



Sen. Steve Stadelman

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LRB099 03096 RPS 44581 a

1 AMENDMENT TO SENATE BILL 436

2 AMENDMENT NO. _____. Amend Senate Bill 436 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 16-158 as follows:

6 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

7 (Text of Section WITHOUT the changes made by P.A. 98-599,
8 which has been held unconstitutional)

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

11 (a) The State shall make contributions to the System by
12 means of appropriations from the Common School Fund and other
13 State funds of amounts which, together with other employer
14 contributions, employee contributions, investment income, and
15 other income, will be sufficient to meet the cost of
16 maintaining and administering the System on a 90% funded basis

1 in accordance with actuarial recommendations.

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

7 (a-1) Annually, on or before November 15 until November 15,
8 2011, the Board shall certify to the Governor the amount of the
9 required State contribution for the coming fiscal year. The
10 certification under this subsection (a-1) shall include a copy
11 of the actuarial recommendations upon which it is based and
12 shall specifically identify the System's projected State
13 normal cost for that fiscal year.

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

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

25 On or before April 1, 2011, the Board shall recalculate and
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2011, applying
2 the changes made by Public Act 96-889 to the System's assets
3 and liabilities as of June 30, 2009 as though Public Act 96-889
4 was approved on that date.

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

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

1 the School Code.

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

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

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

1 diminished or affected by the provisions of this Article.

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

12 For State fiscal years 1996 through 2005, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 so that by State fiscal year 2011, the State is contributing at
16 the rate required under this Section; except that in the
17 following specified State fiscal years, the State contribution
18 to the System shall not be less than the following indicated
19 percentages of the applicable employee payroll, even if the
20 indicated percentage will produce a State contribution in
21 excess of the amount otherwise required under this subsection
22 and subsection (a), and notwithstanding any contrary
23 certification made under subsection (a-1) before the effective
24 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
25 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
26 2003; and 13.56% in FY 2004.

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

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

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2011 is
24 the amount recertified by the System on or before April 1, 2011
25 pursuant to subsection (a-1) of this Section and shall be made
26 from the proceeds of bonds sold in fiscal year 2011 pursuant to

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

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

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

1 System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2008 and each fiscal year thereafter, as calculated
5 under this Section and certified under subsection (a-1), shall
6 not exceed an amount equal to (i) the amount of the required
7 State contribution that would have been calculated under this
8 Section for that fiscal year if the System had not received any
9 payments under subsection (d) of Section 7.2 of the General
10 Obligation Bond Act, minus (ii) the portion of the State's
11 total debt service payments for that fiscal year on the bonds
12 issued in fiscal year 2003 for the purposes of that Section
13 7.2, as determined and certified by the Comptroller, that is
14 the same as the System's portion of the total moneys
15 distributed under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act. In determining this maximum for State
17 fiscal years 2008 through 2010, however, the amount referred to
18 in item (i) shall be increased, as a percentage of the
19 applicable employee payroll, in equal increments calculated
20 from the sum of the required State contribution for State
21 fiscal year 2007 plus the applicable portion of the State's
22 total debt service payments for fiscal year 2007 on the bonds
23 issued in fiscal year 2003 for the purposes of Section 7.2 of
24 the General Obligation Bond Act, so that, by State fiscal year
25 2011, the State is contributing at the rate otherwise required
26 under this Section.

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

6 If members are paid from special trust or federal funds
7 which are administered by the employing unit, whether school
8 district or other unit, the employing unit shall pay to the
9 System from such funds the full accruing retirement costs based
10 upon that service, which, beginning July 1, 2016 ~~2014~~, shall be
11 at a rate, expressed as a percentage of salary, equal to the
12 total employer's ~~minimum contribution to the System to be made~~
13 ~~by the State for that fiscal year, including both normal cost~~
14 ~~and unfunded liability components~~, expressed as a percentage of
15 payroll, as determined by the System ~~under subsection (b-3) of~~
16 ~~this Section~~. Employer contributions, based on salary paid to
17 members from federal funds, may be forwarded by the
18 distributing agency of the State of Illinois to the System
19 prior to allocation, in an amount determined in accordance with
20 guidelines established by such agency and the System. Any
21 contribution for fiscal year 2015 collected as a result of the
22 change made by this amendatory Act of the 98th General Assembly
23 shall be considered a State contribution under subsection (b-3)
24 of this Section.

25 (d) Effective July 1, 1986, any employer of a teacher as
26 defined in paragraph (8) of Section 16-106 shall pay the

1 employer's normal cost of benefits based upon the teacher's
2 service, in addition to employee contributions, as determined
3 by the System. Such employer contributions shall be forwarded
4 monthly in accordance with guidelines established by the
5 System.

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

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

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

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

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

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

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

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

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

1 for the balance of the term of that contract. The employer and
2 the employee organization shall jointly certify to the System
3 the existence of the contractual requirement, in such form as
4 the System may prescribe. This exclusion shall cease upon the
5 termination, extension, or renewal of the contract at any time
6 after May 1, 1998.

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

1 information or documentation. The changes made to this
2 subsection (f) by this amendatory Act of the 94th General
3 Assembly apply without regard to whether the teacher was in
4 service on or after its effective date.

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

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

1 concluded within 3 years after the employer's receipt of the
2 bill.

3 (g) This subsection (g) applies only to payments made or
4 salary increases given on or after June 1, 2005 but before July
5 1, 2011. The changes made by Public Act 94-1057 shall not
6 require the System to refund any payments received before July
7 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

26 When assessing payment for any amount due under subsection

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

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

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

1 payments made or salary increases given after June 30, 2014
2 shall be used in assessing payment for any amount due under
3 subsection (f) of this Section.

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

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

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

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

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

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

23 As of June 30, 2008, the actuarial value of the System's
24 assets shall be equal to the market value of the assets as of
25 that date. In determining the actuarial value of the System's
26 assets for fiscal years after June 30, 2008, any actuarial

1 gains or losses from investment return incurred in a fiscal
2 year shall be recognized in equal annual amounts over the
3 5-year period following that fiscal year.

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

8 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
9 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
10 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

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