



Sen. Steve Stadelman

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LRB099 03096 RPS 33597 a

1 AMENDMENT TO SENATE BILL 436

2 AMENDMENT NO. _____. Amend Senate Bill 436 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 16-158 as follows:

6 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

7 Sec. 16-158. Contributions by State and other employing
8 units.

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

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

6 (a-1) Annually, on or before November 15 through November
7 15, 2011, the Board shall certify to the Governor the amount of
8 the required State contribution for the coming fiscal year. The
9 certification under this subsection (a-1) shall include a copy
10 of the actuarial recommendations upon which it is based.

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

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

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

1 was approved on that date.

2 (a-5) On or before November 1 of each year, beginning
3 November 1, 2012, the Board shall submit to the State Actuary,
4 the Governor, and the General Assembly a proposed certification
5 of the amount of the required State contribution to the System
6 for the next fiscal year, along with all of the actuarial
7 assumptions, calculations, and data upon which that proposed
8 certification is based. On or before January 1 of each year,
9 beginning January 1, 2013, the State Actuary shall issue a
10 preliminary report concerning the proposed certification and
11 identifying, if necessary, recommended changes in actuarial
12 assumptions that the Board must consider before finalizing its
13 certification of the required State contributions.

14 On or before January 15, 2013 and each January 15
15 thereafter, the Board shall certify to the Governor and the
16 General Assembly the amount of the required State contribution
17 for the next fiscal year. The certification shall include a
18 copy of the actuarial recommendations upon which it is based
19 and shall specifically identify the System's projected State
20 normal cost for that fiscal year. The Board's certification
21 must note any deviations from the State Actuary's recommended
22 changes, the reason or reasons for not following the State
23 Actuary's recommended changes, and the fiscal impact of not
24 following the State Actuary's recommended changes on the
25 required State contribution.

26 (a-10) For purposes of Section (c-5) of Section 20 of the

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

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

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

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

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

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

18 For State fiscal years 2012 through 2014, the minimum
19 contribution to the System to be made by the State for each
20 fiscal year shall be an amount determined by the System to be
21 sufficient to bring the total assets of the System up to 90% of
22 the total actuarial liabilities of the System by the end of
23 State fiscal year 2045. In making these determinations, the
24 required State contribution shall be calculated each year as a
25 level percentage of payroll over the years remaining to and
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

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

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2006 is
19 \$534,627,700.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2007 is
22 \$738,014,500.

23 For each of State fiscal years 2008 through 2009, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 from the required State contribution for State fiscal year

1 2007, so that by State fiscal year 2011, the State is
2 contributing at the rate otherwise required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2010 is
5 \$2,089,268,000 and shall be made from the proceeds of bonds
6 sold in fiscal year 2010 pursuant to Section 7.2 of the General
7 Obligation Bond Act, less (i) the pro rata share of bond sale
8 expenses determined by the System's share of total bond
9 proceeds, (ii) any amounts received from the Common School Fund
10 in fiscal year 2010, and (iii) any reduction in bond proceeds
11 due to the issuance of discounted bonds, if applicable.

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

1 Section 16-127.

2 Beginning in State fiscal year 2045, the minimum State
3 contribution for each fiscal year shall be the amount needed to
4 maintain the total assets of the System at 100% of the total
5 actuarial liabilities of the System.

6 Amounts received by the System pursuant to Section 25 of
7 the Budget Stabilization Act or Section 8.12 of the State
8 Finance Act in any fiscal year do not reduce and do not
9 constitute payment of any portion of the minimum State
10 contribution required under this Article in that fiscal year.
11 Such amounts shall not reduce, and shall not be included in the
12 calculation of, the required State contributions under this
13 Article in any future year until the System has reached a
14 funding ratio of at least 100%. A reference in this Article to
15 the "required State contribution" or any substantially similar
16 term does not include or apply to any amounts payable to the
17 System under Section 25 of the Budget Stabilization Act.

18 Notwithstanding any other provision of this Section, the
19 required State contribution for State fiscal year 2005 and for
20 fiscal year 2008 and each fiscal year thereafter through State
21 fiscal year 2014, as calculated under this Section and
22 certified under subsection (a-1), shall not exceed an amount
23 equal to (i) the amount of the required State contribution that
24 would have been calculated under this Section for that fiscal
25 year if the System had not received any payments under
26 subsection (d) of Section 7.2 of the General Obligation Bond

1 Act, minus (ii) the portion of the State's total debt service
2 payments for that fiscal year on the bonds issued in fiscal
3 year 2003 for the purposes of that Section 7.2, as determined
4 and certified by the Comptroller, that is the same as the
5 System's portion of the total moneys distributed under
6 subsection (d) of Section 7.2 of the General Obligation Bond
7 Act. In determining this maximum for State fiscal years 2008
8 through 2010, however, the amount referred to in item (i) shall
9 be increased, as a percentage of the applicable employee
10 payroll, in equal increments calculated from the sum of the
11 required State contribution for State fiscal year 2007 plus the
12 applicable portion of the State's total debt service payments
13 for fiscal year 2007 on the bonds issued in fiscal year 2003
14 for the purposes of Section 7.2 of the General Obligation Bond
15 Act, so that, by State fiscal year 2011, the State is
16 contributing at the rate otherwise required under this Section.

17 (c) Payment of the required State contributions and of all
18 pensions, retirement annuities, death benefits, refunds, and
19 other benefits granted under or assumed by this System, and all
20 expenses in connection with the administration and operation
21 thereof, are obligations of the State.

22 If members are paid from special trust or federal funds
23 which are administered by the employing unit, whether school
24 district or other unit, the employing unit shall pay to the
25 System from such funds the full accruing retirement costs based
26 upon that service, which, beginning July 1, 2015 ~~2014~~, shall be

1 at a rate, expressed as a percentage of salary, equal to the
2 total employer's ~~minimum contribution to the System to be made~~
3 ~~by the State for that fiscal year, including both~~ normal cost
4 ~~and unfunded liability components~~, expressed as a percentage of
5 payroll, as determined by the System ~~under subsection (b 3) of~~
6 ~~this Section~~. Employer contributions, based on salary paid to
7 members from federal funds, may be forwarded by the
8 distributing agency of the State of Illinois to the System
9 prior to allocation, in an amount determined in accordance with
10 guidelines established by such agency and the System. Any
11 contribution for fiscal year 2015 collected as a result of the
12 change made by this amendatory Act of the 98th General Assembly
13 shall be considered a State contribution under subsection (b-3)
14 of this Section.

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

22 However, with respect to benefits granted under Section
23 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
24 of Section 16-106, the employer's contribution shall be 12%
25 (rather than 20%) of the member's highest annual salary rate
26 for each year of creditable service granted, and the employer

1 shall also pay the required employee contribution on behalf of
2 the teacher. For the purposes of Sections 16-133.4 and
3 16-133.5, a teacher as defined in paragraph (8) of Section
4 16-106 who is serving in that capacity while on leave of
5 absence from another employer under this Article shall not be
6 considered an employee of the employer from which the teacher
7 is on leave.

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

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

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

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

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

25 Each employer of teachers is entitled to a credit against
26 the contributions required under this subsection (e) with

1 respect to salaries paid to teachers for the period January 1,
2 2002 through June 30, 2003, equal to the amount paid by that
3 employer under subsection (a-5) of Section 6.6 of the State
4 Employees Group Insurance Act of 1971 with respect to salaries
5 paid to teachers for that period.

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

11 If an employer is required by a contract in effect on May
12 1, 1998 between the employer and an employee organization to
13 pay, on behalf of all its full-time employees covered by this
14 Article, all mandatory employee contributions required under
15 this Article, then the employer shall be excused from paying
16 the employer contribution required under this subsection (e)
17 for the balance of the term of that contract. The employer and
18 the employee organization shall jointly certify to the System
19 the existence of the contractual requirement, in such form as
20 the System may prescribe. This exclusion shall cease upon the
21 termination, extension, or renewal of the contract at any time
22 after May 1, 1998.

23 (f) If the amount of a teacher's salary for any school year
24 used to determine final average salary exceeds the member's
25 annual full-time salary rate with the same employer for the
26 previous school year by more than 6%, the teacher's employer

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

21 Whenever it determines that a payment is or may be required
22 under this subsection, the System shall calculate the amount of
23 the payment and bill the employer for that amount. The bill
24 shall specify the calculations used to determine the amount
25 due. If the employer disputes the amount of the bill, it may,
26 within 30 days after receipt of the bill, apply to the System

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

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to teachers
26 under contracts or collective bargaining agreements entered

1 into, amended, or renewed before June 1, 2005.

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

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

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

1 requiring the same certification or the amount stipulated in
2 the collective bargaining agreement for a similar position
3 requiring the same certification.

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

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

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

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

26 (2) The dollar amount by which each employer's

1 contribution to the System was changed due to
2 recalculations required by Public Act 94-1057.

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

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

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

13 As of June 30, 2008, the actuarial value of the System's
14 assets shall be equal to the market value of the assets as of
15 that date. In determining the actuarial value of the System's
16 assets for fiscal years after June 30, 2008, any actuarial
17 gains or losses from investment return incurred in a fiscal
18 year shall be recognized in equal annual amounts over the
19 5-year period following that fiscal year.

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

24 (Source: P.A. 97-694, eff. 6-18-12; 97-813, eff. 7-13-12;
25 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

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