Speaker Madigan: "Concerning the Fifth Special Session, the House shall come to order. Is there leave to use the Attendance Roll Call of the First Special Session for the purposes of the Fifth Special Session? Leave is granted. Mr. Clerk, do you have any Resolutions?"

Clerk Bolin: "Have a proclamation from the Governor."

Speaker Madigan: "Read the proclamation."

Clerk Bolin: "WHEREAS, Article XIII, Section 5 of the Illinois Constitution of 1970 requires the State to provide pension benefits to members of State-sponsored retirement systems; and

WHEREAS, the State of Illinois supports retirement plans on behalf of State teachers and judges; and

WHEREAS, State teachers and judges, retired teachers and judges and their families rely on the security provided by pension benefits to meet their needs, including food, housing and health care after retirement; and

WHEREAS, it is the Teachers’ Retirement System’s (TRS) mission to provide its members with retirement, disability and survivor benefits; and

WHEREAS, it is the Judges' Retirement System's (JRS) mission to provide to establish an efficient method permitting retirement without hardship or prejudice of judges who are aged or otherwise incapacitated by enabling them to accumulate reserves for themselves and their dependents for old age, disability, death, and termination of employment; and

WHEREAS, pensions managed and administered by TRS and JRS are under-funded, and the General Assembly has yet to pass a

Fiscal Year 2008 budget or any measures addressing such under-funding;

THEREFORE, pursuant to Article IV, Section 5(b) of the Illinois Constitution of 1970, I hereby call and convene the 95th General Assembly in a special session to commence on July 8, 2007, at 4:00 p.m., to consider any legislation, new or pending, which will address the funding of the Teachers' Retirement System and the Judges' Retirement System.

Rod R. Blagojevich, Governor. Dated July 7, 2007.

Speaker Madigan: "Mr. Clerk, do you have organizational Resolutions?"

Clerk Bolin: "House Resolutions 1 and 2 of the Fifth Special Session are offered by Representative Currie."

Speaker Madigan: "Representative Currie."

Currie: "Thank you, Speaker. I move for the immediate consideration and suspension of all applicable House Rules so that we can adopt the Fifth Special Session Resolutions, House Resolutions 1 and 2."

Speaker Madigan: "You've all heard the Lady's Motion. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it and the Motion is adopted. Representative Currie."

Currie: "Thank you, Speaker. I would like the Clerk, please, to read Fifth Special Session House Resolutions 1 and 2."

Clerk Mahoney: "Fifth Special Session House Resolution 1.

RESOLVED, that the Rules of the House of Representatives of the Ninety-Fifth General Assembly be adopted as the Rules of this Fifth Special Session, so far as the same may be applicable, and that the Committees of the House of Representatives of the Ninety-Fifth General Assembly, shall constitute the Committees of the House during its Fifth Special Session.

Fifth Special Session House Resolution #2.

RESOLVED, that the Clerk inform the Senate that a majority of the House of Representatives has assembled, pursuant to the proclamation of the Governor, convening a Fifth Special Session of the General Assembly, and are now ready for the transaction of business."

Speaker Madigan: "Representative Currie."

Representative Currie: "Thank you, Speaker. I move that we adopt Fifth Special Session Resolutions 1 and 2."

Speaker Madigan: "You've heard the Lady's Motion. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it. And the Resolutions are adopted. Representative Currie, for a Motion for a Committee of the Whole."

Currie: "Thank you, Speaker. I would move that we resolve ourselves… that the House resolve itself into a Committee of the Whole for purposes of hearing testimony with respect to the Teachers' Retirement System and the judicial system, as well."

Speaker Madigan: "You've heard the Lady's Motion. The Chair recognizes Representative Lang."

Lang: "Mr. Speaker, before we vote on this Motion, I would just simply ask if you've had any response from Mr. Blair as to why he did not appear before the Committee of the Whole yesterday?"

Speaker Madigan: "Not yet."

Lang: "I'm still persisting in my request to find a way to get the answers to those questions, Sir. Thank you."

Speaker Madigan: "Thank you. Again, the Lady's Motion is that the House move into a Committee of the Whole. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it. And the House will stand in a Committee of the Whole. The Chair of the Committee of the Whole will be Representative Turner."

Chairman Turner: "I'd like to welcome all the Members to the… this committee Session. Again, you heard the Proclamation earlier; it's regarding Teachers Retirement System. Some of you are aware that a letter was sent to the Governor inviting him to come before this Session. I don't think he has made it yet. Second… the second person on the agenda today is Mr. Jon Bauman who's the executive director of the Teacher Retirement System. And we have Mr. Chris Koch from… the state superintendent… he's the president of TRS. He's filing for record of appearance only and Andrew Bodewes with the Teachers Retirement System, Director of Governmental Affairs. Okay. We will start with a 15- minute presentation or so from Mr. Bauman and then we will go into question and answers. And at that time I will provide directions. We will start now with Mr. Jon Bauman, the Executive Director of the Teachers Retirement System. Mr. Bauman."

Jon Bauman: "I think I'm gonna yield my time to Mr. Bodewes from that enthusiastic greeting. Good afternoon, Mr. Speaker, Mr. Chairman and Members of the House. My name is Jon Bauman, I'm the executive director of the Teachers Retirement System. I'd like to thank you for the opportunity to testify today and talk a little bit about the

Teachers Retirement System and its funding. As you know, TRS, like the other state retirement systems, is funded through member, employer and state contributions. These funds are invested over time and in our case, the top investment returns achieved by TRS have significantly lowered employer, the state, costs by providing the majority of funding necessary to pay TRS pension, disability and survivor benefits. Historically, investment income comprised about 60 percent of our annual revenues with the members and employer contributions each making up 20 percent of the balance. In recent years, though, the percentages have changed. In fiscal year 2006, investment income grew to 75 percent of our total revenue. The member contributions comprised 15 percent and the state share had fallen to only 10 percent. Our state contributions, as you'll recall, are determined by what's come to be known as the 1995 Funding Plan. The plan provides state funding through continuing appropriations of state funds to TRS and the other retirement systems. The overall goal of that plan is to achieve a 90 percent funded ratio by fiscal year 2045. Because of the ramp-up feature contained in that law, the amounts required to fund the TRS and the other state pension systems in the early years of the plan were relatively small, but the contributions increased or ramped-up annually. This provision coupled with subsequent changes to the funding plan, particularly those contained in Public Act 94-04 or Senate Bill 27, has caused significant increases in annual pension funding requirements, which will continue through fiscal year 2010. After fiscal year 2010, the annual increases will moderate and will be a fraction of what is being experienced this year. The first changes to the funding plan, if you'll recall, were in 2003 when the General Assembly and the Governor revised the contributions due to the sale of the 2003 pension bonds. I wanna give you a brief report on how we've done with those bonds. We have earned over two billion dollars ($2,000,000,000) in four (4) years on our allocation of 4.4 billion dollars ($4,400,000,000) in bond proceeds. Almost 60 percent unannualized and over 14 percent a year over to those four (4) years. However, as every investor knows, past performance is no guarantee of future success. The 2003 bond proceeds were invested at an exceptional time in both the U.S. and international markets that is not necessarily present today. Many investment and economic experts have lowered their expectations for most asset-class investment returns over the next few years. The next changes to the funding program were contained in Public Act 94-04. While the 2003 POB sale and Public Act 94-04 were designed to reduce the state's unfunded pension liability, both of those Acts, unfortunately, exacerbated an already critical negative cash flow problem at TRS and our peer systems. This combination required us to begin selling pension assets in order to pay pensions, a total of two point four billion ($2,400,000,000) in assets in fiscal years 2006 and 2007. And let me be clear about this, this liquidation and sale of assets was a result of insufficient contributions and cash, not a routine asset allocation change or liquidating from a illiquid asset to a cash asset in order to pay benefits.

The 2008 fiscal year requires in the temporary budget passed by the House and Senate and signed by the Governor, provides an increase in funding and a return to the 1995 funding plan. The results, just in for 2007 and they're preliminary, shows that TRS is currently funded at about 66 percent. This funding level, which represents a slight increase from last year, but which is below that of most other teacher pension funds, is a matter of concern for the state and for our members who worry that their pensions may not be there for them when they reach retirement age. However, we believe that if the General Assembly continues to follow the 1995 plan or a similar program the state funded pension systems will continue to achieve increasing stability while limiting costs to the Illinois taxpayers. The current funding plan allows for predictable appropriations of state dollars every year. When money is received by the pension systems in a measured and predictable manner, the system can in turn invest that money in the market at a steady pace. The technical term for that is called 'dollar cost averaging' or the way that many of us and many institutions invest. You put a little bit away every month and you're able to buy when the market is good and when the market is bad and on the average your money will do pretty well. This type of funding has a lower and overall investment risk and helps to ensure that we can continue to achieve our top fortile, top 25 percent of pension funds… returns, which will continue to help keep the costs of TRS affordable. Going back aways, since the inception of prudent person investment authority in 1983, which allowed us to invest more broadly in things like real estate and other alternative investments, our annual investment returns have averaged approximately 12 percent. For the year just ended June 30, 2007, preliminary figures, which my staff tends to shudder when I release them because they do inevitably change, indicate that our one-year return for the year just ended will exceed 17 percent or to the best return in a decade with total TRS assets hitting, once again, a record of forty-one billion dollars ($41,000,000,000). By continuing to follow the 1995 funding law, more of our investment income can be reinvested to generate additional income. TRS and our sister state pension systems have been careful, prudent, and successful investors and we will continue our own efforts to keep the state's costs as low as possible. In contrast, lump sum funding, when large amounts of cash are received to invest in a short time, can bear significant risk. This risk is increased when the funding is tied to a bond issue, which must be paid back. If the market returns do not provide a rate of return over time greater than the bond repayments, the state and the bond in the pension systems can lose money or experience negative arbitrage, the technical term, as what happened out in New Jersey in the beginning years of their pension bond program. The likelihood of a successful bonding program is uncertain because currently, there is more volatility in the public markets. If you watch them you see these hundred (100) day… hundred (100) point gains one day, hundred and fifty (150) point losses the next, that's volatility. And a greater degree of investing in the private investment markets, people who follow TRS know that we invest an above average percent of our money in real estate. When you receive a large lump sum of cash, it's hard to go out and buy buildings overnight. It takes a while, especially to do it well. The expected eight and a half percent return is therefore hard to achieve over to the short-term because it's impossible to immediately invest large dollar amounts in our top performing asset classes like real estate. Without the full range of diversification from which a mature fund benefits, the success of any type of lump-sum funding plan then becomes basically dependent upon the U.S. stock market, the safe harbor, if you will, where we would end up placing the majority of lump-sum proceeds before they're started to be invested elsewhere. We continue to support the 1995 funding plan as a relatively low risk means to accomplish stable funding for to the Illinois pension systems in the decades ahead. We believe the state must continue to hold to the discipline this chamber showed earlier this year by maintaining the certified appropriation levels established in the FY'08 budget that this House passed. I wanted to take this chance to mention again that the costs of the benefits being earned under TRS by our teachers are relatively low. The actuary retained by the Governor's Office, who you heard here last week, Mr. Weiss, agreed in testimony to the Governor's pension commission that TRS benefits are 'middle of the road'. Another reason that the cost to the state for TRS benefits is fairly low is that the TRS member contribution is fairly high. At 9.4 percent of their pay, the Illinois teacher member contribution is among the highest if not the highest teacher contribution rate in the country. The remaining cost to the state of benefits being earned by the active members or what's called the normal cost is 8.2 percent of pay. Over time, this percentage will decline because of the changes enacted under Public Act 94-04, including the elimination of the money purchase benefit. It's also important to remember that teachers do not participate in Social Security, so neither the school districts nor do the state make that additional 6.2 percent contribution. We at TRS believe that the problem faced here today is not an affordability problem or a benefit problem, it's a financing problem caused by many, many years of funding neglect. We've been reluctant to use the word crisis to describe this problem, but would not underestimate the need for a prompt and long-term resolution of Illinois pension funding. Thank you for the opportunity to testify this afternoon. And I would be happy to answer any questions you might have."

Chairman Turner: "Mr. Koch, do you want to make a presentation also or are you just here for answering…? Okay. So, we'll start with questions for the witness. We are going to do in 30 minutes of questioning. We'll allow both Democrats and Republicans. We will alternate sides. And we will start the first person to question… the first person we'll recognize is the Gentleman from Cook, Representative Lou Lang, for 10 minutes. And Representative Dugan is collecting names of those Democrats that want to make requests and Representative Eddy is collecting names for the Republican Members that wish to speak."

Lang: "Thank you, Mr… I'm sorry. I didn't mean to interrupt you, Mr. Chairman. May I proceed?"

Chairman Turner: "Yes, you may, Chairman Lang."

Lang: "Thank you. And thank you, gentlemen, for being here. It's sure refreshing to see someone from one of the pensions systems show up when they say they're going to. I think we all appreciate that. A round of applause for the gentlemen for being here, of course. So, thank you. Let me just ask you, Mr. Bauman one simple question to start. Is your system in a crisis?"

Jon Bauman: "I wouldn't call it a crisis, Representative. It's hard to use that word when you have forty-one billion dollars ($41,000,000,000) in assets and those assets are performing well, earning double-digit returns. I'd say we have a long-term financing problem because of the negative cash flow situation, but I am reluctant to use that word."

Lang: "And so, it's a long-term problem in the same sense that perhaps the federal problem with Social Security is, there's a lot of money there but looking into the future there's some difficulties we have to deal with."

Jon Bauman: "Correct."

Lang: "Do you think we're in an emergency today with your system?"

Jon Bauman: "No, Sir."

Lang: "Just your system?"

Jon Bauman: "No, Sir."

Lang: "All right. Now, if the Governor would pass his plan and this twenty-six billion dollars ($26,000,000,000) would be available, how much of it would you get?"

Jon Bauman: "We would receive about 55 percent of the total or about fourteen billion dollars ($14,000,000,000) and change."

Lang: "Are there enough safe harbors for all of those funds at once?"

Jon Bauman: "I… Well, I think there are. I would expect that what the funds would do… initially would be the same thing we did in 2003, which would be to put the funds initially in a variety of stock and bond index funds. And then, over time move them into a variety of actively managed assets. The concern there becomes that we've essentially put all our marbles, if you will, or majority of them on the U.S. stock market."

Lang: "And so, given the fact that the stock market's pretty much at all-time highs, would you say that's a risky proposition today?"

Jon Bauman: "I would say that it's riskier today than it was back in 2003 when we were just about at a trough point or low point in the U.S. markets and many of the foreign markets."

Lang: "We asked the money manager the other day if he would take sixteen billion dollars ($16,000,000,000) of his personal money and invest it all at once in the stock market today and his answer was 'no'. Is your answer 'yes'?"

Jon Bauman: "Well, I'd have to preface that by saying I don't have sixteen billion ($16,000,000,000) in personal money, but…"

Lang: "He didn't either, Sir."

Jon Bauman: "Okay. Good. I would say that I would not take a sizeable percentage of my own money and invest it in U.S. stock market or in any one place today."

Lang: "Well, then your proposal to us that you would take 55 percent of twenty-six billion dollars ($26,000,000,000) and put it directly into the stock market flies in the face, I think, a little bit of what you just said to us."

Jon Bauman: "Well, what we would do is put it in a variety of index funds so it would be relatively concentrated, but it wouldn't go in all in one fund."

Lang: "All right. But nevertheless, the 17 percent, which is an excellent return that you're getting today, you would not anticipate getting that if we gave you 55 percent of six… twenty-six billion dollars ($26,000,000,000) today. Is that correct?"

Jon Bauman: "That's correct."

Lang: "And what would… do you have any estimate as to what you could safely expect to predict to us?"

Jon Bauman: "If I could do that, Sir, I wouldn't be here. I'd be sitting by a terminal somewhere making money for myself."

Lang: "That's a good plan. I would join you if you would invite me. So, how does your… What is the unfunded liability of your system?"

Jon Bauman: "At June 30 of last year, it was about twenty-two billion dollars ($22,000,000,000)."

Lang: "And what… what… what percent unfunded or what percent funded?"

Jon Bauman: "And that was about six… we were about 62 percent funded at that point."

Lang: "And how does that compare to other similar systems in other large states in this country?"

Jon Bauman: "We are probably, in terms of funding ratio, the lowest in percentage funded among teacher pension systems. I think that in terms of dollar amount of unfunded liability that at least two (2) systems are gonna catch up with us, not because of funding problems but because of their size. I believe that California teachers is gonna catch up with us, but that's a function of being a hundred and sixty billion dollar ($160,000,000,000) fund that is about 85 percent funded has a twenty-five billion dollar ($25,000,000,000) unfunded."

Lang: "Do you have any idea the average funded liability across the nation of teacher pension plans such as yours?"

Jon Bauman: "It's in the eighties (80s)."

Lang: "The average is in the eighties (80s)?"

Jon Bauman: "In the eighties, high eighties (80s)."

Lang: "And do you have a number at which you believe you would be comfortable that your fund is safe?"

Jon Bauman: "I think the long-term goal of 90 percent is the place to be. Short of that, I think if we could get north of 80 percent funded that would start to ease some of the cash constraints that we have, but I think definitely 90 percent is still the target to shoot for."

Lang: "Your position, though, would be if you got to 80 percent-plus, you would be satisfied that your fund was safe and you'd be comfortable with that if we didn't get to 90. Is that correct?"

Jon Bauman: "I think that improves the situation, but I'd still prefer 90."

Lang: "And so, let me ask the next question. What if we got ya to 75 percent? At 75 percent would you be comfortable as a person that runs this fund?"

Jon Bauman: "I'd never look a gift horse in the mouth by any stretch, but I think at 75 percent that would be about four to five billion (4,000,000,000 to 5,000,000,000) more in assets that we have now. I think that we would still have some structural cash problems that we have now, so I don't know that 75 really gets the job done."

Lang: "All right. So, what would it take to get you to 80?"

Jon Bauman: "About ten billion dollars ($10,000,000,000), I think."

Lang: "All right. And under the Governor's plan you would get, if my math is correct, about fifteen billion (15,000,000,000)?"

Jon Bauman: "Yes, mmm mmm."

Lang: "All right. So, there's a… there's a gap in there and if we got you to 80 you would think this General Assembly did something valuable for your fund?"

Jon Bauman: "Oh, most certainly."

Lang: "And would you then say that your long-term issue is less important or at least less problematic?"

Jon Bauman: "Yes."

Lang: "All right. I thank you for your answers, Sir. And I appreciate all of you being here."

Jon Bauman: "Thank you."

Chairman Turner: "The next… Yeah. The next Representative to speak or question is Representative Gary Hannig for 5 minutes."

Hannig: "Yes, thank you, Mr. Chairman and Director Bauman. I guess the question, the line of questioning I have is that if… if you were to have this fifteen billion dollars ($15,000,000,000) is it would… was it fifteen, was that the correct amount?"

Jon Bauman: "Roughly."

Hannig: "Roughly?"

Jon Bauman: "Mmm mmm."

Hannig: "If that were to be put in your lap next week or some time, what assurances could you give us that you could earn this 17 percent interest that… a rate of return that you've… you've so magnificently done over the last year?"

Jon Bauman: "Quite frankly, I couldn't give you any assurances that we could make that kind of money on it."

Hannig: "Well, what… what about the eight and a half percent benchmark that… that we generally say that you need to earn and that you charge us for… for what we are in arrears. Could you make that or would that be a challenge?"

Jon Bauman: "I think that is a greater challenge now than it was in 2003. I don't think it's not attainable, I'm just telling you that I think it's a greater challenge than it was four (4) years ago."

Hannig: "So, you would… you would advise us that there is some risk in taking a path where we would ask you to invest a sizable chunk of money in a very short period of time and try to generate at least eight and a half percent rate of return?"

Jon Bauman: "That is correct."

Hannig: "Okay. And I also thought I heard you say that it was your view that the… the proposal that was created in 1994 was a solid proposal and that it brought a certain amount of stability to your agency and consequently would it be your recommendation that while we maybe debate other proposals that we just stick with the '94 proposal?"

Jon Bauman: "Essentially, that's correct. There are things about the '94 proposal that we don't like… or the '95 law that we don't like, but I think it works better than an unpredictable series of get a lot of money in year A, then no money in year B, half your allocation in year C. The good thing about that funding law is that it's predictable."

Hannig: "Okay. Going back to my, I guess, my original point, so you suggested that there could be some risk if we gave you a big chunk of money and asked you to get a 8.5 percent rate of return. What would be the worst case scenario that you would see? What would be the results or what would happen?"

Jon Bauman: "Well, the worst case scenario is similar to the New Jersey experience where a fund loses a substantial amount of the bond proceeds and still is responsible for paying them all back."

Hannig: "And so, who would then be responsible for that? Would that just fall on the taxpayers? In other words, if we gave you the money and for even under your best effort you were unable to earn eight and a half percent or you earned some number perhaps you even earned less than the 6 percent interest that we pay on the bonds, who would… who would make up the difference?"

Jon Bauman: "The first entity to make up the difference would be the pension fund through reduced contributions."

Hannig: "I'm… I guess I didn't follow that. The… Who would…"

Jon Bauman: "The pension fund would make up the difference over the life of the bonds by having…"

Hannig: "Okay. So, that the pension…"

Jon Bauman: "…through contributions because the fund has fewer assets because of that loss, the state contributions would go up incrementally."

Hannig: "Yeah. So, ultimately, the risk would fall on the state?"

Jon Bauman: "Yes."

Hannig: "Okay. Okay. I think you've answered all my questions and I thank you for your appearance here today. And again, I would congratulate you on that 17 percent rate of return."

Jon Bauman: "Thank you."

Chairman Turner: "The next person to speak for 4 minutes will be Representative Eddy."

Eddy: "Thank you very much. Mr. Bauman, can you kinda give us a background as to how many annuitants the TR system currently serves?"

Jon Bauman: "Roughly, as of the end of this month about eighty-five thousand (85,000) retirees, disabilitants, and survivors."

Eddy: "Okay. And Mr. Koch, could you let the General Assembly know what your role is in relation to the Teachers Retirement System so they can understand the reason that your there?"

Chris Koch: "Thank you, Representative, absolutely. As state superintendent, I'm president of TRS."

Eddy: "And that's statutory?"

Chris Koch: "Statutory."

Eddy: "Statutory?"

Chris Koch: "Yes, Sir."

Eddy: "Okay. Thank you. Mr. Bauman, I have a question related to the old bond proceeds, the '03 bond proceeds. The sale of those bonds was ten billion dollars ($10,000,000,000), the amount that TRS was given to invest was…"

Jon Bauman: "Four point four billion (4,400,000,000)."

Eddy: "Four point four (4,400,000,000)?"

Jon Bauman: "Yes."

Eddy: "And of the total ten billion dollars ($10,000,000,000) in bond authority, how… or excuse me… ten million dollars ($10,000,000) in bonds sold, how much was actually invested into the pension systems?"

Jon Bauman: "I believe about seven point two billion (7,200,000,000)."

Eddy: "What happened to the other two point eight billion dollars ($2,800,000,000) from that bond sale?"

Jon Bauman: "I think there was about half a billion in expenses and capitalized interest and about two point one or two point two billion (2,100,000,000 or 2,200,000,000) that was used for pension contributions in FY 2003 and 2004."

Eddy: "Would it have made a significant difference in your feeling about that bond sale had the total amount of the bond issued… or excuse me… that the bond's issued then used to shore up the systems?"

Jon Bauman: "I think, everything else being equal, we would have liked to have had those additional proceeds, but I think we understood the constraints the state was under at that time."

Eddy: "Okay. Let's go somewhere else for a second. How is the amount of contribution to TRS calculated on an annual basis at this time?"

Jon Bauman: "What happens in our system is we collect annual data following the close of the school year from each school district. Following the collection of all of that data, it's shared with the system's actuary and they prepare a report for the board of trustees, which includes the certified appropriation requirements for the next year. And the board of trustees votes to approve that and then it's transmitted to the Governor or budget director (inaudible)."

Eddy: "Let's figure it on a… a pretty tight basis of numbers and actuarial figures trying to figure out the amount. Now, as I read House Bill 3755, the Amendment to sell the bonds…"

Jon Bauman: "Mmm mmm."

Eddy: "…I don't find the same type of language in that Bill that requires the same type of actuarial calculations to occur in order for those payments to be made. Am I reading that correctly?"

Jon Bauman: "Yes, you are."

Eddy: "So, the other day when I sat here and I asked Director Filan the question regarding a difference in the current way that those calculations are made and the way the language in the Bill calculates the payment, his answer to me was, 'They are the same.' Could he have been mistaken based on perhaps your reading of this and his understanding of that language? Because there's clearly a difference in that answer and the answer you gave me and it concerns me a great deal because it's very important. Would you say that it's very important that that calculation be accurate to those actuarial findings?"

Jon Bauman: "Absolutely."

Eddy: "Thank you very much."

Chairman Turner: "The next person to speak is Representative Sacia for 2 minutes."

Sacia: "Thank you, Mr. Chairman. Gentlemen, I have an exceptional appreciation for you being here today. Tomorrow morning, with great regret, I will not be able to be in this chambers because I will be addressing eighty (80)-plus teachers in northwest Illinois. To have the benefit of you folks being here and with this knowledge so fresh in my mind, I'm obviously anticipating questions. And though you have addressed your concerns about the 62 to 66 percent funding level, I would like to ask you specifically, Mr. Bauman and if the other gentlemen would care to chime in, recognizing that a question I'm going to get is the overall solvency of TRS and will my pension be there, say I'm a ten (10)-year teacher now, when I have the retirement opportunity some years down the pike. Would you be kind enough to address that?"

Jon Bauman: "I think that you could be very confident in saying that the system is solvent and that any accrued pension will be paid because of both the assets of the system as well as the constitutional provision that benefits earned will be paid."

Sacia: "I was confident that that's exactly how you would answer it, Sir, and you very carefully avoided stating earlier that we're in a crisis or as Mr. Lang used the term an emergency. But yet, you indicated… am I right in saying, you have around eighty-five thousand (85,000) annuitants right now…"

Jon Bauman: "Correct."

Sacia: "…in round numbers and recognizing that. But yet, there's a… there's a concern here. I mean, certainly there's a concern in the General Assembly and there's a concern to, I'm sure, the Governor on down as going forward how all of this funding is going to be accomplished. And I believe you used the term 90 percent funding would be optimum, you would be reasonably comfortable, and that's my words, with 80 percent, anything less than that you really have concerns with. And… and did I understand correctly, Sir, that we are the lowest or nearly the lowest funded pension system in the nation?"

Jon Bauman: "For teacher systems, that's correct."

Sacia: "Thank you, Sir."

Jon Bauman: "Thank you."

Sacia: "Appreciate it."

Chairman Turner: "The next person to speak is Representative Moffitt for 2 minutes."

Moffitt: "Thank you, Mr. Chairman. And to our panel, I really appreciate you being here and your very honest and direct answers. I was here in '95 when we passed that legislation and thought it certainly addressed a problem at that time. To begin with, did we, in fact, improve the percent that the system was funded from '95 and until 2005? Were we improving the percent funded and if so, what was it when we started and what was it then in 2005?"

Jon Bauman: "I wanna make sure I understand your question. From '95 to say 2005…"

Moffitt: "Did we improve the percent funded for TRS?"

Jon Bauman: "Approved… Did you approve the amount we requested? And did the funding level improve?"

Moffitt: "Right."

Jon Bauman: "Yes."

Moffitt: "And what… how much did it improve in those ten (10) years?"

Jon Bauman: "It went from… I don't have a '95 number, but…"

Moffitt: "Could you give me some specific dates how it was improving by years, either by percentage or actual? Do you have that?"

Jon Bauman: "Yeah. Can I get that for ya? I don't wanna guess."

Moffitt: "Sure. But would you… would you say we did improve? Did we increase the percent funding when we improved…?"

Jon Bauman: "We were steadily increasing until 2001 and 2002 when investment losses…"

Moffitt: "Okay. But it did steadily increase?"

Jon Bauman: "Yes."

Moffitt: "Thank you. And second… and you'll get those figures to me?"

Jon Bauman: "Definitely."

Moffitt: "Second, would it be reasonable and I was pleased to hear you say positive things about the 1995 plan. Would it be reasonable if as long as we fully fund for the current year and are making progress on, whether we call it debt or the unfunded, I mean, aren't we headed in the right direction?"

Jon Bauman: "I think that is progress. It just has to be tempered with the recognition that the unfunded will continue to grow for some period of time unless those annual payments grow at a pretty rapid annual rate."

Moffitt: "And I think you have said and it's been reinforced and make sure I understand what you've said, that it would be okay to make some minor adjustments in those target figures as long as we're steadily increasing the percent funded and really making progress. I mean, 90 percent funded is arbitrary, 89, 88, 87, 85, whatever, would also be arbitrary, but as long as we're continuing to increase it beyond the current 60-some percent, would that be the…"

Jon Bauman: "Yes, I think the '95 law was not etched in stone tablets and handed down from the mountain."

Moffitt: "So, there would be one area that we could work on that minor adjustments, but we'd still be making progress, making it a more solvent fund."

Jon Bauman: "As long as the long-term goal is not changed, but…"

Moffitt: "Thank you."

Jon Bauman: "…how you get there."

Chairman Turner: "The Lady from Cook, Representative Monique Davis for 2 minutes."

Davis, M.: "Thank you, Mr. Speaker. First, I wanna thank you gentlemen for being here. My understanding is that you provide disability and retirement benefits for all teachers outside of Chicago."

Jon Bauman: "That's correct."

Davis, M.: "And currently, you have about three hundred twenty-five thousand (325,000) teachers?"

Jon Bauman: "Yes."

Davis, M.: "And you have assets at this point of thirty-nine point seven billion dollars ($39,700,000,000)?"

Jon Bauman: "It's climbed up a little bit. We've got about forty-one and a half billion (41,500,000,000)."

Davis, M.: "In assets?"

Jon Bauman: "Mmm mmm."

Davis, M.: "Are you investing in Darfur?"

Jon Bauman: "No."

Davis, M.: "Good. Let me ask. What is the average teacher salary downstate or outside of Chicago?"

Jon Bauman: "About fifty-two thousand (52,000), I think. Is that…"

Davis, M.: "The average about fifty-two thousand (52,000)."

Jon Bauman: "Yeah."

Davis, M.: "And what percentage do they put into their… to their retirement fund?"

Jon Bauman: "9.4 percent for pensions."

Davis, M.: "9.4."

Jon Bauman: "And then…"

Davis, M.: "And in Chicago what percentage of their salaries do they put in?"

Jon Bauman: "I believe it's 8, but I could be wrong. Yeah."

Davis, M.: "Do you think… do you think though, it might be time to increase the amount that the downstate teachers put in for their retirement?"

Jon Bauman: "Quite frankly, no."

Davis, M.: "Why?"

Jon Bauman: "First of all, they've had two increases in the past ten (10) years. They pay an additional almost a full percentage for retiree health insurance and their contributions, if not the highest, are among the highest in the country. I think they're payin' their…"

Davis, M.: "But you said their personal contributions that they're putting in from their own salaries?"

Jon Bauman: "Yes."

Davis, M.: "Okay. So, ya know, like in asking for the sale of the lottery in order to pay pension funds, it just seems a bit unfair when the money, majority of it, will come from Chicago and the majority of it'll be spent downstate. It just appears a bit unfair. And when you have forty-one billion dollars ($41,000,000,000) in assets, where is the crisis?"

Jon Bauman: "Well, as I remarked earlier, I'm… I'm not a fan of that word."

Davis, M.: "You're… you're not a fan of it either. Thank you very much."

Jon Bauman: "Mmm mmm."

Chairman Turner: "Representative Leitch for 3 minutes."

Leitch: "Thank you very much and I, too, am very pleased that you would share this time with us. Is it true that our TRS system has to be 90 percent funded in order to use assets to pay for teacher health insurance?"

Jon Bauman: "No."

Leitch: "By an IRS ruling?"

Jon Bauman: "No. Actually, I've gotta go back about a decade. What the IRS ruling… regulations say about that is that the plan has to be more than 100 percent funded in order to use pension trust assets for health insurance."

Leitch: "It might be helpful if you had that documentation to share it with our staff…"

Jon Bauman: "Sure."

Leitch: "…so we could…"

Jon Bauman: "Not a problem."

Leitch: "…may clear that up on both sides of the aisle, 'cause I think that has been a continuing question. Would you tell the Body again the extent of the negative cash flow? In other words, I was unhappy to hear the extent to which the system is selling off assets. Would you repeat that, please?"

Jon Bauman: "We have had to sell off 2.4 billion dollars ($2,400,000,000) in assets over the past two (2) years or roughly 1.2 billion (1,200,000,000) a year. And it's… the math behind it goes something like this: our benefit payroll is two hundred and fifty million dollars ($250,000,000) a month, three billion (3,000,000,000) a year and we pay refunds and our administrative expenses which are nominal and that's the expense side. On the revenue side we received last year, for example…"

Leitch: "Would you hold a minute. Would you be quiet over there, please? I'm trying to hear this. Be quiet. You're saying two hundred and fifty million (250,000,000)…"

Jon Bauman: "A month."

Leitch: "A month."

Jon Bauman: "Times twelve (12) months is three billion (3,000,000,000) and probably about another sixty (60) in refunds and administrative expenses. So, that's maybe 3.1 billion (3,100,000,000), we'll say. And on the income side, member contributions were about seven hundred and fifty eight hundred million (750,000,000/800,000,000) and the state contributions and employer contributions were about six hundred million (600,000,000). You add that up and it's negative 1.7 billion (-1,700,000,000)."

Leitch: "What asset classes did you sell off? If you recall?"

Jon Bauman: "Well, they were withdrawals from S&P 500 index funds."

Leitch: "Wasn't too good a time to be getting rid of index funds through the S&P. One other quick question, you mentioned early on that you were overweighted in real estate if I heard you correctly. Are you taking steps to reduce your weighting in real estate or with the subprime crisis out there? What are your thoughts as it might impact your portfolio?"

Jon Bauman: "Sure. Let me clarify that just a bit. We are overweight in real estate compared to our peers and we have done very well in real estate. Five (5)-year returns are in the high teens. The past couple years the returns have been over 20 percent and as you know there are four (4) ways to invest in real estate. Private equity, which is what we do, we buy and hold properties. Public equity REITs, we have limited exposure to those. And public and private debt and we do no private debt holdings and our public debt is held by fixed income managers, and we have very, very limited exposure to what I'd call real estate junk bonds. So…"

Leitch: "What is your REIT allocation?"

Jon Bauman: "We don't have a specific allocation within real estate for them. In the domestic equities area, we probably hold about a hundred million dollars ($100,000,000)."

Leitch: "In REITs?"

Jon Bauman: "Mmm mmm."

Leitch: "And do… it sounds like there… you don't have any direct exposure to any subprime lending assets?"

Jon Bauman: "No. No, thank God."

Leitch: "Good. That's good news. Thank you, very much and I appreciate your sharing this time with us."

Jon Bauman: "You're welcome."

Chairman Turner: "Representative Boland for 3 minutes."

Boland: "Thank you very much, Mr. Chairman. And first of all, thank you for coming, all three of you, Mr. President, Mr. Director, and especially congratulations on that 17 percent return. I wish I'd have followed what you were doing very closely and put a little bit of money into it instead of buying lottery tickets. Yours probably would have been a lot better. Let me ask you a couple questions here. Right now, you said we're… we're at about 63 percent funded, right?"

Jon Bauman: "Started the year about 63 and the preliminary number for the end of the year is 66."

Boland: "Sixty-six by the end of this year?"

Jon Bauman: "Yeah."

Boland: "Okay. Thank you. And you said that if we had a target of 75 percent instead of the 90 percent that we had by 2045, that there would be some cash flow problems, but 80 percent looked okay."

Jon Bauman: "Um…"

Boland: "I mean, I know we'd all like to have it as we originally did in '95, ya know, and put the target of 90 percent, but what if we did do that?"

Jon Bauman: "Yeah, I don't wanna give an impression that I'm advocating anything other than…"

Boland: "Yeah. No, right. I understand that."

Jon Bauman: "…90 percent 'cause that's what our board's position is. Of numbers below 90, I think the lowest number below 90 that's livable is probably 80."

Boland: "Okay. And… and ten billion (10,000,000,000) of what the Governor is proposing would get us to the 80 percent, right?"

Jon Bauman: "Mmm mmm."

Boland: "And what would fifteen billion (15,000,000,000) get us to?"

Jon Bauman: "Well, if we got the whole fifteen (15), that would get us over 90 percent."

Boland: "Oh. So, over 90 percent. We'd be…"

Jon Bauman: "But if…"

Boland: "…better off even."

Jon Bauman: "Yeah. But if we got our proportional share of fifteen (15), that would be about… that would be about 82 percent, I think."

Boland: "That would be 82 percent by when?"

Jon Bauman: "At the time the money was put in."

Boland: "So, a year from now…"

Jon Bauman: "Yeah."

Boland: "…probably."

Jon Bauman: "Mmm mmm."

Boland: "Okay. And what if we were to change the timetable, instead of having the 90 percent target, say, that's now by 2045, what if we were to make that 90 percent target by 2070. How much ease in the pressure do we have there?"

Jon Bauman: "We ran a scenario last year that looked at that question for 2065 and what it showed us was that it saved relatively small amounts now…"

Boland: "Hmm."

Jon Bauman: "…in exchange for huge increases in payments down the road."

Boland: "Okay."

Jon Bauman: "Yeah."

Boland: "So, it really doesn't help us too much right now."

Jon Bauman: "Yeah. It's kinda like an eight (8)-year car loan. What you're saving right now doesn't justify all the payments you're gonna have to make in the end."

Boland: "Mmm mmm. And one last question, you said there were some aspects of the '95 law that now looking back or maybe even then you weren't real happy with. Can you expound on that a little bit?"

Jon Bauman: "I think with 20/20 hindsight, the ramp should have been shorter, but…"

Boland: "Really."

Jon Bauman: "…I think the people who were around here then remembered that fifteen (15) was as good as it was gonna get in order to get the Bill passed."

Boland: "Okay. All right. Well, thank you very much, and again, congratulations."

Chairman Turner: "Next speaker for 4 minutes, Representative Winters."

Winters: "Thank you, Mr. Speaker. Tending to some other paperwork. We had a series of potential reforms of our pensions that were considered several years ago and the one that really had an effect was dealing with the last few years of a teacher's career where we, I believe, capped them at a 6 percent increase, anything beyond that the school board would have to make the full contribution and not put it back on the Teachers Retirement System. Is that a fair summary of the reform that we did a couple years ago?"

Jon Bauman: "That's correct."

Winters: "Now, there were a number of other reforms that were out there. One of them would ask for state university, state employees and teachers to pay an additional 1 percent. Did I hear you earlier state that you thought that the downstate teachers were already overburdened enough that you do not think that that is a policy option that you could support?"

Jon Bauman: "I don't think that the board or the groups that represent teachers would be inclined to support that based on the relatively recent contribution increases the teachers have had to bear."

Winters: "Can you… briefly tell us what those increases… you said we'd raised them twice in the last two (2) years."

Jon Bauman: "Sure. In 1996, I believe, when the first TRIP program was put in place, the teachers agreed to pay half a percent and that has grown over time and with subsequent changes to TRIP to where they're paying I think eighty-five hundredths of a percent on top of their retirement contributions. In 1998, when the 2-2 formula was passed, their contributions were increased by a full percent. More recently, as part of the ERO fix, active teachers were asked to contribute an additional four-tenths of a percent to pay for the new ERO."

Winters: "Okay. There was also one of the reforms that you would have to have eight (8) full years of service to start withdrawing benefits before sixty-five (65) or did it… That I clearly believe was for new employees of the different retirement systems and that provision was not enacted into law. In other words, the current, new employees as they come on get the same benefits as an existing employee of the state. Is that your understanding?"

Jon Bauman: "I…"

Winters: "We don't have a two-tiered system at this point."

Jon Bauman: "No."

Winters: "Would that relieve pressure on the Teachers Retirement System and on the other pension systems if new hires were asked to work later in their career before they retire?"

Jon Bauman: "Well, let me give you a two-part answer to that. As far as the eight (8) years of service and sixty-five (65), teachers tend to work a full career. We don't have very many people that would be eight (8)-year service retirees. Our average retiree has twenty-nine (29) years of service."

Winters: "Well, but we do have… we've seen recently a number of teachers with second careers. They may retire from the military; they may retire from a life in another industry and have skills and come back at age fifty (50) or fifty-five (55). So, and it may be an increasing area of recruitment for teachers. So, it… I wouldn't discount it out of hand, I guess."

Jon Bauman: "Well, and I…"

Winters: "Statistics aren't there today, but they may well change in the future."

Jon Bauman: "Well, and to your point, I think that the pension system should not act as a disincentive to attract nontraditional individuals to the classroom and more restrictive retirement requirements would be one way that would serve as a disincentive."

Winters: "Point… point well-taken. The last area I'd like to deal with is the investment climate that we have you seem fairly comfortable that if you're given access to ten billion or fifteen billion dollars ($10,000,000,000 or $15,000,000,000) that you can invest those funds, make a profit in the market, whatever market you invest in, that more than exceeds the cost of borrowing that money. Is that…"

Jon Bauman: "I would say that that is an investment transaction or a series of transactions that is not without some risk."

Winters: "In other words… Well, I guess if we think that the arbitrage worked beautifully three (3) years ago, it probably will work this time, at least the Governor is asking us to signoff on this. You seem somewhat in support. You're hedging your bets a little bit, if you will, in saying that the investment climate is not as good as it was three (3) years ago, but if there's profit to be made, why don't we just borrow twice as much? You know, we could eventually fund the entire State Government and all of our pension contributions if we just borrow enough. Your response as an investment advisor to us."

Jon Bauman: "I…"

Winters: "If… if a little's good, more must be better."

Jon Bauman: "Well, I just have to share with ya something my late father always said to me, which is you can't borrow your way into prosperity."

Chairman Turner: "Last question, Representative."

Winters: "You cannot borrow your way out of debt and that's exactly what this Governor is trying to do. Thank you very much for the extended time."

Chairman Turner: "The Lady from Cook, Representative Currie."

Currie: "Thank you. I move that we recess the Committee of the Whole."

Chairman Turner: "You've heard the Lady's Motion. All those in favor should say 'aye'; all those opposed say 'no'… say 'no'. In the opinion of the Chair, the 'ayes' have it. And the committee is recessed. We will now return to Speaker Madigan…

Speaker Madigan: "In the regular Session."

Turner: "…in the regular Session."

Speaker Madigan: "The regular Special Session whatever it is."

Turner: "Number 4, I believe, #4. Five? Number 5."

Speaker Madigan: "Ladies and Gentlemen, the plan is to adjourn this Special Session and all the other Special Sessions to 12 noon tomorrow. And so for the purposes of this Special Session, Representative Currie moves that the House stand adjourned until 12 noon tomorrow, providing perfunctory time for the Clerk. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it. Special Session #5… 5, we stood in recess in 5, we're back in regular Session. Representative Currie moves that the House stand adjourned until 12 noon tomorrow. Those in favor say 'aye'; those opposed say 'no'. The 'ayes' have it. The House does stand adjourned until 12 noon tomorrow. Now, Ladies and Gentlemen, before you start to drift away. There's a meeting of the Governor and the Leaders at 6:30 at the mansion. And as we did yesterday, you're all invited to join the meeting scheduled to begin at 6:30 at the Governor's mansion. In addition, tomorrow there'll be a Committee of the Whole and Barry Maram will be… will be the featured witness in that Committee of the Whole. All right and Ladies and Gentlemen, please be advised that the

Governor has called a Special Session #6 for tomorrow at 1 p.m. And so, our plan would be to convene that at or about that time. Mr. Stephens."

Stephens: "Well, first of all, Mr. Speaker, I'd like inform Mr. Mapes that Representative Winters was eating cake at my desk. Now, I did bring something to eat. I… we have apples. Apples are a natural fruit and would be welcome in any club room around the country. Speaker, we wanna thank you for encouraging us when you followed up on the Governor's… I think, he thought it was a glib comment about, 'oh, maybe everybody should be at these meetings.' Speaker, you did a good job in focusing on the state's… the… focusing the state's attention on Rod Blagojevich seemingly irrational behavior. The… the theory before us was that if the Governor will just work with us and compromise here and get something there and in a phase… in a phrase be reasonable, we could even this tough situation behind us. The theory is all about Rod and all about how it's his fault. But Mr. Speaker, I… maybe I'll reserve the rest of my remarks for tomorrow because as I go back over the recent history and the history of the 20 years that I've been here, I have found some great similarities as to whose fault this might really be. And I would be glad to expand those remarks at another time. Anybody want any cake?"

Speaker Madigan: "Mr. Lang."

Lang: "Thank you, Mr. Speaker. I recall that when the Governor first started talking about all of us coming to the budget negotiations, he indicated he thought the press should be there. As I understand it, he denied the press access to the meeting yesterday. I was wondering if you've heard as to whether the press will be allowed into the meeting room?"

Speaker Madigan: "I have not been advised."

Lang: "It is correct though, that the Governor made a comment to the… that the press should be in the room so that they could see the negotiations. Is that correct?"

Speaker Madigan: "That's correct."

Lang: "All right. Thank you."

Speaker Madigan: "Mr. Black."

Black: "Thank you very much, Mr. Speaker. Inquiry of the Chair."

Speaker Madigan: "State your inquiry."

Black: "Does the call for a Special Session tomorrow include the Senate or does it only include the House?"

Speaker Madigan: "It would be my understanding that it includes the Senate. Yes."

Black: "I… I certainly would hope so. Let me ask you a question and I have certainly no motive other than my distaste and dissatisfaction over what occurred when the acting Director, Mr. Blair, did not come before this chamber and then we were going to be subjected to the Broadway performance, in the mansion of Mr. Blair. Under House Rule 23, the House has the power to issue subpoenas and swear in witnesses. Now, it's a… I'm sure… I can only recall that having been done once and I don't even recall what the occasion was. But if this charade continues, I would… I think the Chair would have nearly unanimous support to compel certain people to be here at the call of the Illinois House of Representatives. And I can think of one or two that I would like to have sworn in. I'd like to have their testimony under oath. One of those might be here tomorrow, but that's… that's a prerogative, I think, left to the presiding officer of the House. That you certainly have that authority and I think we may be coming to a time when the Body may need to issue a subpoena and we may ask certain witnesses to be sworn in. And I will abide by whatever decision you make, Mr. Speaker, but I think that time may be fast… fast arriving."

Speaker Madigan: "Mr. Jerry Mitchell."

Mitchell, J.: "Thank you, Mr. Speaker. Just a question of the Chair."

Speaker Madigan: "State your inquiry."

Mitchell, J.: "Speaker, there's been several questions on the retired teachers' program. And I was wondering if it's possible to have the executive director of the Chicago Teachers' Retirement System appear before us. Do we have that… that right? I realize it's not a state pension… one of the state pension programs we have, but there are some questions that we have. And I think many of the Members don't understand the difference between how the Chicago retired teachers are funded versus how downstate teachers are funded and what mechanisms there are and differences there are in those two systems. One being, the matter of health insurance, which we talked about today and… and how one system can utilize some of their funding for that, the other cannot. It's just curious to me. I don't know whether we can do that or not but… but it was just a question."

Speaker Madigan: "Mr. Mitchell, we can contact that system and its executive director. My expectation is that they would willingly appear as a witness."

Mitchell, J.: "Okay. Thank you, Mr. Speaker."

Speaker Madigan: "Thank you. Mr. Eddy."

Eddy: "Point of personal privilege."

Speaker Madigan: "State your point."

Eddy: "Mr. Speaker, I just want to take a moment and sincerely thank you for the opportunity to go home last night, attend church this morning with my family. I… I really appreciate the fact… and I… and I'm being sincere. You're trying to run this in a way that is giving us as much consideration as possible. And on behalf of myself, my daughters, and my wife, who I was able to go to church with and have a meal with this morning, thank you."

Speaker Madigan: "Mr. Reis."

Reis: "Inquiry of the Chair."

Speaker Madigan: "State your inquiry."

Reis: "Mr. Speaker, we have five (5) Special Session House Calendars now, I understand we'll have a sixth tomorrow. Will all these remain open each day or will you be able to adjourn each individually when sine die or will we have to do all of them together?"

Speaker Madigan: "Mr. Reis, once a Special Session is called it takes on its own life and becomes just like a regular Session in terms of scheduling and in terms of the final adjournment sine die. So, each of those Sessions can be scheduled day-to-day or we can skip some days, skip a week, and they can be adjourned sine die at any time or different times."

Reis: "Can a Member do that… make that Motion or can only the Majority Leader do that? No, I'm serious about…"

Speaker Madigan: "I know you are and… and a Member can make the Motion… the Motion can be made. I would recommend nothing to be gained from… from doing it. We know this Governor is more than willing to issue proclamations. So… sure…"

Reis: "I just didn't know if we had a Special Session that dealt with an issue that wasn't budget related that we could adjourn that one sine die and focus our efforts on just budget related Special Sessions."

Speaker Madigan: "The answer to your question is 'yes'. I would simply recommend… you know…"

Reis: "Talk to you first."

Speaker Madigan: "…take it easy. Mr. Winters."

Winters: "Thank you, for a point of personal privilege."

Speaker Madigan: "State your point."

Winters: "Today is July 8 and as a lot of people were paying attention yesterday on 7-7-07, today is 7-8-07. It reminds that one of the proudest Illinois corporations we have, Boeing, is launching the 787 Dreamliner today. I wanna call people's attention to the fact that that Dreamliner has two brand new wings made out of plastic composites. I think that could be comparable to the House and the Senate of this General Assembly. It has a couple of engines similar to the Senate President, the House Speaker. What that plane lacks, it's not Party equipment though, it's in the cockpit. There are no pilots there. And I'm just saying that maybe that's what's lacking in this state is we don't seem to have a pilot. Thank you."

Speaker Madigan: "Mr. Joe Lyons."

Lyons, J.: "Thank you, Speaker. For the point of personal privilege. I… for those of you who didn't attend the meeting yesterday in the Governor's Office it was really, I mean this from the bottom of my heart, a spectacular thing. There were no Democrats there. There were no Republicans there. There were House Members speaking as one Body. Roger Eddy, Jerry Mitchell, Leader Cross, all of ya… I've never been so proud to call you my friends as I was yesterday when we were in the Governor's mansion. So, to all of you coming together for the purposes that we're doing here to try to really find some solution, I commend you and I appreciate your efforts collectively as the Illinois House of Representatives."