

SB0060



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB0060

Introduced 1/16/2019, by Sen. Jennifer Bertino-Tarrant - Dale
Fowler - Rachelle Crowe - Neil Anderson

SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-155
40 ILCS 5/16-158

from Ch. 108 1/2, par. 15-155
from Ch. 108 1/2, par. 16-158

Amends the Downstate Teachers and State Universities Articles of the Illinois Pension Code. Requires an employer to make an additional employer contribution for a participant whose earnings for any academic year used to determine the final rate of earnings exceed the amount of his or her earnings with the same employer for the previous academic year by more than 6% (instead of 3%). Makes conforming changes. Effective immediately.

LRB101 06137 RPS 51158 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 15-155 and 16-158 as follows:

6 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

7 Sec. 15-155. Employer contributions.

8 (a) The State of Illinois shall make contributions by
9 appropriations of amounts which, together with the other
10 employer contributions from trust, federal, and other funds,
11 employee contributions, income from investments, and other
12 income of this System, will be sufficient to meet the cost of
13 maintaining and administering the System on a 90% funded basis
14 in accordance with actuarial recommendations.

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

20 (a-1) For State fiscal years 2012 through 2045, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 sufficient to bring the total assets of the System up to 90% of

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

7 For each of State fiscal years 2018, 2019, and 2020, the
8 State shall make an additional contribution to the System equal
9 to 2% of the total payroll of each employee who is deemed to
10 have elected the benefits under Section 1-161 or who has made
11 the election under subsection (c) of Section 1-161.

12 A change in an actuarial or investment assumption that
13 increases or decreases the required State contribution and
14 first applies in State fiscal year 2018 or thereafter shall be
15 implemented in equal annual amounts over a 5-year period
16 beginning in the State fiscal year in which the actuarial
17 change first applies to the required State contribution.

18 A change in an actuarial or investment assumption that
19 increases or decreases the required State contribution and
20 first applied to the State contribution in fiscal year 2014,
21 2015, 2016, or 2017 shall be implemented:

22 (i) as already applied in State fiscal years before
23 2018; and

24 (ii) in the portion of the 5-year period beginning in
25 the State fiscal year in which the actuarial change first
26 applied that occurs in State fiscal year 2018 or

1 thereafter, by calculating the change in equal annual
2 amounts over that 5-year period and then implementing it at
3 the resulting annual rate in each of the remaining fiscal
4 years in that 5-year period.

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

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$166,641,900.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$252,064,100.

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$702,514,000 and shall be made from the State Pensions Fund and
25 proceeds of bonds sold in fiscal year 2010 pursuant to Section
26 7.2 of the General Obligation Bond Act, less (i) the pro rata

1 share of bond sale expenses determined by the System's share of
2 total bond proceeds, (ii) any amounts received from the General
3 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

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

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

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

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 90%. A reference in this Article to
4 the "required State contribution" or any substantially similar
5 term does not include or apply to any amounts payable to the
6 System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter, as calculated
10 under this Section and certified under Section 15-165, shall
11 not exceed an amount equal to (i) the amount of the required
12 State contribution that would have been calculated under this
13 Section for that fiscal year if the System had not received any
14 payments under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act, minus (ii) the portion of the State's
16 total debt service payments for that fiscal year on the bonds
17 issued in fiscal year 2003 for the purposes of that Section
18 7.2, as determined and certified by the Comptroller, that is
19 the same as the System's portion of the total moneys
20 distributed under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act. In determining this maximum for State
22 fiscal years 2008 through 2010, however, the amount referred to
23 in item (i) shall be increased, as a percentage of the
24 applicable employee payroll, in equal increments calculated
25 from the sum of the required State contribution for State
26 fiscal year 2007 plus the applicable portion of the State's

1 total debt service payments for fiscal year 2007 on the bonds
2 issued in fiscal year 2003 for the purposes of Section 7.2 of
3 the General Obligation Bond Act, so that, by State fiscal year
4 2011, the State is contributing at the rate otherwise required
5 under this Section.

6 (a-2) Beginning in fiscal year 2018, each employer under
7 this Article shall pay to the System a required contribution
8 determined as a percentage of projected payroll and sufficient
9 to produce an annual amount equal to:

10 (i) for each of fiscal years 2018, 2019, and 2020, the
11 defined benefit normal cost of the defined benefit plan,
12 less the employee contribution, for each employee of that
13 employer who has elected or who is deemed to have elected
14 the benefits under Section 1-161 or who has made the
15 election under subsection (c) of Section 1-161; for fiscal
16 year 2021 and each fiscal year thereafter, the defined
17 benefit normal cost of the defined benefit plan, less the
18 employee contribution, plus 2%, for each employee of that
19 employer who has elected or who is deemed to have elected
20 the benefits under Section 1-161 or who has made the
21 election under subsection (c) of Section 1-161; plus

22 (ii) the amount required for that fiscal year to
23 amortize any unfunded actuarial accrued liability
24 associated with the present value of liabilities
25 attributable to the employer's account under Section
26 15-155.2, determined as a level percentage of payroll over

1 a 30-year rolling amortization period.

2 In determining contributions required under item (i) of
3 this subsection, the System shall determine an aggregate rate
4 for all employers, expressed as a percentage of projected
5 payroll.

6 In determining the contributions required under item (ii)
7 of this subsection, the amount shall be computed by the System
8 on the basis of the actuarial assumptions and tables used in
9 the most recent actuarial valuation of the System that is
10 available at the time of the computation.

11 The contributions required under this subsection (a-2)
12 shall be paid by an employer concurrently with that employer's
13 payroll payment period. The State, as the actual employer of an
14 employee, shall make the required contributions under this
15 subsection.

16 As used in this subsection, "academic year" means the
17 12-month period beginning September 1.

18 (b) If an employee is paid from trust or federal funds, the
19 employer shall pay to the Board contributions from those funds
20 which are sufficient to cover the accruing normal costs on
21 behalf of the employee. However, universities having employees
22 who are compensated out of local auxiliary funds, income funds,
23 or service enterprise funds are not required to pay such
24 contributions on behalf of those employees. The local auxiliary
25 funds, income funds, and service enterprise funds of
26 universities shall not be considered trust funds for the

1 purpose of this Article, but funds of alumni associations,
2 foundations, and athletic associations which are affiliated
3 with the universities included as employers under this Article
4 and other employers which do not receive State appropriations
5 are considered to be trust funds for the purpose of this
6 Article.

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

20 (c) Through State fiscal year 1995: The total employer
21 contribution shall be apportioned among the various funds of
22 the State and other employers, whether trust, federal, or other
23 funds, in accordance with actuarial procedures approved by the
24 Board. State of Illinois contributions for employers receiving
25 State appropriations for personal services shall be payable
26 from appropriations made to the employers or to the System. The

1 contributions for Class I community colleges covering earnings
2 other than those paid from trust and federal funds, shall be
3 payable solely from appropriations to the Illinois Community
4 College Board or the System for employer contributions.

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

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

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

22 (g) ~~If For academic years beginning on or after June 1,~~
23 ~~2005 and before July 1, 2018 and for earnings paid to a~~
24 ~~participant under a contract or collective bargaining~~
25 ~~agreement entered into, amended, or renewed before the~~
26 ~~effective date of this amendatory Act of the 100th General~~

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

17 Whenever it determines that a payment is or may be required
18 under this subsection (g), the System shall calculate the
19 amount of the payment and bill the employer for that amount.
20 The bill shall specify the calculations used to determine the
21 amount due. If the employer disputes the amount of the bill, it
22 may, within 30 days after receipt of the bill, apply to the
23 System in writing for a recalculation. The application must
24 specify in detail the grounds of the dispute and, if the
25 employer asserts that the calculation is subject to subsection
26 (h) or (i) of this Section ~~or that subsection (g 1) applies,~~

1 must include an affidavit setting forth and attesting to all
2 facts within the employer's knowledge that are pertinent to the
3 applicability of that subsection. Upon receiving a timely
4 application for recalculation, the System shall review the
5 application and, if appropriate, recalculate the amount due.

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

15 When assessing payment for any amount due under this
16 subsection (g), the System shall include earnings, to the
17 extent not established by a participant under Section 15-113.11
18 or 15-113.12, that would have been paid to the participant had
19 the participant not taken (i) periods of voluntary or
20 involuntary furlough occurring on or after July 1, 2015 and on
21 or before June 30, 2017 or (ii) periods of voluntary pay
22 reduction in lieu of furlough occurring on or after July 1,
23 2015 and on or before June 30, 2017. Determining earnings that
24 would have been paid to a participant had the participant not
25 taken periods of voluntary or involuntary furlough or periods
26 of voluntary pay reduction shall be the responsibility of the

1 employer, and shall be reported in a manner prescribed by the
2 System.

3 This subsection (g) does not apply to (1) Tier 2 hybrid
4 plan members and (2) Tier 2 defined benefit members who first
5 participate under this Article on or after the implementation
6 date of the Optional Hybrid Plan.

7 (g-1) (Blank). ~~For academic years beginning on or after~~
8 ~~July 1, 2018 and for earnings paid to a participant under a~~
9 ~~contract or collective bargaining agreement entered into,~~
10 ~~amended, or renewed on or after the effective date of this~~
11 ~~amendatory Act of the 100th General Assembly, if the amount of~~
12 ~~a participant's earnings for any academic year used to~~
13 ~~determine the final rate of earnings, determined on a full-time~~
14 ~~equivalent basis, exceeds the amount of his or her earnings~~
15 ~~with the same employer for the previous academic year,~~
16 ~~determined on a full-time equivalent basis, by more than 3%,~~
17 ~~then the participant's employer shall pay to the System, in~~
18 ~~addition to all other payments required under this Section and~~
19 ~~in accordance with guidelines established by the System, the~~
20 ~~present value of the increase in benefits resulting from the~~
21 ~~portion of the increase in earnings that is in excess of 3%.~~
22 ~~This present value shall be computed by the System on the basis~~
23 ~~of the actuarial assumptions and tables used in the most recent~~
24 ~~actuarial valuation of the System that is available at the time~~
25 ~~of the computation. The System may require the employer to~~
26 ~~provide any pertinent information or documentation.~~

1 ~~Whenever it determines that a payment is or may be required~~
2 ~~under this subsection (g-1), the System shall calculate the~~
3 ~~amount of the payment and bill the employer for that amount.~~
4 ~~The bill shall specify the calculations used to determine the~~
5 ~~amount due. If the employer disputes the amount of the bill, it~~
6 ~~may, within 30 days after receipt of the bill, apply to the~~
7 ~~System in writing for a recalculation. The application must~~
8 ~~specify in detail the grounds of the dispute and, if the~~
9 ~~employer asserts that subsection (g) of this Section applies,~~
10 ~~must include an affidavit setting forth and attesting to all~~
11 ~~facts within the employer's knowledge that are pertinent to the~~
12 ~~applicability of subsection (g). Upon receiving a timely~~
13 ~~application for recalculation, the System shall review the~~
14 ~~application and, if appropriate, recalculate the amount due.~~

15 ~~The employer contributions required under this subsection~~
16 ~~(g-1) may be paid in the form of a lump sum within 90 days after~~
17 ~~receipt of the bill. If the employer contributions are not paid~~
18 ~~within 90 days after receipt of the bill, then interest shall~~
19 ~~be charged at a rate equal to the System's annual actuarially~~
20 ~~assumed rate of return on investment compounded annually from~~
21 ~~the 91st day after receipt of the bill. Payments must be~~
22 ~~concluded within 3 years after the employer's receipt of the~~
23 ~~bill.~~

24 ~~This subsection (g-1) does not apply to (1) Tier 2 hybrid~~
25 ~~plan members and (2) Tier 2 defined benefit members who first~~
26 ~~participate under this Article on or after the implementation~~

1 ~~date of the Optional Hybrid Plan.~~

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

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

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

16 When assessing payment for any amount due under subsection
17 (g), the System shall exclude earnings increases resulting from
18 overload work, including a contract for summer teaching, or
19 overtime when the employer has certified to the System, and the
20 System has approved the certification, that: (i) in the case of
21 overloads (A) the overload work is for the sole purpose of
22 academic instruction in excess of the standard number of
23 instruction hours for a full-time employee occurring during the
24 academic year that the overload is paid and (B) the earnings
25 increases are equal to or less than the rate of pay for
26 academic instruction computed using the participant's current

1 salary rate and work schedule; and (ii) in the case of
2 overtime, the overtime was necessary for the educational
3 mission.

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

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

1 subsection (g) of this Section.

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

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

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

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

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

17 (j-5) For State fiscal years beginning on or after July 1,
18 2017, if the amount of a participant's earnings for any State
19 fiscal year exceeds the amount of the salary set by law for the
20 Governor that is in effect on July 1 of that fiscal year, the
21 participant's employer shall pay to the System, in addition to
22 all other payments required under this Section and in
23 accordance with guidelines established by the System, an amount
24 determined by the System to be equal to the employer normal
25 cost, as established by the System and expressed as a total
26 percentage of payroll, multiplied by the amount of earnings in

1 excess of the amount of the salary set by law for the Governor.
2 This amount shall be computed by the System on the basis of the
3 actuarial assumptions and tables used in the most recent
4 actuarial valuation of the System that is available at the time
5 of the computation. The System may require the employer to
6 provide any pertinent information or documentation.

7 Whenever it determines that a payment is or may be required
8 under this subsection, the System shall calculate the amount of
9 the payment and bill the employer for that amount. The bill
10 shall specify the calculation used to determine the amount due.
11 If the employer disputes the amount of the bill, it may, within
12 30 days after receipt of the bill, apply to the System in
13 writing for a recalculation. The application must specify in
14 detail the grounds of the dispute. Upon receiving a timely
15 application for recalculation, the System shall review the
16 application and, if appropriate, recalculate the amount due.

17 The employer contributions required under this subsection
18 may be paid in the form of a lump sum within 90 days after
19 issuance of the bill. If the employer contributions are not
20 paid within 90 days after issuance of the bill, then interest
21 will be charged at a rate equal to the System's annual
22 actuarially assumed rate of return on investment compounded
23 annually from the 91st day after issuance of the bill. All
24 payments must be received within 3 years after issuance of the
25 bill. If the employer fails to make complete payment, including
26 applicable interest, within 3 years, then the System may, after

1 giving notice to the employer, certify the delinquent amount to
2 the State Comptroller, and the Comptroller shall thereupon
3 deduct the certified delinquent amount from State funds payable
4 to the employer and pay them instead to the System.

5 This subsection (j-5) does not apply to a participant's
6 earnings to the extent an employer pays the employer normal
7 cost of such earnings.

8 The changes made to this subsection (j-5) by Public Act
9 100-624 ~~this amendatory Act of the 100th General Assembly~~ are
10 intended to apply retroactively to July 6, 2017 (the effective
11 date of Public Act 100-23).

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

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

5 As of June 30, 2008, the actuarial value of the System's
6 assets shall be equal to the market value of the assets as of
7 that date. In determining the actuarial value of the System's
8 assets for fiscal years after June 30, 2008, any actuarial
9 gains or losses from investment return incurred in a fiscal
10 year shall be recognized in equal annual amounts over the
11 5-year period following that fiscal year.

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

16 (Source: P.A. 99-897, eff. 1-1-17; 100-23, eff. 7-6-17;
17 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; revised 7-30-18.)

18 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

21 (a) The State shall make contributions to the System by
22 means of appropriations from the Common School Fund and other
23 State funds of amounts which, together with other employer
24 contributions, employee contributions, investment income, and
25 other income, will be sufficient to meet the cost of

1 maintaining and administering the System on a 90% funded basis
2 in accordance with actuarial recommendations.

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

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

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

21 On or before July 1, 2005, the Board shall recalculate and
22 recertify to the Governor the amount of the required State
23 contribution to the System for State fiscal year 2006, taking
24 into account the changes in required State contributions made
25 by Public Act 94-4.

26 On or before April 1, 2011, the Board shall recalculate and

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

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

26 (a-10) By November 1, 2017, the Board shall recalculate and

1 recertify to the State Actuary, the Governor, and the General
2 Assembly the amount of the State contribution to the System for
3 State fiscal year 2018, taking into account the changes in
4 required State contributions made by Public Act 100-23. The
5 State Actuary shall review the assumptions and valuations
6 underlying the Board's revised certification and issue a
7 preliminary report concerning the proposed recertification and
8 identifying, if necessary, recommended changes in actuarial
9 assumptions that the Board must consider before finalizing its
10 certification of the required State contributions. The Board's
11 final certification must note any deviations from the State
12 Actuary's recommended changes, the reason or reasons for not
13 following the State Actuary's recommended changes, and the
14 fiscal impact of not following the State Actuary's recommended
15 changes on the required State contribution.

16 (a-15) On or after June 15, 2019, but no later than June
17 30, 2019, the Board shall recalculate and recertify to the
18 Governor and the General Assembly the amount of the State
19 contribution to the System for State fiscal year 2019, taking
20 into account the changes in required State contributions made
21 by Public Act 100-587 ~~this amendatory Act of the 100th General~~
22 ~~Assembly~~. The recalculation shall be made using assumptions
23 adopted by the Board for the original fiscal year 2019
24 certification. The monthly voucher for the 12th month of fiscal
25 year 2019 shall be paid by the Comptroller after the
26 recertification required pursuant to this subsection is

1 submitted to the Governor, Comptroller, and General Assembly.
2 The recertification submitted to the General Assembly shall be
3 filed with the Clerk of the House of Representatives and the
4 Secretary of the Senate in electronic form only, in the manner
5 that the Clerk and the Secretary shall direct.

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

9 (b-1) Beginning in State fiscal year 1996, on the 15th day
10 of each month, or as soon thereafter as may be practicable, the
11 Board shall submit vouchers for payment of State contributions
12 to the System, in a total monthly amount of one-twelfth of the
13 required annual State contribution certified under subsection
14 (a-1). From March 5, 2004 (the effective date of Public Act
15 93-665) through June 30, 2004, the Board shall not submit
16 vouchers for the remainder of fiscal year 2004 in excess of the
17 fiscal year 2004 certified contribution amount determined
18 under this Section after taking into consideration the transfer
19 to the System under subsection (a) of Section 6z-61 of the
20 State Finance Act. These vouchers shall be paid by the State
21 Comptroller and Treasurer by warrants drawn on the funds
22 appropriated to the System for that fiscal year.

23 If in any month the amount remaining unexpended from all
24 other appropriations to the System for the applicable fiscal
25 year (including the appropriations to the System under Section
26 8.12 of the State Finance Act and Section 1 of the State

1 Pension Funds Continuing Appropriation Act) is less than the
2 amount lawfully vouchered under this subsection, the
3 difference shall be paid from the Common School Fund under the
4 continuing appropriation authority provided in Section 1.1 of
5 the State Pension Funds Continuing Appropriation Act.

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

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

19 For each of State fiscal years 2018, 2019, and 2020, the
20 State shall make an additional contribution to the System equal
21 to 2% of the total payroll of each employee who is deemed to
22 have elected the benefits under Section 1-161 or who has made
23 the election under subsection (c) of Section 1-161.

24 A change in an actuarial or investment assumption that
25 increases or decreases the required State contribution and
26 first applies in State fiscal year 2018 or thereafter shall be

1 implemented in equal annual amounts over a 5-year period
2 beginning in the State fiscal year in which the actuarial
3 change first applies to the required State contribution.

4 A change in an actuarial or investment assumption that
5 increases or decreases the required State contribution and
6 first applied to the State contribution in fiscal year 2014,
7 2015, 2016, or 2017 shall be implemented:

8 (i) as already applied in State fiscal years before
9 2018; and

10 (ii) in the portion of the 5-year period beginning in
11 the State fiscal year in which the actuarial change first
12 applied that occurs in State fiscal year 2018 or
13 thereafter, by calculating the change in equal annual
14 amounts over that 5-year period and then implementing it at
15 the resulting annual rate in each of the remaining fiscal
16 years in that 5-year period.

17 For State fiscal years 1996 through 2005, the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, shall be increased in equal annual increments
20 so that by State fiscal year 2011, the State is contributing at
21 the rate required under this Section; except that in the
22 following specified State fiscal years, the State contribution
23 to the System shall not be less than the following indicated
24 percentages of the applicable employee payroll, even if the
25 indicated percentage will produce a State contribution in
26 excess of the amount otherwise required under this subsection

1 and subsection (a), and notwithstanding any contrary
2 certification made under subsection (a-1) before May 27, 1998
3 (the effective date of Public Act 90-582): 10.02% in FY 1999;
4 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86%
5 in FY 2003; and 13.56% in FY 2004.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2006 is
8 \$534,627,700.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2007 is
11 \$738,014,500.

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

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

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

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

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

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 90%. A reference in this Article to
4 the "required State contribution" or any substantially similar
5 term does not include or apply to any amounts payable to the
6 System under Section 25 of the Budget Stabilization Act.

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

1 total debt service payments for fiscal year 2007 on the bonds
2 issued in fiscal year 2003 for the purposes of Section 7.2 of
3 the General Obligation Bond Act, so that, by State fiscal year
4 2011, the State is contributing at the rate otherwise required
5 under this Section.

6 (b-4) Beginning in fiscal year 2018, each employer under
7 this Article shall pay to the System a required contribution
8 determined as a percentage of projected payroll and sufficient
9 to produce an annual amount equal to:

10 (i) for each of fiscal years 2018, 2019, and 2020, the
11 defined benefit normal cost of the defined benefit plan,
12 less the employee contribution, for each employee of that
13 employer who has elected or who is deemed to have elected
14 the benefits under Section 1-161 or who has made the
15 election under subsection (b) of Section 1-161; for fiscal
16 year 2021 and each fiscal year thereafter, the defined
17 benefit normal cost of the defined benefit plan, less the
18 employee contribution, plus 2%, for each employee of that
19 employer who has elected or who is deemed to have elected
20 the benefits under Section 1-161 or who has made the
21 election under subsection (b) of Section 1-161; plus

22 (ii) the amount required for that fiscal year to
23 amortize any unfunded actuarial accrued liability
24 associated with the present value of liabilities
25 attributable to the employer's account under Section
26 16-158.3, determined as a level percentage of payroll over

1 a 30-year rolling amortization period.

2 In determining contributions required under item (i) of
3 this subsection, the System shall determine an aggregate rate
4 for all employers, expressed as a percentage of projected
5 payroll.

6 In determining the contributions required under item (ii)
7 of this subsection, the amount shall be computed by the System
8 on the basis of the actuarial assumptions and tables used in
9 the most recent actuarial valuation of the System that is
10 available at the time of the computation.

11 The contributions required under this subsection (b-4)
12 shall be paid by an employer concurrently with that employer's
13 payroll payment period. The State, as the actual employer of an
14 employee, shall make the required contributions under this
15 subsection.

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

21 If members are paid from special trust or federal funds
22 which are administered by the employing unit, whether school
23 district or other unit, the employing unit shall pay to the
24 System from such funds the full accruing retirement costs based
25 upon that service, which, beginning July 1, 2017, shall be at a
26 rate, expressed as a percentage of salary, equal to the total

1 employer's normal cost, expressed as a percentage of payroll,
2 as determined by the System. Employer contributions, based on
3 salary paid to members from federal funds, may be forwarded by
4 the distributing agency of the State of Illinois to the System
5 prior to allocation, in an amount determined in accordance with
6 guidelines established by such agency and the System. Any
7 contribution for fiscal year 2015 collected as a result of the
8 change made by Public Act 98-674 shall be considered a State
9 contribution under subsection (b-3) of this Section.

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

17 However, with respect to benefits granted under Section
18 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
19 of Section 16-106, the employer's contribution shall be 12%
20 (rather than 20%) of the member's highest annual salary rate
21 for each year of creditable service granted, and the employer
22 shall also pay the required employee contribution on behalf of
23 the teacher. For the purposes of Sections 16-133.4 and
24 16-133.5, a teacher as defined in paragraph (8) of Section
25 16-106 who is serving in that capacity while on leave of
26 absence from another employer under this Article shall not be

1 considered an employee of the employer from which the teacher
2 is on leave.

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

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

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

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

17 These employer contributions are intended to offset a
18 portion of the cost to the System of the increases in
19 retirement benefits resulting from Public Act 90-582.

20 Each employer of teachers is entitled to a credit against
21 the contributions required under this subsection (e) with
22 respect to salaries paid to teachers for the period January 1,
23 2002 through June 30, 2003, equal to the amount paid by that
24 employer under subsection (a-5) of Section 6.6 of the State
25 Employees Group Insurance Act of 1971 with respect to salaries
26 paid to teachers for that period.

1 The additional 1% employee contribution required under
2 Section 16-152 by Public Act 90-582 is the responsibility of
3 the teacher and not the teacher's employer, unless the employer
4 agrees, through collective bargaining or otherwise, to make the
5 contribution on behalf of the teacher.

6 If an employer is required by a contract in effect on May
7 1, 1998 between the employer and an employee organization to
8 pay, on behalf of all its full-time employees covered by this
9 Article, all mandatory employee contributions required under
10 this Article, then the employer shall be excused from paying
11 the employer contribution required under this subsection (e)
12 for the balance of the term of that contract. The employer and
13 the employee organization shall jointly certify to the System
14 the existence of the contractual requirement, in such form as
15 the System may prescribe. This exclusion shall cease upon the
16 termination, extension, or renewal of the contract at any time
17 after May 1, 1998.

18 (f) ~~If For school years beginning on or after June 1, 2005~~
19 ~~and before July 1, 2018 and for salary paid to a teacher under~~
20 ~~a contract or collective bargaining agreement entered into,~~
21 ~~amended, or renewed before the effective date of this amendatory~~
22 ~~Act of the 100th General Assembly, if~~ the amount of a teacher's
23 salary for any school year used to determine final average
24 salary exceeds the member's annual full-time salary rate with
25 the same employer for the previous school year by more than 6%,
26 the teacher's employer shall pay to the System, in addition to

1 all other payments required under this Section and in
2 accordance with guidelines established by the System, the
3 present value of the increase in benefits resulting from the
4 portion of the increase in salary that is in excess of 6%. This
5 present value shall be computed by the System on the basis of
6 the actuarial assumptions and tables used in the most recent
7 actuarial valuation of the System that is available at the time
8 of the computation. If a teacher's salary for the 2005-2006
9 school year is used to determine final average salary under
10 this subsection (f), then the changes made to this subsection
11 (f) by Public Act 94-1057 shall apply in calculating whether
12 the increase in his or her salary is in excess of 6%. For the
13 purposes of this Section, change in employment under Section
14 10-21.12 of the School Code on or after June 1, 2005 shall
15 constitute a change in employer. The System may require the
16 employer to provide any pertinent information or
17 documentation. The changes made to this subsection (f) by
18 Public Act 94-1111 apply without regard to whether the teacher
19 was in service on or after its effective date.

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

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

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

18 (f-1) (Blank). ~~For school years beginning on or after July~~
19 ~~1, 2018 and for salary paid to a teacher under a contract or~~
20 ~~collective bargaining agreement entered into, amended, or~~
21 ~~renewed on or after the effective date of this amendatory Act~~
22 ~~of the 100th General Assembly, if the amount of a teacher's~~
23 ~~salary for any school year used to determine final average~~
24 ~~salary exceeds the member's annual full-time salary rate with~~
25 ~~the same employer for the previous school year by more than 3%,~~
26 ~~then the teacher's employer shall pay to the System, in~~

1 ~~addition to all other payments required under this Section and~~
2 ~~in accordance with guidelines established by the System, the~~
3 ~~present value of the increase in benefits resulting from the~~
4 ~~portion of the increase in salary that is in excess of 3%. This~~
5 ~~present value shall be computed by the System on the basis of~~
6 ~~the actuarial assumptions and tables used in the most recent~~
7 ~~actuarial valuation of the System that is available at the time~~
8 ~~of the computation. The System may require the employer to~~
9 ~~provide any pertinent information or documentation.~~

10 ~~Whenever it determines that a payment is or may be required~~
11 ~~under this subsection (f-1), the System shall calculate the~~
12 ~~amount of the payment and bill the employer for that amount.~~
13 ~~The bill shall specify the calculations used to determine the~~
14 ~~amount due. If the employer disputes the amount of the bill, it~~
15 ~~shall, within 30 days after receipt of the bill, apply to the~~
16 ~~System in writing for a recalculation. The application must~~
17 ~~specify in detail the grounds of the dispute and, if the~~
18 ~~employer asserts that subsection (f) of this Section applies,~~
19 ~~must include an affidavit setting forth and attesting to all~~
20 ~~facts within the employer's knowledge that are pertinent to the~~
21 ~~applicability of subsection (f). Upon receiving a timely~~
22 ~~application for recalculation, the System shall review the~~
23 ~~application and, if appropriate, recalculate the amount due.~~

24 ~~The employer contributions required under this subsection~~
25 ~~(f-1) may be paid in the form of a lump sum within 90 days after~~
26 ~~receipt of the bill. If the employer contributions are not paid~~

1 ~~within 90 days after receipt of the bill, then interest shall~~
2 ~~be charged at a rate equal to the System's annual actuarially~~
3 ~~assumed rate of return on investment compounded annually from~~
4 ~~the 91st day after receipt of the bill. Payments must be~~
5 ~~concluded within 3 years after the employer's receipt of the~~
6 ~~bill.~~

7 (g) This subsection (g) applies only to payments made or
8 salary increases given on or after June 1, 2005 but before July
9 1, 2011. The changes made by Public Act 94-1057 shall not
10 require the System to refund any payments received before July
11 31, 2006 (the effective date of Public Act 94-1057).

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

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

20 When assessing payment for any amount due under subsection
21 (f), the System shall exclude salary increases resulting from
22 overload work, including summer school, when the school
23 district has certified to the System, and the System has
24 approved the certification, that (i) the overload work is for
25 the sole purpose of classroom instruction in excess of the
26 standard number of classes for a full-time teacher in a school

1 district during a school year and (ii) the salary increases are
2 equal to or less than the rate of pay for classroom instruction
3 computed on the teacher's current salary and work schedule.

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

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

24 (h) When assessing payment for any amount due under
25 subsection (f), the System shall exclude any salary increase
26 described in subsection (g) of this Section given on or after

1 July 1, 2011 but before July 1, 2014 under a contract or
2 collective bargaining agreement entered into, amended, or
3 renewed on or after June 1, 2005 but before July 1, 2011.
4 Notwithstanding any other provision of this Section, any
5 payments made or salary increases given after June 30, 2014
6 shall be used in assessing payment for any amount due under
7 subsection (f) of this Section.

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

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

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

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

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

23 (i-5) For school years beginning on or after July 1, 2017,
24 if the amount of a participant's salary for any school year
25 exceeds the amount of the salary set for the Governor, the
26 participant's employer shall pay to the System, in addition to

1 all other payments required under this Section and in
2 accordance with guidelines established by the System, an amount
3 determined by the System to be equal to the employer normal
4 cost, as established by the System and expressed as a total
5 percentage of payroll, multiplied by the amount of salary in
6 excess of the amount of the salary set for the Governor. This
7 amount shall be computed by the System on the basis of the
8 actuarial assumptions and tables used in the most recent
9 actuarial valuation of the System that is available at the time
10 of the computation. The System may require the employer to
11 provide any pertinent information or documentation.

12 Whenever it determines that a payment is or may be required
13 under this subsection, the System shall calculate the amount of
14 the payment and bill the employer for that amount. The bill
15 shall specify the calculations used to determine the amount
16 due. If the employer disputes the amount of the bill, it may,
17 within 30 days after receipt of the bill, apply to the System
18 in writing for a recalculation. The application must specify in
19 detail the grounds of the dispute. Upon receiving a timely
20 application for recalculation, the System shall review the
21 application and, if appropriate, recalculate the amount due.

22 The employer contributions required under this subsection
23 may be paid in the form of a lump sum within 90 days after
24 receipt of the bill. If the employer contributions are not paid
25 within 90 days after receipt of the bill, then interest will be
26 charged at a rate equal to the System's annual actuarially

1 assumed rate of return on investment compounded annually from
2 the 91st day after receipt of the bill. Payments must be
3 concluded within 3 years after the employer's receipt of the
4 bill.

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

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

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

20 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;
21 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; 100-863, eff.
22 8-14-18; revised 10-4-18.)

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