



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB0429

by Rep. Thomas Morrison

SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-125.5 new	
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/16-119 new	
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
30 ILCS 805/8.39 new	

Amends the State Universities and Downstate Teacher Articles of the Illinois Pension Code. Provides that, for academic years beginning on or after July 1, 2015, if the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than the unadjusted percentage increase in the consumer price index-u for that year (rather than 6%), then the participant's employer shall pay to the applicable System, in addition to all other payments required and in accordance with guidelines established by that System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of the unadjusted percentage increase in the consumer price index-u for that year (rather than the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 6%). Defines "consumer price index-u". Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB099 03585 RPS 23593 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 15-155 and 16-158 and by adding Sections 15-125.5 and
6 16-119 as follows:

7 (40 ILCS 5/15-125.5 new)

8 Sec. 15-125.5. Consumer price index-u. "Consumer price
9 index-u": The index published by the Bureau of Labor Statistics
10 of the United States Department of Labor that measures the
11 average change in prices of goods and services purchased by all
12 urban consumers, United States city average, all items, 1982-84
13 = 100.

14 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

15 Sec. 15-155. Employer contributions.

16 (a) The State of Illinois shall make contributions by
17 appropriations of amounts which, together with the other
18 employer contributions from trust, federal, and other funds,
19 employee contributions, income from investments, and other
20 income of this System, will be sufficient to meet the cost of
21 maintaining and administering the System on a 100% funded basis
22 in accordance with actuarial recommendations by the end of

1 State fiscal year 2044.

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

7 (a-1) For State fiscal years 2015 through 2044, 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 equal to the sum of (1) the State's portion of the projected
11 normal cost for that fiscal year, plus (2) an amount sufficient
12 to bring the total assets of the System up to 100% of the total
13 actuarial liabilities of the System by the end of the State
14 fiscal year 2044. In making these determinations, the required
15 State contribution shall be calculated each year as a level
16 percentage of payroll over the years remaining to and including
17 fiscal year 2044 and shall be determined under the projected
18 unit cost method for fiscal year 2015 and under the entry age
19 normal actuarial cost method for fiscal years 2016 through
20 2044.

21 For State fiscal years 2012 through 2014, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. In making these determinations, the

1 required State contribution shall be calculated each year as a
2 level percentage of payroll over the years remaining to and
3 including fiscal year 2045 and shall be determined under the
4 projected unit credit actuarial cost method.

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

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

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$702,514,000 and shall be made from the State Pensions Fund and
25 proceeds of bonds sold in fiscal year 2010 pursuant to Section
26 7.2 of the General Obligation Bond Act, less (i) the pro rata

1 share of bond sale expenses determined by the System's share of
2 total bond proceeds, (ii) any amounts received from the General
3 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2011 is
8 the amount recertified by the System on or before April 1, 2011
9 pursuant to Section 15-165 and shall be made from the State
10 Pensions Fund and proceeds of bonds sold in fiscal year 2011
11 pursuant to Section 7.2 of the General Obligation Bond Act,
12 less (i) the pro rata share of bond sale expenses determined by
13 the System's share of total bond proceeds, (ii) any amounts
14 received from the General Revenue Fund in fiscal year 2011, and
15 (iii) any reduction in bond proceeds due to the issuance of
16 discounted bonds, if applicable.

17 Beginning in State fiscal year 2045, the minimum
18 contribution for each fiscal year shall be the amount needed to
19 maintain the total assets of the System at 100% of the total
20 liabilities of the System.

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

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 100%. A reference in this Article to
4 the "required State contribution" or any substantially similar
5 term does not include or apply to any amounts payable to the
6 System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter through State
10 fiscal year 2014, as calculated under this Section and
11 certified under Section 15-165, shall not exceed an amount
12 equal to (i) the amount of the required State contribution that
13 would have been calculated under this Section for that fiscal
14 year if the System had not received any payments under
15 subsection (d) of Section 7.2 of the General Obligation Bond
16 Act, minus (ii) the portion of the State's total debt service
17 payments for that fiscal year on the bonds issued in fiscal
18 year 2003 for the purposes of that Section 7.2, as determined
19 and certified by the Comptroller, that is the same as the
20 System's portion of the total moneys distributed under
21 subsection (d) of Section 7.2 of the General Obligation Bond
22 Act. In determining this maximum for State fiscal years 2008
23 through 2010, however, the amount referred to in item (i) shall
24 be increased, as a percentage of the applicable employee
25 payroll, in equal increments calculated from the sum of the
26 required State contribution for State fiscal year 2007 plus the

1 applicable portion of the State's total debt service payments
2 for fiscal year 2007 on the bonds issued in fiscal year 2003
3 for the purposes of Section 7.2 of the General Obligation Bond
4 Act, so that, by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

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

21 (b-1) The City of Urbana and the City of Champaign shall
22 each make employer contributions to this System for their
23 respective firefighter employees who participate in this
24 System pursuant to subsection (h) of Section 15-107. The rate
25 of contributions to be made by those municipalities shall be
26 determined annually by the Board on the basis of the actuarial

1 assumptions adopted by the Board and the recommendations of the
2 actuary, and shall be expressed as a percentage of salary for
3 each such employee. The Board shall certify the rate to the
4 affected municipalities as soon as may be practical. The
5 employer contributions required under this subsection shall be
6 remitted by the municipality to the System at the same time and
7 in the same manner as employee contributions.

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

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

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

1 Code.

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

10 (g) For academic years beginning on or after June 1, 2005
11 and before July 1, 2015, if ~~if~~ the amount of a participant's
12 earnings for any academic year used to determine the final rate
13 of earnings, determined on a full-time equivalent basis,
14 exceeds the amount of his or her earnings with the same
15 employer for the previous academic year, determined on a
16 full-time equivalent basis, by more than 6%, the participant's
17 employer shall pay to the System, in addition to all other
18 payments required under this Section and in accordance with
19 guidelines established by the System, the present value of the
20 increase in benefits resulting from the portion of the increase
21 in earnings that is in excess of 6%. This present value shall
22 be computed by the System on the basis of the actuarial
23 assumptions and tables used in the most recent actuarial
24 valuation of the System that is available at the time of the
25 computation. The System may require the employer to provide any
26 pertinent information or documentation.

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

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

25 (g-1) For academic years beginning on or after July 1,
26 2015, if the amount of a participant's earnings for any

1 academic year used to determine the final rate of earnings,
2 determined on a full-time equivalent basis, exceeds the amount
3 of his or her earnings with the same employer for the previous
4 academic year, determined on a full-time equivalent basis, by
5 more than the unadjusted percentage increase in the consumer
6 price index-u for that year, then the participant's employer
7 shall pay to the System, in addition to all other payments
8 required under this Section and in accordance with guidelines
9 established by the System, the present value of the increase in
10 benefits resulting from the portion of the increase in earnings
11 that is in excess of the unadjusted percentage increase in the
12 consumer price index-u for that year. This present value shall
13 be computed by the System on the basis of the actuarial
14 assumptions and tables used in the most recent actuarial
15 valuation of the System that is available at the time of the
16 computation. The System may require the employer to provide any
17 pertinent information or documentation.

18 Whenever it determines that a payment is or may be required
19 under this subsection (g-1), the System shall calculate the
20 amount of the payment and bill the employer for that amount.
21 The bill shall specify the calculations used to determine the
22 amount due. If the employer disputes the amount of the bill, it
23 may, within 30 days after receipt of the bill, apply to the
24 System in writing for a recalculation. The application must
25 specify in detail the grounds of the dispute and, if the
26 employer asserts that the calculation is subject to subsection

1 (i-1) of this Section, must include an affidavit setting forth
2 and attesting to all facts within the employer's knowledge that
3 are pertinent to the applicability of subsection (i-1). Upon
4 receiving a timely application for recalculation, the System
5 shall review the application and, if appropriate, recalculate
6 the amount due.

7 The employer contributions required under this subsection
8 (g-1) may be paid in the form of a lump sum within 90 days after
9 receipt of the bill. If the employer contributions are not paid
10 within 90 days after receipt of the bill, then interest shall
11 be charged at a rate equal to the System's annual actuarially
12 assumed rate of return on investment compounded annually from
13 the 91st day after receipt of the bill. Payments must be
14 concluded within 3 years after the employer's receipt of the
15 bill.

16 (h) This subsection (h) applies only to payments made or
17 salary increases given on or after June 1, 2005 but before July
18 1, 2011. The changes made by Public Act 94-1057 shall not
19 require the System to refund any payments received before July
20 31, 2006 (the effective date of Public Act 94-1057).

21 When assessing payment for any amount due under subsection
22 (g), the System shall exclude earnings increases paid to
23 participants under contracts or collective bargaining
24 agreements entered into, amended, or renewed before June 1,
25 2005.

26 When assessing payment for any amount due under subsection

1 (g), the System shall exclude earnings increases paid to a
2 participant at a time when the participant is 10 or more years
3 from retirement eligibility under Section 15-135.

4 When assessing payment for any amount due under subsection
5 (g), the System shall exclude earnings increases resulting from
6 overload work, including a contract for summer teaching, or
7 overtime when the employer has certified to the System, and the
8 System has approved the certification, that: (i) in the case of
9 overloads (A) the overload work is for the sole purpose of
10 academic instruction in excess of the standard number of
11 instruction hours for a full-time employee occurring during the
12 academic year that the overload is paid and (B) the earnings
13 increases are equal to or less than the rate of pay for
14 academic instruction computed using the participant's current
15 salary rate and work schedule; and (ii) in the case of
16 overtime, the overtime was necessary for the educational
17 mission.

18 When assessing payment for any amount due under subsection
19 (g), the System shall exclude any earnings increase resulting
20 from (i) a promotion for which the employee moves from one
21 classification to a higher classification under the State
22 Universities Civil Service System, (ii) a promotion in academic
23 rank for a tenured or tenure-track faculty position, or (iii) a
24 promotion that the Illinois Community College Board has
25 recommended in accordance with subsection (k) of this Section.
26 These earnings increases shall be excluded only if the

1 promotion is to a position that has existed and been filled by
2 a member for no less than one complete academic year and the
3 earnings increase as a result of the promotion is an increase
4 that results in an amount no greater than the average salary
5 paid for other similar positions.

6 (i) When assessing payment for any amount due under
7 subsection (g), the System shall exclude any salary increase
8 described in subsection (h) of this Section given on or after
9 July 1, 2011 but before July 1, 2014 under a contract or
10 collective bargaining agreement entered into, amended, or
11 renewed on or after June 1, 2005 but before July 1, 2011.
12 Notwithstanding any other provision of this Section, any
13 payments made or salary increases given after June 30, 2014
14 shall be used in assessing payment for any amount due under
15 subsection (g) of this Section.

16 (i-1) When assessing payment for any amount due under
17 subsection (g-1), the System shall exclude earnings increases
18 paid to participants under contracts or collective bargaining
19 agreements entered into, amended, or renewed before the
20 effective date of this amendatory Act of the 99th General
21 Assembly.

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

25 (1) The number of recalculations required by the
26 changes made to this Section by Public Act 94-1057 for each

1 employer.

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

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

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

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

26 (l) For purposes of determining the required State

1 contribution to the System, the value of the System's assets
2 shall be equal to the actuarial value of the System's assets,
3 which shall be calculated as follows:

4 As of June 30, 2008, the actuarial value of the System's
5 assets shall be equal to the market value of the assets as of
6 that date. In determining the actuarial value of the System's
7 assets for fiscal years after June 30, 2008, any actuarial
8 gains or losses from investment return incurred in a fiscal
9 year shall be recognized in equal annual amounts over the
10 5-year period following that fiscal year.

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

15 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
16 98-463, eff. 8-16-13; 98-599, eff. 6-1-14.)

17 (40 ILCS 5/16-119 new)

18 Sec. 16-119. Consumer price index-u. "Consumer price
19 index-u": The index published by the Bureau of Labor Statistics
20 of the United States Department of Labor that measures the
21 average change in prices of goods and services purchased by all
22 urban consumers, United States city average, all items, 1982-84
23 = 100.

24 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

1 Sec. 16-158. Contributions by State and other employing
2 units.

3 (a) The State shall make contributions to the System by
4 means of appropriations from the Common School Fund and other
5 State funds of amounts which, together with other employer
6 contributions, employee contributions, investment income, and
7 other income, will be sufficient to meet the cost of
8 maintaining and administering the System on a 100% funded basis
9 in accordance with actuarial recommendations by the end of
10 State fiscal year 2044.

11 The Board shall determine the amount of State contributions
12 required for each fiscal year on the basis of the actuarial
13 tables and other assumptions adopted by the Board and the
14 recommendations of the actuary, using the formula in subsection
15 (b-3).

16 (a-1) Annually, on or before November 15 through November
17 15, 2011, the Board shall certify to the Governor the amount of
18 the required State contribution for the coming fiscal year. The
19 certification under this subsection (a-1) shall include a copy
20 of the actuarial 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.

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 (a-5) On or before November 1 of each year, beginning
13 November 1, 2012, the Board shall submit to the State Actuary,
14 the Governor, and the General Assembly a proposed certification
15 of the amount of the required State contribution to the System
16 for the next fiscal year, along with all of the actuarial
17 assumptions, calculations, and data upon which that proposed
18 certification is based. On or before January 1 of each year,
19 beginning January 1, 2013, the State Actuary shall issue a
20 preliminary report concerning the proposed certification and
21 identifying, if necessary, recommended changes in actuarial
22 assumptions that the Board must consider before finalizing its
23 certification of the required State contributions.

24 On or before January 15, 2013 and each January 15
25 thereafter, the Board shall certify to the Governor and the
26 General Assembly the amount of the required State contribution

1 for the next fiscal year. The certification shall include a
2 copy of the actuarial recommendations upon which it is based
3 and shall specifically identify the System's projected State
4 normal cost for that fiscal year. The Board's certification
5 must note any deviations from the State Actuary's recommended
6 changes, the reason or reasons for not following the State
7 Actuary's recommended changes, and the fiscal impact of not
8 following the State Actuary's recommended changes on the
9 required State contribution.

10 (a-10) For purposes of Section (c-5) of Section 20 of the
11 Budget Stabilization Act, on or before November 1 of each year
12 beginning November 1, 2014, the Board shall determine the
13 amount of the State contribution to the System that would have
14 been required for the next fiscal year if this amendatory Act
15 of the 98th General Assembly had not taken effect, using the
16 best and most recent available data but based on the law in
17 effect on May 31, 2014. The Board shall submit to the State
18 Actuary, the Governor, and the General Assembly a proposed
19 certification, along with the relevant law, actuarial
20 assumptions, calculations, and data upon which that
21 certification is based. On or before January 1, 2015 and every
22 January 1 thereafter, the State Actuary shall issue a
23 preliminary report concerning the proposed certification and
24 identifying, if necessary, recommended changes in actuarial
25 assumptions that the Board must consider before finalizing its
26 certification. On or before January 15, 2015 and every January

1 1 thereafter, the Board shall certify to the Governor and the
2 General Assembly the amount of the State contribution to the
3 System that would have been required for the next fiscal year
4 if this amendatory Act of the 98th General Assembly had not
5 taken effect, using the best and most recent available data but
6 based on the law in effect on May 31, 2014. The Board's
7 certification must note any deviations from the State Actuary's
8 recommended changes, the reason or reasons for not following
9 the State Actuary's recommended changes, and the impact of not
10 following the State Actuary's recommended changes.

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

14 (b-1) Beginning in State fiscal year 1996, on the 15th day
15 of each month, or as soon thereafter as may be practicable, the
16 Board shall submit vouchers for payment of State contributions
17 to the System, in a total monthly amount of one-twelfth of the
18 required annual State contribution certified under subsection
19 (a-1). From the effective date of this amendatory Act of the
20 93rd General Assembly through June 30, 2004, the Board shall
21 not submit vouchers for the remainder of fiscal year 2004 in
22 excess 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 (a) 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

1 funds appropriated to the System for that fiscal year.

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

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

14 (b-3) For State fiscal years 2015 through 2044, the minimum
15 contribution to the System to be made by the State for each
16 fiscal year shall be an amount determined by the System to be
17 equal to the sum of (1) the State's portion of the projected
18 normal cost for that fiscal year, plus (2) an amount sufficient
19 to bring the total assets of the System up to 100% of the total
20 actuarial liabilities of the System by the end of State fiscal
21 year 2044. In making these determinations, the required State
22 contribution shall be calculated each year as a level
23 percentage of payroll over the years remaining to and including
24 fiscal year 2044 and shall be determined under the projected
25 unit cost method for fiscal year 2015 and under the entry age
26 normal actuarial cost method for fiscal years 2016 through

1 2044.

2 For State fiscal years 2012 through 2014, the minimum
3 contribution to the System to be made by the State for each
4 fiscal year shall be an amount determined by the System to be
5 sufficient to bring the total assets of the System up to 90% of
6 the total actuarial liabilities of the System by the end of
7 State fiscal year 2045. In making these determinations, the
8 required State contribution shall be calculated each year as a
9 level percentage of payroll over the years remaining to and
10 including fiscal year 2045 and shall be determined under the
11 projected unit credit actuarial cost method.

12 For State fiscal years 1996 through 2005, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 so that by State fiscal year 2011, the State is contributing at
16 the rate required under this Section; except that in the
17 following specified State fiscal years, the State contribution
18 to the System shall not be less than the following indicated
19 percentages of the applicable employee payroll, even if the
20 indicated percentage will produce a State contribution in
21 excess of the amount otherwise required under this subsection
22 and subsection (a), and notwithstanding any contrary
23 certification made under subsection (a-1) before the effective
24 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
25 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
26 2003; and 13.56% in FY 2004.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$534,627,700.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$738,014,500.

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

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2010 is
15 \$2,089,268,000 and shall be made from the proceeds of bonds
16 sold in fiscal year 2010 pursuant to Section 7.2 of the General
17 Obligation Bond Act, less (i) the pro rata share of bond sale
18 expenses determined by the System's share of total bond
19 proceeds, (ii) any amounts received from the Common School Fund
20 in fiscal year 2010, and (iii) any reduction in bond proceeds
21 due to the issuance of discounted bonds, if 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 subsection (a-1) of this Section and shall be made
26 from the proceeds of bonds sold in fiscal year 2011 pursuant to

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

12 Beginning in State fiscal year 2045, the minimum State
13 contribution for each fiscal year shall be the amount needed to
14 maintain the total assets of the System at 100% of the total
15 actuarial liabilities of the System.

16 Amounts received by the System pursuant to Section 25 of
17 the Budget Stabilization Act or Section 8.12 of the State
18 Finance Act in any fiscal year do not reduce and do not
19 constitute payment of any portion of the minimum State
20 contribution required under this Article in that fiscal year.
21 Such amounts shall not reduce, and shall not be included in the
22 calculation of, the required State contributions under this
23 Article in any future year until the System has reached a
24 funding ratio of at least 100%. A reference in this Article to
25 the "required State contribution" or any substantially similar
26 term does not include or apply to any amounts payable to the

1 System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2008 and each fiscal year thereafter through State
5 fiscal year 2014, as calculated under this Section and
6 certified under subsection (a-1), shall not exceed an amount
7 equal to (i) the amount of the required State contribution that
8 would have been calculated under this Section for that fiscal
9 year if the System had not received any payments under
10 subsection (d) of Section 7.2 of the General Obligation Bond
11 Act, minus (ii) the portion of the State's total debt service
12 payments for that fiscal year on the bonds issued in fiscal
13 year 2003 for the purposes of that Section 7.2, as determined
14 and certified by the Comptroller, that is the same as the
15 System's portion of the total moneys distributed under
16 subsection (d) of Section 7.2 of the General Obligation Bond
17 Act. In determining this maximum for State fiscal years 2008
18 through 2010, however, the amount referred to in item (i) shall
19 be increased, as a percentage of the applicable employee
20 payroll, in equal increments calculated from the sum of the
21 required State contribution for State fiscal year 2007 plus the
22 applicable portion of the State's total debt service payments
23 for fiscal year 2007 on the bonds issued in fiscal year 2003
24 for the purposes of Section 7.2 of the General Obligation Bond
25 Act, so that, by State fiscal year 2011, the State is
26 contributing at the rate otherwise required under this Section.

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

6 If members are paid from special trust or federal funds
7 which are administered by the employing unit, whether school
8 district or other unit, the employing unit shall pay to the
9 System from such funds the full accruing retirement costs based
10 upon that service, which, beginning July 1, 2014, shall be at a
11 rate, expressed as a percentage of salary, equal to the total
12 minimum contribution to the System to be made by the State for
13 that fiscal year, including both normal cost and unfunded
14 liability components, expressed as a percentage of payroll, as
15 determined by the System under subsection (b-3) of this
16 Section. Employer contributions, based on salary paid to
17 members from federal funds, may be forwarded by the
18 distributing agency of the State of Illinois to the System
19 prior to allocation, in an amount determined in accordance with
20 guidelines established by such agency and the System. Any
21 contribution for fiscal year 2015 collected as a result of the
22 change made by this amendatory Act of the 98th General Assembly
23 shall be considered a State contribution under subsection (b-3)
24 of this Section.

25 (d) Effective July 1, 1986, any employer of a teacher as
26 defined in paragraph (8) of Section 16-106 shall pay the

1 employer's normal cost of benefits based upon the teacher's
2 service, in addition to employee contributions, as determined
3 by the System. Such employer contributions shall be forwarded
4 monthly in accordance with guidelines established by the
5 System.

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

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

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

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

1 The school district or other employing unit may pay these
2 employer contributions out of any source of funding available
3 for that purpose and shall forward the contributions to the
4 System on the schedule established for the payment of member
5 contributions.

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

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

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

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

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

7 (f) For school years beginning on or after June 1, 2005 and
8 before July 1, 2015, if ~~If~~ the amount of a teacher's salary for
9 any school year used to determine final average salary exceeds
10 the member's annual full-time salary rate with the same
11 employer for the previous school year by more than 6%, the
12 teacher's employer shall pay to the System, in addition to all
13 other payments required under this Section and in accordance
14 with guidelines established by the System, the present value of
15 the increase in benefits resulting from the portion of the
16 increase in salary that is in excess of 6%. This present value
17 shall be computed by the System on the basis of the actuarial
18 assumptions and tables used in the most recent actuarial
19 valuation of the System that is available at the time of the
20 computation. If a teacher's salary for the 2005-2006 school
21 year is used to determine final average salary under this
22 subsection (f), then the changes made to this subsection (f) by
23 Public Act 94-1057 shall apply in calculating whether the
24 increase in his or her salary is in excess of 6%. For the
25 purposes of this Section, change in employment under Section
26 10-21.12 of the School Code on or after June 1, 2005 shall

1 constitute a change in employer. The System may require the
2 employer to provide any pertinent information or
3 documentation. The changes made to this subsection (f) by this
4 amendatory Act of the 94th General Assembly apply without
5 regard to whether the teacher was in service on or after its
6 effective date.

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

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

1 assumed rate of return on investment compounded annually from
2 the 91st day after receipt of the bill. Payments must be
3 concluded within 3 years after the employer's receipt of the
4 bill.

5 (f-1) For school years beginning on or after July 1, 2015,
6 if the amount of a teacher's salary for any school year used to
7 determine final average salary exceeds the member's annual
8 full-time salary rate with the same employer for the previous
9 school year by more than the unadjusted percentage increase in
10 the consumer price index-u for that year, then the teacher's
11 employer shall pay to the System, in addition to all other
12 payments required under this Section and in accordance with
13 guidelines established by the System, the present value of the
14 increase in benefits resulting from the portion of the increase
15 in salary that is in excess of the unadjusted percentage
16 increase in the consumer price index-u for that year. This
17 present value shall be computed by the System on the basis of
18 the actuarial assumptions and tables used in the most recent
19 actuarial valuation of the System that is available at the time
20 of the computation. The System may require the employer to
21 provide any pertinent information or documentation.

22 Whenever it determines that a payment is or may be required
23 under this subsection (f-1), the System shall calculate the
24 amount of the payment and bill the employer for that amount.
25 The bill shall specify the calculations used to determine the
26 amount due. If the employer disputes the amount of the bill, it

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

11 The employer contributions required under this subsection
12 (f-1) may be paid in the form of a lump sum within 90 days after
13 receipt of the bill. If the employer contributions are not paid
14 within 90 days after receipt of the bill, then interest shall
15 be charged at a rate equal to the System's annual actuarially
16 assumed rate of return on investment compounded annually from
17 the 91st day after receipt of the bill. Payments must be
18 concluded within 3 years after the employer's receipt of the
19 bill.

20 (g) This subsection (g) applies only to payments made or
21 salary increases given on or after June 1, 2005 but before July
22 1, 2011. The changes made by Public Act 94-1057 shall not
23 require the System to refund any payments received before July
24 31, 2006 (the effective date of Public Act 94-1057).

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude salary increases paid to teachers

1 under contracts or collective bargaining agreements entered
2 into, amended, or renewed before June 1, 2005.

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

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

17 When assessing payment for any amount due under subsection
18 (f), the System shall exclude a salary increase resulting from
19 a promotion (i) for which the employee is required to hold a
20 certificate or supervisory endorsement issued by the State
21 Teacher Certification Board that is a different certification
22 or supervisory endorsement than is required for the teacher's
23 previous position and (ii) to a position that has existed and
24 been filled by a member for no less than one complete academic
25 year and the salary increase from the promotion is an increase
26 that results in an amount no greater than the lesser of the

1 average salary paid for other similar positions in the district
2 requiring the same certification or the amount stipulated in
3 the collective bargaining agreement for a similar position
4 requiring the same certification.

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

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

21 (h-1) When assessing payment for any amount due under
22 subsection (f-1), the System shall exclude earnings increases
23 paid to participants under contracts or collective bargaining
24 agreements entered into, amended, or renewed before the
25 effective date of this amendatory Act of the 99th General
26 Assembly.

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

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

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

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

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

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

20 As of June 30, 2008, the actuarial value of the System's
21 assets shall be equal to the market value of the assets as of
22 that date. In determining the actuarial value of the System's
23 assets for fiscal years after June 30, 2008, any actuarial
24 gains or losses from investment return incurred in a fiscal
25 year shall be recognized in equal annual amounts over the
26 5-year period following that fiscal year.

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

5 (Source: P.A. 97-694, eff. 6-18-12; 97-813, eff. 7-13-12;
6 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

7 Section 90. The State Mandates Act is amended by adding
8 Section 8.39 as follows:

9 (30 ILCS 805/8.39 new)

10 Sec. 8.39. Exempt mandate. Notwithstanding Sections 6 and 8
11 of this Act, no reimbursement by the State is required for the
12 implementation of any mandate created by this amendatory Act of
13 the 99th General Assembly.

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.