

1 AN ACT concerning bonds.

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

4 Section 5. The State Finance Act is amended by adding  
5 Section 5.595 as follows:

6 (30 ILCS 105/5.595 new)

7 Sec. 5.595. The Pension Contribution Fund.

8 Section 10. The General Obligation Bond Act is amended  
9 by changing Sections 2, 8, 12, 13, and 15 and adding Section  
10 7.2 as follows:

11 (30 ILCS 330/2) (from Ch. 127, par. 652)

12 Sec. 2. Authorization for Bonds. The State of Illinois  
13 is authorized to issue, sell and provide for the retirement  
14 of General Obligation Bonds of the State of Illinois for the  
15 categories and specific purposes expressed in Sections 2  
16 through 8 of this Act, in the total amount of \$27,658,149,369  
17 ~~\$17,658,149,369~~ ~~\$16,908,149,369~~ ~~\$16,015,007,500~~.

18 The bonds authorized in this Section 2 and in Section 16  
19 of this Act are herein called "Bonds".

20 Of the total amount of Bonds authorized in this Act, up  
21 to \$2,200,000,000 in aggregate original principal amount may  
22 be issued and sold in accordance with the Baccalaureate  
23 Savings Act in the form of General Obligation College Savings  
24 Bonds.

25 Of the total amount of Bonds authorized in this Act, up  
26 to \$300,000,000 in aggregate original principal amount may be  
27 issued and sold in accordance with the Retirement Savings Act  
28 in the form of General Obligation Retirement Savings Bonds.

29 Of the total amount of Bonds authorized in this Act, the

1 additional \$10,000,000,000 authorized by this amendatory Act  
2 of the 93rd General Assembly shall be used solely as provided  
3 in Section 7.2.

4 The issuance and sale of Bonds pursuant to the General  
5 Obligation Bond Act is an economical and efficient method of  
6 financing the capital and general operating needs of the  
7 State. This Act will permit the issuance of a multi-purpose  
8 General Obligation Bond with uniform terms and features.  
9 This will not only lower the cost of registration but also  
10 reduce the overall cost of issuing debt by improving the  
11 marketability of Illinois General Obligation Bonds.

12 (Source: P.A. 91-39, eff. 6-15-99; 91-53, eff. 6-30-99;  
13 91-710, eff. 5-17-00; 92-13, eff. 6-22-01; 92-596, eff.  
14 6-28-02; 92-598, eff. 6-28-02; revised 10-8-02.)

15 (30 ILCS 330/7.2 new)

16 Sec. 7.2. State pension funding.

17 (a) The amount of \$10,000,000,000 is authorized to be  
18 used for the purpose of making contributions to the  
19 designated retirement systems. For the purposes of this  
20 Section, "designated retirement systems" means the State  
21 Employees' Retirement System of Illinois; the Teachers'  
22 Retirement System of the State of Illinois; the State  
23 Universities Retirement System; the Judges Retirement System  
24 of Illinois; and the General Assembly Retirement System.

25 (b) The Pension Contribution Fund is created as a  
26 special fund in the State Treasury.

27 The proceeds of the additional \$10,000,000,000 of Bonds  
28 authorized by this amendatory Act of the 93rd General  
29 Assembly, less the amounts authorized in the Bond Sale Order  
30 to be deposited directly into the capitalized interest  
31 account of the General Obligation Bond Retirement and  
32 Interest Fund or otherwise directly paid out for bond sale  
33 expenses under Section 8, shall be deposited into the Pension

1 Contribution Fund and used as provided in this Section.

2 (c) Of the amount of Bond proceeds first deposited into  
3 the Pension Contribution Fund, there shall be reserved for  
4 transfers under this subsection the sum of \$300,000,000,  
5 representing the required State contributions to the  
6 designated retirement systems for the last quarter of State  
7 fiscal year 2003, plus the sum of \$1,860,000,000,  
8 representing the required State contributions to the  
9 designated retirement systems for State fiscal year 2004.

10 Upon the deposit of sufficient moneys into the Pension  
11 Contribution Fund, the Comptroller and Treasurer shall  
12 immediately transfer the sum of \$300,000,000 from the Pension  
13 Contribution Fund to the General Revenue Fund.

14 Whenever any payment of required State contributions for  
15 State fiscal year 2004 is made to one of the designated  
16 retirement systems, the Comptroller and Treasurer shall, as  
17 soon as practicable, transfer from the Pension Contribution  
18 Fund to the General Revenue Fund an amount equal to the  
19 amount of that payment to the designated retirement system.  
20 If the amount reserved for these transfers exceeds the total  
21 amount of fiscal year 2004 payments of required State  
22 contributions to the designated retirement systems, the  
23 Comptroller and Treasurer shall continue to make such  
24 transfers based on fiscal year 2005 payments until the entire  
25 amount reserved has been transferred.

26 (d) All amounts deposited into the Pension Contribution  
27 Fund, other than the amounts reserved for the transfers under  
28 subsection (c), shall be appropriated to the designated  
29 retirement systems to reduce their actuarial reserve  
30 deficiencies. The amount of the appropriation to each  
31 designated retirement system shall constitute a portion of  
32 the total appropriation under this subsection that is the  
33 same as that retirement system's portion of the total  
34 actuarial reserve deficiency of the systems, as most recently

1 determined by the Bureau of the Budget under Section 8.12 of  
2 the State Finance Act.

3 Within 15 days after any Bond proceeds in excess of the  
4 amounts initially reserved under subsection (c) are deposited  
5 into the Pension Contribution Fund, the Bureau of the Budget  
6 shall (i) allocate those proceeds among the designated  
7 retirement systems in proportion to their respective  
8 actuarial reserve deficiencies, as most recently determined  
9 under Section 8.12 of the State Finance Act, and (ii) certify  
10 those allocations to the designated retirement systems and  
11 the Comptroller.

12 Upon receiving certification of an allocation under this  
13 subsection, a designated retirement system shall submit to  
14 the Comptroller a voucher for the amount of its allocation.  
15 The voucher shall be paid out of the amount appropriated to  
16 that designated retirement system from the Pension  
17 Contribution Fund pursuant to this subsection.

18 (30 ILCS 330/8) (from Ch. 127, par. 658)

19 Sec. 8. Bond sale expenses; capitalized interest.

20 (a) An amount not to exceed 0.5 percent of the principal  
21 amount of the proceeds of sale of each bond sale is  
22 authorized to be used to pay the reasonable costs of issuance  
23 and sale of State of Illinois general obligation bonds  
24 authorized and sold pursuant to this Act.

25 (b) The Bond Sale Order may provide for a portion of the  
26 proceeds of the bond sale, representing up to 12 months'  
27 interest on the bonds, to be deposited directly into the  
28 capitalized interest account of the General Obligation Bond  
29 Retirement and Interest Fund.

30 (Source: P.A. 83-1490.)

31 (30 ILCS 330/12) (from Ch. 127, par. 662)

32 Sec. 12. Allocation of Proceeds from Sale of Bonds.

1 (a) Proceeds from the sale of Bonds, authorized by  
2 Section 3 of this Act, shall be deposited in the separate  
3 fund known as the Capital Development Fund.

4 (b) Proceeds from the sale of Bonds, authorized by  
5 paragraph (a) of Section 4 of this Act, shall be deposited in  
6 the separate fund known as the Transportation Bond, Series A  
7 Fund.

8 (c) Proceeds from the sale of Bonds, authorized by  
9 paragraphs (b) and (c) of Section 4 of this Act, shall be  
10 deposited in the separate fund known as the Transportation  
11 Bond, Series B Fund.

12 (d) Proceeds from the sale of Bonds, authorized by  
13 Section 5 of this Act, shall be deposited in the separate  
14 fund known as the School Construction Fund.

15 (e) Proceeds from the sale of Bonds, authorized by  
16 Section 6 of this Act, shall be deposited in the separate  
17 fund known as the Anti-Pollution Fund.

18 (f) Proceeds from the sale of Bonds, authorized by  
19 Section 7 of this Act, shall be deposited in the separate  
20 fund known as the Coal Development Fund.

21 (f-2) Proceeds from the sale of Bonds, authorized by  
22 Section 7.2 of this Act, shall be deposited as set forth in  
23 Section 7.2.

24 (f-5) Proceeds from the sale of Bonds, authorized by  
25 Section 7.5 of this Act, shall be deposited as set forth in  
26 Section 7.5.

27 (g) Proceeds from the sale of Bonds, authorized by  
28 Section 8 of this Act, shall be deposited in the Capital  
29 Development Fund.

30 (h) Subsequent to the issuance of any Bonds for the  
31 purposes described in Sections 2 through 8 of this Act, the  
32 Governor and the Director of the Bureau of the Budget may  
33 provide for the reallocation of unspent proceeds of such  
34 Bonds to any other purposes authorized under said Sections of

1 this Act, subject to the limitations on aggregate principal  
2 amounts contained therein. Upon any such reallocation, such  
3 unspent proceeds shall be transferred to the appropriate  
4 funds as determined by reference to paragraphs (a) through  
5 (g) of this Section.

6 (Source: P.A. 92-596, eff. 6-28-02.)

7 (30 ILCS 330/13) (from Ch. 127, par. 663)

8 Sec. 13. Appropriation of Proceeds from Sale of Bonds.

9 (a) At all times, the proceeds from the sale of Bonds  
10 issued pursuant to this Act are subject to appropriation by  
11 the General Assembly and, except as provided in Section 7.2,  
12 may be obligated or expended only with the written approval  
13 of the Governor, in such amounts, at such times, and for such  
14 purposes as the respective State agencies, as defined in  
15 Section 1-7 of the Illinois State Auditing Act, as amended,  
16 deem necessary or desirable for the specific purposes  
17 contemplated in Sections 2 through 8 of this Act.

18 (b) Proceeds from the sale of Bonds for the purpose of  
19 development of coal and alternative forms of energy shall be  
20 expended in such amounts and at such times as the Department  
21 of Commerce and Community Affairs, with the advice and  
22 recommendation of the Illinois Coal Development Board for  
23 coal development projects, may deem necessary and desirable  
24 for the specific purpose contemplated by Section 7 of this  
25 Act. In considering the approval of projects to be funded,  
26 the Department of Commerce and Community Affairs shall give  
27 special consideration to projects designed to remove sulfur  
28 and other pollutants in the preparation and utilization of  
29 coal, and in the use and operation of electric utility  
30 generating plants and industrial facilities which utilize  
31 Illinois coal as their primary source of fuel.

32 (c) Any monies received by any officer or employee of  
33 the state representing a reimbursement of expenditures

1 previously paid from general obligation bond proceeds shall  
2 be deposited into the General Obligation Bond Retirement and  
3 Interest Fund authorized in Section 14 of this Act.

4 (Source: P.A. 89-445, eff. 2-7-96; 90-348, eff. 1-1-98.)

5 (30 ILCS 330/15) (from Ch. 127, par. 665)

6 Sec. 15. Computation of Principal and Interest;  
7 transfers. Transfer-from-General-Revenue-Fund-

8 (a) Upon each delivery of Bonds authorized to be issued  
9 under this Act, the Comptroller shall compute and certify to  
10 the Treasurer the total amount of principal of, interest on,  
11 and premium, if any, on Bonds issued that will be payable in  
12 order to retire such Bonds and the amount of principal of,  
13 interest on and premium, if any, on such Bonds that will be  
14 payable on each payment date according to the tenor of such  
15 Bonds during the then current and each succeeding fiscal  
16 year.

17 On or before the last day of each month the State  
18 Treasurer and Comptroller shall transfer from (1) the Road  
19 Fund with respect to Bonds issued under paragraph (a) of  
20 Section 4 of this Act or Bonds issued for the purpose of  
21 refunding such bonds, and from (2) the General Revenue Fund,  
22 with respect to all other Bonds issued under this Act, to the  
23 General Obligation Bond Retirement and Interest Fund an  
24 amount sufficient to pay the aggregate of the principal of,  
25 interest on, and premium, if any, on Bonds payable, by their  
26 terms on the next payment date divided by the number of full  
27 calendar months between the date of such Bonds and the first  
28 such payment date, and thereafter, divided by the number of  
29 months between each succeeding payment date after the first.  
30 Such computations and transfers shall be made for each series  
31 of Bonds issued and delivered. Interest for which moneys  
32 have already been deposited into the capitalized interest  
33 account within the General Obligation Bond Retirement and

1 Interest Fund shall not be included in the calculation of the  
2 amounts to be transferred under this subsection.

3 The transfer of monies herein and above directed is not  
4 required if monies in the General Obligation Bond Retirement  
5 and Interest Fund are more than the amount otherwise to be  
6 transferred as herein above provided, and if the Governor or  
7 his authorized representative notifies the State Treasurer  
8 and Comptroller of such fact in writing.

9 (b) After the effective date of this Act, the balance  
10 of, and monies directed to be included in the Capital  
11 Development Bond Retirement and Interest Fund, Anti-Pollution  
12 Bond Retirement and Interest Fund, Transportation Bond,  
13 Series A Retirement and Interest Fund, Transportation Bond,  
14 Series B Retirement and Interest Fund, and Coal Development  
15 Bond Retirement and Interest Fund shall be transferred to and  
16 deposited in the General Obligation Bond Retirement and  
17 Interest Fund. This Fund shall be used to make debt service  
18 payments on the State's general obligation Bonds heretofore  
19 issued which are now outstanding and payable from the Funds  
20 herein listed as well as on Bonds issued under this Act.

21 (c) The unused portion of federal funds received for a  
22 capital facilities project, as authorized by Section 3 of  
23 this Act, for which monies from the Capital Development Fund  
24 have been expended shall be deposited upon completion of the  
25 project in the General Obligation Bond Retirement and  
26 Interest Fund. Any federal funds received as reimbursement  
27 for the completed construction of a capital facilities  
28 project, as authorized by Section 3 of this Act, for which  
29 monies from the Capital Development Fund have been expended  
30 shall be deposited in the General Obligation Bond Retirement  
31 and Interest Fund.

32 (Source: P.A. 84-952.)

33 Section 15. The Illinois Pension Code is amended by

1 changing Sections 2-124, 2-134, 14-131, 14-135.08, 15-155,  
2 15-165, 16-158, 18-131, and 18-140 as follows:

3 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)  
4 Sec. 2-124. Contributions by State.

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

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

16 (c) For State fiscal years 2011 through 2045, the  
17 minimum contribution to the System to be made by the State  
18 for each fiscal year shall be an amount determined by the  
19 System to be sufficient to bring the total assets of the  
20 System up to 90% of the total actuarial liabilities of the  
21 System by the end of State fiscal year 2045. In making these  
22 determinations, the required State contribution shall be  
23 calculated each year as a level percentage of payroll over  
24 the years remaining to and including fiscal year 2045 and  
25 shall be determined under the projected unit credit actuarial  
26 cost method.

27 For State fiscal years 1996 through 2010, the State  
28 contribution to the System, as a percentage of the applicable  
29 employee payroll, shall be increased in equal annual  
30 increments so that by State fiscal year 2011, the State is  
31 contributing at the rate required under this Section.

32 Beginning in State fiscal year 2046, the minimum State  
33 contribution for each fiscal year shall be the amount needed

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

3 Notwithstanding any other provision of this Section, the  
4 required State contribution for State fiscal year 2005 and  
5 each fiscal year thereafter, as calculated under this Section  
6 and certified under Section 2-134, shall not exceed an amount  
7 equal to (i) the amount of the required State contribution  
8 that would have been calculated under this Section for that  
9 fiscal year if the System had not received any payments under  
10 subsection (d) of Section 7.2 of the General Obligation Bond  
11 Act, minus (ii) the portion of the State's total debt service  
12 payments for that fiscal year on the bonds issued for the  
13 purposes of that Section 7.2, as determined and certified by  
14 the Comptroller, that is the same as the System's portion of  
15 the total moneys distributed under subsection (d) of Section  
16 7.2 of the General Obligation Bond Act.

17 (Source: P.A. 88-593, eff. 8-22-94.)

18 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

19 Sec. 2-134. To certify required State contributions and  
20 submit vouchers.

21 (a) The Board shall certify to the Governor on or before  
22 November 15 of each year the amount of the required State  
23 contribution to the System for the next fiscal year. The  
24 certification shall include a copy of the actuarial  
25 recommendations upon which it is based.

26 On or before May 1, 2004, the Board shall recalculate and  
27 recertify to the Governor the amount of the required State  
28 contribution to the System for State fiscal year 2005, taking  
29 into account the amounts appropriated to and received by the  
30 System under subsection (d) of Section 7.2 of the General  
31 Obligation Bond Act.

32 (b) Beginning in State fiscal year 1996, on or as soon  
33 as possible after the 15th day of each month the Board shall

1 submit vouchers for payment of State contributions to the  
2 System, in a total monthly amount of one-twelfth of the  
3 required annual State contribution certified under subsection  
4 (a). These vouchers shall be paid by the State Comptroller  
5 and Treasurer by warrants drawn on the funds appropriated to  
6 the System for that fiscal year. If in any month the amount  
7 remaining unexpended from all other appropriations to the  
8 System for the applicable fiscal year (including the  
9 appropriations to the System under Section 8.12 of the State  
10 Finance Act and Section 1 of the State Pension Funds  
11 Continuing Appropriation Act) is less than the amount  
12 lawfully vouchered under this Section, the difference shall  
13 be 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  
18 made available to the System at the beginning of that fiscal  
19 year at the request of the Board. Any excess funds remaining  
20 at the end of any fiscal year from appropriations shall be  
21 retained by the System as a general reserve to meet the  
22 System's accrued liabilities.

23 (Source: P.A. 88-593, eff. 8-22-94.)

24 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

25 Sec. 14-131. Contributions by State.

26 (a) The State shall make contributions to the System by  
27 appropriations of amounts which, together with other employer  
28 contributions from trust, federal, and other funds, employee  
29 contributions, investment income, and other income, will be  
30 sufficient to meet the cost of maintaining and administering  
31 the System on a 90% funded basis in accordance with actuarial  
32 recommendations.

33 For the purposes of this Section and Section 14-135.08,

1 references to State contributions refer only to employer  
2 contributions and do not include employee contributions that  
3 are picked up or otherwise paid by the State or a department  
4 on behalf of the employee.

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

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

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

27 (c) Contributions shall be made by the several  
28 departments for each pay period by warrants drawn by the  
29 State Comptroller against their respective funds or  
30 appropriations based upon vouchers stating the amount to be  
31 so contributed. These amounts shall be based on the full  
32 rate certified by the Board under Section 14-135.08 for that  
33 fiscal year.

34 (d) If an employee is paid from trust funds or federal

1 funds, the department or other employer shall pay employer  
2 contributions from those funds to the System at the certified  
3 rate, unless the terms of the trust or the federal-State  
4 agreement preclude the use of the funds for that purpose, in  
5 which case the required employer contributions shall be paid  
6 by the State.

7 (e) For State fiscal years 2011 through 2045, the  
8 minimum contribution to the System to be made by the State  
9 for each fiscal year shall be an amount determined by the  
10 System to be sufficient to bring the total assets of the  
11 System up to 90% of the total actuarial liabilities of the  
12 System by the end of State fiscal year 2045. In making these  
13 determinations, the required State contribution shall be  
14 calculated each year as a level percentage of payroll over  
15 the years remaining to and including fiscal year 2045 and  
16 shall be determined under the projected unit credit actuarial  
17 cost method.

18 For State fiscal years 1996 through 2010, the State  
19 contribution to the System, as a percentage of the applicable  
20 employee payroll, shall be increased in equal annual  
21 increments so that by State fiscal year 2011, the State is  
22 contributing at the rate required under this Section; except  
23 that (i) for State fiscal year 1998, for all purposes of this  
24 Code and any other law of this State, the certified  
25 percentage of the applicable employee payroll shall be 5.052%  
26 for employees earning eligible creditable service under  
27 Section 14-110 and 6.500% for all other employees,  
28 notwithstanding any contrary certification made under Section  
29 14-135.08 before the effective date of this amendatory Act of  
30 1997, and (ii) in the following specified State fiscal years,  
31 the State contribution to the System shall not be less than  
32 the following indicated percentages of the applicable  
33 employee payroll, even if the indicated percentage will  
34 produce a State contribution in excess of the amount

1 otherwise required under this subsection and subsection (a):  
2 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in  
3 FY 2002; 10.6% in FY 2003; and 10.8% in FY 2004; ~~11.0% in FY~~  
4 ~~2005; 11.2% in FY 2006; 11.4% in FY 2007; 11.6% in FY 2008;~~  
5 ~~and 11.8% in FY 2009.~~

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

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

25 (Source: P.A. 89-136, eff. 7-14-95; 90-65, eff. 7-7-97.)

26 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)  
27 Sec. 14-135.08. To certify required State contributions.  
28 To certify to the Governor and to each department, on or  
29 before November 15 of each year, the required rate for State  
30 contributions to the System for the next State fiscal year,  
31 as determined under subsection (b) of Section 14-131. The  
32 certification to the Governor shall include a copy of the  
33 actuarial recommendations upon which the rate is based.

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

8        (Source: P.A. 88-593, eff. 8-22-94; 89-136, eff. 7-14-95.)

9            (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

10          Sec. 15-155. Employer contributions.

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

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

23          (a-1) For State fiscal years 2011 through 2045, the  
24          minimum contribution to the System to be made by the State  
25          for each fiscal year shall be an amount determined by the  
26          System to be sufficient to bring the total assets of the  
27          System up to 90% of the total actuarial liabilities of the  
28          System by the end of State fiscal year 2045. In making these  
29          determinations, the required State contribution shall be  
30          calculated each year as a level percentage of payroll over  
31          the years remaining to and including fiscal year 2045 and  
32          shall be determined under the projected unit credit actuarial  
33          cost method.

1 For State fiscal years 1996 through 2010, the State  
2 contribution to the System, as a percentage of the applicable  
3 employee payroll, shall be increased in equal annual  
4 increments so that by State fiscal year 2011, the State is  
5 contributing at the rate required under this Section.

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

10 Notwithstanding any other provision of this Section, the  
11 required State contribution for State fiscal year 2005 and  
12 each fiscal year thereafter, as calculated under this Section  
13 and certified under Section 15-165, shall not exceed an  
14 amount equal to (i) the amount of the required State  
15 contribution that would have been calculated under this  
16 Section for that fiscal year if the System had not received  
17 any payments under subsection (d) of Section 7.2 of the  
18 General Obligation Bond Act, minus (ii) the portion of the  
19 State's total debt service payments for that fiscal year on  
20 the bonds issued for the purposes of that Section 7.2, as  
21 determined and certified by the Comptroller, that is the same  
22 as the System's portion of the total moneys distributed under  
23 subsection (d) of Section 7.2 of the General Obligation Bond  
24 Act.

25 (b) If an employee is paid from trust or federal funds,  
26 the employer shall pay to the Board contributions from those  
27 funds which are sufficient to cover the accruing normal costs  
28 on behalf of the employee. However, universities having  
29 employees who are compensated out of local auxiliary funds,  
30 income funds, or service enterprise funds are not required to  
31 pay such contributions on behalf of those employees. The  
32 local auxiliary funds, income funds, and service enterprise  
33 funds of universities shall not be considered trust funds for  
34 the purpose of this Article, but funds of alumni

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

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

20 (c) Through State fiscal year 1995: The total employer  
21 contribution shall be apportioned among the various funds of  
22 the State and other employers, whether trust, federal, or  
23 other funds, in accordance with actuarial procedures approved  
24 by the Board. State of Illinois contributions for employers  
25 receiving State appropriations for personal services shall be  
26 payable from appropriations made to the employers or to the  
27 System. The contributions for Class I community colleges  
28 covering earnings other than those paid from trust and  
29 federal funds, shall be payable solely from appropriations to  
30 the Illinois Community College Board or the System for  
31 employer contributions.

32 (d) Beginning in State fiscal year 1996, the required  
33 State contributions to the System shall be appropriated  
34 directly to the System and shall be payable through vouchers

1 issued in accordance with subsection (c) of Section 15-165.

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

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

14 (Source: P.A. 89-602, eff. 8-2-96; 90-576, eff. 3-31-98.)

15 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)  
16 Sec. 15-165. To certify amounts and submit vouchers.

17 (a) The Board shall certify to the Governor on or before  
18 November 15 of each year the appropriation required from  
19 State funds for the purposes of this System for the following  
20 fiscal year. The certification shall include a copy of the  
21 actuarial recommendations upon which it is based.

22 On or before May 1, 2004, 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 2005, taking  
25 into account the amounts appropriated to and received by the  
26 System under subsection (d) of Section 7.2 of the General  
27 Obligation Bond Act.

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

32 (c) Beginning in State fiscal year 1996, on or as soon  
33 as possible after the 15th day of each month the Board shall

1 submit vouchers for payment of State contributions to the  
2 System, in a total monthly amount of one-twelfth of the  
3 required annual State contribution certified under subsection  
4 (a). These vouchers shall be paid by the State Comptroller  
5 and Treasurer by warrants drawn on the funds appropriated to  
6 the System for that fiscal year.

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

16 (d) So long as the payments received are the full amount  
17 lawfully vouchered under this Section, payments received by  
18 the System under this Section shall be applied first toward  
19 the employer contribution to the self-managed plan  
20 established under Section 15-158.2. Payments shall be  
21 applied second toward the employer's portion of the normal  
22 costs of the System, as defined in subsection (f) of Section  
23 15-155. The balance shall be applied toward the unfunded  
24 actuarial liabilities of the System.

25 (e) In the event that the System does not receive, as a  
26 result of legislative enactment or otherwise, payments  
27 sufficient to fully fund the employer contribution to the  
28 self-managed plan established under Section 15-158.2 and to  
29 fully fund that portion of the employer's portion of the  
30 normal costs of the System, as calculated in accordance with  
31 Section 15-155(a-1), then any payments received shall be  
32 applied proportionately to the optional retirement program  
33 established under Section 15-158.2 and to the employer's  
34 portion of the normal costs of the System, as calculated in

1 accordance with Section 15-155(a-1).

2 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98.)

3 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

4 Sec. 16-158. Contributions by State and other employing  
5 units.

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

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

18 (a-1) Annually, on or before November 15, the Board  
19 shall certify to the Governor the amount of the required  
20 State contribution for the coming fiscal year. The  
21 certification shall include a copy of the actuarial  
22 recommendations upon which it is based.

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

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

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

1 practicable, the Board shall submit vouchers for payment of  
2 State contributions to the System, in a total monthly amount  
3 of one-twelfth of the required annual State contribution  
4 certified under subsection (a-1). These vouchers shall be  
5 paid by the State Comptroller and Treasurer by warrants drawn  
6 on the funds appropriated to the System for that fiscal year.

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

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

20 (b-3) For State fiscal years 2011 through 2045, the  
21 minimum contribution to the System to be made by the State  
22 for each fiscal year shall be an amount determined by the  
23 System to be sufficient to bring the total assets of the  
24 System up to 90% of the total actuarial liabilities of the  
25 System by the end of State fiscal year 2045. In making these  
26 determinations, the required State contribution shall be  
27 calculated each year as a level percentage of payroll over  
28 the years remaining to and including fiscal year 2045 and  
29 shall be determined under the projected unit credit actuarial  
30 cost method.

31 For State fiscal years 1996 through 2010, the State  
32 contribution to the System, as a percentage of the applicable  
33 employee payroll, shall be increased in equal annual  
34 increments so that by State fiscal year 2011, the State is

1 contributing at the rate required under this Section; except  
2 that in the following specified State fiscal years, the State  
3 contribution to the System shall not be less than the  
4 following indicated percentages of the applicable employee  
5 payroll, even if the indicated percentage will produce a  
6 State contribution in excess of the amount otherwise required  
7 under this subsection and subsection (a), and notwithstanding  
8 any contrary certification made under subsection (a-1) before  
9 the effective date of this amendatory Act of 1998: 10.02% in  
10 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY  
11 2002; 12.86% in FY 2003; and 13.56% in FY 2004; ~~14.25% in FY~~  
12 ~~2005; 14.95% in FY 2006; 15.65% in FY 2007; 16.34% in FY~~  
13 ~~2008; 17.04% in FY 2009; and 17.74% in FY 2010.~~

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

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

33 (c) Payment of the required State contributions and of  
34 all pensions, retirement annuities, death benefits, refunds,

1 and other benefits granted under or assumed by this System,  
2 and all expenses in connection with the administration and  
3 operation thereof, are obligations of the State.

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

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

21 However, with respect to benefits granted under Section  
22 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
23 of Section 16-106, the employer's contribution shall be 12%  
24 (rather than 20%) of the member's highest annual salary rate  
25 for each year of creditable service granted, and the employer  
26 shall also pay the required employee contribution on behalf  
27 of the teacher. For the purposes of Sections 16-133.4 and  
28 16-133.5, a teacher as defined in paragraph (8) of Section  
29 16-106 who is serving in that capacity while on leave of  
30 absence from another employer under this Article shall not be  
31 considered an employee of the employer from which the teacher  
32 is on leave.

33 (e) Beginning July 1, 1998, every employer of a teacher  
34 shall pay to the System an employer contribution computed as

1 follows:

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

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

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

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

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

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

29 If an employer is required by a contract in effect on May  
30 1, 1998 between the employer and an employee organization to  
31 pay, on behalf of all its full-time employees covered by this  
32 Article, all mandatory employee contributions required under  
33 this Article, then the employer shall be excused from paying  
34 the employer contribution required under this subsection (e)

1 for the balance of the term of that contract. The employer  
2 and the employee organization shall jointly certify to the  
3 System the existence of the contractual requirement, in such  
4 form as the System may prescribe. This exclusion shall cease  
5 upon the termination, extension, or renewal of the contract  
6 at any time after May 1, 1998.

7 (Source: P.A. 92-505, eff. 12-20-01.)

8 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

10 (a) The State of Illinois shall make contributions to  
11 this System by appropriations of the amounts which, together  
12 with the contributions of participants, net earnings on  
13 investments, and other income, will meet the costs of  
14 maintaining and administering this System on a 90% funded  
15 basis in accordance with actuarial recommendations.

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

21 (c) For State fiscal years 2011 through 2045, the  
22 minimum contribution to the System to be made by the State  
23 for each fiscal year shall be an amount determined by the  
24 System to be sufficient to bring the total assets of the  
25 System up to 90% of the total actuarial liabilities of the  
26 System by the end of State fiscal year 2045. In making these  
27 determinations, the required State contribution shall be  
28 calculated each year as a level percentage of payroll over  
29 the years remaining to and including fiscal year 2045 and  
30 shall be determined under the projected unit credit actuarial  
31 cost method.

32 For State fiscal years 1996 through 2010, the State  
33 contribution to the System, as a percentage of the applicable

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

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

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

23 (Source: P.A. 88-593, eff. 8-22-94.)

24 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

25 Sec. 18-140. To certify required State contributions and  
26 submit vouchers.

27 (a) The Board shall certify to the Governor, on or  
28 before November 15 of each year, the amount of the required  
29 State contribution to the System for the following fiscal  
30 year. The certification shall include a copy of the  
31 actuarial recommendations upon which it is based.

32 On or before May 1, 2004, the Board shall recalculate and  
33 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2005, taking  
2 into account the amounts appropriated to and received by the  
3 System under subsection (d) of Section 7.2 of the General  
4 Obligation Bond Act.

5 (b) Beginning in State fiscal year 1996, on or as soon  
6 as possible after the 15th day of each month the Board shall  
7 submit vouchers for payment of State contributions to the  
8 System, in a total monthly amount of one-twelfth of the  
9 required annual State contribution certified under subsection  
10 (a). These vouchers shall be paid by the State Comptroller  
11 and Treasurer by warrants drawn on the funds appropriated to  
12 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  
16 Section 8.12 of the State Finance Act and Section 1 of the  
17 State Pension Funds Continuing Appropriation Act) is less  
18 than the amount lawfully vouchered under this Section, the  
19 difference shall be paid from the General Revenue Fund under  
20 the continuing appropriation authority provided in Section  
21 1.1 of the State Pension Funds Continuing Appropriation Act.  
22 (Source: P.A. 88-593, eff. 8-22-94.)

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