and~~ accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of $1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

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

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

(40 ILCS 5/1-163 new)

Sec. 1-163. Tier III benefit package.

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

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

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

(c) As used in this Section:

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

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

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

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

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

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

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

(f) For a Tier III participant, the required employee contributions otherwise specified in the applicable Article shall be subject to annual adjustments on each January 1, in an amount determined by the applicable retirement system, based solely on the retirement system's investment return for the previous fiscal year. If the experienced investment return exceeds the assumed rate, the employee contribution rate may be increased, and if the experienced investment return is less than the assumed rate, the employee contribution rate may be decreased. The increase or decrease shall be a percentage of the participant's salary, compensation, or earnings, and shall be a uniform percentage for all Tier III participants under the applicable retirement system. Any increase or decrease in employee contribution rates shall apply equally to the required State or employer contribution rate.

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

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

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

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

Sec. 2-124. Contributions by State.

(a) The State shall make contributions to the System by appropriations of amounts which, together with the contributions of participants, interest earned on investments, and other income will meet the cost of maintaining and administering the System on a 100% funded basis in accordance with actuarial recommendations by the end of State fiscal year 2044.

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

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

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

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

Tier III participants; plus

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter through State fiscal year 2014, as calculated under this Section and certified under Section 2-134, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section. When the State's total debt service obligation for those bonds has ended, any funds remaining available for the payment of that debt service shall be distributed to this System and the 4 other State-funded retirement systems, in the same proportion as the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act, to be used to reduce their unfunded actuarial liabilities.

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

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

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

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

(40 ILCS 5/14-131)

Sec. 14-131. Contributions by State.

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

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

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

The Board shall also determine a State contribution rate for each fiscal year, expressed as a percentage of payroll, based on the total required State contribution for that fiscal year (less the amount received by the System from appropriations under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation Act, if any, for the fiscal year ending on the June 30 immediately preceding the applicable November 15 certification deadline), the estimated payroll (including all forms of compensation) for personal services rendered by eligible employees, and the recommendations of the actuary.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter through State fiscal year 2014, as calculated under this Section and certified under Section 14-135.08, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section. <u>When the State's total debt service obligation for those bonds has ended, any funds remaining available for the payment of that debt service shall be distributed to this System and the 4 other State-funded retirement systems, in the same proportion as the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act, to be used to reduce their unfunded actuarial liabilities.</u>

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

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

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

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

(i) After the submission of all payments for eligible employees from personal services line items paid from the General Revenue Fund in fiscal year 2010 have been made, the Comptroller shall provide to the System a certification of the sum of all fiscal year 2010 expenditures for personal services that would have been covered by payments to the System under this Section if the provisions of this amendatory Act of the 96th General Assembly had not been enacted. Upon receipt of the certification, the System shall determine the amount due to the System based on the full rate certified by the Board under Section 14-135.08 for fiscal year 2010 in order to meet the State's obligation under this Section. The System shall compare this amount due to the amount received by the System in fiscal year 2010 through payments under this Section. If the amount due is more than the amount received, the difference shall be termed the "Fiscal Year 2010 Shortfall" for purposes of this Section, and the Fiscal Year 2010 Shortfall shall be satisfied under Section 1.2 of the State Pension Funds Continuing Appropriation Act. If the amount due is less than the amount received, the difference shall be termed the "Fiscal Year 2010 Overpayment" for purposes of this Section, and the Fiscal Year 2010 Overpayment shall be repaid by the System to the General Revenue Fund as soon as practicable after the certification.

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

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

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

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

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

Sec. 15-155. Employer contributions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter through State fiscal year 2014, as calculated under this Section and certified under Section 15-165, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section. When the State's total debt service obligation for those bonds has ended, any funds remaining available for the payment of that debt service shall be distributed to this System and the 4 other State-funded retirement systems, in the same proportion as the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act, to be used to reduce their unfunded actuarial liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a-10) For purposes of Section (c-5) of Section 20 of the Budget Stabilization Act, on or before November 1 of each year beginning November 1, 2014, the Board shall determine the amount of the State contribution to the System that would have been required for the next fiscal year if this amendatory Act of the 98th General Assembly had not taken effect, using the best and most recent available data but based on the law in effect on May 31, 2014. The Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification, along with the relevant law, actuarial assumptions, calculations, and data upon which that certification is based. On or before January 1, 2015 and every January 1 thereafter, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification. On or before January 15, 2015 and every January 1 thereafter, the Board shall certify to the Governor and the General Assembly the amount of the State contribution to the System that would have been required for the next fiscal year if this amendatory Act of the 98th General Assembly had not taken effect, using the best and most recent available data but based on the law in effect on May 31, 2014. The Board's certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the impact of not following the State Actuary's recommended changes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter through State fiscal year 2014, as calculated under this Section and certified under subsection (a-1), shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section. When the State's total debt service obligation for those bonds has ended, any funds remaining available for the payment of that debt service shall be distributed to this System and the 4 other State-funded retirement systems, in the same proportion as the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act, to be used to reduce their unfunded actuarial liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

When assessing payment for any amount due under subsection (f), the System shall exclude a salary increase resulting from a promotion (i) for which the employee is required to hold a certificate or supervisory endorsement issued by the State Teacher Certification Board that is a different certification or supervisory endorsement than is required for the teacher's previous position and (ii) to a position that has existed and been filled by a member for no less than one complete academic year and the salary increase from the promotion is an increase that results in an amount no greater than the lesser of the average salary paid for other similar positions in the district requiring the same certification or the amount stipulated in the collective bargaining agreement for a similar position requiring the same certification.

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

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

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

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

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

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

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

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

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

5-year period following that fiscal year.

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

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

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

Sec. 18-131. Financing; employer contributions.

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

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

(c) <u>For State fiscal year 2016 and each fiscal year thereafter, the minimum contribution to the System to be made by the State for each fiscal year shall be the sum of the following:</u>

<u>(1) representing the State's portion of the projected</u>

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

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

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

For State fiscal years 2012 through 2015 ~~through 2045~~, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 18-140, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section. When the State's total debt service obligation for those bonds has ended, any funds remaining available for the payment of that debt service shall be distributed to this System and the 4 other State-funded retirement systems, in the same proportion as the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act, to be used to reduce their unfunded actuarial liabilities.

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

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

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

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

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

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

(30 ILCS 805/8.39 new)

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

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