



Sen. Dan Kotowski

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1 AMENDMENT TO SENATE BILL 538

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 538 by replacing  
3 everything after the enacting clause with the following:

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

7 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

8 Sec. 2-134. To certify required State contributions and  
9 submit vouchers.

10 (a) The Board shall certify to the Governor on or before  
11 December 15 of each year the amount of the required State  
12 contribution to the System for the next 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 predicted State normal cost for that  
16 fiscal year.

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

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

12          On or before April 1, 2011, 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 2011, applying  
15          the changes made by Public Act 96-889 to the System's assets  
16          and liabilities as of June 30, 2009 as though Public Act 96-889  
17          was approved on that date.

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

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

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

22 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;  
23 96-1511, eff. 1-27-11.)

24 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)  
25 Sec. 14-135.08. To certify required State contributions.

1           (a) To certify to the Governor and to each department, on  
2 or before November 15 of each year, the required rate for State  
3 contributions to the System for the next State fiscal year, as  
4 determined under subsection (b) of Section 14-131. The  
5 certification to the Governor shall include a copy of the  
6 actuarial recommendations upon which the rate is based and  
7 shall specifically identify the System's predicted State  
8 normal cost for that fiscal year.

9           (b) The certification shall include an additional amount  
10 necessary to pay all principal of and interest on those general  
11 obligation bonds due the next fiscal year authorized by Section  
12 7.2(a) of the General Obligation Bond Act and issued to provide  
13 the proceeds deposited by the State with the System in July  
14 2003, representing deposits other than amounts reserved under  
15 Section 7.2(c) of the General Obligation Bond Act. For State  
16 fiscal year 2005, the Board shall make a supplemental  
17 certification of the additional amount necessary to pay all  
18 principal of and interest on those general obligation bonds due  
19 in State fiscal years 2004 and 2005 authorized by Section  
20 7.2(a) of the General Obligation Bond Act and issued to provide  
21 the proceeds deposited by the State with the System in July  
22 2003, representing deposits other than amounts reserved under  
23 Section 7.2(c) of the General Obligation Bond Act, as soon as  
24 practical after the effective date of this amendatory Act of  
25 the 93rd General Assembly.

26           On or before May 1, 2004, the Board shall recalculate and

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

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

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

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

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

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

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

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

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

12 On or before July 1, 2005, 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 2006, taking  
15 into account the changes in required State contributions made  
16 by this amendatory Act of the 94th General Assembly.

17 On or before April 1, 2011, 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 2011, applying  
20 the changes made by Public Act 96-889 to the System's assets  
21 and liabilities as of June 30, 2009 as though Public Act 96-889  
22 was approved on that date.

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, the Board shall  
10 certify to the Governor the amount of the required State  
11 contribution for the coming fiscal year. The certification  
12 shall include a copy of the actuarial recommendations upon  
13 which it is based and shall specifically identify the System's  
14 predicted State normal cost for that fiscal year.

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

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

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

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

10           (b-1) Beginning in State fiscal year 1996, on the 15th day  
11 of each month, or as soon thereafter as may be practicable, the  
12 Board shall submit vouchers for payment of State contributions  
13 to the System, in a total monthly amount of one-twelfth of the  
14 required annual State contribution certified under subsection  
15 (a-1). From the effective date of this amendatory Act of the  
16 93rd General Assembly through June 30, 2004, the Board shall  
17 not submit vouchers for the remainder of fiscal year 2004 in  
18 excess of the fiscal year 2004 certified contribution amount  
19 determined under this Section after taking into consideration  
20 the transfer to the System under subsection (a) of Section  
21 6z-61 of the State Finance Act. These vouchers shall be paid by  
22 the State Comptroller and Treasurer by warrants drawn on the  
23 funds appropriated to the System for that fiscal year.

24           If in any month the amount remaining unexpended from all  
25 other appropriations to the System for the applicable fiscal  
26 year (including the appropriations to the System under Section

1 8.12 of the State Finance Act and Section 1 of the State  
2 Pension Funds Continuing Appropriation Act) is less than the  
3 amount lawfully vouchered under this subsection, the  
4 difference shall be paid from the Common School Fund under the  
5 continuing appropriation authority provided in Section 1.1 of  
6 the State Pension Funds Continuing Appropriation Act.

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

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

20 For State fiscal years 1996 through 2005, the State  
21 contribution to the System, as a percentage of the applicable  
22 employee payroll, shall be increased in equal annual increments  
23 so that by State fiscal year 2011, the State is contributing at  
24 the rate required under this Section; except that in the  
25 following specified State fiscal years, the State contribution  
26 to the System shall not be less than the following indicated

1 percentages of the applicable employee payroll, even if the  
2 indicated percentage will produce a State contribution in  
3 excess of the amount otherwise required under this subsection  
4 and subsection (a), and notwithstanding any contrary  
5 certification made under subsection (a-1) before the effective  
6 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
7 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
8 2003; and 13.56% in FY 2004.

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution for State fiscal year 2006 is  
11 \$534,627,700.

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution for State fiscal year 2007 is  
14 \$738,014,500.

15 For each of State fiscal years 2008 through 2009, the State  
16 contribution to the System, as a percentage of the applicable  
17 employee payroll, shall be increased in equal annual increments  
18 from the required State contribution for State fiscal year  
19 2007, so that by State fiscal year 2011, the State is  
20 contributing at the rate otherwise required under this Section.

21 Notwithstanding any other provision of this Article, the  
22 total required State contribution for State fiscal year 2010 is  
23 \$2,089,268,000 and shall be made from the proceeds of bonds  
24 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
25 Obligation Bond Act, less (i) the pro rata share of bond sale  
26 expenses determined by the System's share of total bond

1 proceeds, (ii) any amounts received from the Common School Fund  
2 in fiscal year 2010, and (iii) any reduction in bond proceeds  
3 due to the issuance of discounted bonds, if applicable.

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

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

24 Amounts received by the System pursuant to Section 25 of  
25 the Budget Stabilization Act or Section 8.12 of the State  
26 Finance Act in any fiscal year do not reduce and do not

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

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

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

9 (c) Payment of the required State contributions and of all  
10 pensions, retirement annuities, death benefits, refunds, and  
11 other benefits granted under or assumed by this System, and all  
12 expenses in connection with the administration and operation  
13 thereof, are obligations of the State.

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

24 (d) Effective July 1, 1986, any employer of a teacher as  
25 defined in paragraph (8) of Section 16-106 shall pay the  
26 employer's normal cost of benefits based upon the teacher's

1 service, in addition to employee contributions, as determined  
2 by the System. Such employer contributions shall be forwarded  
3 monthly in accordance with guidelines established by the  
4 System.

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

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

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

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

26 The school district or other employing unit may pay these

1 employer contributions out of any source of funding available  
2 for that purpose and shall forward the contributions to the  
3 System on the schedule established for the payment of member  
4 contributions.

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

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

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

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

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

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

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

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

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

1 bill.

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

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

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

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

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

1 a promotion (i) for which the employee is required to hold a  
2 certificate or supervisory endorsement issued by the State  
3 Teacher Certification Board that is a different certification  
4 or supervisory endorsement than is required for the teacher's  
5 previous position and (ii) to a position that has existed and  
6 been filled by a member for no less than one complete academic  
7 year and the salary increase from the promotion is an increase  
8 that results in an amount no greater than the lesser of the  
9 average salary paid for other similar positions in the district  
10 requiring the same certification or the amount stipulated in  
11 the collective bargaining agreement for a similar position  
12 requiring the same certification.

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

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

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

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

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

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

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

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

18 (j) For purposes of determining the required State  
19 contribution to the System, the value of the System's assets  
20 shall be equal to the actuarial value of the System's assets,  
21 which shall be calculated as follows:

22 As of June 30, 2008, the actuarial value of the System's  
23 assets shall be equal to the market value of the assets as of  
24 that date. In determining the actuarial value of the System's  
25 assets for fiscal years after June 30, 2008, any actuarial  
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the  
2 5-year period following that fiscal year.

3 (k) For purposes of determining the required State  
4 contribution to the system for a particular year, the actuarial  
5 value of assets shall be assumed to earn a rate of return equal  
6 to the system's actuarially assumed rate of return.

7 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;  
8 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.  
9 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

10 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

11 Sec. 18-140. To certify required State contributions and  
12 submit vouchers.

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

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

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

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

12          (b) Beginning in State fiscal year 1996, on or as soon as  
13          possible after the 15th day of each month the Board shall  
14          submit vouchers for payment of State contributions to the  
15          System, in a total monthly amount of one-twelfth of the  
16          required annual State contribution certified under subsection  
17          (a). From the effective date of this amendatory Act of the 93rd  
18          General Assembly through June 30, 2004, the Board shall not  
19          submit vouchers for the remainder of fiscal year 2004 in excess  
20          of the fiscal year 2004 certified contribution amount  
21          determined under this Section after taking into consideration  
22          the transfer to the System under subsection (c) of Section  
23          6z-61 of the State Finance Act. These vouchers shall be paid by  
24          the State Comptroller and Treasurer by warrants drawn on the  
25          funds appropriated to the System for that fiscal year.

26          If in any month the amount remaining unexpended from all

1 other appropriations to the System for the applicable fiscal  
2 year (including the appropriations to the System under Section  
3 8.12 of the State Finance Act and Section 1 of the State  
4 Pension Funds Continuing Appropriation Act) is less than the  
5 amount lawfully vouchered under this Section, the difference  
6 shall be paid from the General Revenue Fund under the  
7 continuing appropriation authority provided in Section 1.1 of  
8 the State Pension Funds Continuing Appropriation Act.

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

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law."