



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB5572

Introduced 02/06/06, by Rep. James H. Meyer

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-124 new	
40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
40 ILCS 5/14-108.3	
40 ILCS 5/14-131	from Ch. 108 1/2, par. 14-131
40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140

Amends the Illinois Pension Code. In provisions concerning the 5 State-funded retirement systems, deletes language specifying dollar amounts for the State contribution to each System required for FY 2007 and provides that State contributions to the systems for fiscal years 2007 through 2010 shall be increased in equal annual increments from the required State contributions in State fiscal year 2005 until the State is contributing at a rate that will result in the systems being 90% funded. Changes how certain calculations related to the required State contributions are made. Provides that the Board of Trustees of the retirement systems must re-certify, on or before July 1, 2006, the amount of the required State contribution for FY 2007, taking into account the changes made by this amendatory Act. In the State Employee Article of the Illinois Pension Code, provides that increases as a result of certain early retirement incentives shall not be included in the calculation of the required State contribution under that Article, but shall be appropriated separately. Creates a 4-member task force to study the issue of repayment of that portion of the required State contribution mandated by Public Act 88-593 that was reduced as a result of the passage of Public Act 94-4 and to make recommendations on the development of a way to repay the amount by which the contributions were reduced within a 10-year period. Effective immediately.

LRB094 19509 AMC 55375 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by by
5 adding Section 1-124 and by changing Sections 2-124, 2-134,
6 14-108.3, 14-131, 14-135.08, 15-155, 15-165, 16-158, 18-131,
7 and 18-140 as follows:

8 (40 ILCS 5/1-124 new)

9 Sec. 1-124. Task force concerning Fiscal Year 2006 pension
10 payment. There is created a 4-member task force, with one
11 member appointed by each of the 4 legislative leaders and
12 staffed by the Commission on Government Forecasting and
13 Accountability, to study the issue of repayment of that portion
14 of the required State contribution mandated by Public Act
15 88-593 that was reduced as a result of the passage of Public
16 Act 94-4 and to make recommendations on the development of a
17 way to repay the amount by which the contributions were reduced
18 within a 10-year period. The task force must report its
19 findings and recommendations to the General Assembly on or
20 before January 1, 2007.

21 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

22 Sec. 2-124. Contributions by State.

23 (a) The State shall make contributions to the System by
24 appropriations of amounts which, together with the
25 contributions of participants, interest earned on investments,
26 and other income will meet the cost of maintaining and
27 administering the System on a 90% funded basis in accordance
28 with actuarial recommendations.

29 (b) The Board shall determine the amount of State
30 contributions required for each fiscal year on the basis of the
31 actuarial tables and other assumptions adopted by the Board and

1 the prescribed rate of interest, using the formula in
2 subsection (c).

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

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

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2006 is
20 \$4,157,000.

21 ~~Notwithstanding any other provision of this Article, the~~
22 ~~total required State contribution for State fiscal year 2007 is~~
23 ~~\$5,220,300.~~

24 For each of State fiscal years 2007 ~~2008~~ through 2010, the
25 State contribution to the System, as a percentage of the
26 applicable employee payroll, shall be increased in equal annual
27 increments from the required State contribution for State
28 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
29 State is contributing at the rate otherwise required under this
30 Section.

31 Beginning in State fiscal year 2046, the minimum State
32 contribution for each fiscal year shall be the amount needed to
33 maintain the total assets of the System at 90% of the total
34 actuarial liabilities of the System.

35 Notwithstanding any other provision of this Section, the
36 required State contribution for State fiscal year 2005 and for

1 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
2 calculated under this Section and certified under Section
3 2-134, shall not exceed an amount equal to (i) the amount of
4 the required State contribution that would have been calculated
5 under this Section for that fiscal year if the System had not
6 received any payments under subsection (d) of Section 7.2 of
7 the General Obligation Bond Act, minus (ii) the portion of the
8 State's total debt service payments for that fiscal year on the
9 bonds issued for the purposes of that Section 7.2, as
10 determined and certified by the Comptroller, that is the same
11 as the System's portion of the total moneys distributed under
12 subsection (d) of Section 7.2 of the General Obligation Bond
13 Act. ~~In determining this maximum for State fiscal years 2008~~
14 ~~through 2010, however, the amount referred to in item (i) shall~~
15 ~~be increased, as a percentage of the applicable employee~~
16 ~~payroll, in equal increments calculated from the sum of the~~
17 ~~required State contribution for State fiscal year 2007 plus the~~
18 ~~applicable portion of the State's total debt service payments~~
19 ~~for fiscal year 2007 on the bonds issued for the purposes of~~
20 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~
21 ~~State fiscal year 2011, the State is contributing at the rate~~
22 ~~otherwise required under this Section.~~

23 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

24 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

25 Sec. 2-134. To certify required State contributions and
26 submit vouchers.

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

32 On or before May 1, 2004, the Board shall recalculate and
33 recertify to the Governor the amount of the required State
34 contribution to the System for State fiscal year 2005, taking
35 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

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

9 On or before July 1, 2006, 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 2007, taking
12 into account the changes in required State contributions made
13 by this amendatory Act of the 94th General Assembly.

14 (b) Beginning in State fiscal year 1996, on or as soon as
15 possible after the 15th day of each month the Board shall
16 submit vouchers for payment of State contributions to the
17 System, in a total monthly amount of one-twelfth of the
18 required annual State contribution certified under subsection
19 (a). From the effective date of this amendatory Act of the 93rd
20 General Assembly through June 30, 2004, the Board shall not
21 submit vouchers for the remainder of fiscal year 2004 in excess
22 of the fiscal year 2004 certified contribution amount
23 determined under this Section after taking into consideration
24 the transfer to the System under subsection (d) of Section
25 6z-61 of the State Finance Act. These vouchers shall be paid by
26 the State Comptroller and Treasurer by warrants drawn on the
27 funds appropriated to the System for that fiscal year. If in
28 any month the amount remaining unexpended from all other
29 appropriations to the System for the applicable fiscal year
30 (including the appropriations to the System under Section 8.12
31 of the State Finance Act and Section 1 of the State Pension
32 Funds Continuing Appropriation Act) is less than the amount
33 lawfully vouchered under this Section, the difference shall be
34 paid from the General Revenue Fund under the continuing
35 appropriation authority provided in Section 1.1 of the State
36 Pension Funds Continuing Appropriation Act.

1 (c) The full amount of any annual appropriation for the
2 System for State fiscal year 1995 shall be transferred and made
3 available to the System at the beginning of that fiscal year at
4 the request of the Board. Any excess funds remaining at the end
5 of any fiscal year from appropriations shall be retained by the
6 System as a general reserve to meet the System's accrued
7 liabilities.

8 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
9 eff. 6-1-05; 94-536, eff. 8-10-05; revised 8-19-05.)

10 (40 ILCS 5/14-108.3)

11 Sec. 14-108.3. Early retirement incentives.

12 (a) To be eligible for the benefits provided in this
13 Section, a person must:

14 (1) be a member of this System who, on any day during
15 June, 2002, is (i) in active payroll status in a position
16 of employment with a department and an active contributor
17 to this System with respect to that employment, and
18 terminates that employment before the retirement annuity
19 under this Article begins, or (ii) on layoff status from
20 such a position with a right of re-employment or recall to
21 service, or (iii) receiving benefits under Section 14-123,
22 14-123.1 or 14-124, but only if the member has not been
23 receiving those benefits for a continuous period of more
24 than 2 years as of the date of application;

25 (2) not have received any retirement annuity under this
26 Article beginning earlier than August 1, 2002;

27 (3) file with the Board on or before December 31, 2002
28 a written application requesting the benefits provided in
29 this Section;

30 (4) terminate employment under this Article no later
31 than December 31, 2002 (or the date established under
32 subsection (d), if applicable);

33 (5) by the date of termination of service, have at
34 least 8 years of creditable service under this Article,
35 without the use of any creditable service established under

1 this Section;

2 (6) by the date of termination of service, have at
3 least 5 years of membership service earned while an
4 employee under this Article, which may include military
5 service for which credit is established under Section
6 14-105(b), service during the qualifying period for which
7 credit is established under Section 14-104(a), and service
8 for which credit has been established by repaying a refund
9 under Section 14-130, but shall not include service for
10 which any other optional service credit has been
11 established; and

12 (7) not receive any early retirement benefit under
13 Section 16-133.3 of this Code.

14 (b) An eligible person may establish up to 5 years of
15 creditable service under this Article, in increments of one
16 month, by making the contributions specified in subsection (c).
17 In addition, for each month of creditable service established
18 under this Section, a person's age at retirement shall be
19 deemed to be one month older than it actually is.

20 The creditable service established under this Section may
21 be used for all purposes under this Article and the Retirement
22 Systems Reciprocal Act, except for the computation of final
23 average compensation under Section 14-103.12 or the
24 determination of compensation under this or any other Article
25 of this Code.

26 The age enhancement established under this Section may not
27 be used to enable any person to begin receiving a retirement
28 annuity calculated under Section 14-110 before actually
29 attaining age 50 (without any age enhancement under this
30 Section). The age enhancement established under this Section
31 may be used for all other purposes under this Article
32 (including calculation of a proportionate annuity payable by
33 this System under the Retirement Systems Reciprocal Act),
34 except for purposes of the level income option in Section
35 14-112, the reversionary annuity under Section 14-113, and the
36 required distributions under Section 14-121.1.

1 The age enhancement established under this Section may be
2 used in determining benefits payable under Article 16 of this
3 Code under the Retirement Systems Reciprocal Act, if the person
4 has at least 5 years of service credit in the Article 16 system
5 that was earned while participating in that system as a teacher
6 (as defined in Section 16-106) employed by a department (as
7 defined in Section 14-103.04). Age enhancement established
8 under this Section shall not otherwise be used in determining
9 benefits payable under other Articles of this Code under the
10 Retirement Systems Reciprocal Act.

11 (c) For all creditable service established under this
12 Section, a person must pay to the System an employee
13 contribution to be determined by the System, based on the
14 member's rate of compensation on June 1, 2002 (or the last date
15 before June 1, 2002 for which a rate can be determined) and the
16 retirement contribution rate in effect on June 1, 2002 for the
17 member (or for members with the same social security and
18 alternative formula status as the member).

19 If the member receives a lump sum payment for accumulated
20 vacation, sick leave and personal leave upon withdrawal from
21 service, and the net amount of that lump sum payment is at
22 least as great as the amount of the contribution required under
23 this Section, the entire contribution must be paid by the
24 employee by payroll deduction. If there is no such lump sum
25 payment, or if it is less than the contribution required under
26 this Section, the member shall make an initial payment by
27 payroll deduction, equal to the net amount of the lump sum
28 payment for accumulated vacation, sick leave, and personal
29 leave, and have the remaining amount due treated as a reduction
30 from the retirement annuity in 24 equal monthly installments
31 beginning in the month in which the retirement annuity takes
32 effect. The required contribution may be paid as a pre-tax
33 deduction from earnings. For federal and Illinois tax purposes,
34 the monthly amount by which the annuitant's benefit is reduced
35 shall not be treated as a contribution by the annuitant, but
36 rather as a reduction of the annuitant's monthly benefit.

1 (c-5) The reduction in retirement annuity provided in
2 subsection (c) of Section 14-108 does not apply to the annuity
3 of a person who retires under this Section. A person who has
4 received any age enhancement or creditable service under this
5 Section may begin to receive an unreduced retirement annuity
6 upon attainment of age 55 with at least 25 years of creditable
7 service (including any age enhancement and creditable service
8 established under this Section).

9 (d) In order to ensure that the efficient operation of
10 State government is not jeopardized by the simultaneous
11 retirement of large numbers of key personnel, the director or
12 other head of a department may, for key employees of that
13 department, extend the December 31, 2002 deadline for
14 terminating employment under this Article established in
15 subdivision (a)(4) of this Section to a date not later than
16 April 30, 2003 by so notifying the System in writing by
17 December 31, 2002.

18 (e) Notwithstanding Section 14-111, a person who has
19 received any age enhancement or creditable service under this
20 Section and who reenters service under this Article (or as an
21 employee of a department under Article 16) other than as a
22 temporary employee thereby forfeits that age enhancement and
23 creditable service and is entitled to a refund of the
24 contributions made pursuant to this Section.

25 (f) The System shall determine the amount of the increase
26 in the present value of future benefits resulting from the
27 granting of early retirement incentives under this Section and
28 shall report that amount to the Governor and the Commission on
29 Government Forecasting and Accountability on or after the
30 effective date of this amendatory Act of the 93rd General
31 Assembly and on or before November 15, 2004. Except in State
32 fiscal year 2006 ~~Beginning with State fiscal year 2008,~~ the
33 increase reported under this subsection (f) shall not be
34 included in the calculation of the required State contribution
35 under Section 14-131.

36 (g) In addition to the contributions otherwise required

1 under this Article, the State shall appropriate and pay to the
2 System (i) an amount equal to \$70,000,000 in State fiscal years
3 2004 and 2005 and (2) in each of State fiscal years 2007
4 through 2015, a level dollar payment based upon the increase in
5 the percent value of future benefits provided by the early
6 retirement incentives provided under this Section amortized at
7 8.5% interest.

8 (h) The Commission on Government Forecasting and
9 Accountability (i) shall hold one or more hearings on or before
10 the last session day during the fall veto session of 2004 to
11 review recommendations relating to funding of early retirement
12 incentives under this Section and (ii) shall file its report
13 with the General Assembly on or before December 31, 2004 making
14 its recommendations relating to funding of early retirement
15 incentives under this Section; the Commission's report may
16 contain both majority recommendations and minority
17 recommendations. The System shall recalculate and recertify to
18 the Governor by January 31, 2005 the amount of the required
19 State contribution to the System for State fiscal year 2005
20 with respect to those incentives. The Pension Laws Commission
21 (or its successor, the Commission on Government Forecasting and
22 Accountability) shall determine and report to the General
23 Assembly, on or before January 1, 2004 and annually thereafter
24 through the year 2013, its estimate of (1) the annual amount of
25 payroll savings likely to be realized by the State as a result
26 of the early retirement of persons receiving early retirement
27 incentives under this Section and (2) the net annual savings or
28 cost to the State from the program of early retirement
29 incentives created under this Section.

30 The System, the Department of Central Management Services,
31 the Governor's Office of Management and Budget (formerly Bureau
32 of the Budget), and all other departments shall provide to the
33 Commission any assistance that the Commission may request with
34 respect to its reports under this Section. The Commission may
35 require departments to provide it with any information that it
36 deems necessary or useful with respect to its reports under

1 this Section, including without limitation information about
2 (1) the final earnings of former department employees who
3 elected to receive benefits under this Section, (2) the
4 earnings of current department employees holding the positions
5 vacated by persons who elected to receive benefits under this
6 Section, and (3) positions vacated by persons who elected to
7 receive benefits under this Section that have not yet been
8 refilled.

9 (i) The changes made to this Section by this amendatory Act
10 of the 92nd General Assembly do not apply to persons who
11 retired under this Section on or before May 1, 1992.

12 (Source: P.A. 93-632, eff. 2-1-04; 93-839, eff. 7-30-04;
13 93-1067, eff. 1-15-05; 94-4, eff. 6-1-05.)

14 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)
15 Sec. 14-131. Contributions by State.

16 (a) The State shall make contributions to the System by
17 appropriations of amounts which, together with other employer
18 contributions from trust, federal, and other funds, employee
19 contributions, investment income, and other income, will be
20 sufficient to meet the cost of maintaining and administering
21 the System on a 90% funded basis in accordance with actuarial
22 recommendations.

23 For the purposes of this Section and Section 14-135.08,
24 references to State contributions refer only to employer
25 contributions and do not include employee contributions that
26 are picked up or otherwise paid by the State or a department on
27 behalf of the employee.

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

32 The Board shall also determine a State contribution rate
33 for each fiscal year, expressed as a percentage of payroll,
34 based on the total required State contribution for that fiscal
35 year (less the amount received by the System from

1 appropriations under Section 8.12 of the State Finance Act and
2 Section 1 of the State Pension Funds Continuing Appropriation
3 Act, if any, for the fiscal year ending on the June 30
4 immediately preceding the applicable November 15 certification
5 deadline), the estimated payroll (including all forms of
6 compensation) for personal services rendered by eligible
7 employees, and the recommendations of the actuary.

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

15 (c) Contributions shall be made by the several departments
16 for each pay period by warrants drawn by the State Comptroller
17 against their respective funds or appropriations based upon
18 vouchers stating the amount to be so contributed. These amounts
19 shall be based on the full rate certified by the Board under
20 Section 14-135.08 for that fiscal year. From the effective date
21 of this amendatory Act of the 93rd General Assembly through the
22 payment of the final payroll from fiscal year 2004
23 appropriations, the several departments shall not make
24 contributions for the remainder of fiscal year 2004 but shall
25 instead make payments as required under subsection (a-1) of
26 Section 14.1 of the State Finance Act. The several departments
27 shall resume those contributions at the commencement of fiscal
28 year 2005.

29 (d) If an employee is paid from trust funds or federal
30 funds, the department or other employer shall pay employer
31 contributions from those funds to the System at the certified
32 rate, unless the terms of the trust or the federal-State
33 agreement preclude the use of the funds for that purpose, in
34 which case the required employer contributions shall be paid by
35 the State. From the effective date of this amendatory Act of
36 the 93rd General Assembly through the payment of the final

1 payroll from fiscal year 2004 appropriations, the department or
2 other employer shall not pay contributions for the remainder of
3 fiscal year 2004 but shall instead make payments as required
4 under subsection (a-1) of Section 14.1 of the State Finance
5 Act. The department or other employer shall resume payment of
6 contributions at the commencement of fiscal year 2005.

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

17 For State fiscal years 1996 through 2005, the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, shall be increased in equal annual increments
20 so that by State fiscal year 2011, the State is contributing at
21 the rate required under this Section; except that (i) for State
22 fiscal year 1998, for all purposes of this Code and any other
23 law of this State, the certified percentage of the applicable
24 employee payroll shall be 5.052% for employees earning eligible
25 creditable service under Section 14-110 and 6.500% for all
26 other employees, notwithstanding any contrary certification
27 made under Section 14-135.08 before the effective date of this
28 amendatory Act of 1997, and (ii) in the following specified
29 State fiscal years, the State contribution to the System shall
30 not be less than the following indicated percentages of the
31 applicable employee payroll, even if the indicated percentage
32 will produce a State contribution in excess of the amount
33 otherwise required under this subsection and subsection (a):
34 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
35 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

36 Notwithstanding any other provision of this Article, the

1 total required State contribution to the System for State
2 fiscal year 2006 is \$203,783,900.

3 ~~Notwithstanding any other provision of this Article, the~~
4 ~~total required State contribution to the System for State~~
5 ~~fiscal year 2007 is \$344,164,400.~~

6 For each of State fiscal years 2007 ~~2008~~ through 2010, the
7 State contribution to the System, as a percentage of the
8 applicable employee payroll, shall be increased in equal annual
9 increments from the required State contribution for State
10 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
11 State is contributing at the rate otherwise required under this
12 Section.

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

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
20 calculated under this Section and certified under Section
21 14-135.08, shall not exceed an amount equal to (i) the amount
22 of the required State contribution that would have been
23 calculated under this Section for that fiscal year if the
24 System had not received any payments under subsection (d) of
25 Section 7.2 of the General Obligation Bond Act, minus (ii) the
26 portion of the State's total debt service payments for that
27 fiscal year on the bonds issued for the purposes of that
28 Section 7.2, as determined and certified by the Comptroller,
29 that is the same as the System's portion of the total moneys
30 distributed under subsection (d) of Section 7.2 of the General
31 Obligation Bond Act. ~~In determining this maximum for State~~
32 ~~fiscal years 2008 through 2010, however, the amount referred to~~
33 ~~in item (i) shall be increased, as a percentage of the~~
34 ~~applicable employee payroll, in equal increments calculated~~
35 ~~from the sum of the required State contribution for State~~
36 ~~fiscal year 2007 plus the applicable portion of the State's~~

1 ~~total debt service payments for fiscal year 2007 on the bonds~~
2 ~~issued for the purposes of Section 7.2 of the General~~
3 ~~Obligation Bond Act, so that, by State fiscal year 2011, the~~
4 ~~State is contributing at the rate otherwise required under this~~
5 ~~Section.~~

6 (f) After the submission of all payments for eligible
7 employees from personal services line items in fiscal year 2004
8 have been made, the Comptroller shall provide to the System a
9 certification of the sum of all fiscal year 2004 expenditures
10 for personal services that would have been covered by payments
11 to the System under this Section if the provisions of this
12 amendatory Act of the 93rd General Assembly had not been
13 enacted. Upon receipt of the certification, the System shall
14 determine the amount due to the System based on the full rate
15 certified by the Board under Section 14-135.08 for fiscal year
16 2004 in order to meet the State's obligation under this
17 Section. The System shall compare this amount due to the amount
18 received by the System in fiscal year 2004 through payments
19 under this Section and under Section 6z-61 of the State Finance
20 Act. If the amount due is more than the amount received, the
21 difference shall be termed the "Fiscal Year 2004 Shortfall" for
22 purposes of this Section, and the Fiscal Year 2004 Shortfall
23 shall be satisfied under Section 1.2 of the State Pension Funds
24 Continuing Appropriation Act. If the amount due is less than
25 the amount received, the difference shall be termed the "Fiscal
26 Year 2004 Overpayment" for purposes of this Section, and the
27 Fiscal Year 2004 Overpayment shall be repaid by the System to
28 the Pension Contribution Fund as soon as practicable after the
29 certification.

30 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
31 eff. 6-1-05.)

32 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
33 Sec. 14-135.08. To certify required State contributions.

34 (a) To certify to the Governor and to each department, on
35 or before November 15 of each year, the required rate for State

1 contributions to the System for the next State fiscal year, as
2 determined under subsection (b) of Section 14-131. The
3 certification to the Governor shall include a copy of the
4 actuarial recommendations upon which the rate is based.

5 (b) The certification shall include an additional amount
6 necessary to pay all principal of and interest on those general
7 obligation bonds due the next fiscal year authorized by Section
8 7.2(a) of the General Obligation Bond Act and issued to provide
9 the proceeds deposited by the State with the System in July
10 2003, representing deposits other than amounts reserved under
11 Section 7.2(c) of the General Obligation Bond Act. For State
12 fiscal year 2005, the Board shall make a supplemental
13 certification of the additional amount necessary to pay all
14 principal of and interest on those general obligation bonds due
15 in State fiscal years 2004 and 2005 authorized by Section
16 7.2(a) of the General Obligation Bond Act and issued to provide
17 the proceeds deposited by the State with the System in July
18 2003, representing deposits other than amounts reserved under
19 Section 7.2(c) of the General Obligation Bond Act, as soon as
20 practical after the effective date of this amendatory Act of
21 the 93rd General Assembly.

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

29 On or before July 1, 2005, the Board shall recalculate and
30 recertify to the Governor and to each department the amount of
31 the required State contribution to the System and the required
32 rates for State contributions to the System for State fiscal
33 year 2006, taking into account the changes in required State
34 contributions made by Public Act 94-4 ~~this amendatory Act of~~
35 ~~the 94th General Assembly.~~

36 On or before July 1, 2006, 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 2007, taking into account the changes in required State
5 contributions made by this amendatory Act of the 94th General
6 Assembly.

7 (Source: P.A. 93-2, eff. 4-7-03; 93-839, eff. 7-30-04; 94-4,
8 eff. 6-1-05.)

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

10 Sec. 15-155. Employer contributions.

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

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

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

33 For State fiscal years 1996 through 2005, the State
34 contribution to the System, as a percentage of the applicable
35 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$166,641,900.

6 ~~Notwithstanding any other provision of this Article, the~~
7 ~~total required State contribution for State fiscal year 2007 is~~
8 ~~\$252,064,100.~~

9 For each of State fiscal years 2007 ~~2008~~ through 2010, the
10 State contribution to the System, as a percentage of the
11 applicable employee payroll, shall be increased in equal annual
12 increments from the required State contribution for State
13 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
14 State is contributing at the rate otherwise required under this
15 Section.

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
23 calculated under this Section and certified under Section
24 15-165, shall not exceed an amount equal to (i) the amount of
25 the required State contribution that would have been calculated
26 under this Section for that fiscal year if the System had not
27 received any payments under subsection (d) of Section 7.2 of
28 the General Obligation Bond Act, minus (ii) the portion of the
29 State's total debt service payments for that fiscal year on the
30 bonds issued for the purposes of that Section 7.2, as
31 determined and certified by the Comptroller, that is the same
32 as the System's portion of the total moneys distributed under
33 subsection (d) of Section 7.2 of the General Obligation Bond
34 Act. ~~In determining this maximum for State fiscal years 2008~~
35 ~~through 2010, however, the amount referred to in item (i) shall~~
36 ~~be increased, as a percentage of the applicable employee~~

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

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

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

(c) Through State fiscal year 1995: The total employer

1 contribution shall be apportioned among the various funds of
2 the State and other employers, whether trust, federal, or other
3 funds, in accordance with actuarial procedures approved by the
4 Board. State of Illinois contributions for employers receiving
5 State appropriations for personal services shall be payable
6 from appropriations made to the employers or to the System. The
7 contributions for Class I community colleges covering earnings
8 other than those paid from trust and federal funds, shall be
9 payable solely from appropriations to the Illinois Community
10 College Board or the System for employer contributions.

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

16 (e) The State Comptroller shall draw warrants payable to
17 the System upon proper certification by the System or by the
18 employer in accordance with the appropriation laws and this
19 Code.

20 (f) Normal costs under this Section means liability for
21 pensions and other benefits which accrues to the System because
22 of the credits earned for service rendered by the participants
23 during the fiscal year and expenses of administering the
24 System, but shall not include the principal of or any
25 redemption premium or interest on any bonds issued by the Board
26 or any expenses incurred or deposits required in connection
27 therewith.

28 (g) If the amount of a participant's earnings for any
29 academic year used to determine the final rate of earnings
30 exceeds the amount of his or her earnings with the same
31 employer for the previous academic year by more than 6%, the
32 participant's employer shall pay to the System, in addition to
33 all other payments required under this Section and in
34 accordance with guidelines established by the System, the
35 present value of the increase in benefits resulting from the
36 portion of the increase in earnings that is in excess of 6%.

1 This present value shall be computed by the System on the basis
2 of the actuarial assumptions and tables used in the most recent
3 actuarial valuation of the System that is available at the time
4 of the computation. The employer contributions required under
5 this subsection (g) shall be paid in the form of a lump sum
6 within 30 days after receipt of the bill after the participant
7 begins receiving benefits under this Article.

8 The provisions of this subsection (g) do not apply to
9 earnings increases paid to participants under contracts or
10 collective bargaining agreements entered into, amended, or
11 renewed before the effective date of this amendatory Act of the
12 94th General Assembly.

13 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

14 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

27 On or before July 1, 2005, the Board shall recalculate and
28 recertify to the Governor the amount of the required State
29 contribution to the System for State fiscal year 2006, taking
30 into account the changes in required State contributions made
31 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
32 ~~Assembly.~~

33 On or before July 1, 2006, the Board shall recalculate and
34 recertify to the Governor the amount of the required State
35 contribution to the System for State fiscal year 2007, taking

1 into account the changes in required State contributions made
2 by this amendatory Act of the 94th General Assembly.

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

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

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

30 (d) So long as the payments received are the full amount
31 lawfully vouchered under this Section, payments received by the
32 System under this Section shall be applied first toward the
33 employer contribution to the self-managed plan established
34 under Section 15-158.2. Payments shall be applied second toward
35 the employer's portion of the normal costs of the System, as
36 defined in subsection (f) of Section 15-155. The balance shall

1 be applied toward the unfunded actuarial liabilities of the
2 System.

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

14 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
15 eff. 6-1-05.)

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

17 Sec. 16-158. Contributions by State and other employing
18 units.

19 (a) The State shall make contributions to the System by
20 means of appropriations from the Common School Fund and other
21 State funds of amounts which, together with other employer
22 contributions, employee contributions, investment income, and
23 other income, will be sufficient to meet the cost of
24 maintaining and administering the System on a 90% funded basis
25 in accordance with actuarial recommendations.

26 The Board shall determine the amount of State contributions
27 required for each fiscal year on the basis of the actuarial
28 tables and other assumptions adopted by the Board and the
29 recommendations of the actuary, using the formula in subsection
30 (b-3).

31 (a-1) Annually, on or before November 15, the Board shall
32 certify to the Governor the amount of the required State
33 contribution for the coming fiscal year. The certification
34 shall include a copy of the actuarial recommendations upon
35 which it is based.

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 Public Act 94-4 ~~this amendatory Act of the 94th General~~
12 ~~Assembly.~~

13 On or before July 1, 2006, the Board shall recalculate and
14 recertify to the Governor the amount of the required State
15 contribution to the System for State fiscal year 2007, taking
16 into account the changes in required State contributions made
17 by this amendatory Act of the 94th General Assembly.

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

21 (b-1) Beginning in State fiscal year 1996, on the 15th day
22 of each month, or as soon thereafter as may be practicable, the
23 Board shall submit vouchers for payment of State contributions
24 to the System, in a total monthly amount of one-twelfth of the
25 required annual State contribution certified under subsection
26 (a-1). From the effective date of this amendatory Act of the
27 93rd General Assembly through June 30, 2004, the Board shall
28 not submit vouchers for the remainder of fiscal year 2004 in
29 excess of the fiscal year 2004 certified contribution amount
30 determined under this Section after taking into consideration
31 the transfer to the System under subsection (a) of Section
32 6z-61 of the State Finance Act. These vouchers shall be paid by
33 the State Comptroller and Treasurer by warrants drawn on the
34 funds appropriated to the System for that fiscal year.

35 If in any month the amount remaining unexpended from all
36 other appropriations to the System for the applicable fiscal

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

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

11 (b-3) For State fiscal years 2011 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; except that in the
26 following specified State fiscal years, the State contribution
27 to the System shall not be less than the following indicated
28 percentages of the applicable employee payroll, even if the
29 indicated percentage will produce a State contribution in
30 excess of the amount otherwise required under this subsection
31 and subsection (a), and notwithstanding any contrary
32 certification made under subsection (a-1) before the effective
33 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
34 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
35 2003; and 13.56% in FY 2004.

36 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2006 is
2 \$534,627,700.

3 ~~Notwithstanding any other provision of this Article, the~~
4 ~~total required State contribution for State fiscal year 2007 is~~
5 ~~\$738,014,500.~~

6 For each of State fiscal years 2007 ~~2008~~ through 2010, the
7 State contribution to the System, as a percentage of the
8 applicable employee payroll, shall be increased in equal annual
9 increments from the required State contribution for State
10 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
11 State is contributing at the rate otherwise required under this
12 Section.

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

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

1 ~~for fiscal year 2007 on the bonds issued for the purposes of~~
2 ~~Section 7.2 of the General Obligation Bond Act, so that, by~~
3 ~~State fiscal year 2011, the State is contributing at the rate~~
4 ~~otherwise required under this Section.~~

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

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

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

27 However, with respect to benefits granted under Section
28 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
29 of Section 16-106, the employer's contribution shall be 12%
30 (rather than 20%) of the member's highest annual salary rate
31 for each year of creditable service granted, and the employer
32 shall also pay the required employee contribution on behalf of
33 the teacher. For the purposes of Sections 16-133.4 and
34 16-133.5, a teacher as defined in paragraph (8) of Section
35 16-106 who is serving in that capacity while on leave of
36 absence from another employer under this Article shall not be

1 considered an employee of the employer from which the teacher
2 is on leave.

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

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

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

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

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

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

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

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

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

8 (f) If the amount of a teacher's salary for any school year
9 used to determine final average salary exceeds the amount of
10 his or her salary with the same employer for the previous
11 school year by more than 6%, the teacher's employer shall pay
12 to the System, in addition to all other payments required under
13 this Section and in accordance with guidelines established by
14 the System, the present value of the increase in benefits
15 resulting from the portion of the increase in salary that is in
16 excess of 6%. This present value shall be computed by the
17 System on the basis of the actuarial assumptions and tables
18 used in the most recent actuarial valuation of the System that
19 is available at the time of the computation. The employer
20 contributions required under this subsection (f) shall be paid
21 in the form of a lump sum within 30 days after receipt of the
22 bill after the teacher begins receiving benefits under this
23 Article.

24 The provisions of this subsection (f) do not apply to
25 salary increases paid to teachers under contracts or collective
26 bargaining agreements entered into, amended, or renewed before
27 the effective date of this amendatory Act of the 94th General
28 Assembly.

29 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
30 eff. 6-1-05.)

31 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

33 (a) The State of Illinois shall make contributions to this
34 System by appropriations of the amounts which, together with
35 the contributions of participants, net earnings on

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

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

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$29,189,400.

27 ~~Notwithstanding any other provision of this Article, the~~
28 ~~total required State contribution for State fiscal year 2007 is~~
29 ~~\$35,236,800.~~

30 For each of State fiscal years 2007 ~~2008~~ through 2010, the
31 State contribution to the System, as a percentage of the
32 applicable employee payroll, shall be increased in equal annual
33 increments from the required State contribution for State
34 fiscal year 2005 ~~2007~~, so that by State fiscal year 2011, the
35 State is contributing at the rate otherwise required under this
36 Section.

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

5 Notwithstanding any other provision of this Section, the
6 required State contribution for State fiscal year 2005 and for
7 fiscal year 2007 ~~2008~~ and each fiscal year thereafter, as
8 calculated under this Section and certified under Section
9 18-140, shall not exceed an amount equal to (i) the amount of
10 the required State contribution that would have been calculated
11 under this Section for that fiscal year if the System had not
12 received any payments under subsection (d) of Section 7.2 of
13 the General Obligation Bond Act, minus (ii) the portion of the
14 State's total debt service payments for that fiscal year on the
15 bonds issued for the purposes of that Section 7.2, as
16 determined and certified by the Comptroller, that is the same
17 as the System's portion of the total moneys distributed under
18 subsection (d) of Section 7.2 of the General Obligation Bond
19 Act. ~~In determining this maximum for State fiscal years 2008
20 through 2010, however, the amount referred to in item (i) shall
21 be increased, as a percentage of the applicable employee
22 payroll, in equal increments calculated from the sum of the
23 required State contribution for State fiscal year 2007 plus the
24 applicable portion of the State's total debt service payments
25 for fiscal year 2007 on the bonds issued for the purposes of
26 Section 7.2 of the General Obligation Bond Act, so that, by
27 State fiscal year 2011, the State is contributing at the rate
28 otherwise required under this Section.~~

29 (Source: P.A. 93-2, eff. 4-7-03; 94-4, eff. 6-1-05.)

30 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

31 Sec. 18-140. To certify required State contributions and
32 submit vouchers.

33 (a) The Board shall certify to the Governor, on or before
34 November 15 of each year, the amount of the required State
35 contribution to the System for the following fiscal year. The

1 certification shall include a copy of the actuarial
2 recommendations upon which it is based.

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

9 On or before July 1, 2005, 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 2006, taking
12 into account the changes in required State contributions made
13 by Public Act 94-4 ~~this amendatory Act of the 94th General~~
14 ~~Assembly.~~

15 On or before July 1, 2006, 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 2007, taking
18 into account the changes in required State contributions made
19 by this amendatory Act of the 94th General Assembly.

20 (b) Beginning in State fiscal year 1996, on or as soon as
21 possible after the 15th day of each month the Board shall
22 submit vouchers for payment of State contributions to the
23 System, in a total monthly amount of one-twelfth of the
24 required annual State contribution certified under subsection
25 (a). From the effective date of this amendatory Act of the 93rd
26 General Assembly through June 30, 2004, the Board shall not
27 submit vouchers for the remainder of fiscal year 2004 in excess
28 of the fiscal year 2004 certified contribution amount
29 determined under this Section after taking into consideration
30 the transfer to the System under subsection (c) of Section
31 6z-61 of the State Finance Act. These vouchers shall be paid by
32 the State Comptroller and Treasurer by warrants drawn on the
33 funds appropriated to the System for that fiscal year.

34 If in any month the amount remaining unexpended from all
35 other appropriations to the System for the applicable fiscal
36 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 Section, the difference
4 shall be paid from the General Revenue Fund under the
5 continuing appropriation authority provided in Section 1.1 of
6 the State Pension Funds Continuing Appropriation Act.

7 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
8 eff. 6-1-05.)

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