



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB5573

Introduced 02/06/06, by Rep. Bill Mitchell

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
40 ILCS 5/14-108.3	
40 ILCS 5/14-131	from Ch. 108 1/2, par. 14-131
40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140

Amends the Illinois Pension Code. In provisions concerning the 5 State-funded retirement systems, deletes language specifying dollar amounts for the State contribution to each System required for FY 2007 and provides that the minimum contribution to the systems to be made by the State for each fiscal year shall be an amount determined by the systems to be sufficient to bring the total assets of the systems up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2056 (was by the end of State fiscal year 2045). Changes how certain calculations related to the required State contributions are made. Provides that the Board of Trustees of the retirement systems must re-certify, on or before July 1, 2006, the amount of the required State contribution for FY 2007, taking into account the changes made by this amendatory Act. In the State Employee Article of the Illinois Pension Code, provides that increases as a result of certain early retirement incentives shall not be included in the calculation of the required State contribution under that Article, but shall be appropriated separately. Effective immediately.

LRB094 19510 AMC 55376 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 2-124, 2-134, 14-108.3, 14-131, 14-135.08, 15-155,
6 15-165, 16-158, 18-131, and 18-140 as follows:

7 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

8 Sec. 2-124. Contributions by State.

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

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

20 ~~(c) For State fiscal years 2011 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~~
24 ~~the total actuarial liabilities of the System by the end of~~
25 ~~State fiscal year 2045. In making these determinations, the~~
26 ~~required State contribution shall be calculated each year as a~~
27 ~~level percentage of payroll over the years remaining to and~~
28 ~~including fiscal year 2045 and shall be determined under the~~
29 ~~projected unit credit actuarial cost method.~~

30 ~~For State fiscal years 1996 through 2005, the State~~
31 ~~contribution to the System, as a percentage of the applicable~~
32 ~~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.~~

3 (c) Notwithstanding any other provision of this Article,
4 the total required State contribution for State fiscal year
5 2006 is \$4,157,000.

6 ~~Notwithstanding any other provision of this Article, the~~
7 ~~total required State contribution for State fiscal year 2007 is~~
8 ~~\$5,220,300.~~

9 For each of State fiscal years 2007 ~~2008~~ through 2021 ~~2010~~,
10 the State contribution to the System, as a percentage of the
11 applicable employee payroll, shall be increased in equal annual
12 increments from the required State contribution for State
13 fiscal year 2005 ~~2007~~, so that by State fiscal year 2022 ~~2011~~,
14 the State is contributing at the rate otherwise required under
15 this Section.

16 For State fiscal years 2022 through 2056, 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 2056. 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 2056 and shall be determined under the
25 projected unit credit actuarial cost method.

26 Beginning in State fiscal year 2057 ~~2046~~, the minimum State
27 contribution for each fiscal year shall be the amount needed to
28 maintain the total assets of the System at 90% of the total
29 actuarial liabilities of the System.

30 Notwithstanding any other provision of this Section, the
31 required State contribution for State fiscal year 2005 and for
32 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
33 calculated under this Section and certified under Section
34 2-134, shall not exceed an amount equal to (i) the amount of
35 the required State contribution that would have been calculated
36 under this Section for that fiscal year if the System had not

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

18 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

19 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

20 Sec. 2-134. To certify required State contributions and
21 submit vouchers.

22 (a) The Board shall certify to the Governor on or before
23 December 15 of each year the amount of the required State
24 contribution to the System for the next fiscal year. The
25 certification shall include a copy of the actuarial
26 recommendations upon which it is based.

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

33 On or before July 1, 2005, the Board shall recalculate and
34 recertify to the Governor the amount of the required State
35 contribution to the System for State fiscal year 2006, taking

1 into account the changes in required State contributions made
2 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
3 ~~Assembly.~~

4 On or before July 1, 2006, the Board shall recalculate and
5 recertify to the Governor the amount of the required State
6 contribution to the System for State fiscal year 2007, taking
7 into account the changes in required State contributions made
8 by this amendatory Act of the 94th General Assembly.

9 (b) Beginning in State fiscal year 1996, on or as soon as
10 possible after the 15th day of each month the Board shall
11 submit vouchers for payment of State contributions to the
12 System, in a total monthly amount of one-twelfth of the
13 required annual State contribution certified under subsection
14 (a). From the effective date of this amendatory Act of the 93rd
15 General Assembly through June 30, 2004, the Board shall not
16 submit vouchers for the remainder of fiscal year 2004 in excess
17 of the fiscal year 2004 certified contribution amount
18 determined under this Section after taking into consideration
19 the transfer to the System under subsection (d) of Section
20 6z-61 of the State Finance Act. These vouchers shall be paid by
21 the State Comptroller and Treasurer by warrants drawn on the
22 funds appropriated to the System for that fiscal year. If in
23 any month the amount remaining unexpended from all other
24 appropriations to the System for the applicable fiscal year
25 (including the appropriations to the System under Section 8.12
26 of the State Finance Act and Section 1 of the State Pension
27 Funds Continuing Appropriation Act) is less than the amount
28 lawfully vouchered under this Section, the difference shall be
29 paid from the General Revenue Fund under the continuing
30 appropriation authority provided in Section 1.1 of the State
31 Pension Funds Continuing Appropriation Act.

32 (c) The full amount of any annual appropriation for the
33 System for State fiscal year 1995 shall be transferred and made
34 available to the System at the beginning of that fiscal year at
35 the request of the Board. Any excess funds remaining at the end
36 of any fiscal year from appropriations shall be retained by the

1 System as a general reserve to meet the System's accrued
2 liabilities.

3 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
4 eff. 6-1-05; 94-536, eff. 8-10-05; revised 8-19-05.)

5 (40 ILCS 5/14-108.3)

6 Sec. 14-108.3. Early retirement incentives.

7 (a) To be eligible for the benefits provided in this
8 Section, a person must:

9 (1) be a member of this System who, on any day during
10 June, 2002, is (i) in active payroll status in a position
11 of employment with a department and an active contributor
12 to this System with respect to that employment, and
13 terminates that employment before the retirement annuity
14 under this Article begins, or (ii) on layoff status from
15 such a position with a right of re-employment or recall to
16 service, or (iii) receiving benefits under Section 14-123,
17 14-123.1 or 14-124, but only if the member has not been
18 receiving those benefits for a continuous period of more
19 than 2 years as of the date of application;

20 (2) not have received any retirement annuity under this
21 Article beginning earlier than August 1, 2002;

22 (3) file with the Board on or before December 31, 2002
23 a written application requesting the benefits provided in
24 this Section;

25 (4) terminate employment under this Article no later
26 than December 31, 2002 (or the date established under
27 subsection (d), if applicable);

28 (5) by the date of termination of service, have at
29 least 8 years of creditable service under this Article,
30 without the use of any creditable service established under
31 this Section;

32 (6) by the date of termination of service, have at
33 least 5 years of membership service earned while an
34 employee under this Article, which may include military
35 service for which credit is established under Section

1 14-105(b), service during the qualifying period for which
2 credit is established under Section 14-104(a), and service
3 for which credit has been established by repaying a refund
4 under Section 14-130, but shall not include service for
5 which any other optional service credit has been
6 established; and

7 (7) not receive any early retirement benefit under
8 Section 16-133.3 of this Code.

9 (b) An eligible person may establish up to 5 years of
10 creditable service under this Article, in increments of one
11 month, by making the contributions specified in subsection (c).
12 In addition, for each month of creditable service established
13 under this Section, a person's age at retirement shall be
14 deemed to be one month older than it actually is.

15 The creditable service established under this Section may
16 be used for all purposes under this Article and the Retirement
17 Systems Reciprocal Act, except for the computation of final
18 average compensation under Section 14-103.12 or the
19 determination of compensation under this or any other Article
20 of this Code.

21 The age enhancement established under this Section may not
22 be used to enable any person to begin receiving a retirement
23 annuity calculated under Section 14-110 before actually
24 attaining age 50 (without any age enhancement under this
25 Section). The age enhancement established under this Section
26 may be used for all other purposes under this Article
27 (including calculation of a proportionate annuity payable by
28 this System under the Retirement Systems Reciprocal Act),
29 except for purposes of the level income option in Section
30 14-112, the reversionary annuity under Section 14-113, and the
31 required distributions under Section 14-121.1.

32 The age enhancement established under this Section may be
33 used in determining benefits payable under Article 16 of this
34 Code under the Retirement Systems Reciprocal Act, if the person
35 has at least 5 years of service credit in the Article 16 system
36 that was earned while participating in that system as a teacher

1 (as defined in Section 16-106) employed by a department (as
2 defined in Section 14-103.04). Age enhancement established
3 under this Section shall not otherwise be used in determining
4 benefits payable under other Articles of this Code under the
5 Retirement Systems Reciprocal Act.

6 (c) For all creditable service established under this
7 Section, a person must pay to the System an employee
8 contribution to be determined by the System, based on the
9 member's rate of compensation on June 1, 2002 (or the last date
10 before June 1, 2002 for which a rate can be determined) and the
11 retirement contribution rate in effect on June 1, 2002 for the
12 member (or for members with the same social security and
13 alternative formula status as the member).

14 If the member receives a lump sum payment for accumulated
15 vacation, sick leave and personal leave upon withdrawal from
16 service, and the net amount of that lump sum payment is at
17 least as great as the amount of the contribution required under
18 this Section, the entire contribution must be paid by the
19 employee by payroll deduction. If there is no such lump sum
20 payment, or if it is less than the contribution required under
21 this Section, the member shall make an initial payment by
22 payroll deduction, equal to the net amount of the lump sum
23 payment for accumulated vacation, sick leave, and personal
24 leave, and have the remaining amount due treated as a reduction
25 from the retirement annuity in 24 equal monthly installments
26 beginning in the month in which the retirement annuity takes
27 effect. The required contribution may be paid as a pre-tax
28 deduction from earnings. For federal and Illinois tax purposes,
29 the monthly amount by which the annuitant's benefit is reduced
30 shall not be treated as a contribution by the annuitant, but
31 rather as a reduction of the annuitant's monthly benefit.

32 (c-5) The reduction in retirement annuity provided in
33 subsection (c) of Section 14-108 does not apply to the annuity
34 of a person who retires under this Section. A person who has
35 received any age enhancement or creditable service under this
36 Section may begin to receive an unreduced retirement annuity

1 upon attainment of age 55 with at least 25 years of creditable
2 service (including any age enhancement and creditable service
3 established under this Section).

4 (d) In order to ensure that the efficient operation of
5 State government is not jeopardized by the simultaneous
6 retirement of large numbers of key personnel, the director or
7 other head of a department may, for key employees of that
8 department, extend the December 31, 2002 deadline for
9 terminating employment under this Article established in
10 subdivision (a)(4) of this Section to a date not later than
11 April 30, 2003 by so notifying the System in writing by
12 December 31, 2002.

13 (e) Notwithstanding Section 14-111, a person who has
14 received any age enhancement or creditable service under this
15 Section and who reenters service under this Article (or as an
16 employee of a department under Article 16) other than as a
17 temporary employee thereby forfeits that age enhancement and
18 creditable service and is entitled to a refund of the
19 contributions made pursuant to this Section.

20 (f) The System shall determine the amount of the increase
21 in the present value of future benefits resulting from the
22 granting of early retirement incentives under this Section and
23 shall report that amount to the Governor and the Commission on
24 Government Forecasting and Accountability on or after the
25 effective date of this amendatory Act of the 93rd General
26 Assembly and on or before November 15, 2004. Except in State
27 fiscal year 2006 ~~Beginning with State fiscal year 2008,~~ the
28 increase reported under this subsection (f) shall not be
29 included in the calculation of the required State contribution
30 under Section 14-131.

31 (g) In addition to the contributions otherwise required
32 under this Article, the State shall appropriate and pay to the
33 System (i) an amount equal to \$70,000,000 in State fiscal years
34 2004 and 2005 and (2) in each of State fiscal years 2007
35 through 2015, a level dollar payment based upon the increase in
36 the present value of future benefits provided by the early

1 retirement incentives provided under this Section amortized at
2 8.5% interest.

3 (h) The Commission on Government Forecasting and
4 Accountability (i) shall hold one or more hearings on or before
5 the last session day during the fall veto session of 2004 to
6 review recommendations relating to funding of early retirement
7 incentives under this Section and (ii) shall file its report
8 with the General Assembly on or before December 31, 2004 making
9 its recommendations relating to funding of early retirement
10 incentives under this Section; the Commission's report may
11 contain both majority recommendations and minority
12 recommendations. The System shall recalculate and recertify to
13 the Governor by January 31, 2005 the amount of the required
14 State contribution to the System for State fiscal year 2005
15 with respect to those incentives. The Pension Laws Commission
16 (or its successor, the Commission on Government Forecasting and
17 Accountability) shall determine and report to the General
18 Assembly, on or before January 1, 2004 and annually thereafter
19 through the year 2013, its estimate of (1) the annual amount of
20 payroll savings likely to be realized by the State as a result
21 of the early retirement of persons receiving early retirement
22 incentives under this Section and (2) the net annual savings or
23 cost to the State from the program of early retirement
24 incentives created under this Section.

25 The System, the Department of Central Management Services,
26 the Governor's Office of Management and Budget (formerly Bureau
27 of the Budget), and all other departments shall provide to the
28 Commission any assistance that the Commission may request with
29 respect to its reports under this Section. The Commission may
30 require departments to provide it with any information that it
31 deems necessary or useful with respect to its reports under
32 this Section, including without limitation information about
33 (1) the final earnings of former department employees who
34 elected to receive benefits under this Section, (2) the
35 earnings of current department employees holding the positions
36 vacated by persons who elected to receive benefits under this

1 Section, and (3) positions vacated by persons who elected to
2 receive benefits under this Section that have not yet been
3 refilled.

4 (i) The changes made to this Section by this amendatory Act
5 of the 92nd General Assembly do not apply to persons who
6 retired under this Section on or before May 1, 1992.

7 (Source: P.A. 93-632, eff. 2-1-04; 93-839, eff. 7-30-04;
8 93-1067, eff. 1-15-05; 94-4, eff. 6-1-05.)

9 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

10 Sec. 14-131. Contributions by State.

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

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

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

27 The Board shall also determine a State contribution rate
28 for each fiscal year, expressed as a percentage of payroll,
29 based on the total required State contribution for that fiscal
30 year (less the amount received by the System from
31 appropriations under Section 8.12 of the State Finance Act and
32 Section 1 of the State Pension Funds Continuing Appropriation
33 Act, if any, for the fiscal year ending on the June 30
34 immediately preceding the applicable November 15 certification
35 deadline), the estimated payroll (including all forms of

1 compensation) for personal services rendered by eligible
2 employees, and the recommendations of the actuary.

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

10 (c) Contributions shall be made by the several departments
11 for each pay period by warrants drawn by the State Comptroller
12 against their respective funds or appropriations based upon
13 vouchers stating the amount to be so contributed. These amounts
14 shall be based on the full rate certified by the Board under
15 Section 14-135.08 for that fiscal year. From the effective date
16 of this amendatory Act of the 93rd General Assembly through the
17 payment of the final payroll from fiscal year 2004
18 appropriations, the several departments shall not make
19 contributions for the remainder of fiscal year 2004 but shall
20 instead make payments as required under subsection (a-1) of
21 Section 14.1 of the State Finance Act. The several departments
22 shall resume those contributions at the commencement of fiscal
23 year 2005.

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

1 contributions at the commencement of fiscal year 2005.

2 ~~(c) For State fiscal years 2011 through 2045, the minimum~~
3 ~~contribution to the System to be made by the State for each~~
4 ~~fiscal year shall be an amount determined by the System to be~~
5 ~~sufficient to bring the total assets of the System up to 90% of~~
6 ~~the total actuarial liabilities of the System by the end of~~
7 ~~State fiscal year 2045. In making these determinations, the~~
8 ~~required State contribution shall be calculated each year as a~~
9 ~~level percentage of payroll over the years remaining to and~~
10 ~~including fiscal year 2045 and shall be determined under the~~
11 ~~projected unit credit actuarial cost method.~~

12 ~~For State fiscal years 1996 through 2005, the State~~
13 ~~contribution to the System, as a percentage of the applicable~~
14 ~~employee payroll, shall be increased in equal annual increments~~
15 ~~so that by State fiscal year 2011, the State is contributing at~~
16 ~~the rate required under this Section; except that (i) for State~~
17 ~~fiscal year 1998, for all purposes of this Code and any other~~
18 ~~law of this State, the certified percentage of the applicable~~
19 ~~employee payroll shall be 5.052% for employees earning eligible~~
20 ~~creditable service under Section 14-110 and 6.500% for all~~
21 ~~other employees, notwithstanding any contrary certification~~
22 ~~made under Section 14-135.08 before the effective date of this~~
23 ~~amendatory Act of 1997, and (ii) in the following specified~~
24 ~~State fiscal years, the State contribution to the System shall~~
25 ~~not be less than the following indicated percentages of the~~
26 ~~applicable employee payroll, even if the indicated percentage~~
27 ~~will produce a State contribution in excess of the amount~~
28 ~~otherwise required under this subsection and subsection (a):~~
29 ~~9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY~~
30 ~~2002; 10.6% in FY 2003; and 10.8% in FY 2004.~~

31 (e) Notwithstanding any other provision of this Article,
32 the total required State contribution to the System for State
33 fiscal year 2006 is \$203,783,900.

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

1 For each of State fiscal years 2007 ~~2008~~ through 2021 ~~2010~~,
2 the State contribution to the System, as a percentage of the
3 applicable employee payroll, shall be increased in equal annual
4 increments from the required State contribution for State
5 fiscal year 2005 ~~2007~~, so that by State fiscal year 2022 ~~2011~~,
6 the State is contributing at the rate otherwise required under
7 this Section.

8 For State fiscal years 2022 through 2056, the minimum
9 contribution to the System to be made by the State for each
10 fiscal year shall be an amount determined by the System to be
11 sufficient to bring the total assets of the System up to 90% of
12 the total actuarial liabilities of the System by the end of
13 State fiscal year 2056. In making these determinations, the
14 required State contribution shall be calculated each year as a
15 level percentage of payroll over the years remaining to and
16 including fiscal year 2056 and shall be determined under the
17 projected unit credit actuarial cost method.

18 Beginning in State fiscal year 2057 ~~2046~~, the minimum State
19 contribution for each fiscal year shall be the amount needed to
20 maintain the total assets of the System at 90% of the total
21 actuarial liabilities of the System.

22 Notwithstanding any other provision of this Section, the
23 required State contribution for State fiscal year 2005 and for
24 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
25 calculated under this Section and certified under Section
26 14-135.08, shall not exceed an amount equal to (i) the amount
27 of the required State contribution that would have been
28 calculated under this Section for that fiscal year if the
29 System had not received any payments under subsection (d) of
30 Section 7.2 of the General Obligation Bond Act, minus (ii) the
31 portion of the State's total debt service payments for that
32 fiscal year on the bonds issued for the purposes of that
33 Section 7.2, as determined and certified by the Comptroller,
34 that is the same as the System's portion of the total moneys
35 distributed under subsection (d) of Section 7.2 of the General
36 Obligation Bond Act. ~~In determining this maximum for State~~

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

11 (f) After the submission of all payments for eligible
12 employees from personal services line items in fiscal year 2004
13 have been made, the Comptroller shall provide to the System a
14 certification of the sum of all fiscal year 2004 expenditures
15 for personal services that would have been covered by payments
16 to the System under this Section if the provisions of this
17 amendatory Act of the 93rd General Assembly had not been
18 enacted. Upon receipt of the certification, the System shall
19 determine the amount due to the System based on the full rate
20 certified by the Board under Section 14-135.08 for fiscal year
21 2004 in order to meet the State's obligation under this
22 Section. The System shall compare this amount due to the amount
23 received by the System in fiscal year 2004 through payments
24 under this Section and under Section 6z-61 of the State Finance
25 Act. If the amount due is more than the amount received, the
26 difference shall be termed the "Fiscal Year 2004 Shortfall" for
27 purposes of this Section, and the Fiscal Year 2004 Shortfall
28 shall be satisfied under Section 1.2 of the State Pension Funds
29 Continuing Appropriation Act. If the amount due is less than
30 the amount received, the difference shall be termed the "Fiscal
31 Year 2004 Overpayment" for purposes of this Section, and the
32 Fiscal Year 2004 Overpayment shall be repaid by the System to
33 the Pension Contribution Fund as soon as practicable after the
34 certification.

35 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
36 eff. 6-1-05.)

1 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

2 Sec. 14-135.08. To certify required State contributions.

3 (a) To certify to the Governor and to each department, on
4 or before November 15 of each year, the required rate for State
5 contributions to the System for the next State fiscal year, as
6 determined under subsection (b) of Section 14-131. The
7 certification to the Governor shall include a copy of the
8 actuarial recommendations upon which the rate is based.

9 (b) The certification shall include an additional amount
10 necessary to pay all principal of and interest on those general
11 obligation bonds due the next fiscal year authorized by Section
12 7.2(a) of the General Obligation Bond Act and issued to provide
13 the proceeds deposited by the State with the System in July
14 2003, representing deposits other than amounts reserved under
15 Section 7.2(c) of the General Obligation Bond Act. For State
16 fiscal year 2005, the Board shall make a supplemental
17 certification of the additional amount necessary to pay all
18 principal of and interest on those general obligation bonds due
19 in State fiscal years 2004 and 2005 authorized by Section
20 7.2(a) of the General Obligation Bond Act and issued to provide
21 the proceeds deposited by the State with the System in July
22 2003, representing deposits other than amounts reserved under
23 Section 7.2(c) of the General Obligation Bond Act, as soon as
24 practical after the effective date of this amendatory Act of
25 the 93rd General Assembly.

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

33 On or before July 1, 2005, the Board shall recalculate and
34 recertify to the Governor and to each department the amount of
35 the required State contribution to the System and the required

1 rates for State contributions to the System for State fiscal
2 year 2006, taking into account the changes in required State
3 contributions made by Public Act 94-4 ~~this amendatory Act of~~
4 ~~the 94th General Assembly.~~

5 On or before July 1, 2006, the Board shall recalculate and
6 recertify to the Governor and to each department the amount of
7 the required State contribution to the System and the required
8 rates for State contributions to the System for State fiscal
9 year 2007, taking into account the changes in required State
10 contributions made by this amendatory Act of the 94th General
11 Assembly.

12 (Source: P.A. 93-2, eff. 4-7-03; 93-839, eff. 7-30-04; 94-4,
13 eff. 6-1-05.)

14 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

15 Sec. 15-155. Employer contributions.

16 (a) The State of Illinois shall make contributions by
17 appropriations of amounts which, together with the other
18 employer contributions from trust, federal, and other funds,
19 employee contributions, income from investments, and other
20 income of this System, will be sufficient to meet the cost of
21 maintaining and administering the System on a 90% funded basis
22 in accordance with actuarial recommendations.

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

28 ~~(a-1) For State fiscal years 2011 through 2045, the minimum~~
29 ~~contribution to the System to be made by the State for each~~
30 ~~fiscal year shall be an amount determined by the System to be~~
31 ~~sufficient to bring the total assets of the System up to 90% of~~
32 ~~the total actuarial liabilities of the System by the end of~~
33 ~~State fiscal year 2045. In making these determinations, the~~
34 ~~required State contribution shall be calculated each year as a~~
35 ~~level percentage of payroll over the years remaining to and~~

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

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

8 (a-1) Notwithstanding any other provision of this Article,
9 the total required State contribution for State fiscal year
10 2006 is \$166,641,900.

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

14 For each of State fiscal years 2007 ~~2008~~ through 2021 ~~2010~~,
15 the State contribution to the System, as a percentage of the
16 applicable employee payroll, shall be increased in equal annual
17 increments from the required State contribution for State
18 fiscal year 2005 ~~2007~~, so that by State fiscal year 2022 ~~2011~~,
19 the State is contributing at the rate otherwise required under
20 this Section.

21 For State fiscal years 2022 through 2056, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of
26 State fiscal year 2056. In making these determinations, the
27 required State contribution shall be calculated each year as a
28 level percentage of payroll over the years remaining to and
29 including fiscal year 2056 and shall be determined under the
30 projected unit credit actuarial cost method.

31 Beginning in State fiscal year 2057 ~~2046~~, the minimum State
32 contribution for each fiscal year shall be the amount needed to
33 maintain the total assets of the System at 90% of the total
34 actuarial liabilities of the System.

35 Notwithstanding any other provision of this Section, the
36 required State contribution for State fiscal year 2005 and for

1 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
2 calculated under this Section and certified under Section
3 15-165, shall not exceed an amount equal to (i) the amount of
4 the required State contribution that would have been calculated
5 under this Section for that fiscal year if the System had not
6 received any payments under subsection (d) of Section 7.2 of
7 the General Obligation Bond Act, minus (ii) the portion of the
8 State's total debt service payments for that fiscal year on the
9 bonds issued for the purposes of that Section 7.2, as
10 determined and certified by the Comptroller, that is the same
11 as the System's portion of the total moneys distributed under
12 subsection (d) of Section 7.2 of the General Obligation Bond
13 Act. ~~In determining this maximum for State fiscal years 2008~~
14 ~~through 2010, however, the amount referred to in item (i) shall~~
15 ~~be increased, as a percentage of the applicable employee~~
16 ~~payroll, in equal increments calculated from the sum of the~~
17 ~~required State contribution for State fiscal year 2007 plus the~~
18 ~~applicable portion of the State's total debt service payments~~
19 ~~for fiscal year 2007 on the bonds issued for the purposes of~~
20 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~
21 ~~State fiscal year 2011, the State is contributing at the rate~~
22 ~~otherwise required under this Section.~~

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

1 Article.

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

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

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

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

35 (f) Normal costs under this Section means liability for
36 pensions and other benefits which accrues to the System because

1 of the credits earned for service rendered by the participants
2 during the fiscal year and expenses of administering the
3 System, but shall not include the principal of or any
4 redemption premium or interest on any bonds issued by the Board
5 or any expenses incurred or deposits required in connection
6 therewith.

7 (g) If the amount of a participant's earnings for any
8 academic year used to determine the final rate of earnings
9 exceeds the amount of his or her earnings with the same
10 employer for the previous academic year by more than 6%, the
11 participant's employer shall pay to the System, in addition to
12 all other payments required under this Section and in
13 accordance with guidelines established by the System, the
14 present value of the increase in benefits resulting from the
15 portion of the increase in earnings that is in excess of 6%.
16 This present value shall be computed by the System on the basis
17 of the actuarial assumptions and tables used in the most recent
18 actuarial valuation of the System that is available at the time
19 of the computation. The employer contributions required under
20 this subsection (g) shall be paid in the form of a lump sum
21 within 30 days after receipt of the bill after the participant
22 begins receiving benefits under this Article.

23 The provisions of this subsection (g) do not apply to
24 earnings increases paid to participants under contracts or
25 collective bargaining agreements entered into, amended, or
26 renewed before the effective date of this amendatory Act of the
27 94th General Assembly.

28 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

29 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)
30 Sec. 15-165. To certify amounts and submit vouchers.

31 (a) The Board shall certify to the Governor on or before
32 November 15 of each year the appropriation required from State
33 funds for the purposes of this System for the following fiscal
34 year. The certification shall include a copy of the actuarial
35 recommendations upon which it is based.

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

7 On or before July 1, 2005, the Board shall recalculate and
8 recertify to the Governor the amount of the required State
9 contribution to the System for State fiscal year 2006, taking
10 into account the changes in required State contributions made
11 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
12 ~~Assembly.~~

13 On or before July 1, 2006, the Board shall recalculate and
14 recertify to the Governor the amount of the required State
15 contribution to the System for State fiscal year 2007, taking
16 into account the changes in required State contributions made
17 by this amendatory Act of the 94th General Assembly.

18 (b) The Board shall certify to the State Comptroller or
19 employer, as the case may be, from time to time, by its
20 president and secretary, with its seal attached, the amounts
21 payable to the System from the various funds.

22 (c) Beginning in State fiscal year 1996, on or as soon as
23 possible after the 15th day of each month the Board shall
24 submit vouchers for payment of State contributions to the
25 System, in a total monthly amount of one-twelfth of the
26 required annual State contribution certified under subsection
27 (a). From the effective date of this amendatory Act of the 93rd
28 General Assembly through June 30, 2004, the Board shall not
29 submit vouchers for the remainder of fiscal year 2004 in excess
30 of the fiscal year 2004 certified contribution amount
31 determined under this Section after taking into consideration
32 the transfer to the System under subsection (b) of Section
33 6z-61 of the State Finance Act. These vouchers shall be paid by
34 the State Comptroller and Treasurer by warrants drawn on the
35 funds appropriated to the System for that fiscal year.

36 If in any month the amount remaining unexpended from all

1 other appropriations to the System for the applicable fiscal
2 year (including the appropriations to the System under Section
3 8.12 of the State Finance Act and Section 1 of the State
4 Pension Funds Continuing Appropriation Act) is less than the
5 amount lawfully vouchered under this Section, the difference
6 shall be paid from the General Revenue Fund under the
7 continuing appropriation authority provided in Section 1.1 of
8 the State Pension Funds Continuing Appropriation Act.

9 (d) So long as the payments received are the full amount
10 lawfully vouchered under this Section, payments received by the
11 System under this Section shall be applied first toward the
12 employer contribution to the self-managed plan established
13 under Section 15-158.2. Payments shall be applied second toward
14 the employer's portion of the normal costs of the System, as
15 defined in subsection (f) of Section 15-155. The balance shall
16 be applied toward the unfunded actuarial liabilities of the
17 System.

18 (e) In the event that the System does not receive, as a
19 result of legislative enactment or otherwise, payments
20 sufficient to fully fund the employer contribution to the
21 self-managed plan established under Section 15-158.2 and to
22 fully fund that portion of the employer's portion of the normal
23 costs of the System, as calculated in accordance with Section
24 15-155(a-1), then any payments received shall be applied
25 proportionately to the optional retirement program established
26 under Section 15-158.2 and to the employer's portion of the
27 normal costs of the System, as calculated in accordance with
28 Section 15-155(a-1).

29 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
30 eff. 6-1-05.)

31 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

34 (a) The State shall make contributions to the System by
35 means of appropriations from the Common School Fund and other

1 State funds of amounts which, together with other employer
2 contributions, employee contributions, investment income, and
3 other income, will be sufficient to meet the cost of
4 maintaining and administering the System on a 90% funded basis
5 in accordance with actuarial recommendations.

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

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

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

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

28 On or before July 1, 2006, the Board shall recalculate and
29 recertify to the Governor the amount of the required State
30 contribution to the System for State fiscal year 2007, taking
31 into account the changes in required State contributions made
32 by this amendatory Act of the 94th General Assembly.

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

36 (b-1) Beginning in State fiscal year 1996, on the 15th day

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

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

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

26 ~~(b-3) For State fiscal years 2011 through 2045, the minimum~~
27 ~~contribution to the System to be made by the State for each~~
28 ~~fiscal year shall be an amount determined by the System to be~~
29 ~~sufficient to bring the total assets of the System up to 90% of~~
30 ~~the total actuarial liabilities of the System by the end of~~
31 ~~State fiscal year 2045. In making these determinations, the~~
32 ~~required State contribution shall be calculated each year as a~~
33 ~~level percentage of payroll over the years remaining to and~~
34 ~~including fiscal year 2045 and shall be determined under the~~
35 ~~projected unit credit actuarial cost method.~~

36 ~~For State fiscal years 1996 through 2005, the State~~

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

15 (b-3) Notwithstanding any other provision of this Article,
16 the total required State contribution for State fiscal year
17 2006 is \$534,627,700.

18 ~~Notwithstanding any other provision of this Article, the~~
19 ~~total required State contribution for State fiscal year 2007 is~~
20 ~~\$738,014,500.~~

21 For each of State fiscal years 2007 ~~2008~~ through 2021 ~~2010~~,
22 the State contribution to the System, as a percentage of the
23 applicable employee payroll, shall be increased in equal annual
24 increments from the required State contribution for State
25 fiscal year 2005 ~~2007~~, so that by State fiscal year 2022 ~~2011~~,
26 the State is contributing at the rate otherwise required under
27 this Section.

28 For State fiscal years 2022 through 2056, the minimum
29 contribution to the System to be made by the State for each
30 fiscal year shall be an amount determined by the System to be
31 sufficient to bring the total assets of the System up to 90% of
32 the total actuarial liabilities of the System by the end of
33 State fiscal year 2056. In making these determinations, the
34 required State contribution shall be calculated each year as a
35 level percentage of payroll over the years remaining to and
36 including fiscal year 2056 and shall be determined under the

1 projected unit credit actuarial cost method.

2 Beginning in State fiscal year 2057 ~~2046~~, the minimum State
3 contribution for each fiscal year shall be the amount needed to
4 maintain the total assets of the System at 90% of the total
5 actuarial liabilities of the System.

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

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

35 If members are paid from special trust or federal funds
36 which are administered by the employing unit, whether school

1 district or other unit, the employing unit shall pay to the
2 System from such funds the full accruing retirement costs based
3 upon that service, as determined by the System. Employer
4 contributions, based on salary paid to members from federal
5 funds, may be forwarded by the distributing agency of the State
6 of Illinois to the System prior to allocation, in an amount
7 determined in accordance with guidelines established by such
8 agency and the System.

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

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

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

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

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

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

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

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

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

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

33 (f) If the amount of a teacher's salary for any school year
34 used to determine final average salary exceeds the amount of
35 his or her salary with the same employer for the previous
36 school year by more than 6%, the teacher's employer shall pay

1 to the System, in addition to all other payments required under
2 this Section and in accordance with guidelines established by
3 the System, the present value of the increase in benefits
4 resulting from the portion of the increase in salary that is in
5 excess of 6%. This present value shall be computed by the
6 System on the basis of the actuarial assumptions and tables
7 used in the most recent actuarial valuation of the System that
8 is available at the time of the computation. The employer
9 contributions required under this subsection (f) shall be paid
10 in the form of a lump sum within 30 days after receipt of the
11 bill after the teacher begins receiving benefits under this
12 Article.

13 The provisions of this subsection (f) do not apply to
14 salary increases paid to teachers under contracts or collective
15 bargaining agreements entered into, amended, or renewed before
16 the effective date of this amendatory Act of the 94th General
17 Assembly.

18 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
19 eff. 6-1-05.)

20 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

33 ~~(c) For State fiscal years 2011 through 2045, the minimum~~
34 ~~contribution to the System to be made by the State for each~~
35 ~~fiscal year shall be an amount determined by the System to be~~

1 ~~sufficient to bring the total assets of the System up to 90% of~~
2 ~~the total actuarial liabilities of the System by the end of~~
3 ~~State fiscal year 2045. In making these determinations, the~~
4 ~~required State contribution shall be calculated each year as a~~
5 ~~level percentage of payroll over the years remaining to and~~
6 ~~including fiscal year 2045 and shall be determined under the~~
7 ~~projected unit credit actuarial cost method.~~

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

13 (c) Notwithstanding any other provision of this Article,
14 the total required State contribution for State fiscal year
15 2006 is \$29,189,400.

16 ~~Notwithstanding any other provision of this Article, the~~
17 ~~total required State contribution for State fiscal year 2007 is~~
18 ~~\$35,236,800.~~

19 For each of State fiscal years 2007 ~~2008~~ through 2021 ~~2010~~,
20 the State contribution to the System, as a percentage of the
21 applicable employee payroll, shall be increased in equal annual
22 increments from the required State contribution for State
23 fiscal year 2005 ~~2007~~, so that by State fiscal year 2022 ~~2011~~,
24 the State is contributing at the rate otherwise required under
25 this Section.

26 For State fiscal years 2022 through 2056, the minimum
27 contribution to the System to be made by the State for each
28 fiscal year shall be an amount determined by the System to be
29 sufficient to bring the total assets of the System up to 90% of
30 the total actuarial liabilities of the System by the end of
31 State fiscal year 2056. In making these determinations, the
32 required State contribution shall be calculated each year as a
33 level percentage of payroll over the years remaining to and
34 including fiscal year 2056 and shall be determined under the
35 projected unit credit actuarial cost method.

36 Beginning in State fiscal year 2057 ~~2046~~, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 90% of the total
3 actuarial liabilities of the System.

4 Notwithstanding any other provision of this Section, the
5 required State contribution for State fiscal year 2005 and for
6 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
7 calculated under this Section and certified under Section
8 18-140, shall not exceed an amount equal to (i) the amount of
9 the required State contribution that would have been calculated
10 under this Section for that fiscal year if the System had not
11 received any payments under subsection (d) of Section 7.2 of
12 the General Obligation Bond Act, minus (ii) the portion of the
13 State's total debt service payments for that fiscal year on the
14 bonds issued for the purposes of that Section 7.2, as
15 determined and certified by the Comptroller, that is the same
16 as the System's portion of the total moneys distributed under
17 subsection (d) of Section 7.2 of the General Obligation Bond
18 Act. ~~In determining this maximum for State fiscal years 2008~~
19 ~~through 2010, however, the amount referred to in item (i) shall~~
20 ~~be increased, as a percentage of the applicable employee~~
21 ~~payroll, in equal increments calculated from the sum of the~~
22 ~~required State contribution for State fiscal year 2007 plus the~~
23 ~~applicable portion of the State's total debt service payments~~
24 ~~for fiscal year 2007 on the bonds issued for the purposes of~~
25 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~
26 ~~State fiscal year 2011, the State is contributing at the rate~~
27 ~~otherwise required under this Section.~~

28 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

29 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

30 Sec. 18-140. To certify required State contributions and
31 submit vouchers.

32 (a) The Board shall certify to the Governor, on or before
33 November 15 of each year, the amount of the required State
34 contribution to the System for the following fiscal year. The
35 certification shall include a copy of the actuarial

1 recommendations upon which it is based.

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

8 On or before July 1, 2005, 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 2006, taking
11 into account the changes in required State contributions made
12 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
13 ~~Assembly.~~

14 On or before July 1, 2006, the Board shall recalculate and
15 recertify to the Governor the amount of the required State
16 contribution to the System for State fiscal year 2007, taking
17 into account the changes in required State contributions made
18 by this amendatory Act of the 94th General Assembly.

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

33 If in any month the amount remaining unexpended from all
34 other appropriations to the System for the applicable fiscal
35 year (including the appropriations to the System under Section
36 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 Section, the difference
3 shall be paid from the General Revenue Fund under the
4 continuing appropriation authority provided in Section 1.1 of
5 the State Pension Funds Continuing Appropriation Act.

6 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
7 eff. 6-1-05.)

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