

1 AN ACT concerning government.

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

4 Section 5. The Illinois State Auditing Act is amended by  
5 adding Section 2-8.1 as follows:

6 (30 ILCS 5/2-8.1 new)

7 Sec. 2-8.1. Actuarial Responsibilities.

8 (a) The Auditor General shall contract with or hire an  
9 actuary to serve as the State Actuary. The State Actuary shall  
10 be retained by, serve at the pleasure of, and be under the  
11 supervision of the Auditor General and shall be paid from  
12 appropriations to the office of the Auditor General. The State  
13 Actuary may be selected by the Auditor General without engaging  
14 in a competitive procurement process.

15 (b) The State Actuary shall:

16 (1) review assumptions and valuations prepared by  
17 actuaries retained by the boards of trustees of the  
18 State-funded retirement systems;

19 (2) issue preliminary reports to the boards of trustees  
20 of the State-funded retirement systems concerning proposed  
21 certifications of required State contributions submitted  
22 to the State Actuary by those boards;

23 (3) cooperate with the boards of trustees of the

1 State-funded retirement systems to identify recommended  
2 changes in actuarial assumptions that the boards must  
3 consider before finalizing their certifications of the  
4 required State contributions;

5 (4) conduct reviews of the actuarial practices of the  
6 boards of trustees of the State-funded retirement systems;

7 (5) make additional reports as directed by joint  
8 resolution of the General Assembly; and

9 (6) perform any other duties assigned by the Auditor  
10 General, including, but not limited to, reviews of the  
11 actuarial practices of other entities.

12 (c) On or before January 1, 2013 and each January 1  
13 thereafter, the Auditor General shall submit a written report  
14 to the General Assembly and Governor documenting the initial  
15 assumptions and valuations prepared by actuaries retained by  
16 the boards of trustees of the State-funded retirement systems,  
17 any changes recommended by the State Actuary in the actuarial  
18 assumptions, and the responses of each board to the State  
19 Actuary's recommendations.

20 (d) For the purposes of this Section, "State-funded  
21 retirement system" means a retirement system established  
22 pursuant to Article 2, 14, 15, 16, or 18 of the Illinois  
23 Pension Code.

24 Section 10. The Illinois Pension Code is amended by  
25 changing Sections 2-134, 14-135.08, 15-165, 16-158, and 18-140

1 as follows:

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

3 Sec. 2-134. To certify required State contributions and  
4 submit vouchers.

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

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

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

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

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

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

26       (b) Beginning in State fiscal year 1996, on or as soon as

1 possible after the 15th day of each month the Board shall  
2 submit vouchers for payment of State contributions to the  
3 System, in a total monthly amount of one-twelfth of the  
4 required annual State contribution certified under subsection  
5 (a). From the effective date of this amendatory Act of the 93rd  
6 General Assembly through June 30, 2004, the Board shall not  
7 submit vouchers for the remainder of fiscal year 2004 in excess  
8 of the fiscal year 2004 certified contribution amount  
9 determined under this Section after taking into consideration  
10 the transfer to the System under subsection (d) of Section  
11 6z-61 of the State Finance Act. These vouchers shall be paid by  
12 the State Comptroller and Treasurer by warrants drawn on the  
13 funds appropriated to the System for that fiscal year. If in  
14 any month the amount remaining unexpended from all other  
15 appropriations to the System for the applicable fiscal year  
16 (including the appropriations to the System under Section 8.12  
17 of the State Finance Act and Section 1 of the State Pension  
18 Funds Continuing Appropriation Act) is less than the amount  
19 lawfully vouchered under this Section, the difference shall be  
20 paid from the General Revenue Fund under the continuing  
21 appropriation authority provided in Section 1.1 of the State  
22 Pension Funds Continuing Appropriation Act.

23 (c) The full amount of any annual appropriation for the  
24 System for State fiscal year 1995 shall be transferred and made  
25 available to the System at the beginning of that fiscal year at  
26 the request of the Board. Any excess funds remaining at the end

1 of any fiscal year from appropriations shall be retained by the  
2 System as a general reserve to meet the System's accrued  
3 liabilities.

4 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;  
5 96-1511, eff. 1-27-11.)

6 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)  
7 Sec. 14-135.08. To certify required State contributions.

8 (a) To certify to the Governor and to each department, on  
9 or before November 15 of each year until November 15, 2011, the  
10 required rate for State contributions to the System for the  
11 next State fiscal year, as determined under subsection (b) of  
12 Section 14-131. The certification to the Governor under this  
13 subsection (a) shall include a copy of the actuarial  
14 recommendations upon which the rate is based and shall  
15 specifically identify the System's projected State normal cost  
16 for that fiscal year.

17 (a-5) On or before November 1 of each year, beginning  
18 November 1, 2012, the Board shall submit to the State Actuary,  
19 the Governor, and the General Assembly a proposed certification  
20 of the amount of the required State contribution to the System  
21 for the next fiscal year, along with all of the actuarial  
22 assumptions, calculations, and data upon which that proposed  
23 certification is based. On or before January 1 of each year  
24 beginning January 1, 2013, the State Actuary shall issue a  
25 preliminary report concerning the proposed certification and

1 identifying, if necessary, recommended changes in actuarial  
2 assumptions that the Board must consider before finalizing its  
3 certification of the required State contributions. On or before  
4 January 15, 2013 and each January 15 thereafter, the Board  
5 shall certify to the Governor and the General Assembly the  
6 amount of the required State contribution for the next fiscal  
7 year. The Board's certification must note any deviations from  
8 the State Actuary's recommended changes, the reason or reasons  
9 for not following the State Actuary's recommended changes, and  
10 the fiscal impact of not following the State Actuary's  
11 recommended changes on the required State contribution.

12 (b) The certifications under subsections (a) and (a-5)  
13 ~~certification~~ shall include an additional amount necessary to  
14 pay all principal of and interest on those general obligation  
15 bonds due the next fiscal year authorized by Section 7.2(a) of  
16 the General Obligation Bond Act and issued to provide the  
17 proceeds deposited by the State with the System in July 2003,  
18 representing deposits other than amounts reserved under  
19 Section 7.2(c) of the General Obligation Bond Act. For State  
20 fiscal year 2005, the Board shall make a supplemental  
21 certification of the additional amount necessary to pay all  
22 principal of and interest on those general obligation bonds due  
23 in State fiscal years 2004 and 2005 authorized by Section  
24 7.2(a) of the General Obligation Bond Act and issued to provide  
25 the proceeds deposited by the State with the System in July  
26 2003, representing deposits other than amounts reserved under

1 Section 7.2(c) of the General Obligation Bond Act, as soon as  
2 practical after the effective date of this amendatory Act of  
3 the 93rd General Assembly.

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

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

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

24 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

25 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)



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

2           (a) The Board shall certify to the Governor on or before  
3 November 15 of each year until November 15, 2011 the  
4 appropriation required from State funds for the purposes of  
5 this System for the following fiscal year. The certification  
6 under this subsection (a) shall include a copy of the actuarial  
7 recommendations upon which it is based and shall specifically  
8 identify the System's projected State normal cost for that  
9 fiscal year and the projected State cost for the self-managed  
10 plan 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, in a written  
18 response to the State Actuary, any deviations from the State  
19 Actuary's recommended changes, the reason or reasons for not  
20 following the State Actuary's recommended changes, and the  
21 fiscal impact of not following the State Actuary's recommended  
22 changes on the required State contribution.

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

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

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

24 (d) So long as the payments received are the full amount  
25 lawfully vouchered under this Section, payments received by the  
26 System under this Section shall be applied first toward the

1 employer contribution to the self-managed plan established  
2 under Section 15-158.2. Payments shall be applied second toward  
3 the employer's portion of the normal costs of the System, as  
4 defined in subsection (f) of Section 15-155. The balance shall  
5 be applied toward the unfunded actuarial liabilities of the  
6 System.

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

18 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

19 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

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

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

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

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

22 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall  
23 recalculate and recertify to the Governor the amount of the  
24 required State contribution to the System for State fiscal year  
25 2006, taking into account the changes in required State  
26 contributions made by this amendatory Act of the 94th General

1 Assembly.

2 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall  
3 recalculate and recertify to the Governor the amount of the  
4 required State contribution to the System for State fiscal year  
5 2011, applying the changes made by Public Act 96-889 to the  
6 System's assets and liabilities as of June 30, 2009 as though  
7 Public Act 96-889 was approved on that date.

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

1 recommended changes on the required State contribution.

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

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

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

1 the State Pension Funds Continuing Appropriation Act.

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

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

15 For State fiscal years 1996 through 2005, the State  
16 contribution to the System, as a percentage of the applicable  
17 employee payroll, shall be increased in equal annual increments  
18 so that by State fiscal year 2011, the State is contributing at  
19 the rate required under this Section; except that in the  
20 following specified State fiscal years, the State contribution  
21 to the System shall not be less than the following indicated  
22 percentages of the applicable employee payroll, even if the  
23 indicated percentage will produce a State contribution in  
24 excess of the amount otherwise required under this subsection  
25 and subsection (a), and notwithstanding any contrary  
26 certification made under subsection (a-1) before the effective



1 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
2 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
3 2003; and 13.56% in FY 2004.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2006 is  
6 \$534,627,700.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2007 is  
9 \$738,014,500.

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

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

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2011 is

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

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

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

1 funding ratio of at least 90%. A reference in this Article to  
2 the "required State contribution" or any substantially similar  
3 term does not include or apply to any amounts payable to the  
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter, as calculated  
8 under this Section and certified under subsection (a-1), shall  
9 not exceed an amount equal to (i) the amount of the required  
10 State contribution that would have been calculated under this  
11 Section for that fiscal year if the System had not received any  
12 payments under subsection (d) of Section 7.2 of the General  
13 Obligation Bond Act, minus (ii) the portion of the State's  
14 total debt service payments for that fiscal year on the bonds  
15 issued in fiscal year 2003 for the purposes of that Section  
16 7.2, as determined and certified by the Comptroller, that is  
17 the same as the System's portion of the total moneys  
18 distributed under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act. In determining this maximum for State  
20 fiscal years 2008 through 2010, however, the amount referred to  
21 in item (i) shall be increased, as a percentage of the  
22 applicable employee payroll, in equal increments calculated  
23 from the sum of the required State contribution for State  
24 fiscal year 2007 plus the applicable portion of the State's  
25 total debt service payments for fiscal year 2007 on the bonds  
26 issued in fiscal year 2003 for the purposes of Section 7.2 of

1 the General Obligation Bond Act, so that, by State fiscal year  
2 2011, the State is contributing at the rate otherwise required  
3 under this Section.

4 (c) Payment of the required State contributions and of all  
5 pensions, retirement annuities, death benefits, refunds, and  
6 other benefits granted under or assumed by this System, and all  
7 expenses in connection with the administration and operation  
8 thereof, are obligations of the State.

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

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

26 However, with respect to benefits granted under Section

1 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
2 of Section 16-106, the employer's contribution shall be 12%  
3 (rather than 20%) of the member's highest annual salary rate  
4 for each year of creditable service granted, and the employer  
5 shall also pay the required employee contribution on behalf of  
6 the teacher. For the purposes of Sections 16-133.4 and  
7 16-133.5, a teacher as defined in paragraph (8) of Section  
8 16-106 who is serving in that capacity while on leave of  
9 absence from another employer under this Article shall not be  
10 considered an employee of the employer from which the teacher  
11 is on leave.

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

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

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

21 The school district or other employing unit may pay these  
22 employer contributions out of any source of funding available  
23 for that purpose and shall forward the contributions to the  
24 System on the schedule established for the payment of member  
25 contributions.

26 These employer contributions are intended to offset a

1 portion of the cost to the System of the increases in  
2 retirement benefits resulting from this amendatory Act of 1998.

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

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

15 If an employer is required by a contract in effect on May  
16 1, 1998 between the employer and an employee organization to  
17 pay, on behalf of all its full-time employees covered by this  
18 Article, all mandatory employee contributions required under  
19 this Article, then the employer shall be excused from paying  
20 the employer contribution required under this subsection (e)  
21 for the balance of the term of that contract. The employer and  
22 the employee organization shall jointly certify to the System  
23 the existence of the contractual requirement, in such form as  
24 the System may prescribe. This exclusion shall cease upon the  
25 termination, extension, or renewal of the contract at any time  
26 after May 1, 1998.

1 (f) If the amount of a teacher's salary for any school year  
2 used to determine final average salary exceeds the member's  
3 annual full-time salary rate with the same employer for the  
4 previous school year by more than 6%, the teacher's employer  
5 shall pay to the System, in addition to all other payments  
6 required under this Section and in accordance with guidelines  
7 established by the System, the present value of the increase in  
8 benefits resulting from the portion of the increase in salary  
9 that is in excess of 6%. This present value shall be computed  
10 by the System on the basis of the actuarial assumptions and  
11 tables used in the most recent actuarial valuation of the  
12 System that is available at the time of the computation. If a  
13 teacher's salary for the 2005-2006 school year is used to  
14 determine final average salary under this subsection (f), then  
15 the changes made to this subsection (f) by Public Act 94-1057  
16 shall apply in calculating whether the increase in his or her  
17 salary is in excess of 6%. For the purposes of this Section,  
18 change in employment under Section 10-21.12 of the School Code  
19 on or after June 1, 2005 shall constitute a change in employer.  
20 The System may require the employer to provide any pertinent  
21 information or documentation. The changes made to this  
22 subsection (f) by this amendatory Act of the 94th General  
23 Assembly apply without regard to whether the teacher was in  
24 service on or after its effective date.

25 Whenever it determines that a payment is or may be required  
26 under this subsection, the System shall calculate the amount of

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

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

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



1 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

20 When assessing payment for any amount due under subsection  
21 (f), the System shall exclude a salary increase resulting from  
22 a promotion (i) for which the employee is required to hold a  
23 certificate or supervisory endorsement issued by the State  
24 Teacher Certification Board that is a different certification  
25 or supervisory endorsement than is required for the teacher's  
26 previous position and (ii) to a position that has existed and

1 been filled by a member for no less than one complete academic  
2 year and the salary increase from the promotion is an increase  
3 that results in an amount no greater than the lesser of the  
4 average salary paid for other similar positions in the district  
5 requiring the same certification or the amount stipulated in  
6 the collective bargaining agreement for a similar position  
7 requiring the same certification.

8 When assessing payment for any amount due under subsection  
9 (f), the System shall exclude any payment to the teacher from  
10 the State of Illinois or the State Board of Education over  
11 which the employer does not have discretion, notwithstanding  
12 that the payment is included in the computation of final  
13 average salary.

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

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. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;  
3 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.  
4 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

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

6 Sec. 18-140. To certify required State contributions and  
7 submit vouchers.

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

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

1 identifying, if necessary, recommended changes in actuarial  
2 assumptions that the Board must consider before finalizing its  
3 certification of the required State contributions. On or before  
4 January 15, 2013 and every January 15 thereafter, the Board  
5 shall certify to the Governor and the General Assembly the  
6 amount of the required State contribution for the next fiscal  
7 year. The Board's certification must note any deviations from  
8 the State Actuary's recommended changes, the reason or reasons  
9 for not following the State Actuary's recommended changes, and  
10 the fiscal impact of not following the State Actuary's  
11 recommended changes on the required State contribution.

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

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

23 On or before April 1, 2011, 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 2011, applying  
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889  
2 was approved on that date.

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

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

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.