

SB2686



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB2686

Introduced 1/18/2012, by Sen. John J. Cullerton

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-131

Amends the State Employee Article of the Illinois Pension Code. Makes a technical change in a Section concerning contributions by the State.

LRB097 16098 EFG 61251 b

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 14-131 as follows:

6 (40 ILCS 5/14-131)

7 Sec. 14-131. Contributions by State.

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

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

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

1 The Board shall also determine a State contribution rate
2 for each fiscal year, expressed as a percentage of payroll,
3 based on the total required State contribution for that fiscal
4 year (less the amount received by the System from
5 appropriations under Section 8.12 of the State Finance Act and
6 Section 1 of the State Pension Funds Continuing Appropriation
7 Act, if any, for the fiscal year ending on the June 30
8 immediately preceding the applicable November 15 certification
9 deadline), the estimated payroll (including all forms of
10 compensation) for personal services rendered by eligible
11 employees, and the recommendations of the actuary.

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

19 (c) Contributions shall be made by the several departments
20 for each pay period by warrants drawn by the State Comptroller
21 against their respective funds or appropriations based upon
22 vouchers stating the amount to be so contributed. These amounts
23 shall be based on the full rate certified by the Board under
24 Section 14-135.08 for that fiscal year. From the effective date
25 of this amendatory Act of the 93rd General Assembly through the
26 payment of the final payroll from fiscal year 2004

1 appropriations, the several departments shall not make
2 contributions for the remainder of fiscal year 2004 but shall
3 instead make payments as required under subsection (a-1) of
4 Section 14.1 of the State Finance Act. The several departments
5 shall resume those contributions at the commencement of fiscal
6 year 2005.

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

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

21 (d) If an employee is paid from trust funds or federal
22 funds, the department or other employer shall pay employer
23 contributions from those funds to the System at the certified
24 rate, unless the terms of the trust or the federal-State
25 agreement preclude the use of the funds for that purpose, in
26 which case the required employer contributions shall be paid by

1 the State. From the effective date of this amendatory Act of
2 the 93rd General Assembly through the payment of the final
3 payroll from fiscal year 2004 appropriations, the department or
4 other employer shall not pay contributions for the remainder of
5 fiscal year 2004 but shall instead make payments as required
6 under subsection (a-1) of Section 14.1 of the State Finance
7 Act. The department or other employer shall resume payment of
8 contributions at the commencement of fiscal year 2005.

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

19 For State fiscal years 1996 through 2005, the State
20 contribution to the System, as a percentage of the applicable
21 employee payroll, shall be increased in equal annual increments
22 so that by State fiscal year 2011, the State is contributing at
23 the rate required under this Section; except that (i) for State
24 fiscal year 1998, for all purposes of this Code and any other
25 law of this State, the certified percentage of the applicable
26 employee payroll shall be 5.052% for employees earning eligible

1 creditable service under Section 14-110 and 6.500% for all
2 other employees, notwithstanding any contrary certification
3 made under Section 14-135.08 before the effective date of this
4 amendatory Act of 1997, and (ii) in the following specified
5 State fiscal years, the State contribution to the System shall
6 not be less than the following indicated percentages of the
7 applicable employee payroll, even if the indicated percentage
8 will produce a State contribution in excess of the amount
9 otherwise required under this subsection and subsection (a):
10 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
11 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State General Revenue Fund contribution for
26 State fiscal year 2010 is \$723,703,100 and shall be made from

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

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

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

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act or Section 8.12 of the State
25 Finance Act in any fiscal year do not reduce and do not
26 constitute payment of any portion of the minimum State

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

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

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

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

1 the amount received, the difference shall be termed the "Fiscal
2 Year 2004 Overpayment" for purposes of this Section, and the
3 Fiscal Year 2004 Overpayment shall be repaid by the System to
4 the Pension Contribution Fund as soon as practicable after the
5 certification.

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

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

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

21 (i) After the submission of all payments for eligible
22 employees from personal services line items paid from the
23 General Revenue Fund in fiscal year 2010 have been made, the
24 Comptroller shall provide to the System a certification of the
25 sum of all fiscal year 2010 expenditures for personal services
26 that would have been covered by payments to the System under

1 this Section if the provisions of this amendatory Act of the
2 96th General Assembly had not been enacted. Upon receipt of the
3 certification, the System shall determine the amount due to the
4 System based on the full rate certified by the Board under
5 Section 14-135.08 for fiscal year 2010 in order to meet the
6 State's obligation under this Section. The System shall compare
7 this amount due to the amount received by the System in fiscal
8 year 2010 through payments under this Section. If the amount
9 due is more than the amount received, the difference shall be
10 termed the "Fiscal Year 2010 Shortfall" for purposes of this
11 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
12 under Section 1.2 of the State Pension Funds Continuing
13 Appropriation Act. If the amount due is less than the amount
14 received, the difference shall be termed the "Fiscal Year 2010
15 Overpayment" for purposes of this Section, and the Fiscal Year
16 2010 Overpayment shall be repaid by the System to the General
17 Revenue Fund as soon as practicable after the certification.

18 (j) After the submission of all payments for eligible
19 employees from personal services line items paid from the
20 General Revenue Fund in fiscal year 2011 have been made, the
21 Comptroller shall provide to the System a certification of the
22 sum of all fiscal year 2011 expenditures for personal services
23 that would have been covered by payments to the System under
24 this Section if the provisions of this amendatory Act of the
25 96th General Assembly had not been enacted. Upon receipt of the
26 certification, the System shall determine the amount due to the

1 System based on the full rate certified by the Board under
2 Section 14-135.08 for fiscal year 2011 in order to meet the
3 State's obligation under this Section. The System shall compare
4 this amount due to the amount received by the System in fiscal
5 year 2011 through payments under this Section. If the amount
6 due is more than the amount received, the difference shall be
7 termed the "Fiscal Year 2011 Shortfall" for purposes of this
8 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
9 under Section 1.2 of the State Pension Funds Continuing
10 Appropriation Act. If the amount due is less than the amount
11 received, the difference shall be termed the "Fiscal Year 2011
12 Overpayment" for purposes of this Section, and the Fiscal Year
13 2011 Overpayment shall be repaid by the System to the General
14 Revenue Fund as soon as practicable after the certification.

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

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

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