



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB2203

Introduced 2/15/2013, by Sen. Kirk W. Dillard

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-103.3	
40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
40 ILCS 5/14-131	
40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140

Amends the Illinois Pension Code. For the 5 State-funded retirement systems, requires the Board to follow the State Actuary's recommendations when making the final certification of the annual required State contribution. Changes the funding formula to achieve 100% funding in 30 years. Also makes technical changes. Effective immediately.

LRB098 10231 EFG 40390 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 1-103.3, 2-124, 2-134, 14-131, 14-135.08, 15-155,
6 15-165, 16-158, 18-131, and 18-140 as follows:

7 (40 ILCS 5/1-103.3)

8 Sec. 1-103.3. Application of 1994 amendment; funding
9 standard.

10 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
11 ~~of 1994~~ that change the method of calculating, certifying, and
12 paying the required State contributions to the retirement
13 systems established under Articles 2, 14, 15, 16, and 18 shall
14 first apply to the State contributions required for State
15 fiscal year 1996.

16 (b) (Blank) ~~The General Assembly declares that a funding~~
17 ~~ratio (the ratio of a retirement system's total assets to its~~
18 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
19 ~~State-funded retirement systems in Illinois, and it finds that~~
20 ~~a funding ratio of 90% is now the generally recognized norm~~
21 ~~throughout the nation for public employee retirement systems~~
22 ~~that are considered to be financially secure and funded in an~~
23 ~~appropriate and responsible manner.~~

1 (c) Every 5 years, beginning in 1999, the Commission on
2 Government Forecasting and Accountability, in consultation
3 with the affected retirement systems and the Governor's Office
4 of Management and Budget (formerly Bureau of the Budget), shall
5 consider and determine whether the funding goals ~~90% funding~~
6 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
7 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate
8 funding goals ~~goal~~ for those ~~State-funded~~ retirement systems ~~in~~
9 ~~Illinois~~, and it shall report its findings and recommendations
10 on this subject to the Governor and the General Assembly.

11 (Source: P.A. 93-1067, eff. 1-15-05.)

12 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

13 Sec. 2-124. Contributions by State.

14 (a) The State shall make contributions to the System by
15 appropriations of amounts which, together with the
16 contributions of participants, interest earned on investments,
17 and other income will meet the cost of maintaining and
18 administering the System on a 100% ~~90%~~ funded basis in
19 accordance with actuarial recommendations by the end of State
20 fiscal year 2043.

21 (b) The Board shall determine the amount of State
22 contributions required for each fiscal year on the basis of the
23 actuarial tables and other assumptions adopted by the Board and
24 the prescribed rate of interest, using the formula in
25 subsection (c).

1 (c) For State fiscal years 2014 through 2043, the minimum
2 contribution to the System to be made by the State for each
3 fiscal year shall be an amount determined by the System to be
4 equal to the sum of (1) the State's portion of the projected
5 normal cost for that fiscal year, plus (2) an amount sufficient
6 to bring the total assets of the System up to 100% of the total
7 actuarial liabilities of the System by the end of State fiscal
8 year 2043. In making these determinations, the required State
9 contribution shall be calculated each year as a level
10 percentage of payroll over the years remaining to and including
11 fiscal year 2043 and shall be determined under the projected
12 unit credit actuarial cost method.

13 For State fiscal years 2012 and 2013 ~~through 2045~~, the
14 minimum contribution to the System to be made by the State for
15 each fiscal year shall be an amount determined by the System to
16 be sufficient to bring the total assets of the System up to 90%
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 percentage of payroll over the years remaining to and
21 including fiscal year 2045 and shall be determined under the
22 projected 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 \$4,157,000.

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

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 \$10,454,000 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 2-134 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 2044, the minimum State
10 contribution for each fiscal year shall be the amount needed to
11 maintain the total assets of the System at 100% of the total
12 actuarial liabilities of the System.

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

17 Amounts received by the System pursuant to Section 25 of
18 the Budget Stabilization Act or Section 8.12 of the State
19 Finance Act in any fiscal year do not reduce and do not
20 constitute payment of any portion of the minimum State
21 contribution required under this Article in that fiscal year.
22 Such amounts shall not reduce, and shall not be included in the
23 calculation of, the required State contributions under this
24 Article in any future year until the System has reached a
25 funding ratio of at least 100% ~~90%~~. A reference in this Article
26 to the "required State contribution" or any substantially

1 similar term does not include or apply to any amounts payable
2 to the System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Section, the
4 required State contribution for State fiscal year 2005 and for
5 fiscal year 2008 and each fiscal year thereafter, as calculated
6 under this Section and certified under Section 2-134, shall not
7 exceed an amount equal to (i) the amount of the required State
8 contribution that would have been calculated under this Section
9 for that fiscal year if the System had not received any
10 payments under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act, minus (ii) the portion of the State's
12 total debt service payments for that fiscal year on the bonds
13 issued in fiscal year 2003 for the purposes of that Section
14 7.2, as determined and certified by the Comptroller, that is
15 the same as the System's portion of the total moneys
16 distributed under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act. In determining this maximum for State
18 fiscal years 2008 through 2010, however, the amount referred to
19 in item (i) shall be increased, as a percentage of the
20 applicable employee payroll, in equal increments calculated
21 from the sum of the required State contribution for State
22 fiscal year 2007 plus the applicable portion of the State's
23 total debt service payments for fiscal year 2007 on the bonds
24 issued in fiscal year 2003 for the purposes of Section 7.2 of
25 the General Obligation Bond Act, so that, by State fiscal year
26 2011, the State is contributing at the rate otherwise required

1 under this Section.

2 (d) 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 (e) 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.)

20 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

23 (a) The Board shall certify to the Governor on or before
24 December 15 of each year until December 15, 2011 the amount of
25 the required State contribution to the System for the next

1 fiscal year and shall specifically identify the System's
2 projected State normal cost for that fiscal year. The
3 certification shall include a copy of the actuarial
4 recommendations upon which it is based and shall specifically
5 identify the System's projected State normal cost for that
6 fiscal year.

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

1 ~~required State contribution.~~

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

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

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

19 (b) Beginning in State fiscal year 1996, on or as soon as
20 possible after the 15th day of each month the Board shall
21 submit vouchers for payment of State contributions to the
22 System, in a total monthly amount of one-twelfth of the
23 required annual State contribution certified under subsection
24 (a). From the effective date of this amendatory Act of the 93rd
25 General Assembly through June 30, 2004, the Board shall not
26 submit vouchers for the remainder of fiscal year 2004 in excess

1 of the fiscal year 2004 certified contribution amount
2 determined under this Section after taking into consideration
3 the transfer to the System under subsection (d) of Section
4 6z-61 of the State Finance Act. These vouchers shall be paid by
5 the State Comptroller and Treasurer by warrants drawn on the
6 funds appropriated to the System for that fiscal year. If in
7 any month the amount remaining unexpended from all other
8 appropriations to the System for the applicable fiscal year
9 (including the appropriations to the System under Section 8.12
10 of the State Finance Act and Section 1 of the State Pension
11 Funds Continuing Appropriation Act) is less than the amount
12 lawfully vouchered under this Section, the difference shall be
13 paid from the General Revenue Fund under the continuing
14 appropriation authority provided in Section 1.1 of the State
15 Pension Funds Continuing Appropriation Act.

16 (c) The full amount of any annual appropriation for the
17 System for State fiscal year 1995 shall be transferred and made
18 available to the System at the beginning of that fiscal year at
19 the request of the Board. Any excess funds remaining at the end
20 of any fiscal year from appropriations shall be retained by the
21 System as a general reserve to meet the System's accrued
22 liabilities.

23 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
24 97-694, eff. 6-18-12.)

1 Sec. 14-131. Contributions by State.

2 (a) The State shall make contributions to the System by
3 appropriations of amounts which, together with other employer
4 contributions from trust, federal, and other funds, employee
5 contributions, investment income, and other income, will be
6 sufficient to meet the cost of maintaining and administering
7 the System on a 100% ~~90%~~ funded basis in accordance with
8 actuarial recommendations by the end of State fiscal year 2043.

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

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

18 The Board shall also determine a State contribution rate
19 for each fiscal year, expressed as a percentage of payroll,
20 based on the total required State contribution for that fiscal
21 year (less the amount received by the System from
22 appropriations under Section 8.12 of the State Finance Act and
23 Section 1 of the State Pension Funds Continuing Appropriation
24 Act, if any, for the fiscal year ending on the June 30
25 immediately preceding the applicable November 15 certification
26 deadline), the estimated payroll (including all forms of

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

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

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

24 (c-1) Notwithstanding subsection (c) of this Section, for
25 fiscal years 2010, 2012, and 2013 only, contributions by the
26 several departments are not required to be made for General

1 Revenue Funds payrolls processed by the Comptroller. Payrolls
2 paid by the several departments from all other State funds must
3 continue to be processed pursuant to subsection (c) of this
4 Section.

5 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
6 or as soon as possible after the 15th day of each month, 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 fiscal year General Revenue Fund contribution as certified by
10 the System pursuant to Section 14-135.08 of the Illinois
11 Pension Code.

12 (d) If an employee is paid from trust funds or federal
13 funds, the department or other employer shall pay employer
14 contributions from those funds to the System at the certified
15 rate, unless the terms of the trust or the federal-State
16 agreement preclude the use of the funds for that purpose, in
17 which case the required employer contributions shall be paid by
18 the State. From the effective date of this amendatory Act of
19 the 93rd General Assembly through the payment of the final
20 payroll from fiscal year 2004 appropriations, the department or
21 other employer shall not pay contributions for the remainder of
22 fiscal year 2004 but shall instead make payments as required
23 under subsection (a-1) of Section 14.1 of the State Finance
24 Act. The department or other employer shall resume payment of
25 contributions at the commencement of fiscal year 2005.

26 (e) For State fiscal years 2014 through 2043, the minimum

1 contribution to the System to be made by the State for each
2 fiscal year shall be an amount determined by the System to be
3 equal to the sum of (1) the State's portion of the projected
4 normal cost for that fiscal year, plus (2) an amount sufficient
5 to bring the total assets of the System up to 100% of the total
6 actuarial liabilities of the System by the end of State fiscal
7 year 2043. In making these determinations, the required State
8 contribution shall be calculated each year as a level
9 percentage of payroll over the years remaining to and including
10 fiscal year 2043 and shall be determined under the projected
11 unit credit actuarial cost method.

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

22 For State fiscal years 1996 through 2005, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 so that by State fiscal year 2011, the State is contributing at
26 the rate required under this Section; except that (i) for State

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

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

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

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

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

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

22 Beginning in State fiscal year 2044, the minimum State
23 contribution for each fiscal year shall be the amount needed to
24 maintain the total assets of the System at 100% of the total
25 actuarial liabilities of the System.

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 100% ~~90%~~. A reference in this Article
13 to the "required State contribution" or any substantially
14 similar term does not include or apply to any amounts payable
15 to the 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 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

23 (a) To certify to the Governor and to each department, on
24 or before November 15 of each year until November 15, 2011, the
25 required rate for State contributions to the System for the

1 next State fiscal year, as determined under subsection (b) of
2 Section 14-131. The certification to the Governor under this
3 subsection (a) shall include a copy of the actuarial
4 recommendations upon which the rate is based and shall
5 specifically identify the System's projected State normal cost
6 for that fiscal year.

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

1 ~~required State contribution.~~

2 (b) The certifications under subsections (a) and (a-5)
3 shall include an additional amount necessary to pay all
4 principal of and interest on those general obligation bonds due
5 the next fiscal year authorized by Section 7.2(a) of the
6 General Obligation Bond Act and issued to provide the proceeds
7 deposited by the State with the System in July 2003,
8 representing deposits other than amounts reserved under
9 Section 7.2(c) of the General Obligation Bond Act. For State
10 fiscal year 2005, the Board shall make a supplemental
11 certification of the additional amount necessary to pay all
12 principal of and interest on those general obligation bonds due
13 in State fiscal years 2004 and 2005 authorized by Section
14 7.2(a) of the General Obligation Bond Act and issued to provide
15 the proceeds deposited by the State with the System in July
16 2003, representing deposits other than amounts reserved under
17 Section 7.2(c) of the General Obligation Bond Act, as soon as
18 practical after the effective date of this amendatory Act of
19 the 93rd General Assembly.

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

1 On or before July 1, 2005, the Board shall recalculate and
2 recertify to the Governor and to each department the amount of
3 the required State contribution to the System and the required
4 rates for State contributions to the System for State fiscal
5 year 2006, taking into account the changes in required State
6 contributions made by this amendatory Act of the 94th General
7 Assembly.

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

14 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
15 97-694, eff. 6-18-12.)

16 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

17 Sec. 15-155. Employer contributions.

18 (a) The State of Illinois shall make contributions by
19 appropriations of amounts which, together with the other
20 employer contributions from trust, federal, and other funds,
21 employee contributions, income from investments, and other
22 income of this System, will be sufficient to meet the cost of
23 maintaining and administering the System on a 100% ~~90%~~ funded
24 basis in accordance with actuarial recommendations by the end
25 of State fiscal year 2043.

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

6 (a-1) For State fiscal years 2014 through 2043, the minimum
7 contribution to the System to be made by the State for each
8 fiscal year shall be an amount determined by the System to be
9 equal to the sum of (1) the State's portion of the projected
10 normal cost for that fiscal year, plus (2) an amount sufficient
11 to bring the total assets of the System up to 100% of the total
12 actuarial liabilities of the System by the end of State fiscal
13 year 2043. In making these determinations, the required State
14 contribution shall be calculated each year as a level
15 percentage of payroll over the years remaining to and including
16 fiscal year 2043 and shall be determined under the projected
17 unit credit actuarial cost method.

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

1 projected unit credit actuarial cost method.

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

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2006 is
9 \$166,641,900.

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

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

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2010 is
21 \$702,514,000 and shall be made from the State Pensions Fund and
22 proceeds of bonds sold in fiscal year 2010 pursuant to Section
23 7.2 of the General Obligation Bond Act, less (i) the pro rata
24 share of bond sale expenses determined by the System's share of
25 total bond proceeds, (ii) any amounts received from the General
26 Revenue Fund in fiscal year 2010, (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if
2 applicable.

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

14 For State fiscal year 2044 and thereafter, the minimum
15 State contribution for each fiscal year shall be the amount
16 needed to maintain the total assets of the System at 100% of
17 the total actuarial liabilities of the System.

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

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

1 Such amounts shall not reduce, and shall not be included in the
2 calculation of, the required State contributions under this
3 Article in any future year until the System has reached a
4 funding ratio of at least 100% ~~90%~~. A reference in this Article
5 to the "required State contribution" or any substantially
6 similar term does not include or apply to any amounts payable
7 to the System under Section 25 of the Budget Stabilization Act.

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

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

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

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

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

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

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

25 (e) The State Comptroller shall draw warrants payable to
26 the System upon proper certification by the System or by the

1 employer in accordance with the appropriation laws and this
2 Code.

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

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

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

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

25 (h) This subsection (h) applies only to payments made or
26 salary increases given on or after June 1, 2005 but before July

1 1, 2011. The changes made by Public Act 94-1057 shall not
2 require the System to refund any payments received before July
3 31, 2006 (the effective date of Public Act 94-1057).

4 When assessing payment for any amount due under subsection
5 (g), the System shall exclude earnings increases paid to
6 participants under contracts or collective bargaining
7 agreements entered into, amended, or renewed before June 1,
8 2005.

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

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

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

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

25 (j) The System shall prepare a report and file copies of
26 the report with the Governor and the General Assembly by

1 January 1, 2007 that contains all of the following information:

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

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

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

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

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

1 this subsection (k) shall require any community college to
2 submit any information to the Community College Board.

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

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

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

18 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
19 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
20 7-13-12; revised 10-17-12.)

21 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

22 Sec. 15-165. To certify amounts and submit vouchers.

23 (a) The Board shall certify to the Governor on or before
24 November 15 of each year until November 15, 2011 the
25 appropriation required from State funds for the purposes of

1 this System for the following fiscal year. The certification
2 under this subsection (a) shall include a copy of the actuarial
3 recommendations upon which it is based and shall specifically
4 identify the System's projected State normal cost for that
5 fiscal year and the projected State cost for the self-managed
6 plan for that fiscal year.

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

13 On or before July 1, 2005, the Board shall recalculate and
14 recertify to the Governor the amount of the required State
15 contribution to the System for State fiscal year 2006, taking
16 into account the changes in required State contributions made
17 by this amendatory Act of the 94th General Assembly.

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

24 (a-5) On or before November 1 of each year, beginning
25 November 1, 2012, the Board shall submit to the State Actuary,
26 the Governor, and the General Assembly a proposed certification

1 of the amount of the required State contribution to the System
2 for the next fiscal year, along with all of the actuarial
3 assumptions, calculations, and data upon which that proposed
4 certification is based. On or before January 1 of each year,
5 beginning January 1, 2013, the State Actuary shall issue a
6 preliminary report concerning the proposed certification and
7 identifying, if necessary, recommended changes in actuarial
8 assumptions that the Board must consider before finalizing its
9 certification of the required State contributions. On or before
10 January 15, 2013 and each January 15 thereafter, the Board
11 shall certify to the Governor and the General Assembly the
12 amount of the required State contribution for the next fiscal
13 year. The Board's certification must incorporate and follow
14 ~~note, in a written response to the State Actuary, any~~
15 ~~deviations from~~ the State Actuary's recommended changes, ~~the~~
16 ~~reason or reasons for not following the State Actuary's~~
17 ~~recommended changes, and the fiscal impact of not following the~~
18 ~~State Actuary's recommended changes on the required State~~
19 ~~contribution.~~

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

24 (c) Beginning in State fiscal year 1996, on or as soon as
25 possible after the 15th day of each month the Board shall
26 submit vouchers for payment of State contributions to the

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

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

21 (d) So long as the payments received are the full amount
22 lawfully vouchered under this Section, payments received by the
23 System under this Section shall be applied first toward the
24 employer contribution to the self-managed plan established
25 under Section 15-158.2. Payments shall be applied second toward
26 the employer's portion of the normal costs of the System, as

1 defined in subsection (f) of Section 15-155. The balance shall
2 be applied toward the unfunded actuarial liabilities of the
3 System.

4 (e) In the event that the System does not receive, as a
5 result of legislative enactment or otherwise, payments
6 sufficient to fully fund the employer contribution to the
7 self-managed plan established under Section 15-158.2 and to
8 fully fund that portion of the employer's portion of the normal
9 costs of the System, as calculated in accordance with Section
10 15-155(a-1), then any payments received shall be applied
11 proportionately to the optional retirement program established
12 under Section 15-158.2 and to the employer's portion of the
13 normal costs of the System, as calculated in accordance with
14 Section 15-155(a-1).

15 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
16 97-694, eff. 6-18-12.)

17 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

18 Sec. 16-158. Contributions by State and other employing
19 units.

20 (a) The State shall make contributions to the System by
21 means of appropriations from the Common School Fund and other
22 State funds of amounts which, together with other employer
23 contributions, employee contributions, investment income, and
24 other income, will be sufficient to meet the cost of
25 maintaining and administering the System on a 100% ~~90%~~ funded

1 basis in accordance with actuarial recommendations by the end
2 of State fiscal year 2043.

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

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

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

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

26 On or before April 1, 2011, the Board shall recalculate and

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

6 (a-5) On or before November 1 of each year, beginning
7 November 1, 2012, the Board shall submit to the State Actuary,
8 the Governor, and the General Assembly a proposed certification
9 of the amount of the required State contribution to the System
10 for the next fiscal year, along with all of the actuarial
11 assumptions, calculations, and data upon which that proposed
12 certification is based. On or before January 1 of each year,
13 beginning January 1, 2013, the State Actuary shall issue a
14 preliminary report concerning the proposed certification and
15 identifying, if necessary, recommended changes in actuarial
16 assumptions that the Board must consider before finalizing its
17 certification of the required State contributions.

18 On or before January 15, 2013 and each January 15
19 thereafter, the Board shall certify to the Governor and the
20 General Assembly the amount of the required State contribution
21 for the next fiscal year. The Board's certification must
22 incorporate and follow ~~note any deviations from~~ the State
23 Actuary's recommended changes, ~~the reason or reasons for not~~
24 ~~following the State Actuary's recommended changes, and the~~
25 ~~fiscal impact of not following the State Actuary's recommended~~
26 ~~changes on the required State contribution.~~

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

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

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

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

4 (b-3) For State fiscal years 2014 through 2043, the minimum
5 contribution to the System to be made by the State for each
6 fiscal year shall be an amount determined by the System to be
7 equal to the sum of (1) the State's portion of the projected
8 normal cost for that fiscal year, plus (2) an amount sufficient
9 to bring the total assets of the System up to 100% of the total
10 actuarial liabilities of the System by the end of State fiscal
11 year 2043. In making these determinations, the required State
12 contribution shall be calculated each year as a level
13 percentage of payroll over the years remaining to and including
14 fiscal year 2043 and shall be determined under the projected
15 unit credit actuarial cost method.

16 For State fiscal years 2012 and 2013 ~~through 2045~~, the
17 minimum contribution to the System to be made by the State for
18 each fiscal year shall be an amount determined by the System to
19 be sufficient to bring the total assets of the System up to 90%
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 percentage of payroll over the years remaining to and
24 including fiscal year 2045 and shall be determined under the
25 projected unit credit actuarial cost method.

26 For State fiscal years 1996 through 2005, the State

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

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

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

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

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

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

26 For State fiscal year 2044 and thereafter, the minimum

1 State contribution for each fiscal year shall be the amount
2 needed to maintain the total assets of the System at 100% of
3 the total actuarial liabilities of the System.

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

8 Amounts received by the System pursuant to Section 25 of
9 the Budget Stabilization Act or Section 8.12 of the State
10 Finance Act in any fiscal year do not reduce and do not
11 constitute payment of any portion of the minimum State
12 contribution required under this Article in that fiscal year.
13 Such amounts shall not reduce, and shall not be included in the
14 calculation of, the required State contributions under this
15 Article in any future year until the System has reached a
16 funding ratio of at least 100% ~~90%~~. A reference in this Article
17 to the "required State contribution" or any substantially
18 similar term does not include or apply to any amounts payable
19 to the System under Section 25 of the Budget Stabilization Act.

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

1 payments under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act, minus (ii) the portion of the State's
3 total debt service payments for that fiscal year on the bonds
4 issued in fiscal year 2003 for the purposes of that Section
5 7.2, as determined and certified by the Comptroller, that is
6 the same as the System's portion of the total moneys
7 distributed under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act. In determining this maximum for State
9 fiscal years 2008 through 2010, however, the amount referred to
10 in item (i) shall be increased, as a percentage of the
11 applicable employee payroll, in equal increments calculated
12 from the sum of the required State contribution for State
13 fiscal year 2007 plus the applicable portion of the State's
14 total debt service payments for fiscal year 2007 on the bonds
15 issued in fiscal year 2003 for the purposes of Section 7.2 of
16 the General Obligation Bond Act, so that, by State fiscal year
17 2011, the State is contributing at the rate otherwise required
18 under this Section.

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

24 If members are paid from special trust or federal funds
25 which are administered by the employing unit, whether school
26 district or other unit, the employing unit shall pay to the

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

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

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

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

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

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

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

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

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

25 The additional 1% employee contribution required under
26 Section 16-152 by this amendatory Act of 1998 is the

1 responsibility of the teacher and not the teacher's employer,
2 unless the employer agrees, through collective bargaining or
3 otherwise, to make the contribution on behalf of the teacher.

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

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

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

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

1 shall review the application and, if appropriate, recalculate
2 the amount due.

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

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

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

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

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

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

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

23 When assessing payment for any amount due under subsection
24 (f), the System shall exclude any payment to the teacher from
25 the State of Illinois or the State Board of Education over
26 which the employer does not have discretion, notwithstanding

1 that the payment is included in the computation of final
2 average salary.

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

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

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

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

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

25 (4) The increase in the required State contribution
26 resulting from the changes made to this Section by Public

1 Act 94-1057.

2 (j) 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 (k) 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; 97-694, eff.
19 6-18-12; 97-813, eff. 7-13-12.)

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

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

22 (a) The State of Illinois shall make contributions to this
23 System by appropriations of the amounts which, together with
24 the contributions of participants, net earnings on
25 investments, and other income, will meet the costs of

1 maintaining and administering this System on a 100% ~~90%~~ funded
2 basis in accordance with actuarial recommendations by the end
3 of State fiscal year 2043.

4 (b) The Board shall determine the amount of State
5 contributions required for each fiscal year on the basis of the
6 actuarial tables and other assumptions adopted by the Board and
7 the prescribed rate of interest, using the formula in
8 subsection (c).

9 (c) For State fiscal years 2014 through 2043, 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 equal to the sum of (1) the State's portion of the projected
13 normal cost for that fiscal year, plus (2) an amount sufficient
14 to bring the total assets of the System up to 100% of the total
15 actuarial liabilities of the System by the end of State fiscal
16 year 2043. In making these determinations, the required State
17 contribution shall be calculated each year as a level
18 percentage of payroll over the years remaining to and including
19 fiscal year 2043 and shall be determined under the projected
20 unit credit actuarial cost method.

21 Beginning in State fiscal year 2044, the minimum State
22 contribution for each fiscal year shall be the amount needed to
23 maintain the total assets of the System at 100% of the total
24 actuarial liabilities of the System.

25 For State fiscal years 2012 and 2013 ~~through 2045~~, the
26 minimum contribution to the System to be made by the State for

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

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$29,189,400.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$35,236,800.

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 \$78,832,000 and shall be made from the proceeds of bonds sold
3 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 General Revenue
7 Fund in fiscal year 2010, and (iii) any reduction in bond
8 proceeds due to the issuance of discounted bonds, if
9 applicable.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2011 is
12 the amount recertified by the System on or before April 1, 2011
13 pursuant to Section 18-140 and shall be made from the proceeds
14 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
15 the General Obligation Bond Act, less (i) the pro rata share of
16 bond sale expenses determined by the System's share of total
17 bond proceeds, (ii) any amounts received from the General
18 Revenue Fund in fiscal year 2011, and (iii) any reduction in
19 bond proceeds due to the issuance of discounted bonds, if
20 applicable.

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

25 Amounts received by the System pursuant to Section 25 of
26 the Budget Stabilization Act or Section 8.12 of the State

1 Finance Act in any fiscal year do not reduce and do not
2 constitute payment of any portion of the minimum State
3 contribution required under this Article in that fiscal year.
4 Such amounts shall not reduce, and shall not be included in the
5 calculation of, the required State contributions under this
6 Article in any future year until the System has reached a
7 funding ratio of at least 100% ~~90%~~. A reference in this Article
8 to the "required State contribution" or any substantially
9 similar term does not include or apply to any amounts payable
10 to the System under Section 25 of the Budget Stabilization Act.

11 Notwithstanding any other provision of this Section, the
12 required State contribution for State fiscal year 2005 and for
13 fiscal year 2008 and each fiscal year thereafter, as calculated
14 under this Section and certified under Section 18-140, shall
15 not exceed an amount equal to (i) the amount of the required
16 State contribution that would have been calculated under this
17 Section for that fiscal year if the System had not received any
18 payments under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act, minus (ii) the portion of the State's
20 total debt service payments for that fiscal year on the bonds
21 issued in fiscal year 2003 for the purposes of that Section
22 7.2, as determined and certified by the Comptroller, that is
23 the same as the System's portion of the total moneys
24 distributed under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act. In determining this maximum for State
26 fiscal years 2008 through 2010, however, the amount referred to

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

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

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

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

25 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
26 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.

1 7-13-12.)

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

3 Sec. 18-140. To certify required State contributions and
4 submit vouchers.

5 (a) The Board shall certify to the Governor, on or before
6 November 15 of each year until November 15, 2011, the amount of
7 the required State contribution to the System for the following
8 fiscal year and shall specifically identify the System's
9 projected State normal cost for that fiscal year. The
10 certification shall include a copy of the actuarial
11 recommendations upon which it is based and shall specifically
12 identify the System's projected State normal cost for that
13 fiscal year.

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

1 January 15, 2013 and every January 15 thereafter, the Board
2 shall certify to the Governor and the General Assembly the
3 amount of the required State contribution for the next fiscal
4 year. The Board's certification must incorporate and follow
5 ~~note any deviations from~~ the State Actuary's recommended
6 ~~changes, the reason or reasons for not following the State~~
7 ~~Actuary's recommended changes, and the fiscal impact of not~~
8 ~~following the State Actuary's recommended changes on the~~
9 ~~required State contribution.~~

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

16 On or before July 1, 2005, the Board shall recalculate and
17 recertify to the Governor the amount of the required State
18 contribution to the System for State fiscal year 2006, taking
19 into account the changes in required State contributions made
20 by this amendatory Act of the 94th General Assembly.

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

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

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

24 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
25 97-694, eff. 6-18-12.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.