



Rep. Tom Cross

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09700SB1673ham006

LRB097 07605 JWD 70399 a

1 AMENDMENT TO SENATE BILL 1673

2 AMENDMENT NO. _____. Amend Senate Bill 1673, AS AMENDED,
3 with reference to page and line numbers of House Amendment No.
4 5, as follows:

5 on page 25, line 15, by deleting "15-159,"; and

6 on page 25, line 21, by deleting "15-155.1, 15-155.2,"; and

7 by replacing page 162, line 8, through page 182, line 9, with
8 the following:

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

10 Sec. 15-155. Employer contributions.

11 (a) Except as otherwise provided in this Section, the ~~The~~
12 State of Illinois shall make contributions by appropriations of
13 amounts which, together with the other employer contributions
14 from trust, federal, and other funds, employee contributions,

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

5 The Board shall determine the amount of State contributions
6 required for each fiscal year on the basis of the actuarial
7 tables and other assumptions adopted by the Board and the
8 recommendations of the actuary, using the formula in subsection
9 (a-1).

10 (a-1) Except as otherwise provided in subsection (b-5),
11 ~~for~~ For State fiscal years 2012 through 2045, the minimum
12 contribution to the System to be made by the State for each
13 fiscal year shall be an amount determined by the System to be
14 sufficient to bring the total assets of the System up to 90% of
15 the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2045 and shall be determined under the
20 projected unit credit actuarial cost method.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2006 is
2 \$166,641,900.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2007 is
5 \$252,064,100.

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2011 is
24 the amount recertified by the System on or before April 1, 2011
25 pursuant to Section 15-165 and shall be made from the State
26 Pensions Fund and proceeds of bonds sold in fiscal year 2011

1 pursuant to Section 7.2 of the General Obligation Bond Act,
2 less (i) the pro rata share of bond sale expenses determined by
3 the System's share of total bond proceeds, (ii) any amounts
4 received from the General Revenue Fund in fiscal year 2011, and
5 (iii) any reduction in bond proceeds due to the issuance of
6 discounted bonds, if applicable.

7 Except as otherwise provided in subsection (b-5),
8 beginning~~Beginning~~ in State fiscal year 2046, the minimum State
9 contribution for each fiscal year shall be the amount needed to
10 maintain the total assets of the System at 90% of the total
11 actuarial liabilities of the System.

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

24 Notwithstanding any other provision of this Section, the
25 required State contribution for State fiscal year 2005 and for
26 fiscal year 2008 and each fiscal year thereafter, as calculated

1 under this Section and certified under Section 15-165, shall
2 not exceed an amount equal to (i) the amount of the required
3 State contribution that would have been calculated under this
4 Section for that fiscal year if the System had not received any
5 payments under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act, minus (ii) the portion of the State's
7 total debt service payments for that fiscal year on the bonds
8 issued in fiscal year 2003 for the purposes of that Section
9 7.2, as determined and certified by the Comptroller, that is
10 the same as the System's portion of the total moneys
11 distributed under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act. In determining this maximum for State
13 fiscal years 2008 through 2010, however, the amount referred to
14 in item (i) shall be increased, as a percentage of the
15 applicable employee payroll, in equal increments calculated
16 from the sum of the required State contribution for State
17 fiscal year 2007 plus the applicable portion of the State's
18 total debt service payments for fiscal year 2007 on the bonds
19 issued in fiscal year 2003 for the purposes of Section 7.2 of
20 the General Obligation Bond Act, so that, by State fiscal year
21 2011, the State is contributing at the rate otherwise required
22 under this Section.

23 (b) If an employee is paid from trust or federal funds, the
24 employer shall pay to the Board contributions from those funds
25 which are sufficient to cover the accruing normal costs on
26 behalf of the employee. However, universities having employees

1 who are compensated out of local auxiliary funds, income funds,
2 or service enterprise funds are not required to pay such
3 contributions on behalf of those employees. The local auxiliary
4 funds, income funds, and service enterprise funds of
5 universities shall not be considered trust funds for the
6 purpose of this Article, but funds of alumni associations,
7 foundations, and athletic associations which are affiliated
8 with the universities included as employers under this Article
9 and other employers which do not receive State appropriations
10 are considered to be trust funds for the purpose of this
11 Article.

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

25 (b-5) If at least 50% of Tier I employees making an
26 election under Section 15-134.6 before June 1, 2013 choose the

1 option under paragraph (1) of subsection (a) of that Section,
2 then:

3 (1) In lieu of the State contributions required under
4 subsection (a-1), for State fiscal years 2014 through 2043
5 the minimum contribution to the System to be made by the
6 State for each fiscal year shall be an amount determined by
7 the System to be equal to the sum of (1) the State's
8 portion of the projected normal cost for that fiscal year,
9 plus (2) an amount sufficient to bring the total assets of
10 the System up to 100% of the total actuarial liabilities of
11 the System by the end of State fiscal year 2043. In making
12 these determinations, the required State contribution
13 shall be calculated each year as a level percentage of
14 payroll over the years remaining to and including fiscal
15 year 2043 and shall be determined under the projected unit
16 credit actuarial cost method.

17 (2) Beginning in State fiscal year 2044, the minimum
18 State contribution for each fiscal year shall be the amount
19 needed to maintain the total assets of the System at 100%
20 of the total actuarial liabilities of the System.

21 (b-6) If less than 50% of Tier I employees making an
22 election under Section 15-134.6 before June 1, 2013 choose the
23 option under paragraph (1) of subsection (a) of that Section,
24 then:

25 (1) Instead of the annual required contribution
26 otherwise specified in subsection (b-5) of this Section,

1 the annual required contribution to the System to be made
2 by the State shall be determined under subsection (a-1) of
3 this Section.

4 (2) As soon as possible after June 1, 2014, the Board
5 shall recertify the annual required contribution by the
6 State for State fiscal year 2015.

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

18 (d) Beginning in State fiscal year 1996, the required State
19 contributions to the System shall be appropriated directly to
20 the System and shall be payable through vouchers issued in
21 accordance with subsection (c) of Section 15-165, except as
22 provided in subsection (g).

23 (e) The State Comptroller shall draw warrants payable to
24 the System upon proper certification by the System or by the
25 employer in accordance with the appropriation laws and this
26 Code.

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

9 (g) If the amount of a participant's earnings for any
10 academic year used to determine the final rate of earnings,
11 determined on a full-time equivalent basis, exceeds the amount
12 of his or her earnings with the same employer for the previous
13 academic year, determined on a full-time equivalent basis, ~~by~~
14 ~~more than 6%~~, the participant's employer shall pay to the
15 System, in addition to all other payments required under this
16 Section and in accordance with guidelines established by the
17 System, the present value of the increase in benefits resulting
18 from the ~~portion of the~~ increase in earnings ~~that is in excess~~
19 ~~of 6%~~. This present value shall be computed by the System on
20 the basis of the actuarial assumptions and tables used in the
21 most recent actuarial valuation of the System that is available
22 at the time of the computation. The System may require the
23 employer to provide any pertinent information or
24 documentation. The changes to this subsection (removing the 6%
25 increase permitted without payment to the System by the
26 employer) made by this amendatory Act of the 97th General

1 Assembly do not apply to a teacher who is covered by a
2 collective bargaining agreement or employment contract in
3 effect on the effective date of this amendatory Act that
4 provides for such increases, until such time as that agreement
5 or contract expires or is amended or renewed.

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

1 annually from the 91st day after receipt of the bill. Payments
2 must be concluded within 3 years after the employer's receipt
3 of the 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 (j) The System shall prepare a report and file copies of
5 the report with the Governor and the General Assembly by
6 January 1, 2007 that contains all of the following information:

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

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

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

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

19 (k) The Illinois Community College Board shall adopt rules
20 for recommending lists of promotional positions submitted to
21 the Board by community colleges and for reviewing the
22 promotional lists on an annual basis. When recommending
23 promotional lists, the Board shall consider the similarity of
24 the positions submitted to those positions recognized for State
25 universities by the State Universities Civil Service System.
26 The Illinois Community College Board shall file a copy of its

1 findings with the System. The System shall consider the
2 findings of the Illinois Community College Board when making
3 determinations under this Section. The System shall not exclude
4 any earnings increases resulting from a promotion when the
5 promotion was not submitted by a community college. Nothing in
6 this subsection (k) shall require any community college to
7 submit any information to the Community College Board.

8 (l) For purposes of determining the required State
9 contribution to the System, the value of the System's assets
10 shall be equal to the actuarial value of the System's assets,
11 which shall be calculated as follows:

12 As of June 30, 2008, the actuarial value of the System's
13 assets shall be equal to the market value of the assets as of
14 that date. In determining the actuarial value of the System's
15 assets for fiscal years after June 30, 2008, any actuarial
16 gains or losses from investment return incurred in a fiscal
17 year shall be recognized in equal annual amounts over the
18 5-year period following that fiscal year.

19 (m) For purposes of determining the required State
20 contribution to the system for a particular year, the actuarial
21 value of assets shall be assumed to earn a rate of return equal
22 to the system's actuarially assumed rate of return.

23 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
24 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
25 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)"; and

1 by deleting page 195, line 6, through page 201, line 11.