



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2338

Introduced 1/8/2020, by Sen. Dan McConchie

SYNOPSIS AS INTRODUCED:

See Index

Amends the Downstate Teacher Article of the Illinois Pension Code. Provides that beginning in school year 2021 and each year thereafter, the System shall calculate the projected amount of the increase in the employer normal cost of benefits, expressed as a percentage of salary and reflecting separate amounts for Tier 1 and Tier 2 benefits, resulting from any increase in salary over the preceding school year, expressed as a percentage of salary. Provides that except for a teacher who first becomes a teacher on or after the implementation date of certain benefits and except for salary increases paid to a teacher under a contract or collective bargaining agreement entered into, amended, or renewed before July 1, 2021, if the amount of a teacher's salary for any school year beginning on or after July 1, 2021 exceeds the teacher's annual full-time salary rate with the same employer for the previous school year, then the teacher's employer shall pay to the System the projected amount of the increase in the employer normal cost of benefits, as determined by the System and reflecting whether the teacher will receive Tier 1 or Tier 2 benefits, resulting from the increase in the teacher's salary over the previous school year. Excludes earning increases paid to members who first become members on or after the implementation date of certain benefits. Defines "Tier 1 benefits" and "Tier 2 benefits". Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 14439 RPS 63328 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 adding
5 Sections 16-106.4a and 16-106.4b and by changing Section 16-158
6 as follows:

7 (40 ILCS 5/16-106.4a new)

8 Sec. 16-106.4a. Tier 1 benefits. "Tier 1 benefits": The
9 benefits applicable to a member under this Article who first
10 became a member or participant before January 1, 2011 under any
11 reciprocal retirement system or pension fund established under
12 this Code other than a retirement system or pension fund
13 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

14 (40 ILCS 5/16-106.4b new)

15 Sec. 16-106.4b. Tier 2 benefits. "Tier 2 benefits": The
16 benefits applicable to a member of the System (i) who first
17 becomes a member under this Article on or after January 1, 2011
18 and before the implementation date, as defined under Section
19 1-161 and determined by the Board, and who is not eligible for
20 Tier 1 benefits or (ii) who made the election under subsection
21 (b) of Section 1-161.

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

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

4 (a) The State shall make contributions to the System by
5 means of appropriations from the Common School Fund and other
6 State funds of amounts which, together with other employer
7 contributions, employee contributions, investment income, and
8 other income, will be sufficient to meet the cost of
9 maintaining and administering the System on a 90% funded basis
10 in accordance with actuarial recommendations.

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

16 (a-1) Annually, on or before November 15 until November 15,
17 2011, the Board shall certify to the Governor the amount of the
18 required State contribution for the coming fiscal year. The
19 certification under this subsection (a-1) shall include a copy
20 of the actuarial recommendations upon which it is based and
21 shall specifically identify the System's projected State
22 normal cost for that fiscal year.

23 On or before May 1, 2004, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2005, taking
26 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

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

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

14 (a-5) On or before November 1 of each year, beginning
15 November 1, 2012, the Board shall submit to the State Actuary,
16 the Governor, and the General Assembly a proposed certification
17 of the amount of the required State contribution to the System
18 for the next fiscal year, along with all of the actuarial
19 assumptions, calculations, and data upon which that proposed
20 certification is based. On or before January 1 of each year,
21 beginning January 1, 2013, the State Actuary shall issue a
22 preliminary report concerning the proposed certification and
23 identifying, if necessary, recommended changes in actuarial
24 assumptions that the Board must consider before finalizing its
25 certification of the required State contributions. On or before
26 January 15, 2013 and each January 15 thereafter, the Board

1 shall certify to the Governor and the General Assembly the
2 amount of the required State contribution for the next fiscal
3 year. The Board's certification must note any deviations from
4 the State Actuary's recommended changes, the reason or reasons
5 for not following the State Actuary's recommended changes, and
6 the fiscal impact of not following the State Actuary's
7 recommended changes on the required State contribution.

8 (a-10) By November 1, 2017, the Board shall recalculate and
9 recertify to the State Actuary, the Governor, and the General
10 Assembly the amount of the State contribution to the System for
11 State fiscal year 2018, taking into account the changes in
12 required State contributions made by Public Act 100-23. The
13 State Actuary shall review the assumptions and valuations
14 underlying the Board's revised certification and issue a
15 preliminary report concerning the proposed recertification and
16 identifying, if necessary, recommended changes in actuarial
17 assumptions that the Board must consider before finalizing its
18 certification of the required State contributions. The Board's
19 final certification must note any deviations from the State
20 Actuary's recommended changes, the reason or reasons for not
21 following the State Actuary's recommended changes, and the
22 fiscal impact of not following the State Actuary's recommended
23 changes on the required State contribution.

24 (a-15) On or after June 15, 2019, but no later than June
25 30, 2019, the Board shall recalculate and recertify to the
26 Governor and the General Assembly the amount of the State

1 contribution to the System for State fiscal year 2019, taking
2 into account the changes in required State contributions made
3 by Public Act 100-587. The recalculation shall be made using
4 assumptions adopted by the Board for the original fiscal year
5 2019 certification. The monthly voucher for the 12th month of
6 fiscal year 2019 shall be paid by the Comptroller after the
7 recertification required pursuant to this subsection is
8 submitted to the Governor, Comptroller, and General Assembly.
9 The recertification submitted to the General Assembly shall be
10 filed with the Clerk of the House of Representatives and the
11 Secretary of the Senate in electronic form only, in the manner
12 that the Clerk and the Secretary shall direct.

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

16 (b-1) Beginning in State fiscal year 1996, on the 15th day
17 of each month, or as soon thereafter as may be practicable, the
18 Board shall submit vouchers for payment of State contributions
19 to the System, in a total monthly amount of one-twelfth of the
20 required annual State contribution certified under subsection
21 (a-1). From March 5, 2004 (the effective date of Public Act
22 93-665) through June 30, 2004, the Board shall not submit
23 vouchers for the remainder of fiscal year 2004 in excess of the
24 fiscal year 2004 certified contribution amount determined
25 under this Section after taking into consideration the transfer
26 to the System under subsection (a) of Section 6z-61 of the

1 State Finance Act. These vouchers shall be paid by the State
2 Comptroller and Treasurer by warrants drawn on the funds
3 appropriated to the System for that fiscal year.

4 If in any month the amount remaining unexpended from all
5 other appropriations to the System for the applicable fiscal
6 year (including the appropriations to the System under Section
7 8.12 of the State Finance Act and Section 1 of the State
8 Pension Funds Continuing Appropriation Act) is less than the
9 amount lawfully vouchered under this subsection, the
10 difference shall be paid from the Common School Fund under the
11 continuing appropriation authority provided in Section 1.1 of
12 the State Pension Funds Continuing Appropriation Act.

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

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

26 For each of State fiscal years 2018, 2019, and 2020, the

1 State shall make an additional contribution to the System equal
2 to 2% of the total payroll of each employee who is deemed to
3 have elected the benefits under Section 1-161 or who has made
4 the election under subsection (c) of Section 1-161.

5 A change in an actuarial or investment assumption that
6 increases or decreases the required State contribution and
7 first applies in State fiscal year 2018 or thereafter shall be
8 implemented in equal annual amounts over a 5-year period
9 beginning in the State fiscal year in which the actuarial
10 change first applies to the required State contribution.

11 A change in an actuarial or investment assumption that
12 increases or decreases the required State contribution and
13 first applied to the State contribution in fiscal year 2014,
14 2015, 2016, or 2017 shall be implemented:

15 (i) as already applied in State fiscal years before
16 2018; and

17 (ii) in the portion of the 5-year period beginning in
18 the State fiscal year in which the actuarial change first
19 applied that occurs in State fiscal year 2018 or
20 thereafter, by calculating the change in equal annual
21 amounts over that 5-year period and then implementing it at
22 the resulting annual rate in each of the remaining fiscal
23 years in that 5-year period.

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section; except that in the
3 following specified State fiscal years, the State contribution
4 to the System shall not be less than the following indicated
5 percentages of the applicable employee payroll, even if the
6 indicated percentage will produce a State contribution in
7 excess of the amount otherwise required under this subsection
8 and subsection (a), and notwithstanding any contrary
9 certification made under subsection (a-1) before May 27, 1998
10 (the effective date of Public Act 90-582): 10.02% in FY 1999;
11 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86%
12 in FY 2003; and 13.56% in FY 2004.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2006 is
15 \$534,627,700.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2007 is
18 \$738,014,500.

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2010 is

1 \$2,089,268,000 and shall be made from the proceeds of bonds
2 sold in fiscal year 2010 pursuant to Section 7.2 of the General
3 Obligation Bond Act, less (i) the pro rata share of bond sale
4 expenses determined by the System's share of total bond
5 proceeds, (ii) any amounts received from the Common School Fund
6 in fiscal year 2010, and (iii) any reduction in bond proceeds
7 due to the issuance of discounted bonds, if applicable.

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

24 Beginning in State fiscal year 2046, the minimum State
25 contribution for each fiscal year shall be the amount needed to
26 maintain the total assets of the System at 90% of the total

1 actuarial liabilities of the System.

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

14 Notwithstanding any other provision of this Section, the
15 required State contribution for State fiscal year 2005 and for
16 fiscal year 2008 and each fiscal year thereafter, as calculated
17 under this Section and certified under subsection (a-1), shall
18 not exceed an amount equal to (i) the amount of the required
19 State contribution that would have been calculated under this
20 Section for that fiscal year if the System had not received any
21 payments under subsection (d) of Section 7.2 of the General
22 Obligation Bond Act, minus (ii) the portion of the State's
23 total debt service payments for that fiscal year on the bonds
24 issued in fiscal year 2003 for the purposes of that Section
25 7.2, as determined and certified by the Comptroller, that is
26 the same as the System's portion of the total moneys

1 distributed under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act. In determining this maximum for State
3 fiscal years 2008 through 2010, however, the amount referred to
4 in item (i) shall be increased, as a percentage of the
5 applicable employee payroll, in equal increments calculated
6 from the sum of the required State contribution for State
7 fiscal year 2007 plus the applicable portion of the State's
8 total debt service payments for fiscal year 2007 on the bonds
9 issued in fiscal year 2003 for the purposes of Section 7.2 of
10 the General Obligation Bond Act, so that, by State fiscal year
11 2011, the State is contributing at the rate otherwise required
12 under this Section.

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

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

1 the benefits under Section 1-161 or who has made the
2 election under subsection (b) of Section 1-161; plus

3 (ii) the amount required for that fiscal year to
4 amortize any unfunded actuarial accrued liability
5 associated with the present value of liabilities
6 attributable to the employer's account under Section
7 16-158.3, determined as a level percentage of payroll over
8 a 30-year rolling amortization period.

9 In determining contributions required under item (i) of
10 this subsection, the System shall determine an aggregate rate
11 for all employers, expressed as a percentage of projected
12 payroll.

13 In determining the contributions required under item (ii)
14 of this subsection, the amount shall be computed by the System
15 on the basis of the actuarial assumptions and tables used in
16 the most recent actuarial valuation of the System that is
17 available at the time of the computation.

18 The contributions required under this subsection (b-4)
19 shall be paid by an employer concurrently with that employer's
20 payroll payment period. The State, as the actual employer of an
21 employee, shall make the required contributions under this
22 subsection.

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

1 thereof, are obligations of the State.

2 If members are paid from special trust or federal funds
3 which are administered by the employing unit, whether school
4 district or other unit, the employing unit shall pay to the
5 System from such funds the full accruing retirement costs based
6 upon that service, which, beginning July 1, 2017, shall be at a
7 rate, expressed as a percentage of salary, equal to the total
8 employer's normal cost, expressed as a percentage of payroll,
9 as determined by the System. Employer contributions, based on
10 salary paid to members from federal funds, may be forwarded by
11 the distributing agency of the State of Illinois to the System
12 prior to allocation, in an amount determined in accordance with
13 guidelines established by such agency and the System. Any
14 contribution for fiscal year 2015 collected as a result of the
15 change made by Public Act 98-674 shall be considered a State
16 contribution under subsection (b-3) of this Section.

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

24 However, with respect to benefits granted under Section
25 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
26 of Section 16-106, the employer's contribution shall be 12%

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

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

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

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

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

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

1 Each employer of teachers is entitled to a credit against
2 the contributions required under this subsection (e) with
3 respect to salaries paid to teachers for the period January 1,
4 2002 through June 30, 2003, equal to the amount paid by that
5 employer under subsection (a-5) of Section 6.6 of the State
6 Employees Group Insurance Act of 1971 with respect to salaries
7 paid to teachers for that period.

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

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

25 (f) For school years beginning before July 1, 2021 and for
26 salary paid to a teacher under a contract or collective

1 bargaining agreement entered into, amended, or renewed before
2 July 1, 2021, if ~~If June 4, 2018 (Public Act 100-587)~~ the
3 amount of a teacher's salary for any school year used to
4 determine final average salary exceeds the member's annual
5 full-time salary rate with the same employer for the previous
6 school year by more than 6%, the teacher's employer shall pay
7 to the System, in addition to all other payments required under
8 this Section and in accordance with guidelines established by
9 the System, the present value of the increase in benefits
10 resulting from the portion of the increase in salary that is in
11 excess of 6%. This present value shall be computed by the
12 System on the basis of the actuarial assumptions and tables
13 used in the most recent actuarial valuation of the System that
14 is available at the time of the computation. If a teacher's
15 salary for the 2005-2006 school year is used to determine final
16 average salary under this subsection (f), then the changes made
17 to this subsection (f) by Public Act 94-1057 shall apply in
18 calculating whether the increase in his or her salary is in
19 excess of 6%. For the purposes of this Section, change in
20 employment under Section 10-21.12 of the School Code on or
21 after June 1, 2005 shall constitute a change in employer. The
22 System may require the employer to provide any pertinent
23 information or documentation. The changes made to this
24 subsection (f) by Public Act 94-1111 apply without regard to
25 whether the teacher was in service on or after its effective
26 date.

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

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

25 (f-1) (Blank). ~~June 4, 2018 (Public Act 100-587)~~

26 (f-2) Beginning in school year 2022 and for each school

1 year thereafter, the System shall calculate the projected
2 amount of the increase in the employer normal cost of benefits,
3 expressed as a percentage of salary and reflecting separate
4 amounts for Tier 1 benefits and Tier 2 benefits, resulting from
5 any increase in salary over the preceding school year,
6 expressed as a percentage of salary. Except for a teacher who
7 first becomes a teacher on or after the implementation date, as
8 defined under Section 1-161 and determined by the Board and
9 except for salary increases paid to a teacher under a contract
10 or collective bargaining agreement entered into, amended, or
11 renewed before July 1, 2021, if the amount of a teacher's
12 salary for any school year beginning on or after July 1, 2021
13 exceeds the teacher's annual full-time salary rate with the
14 same employer for the previous school year, then the teacher's
15 employer shall pay to the System the projected amount of the
16 increase in the employer normal cost of benefits, as determined
17 by the System and reflecting whether the teacher will receive
18 Tier 1 benefits or Tier 2 benefits, resulting from the increase
19 in the teacher's salary over the previous school year. The
20 System may require the employer to provide any pertinent
21 information or documentation.

22 Whenever it determines that a payment is or may be required
23 under this subsection (f-2), the System shall calculate the
24 amount of the payment and bill the employer for that amount.
25 The bill shall specify the calculations used to determine the
26 amount due. If the employer disputes the amount of the bill, it

1 may, within 30 days after receipt of the bill, apply to the
2 System in writing for a recalculation. The application must
3 specify in detail the grounds of the dispute and, if the
4 employer asserts that the calculation is subject to subsection
5 (f) or (h-1) of this Section, must include an affidavit setting
6 forth and attesting to all facts within the employer's
7 knowledge that are pertinent to the applicability of subsection
8 (f) or (h-1). Upon receiving a timely application for
9 recalculation, the System shall review the application and, if
10 appropriate, recalculate the amount due.

11 The employer contributions required under this subsection
12 (f-2) may be paid in the form of a lump sum within 90 days after
13 receipt of the bill. If the employer contributions are not paid
14 within 90 days after receipt of the bill, then interest shall
15 be charged at a rate equal to the System's annual actuarially
16 assumed rate of return on investment compounded annually from
17 the 91st day after receipt of the bill. Payments must be
18 concluded within 3 years after the employer's receipt of the
19 bill.

20 (g) This subsection (g) applies only to payments made or
21 salary increases given on or after June 1, 2005 but before July
22 1, 2011. The changes made by Public Act 94-1057 shall not
23 require the System to refund any payments received before July
24 31, 2006 (the effective date of Public Act 94-1057).

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude salary increases paid to teachers

1 under contracts or collective bargaining agreements entered
2 into, amended, or renewed before June 1, 2005.

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

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

17 When assessing payment for any amount due under subsection
18 (f), the System shall exclude a salary increase resulting from
19 a promotion (i) for which the employee is required to hold a
20 certificate or supervisory endorsement issued by the State
21 Teacher Certification Board that is a different certification
22 or supervisory endorsement than is required for the teacher's
23 previous position and (ii) to a position that has existed and
24 been filled by a member for no less than one complete academic
25 year and the salary increase from the promotion is an increase
26 that results in an amount no greater than the lesser of the

1 average salary paid for other similar positions in the district
2 requiring the same certification or the amount stipulated in
3 the collective bargaining agreement for a similar position
4 requiring the same certification.

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

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

21 (h-1) When assessing payment for any amount due under
22 subsection (f-2), the System shall exclude earnings increases
23 paid to teachers who first become teachers on or after the
24 implementation date, as defined under Section 1-161 and
25 determined by the Board.

26 (i) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by
2 January 1, 2007 that contains all of the following information:

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

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

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

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

15 (i-5) For school years beginning on or after July 1, 2017,
16 if the amount of a participant's salary for any school year
17 exceeds the amount of the salary set for the Governor, the
18 participant's employer shall pay to the System, in addition to
19 all other payments required under this Section and in
20 accordance with guidelines established by the System, an amount
21 determined by the System to be equal to the employer normal
22 cost, as established by the System and expressed as a total
23 percentage of payroll, multiplied by the amount of salary in
24 excess of the amount of the salary set for the Governor. This
25 amount shall be computed by the System on the basis of the
26 actuarial assumptions and tables used in the most recent

1 actuarial valuation of the System that is available at the time
2 of the computation. The System may require the employer to
3 provide any pertinent information or documentation.

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

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

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

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

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

12 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;
13 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; 100-863, eff.
14 8-14-18; 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; revised
15 8-13-19.)

16 Section 90. The State Mandates Act is amended by adding
17 Section 8.43 as follows:

18 (30 ILCS 805/8.43 new)

19 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
20 of this Act, no reimbursement by the State is required for the
21 implementation of any mandate created by this amendatory Act of
22 the 101st General Assembly.

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

1 INDEX

2 Statutes amended in order of appearance

3 40 ILCS 5/16-106.4a new

4 40 ILCS 5/16-106.4b new

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

6 30 ILCS 805/8.43 new