



Sen. Jim Oberweis

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LRB098 06591 EFG 43188 a

1 AMENDMENT TO SENATE BILL 2026

2 AMENDMENT NO. _____. Amend Senate Bill 2026 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 2-124, 14-131, 15-155, 16-158, and 18-131 and
6 by adding Section 1-161 as follows:

7 (40 ILCS 5/1-161 new)

8 Sec. 1-161. Pension benefits, end of service credit;
9 self-directed retirement plans.

10 (a) For the purposes of this Section:

11 "Active participant" means a participant in a
12 State-funded retirement system who does not receive an
13 annuity from a State-funded retirement system.

14 "Annuitant" means a participant in a State-funded
15 retirement system who receives an annuity from a
16 State-funded retirement system.

1 "Automatic increase in retirement annuity" means an
2 automatic increase in retirement annuity granted under
3 Section 1-160 or Article 2, 14, 15, 16, or 18 of this Code.

4 "Consumer price index-u" means the index published by
5 the Bureau of Labor Statistics of the United States
6 Department of Labor that measures the average change in
7 prices of goods and services purchased by all urban
8 consumers, United States city average, all items, 1982-84 =
9 100.

10 "Pensionable salary" means the amount of salary,
11 compensation, or earnings used by the applicable
12 State-funded retirement system to calculate the amount of
13 an individual's retirement annuity.

14 "State-funded retirement system" means a retirement
15 system established under Article 2, 14, 15, 16, or 18 of
16 this Code.

17 (b) No active participant may accrue service credit in a
18 State-funded retirement system on or after the effective date
19 of this amendatory Act of the 98th General Assembly.

20 (c) The pensionable salary of an active participant shall
21 not exceed the pensionable salary of that participant as of the
22 effective date of this amendatory Act of the 98th General
23 Assembly.

24 (d) An annuitant shall not receive an automatic increase in
25 retirement annuity on or after the effective date of this
26 Section.

1 (e) The retirement age of active participants who are
2 ineligible to retire as of the effective date of this
3 amendatory Act of the 98th General Assembly shall be increased
4 according to a schedule developed by the Public Pension
5 Division of the Department of Insurance as soon as practicable
6 after the effective date of this amendatory Act of the 98th
7 General Assembly. The schedule of retirement ages adopted by
8 administrative rule of the Division shall, at a minimum, ensure
9 (i) that persons who first become active participants on or
10 after the effective date of this amendatory Act of the 98th
11 General Assembly are not eligible to retire until reaching the
12 Social Security Normal Retirement Age and (ii) that persons who
13 are active participants but ineligible to retire as of the
14 effective date of this amendatory Act of the 98th General
15 Assembly remain ineligible to retire until reaching age 59. The
16 Division's schedule shall also provide for the adjustment of
17 retirement ages using a matrix that accounts for the current
18 statutory retirement age for various classes of persons and
19 service credit accrued by those persons as of the effective
20 date of this amendatory Act of the 98th General Assembly.

21 (f) As soon as practicable after the effective date of this
22 amendatory Act of the 98th General Assembly, each State-funded
23 retirement system shall establish a self-directed retirement
24 plan that allows individuals who are active participants and
25 individuals who become active participants on or after the
26 effective date of this amendatory Act of the 98th General

1 Assembly the opportunity to accumulate assets for retirement
2 through a combination of employee and employer contributions
3 that may be invested in mutual funds, collective investment
4 funds, or other investment products and used to purchase
5 annuity contracts, either fixed or variable or a combination
6 thereof. The plan must be qualified under the Internal Revenue
7 Code of 1986. Participants in the retirement system established
8 under Article 15 may participate in the self-managed plan
9 established under Section 15-158.2 in lieu of participating in
10 a self-directed retirement plan created under this subsection
11 (f).

12 (g) Each active participant in the retirement system
13 established under Article 14 of this Code who is a noncovered
14 employee and each active participant in a retirement system
15 established under Article 15, 16, or 18 of this Code, except
16 for a participant in the self-managed plan established under
17 Section 15-158.2, shall participate in the self-directed
18 retirement plan established under subsection (f) and
19 contribute 8% of his or her salary, earnings, or compensation,
20 whichever is applicable, to the plan. The employer of each of
21 those active participants shall contribute 7% of salary,
22 earnings, or compensation, whichever is applicable, to that
23 plan on behalf of the participant.

24 Each active participant in the retirement system
25 established under Article 14 who is a covered employee shall
26 participate in the self-directed retirement plan established

1 under subsection (f) and shall contribute 3% of compensation to
2 the plan. The employer of each of those participants shall
3 contribute 3% of compensation to the self-directed retirement
4 plan on behalf of the participant.

5 Each active participant in the retirement system
6 established under Article 2 of this Code shall have the option
7 of participating in the self-directed retirement plan
8 established under subsection (f) and shall be entitled to
9 contribute as much to the plan as is authorized by federal law.
10 However, no employer contribution to the self-directed plan
11 shall be made on behalf of active participants in the
12 retirement system established under Article 2 of this Code.

13 For the purposes of this subsection (g), salary, earnings,
14 or compensation shall not exceed \$110,100. However, that amount
15 shall be increased on January 1, 2015 and each January 1
16 thereafter by the lesser of (i) 3% of that amount or (ii)
17 one-half the annual unadjusted percentage increase (but not
18 less than zero) in the consumer price index-u for the 12 months
19 ending with the September preceding each November 1, as
20 calculated by the Public Pension Division of the Department of
21 Insurance and made available to the boards of the State-funded
22 retirement systems by November 1, 2013 and each November 1
23 thereafter.

24 (h) The provisions of this amendatory Act of the 98th
25 General Assembly apply notwithstanding any other law,
26 including Section 1-160 of this Code. If there is a conflict

1 between the provisions of this amendatory Act of the 98th
2 General Assembly and any other law, the provisions of this
3 Section shall control.

4 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

5 Sec. 2-124. Contributions by State.

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

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

17 (c) For State fiscal years 2012 and 2013 ~~through 2045~~, the
18 minimum contribution to the System to be made by the State for
19 each fiscal year shall be an amount determined by the System to
20 be sufficient to bring the total assets of the System up to 90%
21 of the total actuarial liabilities of the System by the end of
22 State fiscal year 2045. In making these determinations, the
23 required State contribution shall be calculated each year as a
24 level percentage of payroll over the years remaining to and
25 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

2 For State fiscal years 2014 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 100%
6 of 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 dollar amount over the years remaining to and including
10 fiscal year 2045 and shall be determined under the projected
11 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 \$4,157,000.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2007 is
22 \$5,220,300.

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 \$10,454,000 and shall be made from the proceeds of bonds sold
6 in fiscal year 2010 pursuant to Section 7.2 of the General
7 Obligation Bond Act, less (i) the pro rata share of bond sale
8 expenses determined by the System's share of total bond
9 proceeds, (ii) any amounts received from the General Revenue
10 Fund in fiscal year 2010, and (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 2-134 and shall be made from the proceeds
17 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
18 the General Obligation Bond Act, less (i) the pro rata share of
19 bond sale expenses determined by the System's share of total
20 bond proceeds, (ii) any amounts received from the General
21 Revenue Fund in fiscal year 2011, and (iii) any reduction in
22 bond proceeds due to the issuance of discounted bonds, if
23 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 2-134, shall not
18 exceed an amount equal to (i) the amount of the required State
19 contribution that would have been calculated under this Section
20 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 (d) For purposes of determining the required State
14 contribution to the System, the value of the System's assets
15 shall be equal to the actuarial value of the System's assets,
16 which shall be calculated as follows:

17 As of June 30, 2008, the actuarial value of the System's
18 assets shall be equal to the market value of the assets as of
19 that date. In determining the actuarial value of the System's
20 assets for fiscal years after June 30, 2008, any actuarial
21 gains or losses from investment return incurred in a fiscal
22 year shall be recognized in equal annual amounts over the
23 5-year period following that fiscal year.

24 (e) For purposes of determining the required State
25 contribution to the system for a particular year, the actuarial
26 value of assets shall be assumed to earn a rate of return equal

1 to the system's actuarially assumed rate of return.

2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
4 7-13-12.)

5 (40 ILCS 5/14-131)

6 Sec. 14-131. Contributions by State.

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

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

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

23 The Board shall also determine a State contribution rate
24 for each fiscal year, expressed as a percentage of payroll,
25 based on the total required State contribution for that fiscal

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

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

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

1 Section 14.1 of the State Finance Act. The several departments
2 shall resume those contributions at the commencement of fiscal
3 year 2005.

4 (c-1) Notwithstanding subsection (c) of this Section, for
5 fiscal years 2010, 2012, and 2013 only, contributions by the
6 several departments are not required to be made for General
7 Revenue Funds payrolls processed by the Comptroller. Payrolls
8 paid by the several departments from all other State funds must
9 continue to be processed pursuant to subsection (c) of this
10 Section.

11 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
12 or as soon as possible after the 15th day of each month, the
13 Board shall submit vouchers for payment of State contributions
14 to the System, in a total monthly amount of one-twelfth of the
15 fiscal year General Revenue Fund contribution as certified by
16 the System pursuant to Section 14-135.08 of the Illinois
17 Pension Code.

18 (d) If an employee is paid from trust funds or federal
19 funds, the department or other employer shall pay employer
20 contributions from those funds to the System at the certified
21 rate, unless the terms of the trust or the federal-State
22 agreement preclude the use of the funds for that purpose, in
23 which case the required employer contributions shall be paid by
24 the State. From the effective date of this amendatory Act of
25 the 93rd General Assembly through the payment of the final
26 payroll from fiscal year 2004 appropriations, the department or

1 other employer shall not pay contributions for the remainder of
2 fiscal year 2004 but shall instead make payments as required
3 under subsection (a-1) of Section 14.1 of the State Finance
4 Act. The department or other employer shall resume payment of
5 contributions at the commencement of fiscal year 2005.

6 (e) For State fiscal years 2012 and 2013 ~~through 2045~~, the
7 minimum contribution to the System to be made by the State for
8 each fiscal year shall be an amount determined by the System to
9 be sufficient to bring the total assets of the System up to 90%
10 of the total actuarial liabilities of the System by the end of
11 State fiscal year 2045. In making these determinations, the
12 required State contribution shall be calculated each year as a
13 level percentage of payroll over the years remaining to and
14 including fiscal year 2045 and shall be determined under the
15 projected unit credit actuarial cost method.

16 For State fiscal years 2014 through 2045, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 100%
20 of the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level dollar amount over the years remaining to and including
24 fiscal year 2045 and shall be determined under the projected
25 unit credit actuarial cost method.

26 For State fiscal years 1996 through 2005, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 so that by State fiscal year 2011, the State is contributing at
4 the rate required under this Section; except that (i) for State
5 fiscal year 1998, for all purposes of this Code and any other
6 law of this State, the certified percentage of the applicable
7 employee payroll shall be 5.052% for employees earning eligible
8 creditable service under Section 14-110 and 6.500% for all
9 other employees, notwithstanding any contrary certification
10 made under Section 14-135.08 before the effective date of this
11 amendatory Act of 1997, and (ii) in the following specified
12 State fiscal years, the State contribution to the System shall
13 not be less than the following indicated percentages of the
14 applicable employee payroll, even if the indicated percentage
15 will produce a State contribution in excess of the amount
16 otherwise required under this subsection and subsection (a):
17 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
18 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

25 For each of State fiscal years 2008 through 2009, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 from the required State contribution for State fiscal year
3 2007, so that by State fiscal year 2011, the State is
4 contributing at the rate otherwise required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State General Revenue Fund contribution for
7 State fiscal year 2010 is \$723,703,100 and shall be made from
8 the proceeds of bonds sold in fiscal year 2010 pursuant to
9 Section 7.2 of the General Obligation Bond Act, less (i) the
10 pro rata share of bond sale expenses determined by the System's
11 share of total bond proceeds, (ii) any amounts received from
12 the General Revenue Fund in fiscal year 2010, and (iii) any
13 reduction in bond proceeds due to the issuance of discounted
14 bonds, if applicable.

15 Notwithstanding any other provision of this Article, the
16 total required State General Revenue Fund contribution for
17 State fiscal year 2011 is the amount recertified by the System
18 on or before April 1, 2011 pursuant to Section 14-135.08 and
19 shall be made from the proceeds of bonds sold in fiscal year
20 2011 pursuant to Section 7.2 of the General Obligation Bond
21 Act, less (i) the pro rata share of bond sale expenses
22 determined by the System's share of total bond proceeds, (ii)
23 any amounts received from the General Revenue Fund in fiscal
24 year 2011, and (iii) any reduction in bond proceeds due to the
25 issuance of discounted bonds, if applicable.

26 Beginning in State fiscal year 2046, the minimum State

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

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

16 Notwithstanding any other provision of this Section, the
17 required State contribution for State fiscal year 2005 and for
18 fiscal year 2008 and each fiscal year thereafter, as calculated
19 under this Section and certified under Section 14-135.08, shall
20 not exceed an amount equal to (i) the amount of the required
21 State contribution that would have been calculated under this
22 Section for that fiscal year if the System had not received any
23 payments under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act, minus (ii) the portion of the State's
25 total debt service payments for that fiscal year on the bonds
26 issued in fiscal year 2003 for the purposes of that Section

1 7.2, as determined and certified by the Comptroller, that is
2 the same as the System's portion of the total moneys
3 distributed under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act. In determining this maximum for State
5 fiscal years 2008 through 2010, however, the amount referred to
6 in item (i) shall be increased, as a percentage of the
7 applicable employee payroll, in equal increments calculated
8 from the sum of the required State contribution for State
9 fiscal year 2007 plus the applicable portion of the State's
10 total debt service payments for fiscal year 2007 on the bonds
11 issued in fiscal year 2003 for the purposes of Section 7.2 of
12 the General Obligation Bond Act, so that, by State fiscal year
13 2011, the State is contributing at the rate otherwise required
14 under this Section.

15 (f) After the submission of all payments for eligible
16 employees from personal services line items in fiscal year 2004
17 have been made, the Comptroller shall provide to the System a
18 certification of the sum of all fiscal year 2004 expenditures
19 for personal services that would have been covered by payments
20 to the System under this Section if the provisions of this
21 amendatory Act of the 93rd General Assembly had not been
22 enacted. Upon receipt of the certification, the System shall
23 determine the amount due to the System based on the full rate
24 certified by the Board under Section 14-135.08 for fiscal year
25 2004 in order to meet the State's obligation under this
26 Section. The System shall compare this amount due to the amount

1 received by the System in fiscal year 2004 through payments
2 under this Section and under Section 6z-61 of the State Finance
3 Act. If the amount due is more than the amount received, the
4 difference shall be termed the "Fiscal Year 2004 Shortfall" for
5 purposes of this Section, and the Fiscal Year 2004 Shortfall
6 shall be satisfied under Section 1.2 of the State Pension Funds
7 Continuing Appropriation Act. If the amount due is less than
8 the amount received, the difference shall be termed the "Fiscal
9 Year 2004 Overpayment" for purposes of this Section, and the
10 Fiscal Year 2004 Overpayment shall be repaid by the System to
11 the Pension Contribution Fund as soon as practicable after the
12 certification.

13 (g) For purposes of determining the required State
14 contribution to the System, the value of the System's assets
15 shall be equal to the actuarial value of the System's assets,
16 which shall be calculated as follows:

17 As of June 30, 2008, the actuarial value of the System's
18 assets shall be equal to the market value of the assets as of
19 that date. In determining the actuarial value of the System's
20 assets for fiscal years after June 30, 2008, any actuarial
21 gains or losses from investment return incurred in a fiscal
22 year shall be recognized in equal annual amounts over the
23 5-year period following that fiscal year.

24 (h) For purposes of determining the required State
25 contribution to the System for a particular year, the actuarial
26 value of assets shall be assumed to earn a rate of return equal

1 to the System's actuarially assumed rate of return.

2 (i) After the submission of all payments for eligible
3 employees from personal services line items paid from the
4 General Revenue Fund in fiscal year 2010 have been made, the
5 Comptroller shall provide to the System a certification of the
6 sum of all fiscal year 2010 expenditures for personal services
7 that would have been covered by payments to the System under
8 this Section if the provisions of this amendatory Act of the
9 96th General Assembly had not been enacted. Upon receipt of the
10 certification, the System shall determine the amount due to the
11 System based on the full rate certified by the Board under
12 Section 14-135.08 for fiscal year 2010 in order to meet the
13 State's obligation under this Section. The System shall compare
14 this amount due to the amount received by the System in fiscal
15 year 2010 through payments under this Section. If the amount
16 due is more than the amount received, the difference shall be
17 termed the "Fiscal Year 2010 Shortfall" for purposes of this
18 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
19 under Section 1.2 of the State Pension Funds Continuing
20 Appropriation Act. If the amount due is less than the amount
21 received, the difference shall be termed the "Fiscal Year 2010
22 Overpayment" for purposes of this Section, and the Fiscal Year
23 2010 Overpayment shall be repaid by the System to the General
24 Revenue Fund as soon as practicable after the certification.

25 (j) After the submission of all payments for eligible
26 employees from personal services line items paid from the

1 General Revenue Fund in fiscal year 2011 have been made, the
2 Comptroller shall provide to the System a certification of the
3 sum of all fiscal year 2011 expenditures for personal services
4 that would have been covered by payments to the System under
5 this Section if the provisions of this amendatory Act of the
6 96th General Assembly had not been enacted. Upon receipt of the
7 certification, the System shall determine the amount due to the
8 System based on the full rate certified by the Board under
9 Section 14-135.08 for fiscal year 2011 in order to meet the
10 State's obligation under this Section. The System shall compare
11 this amount due to the amount received by the System in fiscal
12 year 2011 through payments under this Section. If the amount
13 due is more than the amount received, the difference shall be
14 termed the "Fiscal Year 2011 Shortfall" for purposes of this
15 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
16 under Section 1.2 of the State Pension Funds Continuing
17 Appropriation Act. If the amount due is less than the amount
18 received, the difference shall be termed the "Fiscal Year 2011
19 Overpayment" for purposes of this Section, and the Fiscal Year
20 2011 Overpayment shall be repaid by the System to the General
21 Revenue Fund as soon as practicable after the certification.

22 (k) For fiscal years 2012 and 2013 only, after the
23 submission of all payments for eligible employees from personal
24 services line items paid from the General Revenue Fund in the
25 fiscal year have been made, the Comptroller shall provide to
26 the System a certification of the sum of all expenditures in

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

17 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
18 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
19 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
20 eff. 6-30-12.)

21 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

22 Sec. 15-155. Employer contributions.

23 (a) The State of Illinois shall make contributions by
24 appropriations of amounts which, together with the other
25 employer contributions from trust, federal, and other funds,

1 employee contributions, income from investments, and other
2 income of this System, will be sufficient to meet the cost of
3 maintaining and administering the System on a 90% funded basis
4 in accordance with actuarial recommendations.

5 The Board shall determine the amount of State contributions
6 required for each fiscal year on the basis of the actuarial
7 tables and other assumptions adopted by the Board and the
8 recommendations of the actuary, using the formula in subsection
9 (a-1).

10 (a-1) For State fiscal years 2012 and 2013 ~~through 2045~~,
11 the minimum contribution to the System to be made by the State
12 for each fiscal year shall be an amount determined by the
13 System to be sufficient to bring the total assets of the System
14 up to 90% of the total actuarial liabilities of the System by
15 the end of State fiscal year 2045. In making these
16 determinations, the required State contribution shall be
17 calculated each year as a level percentage of payroll over the
18 years remaining to and including fiscal year 2045 and shall be
19 determined under the projected unit credit actuarial cost
20 method.

21 For State fiscal years 2014 through 2045, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 100%
25 of the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. In making these determinations, the

1 required State contribution shall be calculated each year as a
2 level dollar amount over the years remaining to and including
3 fiscal year 2045 and shall be determined under the projected
4 unit credit actuarial cost method.

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (b-1) The City of Urbana and the City of Champaign shall
22 each make employer contributions to this System for their
23 respective firefighter employees who participate in this
24 System pursuant to subsection (h) of Section 15-107. The rate
25 of contributions to be made by those municipalities shall be
26 determined annually by the Board on the basis of the actuarial

1 assumptions adopted by the Board and the recommendations of the
2 actuary, and shall be expressed as a percentage of salary for
3 each such employee. The Board shall certify the rate to the
4 affected municipalities as soon as may be practical. The
5 employer contributions required under this subsection shall be
6 remitted by the municipality to the System at the same time and
7 in the same manner as employee contributions.

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

19 (d) Beginning in State fiscal year 1996, the required State
20 contributions to the System shall be appropriated directly to
21 the System and shall be payable through vouchers issued in
22 accordance with subsection (c) of Section 15-165, except as
23 provided in subsection (g).

24 (e) The State Comptroller shall draw warrants payable to
25 the System upon proper certification by the System or by the
26 employer in accordance with the appropriation laws and this

1 Code.

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

10 (g) If the amount of a participant's earnings for any
11 academic year used to determine the final rate of earnings,
12 determined on a full-time equivalent basis, exceeds the amount
13 of his or her earnings with the same employer for the previous
14 academic year, determined on a full-time equivalent basis, by
15 more than 6%, the participant's employer shall pay to the
16 System, in addition to all other payments required under this
17 Section and in accordance with guidelines established by the
18 System, the present value of the increase in benefits resulting
19 from the portion of the increase in earnings that is in excess
20 of 6%. This present value shall be computed by the System on
21 the basis of the actuarial assumptions and tables used in the
22 most recent actuarial valuation of the System that is available
23 at the time of the computation. The System may require the
24 employer to provide any pertinent information or
25 documentation.

26 Whenever it determines that a payment is or may be required

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

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

24 (h) This subsection (h) applies only to payments made or
25 salary increases given on or after June 1, 2005 but before July
26 1, 2011. The changes made by Public Act 94-1057 shall not

1 require the System to refund any payments received before July
2 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

26 When assessing payment for any amount due under subsection

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

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

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

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

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

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

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

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

1 submit any information to the Community College Board.

2 (1) 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 (m) 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 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
18 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
19 7-13-12; revised 10-17-12.)

20 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

21 Sec. 16-158. Contributions by State and other employing
22 units.

23 (a) The State shall make contributions to the System by
24 means of appropriations from the Common School Fund and other
25 State funds of amounts which, together with other employer

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

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

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

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

23 On or before July 1, 2005, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2006, taking
26 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

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

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

1 recommended changes on the required State contribution.

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

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

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

1 the State Pension Funds Continuing Appropriation Act.

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

5 (b-3) For State fiscal years 2012 2013 ~~through 2045~~, the
6 minimum contribution to the System to be made by the State for
7 each fiscal year shall be an amount determined by the System to
8 be sufficient to bring the total assets of the System up to 90%
9 of 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 2014 through 2045, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the System to be
18 sufficient to bring the total assets of the System up to 100%
19 of the total actuarial liabilities of the System by the end of
20 State fiscal year 2045. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level dollar amount over the years remaining to and including
23 fiscal year 2045 and shall be determined under the projected
24 unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State
26 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; except that in the
4 following specified State fiscal years, the State contribution
5 to the System shall not be less than the following indicated
6 percentages of the applicable employee payroll, even if the
7 indicated percentage will produce a State contribution in
8 excess of the amount otherwise required under this subsection
9 and subsection (a), and notwithstanding any contrary
10 certification made under subsection (a-1) before the effective
11 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
12 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
13 2003; and 13.56% in FY 2004.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$534,627,700.

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

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

26 Notwithstanding any other provision of this Article, the

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

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

25 Beginning in State fiscal year 2046, the minimum State
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 90% of the total
2 actuarial liabilities of the System.

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

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

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

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

19 If members are paid from special trust or federal funds
20 which are administered by the employing unit, whether school
21 district or other unit, the employing unit shall pay to the
22 System from such funds the full accruing retirement costs based
23 upon that service, as determined by the System. Employer
24 contributions, based on salary paid to members from federal
25 funds, may be forwarded by the distributing agency of the State
26 of Illinois to the System prior to allocation, in an amount

1 determined in accordance with guidelines established by such
2 agency and the System.

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

10 However, with respect to benefits granted under Section
11 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
12 of Section 16-106, the employer's contribution shall be 12%
13 (rather than 20%) of the member's highest annual salary rate
14 for each year of creditable service granted, and the employer
15 shall also pay the required employee contribution on behalf of
16 the teacher. For the purposes of Sections 16-133.4 and
17 16-133.5, a teacher as defined in paragraph (8) of Section
18 16-106 who is serving in that capacity while on leave of
19 absence from another employer under this Article shall not be
20 considered an employee of the employer from which the teacher
21 is on leave.

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

25 (1) Beginning July 1, 1998 through June 30, 1999, the
26 employer contribution shall be equal to 0.3% of each

1 teacher's salary.

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

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

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

13 Each employer of teachers is entitled to a credit against
14 the contributions required under this subsection (e) with
15 respect to salaries paid to teachers for the period January 1,
16 2002 through June 30, 2003, equal to the amount paid by that
17 employer under subsection (a-5) of Section 6.6 of the State
18 Employees Group Insurance Act of 1971 with respect to salaries
19 paid to teachers for that period.

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

25 If an employer is required by a contract in effect on May
26 1, 1998 between the employer and an employee organization to

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

11 (f) If the amount of a teacher's salary for any school year
12 used to determine final average salary exceeds the member's
13 annual full-time salary rate with the same employer for the
14 previous school year by more than 6%, the teacher's employer
15 shall pay to the System, in addition to all other payments
16 required under this Section and in accordance with guidelines
17 established by the System, the present value of the increase in
18 benefits resulting from the portion of the increase in salary
19 that is in excess of 6%. This present value shall be computed
20 by the System on the basis of the actuarial assumptions and
21 tables used in the most recent actuarial valuation of the
22 System that is available at the time of the computation. If a
23 teacher's salary for the 2005-2006 school year is used to
24 determine final average salary under this subsection (f), then
25 the changes made to this subsection (f) by Public Act 94-1057
26 shall apply in calculating whether the increase in his or her

1 salary is in excess of 6%. For the purposes of this Section,
2 change in employment under Section 10-21.12 of the School Code
3 on or after June 1, 2005 shall constitute a change in employer.
4 The System may require the employer to provide any pertinent
5 information or documentation. The changes made to this
6 subsection (f) by this amendatory Act of the 94th General
7 Assembly apply without regard to whether the teacher was in
8 service on or after its effective date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
13 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
14 6-18-12; 97-813, eff. 7-13-12.)

15 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

23 (b) The Board shall determine the amount of State
24 contributions required for each fiscal year on the basis of the
25 actuarial tables and other assumptions adopted by the Board and

1 the prescribed rate of interest, using the formula in
2 subsection (c).

3 (c) For State fiscal years 2012 and 2013 ~~through 2045~~, the
4 minimum contribution to the System to be made by the State for
5 each fiscal year shall be an amount determined by the System to
6 be sufficient to bring the total assets of the System up to 90%
7 of the total actuarial liabilities of the System by the end of
8 State fiscal year 2045. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of payroll over the years remaining to and
11 including fiscal year 2045 and shall be determined under the
12 projected unit credit actuarial cost method.

13 For State fiscal years 2014 through 2045, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 100%
17 of the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level dollar amount over the years remaining to and including
21 fiscal year 2045 and shall be determined under the projected
22 unit credit actuarial cost method.

23 For State fiscal years 1996 through 2005, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 so that by State fiscal year 2011, the State is contributing at

1 the rate required under this Section.

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

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

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2011 is
26 the amount recertified by the System on or before April 1, 2011

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

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

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

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

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

24 (d) For purposes of determining the required State
25 contribution to the System, the value of the System's assets
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

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

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

13 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
14 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
15 7-13-12.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law."