



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5350

Introduced 2/15/2012, by Rep. Bill Mitchell

SYNOPSIS AS INTRODUCED:

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

Amends the Illinois Pension Code. With respect to the 5 State-funded retirement systems, provides that final passage of a bill changing the State contribution formula requires the affirmative vote of 3/5 of the members elected to each house of the General Assembly. Effective immediately.

LRB097 16334 EFG 61489 b

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employe 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, 14-131, 15-155, 16-158, and 18-131 as follows:

6 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

7 Sec. 2-124. Contributions by State.

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

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

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

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

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

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2006 is
13 \$4,157,000.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2007 is
16 \$5,220,300.

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2010 is
25 \$10,454,000 and shall be made from the proceeds of bonds sold
26 in fiscal year 2010 pursuant to Section 7.2 of the General

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

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

18 Beginning in State fiscal year 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 Amounts received by the System pursuant to Section 25 of
23 the Budget Stabilization Act or Section 8.12 of the State
24 Finance Act in any fiscal year do not reduce and do not
25 constitute payment of any portion of the minimum State
26 contribution required under this Article in that fiscal year.

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

8 Notwithstanding any other provision of this Section, the
9 required State contribution for State fiscal year 2005 and for
10 fiscal year 2008 and each fiscal year thereafter, as calculated
11 under this Section and certified under Section 2-134, shall not
12 exceed an amount equal to (i) the amount of the required State
13 contribution that would have been calculated under this Section
14 for that fiscal year if the System had not received any
15 payments under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act, minus (ii) the portion of the State's
17 total debt service payments for that fiscal year on the bonds
18 issued in fiscal year 2003 for the purposes of that Section
19 7.2, as determined and certified by the Comptroller, that is
20 the same as the System's portion of the total moneys
21 distributed under subsection (d) of Section 7.2 of the General
22 Obligation Bond Act. In determining this maximum for State
23 fiscal years 2008 through 2010, however, the amount referred to
24 in item (i) shall be increased, as a percentage of the
25 applicable employee payroll, in equal increments calculated
26 from the sum of the required State contribution for State

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

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

11 As of June 30, 2008, the actuarial value of the System's
12 assets shall be equal to the market value of the assets as of
13 that date. In determining the actuarial value of the System's
14 assets for fiscal years after June 30, 2008, any actuarial
15 gains or losses from investment return incurred in a fiscal
16 year shall be recognized in equal annual amounts over the
17 5-year period following that fiscal year.

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

22 (f) Beginning on the effective date of this amendatory Act
23 of the 97th General Assembly, final passage of a bill changing
24 the State contribution formula provided in this Article
25 requires the affirmative vote of 3/5 of the members elected to
26 each house of the General Assembly.

1 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
2 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
3 3-18-11; revised 4-6-11.)

4 (40 ILCS 5/14-131)

5 Sec. 14-131. Contributions by State.

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

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

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

22 The Board shall also determine a State contribution rate
23 for each fiscal year, expressed as a percentage of payroll,
24 based on the total required State contribution for that fiscal
25 year (less the amount received by the System from

1 appropriations under Section 8.12 of the State Finance Act and
2 Section 1 of the State Pension Funds Continuing Appropriation
3 Act, if any, for the fiscal year ending on the June 30
4 immediately preceding the applicable November 15 certification
5 deadline), the estimated payroll (including all forms of
6 compensation) for personal services rendered by eligible
7 employees, and the recommendations of the actuary.

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

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

1 shall resume those contributions at the commencement of fiscal
2 year 2005.

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

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

17 (d) If an employee is paid from trust funds or federal
18 funds, the department or other employer shall pay employer
19 contributions from those funds to the System at the certified
20 rate, unless the terms of the trust or the federal-State
21 agreement preclude the use of the funds for that purpose, in
22 which case the required employer contributions shall be paid by
23 the State. From the effective date of this amendatory Act of
24 the 93rd General Assembly through the payment of the final
25 payroll from fiscal year 2004 appropriations, the department or
26 other employer shall not pay contributions for the remainder of

1 fiscal year 2004 but shall instead make payments as required
2 under subsection (a-1) of Section 14.1 of the State Finance
3 Act. The department or other employer shall resume payment of
4 contributions at the commencement of fiscal year 2005.

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

15 For State fiscal years 1996 through 2005, the State
16 contribution to the System, as a percentage of the applicable
17 employee payroll, shall be increased in equal annual increments
18 so that by State fiscal year 2011, the State is contributing at
19 the rate required under this Section; except that (i) for State
20 fiscal year 1998, for all purposes of this Code and any other
21 law of this State, the certified percentage of the applicable
22 employee payroll shall be 5.052% for employees earning eligible
23 creditable service under Section 14-110 and 6.500% for all
24 other employees, notwithstanding any contrary certification
25 made under Section 14-135.08 before the effective date of this
26 amendatory Act of 1997, and (ii) in the following specified

1 State fiscal years, the State contribution to the System shall
2 not be less than the following indicated percentages of the
3 applicable employee payroll, even if the indicated percentage
4 will produce a State contribution in excess of the amount
5 otherwise required under this subsection and subsection (a):
6 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
7 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

20 Notwithstanding any other provision of this Article, the
21 total required State General Revenue Fund contribution for
22 State fiscal year 2010 is \$723,703,100 and shall be made from
23 the proceeds of bonds sold in fiscal year 2010 pursuant to
24 Section 7.2 of the General Obligation Bond Act, less (i) the
25 pro rata share of bond sale expenses determined by the System's
26 share of total bond proceeds, (ii) any amounts received from

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

4 Notwithstanding any other provision of this Article, the
5 total required State General Revenue Fund contribution for
6 State fiscal year 2011 is the amount recertified by the System
7 on or before April 1, 2011 pursuant to Section 14-135.08 and
8 shall be made from the proceeds of bonds sold in fiscal year
9 2011 pursuant to Section 7.2 of the General Obligation Bond
10 Act, less (i) the pro rata share of bond sale expenses
11 determined by the System's share of total bond proceeds, (ii)
12 any amounts received from the General Revenue Fund in fiscal
13 year 2011, and (iii) any reduction in bond proceeds due to the
14 issuance of discounted bonds, if applicable.

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

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

1 funding ratio of at least 90%. A reference in this Article to
2 the "required State contribution" or any substantially similar
3 term does not include or apply to any amounts payable to the
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the
6 required State contribution for State fiscal year 2005 and for
7 fiscal year 2008 and each fiscal year thereafter, as calculated
8 under this Section and certified under Section 14-135.08, shall
9 not exceed an amount equal to (i) the amount of the required
10 State contribution that would have been calculated under this
11 Section for that fiscal year if the System had not received any
12 payments under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act, minus (ii) the portion of the State's
14 total debt service payments for that fiscal year on the bonds
15 issued in fiscal year 2003 for the purposes of that Section
16 7.2, as determined and certified by the Comptroller, that is
17 the same as the System's portion of the total moneys
18 distributed under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act. In determining this maximum for State
20 fiscal years 2008 through 2010, however, the amount referred to
21 in item (i) shall be increased, as a percentage of the
22 applicable employee payroll, in equal increments calculated
23 from the sum of the required State contribution for State
24 fiscal year 2007 plus the applicable portion of the State's
25 total debt service payments for fiscal year 2007 on the bonds
26 issued in fiscal year 2003 for the purposes of Section 7.2 of

1 the General Obligation Bond Act, so that, by State fiscal year
2 2011, the State is contributing at the rate otherwise required
3 under this Section.

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

1 certification.

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

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

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

17 (i) After the submission of all payments for eligible
18 employees from personal services line items paid from the
19 General Revenue Fund in fiscal year 2010 have been made, the
20 Comptroller shall provide to the System a certification of the
21 sum of all fiscal year 2010 expenditures for personal services
22 that would have been covered by payments to the System under
23 this Section if the provisions of this amendatory Act of the
24 96th General Assembly had not been enacted. Upon receipt of the
25 certification, the System shall determine the amount due to the
26 System based on the full rate certified by the Board under

1 Section 14-135.08 for fiscal year 2010 in order to meet the
2 State's obligation under this Section. The System shall compare
3 this amount due to the amount received by the System in fiscal
4 year 2010 through payments under this Section. If the amount
5 due is more than the amount received, the difference shall be
6 termed the "Fiscal Year 2010 Shortfall" for purposes of this
7 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
8 under Section 1.2 of the State Pension Funds Continuing
9 Appropriation Act. If the amount due is less than the amount
10 received, the difference shall be termed the "Fiscal Year 2010
11 Overpayment" for purposes of this Section, and the Fiscal Year
12 2010 Overpayment shall be repaid by the System to the General
13 Revenue Fund as soon as practicable after the certification.

14 (j) After the submission of all payments for eligible
15 employees from personal services line items paid from the
16 General Revenue Fund in fiscal year 2011 have been made, the
17 Comptroller shall provide to the System a certification of the
18 sum of all fiscal year 2011 expenditures for personal services
19 that would have been covered by payments to the System under
20 this Section if the provisions of this amendatory Act of the
21 96th General Assembly had not been enacted. Upon receipt of the
22 certification, the System shall determine the amount due to the
23 System based on the full rate certified by the Board under
24 Section 14-135.08 for fiscal year 2011 in order to meet the
25 State's obligation under this Section. The System shall compare
26 this amount due to the amount received by the System in fiscal

1 year 2011 through payments under this Section. If the amount
2 due is more than the amount received, the difference shall be
3 termed the "Fiscal Year 2011 Shortfall" for purposes of this
4 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
5 under Section 1.2 of the State Pension Funds Continuing
6 Appropriation Act. If the amount due is less than the amount
7 received, the difference shall be termed the "Fiscal Year 2011
8 Overpayment" for purposes of this Section, and the Fiscal Year
9 2011 Overpayment shall be repaid by the System to the General
10 Revenue Fund as soon as practicable after the certification.

11 (k) For fiscal year 2012 only, after the submission of all
12 payments for eligible employees from personal services line
13 items paid from the General Revenue Fund in the fiscal year
14 have been made, the Comptroller shall provide to the System a
15 certification of the sum of all expenditures in the fiscal year
16 for personal services. Upon receipt of the certification, the
17 System shall determine the amount due to the System based on
18 the full rate certified by the Board under Section 14-135.08
19 for the fiscal year in order to meet the State's obligation
20 under this Section. The System shall compare this amount due to
21 the amount received by the System for the fiscal year. If the
22 amount due is more than the amount received, the difference
23 shall be termed the "Fiscal Year Shortfall" for purposes of
24 this Section, and the Fiscal Year Shortfall shall be satisfied
25 under Section 1.2 of the State Pension Funds Continuing
26 Appropriation Act. If the amount due is less than the amount

1 received, the difference shall be termed the "Fiscal Year
2 Overpayment" for purposes of this Section, and the Fiscal Year
3 Overpayment shall be repaid by the System to the General
4 Revenue Fund as soon as practicable after the certification.

5 (1) Beginning on the effective date of this amendatory Act
6 of the 97th General Assembly, final passage of a bill changing
7 the State contribution formula provided in this Article
8 requires the affirmative vote of 3/5 of the members elected to
9 each house of the General Assembly.

10 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
11 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
12 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11.)

13 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

14 Sec. 15-155. Employer contributions.

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

22 The Board shall determine the amount of State contributions
23 required for each fiscal year on the basis of the actuarial
24 tables and other assumptions adopted by the Board and the
25 recommendations of the actuary, using the formula in subsection

1 (a-1).

2 (a-1) For State fiscal years 2012 through 2045, the minimum
3 contribution to the System to be made by the State for each
4 fiscal year shall be an amount determined by the System to be
5 sufficient to bring the total assets of the System up to 90% of
6 the total actuarial liabilities of the System by the end of
7 State fiscal year 2045. In making these determinations, the
8 required State contribution shall be calculated each year as a
9 level percentage of payroll over the years remaining to and
10 including fiscal year 2045 and shall be determined under the
11 projected unit credit actuarial cost method.

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

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2006 is
19 \$166,641,900.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2007 is
22 \$252,064,100.

23 For each of State fiscal years 2008 through 2009, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 from the required State contribution for State fiscal year

1 2007, so that by State fiscal year 2011, the State is
2 contributing at the rate otherwise required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2010 is
5 \$702,514,000 and shall be made from the State Pensions Fund and
6 proceeds of bonds sold in fiscal year 2010 pursuant to Section
7 7.2 of the General Obligation Bond Act, less (i) the pro rata
8 share of bond sale expenses determined by the System's share of
9 total bond proceeds, (ii) any amounts received from the General
10 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
11 proceeds due to the issuance of discounted bonds, if
12 applicable.

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

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 Section 15-165, 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) If an employee is paid from trust or federal funds, the
14 employer shall pay to the Board contributions from those funds
15 which are sufficient to cover the accruing normal costs on
16 behalf of the employee. However, universities having employees
17 who are compensated out of local auxiliary funds, income funds,
18 or service enterprise funds are not required to pay such
19 contributions on behalf of those employees. The local auxiliary
20 funds, income funds, and service enterprise funds of
21 universities shall not be considered trust funds for the
22 purpose of this Article, but funds of alumni associations,
23 foundations, and athletic associations which are affiliated
24 with the universities included as employers under this Article
25 and other employers which do not receive State appropriations
26 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

1 contributions to the System shall be appropriated directly to
2 the System and shall be payable through vouchers issued in
3 accordance with subsection (c) of Section 15-165, except as
4 provided in subsection (g).

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

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

17 (g) If the amount of a participant's earnings for any
18 academic year used to determine the final rate of earnings,
19 determined on a full-time equivalent basis, exceeds the amount
20 of his or her earnings with the same employer for the previous
21 academic year, determined on a full-time equivalent basis, by
22 more than 6%, the participant's employer shall pay to the
23 System, in addition to all other payments required under this
24 Section and in accordance with guidelines established by the
25 System, the present value of the increase in benefits resulting
26 from the portion of the increase in earnings that is in excess

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

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

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

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

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

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

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

19 When assessing payment for any amount due under subsection
20 (g), the System shall exclude earnings increases resulting from
21 overload work, including a contract for summer teaching, or
22 overtime when the employer has certified to the System, and the
23 System has approved the certification, that: (i) in the case of
24 overloads (A) the overload work is for the sole purpose of
25 academic instruction in excess of the standard number of
26 instruction hours for a full-time employee occurring during the

1 academic year that the overload is paid and (B) the earnings
2 increases are equal to or less than the rate of pay for
3 academic instruction computed using the participant's current
4 salary rate and work schedule; and (ii) in the case of
5 overtime, the overtime was necessary for the educational
6 mission.

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

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

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

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

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

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

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

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

20 (k) The Illinois Community College Board shall adopt rules
21 for recommending lists of promotional positions submitted to
22 the Board by community colleges and for reviewing the
23 promotional lists on an annual basis. When recommending
24 promotional lists, the Board shall consider the similarity of
25 the positions submitted to those positions recognized for State
26 universities by the State Universities Civil Service System.

1 The Illinois Community College Board shall file a copy of its
2 findings with the System. The System shall consider the
3 findings of the Illinois Community College Board when making
4 determinations under this Section. The System shall not exclude
5 any earnings increases resulting from a promotion when the
6 promotion was not submitted by a community college. Nothing in
7 this subsection (k) shall require any community college to
8 submit any information to the Community College Board.

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

13 As of June 30, 2008, the actuarial value of the System's
14 assets shall be equal to the market value of the assets as of
15 that date. In determining the actuarial value of the System's
16 assets for fiscal years after June 30, 2008, any actuarial
17 gains or losses from investment return incurred in a fiscal
18 year shall be recognized in equal annual amounts over the
19 5-year period following that fiscal year.

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

24 (n) Beginning on the effective date of this amendatory Act
25 of the 97th General Assembly, final passage of a bill changing
26 the State contribution formula provided in this Article

1 requires the affirmative vote of 3/5 of the members elected to
2 each house of the General Assembly.

3 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
4 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
5 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

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

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

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

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

21 (a-1) Annually, on or before November 15, the Board shall
22 certify to the Governor the amount of the required State
23 contribution for the coming fiscal year. The certification
24 shall include a copy of the actuarial recommendations upon
25 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 ~~April 1, 2011~~, the Board shall
8 recalculate and recertify to the Governor the amount of the
9 required State contribution to the System for State fiscal year
10 2006, taking into account the changes in required State
11 contributions made by this amendatory Act of the 94th General
12 Assembly.

13 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
14 recalculate and recertify to the Governor the amount of the
15 required State contribution to the System for State fiscal year
16 2011, applying the changes made by Public Act 96-889 to the
17 System's assets and liabilities as of June 30, 2009 as though
18 Public Act 96-889 was approved on that date.

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

22 (b-1) Beginning in State fiscal year 1996, on the 15th day
23 of each month, or as soon thereafter as may be practicable, the
24 Board shall submit vouchers for payment of State contributions
25 to the System, in a total monthly amount of one-twelfth of the
26 required annual State contribution certified under subsection

1 (a-1). From the effective date of this amendatory Act of the
2 93rd General Assembly through June 30, 2004, the Board shall
3 not submit vouchers for the remainder of fiscal year 2004 in
4 excess of the fiscal year 2004 certified contribution amount
5 determined under this Section after taking into consideration
6 the transfer to the System under subsection (a) of Section
7 6z-61 of the State Finance Act. These vouchers shall be paid by
8 the State Comptroller and Treasurer by warrants drawn on the
9 funds appropriated to the System for that fiscal year.

10 If in any month the amount remaining unexpended from all
11 other appropriations to the System for the applicable fiscal
12 year (including the appropriations to the System under Section
13 8.12 of the State Finance Act and Section 1 of the State
14 Pension Funds Continuing Appropriation Act) is less than the
15 amount lawfully vouchered under this subsection, the
16 difference shall be paid from the Common School Fund under the
17 continuing appropriation authority provided in Section 1.1 of
18 the State Pension Funds Continuing Appropriation Act.

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

22 (b-3) For State fiscal years 2012 through 2045, the minimum
23 contribution to the System to be made by the State for each
24 fiscal year shall be an amount determined by the System to be
25 sufficient to bring the total assets of the System up to 90% of
26 the total actuarial liabilities of the System by the end of

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

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$534,627,700.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$738,014,500.

1 For each of State fiscal years 2008 through 2009, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2010 is
9 \$2,089,268,000 and shall be made from the proceeds of bonds
10 sold in fiscal year 2010 pursuant to Section 7.2 of the General
11 Obligation Bond Act, less (i) the pro rata share of bond sale
12 expenses determined by the System's share of total bond
13 proceeds, (ii) any amounts received from the Common School Fund
14 in fiscal year 2010, and (iii) any reduction in bond proceeds
15 due to the issuance of discounted bonds, if applicable.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2011 is
18 the amount recertified by the System on or before April 1, 2011
19 pursuant to subsection (a-1) of this Section and shall be made
20 from the proceeds of bonds sold in fiscal year 2011 pursuant to
21 Section 7.2 of the General Obligation Bond Act, less (i) the
22 pro rata share of bond sale expenses determined by the System's
23 share of total bond proceeds, (ii) any amounts received from
24 the Common School Fund in fiscal year 2011, and (iii) any
25 reduction in bond proceeds due to the issuance of discounted
26 bonds, if applicable. This amount shall include, in addition to

1 the amount certified by the System, an amount necessary to meet
2 employer contributions required by the State as an employer
3 under paragraph (e) of this Section, which may also be used by
4 the System for contributions required by paragraph (a) of
5 Section 16-127.

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

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

22 Notwithstanding any other provision of this Section, the
23 required State contribution for State fiscal year 2005 and for
24 fiscal year 2008 and each fiscal year thereafter, as calculated
25 under this Section and certified under subsection (a-1), shall
26 not exceed an amount equal to (i) the amount of the required

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

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

26 If members are paid from special trust or federal funds

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

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

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

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

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

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

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

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

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

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

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

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

18 (f) If the amount of a teacher's salary for any school year
19 used to determine final average salary exceeds the member's
20 annual full-time salary rate with the same employer for the
21 previous school year by more than 6%, the teacher's employer
22 shall pay to the System, in addition to all other payments
23 required under this Section and in accordance with guidelines
24 established by the System, the present value of the increase in
25 benefits resulting from the portion of the increase in salary
26 that is in excess of 6%. This present value shall be computed

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

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

1 pertinent to the applicability of that subsection. Upon
2 receiving a timely application for recalculation, the System
3 shall review the application and, if appropriate, recalculate
4 the amount due.

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

14 (g) This subsection (g) applies only to payments made or
15 salary increases given on or after June 1, 2005 but before July
16 1, 2011. The changes made by Public Act 94-1057 shall not
17 require the System to refund any payments received before July
18 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

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

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude any payment to the teacher from

1 the State of Illinois or the State Board of Education over
2 which the employer does not have discretion, notwithstanding
3 that the payment is included in the computation of final
4 average salary.

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

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

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

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

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

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

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

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

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

19 (l) Beginning on the effective date of this amendatory Act
20 of the 97th General Assembly, final passage of a bill changing
21 the State contribution formula provided in this Article
22 requires the affirmative vote of 3/5 of the members elected to
23 each house of the General Assembly.

24 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
25 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
26 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

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

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

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

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

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

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$29,189,400.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$35,236,800.

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

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2010 is
18 \$78,832,000 and shall be made from the proceeds of bonds sold
19 in fiscal year 2010 pursuant to Section 7.2 of the General
20 Obligation Bond Act, less (i) the pro rata share of bond sale
21 expenses determined by the System's share of total bond
22 proceeds, (ii) any amounts received from the General Revenue
23 Fund in fiscal year 2010, and (iii) any reduction in bond
24 proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Notwithstanding any other provision of this Article, the

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

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

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

1 Notwithstanding any other provision of this Section, the
2 required State contribution for State fiscal year 2005 and for
3 fiscal year 2008 and each fiscal year thereafter, as calculated
4 under this Section and certified under Section 18-140, shall
5 not exceed an amount equal to (i) the amount of the required
6 State contribution that would have been calculated under this
7 Section for that fiscal year if the System had not received any
8 payments under subsection (d) of Section 7.2 of the General
9 Obligation Bond Act, minus (ii) the portion of the State's
10 total debt service payments for that fiscal year on the bonds
11 issued in fiscal year 2003 for the purposes of that Section
12 7.2, as determined and certified by the Comptroller, that is
13 the same as the System's portion of the total moneys
14 distributed under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act. In determining this maximum for State
16 fiscal years 2008 through 2010, however, the amount referred to
17 in item (i) shall be increased, as a percentage of the
18 applicable employee payroll, in equal increments calculated
19 from the sum of the required State contribution for State
20 fiscal year 2007 plus the applicable portion of the State's
21 total debt service payments for fiscal year 2007 on the bonds
22 issued in fiscal year 2003 for the purposes of Section 7.2 of
23 the General Obligation Bond Act, so that, by State fiscal year
24 2011, the State is contributing at the rate otherwise required
25 under this Section.

26 (d) For purposes of determining the required State

1 contribution to the System, the value of the System's assets
2 shall be equal to the actuarial value of the System's assets,
3 which shall be calculated as follows:

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

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

15 (f) Beginning on the effective date of this amendatory Act
16 of the 97th General Assembly, final passage of a bill changing
17 the State contribution formula provided in this Article
18 requires the affirmative vote of 3/5 of the members elected to
19 each house of the General Assembly.

20 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
21 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
22 3-18-11; revised 4-6-11.)

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