



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB4067

Introduced 2/27/2009, by Rep. Chapin Rose

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-155

from Ch. 108 1/2, par. 15-155

Amends the State Universities Article of the Illinois Pension Code. Provides that, when assessing employer payment for any amount due for salary increases in excess of 6%, the System shall exclude any earnings increase (i) awarded to tenured faculty based upon the completion of certain criteria that is specified in a collective bargaining contract, (ii) resulting from a promotion for academic professionals, or (iii) resulting from a peer group study of compensation. Effective immediately.

LRB096 04371 AMC 14418 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing  
5 Section 15-155 as follows:

6 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

7 Sec. 15-155. Employer contributions.

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

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

20 (a-1) For State fiscal years 2011 through 2045, the minimum  
21 contribution to the System to be made by the State for each  
22 fiscal year shall be an amount determined by the System to be  
23 sufficient to bring the total assets of the System up to 90% of

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

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

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution for State fiscal year 2006 is  
14 \$166,641,900.

15 Notwithstanding any other provision of this Article, the  
16 total required State contribution for State fiscal year 2007 is  
17 \$252,064,100.

18 For each of State fiscal years 2008 through 2010, the State  
19 contribution to the System, as a percentage of the applicable  
20 employee payroll, shall be increased in equal annual increments  
21 from the required State contribution for State fiscal year  
22 2007, so that by State fiscal year 2011, the State is  
23 contributing at the rate otherwise required under this Section.

24 Beginning in State fiscal year 2046, the minimum State  
25 contribution for each fiscal year shall be the amount needed to  
26 maintain the total assets of the System at 90% of the total

1 actuarial liabilities of the System.

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

14       Notwithstanding any other provision of this Section, the  
15 required State contribution for State fiscal year 2005 and for  
16 fiscal year 2008 and each fiscal year thereafter, as calculated  
17 under this Section and certified under Section 15-165, shall  
18 not exceed an amount equal to (i) the amount of the required  
19 State contribution that would have been calculated under this  
20 Section for that fiscal year if the System had not received any  
21 payments under subsection (d) of Section 7.2 of the General  
22 Obligation Bond Act, minus (ii) the portion of the State's  
23 total debt service payments for that fiscal year on the bonds  
24 issued for the purposes of that Section 7.2, as determined and  
25 certified by the Comptroller, that is the same as the System's  
26 portion of the total moneys distributed under subsection (d) of

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

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

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

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

25 (d) Beginning in State fiscal year 1996, the required State  
26 contributions to the System shall be appropriated directly to

1 the System and shall be payable through vouchers issued in  
2 accordance with subsection (c) of Section 15-165, except as  
3 provided in subsection (g).

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

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

16 (g) If the amount of a participant's earnings for any  
17 academic year used to determine the final rate of earnings,  
18 determined on a full-time equivalent basis, exceeds the amount  
19 of his or her earnings with the same employer for the previous  
20 academic year, determined on a full-time equivalent basis, by  
21 more than 6%, the participant's employer shall pay to the  
22 System, in addition to all other payments required under this  
23 Section and in accordance with guidelines established by the  
24 System, the present value of the increase in benefits resulting  
25 from the portion of the increase in earnings that is in excess  
26 of 6%. This present value shall be computed by the System on

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

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

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



1 the 91st day after receipt of the bill. Payments must be  
2 concluded within 3 years after the employer's receipt of the  
3 bill.

4 (h) This subsection (h) applies only to payments made or  
5 salary increases given on or after June 1, 2005 but before July  
6 1, 2011. The changes made by Public Act 94-1057 shall not  
7 require the System to refund any payments received before July  
8 31, 2006 (the effective date of Public Act 94-1057).

9 When assessing payment for any amount due under subsection  
10 (g), the System shall exclude earnings increases paid to  
11 participants under contracts or collective bargaining  
12 agreements entered into, amended, or renewed before June 1,  
13 2005.

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

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

1 increases are equal to or less than the rate of pay for  
2 academic instruction computed using the participant's current  
3 salary rate and work schedule; and (ii) in the case of  
4 overtime, the overtime was necessary for the educational  
5 mission.

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

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

1 payments made or salary increases given after June 30, 2014  
2 shall be used in assessing payment for any amount due under  
3 subsection (g) of this Section.

4 (i-5) When assessing payment for any amount due under  
5 subsection (g), the System shall exclude any earnings increase  
6 awarded to tenured faculty based upon the completion of certain  
7 criteria that is specified in a collective bargaining contract.

8 When assessing payment for any amount due under subsection  
9 (g), the System shall exclude any earnings increase resulting  
10 from a promotion for academic professionals.

11 When assessing payment for any amount due under subsection  
12 (g), the System shall exclude any earnings increase resulting  
13 from a peer group study of compensation.

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

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

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

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

26 (4) The increase in the required State contribution

1           resulting from the changes made to this Section by Public  
2           Act 94-1057.

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

18          (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057,  
19          eff. 7-31-06; 95-331, eff. 8-21-07; 95-950, eff. 8-29-08.)

20          Section 99. Effective date. This Act takes effect upon  
21          becoming law.