



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB4984

by Rep. Thomas Morrison

SYNOPSIS AS INTRODUCED:

| | |
|------------------------|-------------------------------|
| 40 ILCS 5/15-125.5 new | |
| 40 ILCS 5/15-155 | from Ch. 108 1/2, par. 15-155 |
| 40 ILCS 5/16-119 new | |
| 40 ILCS 5/16-158 | from Ch. 108 1/2, par. 16-158 |
| 30 ILCS 805/8.40 new | |

Amends the State Universities and Downstate Teacher Articles of the Illinois Pension Code. Provides that, for academic years beginning on or after July 1, 2016, if the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than the unadjusted percentage increase in the consumer price index-u for that year (rather than 6%), then the participant's employer shall pay to the applicable System, in addition to all other payments required and in accordance with guidelines established by that System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of the unadjusted percentage increase in the consumer price index-u for that year (rather than the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 6%). Defines "consumer price index-u". Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB099 19063 EFG 43452 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 15-155 and 16-158 and by adding Sections 15-125.5 and
6 16-119 as follows:

7 (40 ILCS 5/15-125.5 new)

8 Sec. 15-125.5. Consumer price index-u. "Consumer price
9 index-u": The index published by the Bureau of Labor Statistics
10 of the United States Department of Labor that measures the
11 average change in prices of goods and services purchased by all
12 urban consumers, United States city average, all items, 1982-84
13 = 100.

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

15 (Text of Section WITHOUT the changes made by P.A. 98-599,
16 which has been held unconstitutional)

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

1 maintaining and administering the System on a 90% funded basis
2 in accordance with actuarial recommendations.

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 (a-1).

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

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2006 is
25 \$166,641,900.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$252,064,100.

3 For each of State fiscal years 2008 through 2009, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 from the required State contribution for State fiscal year
7 2007, so that by State fiscal year 2011, the State is
8 contributing at the rate otherwise required under this Section.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2010 is
11 \$702,514,000 and shall be made from the State Pensions Fund and
12 proceeds of bonds sold in fiscal year 2010 pursuant to Section
13 7.2 of the General Obligation Bond Act, less (i) the pro rata
14 share of bond sale expenses determined by the System's share of
15 total bond proceeds, (ii) any amounts received from the General
16 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
17 proceeds due to the issuance of discounted bonds, if
18 applicable.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2011 is
21 the amount recertified by the System on or before April 1, 2011
22 pursuant to Section 15-165 and shall be made from the State
23 Pensions Fund and proceeds of bonds sold in fiscal year 2011
24 pursuant to Section 7.2 of the General Obligation Bond Act,
25 less (i) the pro rata share of bond sale expenses determined by
26 the System's share of total bond proceeds, (ii) any amounts

1 received from the General Revenue Fund in fiscal year 2011, and
2 (iii) any reduction in bond proceeds due to the issuance of
3 discounted bonds, if applicable.

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 90%. A reference in this Article to
17 the "required State contribution" or any substantially similar
18 term does not include or apply to any amounts payable to the
19 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 Section 15-165, 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 (b) If an employee is paid from trust or federal funds, the
20 employer shall pay to the Board contributions from those funds
21 which are sufficient to cover the accruing normal costs on
22 behalf of the employee. However, universities having employees
23 who are compensated out of local auxiliary funds, income funds,
24 or service enterprise funds are not required to pay such
25 contributions on behalf of those employees. The local auxiliary
26 funds, income funds, and service enterprise funds of

1 universities shall not be considered trust funds for the
2 purpose of this Article, but funds of alumni associations,
3 foundations, and athletic associations which are affiliated
4 with the universities included as employers under this Article
5 and other employers which do not receive State appropriations
6 are considered to be trust funds for the purpose of this
7 Article.

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

21 (c) Through State fiscal year 1995: The total employer
22 contribution shall be apportioned among the various funds of
23 the State and other employers, whether trust, federal, or other
24 funds, in accordance with actuarial procedures approved by the
25 Board. State of Illinois contributions for employers receiving
26 State appropriations for personal services shall be payable

1 from appropriations made to the employers or to the System. The
2 contributions for Class I community colleges covering earnings
3 other than those paid from trust and federal funds, shall be
4 payable solely from appropriations to the Illinois Community
5 College Board or the System for employer contributions.

6 (d) Beginning in State fiscal year 1996, the required State
7 contributions to the System shall be appropriated directly to
8 the System and shall be payable through vouchers issued in
9 accordance with subsection (c) of Section 15-165, except as
10 provided in subsection (g).

11 (e) The State Comptroller shall draw warrants payable to
12 the System upon proper certification by the System or by the
13 employer in accordance with the appropriation laws and this
14 Code.

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

23 (g) For academic years beginning on or after June 1, 2005
24 and before July 1, 2016, if ~~if~~ the amount of a participant's
25 earnings for any academic year used to determine the final rate
26 of earnings, determined on a full-time equivalent basis,

1 exceeds the amount of his or her earnings with the same
2 employer for the previous academic year, determined on a
3 full-time equivalent basis, by more than 6%, the participant's
4 employer shall pay to the System, in addition to all other
5 payments required under this Section and in accordance with
6 guidelines established by the System, the present value of the
7 increase in benefits resulting from the portion of the increase
8 in earnings that is in excess of 6%. This present value shall
9 be computed by the System on the basis of the actuarial
10 assumptions and tables used in the most recent actuarial
11 valuation of the System that is available at the time of the
12 computation. The System may require the employer to provide any
13 pertinent information or documentation.

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

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

3 The employer contributions required under this subsection
4 (g) 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-1) For academic years beginning on or after July 1,
13 2016, if the amount of a participant's earnings for any
14 academic year used to determine the final rate of earnings,
15 determined on a full-time equivalent basis, exceeds the amount
16 of his or her earnings with the same employer for the previous
17 academic year, determined on a full-time equivalent basis, by
18 more than the unadjusted percentage increase in the consumer
19 price index-u for that year, then the participant'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 earnings
24 that is in excess of the unadjusted percentage increase in the
25 consumer price index-u for that year. This present value shall
26 be computed by the System on the basis of the actuarial

1 assumptions and tables used in the most recent actuarial
2 valuation of the System that is available at the time of the
3 computation. The System may require the employer to provide any
4 pertinent information or documentation.

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

20 The employer contributions required under this subsection
21 (q-1) may be paid in the form of a lump sum within 90 days after
22 receipt of the bill. If the employer contributions are not paid
23 within 90 days after receipt of the bill, then interest shall
24 be charged at a rate equal to the System's annual actuarially
25 assumed rate of return on investment compounded annually from
26 the 91st day after receipt of the bill. Payments must be

1 concluded within 3 years after the employer's receipt of the
2 bill.

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

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

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

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

1 academic instruction computed using the participant's current
2 salary rate and work schedule; and (ii) in the case of
3 overtime, the overtime was necessary for the educational
4 mission.

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

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

1 shall be used in assessing payment for any amount due under
2 subsection (g) of this Section.

3 (i-1) When assessing payment for any amount due under
4 subsection (g-1), the System shall exclude earnings increases
5 paid to participants under contracts or collective bargaining
6 agreements entered into, amended, or renewed before the
7 effective date of this amendatory Act of the 99th General
8 Assembly.

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

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

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

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

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

24 (k) The Illinois Community College Board shall adopt rules
25 for recommending lists of promotional positions submitted to
26 the Board by community colleges and for reviewing the

1 promotional lists on an annual basis. When recommending
2 promotional lists, the Board shall consider the similarity of
3 the positions submitted to those positions recognized for State
4 universities by the State Universities Civil Service System.
5 The Illinois Community College Board shall file a copy of its
6 findings with the System. The System shall consider the
7 findings of the Illinois Community College Board when making
8 determinations under this Section. The System shall not exclude
9 any earnings increases resulting from a promotion when the
10 promotion was not submitted by a community college. Nothing in
11 this subsection (k) shall require any community college to
12 submit any information to the Community College Board.

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

1 to the system's actuarially assumed rate of return.
2 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
3 98-463, eff. 8-16-13.)

4 (40 ILCS 5/16-119 new)

5 Sec. 16-119. Consumer price index-u. "Consumer price
6 index-u": The index published by the Bureau of Labor Statistics
7 of the United States Department of Labor that measures the
8 average change in prices of goods and services purchased by all
9 urban consumers, United States city average, all items, 1982-84
10 = 100.

11 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

12 (Text of Section WITHOUT the changes made by P.A. 98-599,
13 which has been held unconstitutional)

14 Sec. 16-158. Contributions by State and other employing
15 units.

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

23 The Board shall determine the amount of State contributions
24 required for each fiscal year on the basis of the actuarial

1 tables and other assumptions adopted by the Board and the
2 recommendations of the actuary, using the formula in subsection
3 (b-3).

4 (a-1) Annually, on or before November 15 until November 15,
5 2011, the Board shall certify to the Governor the amount of the
6 required State contribution for the coming fiscal year. The
7 certification under this subsection (a-1) shall include a copy
8 of the actuarial recommendations upon which it is based and
9 shall specifically identify the System's projected State
10 normal cost for that fiscal year.

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

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

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

1 was approved on that date.

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

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

25 (b-1) Beginning in State fiscal year 1996, on the 15th day
26 of each month, or as soon thereafter as may be practicable, the

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

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

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

25 (b-3) For State fiscal years 2012 through 2045, the minimum
26 contribution to the System to be made by the State for each

1 fiscal year shall be an amount determined by the System to be
2 sufficient to bring the total assets of the System up to 90% of
3 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; except that in the
14 following specified State fiscal years, the State contribution
15 to the System shall not be less than the following indicated
16 percentages of the applicable employee payroll, even if the
17 indicated percentage will produce a State contribution in
18 excess of the amount otherwise required under this subsection
19 and subsection (a), and notwithstanding any contrary
20 certification made under subsection (a-1) before the effective
21 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
22 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
23 2003; and 13.56% in FY 2004.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$534,627,700.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2007 is
3 \$738,014,500.

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

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

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

1 the Common School Fund in fiscal year 2011, and (iii) any
2 reduction in bond proceeds due to the issuance of discounted
3 bonds, if applicable. This amount shall include, in addition to
4 the amount certified by the System, an amount necessary to meet
5 employer contributions required by the State as an employer
6 under paragraph (e) of this Section, which may also be used by
7 the System for contributions required by paragraph (a) of
8 Section 16-127.

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

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

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

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

24 (c) Payment of the required State contributions and of all
25 pensions, retirement annuities, death benefits, refunds, and
26 other benefits granted under or assumed by this System, and all

1 expenses in connection with the administration and operation
2 thereof, are obligations of the State.

3 If members are paid from special trust or federal funds
4 which are administered by the employing unit, whether school
5 district or other unit, the employing unit shall pay to the
6 System from such funds the full accruing retirement costs based
7 upon that service, which, beginning July 1, 2014, shall be at a
8 rate, expressed as a percentage of salary, equal to the total
9 minimum contribution to the System to be made by the State for
10 that fiscal year, including both normal cost and unfunded
11 liability components, expressed as a percentage of payroll, as
12 determined by the System under subsection (b-3) of this
13 Section. Employer contributions, based on salary paid to
14 members from federal funds, may be forwarded by the
15 distributing agency of the State of Illinois to the System
16 prior to allocation, in an amount determined in accordance with
17 guidelines established by such agency and the System. Any
18 contribution for fiscal year 2015 collected as a result of the
19 change made by this amendatory Act of the 98th General Assembly
20 shall be considered a State contribution under subsection (b-3)
21 of this Section.

22 (d) Effective July 1, 1986, any employer of a teacher as
23 defined in paragraph (8) of Section 16-106 shall pay the
24 employer's normal cost of benefits based upon the teacher's
25 service, in addition to employee contributions, as determined
26 by the System. Such employer contributions shall be forwarded

1 monthly in accordance with guidelines established by the
2 System.

3 However, with respect to benefits granted under Section
4 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
5 of Section 16-106, the employer's contribution shall be 12%
6 (rather than 20%) of the member's highest annual salary rate
7 for each year of creditable service granted, and the employer
8 shall also pay the required employee contribution on behalf of
9 the teacher. For the purposes of Sections 16-133.4 and
10 16-133.5, a teacher as defined in paragraph (8) of Section
11 16-106 who is serving in that capacity while on leave of
12 absence from another employer under this Article shall not be
13 considered an employee of the employer from which the teacher
14 is on leave.

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

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

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

24 The school district or other employing unit may pay these
25 employer contributions out of any source of funding available
26 for that purpose and shall forward the contributions to the

1 System on the schedule established for the payment of member
2 contributions.

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

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

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

18 If an employer is required by a contract in effect on May
19 1, 1998 between the employer and an employee organization to
20 pay, on behalf of all its full-time employees covered by this
21 Article, all mandatory employee contributions required under
22 this Article, then the employer shall be excused from paying
23 the employer contribution required under this subsection (e)
24 for the balance of the term of that contract. The employer and
25 the employee organization shall jointly certify to the System
26 the existence of the contractual requirement, in such form as

1 the System may prescribe. This exclusion shall cease upon the
2 termination, extension, or renewal of the contract at any time
3 after May 1, 1998.

4 (f) For school years beginning on or after June 1, 2005 and
5 before July 1, 2016, if ~~if~~ the amount of a teacher's salary for
6 any school year used to determine final average salary exceeds
7 the member's annual full-time salary rate with the same
8 employer for the previous school year by more than 6%, the
9 teacher's employer shall pay to the System, in addition to all
10 other payments required under this Section and in accordance
11 with guidelines established by the System, the present value of
12 the increase in benefits resulting from the portion of the
13 increase in salary that is in excess of 6%. This present value
14 shall be computed by the System on the basis of the actuarial
15 assumptions and tables used in the most recent actuarial
16 valuation of the System that is available at the time of the
17 computation. If a teacher's salary for the 2005-2006 school
18 year is used to determine final average salary under this
19 subsection (f), then the changes made to this subsection (f) by
20 Public Act 94-1057 shall apply in calculating whether the
21 increase in his or her salary is in excess of 6%. For the
22 purposes of this Section, change in employment under Section
23 10-21.12 of the School Code on or after June 1, 2005 shall
24 constitute a change in employer. The System may require the
25 employer to provide any pertinent information or
26 documentation. The changes made to this subsection (f) by this

1 amendatory Act of the 94th General Assembly apply without
2 regard to whether the teacher was in service on or after its
3 effective date.

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

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

1 bill.

2 (f-1) For school years beginning on or after July 1, 2016,
3 if the amount of a teacher's salary for any school year used to
4 determine final average salary exceeds the member's annual
5 full-time salary rate with the same employer for the previous
6 school year by more than the unadjusted percentage increase in
7 the consumer price index-u for that year, then the teacher's
8 employer shall pay to the System, in addition to all other
9 payments required under this Section and in accordance with
10 guidelines established by the System, the present value of the
11 increase in benefits resulting from the portion of the increase
12 in salary that is in excess of the unadjusted percentage
13 increase in the consumer price index-u for that year. This
14 present value shall be computed by the System on the basis of
15 the actuarial assumptions and tables used in the most recent
16 actuarial valuation of the System that is available at the time
17 of the computation. The System may require the employer to
18 provide any pertinent information or documentation.

19 Whenever it determines that a payment is or may be required
20 under this subsection (f-1), the System shall calculate the
21 amount of the payment and bill the employer for that amount.
22 The bill shall specify the calculations used to determine the
23 amount due. If the employer disputes the amount of the bill, it
24 may, within 30 days after receipt of the bill, apply to the
25 System in writing for a recalculation. The application must
26 specify in detail the grounds of the dispute and, if the

1 employer asserts that the calculation is subject to subsection
2 (h-1) of this Section, must include an affidavit setting forth
3 and attesting to all facts within the employer's knowledge that
4 are pertinent to the applicability of subsection (h-1). Upon
5 receiving a timely application for recalculation, the System
6 shall review the application and, if appropriate, recalculate
7 the amount due.

8 The employer contributions required under this subsection
9 (f-1) may be paid in the form of a lump sum within 90 days after
10 receipt of the bill. If the employer contributions are not paid
11 within 90 days after receipt of the bill, then interest shall
12 be charged at a rate equal to the System's annual actuarially
13 assumed rate of return on investment compounded annually from
14 the 91st day after receipt of the bill. Payments must be
15 concluded within 3 years after the employer's receipt of the
16 bill.

17 (g) This subsection (g) applies only to payments made or
18 salary increases given on or after June 1, 2005 but before July
19 1, 2011. The changes made by Public Act 94-1057 shall not
20 require the System to refund any payments received before July
21 31, 2006 (the effective date of Public Act 94-1057).

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

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases paid to a
2 teacher at a time when the teacher is 10 or more years from
3 retirement eligibility under Section 16-132 or 16-133.2.

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

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

1 requiring the same certification.

2 When assessing payment for any amount due under subsection
3 (f), the System shall exclude any payment to the teacher from
4 the State of Illinois or the State Board of Education over
5 which the employer does not have discretion, notwithstanding
6 that the payment is included in the computation of final
7 average salary.

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

18 (h-1) When assessing payment for any amount due under
19 subsection (f-1), the System shall exclude earnings increases
20 paid to participants under contracts or collective bargaining
21 agreements entered into, amended, or renewed before the
22 effective date of this amendatory Act of the 99th General
23 Assembly.

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

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

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

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

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

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

1 to the system's actuarially assumed rate of return.
2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
4 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

5 Section 90. The State Mandates Act is amended by adding
6 Section 8.40 as follows:

7 (30 ILCS 805/8.40 new)

8 Sec. 8.40. Exempt mandate. Notwithstanding Sections 6 and 8
9 of this Act, no reimbursement by the State is required for the
10 implementation of any mandate created by this amendatory Act of
11 the 99th General Assembly.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.