

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Speaker Hannig: "Now the Sixth Special Session of the House of Representatives will come to order. Is there leave to use the Attendance Roll Call from the First Special Session? There are no objections, and so leave is granted and the Attendance Roll Call is used and a quorum is present. So, now Representative Currie would move that the House would resolve itself into the Committee of the Whole for the purposes of hearing testimony for the subject matter for the Sixth Special Session. Again, the topic matter will be the State University Retirement System and then the second panel will come in on the topic of sexual assault. And Representative Feigenholtz will be the chairman of the Committee of the Whole."

Chairman Feigenholtz: "The Committee of Whole will please come to order. Today we have with us Director Barry Maram, Theresa Eagleson and Mike Moss from the Department of Health and Family Services. Mr. Maram."

Director Maram: "Good afternoon and thank you for the opportunity of presenting in front of you again today; I very much appreciate it. Thank you for the opportunity to speak about a critical program that provides assistance to victims of sexual assault. I would like to let you know about this program so that you may understand why Healthcare and Family Services requested the level of funding reflected in the introduced budget to account for natural growth and will also be bringing up some legislation that has been proposed by and passed by both the House and the Senate that would also affect funding."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

In such unfortunate cases, at a point where an individual may be in the most need of help, yet the most leery of seeking assistance such as sexual assault, this program assures that they can get prompt and appropriate care by reimbursing certified hospitals for services provided to survivors of sexual assault. And what we're going to be talking about today is the program on sexual assault and understandably we realize that the budget that you passed, you proposed and passed, was the same funding as last year's. And what were we talking about today are what is happening with the program in terms of natural growth and the proposed legislation and asking your consideration to consider increasing the funding to what HFS proposed and in addition, take into consideration the legislation that you passed out of both Houses. So, we realize that the funding that you had proposed and passed was the same funding as last year. We are just here today to explain what the increases were in terms of natural growth and the legislation passed which would, in our minds, hopefully justify additional funding for the program and that's why we're here today. Explaining a situation with sexual assault is a very difficult time as we know in a person's life. An individual may want to remain anonymous and this is what this program allows, for a person to remain anonymous to the greatest extent possible and not be required to provide insurance information on their own private insurance. For instance, a college age woman, and it could be a man, may not want wish to talk to her parents

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

about the assault initially, but would still desperately need to seek medical attention. If she had private insurance under her... a parent's policy this would become a challenge for certain situations. This program guarantees that any individual can get state help to pay for services necessary following a sexual assault. While care for Medicaid individuals is reimbursed through other line items, all other individuals outside of Medicaid whether insured or not are covered by this special program, where again it allows for anonymity for people to seek immediate medical attention for a sexual assault. In the current form, the program pays for the initial emergency room services rendered to survivors of sexual assault. In addition, it also pays hospitals for up to two (2) follow-up visits within six (6) weeks of the assault. Hospitals are responsible for collecting all associated bills from physicians, pharmacies, ambulance providers and any other medical provider associated with the treatment of the victim. As hospitals have made more use of the funding available for treating sexual assault survivors, this program has been growing over the years. In fiscal year 2007 we expended all appropriations made in this line, meaning that the program continues to grow and help people in need. Given this natural growth of the program, the introduced budget proposed funding for the program at one point nine six million (1,960,000) to account for the trend of increasing use. And again we understand and we accept the fact that what you had funded was the level funding

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

from last year, we realize that. We're here today to tell you why we believe it needs increased funding to account for its natural growth we'll be talking about and in addition, the legislation that was passed by both Houses that didn't have a funding mechanism attached to it. So, that's exactly why we're here today and we appreciate the opportunity. So, the... given this additionally since the budget was introduced by the department, both chambers of the General Assembly unanimously passed Senate Bill 1618 which expands access to follow-up services under this program under the Sexual Assault Survivors Emergency Treatment Act. So, legislation was unanimously passed by both Houses. And I might say directly to you and out of appreciation and cooperation I want to share this, although this Bill has not been signed by the Governor, I feel strongly that this is a Bill that is... has a very good chance of being signed. And I personally, as director, indicated our support from the department as well as my support as director. So, it's an exciting time that this legislation was passed, but again there was no funding mechanism to fund what this legislation does. So, under this legislation, a survivor of sexual assault would still present at the emergency room for initial treatment. And how this program works is that, under the existing law, people have to go through the hospital. The hospital collects the bills; the hospital does the follow-up. It makes sense though that a number of people who are victims of sexual assault should be able easily to go to their own

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

doctors and get it paid for rather than having to deal with the bureaucratic experience of having the hospital collect all the information and follow-up and even if they see other doctors having to have those bills put through to the hospital."

Currie: "Excuse me, Director. Representative Currie temporarily in the Chair. Go on."

Director Maram: "So, what the legislation does, which you were obviously approved, a survivor of sexual assault would still present at the emergency room for initial treatment. Following the first visit, the patient would be given a voucher for up to ninety (90) days of follow-up care with the provider of their choice. Services could include prescriptions, physician visits and other needed services. The Bill was passed after the HFS budget was introduced. This change will allow patients to receive a complete thirty-day regimen of prophylactic HIV treatment from a pharmacy as opposed to a one-day supply at the emergency room. It will also encourage appropriate follow-up with an individual's own physician. The current appropriation enacted in the interim budget, therefore, it does not take into account either the natural growth in the basic program or the expansion that this Legislature enacted. We estimate that payments to providers for these services will slow down to about two hundred (200) days if the additional funding wasn't considered from about the thirty (30) days we averaged in FY 2007. Without the funding originally requested in our HFS budget, this appropriation will not

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

have the funds available to meet the natural growth of the program and in addition, the additional funds would be needed for the legislation. Again, bottom line, we're very privileged to be here today. We're glad to be talking to you about this important issue. We realize that the funding that the House approved was the same level funding as last year, we understand that. We're just here today to tell you why the additional funding would be so important because 1) the natural growth of the expanded nature of people using the program, women and even men as sexual assault victims, and 2) to fund the legislation that you approved which would account to about one point four million dollars (\$1,400,000). The legislation would be about one point... one point four million (1,400,000) and the natural growth would be about three point... three hundred and sixty thousand (360,000). So, again the budget approved by the House was one point six (1,600,000) and would we had asked for was one point nine six (1,960,000) to show natural growth and in addition, since the legislation was passed after we submitted our budget, that would be one point four (1,400,000). We very much look forward to working with you on this and we are very pleased to be here supportive of legislation that you yourself approved. Thank you."

Chairman Feigenholtz: "Representative Feigenholtz back in the Chair. Director Maram, are we going to hear from Theresa or Michael Moss?"

Director Maram: "We are here to answer questions."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Chairman Feigenholtz: "Okay. Then we will go to... we'll first go to Representative Rosemary Mulligan for 10 minutes."

Mulligan: "Thank you, Madam Chairman. Nice to see you, Director, I hear you had fun yesterday."

Director Maram: "Good to see you. I very much enjoyed being here. And it's a privilege and I appreciate it."

Mulligan: "As far as this goes and I think people ought to pay attention for the simple reason that domestic violence and sexual assault in Illinois has been terribly underfunded. But I noticed that the Governor, in order to put a hot budget issue, called it for your budget, which is a minor portion of what actually goes into state funding for this. And so he put it in a way that we could not actually have a discussion with you over considerable underfunding in both the Department of Public Health and the Department of Human Services. So, what he is saying is that, if we don't give him money that you're off three hundred thousand dollars (\$300,000) from last year?"

Director Maram: "Well, with due respect, the one point four million (1,400,000) is the legislation that is affected by our department... which affects our department. The legislation that you passed would be operated out of our department to provide those... the funding to hospitals."

Mulligan: "Was this in your budget as presented? When we asked questions in Human Service Appropriations, one of the main questions, I know that both I and Representative Feigenholtz asked each agency director was, is the budget as presented the budget for the current year without the

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

wish list with any of the Governor's additional add-ons? And most agencies responded that there were two (2) separate parts to their budget. One was the continuing budget for FY '07 that goes to FY '08 with some enhancements and other things that were in a separate... if enhancements in revenue were passed. So, is this particular increase was part of your regular budget whether enhancements were passed or not which was an increase of three hundred thousand dollars (\$300,000) over the current year budget?"

Director Maram: "With due respect, the legislation that affects our budget for one point four million (1,400,000) was passed after... it was passed on 5-31-07. So the legislation of the one point four million (1,400,000) came after our budget was introduced after our approp hearing and it was... it was introduced... it was passed afterwards."

Mulligan: "Do you know if that legislation was subject to appropriation?"

Theresa Eagleson: "No, Representative, it was not written that way."

Mulligan: "I would think that most of us would have voted for it anyway, because most people are supportive in this area of issues that are very important. What I think is inappropriate, it has nothing to do with you, Director, which I am sure you will love, that it has nothing to do with you. It has to do with your Governor, who is your ultimate employer, bringing up this issue in your narrow scope but not directing it also to the Department of Public

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Health and the Department of Human Services. He cut over a million dollars (\$1,000,000) in a bullying program out of a... I think the state budget for education. There has been no significant increase in the Department of Human Services for ICASA or domestic violence treatment. He did not fund adequate people in the Department of Public Health to enforce legislation that I passed a number of years ago that says emergency rooms must tell rape victims about emergency contraceptives. And the current staffing of that only allows them to go through emergency rooms, half of the emergency rooms in this state, once a year which means that it takes two (2) years to find out if emergency rooms are complying. So, the fact that you're here today sniggling over the amount of money that we would be more than willing to give you, and this is the particular area this Governor chose for his 'Special Session', seems to me to be very disingenuous. He should have had his other departments, where he is royally left these poor women sitting on the wayside, although this is supposed to be the Governor... the women's Governor. I find that inappropriate. I find that this is a very little amount of money considering all of the money he's left on the floor over these years that has nothing to do with your agency. So, I presume it's because you're in Springfield this week and he could get you here to testify for us as opposed to the fact that he's been a rotten Governor as far as funding these issues. And this legislation was not 'his legislation'. It was the Legislature's legislation, which we're more than happy to

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

give you. I would have no problem talking to my Leader about assuring you that the three hundred thousand dollars (\$300,000) is there. That's not the point, the point is I actually had to threaten in one meeting that he didn't raid the Domestic Violence Fund. So, the fact that he brings you out here on this small issue and leaves the two (2) other agencies that he's totally ruined the budget in that area are not here I hope he calls other Special Sessions for them. Because I don't think you should be the one that's being called on the carpet here. I think he should haul his butt down here and let us talk to him about how he has underfunded domestic violence, ICASA, how he hasn't helped the people that actually help these women at all over the last five (5) years. And so, to put you out here seems to be very unfair to you. So, I'm more than happy to help you with this amount of money particularly since it's our legislation which I think it makes it all a moot point, but I think that he called this Session that makes you come to sit before us to be castigated is ludicrous. He ought to get himself down here."

Chairman Feigenholtz: "Representative Mulligan you have 5 more minutes."

Mulligan: "Oh, I am sure they'll love the fact that I have 5 more minutes."

Chairman Feigenholtz: "She requested... I think she requested... you requested 10 minutes?"

Mulligan: "Yeah. The people on our side seemed to think that I'm more than willing to talk on this issue, which I am,

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

because over the years I've both gone to bat for them. I mean, the first year I was here I was charged with legislative pork money, which was a million dollars (\$1,000,000) toward sexual assault for the whole Women's Caucus. So, this seems to be a pretty good issue for me. So, aside from that, the fact of the matter is, are you going to make sure if you put this money that everybody has the rape kits? Do you pay for the rape kits? Where does that money come from? Does three hundred thousand dollars (\$300,000) give people follow-up visits, but I think the bottom line is a lot of people never report it. They go to the sexual assault places where advocates help them that are already not charging much anyway and aren't getting much funding from us. So, what does your money actually pay for?"

Director Maram: "Well, in response, with due respect, this is a very significant amount because with the legislation that directly affects our department, it's not three hundred thousand (300,000), it's approximately one point eight million (1,800,000). So, it's not only, and as I pointed out in the introduction, this is one point eight million (1,800,000). And in response to your question, which I respect, this came about after our introduced budget, after the approp hearing. So, we just want to make sure that the monies are there and we appreciate your support for the legislation, as well. And we are the agency that pays the bills under the legislation."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Mulligan: "What was your agency's position on the Hunter-Hannig Bill and the Bill that added the one point four (1,400,000)?"

Theresa Eagleson: "Senate Bill 1618, I believe... I believe we were neutral... neutral on that Bill."

Mulligan: "You were neutral on it, but the Governor's using this as his prime point of jumping off for a Special Session Session."

Director Maram: "Well, there was a fiscal... there was a fiscal impact and there is not funding for it. However, I can tell you that in discussions we are... certainly this department is supportive and I've gotten very strong feelings from the Governor's Office that this... I can't... no guarantees that this will be signed and we'd work together. The bottom line is there isn't the money to fund it, which is a very good program, a very good program in the Bill. Now, there would be in discussing it with you and we appreciate it."

Mulligan: "So, if you're neutral on this and because of the fiscal impact, but you are not neutral on the Governor's health care plan, which certainly has a much bigger fiscal impact than this. I don't understand those two (2) points of view, quite frankly."

Director Maram: "Well, I think there was... there was certainly in the health care plan a number of ways to pay for it and that's a part of the fiscal impact. The bottom line error is that we are supportive; we are simply here to find a way to pay for something that made sense that both... paid both

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

that was passed out of both Houses of the Legislature. And we're glad to be here."

Mulligan: "All right. I understand you're glad to be here. I think that's..."

Director Maram: "Well, it's a productive situation when... it's a productive situation when we can explain to you what's out there and we need funding and you support the cause. So, I think that's a win-win for both of us."

Mulligan: "That's never been a problem in our committee, except for things that are so exorbitantly expensive that realistically we cannot in good conscience go out and pass something like that until we figure out a better way of doing it in a longer term rather than having it dumped on you all of a sudden and saying, hey, we want to do this six billion dollar (\$6,000,000,000) thing for, ya know, tomorrow. That doesn't work well and I don't think it's worked well in any way, shape, or form. I think you get a better response from the General Assembly if you work in partnership. And since this guy thinks he needs a crown rather than being elected, it seems to be a problem. And it seems to then filter down to his directors who here are on the front line trying to sell things. I have no problem with this particular legislation; I'm sure I voted for it. I do have a problem with the total program being underfunding and his desire to sweep funds out of that particular area on numerous occasions. So, it's disappointing to me that you're the only one (1) of the

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

three (3) areas that are here to discuss this and that it falls to you."

Director Maram: "What... what we're talking about today affects directly HFS. This is an HFS directed funding."

Mulligan: "I know, but you're not here because you came to Representative Feigenholtz and I and said, which we were trying to start setting up this week the object for us is to go to the different agencies and say what's realistically going to happen with any budget that's passed, which we have been trying to find out. That's not the cooperation that we normally get from the second floor. The cooperation we get from him is that it's a little game on what we need and what we are going to publicize. And so, the little game demands that you sit here and have us discuss this when he didn't really call it on the parts of domestic violence and domestic violence funding that he should've, which would have been the two (2) other agencies as opposed to yours. 'Cause we have no problem with you coming to us separately and saying, this is an issue, would you pass it along to your colleagues?"

Director Maram: "I can't speak to the other agencies. I obviously feel strongly that there has been support throughout the agencies for a number of these issues. But in response today, this specifically with HFS, I just want to be able to share, which I think we're doing, that one point seven million (1,700,000) is necessary. We appreciate your support."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Mulligan: "Well, you'd normally would have support on anything that's reasonable."

Chairman Feigenholtz: "Thank you, Representative Mulligan. We also have Representative Eddy, Roger Eddy."

Eddy: "Thank you. Gentlemen, I just have a couple quick questions for ya."

Chairman Feigenholtz: "Representative, how many minutes do you request?"

Eddy: "Three (3) minutes."

Chairman Feigenholtz: "Thank you."

Eddy: "Is it within your authority to add money to this particular line item from within the HFS budget by reducing other line items that you might consider to be, and I don't want to use the word less important, but part of your job is to prioritize. Is that correct? If you're given a certain dollar amount of money, part of your job and your responsibility and I think you understand that, is to prioritize. My question is, is it within your authority to prioritize and put additional funds in this line item, if you think it's a priority? Yes or no would work. Can you do it or can't you?"

Michael Moss: "Representative, part of the... part of what we do when we put a budget together is try to estimate..."

Eddy: "Let me restate the question 'cause you're..."

Director Maram: "The answer is this; as we go into a budget, we do not create wish lists. We have been very on target at HFS, year after year to spending exactly what was necessary. Bottom line is, one can take dollars and put

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

into payment cycles sometimes and now we've had payment cycle at a reasonable amount. The proposals from time to time of taking payment cycles, I think, in some of the proposals weigh out..."

Eddy: "Mr. Maram, I asked you a specific question and I don't want to... I would like an answer. This is simple. Do you have the authority as the director to move money from the line item within to this one? Yes or no? Can you do it or can't you do it?"

Director Maram: "We have some ability to transfer some small amounts of money comparatively, but that would affect programs that truly need it and we budgeted if necessary."

Eddy: "I didn't ask you to... I'm not asking you to prioritize here. I asked you if you had that authority. The answer to the question is yes. I think you have 2 percent transfer authority. Is that right? And under the budget that the Democrats passed, you have 8 percent authority. So, they tried to give you even more flexibility. That's my point. I understand it's difficult. I do budgets all the time. We all have to make decisions on budget money. My point is, not necessarily you and this isn't personal, someone has chosen this line item for a particular purpose and the purpose is to demonize this Body for even thinking about cutting this line item. The fact of the matter is that's a management issue by department and you make that decision. Now, I know they're tough decisions. I know they are. I have made tough decisions before and I know you have made tough decisions. That's not the point. The

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

point is that if there is only so much money and you have to make those decisions, I think you have the ability to do that. I think this Body does. Don't try to turn it back on us, Governor, by bringing it here and demonizing this Body for decisions you should be making."

Director Maram: "In response to you. When a legislation's passed without appropriation, we very much... I very much personally support that legislation, but there's... without having the dollars, we're here today to discuss simply funding what you've passed and that makes sense. In the other areas, we've been very effective, very effective; we've had very low cost dollars compared to other states in a number of areas by holding down costs. We've had massive savings. We've done what we've had to do to make sure that health care is provided at an adequate access at a reasonable cost. Bottom line is this, one point four million (1,400,000) in legislation that you approved and there's three hundred thousand (300,000) in the natural growth... three point... three hundred thousand (300,000)... three hundred ninety (390,000) approximately. Bottom line is that legislation did not get appropriated dollars. It wouldn't be realistic to say, well, let's pay for it out of other lines. But thank you, Sir."

Eddy: "Madam Chair, if I could get another additional minute. I would appreciate just one (1) more minute. Let me, let me... I want to make sure you understand what I'm saying. 'Cause I know that you are here to deliver a certain message. And I appreciate that, you're a good soldier."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

But the fact of the matter is and this does not require an answer, this is a statement. What is happening here is what happened yesterday and the day before and it might happen tomorrow and it might happen for a month, the Governor is using this stage to try and demonize this Assembly for his inability to put a budget together that has revenue in it. That's what's happening here. This isn't about whether or not we think this is an important issue or you do. This is an attempt by someone who manipulates well, to manipulate you against us, against them. That's all this is. This is childish schoolyard temper tantrum at a high level. And unfortunately, we are all caught in it and that's my point. This is administrative decisions I know you're capable of making them; I am not questioning the job you do. I am saying this is not the place for this childishness."

Chairman Feigenholtz: "Thank you very much. We are now going to go to the Democratic side of the aisle. We have a request from Representative Monique Davis for 2 minutes?"

Davis, M.: "Thank you very much. First I want to thank you for being here. I know that domestic violence is a very serious issue. And I believe it leads to homelessness, if not addressed. Could you address that?"

Director Maram: "Sure."

Davis, M.: "In other words, what can we do or what do we do to prevent domestic violence and in other words, reduce the number of homeless people? As a Legislator, I'm realizing a number of people who come to my office who are homeless

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

previously suffered from domestic violence, which led to the homelessness."

Director Maram: "Thank you, Representative. It is so true. One of the basic tenets of what this program's about in the legislation you passed is to allow for people's anonymity. People... when horrible things like this happen, it's horrible enough that people have to be going to information seekers, whether they be health care organizations, insurance companies that take down the data. This allows a person immediately to get confidential information, taken in by the hospital or the doctor, not having to go to a third-party payer. It means that a person doesn't have to be embarrassed. It means that a person can immediately get... care because in the past and this is how the program, I really believe, got initiated and your legislation came through, people were embarrassed to go to people and talk about this. And I want to share with... to my left is Theresa Eagleson, who's been with the department and has been working not only on health care issues but on social issues that you've been describing for a number of years. Theresa."

Theresa Eagleson: "Thank you, Director and thank you Representative. Your point is an excellent one. And this Bill that we're discussing that you passed unanimously, in this chamber and the other chamber, would allow, just as the director said, women to go, for instance, to a pharmacy to get a thirty-day supply of a prophylactic drug... cocktail to prevent HIV right after an assault. Help that woman

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

heal from that horrible experience, the woman in the example I was using, to help prevent further problems down the road. And also, the hospitals help the woman seek counseling from one of the centers that you're referencing. They're funded by other state agency programs around the state."

Davis, M.: "Do the hospitals always provide the information to the patient? I had a case in my district of a little twelve-year-old girl being raped and her mother had a very difficult time getting the counseling information that she needed."

Director Maram: "The hospitals even under EMTALA, under federal regulations, are required to treat. We are also coordinating with the hospitals to make sure if they are going to get paid under these programs that they're providing the necessary information as well as treatment. And I would like to sit down with you and find out what that situation was."

Davis, M.: "Okay. I'd be happy to discuss that with you."

Director Maram: "I would like that very much."

Davis, M.: "And are they required to report to you the number of people they've seen or the number of people they've counseled?"

Theresa Eagleson: "Yes... yes, Representative, they actually bill us for the services that they provide, patient by patient."

Davis, M.: "And outside organizations that are not hospitals, they also have the opportunity to provide counseling to the victims?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Director Maram: "Yes. Working with a number of other state agencies, I think Theresa would expand on the fact that there are other programs that support this."

Theresa Eagleson: "There are several programs, as Representative Mulligan was referencing before, in other state agencies' budgets that provide millions of dollars in prevention and education funding that's distributed through the Coalition Against Sexual Assault to various community agencies all over the state for programs just as you're speaking of."

Davis, M.: "And exactly how much are you requesting?"

Theresa Eagleson: "For the treatment portion of the program..."

Davis, M.: "Yes."

Theresa Eagleson: "...that we're discussing here today?"

Davis, M.: "Yes."

Theresa Eagleson: "The introduced budget requested one point nine six million dollars (\$1,960,000), but once this piece of legislation passed that adds another one point four million dollars (\$1,400,000) on top of that request."

Davis, M.: "Thank you very much."

Director Maram: "Thank you, Representative."

Davis, M.: "Thank you."

Chairman Feigenholtz: "We have Representative Careen Gordon who has requested 3 minutes?"

Gordon: "Thank you. Mr. Maram, I know that the Attorney General's Office, while they used it for different things, but some things that are similar to this grant, the Violent

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Crime Victims Assistance Fund. How much of that overlaps to this program that you're talking about?"

Director Maram: "Other than being complimentary programs in providing a whole treatment and prevention for individuals, there isn't the overlap. This is a specific implementation of paying hospitals and other providers for the immediate care that's provided. So, it's a discreet program."

Gordon: "So, this is something that happened to a victim that goes directly to the hospital, not something that would happen to the victim, they go to the hospital and then through follow-up during a prosecution more money would come from you. That would come through either the Victim's Assistance Fund or through the Victim's Advocate Fund, through the State's Attorneys Office or the grants that they get. Correct? This only comes if the victim goes directly to the hospital. Is that right?"

Theresa Eagleson: "The program in our budget... correct, Representative... pays for treatment services from the hospital or as the program is proposed to be expanded in the Bill other providers of medical services, this particular program. But we realize that there are other funding streams in various agencies in State Government to pay for some of these other things, both state and federal funds."

Gordon: "Does it pay for... so it pays for hospital services at any point from beginning to end of an ordeal for this person or just initial contact with the hospital after the assault occurs?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Theresa Eagleson: "It actually pays for the first contact and up to two (2) follow-up visits in a sixty-day period following the initial contact under the current program. The Bill, Senate Bill 1618, as it was passed would expand that for a longer period of time and to more providers."

Gordon: "And you said without the one point seven million (1,700,000) is what this Bill would cost you to put into place, is that correct?"

Director Maram: "Well, approximately one point four million (1,400,000) for the Bill, Representative, and I think three hundred and sixty thousand (360,000) for the natural growth of the program."

Gordon: "And if you don't get the money, will you turn victims away?"

Director Maram: "I think what happens is that hospitals would probably under EMTALA be required to provide emergency care. What would then happen is that it's very likely then in pursuit of collection, because the state wouldn't be providing the dollars, either people would have to be turning to their insurance companies which involves some situations which individuals don't want to do and/or these people would be... collections could be pursued."

Gordon: "The sexual assault victims will continue to get the care whether or not you get one point seven three million dollars (\$1,730,000), is that correct?"

Theresa Eagleson: "Well, under the Bill as it was written..."

Gordon: "I have read the Bill."

Theresa Eagleson: "Okay."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Gordon: "The question is, will they continue to get care whether or not you get one point seven three million dollars (\$1,730,000)?"

Theresa Eagleson: "They can get care directly from a hospital setting, but it would be more difficult to access that care for instance from a pharmacy directly to get a thirty-day sup..."

Gordon: "More difficult financially or more difficult just for them to go and get the... they're not going to be denied care, but more difficult from a financial perspective, is that correct?"

Theresa Eagleson: "Under the program as it's operating today, we don't reimburse pharmacies, for instance. So, the hospital would have to coordinate that with the pharmacy and turn around and bill us in order for the woman to get that through this program."

Gordon: "Thank you."

Director Maram: "Thank you."

Chairman Feigenholtz: "We have a request from Representative Mulligan, who has some follow-up questions."

Mulligan: "I am sure you're delighted."

Director Maram: "Hello, Representative Mulligan."

Mulligan: "Hello, Director, I am sure I am much nicer to you than some people have been before."

Director Maram: "Appreciate being here."

Mulligan: "I'm sorry that does lend me a little bit of humor there. A couple of things. Currently, if a woman is raped and she goes to the emergency room that's covered and not

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

through you, it's covered through another area, if am not mistaken. I don't know if it is public health or sexual assault victims. They have to be accepted and they have to be covered and they aren't charged is my understanding. And then there's a rape kit, but I don't know who pays for that. Does that filter through to you; I didn't think it came through your department? I thought they were covered."

Director Maram: "And Theresa would respond to that."

Theresa Eagleson: "Representative, when you said they present at the hospital and they get care, that's... that's exactly the program we're talking about here. Then the hospitals turn around and bill us for that care. The rape kits, I believe, are provided through a different agency. The rape collection, you know, the evidence collection kits."

Mulligan: "Right. Because I have had... I've had some complaints that some places have not had a rape kit when the woman's gone in, so..."

Theresa Eagleson: "But the treatment services themselves are funded through the very program we're discussing today."

Mulligan: "All right. So, this was an expansion of that program, the legislation."

Director Maram: "The legislation expands the program and the natural growth is because more women are using the program and more women and possibly men."

Mulligan: "All right. So, it would expand it if the... if the woman did not present as a victim in the emergency room?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Theresa Eagleson: "Right now, the way the program is... your initial contact with the program is through the hospital emergency room."

Mulligan: "All right. And will the... I am trying to weigh my words carefully. But currently there is no payment for a pharmacy bill? And in some hospitals, you can't get the pharmacy there, you have to leave it in order to get the medications that you might need somewhere else."

Theresa Eagleson: "Right. The pharmacy, under the program today, a pharmacy could provide services but it would have to be coordinated through the hospital because you're correct, the hospital is not allowed sometimes..."

Mulligan: "They are allowed. The law allows them; they can come up with an alternative plan for hospitals that don't care to do that."

Director Maram: "But the pharmacy is a product... the pharmacy reimbursement's a product of the state funding. So, as we wouldn't have the funds..."

Theresa Eagleson: "Right."

Director Maram: "...that would be affected."

Mulligan: "So, that someone that cannot afford to otherwise would be allowed to get credit on a pharmacy bill. I was looking at the Bill and the Bill was interesting, compared to some things that I've worked on in the past. So, I am just trying to make sure... I am trying to figure out where the funding is coming from and who pays for portions of it. And quite frankly, the line of questioning, I'm going to abandon and the reason I am abandoning it, you can talk to

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

me about afterwards, but I will tell you what, it is one more strike against the Governor. Because I personally think he's a blithering idiot."

Director Maram: "Well, obviously, Representative, I feel... strongly to respond to that. I think there's been a number of health care opportunities that the Governor and this department's had the opportunity to work with all of you in this Legislature. Appreciate you being here today on this specific issue and would look forward to talking to you afterwards."

Mulligan: "Yeah. I will... I will discuss this with you afterwards as far as where the funding is actually going. But I... I do think that... I will go back to my original point and the original questioning... it's disingenuous for someone that wanted to raid the funds to come in and call this as a Special Session. Honest to God, hutzpa is not the word for it. There's only... it's a lot more than that. It's really, really low class."

Director Maram: "And not to continue, but if the legislation was passed after our budget was submitted and after our approp hearing. So, we appreciate the time we have with you today."

Chairman Feigenholtz: "Thank you, Mr. Maram. I would like to go to the final speaker under this subject matter, Representative Lisa Dugan."

Dugan: "Thank you, Madam Chairman. I just wanted to check. I know in... in some of the earlier questions you had mentioned

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

that you don't want to move money because of jeopardizing programs. Is that... was that the answer that I heard?"

Director Maram: "It isn't a question of not wanting to move money. When we come in with a budget, as we have shown through the years, we really don't come in with wish lists. We really come in with specific numbers that are required under our program. So, it isn't a wish list. It isn't having the flexibility. In fact, we've been quite cost effective through the years as indicated by the actual results. And therefore, it isn't so much not wanting to move money, it's that the programs that we come to you year after year, we've really gleaned down the number to the number needed."

Dugan: "So then, I guess my question is and I certainly... there's a lot of different feelings on this particular issue and I am not talking about the issue. But because we are looking at, is there a way for you to move money and certainly we don't want you to jeopardize programs but I believe one year you moved five million dollars (\$5,000,000) and one year you moved ten million dollars (\$10,000,000) for stem cell throughout the budget. So, what programs then of that fifteen million (15,000,000) that may have been jeopardized when you moved that money?"

Michael Moss: "The... the funding that you're speaking to, Representative, was not moved from any one line to another line."

Dugan: "It wasn't... say that again. It wasn't moved from within your budget lines?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Michael Moss: "Not... not that I am aware of."

Dugan: "Where did the fifteen million (15,000,000) come from?"

Michael Moss: "It was actually five million (5,000,000). Out of our..."

Dugan: "I am sorry, I can't hear you. Can you move up? Yeah."

Michael Moss: "I am sorry. It was five million (5,000,000) out of our budget and it was part of a line called the medical other related line."

Director Maram: "And I might point out, Representative, that one alternative which wouldn't make sense, if we weren't funded, this... Right now, hospitals... they're paid within thirty (30) days for their services here. By not having it funded, it could take them up to how many days?"

Theresa Eagleson: "Over two hundred (200) days."

Director Maram: "So, what's happening, if it wasn't funded the provider goes out to over two hundred (200) days in the payment cycle."

Dugan: "But what does that have to do with... I am asking about the five million (5,000,000) and ten million (10,000,000). Five million (5,000,000) was in your budget in some line item and you moved that money and used it for stem cell. I am just asking because you said you don't like to move money. We as a... as a group are trying to find out whether or not we can... you can transfer money around in order to kinda make up this difference which is what, three hundred and sixty-one thousand (361,000) for this particular program?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Director Maram: "One point eight million (1,800,000) with the legislation."

Dugan: "No... no, I'm talking about this particular program, domestic violence. Isn't it three hundred and sixty-one thousand (361,000)?"

Michael Moss: "The natural growth on the program is three hundred sixty thousand dollars (\$360,000), but then with the legislation as well it would be an additional one point four million (1,400,000)."

Dugan: "I... I understand. Like I said, I'm just... I just wanted to clarify because you said we don't like to move money and that's why we don't think it's possible. But yet we did for certain things, so I guess I just wanted to know, you know, how we can say we don't move it because it jeopardizes programs when you yourself as an agency based on your policy decisions, which I am not questioning, I'm just saying so it has been done. And according to that, five million (5,000,000) did not jeopardize any programs. We're looking at three hundred and sixty-one thousand (361,000). If five million dollar (\$5,000,000) transfer doesn't jeopardize a program, I am not quite sure how you can sit here and tell us three hundred and sixty-one thousand (361,000). And just one more question, Madam Chairman, if I could? How much money has your agency lapsed, let's say, in the last four (4) years?"

Michael Moss: "We have not lapsed any money this year, yet. Last year, approximately a hundred and twenty-one million (121,000,000) in appropriations were lapsed."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Dugan: "How much, Sir? I still... I can't hear you? Can you talk right into the microphone? I think your voice..."

Michael Moss: "If I can just get the..."

Dugan: "And... and I certainly don't want to take up all the time. And you can get us those figures if you'd like... Okay."

Michael Moss: "No, actually, I... Representative, I do have an answer for your question."

Dugan: "Okay."

Michael Moss: "Last year we did lapse a hundred and twenty million dollars (\$120,000,000) because the Federal Government was still considering the Hospital Assessment Bill that it eventually approved and there was some revenues associated with that that did not come through last year as expected, it came through this year."

Dugan: "Do you think you're going to have any lapse money this year?"

Michael Moss: "I am not expecting a significant amount."

Dugan: "Are you expecting a lapse in and so... and the only thing... and I'm not trying to put you on the spot here. What I'm trying to say is, I think if we go back three (3) or four (4) years we will see lapsed money. Which we're not saying that there's a problem except it just kinda shows that possibly, maybe, some of our projections are a little higher than maybe they need to be. And when we're trying to look at a budget where the money is very tight, we need to look very closely at what we project is going to be needed. And so, that was my only point. Certainly, if

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

you can get me the figures, though, from the last three (3) or four (4) years, and anyone else that wants them, I would certainly appreciate it. Thank you very much for your time, again."

Michael Moss: "I'd be happy to do so, Representative."

Director Maram: "And if in fact we didn't have the funding, one of the concerns we'd have would be that the providers would go from thirty (30) days to two hundred (200) days. And that's a concern that... it's an option that doesn't seem realistic. And... but we appreciate... again, we realize that the legislation, we are not talking about three hundred and sixty thousand (360,000), we are talking about one point eight million (1,800,000), came after our budget. We appreciate being here today talking to you, sharing this with you and hopefully, coming to resolution if possible."

Chairman Feigenholtz: "There's been a request from... for Rep... from Representative Lang to ask some questions."

Lang: "Thank you, Madam Chairman and good afternoon."

Director Maram: "Afternoon. Good to talk to you again, Representative."

Lang: "So... and it's good to see you, Sir. How's Paul? Is he all right?"

Director Maram: "He is good."

Lang: "Our friend, Paul. Okay, good. I just have one (1) or two (2) questions. I have been off the floor, but I have heard that most of my questions are answered. But I do want to start with this. You're proposing like a three hundred and sixty-one thousand dollar (\$361,000) increase

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

in this line item at a time where you lapsed over a hundred and fifty million dollars (\$150,000,000) last year and I think the year before as well."

Director Maram: "I think that was due to the hospital assessment."

Michael Moss: "Yes, exactly. Representative, last year the lapse was due to a... to revenues from the hospital assessment not coming in because the Federal Government had not actually approved the hospital assessment..."

Director Maram: "It was a very unique situation."

Michael Moss: "...at that time. It's a situation that happened. The hospital assessment, of course, as we all know came in later."

Lang: "Are you suggesting there would have been no lapse last year if not for that? There would've been a zero lapse, zero?"

Michael Moss: "Representative, I... I don't know if I can go into a hypothetical question like that but that was the... that was the purpose for the lapse last year."

Lang: "Well, would there have been at least a three hundred and sixty-one thousand dollar (\$361,000) lapse without that?"

Michael Moss: "Representative, I can't... I can't address that question."

Lang: "Well, I don't understand why not. You told me there was a reason that there was a hundred and fifty million dollar (\$150,000,000) lapse and yet, you don't know how much of that lapse whether it's the whole hundred and fifty million

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

(150,000,000) on this one issue or whether it's not all of it? You don't know?"

Michael Moss: "No, the lapse was... the lapse was due to the hospital assessment issue."

Lang: "So, the entire lapse was due to that. That's your testimony today."

Michael Moss: "That's my understanding."

Lang: "So, there would have been zero lapse if not for that in your... in your agency?"

Michael Moss: "I... I will go back and check to see our records on this. It is my understanding that... that the lapse was due to the hospital assessment being delayed by the Federal Government."

Lang: "Now... now, the last person from the administration that sat at that table, Mr. Filan, promised me answers to questions within twenty-four hours. It's now five (5) days. Will I get them faster than five (5) days from you, Sir?"

Michael Moss: "I will get the lapse information to you, Sir."

Lang: "Will I have information in writing and will it be shared with all of the 177 Members of the General Assembly?"

Director Maram: "We will get back to you, Representative Lang, and work with you..."

Lang: "I know you're going to get back to me because I am the biggest loudmouth here. I asked if it was going to be shared with all 177 Members of the General Assembly?"

Director Maram: "I imagine... I imagine anything shared with you could be shared with that. What we want to do here... It's

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

not only for three hundred and sixty thousand dollars (\$360,000). There was legislation passed for one point four million (1,400,000). We're glad that legislation's passed. We're excited about it, too. What we want to make sure, there wasn't any funding associated with that legislation. So, rather than simply three hundred and sixty thousand (360,000) we're talking about one point eight million (1,800,000). And we look forward to working with ya on it."

Lang: "Well... So, let me ask you this question. As I understand it, three hundred and sixty-one thousand dollars (\$361,000) represents one hundredth of one percent of your budget or perhaps my math is wrong and it's one tenth of one percent of your budget. You're telling me you can't shift line items around for one tenth of one percent of your budget to fund this important program?"

Director Maram: "First of all, that would take the providers out to two hundred (200) days. There's often concerns when we've had 'em down at a very reasonable amount. I think two hundred (200) days would get a lot of attention. Number 2) we're not talking of only about three hundred and sixty thousand (360,000), with due respect, Sir, we're talking about the legislation that wasn't funded. We look forward to funding it with you. So, it isn't three hundred and sixty thousand (360,000). It's one point eight million (1,800,000) and we're glad to be here talking about it so we can get it funded, hopefully."

Lang: "So, is that funded in the Governor's proposed budget?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Director Maram: "The Governor's proposed budget came out before this legislation. The legislation came out afterwards. That's one of the reasons we're here today."

Lang: "Does the Governor support your request here today?"

Director Maram: "The Governor support... the Governor, until it's signed, it's not signed, but indications are that this is something that the Governor would support. And I, personally as director, am very supportive of what's been passed from the House and Senate. And look to work in partnership with getting this funded."

Lang: "And so you've recommended that the Governor sign this Bill?"

Director Maram: "I did."

Lang: "But he hasn't signed it, yet."

Director Maram: "It just... I believe it just recently got to him. So, they're reviewing it, but I think you've gotten very good response and I'd recommend him signing it."

Lang: "Did you recommend, in writing, that he sign that Bill?"

Director Maram: "Representative, with all due respect, whether something's in writing or orally I... we..."

Lang: "Please let Mr. Maram speak."

Director Maram: "I think, we... Ah, there we go. So, whether it's... something's in writing or oral, bottom line here, this is an... this is a situation where we're telling you what the program is, what the funding is needed. We respectfully put the facts out in front of you. We realize you, too, when the budget came out, it was probably, previous to this legislation, this is a great opportunity

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

for us to share this and come to an understanding and getting it funded. And I appreciate it."

Lang: "So, you come here to ask not just for this, let's call it four hundred thousand (400,000), but another one point four million (1,400,000) for a Bill that the Governor has yet to sign, but you believe he will. Is that correct?"

Director Maram: "The fact is, is that you put this out as a House and Senate, and I think it was great to do it, after the Governor's budget. So, to not come to you would be irresponsible."

Lang: "Well, but you're here on his behalf. Is that correct, Sir?"

Director Maram: "I am here as director and I certainly work on behalf of the Governor and serve you as Legislators, as well."

Lang: "Well, I understand that. You serve all the people of the State of Illinois. Is that correct?"

Barry Maram: "Yes, Sir."

Lang: "Right. But the fact remains that there's one point four million dollars (\$1,400,000) that the Governor has not yet requested from us that you are requesting from us today, is that correct?"

Director Maram: "Certainly, pending... pending the signing of the Bill. But the point is, it would be irresponsible after legislation is passed by the House and Senate that isn't funded to not be here today at least sharing with you what the cost is, which I think is a very exciting program."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Lang: "You indicated in your comments that if you tried to cover this four hundred thousand dollars (\$400,000) from existing line items in dollars that weren't expended that it would extend the payment cycle to two hundred (200) days. Did you mean to say that?"

Director Maram: "I think, if that was said like that, I would want it more defined. It would mean the one point eight million (1,800,000) would bring us to two hundred (200) days."

Lang: "All right. So, you're... you're not suggesting that this three hundred and sixty-one thousand dollars (\$361,000) would have that big an impact on the payment cycle, are you?"

Michael Moss: "It would, actually... it, by itself, would... would have the effect of bringing the payment cycle up to ninety-seven (97) days."

Lang: "From..."

Michael Moss: "From thirty (30)."

Lang: "From how many?"

Michael Moss: "Thirty (30)."

Lang: "Three hundred and sixty-one thousand dollars (\$361,000) would move the payment cycle from thirty (30) days to ninety-seven (97) days?"

Director Maram: "For this specific program."

Michael Moss: "For this program."

Lang: "For this program, but not department wide."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Director Maram: "No, but for the people serving this program for sexual assault, they would be extended from thirty (30) to ninety-seven (97) days."

Lang: "Is it your testimony that there is no place to find three hundred and sixty-one thousand dollars (\$361,000) in that's un... unexpended in your '07 budget?"

Director Maram: "It is my testimony to share with you why we would respectfully request three hundred and sixty thousand dollars (\$360,000) for natural growth, plus one point four million (1,400,000) for the legislation, as a part of our budget that we try to be very defined with you for each of our line items."

Lang: "So, how big is the budget in your department, Sir?"

Director Maram: "The budget is large, but that doesn't suggest that we should not be defined in how we come to you with each item. Otherwise we'd be coming to you willy-nilly and therefore we would be irresponsible. Our budget is large; I think it is approximately sixteen billion dollars (\$16,000,000,000). But each item needs scrutiny and you yourselves have suggested that. We try to scrutinize every item we put in there."

Lang: "And so, that raises an interesting question and, Madam Chairman, it's my last question. You were at the meeting at the Governor's Mansion yesterday where I suggested we consider zero-based budgeting. What's your opinion on that as it relates to your agency?"

Director Maram: "Well, first of all, I don't... I wouldn't be responding to you on that here. Now, what I'm responding

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

to today and I don't have a comment on zero-based budgeting. I am not a part of the budgeting office. As you and I both know, Ginger Ostro and other people work with budgeting. So, I would certainly be glad to sit down with you and all the necessary parties to talk about different options, Sir."

Lang: "If there was zero-based budgeting... budgeting would you be prepared to go line item by line item through your budget to prove each dollar that you want to spend?"

Director Maram: "I would be prepared at the direction of our department of working with people here and yourselves, other people in the budget office, to whatever is reconciled in terms of working together. Whether it is this type of budgeting or that, we're always there, but I would hope rather than people talking about a Bill this way or that way, bottom line, is we come to you, we're sharing with you what this program costs. We're excited about your legislation. We're simply sharing with you that it's one point eight billion dollars (\$1,800,000,000). And I am glad to have the opportunity to do that. Thank you."

Lang: "I appreciate your answers, Sir."

Director Maram: "Thank you."

Lang: "And Mr. Moss, Ms. Eagleson, thank you."

Chairman Feigenholtz: "Director Maram, Mr. Moss, and Mr. (sic- Ms.) Eagleson, thank you very much for your testimony this afternoon. We have no more questions coming from Democrats or Republicans for you so we are going to move to the next panel."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Director Maram: "Thank you."

Theresa Eagleson: "Thank you."

Chairman Feigenholtz: "I would like to welcome Executive Director Dan Slack from the State University Retirement System. Welcome, Director Slack. We have a list of Republicans who have questions after you make a presentation. Please proceed."

Dan Slack: "Thank you, Madam Chairman. I also want to thank Mr. Speaker and Members of the House for the honor to be able to address this Body today. I have a handout which I'm told has been distributed to the Members of the House and I commend that to your attention. I'd like to start off with a comment that was made by Delegate Green to the 1970 Constitutional Convention, when they were discussing the Pension Impairment Clause, and to me it sort of puts this in perspective. In 1970, in discussing that clause, Delegate Green said, 'I think we have good reason to believe that this type of language will be a mandate to the General Assembly, to do something which they've not previously done in some seventy-two (72) years', and he went on to say... So, that takes us back to 1948 that this has been an issue, the funding of the pensions. And went on to say that it was a two point five billion dollar (\$2,500,000,000) unfunded liability at that time, in 1970. And he said, 'it would be impossible to do... take care of that in two (2) years', at that time. In sort of the same issues we deal with today. I'd like to comment by working through the handouts that I sent you, or have been

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

distributed to you, on page 2. Of our participants, about half of them are professors and teachers and about the other half are the support staff to the higher ed.. Yeah, okay. And about half of them are support staff, such as custodians, ground keepers, clerical staff. Our participants and annuitants live throughout the state, north to south, east to west. We have about seventy-two thousand (72,000) active, sixty-five thousand (65,000) inactive and about forty thousand (40,000) benefit recipients. About 75 percent of our annuitants live in the State of Illinois when they retire and spend their retirement checks here in the State of Illinois in contributing to the Illinois economy. I think it's very important for participants to realize that.. or for the House to realize that our participants don't contribute to or receive Social Security and neither the state nor the universities or community colleges contribute to Social Security on their behalf. Contrast that to the private sector, where employers contribute 6.2 percent of pay for Social Security for those employees. The cost.. the cost is modest. The cost in fiscal year 2008 will be 10.75 percent of pay. It's equivalent to a private sector employer providing only 4.55 percent of pay to its employees into a retirement plan. That normal cost varies from year to year, has been going down and it will continue to go down as the changes that were adopted by Public Act 94-4 continue to progress over time. Primarily, the elimination of the money purchase benefit for our participants and as

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

for new hires after July 1, 2005. And as they, the older participants, cycle their way through the system, the normal cost should continue to go down. In fact, I had a study done by our actuaries this year. What would happen, if all... we decided that we would try and achieve 100 percent funding by fiscal year 2037, and... and achieve that goal, where would we be at? What would the normal cost be? What would it cost on a year-to-year basis to fund the State Universities Retirement System? To my actual surprise is 3.75 percent of pay would be the normal cost if we were to take care of that unfunded liability. Turning to page 3, I'd like to show you the SURS investment return. We are still putting together the numbers for fiscal year 2007, but we estimate that our investment return for fiscal '07 will be in excess of 17 percent. I have shown you some comparison figures for April of '07, the latest for which we have comparisons, won't go through that chart but it is there for your review. Also, to show you on page 3 what our current investment allocation is across the various asset classes. Page 4, you may find of interest. It shows what our cash flow situation is. For fiscal 2007-2006 and continuing on, the cash flow is around a negative seven hundred million dollars (\$700,000,000) per year. Now, we have increased our funding ratio this year, despite a very significant headwind, we have to earn seven (7)... had to earn seven hundred and forty-one million dollars (\$741,000,000) in fiscal year 2007 just to get to zero (0) and then move forward from there with investment return to

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

decrease... or to increase our funding ratio. On page 5, our funding ratio at the end of May 2007, the latest figures we have at this time, we estimate that our funded ratio is 69.3 percent, which does make us the best funded of the five (5) state funded retirement systems. We think we gave back a little bit to the markets the last two (2) weeks of June of 2007, and I think that our funding ratio may be slightly below that when we strike the final balance for June of 2007. For comparison purposes, I have a chart at the bottom of page 5 that shows you what the historical funding ratio has been over the years. On page 6, shows the contributions required by current law, the fifty-year funding program, as modified for fiscal years 2006 and 2007 by Public Act 94-4. And we sort of see the crux of the problem, we're at the end of the ramp, we have three (3) years left of the ramp, and from '07 to '08 we have a big jump, from '08 to '09 a big jump, and from '09 to 2010 a big jump. Once we get to 2010, if we stay with current State Law, it becomes more or less a fixed part of the budget. It grows at roughly... the contribution required to the State Universities Retirement System grows at roughly the rate of inflation, so it sort of becomes a fixed part of the budget. But the difficult part, obviously, is the final three (3) years of this ramp. On page 7, I just did a comparison for your information of what the state contribution has been since 1981 compared to what the employer normal cost has been over those years. And you will see that only a couple of times in this twenty-six-

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

year period has the state contributed above or at the level of what the employer normal costs would be. And if, for fiscal 2008, we stay at the certified contribution, the state will be contributing above normal costs for the first time in a while. I think that I would like to just very briefly comment that at the bottom of page 7 shows the current funding pattern that under current law and a chart that sort of graphically shows where are... what the contributions will be and what our funded status will be. And you'll note that current law shows us dipping down, even with sticking with current law, to about 60 percent funded ratio until right around 2030 or so, and then we start gradually going back up and achieve a 90 percent funding ratio at fiscal 2045. Page 8, you should be aware that, as required by statute, the Board of Trustees of the Retirement System did a... every five-year experience study that made some different assumption changes as a result of that, very slightly revised the chart that was at the bottom of page 7, so sort of the new chart going forward is shown on page 8 of the materials. I want to give you a report on the 2003 bonds that were issued and what's happened with them. SURS received bond proceeds one point four three two billion (1,432,000,000) on July 2, 2003. Through May 7, we've had a return of 71.6 percent on those bond proceeds, about another billion dollars (\$1,000,000,000). It's been an annualized rate of return on the bond proceeds of 14.8 percent. Now, the contributions to the retirement system, as I'm sure the...

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

the Members of the House are aware, have been reduced by the debt service on the bonds while those bonds are outstanding and the chart that shows SURS' share of that debt service is on the middle of page 9. I want to talk a little bit about the hurdle rate on those bonds. As... as you know, about 74 percent of the bond proceeds went to pay down the unfunded liability of the... of the pension systems. Five (5) quarters of current contributions were made out of those bond proceeds. That did have the effect of increasing the hurdle rate. The bonds were issued at around 5.05 percent. In order for the bond program to work the hurdle rate, as we call it, is about 7.02 percent over the life of the bonds. We've got a very comfortable head start on that with 14.8 percent return on the bond proceeds since receipts. So, a very good cushion. We do have twenty-six (26) more years to go, however. And then finally, in terms of my prepared remarks, I attached as pages 10 through 13 of my materials a copy of the analysis that our actuaries did of the Governor's proposed option in his budget proposal in March. We had had our actuaries run that so we could understand how that would work and since we had that I thought it might be useful to provide for your information. And Madam Chairman, that in... that concludes my prepared remarks and I'd certainly be happy to answer any questions anyone may have."

Chairman Feigenholtz: "Thank you very much, Mr. Slack. I'm going to proceed to the list of Republicans who have indicated that they are interested in asking you questions

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

and begin with Chapin Rose, Representative Chapin Rose, who has requested 2 to 4 minutes. I'm going to ask the Clerk here to help me with the timer, because we have a short amount of time to get through a long list of questions. Thank you."

Rose: "Thank you, Chairwoman Feigenholtz. Good morning, Mr. Slack. How are you today?"

Dan Slack: "Good morning, very good. Thank you, Representative Rose... good afternoon, rather. Thank you."

Rose: "I see here that you have quite a bit of... and I appreciate you listing here your investment allocations on page 3. My questions are simple and in response to this idea of bonding a considerable amount of money and then plowing it into the, you know, the market so to speak. I notice you have real estate on here, which apparently is only 6 percent of your portfolio, which is somewhat at a bubble that may have burst here in the last six (6) months and as I read the financial papers I... it seems like the market's not quite as good there as it was maybe a year or two (2) ago and certainly, prices have dropped off. Secondly, the S&P 500's operating at a five-year high. In fact, actually, just the other day it was slightly off its fifty-two-week high, which was the five-year high. So, we're not too far off that. One of the things in hindsight that apparently the pension bond deal from three (3) or four (4) years ago worked, is it bought the low point of the market and was able to invest. And normally, as I understand it, investment strategy is you dribble your

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

money in over time called dollar cost averaging and it would balance out any ups or downs in the market. But when you have a one-time cash infusion, like a pension bond sale, you don't have that luxury. It all goes in at one (1) point. And three (3) years ago, we got lucky and put that all in at the low point of the market and was somewhat successful in hindsight. My question to you is, do you view it as a prudent strategy to take a one-time lump sum and then invest it at the high point of two (2) of the biggest markets in the U.S. equities market as well as the S... the real estate market?"

Dan Slack: "I think that's a very good question, Representative, because markets as you indicated are at very high levels. We have had four (4) years in a row now of double-digit returns, which we're very grateful for. But I don't know if we're at a high in the market at this point. And that's the concern that I always have. I'm sort of a bear by nature, and if you... if we had been having this hearing a year ago, I would have been concerned as well. And yet, we've had, we think in excess of 17 percent return this year. But I do agree with your premise, Representative. I think that at sort of the dollar cost averaging that you referenced is a very good way to fund both, one's own personal savings and pension fund savings, because then you sort of spread it out and it does reduce your risk of... of any one (1) particular time being a high on the market, because it could well turn out that July 10,

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

2007, is... is a high point in the market. Our actuarial return assumption is eight and a half percent."

Rose: "Right."

Dan Slack: "We know that there are going to be years when we don't achieve that, when in fact we may have negative return. And when we've had four (4) good years like we've had, I begin to get very nervous and wonder when are we going to have some years that bring our return down and maybe bring us closer to the eight and a half percent."

Rose: "I was going to say it's been pretty good for a while now."

Dan Slack: "Yes."

Rose: "Dan, one of the things I look at is your U.S. equity percentage is 36.7 percent actual and your real estate is 6 percent, so between them you're about forty-three and a half percent of your investments are between... are those two (2) funds, which we seem to be on the high point of a bubble. And again, I... I appreciate the fact that no one can predict the market, but typically as interest rates rise, private investors might go for a safer, higher ground in the form of a CD and take their money out of the market. Would you not expect that?"

Dan Slack: "Yeah. That... for a personal investor, yes. And I..."

Rose: "That potentially and historically could precipitate a bit of a pull back from the market."

Dan Slack: "Yeah, it... it certainly could if others are not moving in to... to replace that, yes."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Rose: "My... my last question is... is very simple. With such a large investment portfolio, and I'm not questioning the way you have this allocated because again you have been dollar cost averaging over time, but if you were to take that chunk of money that's being proposed, plow it into this, and then see a 10 or 15 percent pull back in the U.S. equities market, maybe a 10 or 15 percent pull back in the stock... or the real estate portion of it, at the same time you have to then go and pay those bonds, I mean, the bond doesn't go away. What does that then do to your ability to pay those bonds?"

Dan Slack: "Well, and I would say, I would draw a distinction between the state's obligation to pay the bonds, which is under the 2003 bond laws, actually the state's contribution, or obligation legally to pay the bonds, but of course, as I... I'm sure you're well aware, Representative, there... there is a... we sort of in essence pay for them by reduced contributions, paying the debt service on those bonds. And..."

Rose: "Ultimately, it comes back to the taxpayer, is what you're saying."

Dan Slack: "And ultimately it does come back to the taxpayer."

Rose: "So, we would have to make up the difference."

Dan Slack: "Would have to make up the difference."

Rose: "Thank you, Madam Chair."

Chairman Feigenholtz: "Thank you, Representative Rose. The next Member that would like to speak is Representative Bob Pritchard for 4 minutes."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Pritchard: "Thank you, Madam Chairman. Mr. Slack, as... as we look at your charts here, it shows that over the last few years, and certainly looking ahead to the next five (5) years, your expenses exceed the anticipated revenue. How have you made up that sum, five hundred million dollar (\$500,000,000) shortfall?"

Dan Slack: "Right now, we have done that. We have been fortunate to do that through investment return, and the investment return despite that headwind has been sufficient to allow us to gain and make progress. Now, we assume, that we will only return eight and a half percent and based upon that, ya know, we are anticipating that our funding ratio will dip over a period of time before it goes back up in accordance with the... with the current law of funding program."

Pritchard: "Very good. As... as you look forward, if the state does not continue to contribute at the level that it needs to, to find a higher level of... of funding, are there reforms that you might suggest to the system that would help us assure the retirement income for our SURS employees?"

Dan Slack: "Well, I think, Representative, that the Legislature took a major step when it passed Public Act 94-4. There were obviously some implications in terms of funding of the system, there were also some benefit changes that were made in that Act, Senate Bill 27, where it... it basically said that any pay increases in the final period in excess of 6 percent would be charged back to the employer. So, if a

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

university or a community college felt that if for some reason it was necessary to do that, the state would not be on the hook, nor would the retirement system, but the employer would have to bear the full cost of the decision that they would choose to make. So I think that that was very helpful. And I think that it has changed the pattern of... of compensation... we... we didn't see a... a large amount of that beforehand, but we did see some and we think it's... it's been a very beneficial change. In addition, the Legislature in... in Public Act 94-4 eliminated the money purchase option for the SURS Retirement System. That, we anticipate, over the... over the remaining funding period, will end up saving about a four billion dollars (\$4,000,000,000) for the State of Illinois. So, I think that there have been some significant changes made. My judgment, I wouldn't say that other changes are... are needed or necessary."

Pritchard: "You mention on one of your pages that an employer share of the retirement system is some 10 percent, as compared to the private sector, that is somewhere around 4 or 5 percent contributions into Social Security. Is there a reason for this higher level of our obligation on behalf of the citizens of Illinois?"

Dan Slack: "Oh, Rep... that's on page 2 of my materials, Representative, and what I was... I guess trying to illustrate there, perhaps didn't do a very good job of it, was to say that the normal cost for State Universities Retirement System for fiscal 2008 is going to be 10.75

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

percent of pay. I was trying to sort of compare, okay, how does that compare to the private sector... employers in the private sector? Now, our participants don't participate in Social Security, so neither the state nor their employer contributes the 6.2 percent of pay that in the private sector has contributed. So, the point I was trying to make in my material there was that the... that I thought that the appropriate comparison was that the SURS benefit is partially a Social Security replacement and partially a retirement replacement on top of that and that the retirement component, sort of the non-Social Security replacement component, was about 4.55 percent of pay."

Pritchard: "Okay. Thank you very much, Mr. Slack."

Dan Slack: "Thank you."

Chairman Feigenholtz: "Representative Roger Eddy for 2 minutes."

Eddy: "Thank you very much, Madam Chair. I... I'm in receipt of a letter that was delivered to us several days ago regarding the pension bonding Bill and it's signed by Mitchell Vogel."

Dan Slack: "Yes, Sir."

Eddy: "And in the letter it states that... and I'm quoting the letter, 'the staff support for the pension funding proposed in the budget was based on all the proceeds going to reduce the unfunded pension liability.' So, in other words, if you sell sixteen billion (16,000,000,000) or whatever number is in bonds, it all has to go to the pension liability. It says, 'in addition, staff support was

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

conditioned on future employer state contributions being certified to the state by SURS each year, adjusted as necessary on the basis of our actual... or actuarial evaluations.' Now, does that pretty much describe your... your conditional support of this still 'til this day?"

Dan Slack: "We looked at this and we thought, you know, it would... it would work; it would bring in about four point eight billion dollars (\$4,800,000,000) to the retirement system. It would come in a lump sum as Representative Rose had mentioned and there are issues, I think, the legitimate issues with that. But our... our... we looked at it. The charts are on, ya know, following page 10 in the material. We thought it would work. We realize there's not, ya know, been a groundswell of support for that. But..."

Eddy: "But that's still your position?"

Dan Slack: "We think it would work, but it would have to be sort of the whole thing."

Eddy: "Okay. Well, let me particularly focus in the second part of this, which deals with the certification of the numbers."

Dan Slack: "Yes, Sir."

Eddy: "The Bill itself, as I read the Amendment on page 11 line 20, they have struck out the existing language regarding the actuarial contribution calculation. And on page 15, there is an insertion of language that seems to be less than specific as to how that actuarial contribution will be figured. Have you done an analysis of those two (2) parts of the legislation that's being proposed?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Dan Slack: "I have... I'm not sure if I have... if there's... if that is a recent Amendment, Representative. I may not have... have seen that, and I was..."

Eddy: "Well, this is the Amendment that we're supposed to be using as the basis for these hearings, to discuss whether or not this is a good idea. I mean, if we're serious about what we're doing here, I would hope that someone, who's going to at least advocate for the sale, would've read the legislation and if one (1) of the two (2) reasons that they're going to either support or not to support the eventual legislation has to do with the calculation. I would hope that you would know whether or not your conditions are being met by the actual language of the Bill. And my questions, I think, go straight to your points. And your points are: it has to 1) all go to the pension funds and 2) the contributions have to be the same."

Dan Slack: "Yeah. That there has to be an annual process of recertification to reflect what the changed circumstances are."

Eddy: "Well, do you want that annual process to reflect the process that's currently used, in law?"

Dan Slack: "Yeah, we..."

Eddy: "Or do we just want a process that... you certainly care about the process?"

Dan Slack: "We certainly... yes, we do."

Eddy: "Okay. I guess my point is simple. I would like you to analyze or someone to analyze whether or not the specific

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

language of the proposal meets the condition that you have in your letter."

Dan Slack: "Okay."

Eddy: "That's all. And if you could do that, and get a copy to me, I'd appreciate it. Maybe the Body would be interested in it as well, but... but I'd really like to know whether your conditions are being met by the intent of the language. Thank you."

Dan Slack: "Yes, Sir, Representative, we'll do that. Thank you."

Chairman Feigenholtz: "Thank you, Representative Eddy and Mr. Slack. The next Member, Dan Brady, has been asked for 2 minutes to speak. Representative Brady. Not here right now. Let's move to Representative Rich Myers. Okay. How about Representative Lou Lang?"

Lang: "He is here, Madam Chairman... Chairwoman. Thank you very much. And Mr. Slack, good afternoon. Thank you for being here with us today. I appreciated your testimony and I thought your presentation in your handout was very thorough and I, for one (1), appreciate that."

Dan Slack: "Thank you."

Lang: "And because of that I only have a few questions..."

Dan Slack: "Okay."

Lang: "...you'll be happy to know. I asked this of others who have appeared, so I think I should ask you this question. The Governor has used the word 'crisis' to identify the problems with our state pension systems. Would you consider your system in crisis?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Dan Slack: "No, I don't, Leader Lang. I think that there's an issue with... where there's a... we need to fund the systems and I'm glad that the... the House of Representatives is considering and thinking about these issues, but I do not consider that things are in a crisis mode."

Lang: "All right. And of course, if we just went along and made our payments, there'd be no problem. Is that correct?"

Dan Slack: "I think that's correct."

Lang: "So, this is more of a budgetary problem than a problem for the future of your pension system. Is that correct?"

Dan Slack: "Yeah, I think that there is. And I think there's a question that it is certainly within the prerogative of the Legislature to determine, ya know, how it's going to fund the retirement systems and... and how it's going to achieve that. The Illinois Supreme Court has so said in the Sklodowski case and... and yeah, we're... we're... we consider that this is an... is an issue. We understand that the... we're at the end of a ramp that was prescribed by an earlier law, makes it difficult. But... and so... but we... we don't view things as being in crisis."

Lang: "So whether we make any changes or not, you will persevere."

Dan Slack: "We will persevere."

Lang: "Okay, good. So, you indicated, as one of the other witnesses did within the other pension programs, that your current return is about 17 or even a little higher percent. Is that correct?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Dan Slack: "That's correct."

Lang: "And that's a pretty good return, right?"

Dan Slack: "We're... we're pleased with that, yes."

Lang: "Would you anticipate, if you got the new funds the Governor proposed, that you would be able to, at this point, continue to get a 17 percent return?"

Dan Slack: "No."

Lang: "What kind of return would you anticipate... obviously, we don't know if there are going to be any dips in the market or a crash or any other problem, but assuming we don't have that and that we just move along at this point, what kind of return would you anticipate?"

Dan Slack: "We do anticipate that we would achieve, over time, an eight and a half percent investment return. Our Board of Trustees and our actuary just visited this issue in December of 2006, had a thorough discussion and analysis and continued that, as our belief, that over time we will achieve an eight and a half percent return."

Lang: "Now, that would be your average return if not much changes in terms of a dip. Correct? So if, if we return to the days where there was a major market correction, would it be possible an eight and a half percent would be 4 or 5 percent?"

Dan Slack: "In terms of... Yeah. For any temporary basis it could be a negative percent, certainly."

Lang: "And it would be possible then, if that were to happen, that some of that... the principle of your fund would be at risk, at least for the short term, is that correct?"

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Dan Slack: "Yes, Sir."

Lang: "So, is there an optimal number, in your opinion, that you would want to be assured in terms of the return you anticipated before you would want to run the risk of doing the bonds and making these investments?"

Dan Slack: "I think I understand your question, Leader Lang. And if I... if I'm not answering your question, please let me know, but..."

Lang: "Well, I may have asked it awkwardly and I apologize."

Dan Slack: "No, I just may not... I'm not quite sure I understand your question. As the interest rate on... if bonds were to be issued, as the interest rate on those bonds were to go higher there is more risk to the state, not necessarily to the pension fund but certainly to the state, that selling the bonds may not have been a good idea. I think Director Bauman had referred to the concept of negative arbitrage. Ya have, ya know, the risk that your return is less than what the bonds were issued for. And certainly, your risk increases as the interest rate on the bonds increases or as your investment return decreases. We are comfortable and confident in over a thirty-year period that we can achieve an eight and a half percent investment return. However, short term, even perhaps an extended short term, it is entirely possible that the return could be less than that. And the interest rate at which bonds could be issued as you narrow that gap, it makes... it becomes more risky to do such a play."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Lang: "In your opinion, is this the right time to do this deal?"

Dan Slack: "Interest rates have been rising somewhat lately, and I've been worried as the window of opportunity closing because of that. And we just last week checked with our bond managers to say, if the state were to do something like this, what do ya think they could get, for those bonds, what... what's the lowest interest rate that the state could get on those bonds? And our bond managers estimated around 6.75 percent would be that. Now, you'd have to subtract from that the cost of issuance of bonds and stuff that would drive the hurdle rate, that I mentioned earlier in my remarks, up. I think it would be... get problematic if you got much higher than that, in terms of interest rates."

Lang: "Would it be your opinion that perhaps even if we wanted to do this we should hold off until there's a dip in the market, so that we're buying into the... a greater likelihood that the market would rise?"

Dan Slack: "Well, my only concern with that, if I knew when the market was going to dip or be... I would not be sitting here. I would be on... perhaps on Wall Street or being a day trader. Because, as I mentioned to Representative Rose, you know, if... if we had had this same discussion a year ago, I would have said, we've had three (3) years of double-digit return and I'm not so sure we're going to get a fourth year of double-digit return. And let's say bonds had been issued a year ago, and we'd parked it in cash, because of concerns, we would have lost out on approximately seventeen

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

point... 17 percent return. So, my point in saying that is, we don't really know exactly where the market is going to peak and trough. If the Legislature should decide that this makes sense to do, and if... I... my estimations that our Board of Trustees would decide to go ahead and invest that in... in the market, now there could be a situation where there is a market downturn and at that time the Legislature would decide to act, I think, you know, that would probably increase the odds."

Lang: "So, do you think that if you got this influx of the dollars the Governor's been talking about, that you'll have enough safe harbor for the new funds, that you'd be comfortable?"

Dan Slack: "We would... our Board of Trustees has not directly addressed this question since the money does... is not there yet, or nor on its way. In 2003, the Board of Trustees at that time decided that they discussed the issue, decided the best thing to do was to invest across the asset allocations of the system, thinking that that was their best judgment, as the best way to get a good return risk, a very prudent return risk ratio. And so, my... my belief or my feeling is that... that my Board of Trustees would probably decide to do the same thing again this year. Now, I'm not sure if I've answered your question."

Lang: "I think you have. Let me move on to one more issue. You indicated I think that you're currently funded at 69.3 percent."

Dan Slack: "Yes."

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

Lang: "And there seems to be a goal that the Governor's had to fund all these pension prov... systems at 90 percent. I asked Mr. Bauman this question and he... his ans... and so I want to ask you as well. While you would certainly like it funded at 90 or 95 or even 100 percent, what number would make you comfortable?"

Dan Slack: "Well, I think, I... when I... in trying to answer your question, Leader Lang, I would look at what makes my participants and beneficiaries comfortable because they're, of course, who I am there to do work for and to administer the retirement system for. And when I look at that, I'd say, well, they would be most comfortable at 100 percent funding, and any time you move away from that either above or more likely below, then I think you have to ask, well, why? Now, there may be good reasons why. Maybe there's state budgetary reasons or... or other reasons why. So, I think 100 percent is the ideal. I'd like to see that in... in the law. Now, I also realize we live in the real world and... and there are many competing pressures on... on budget dollars, et cetera. The state could say, hypothetically speaking, say, well, we're going to say 75 percent, and we just want to be 75 percent funded forever and we'll contribute whatever it takes to do that. The state could do that indefinitely. And I think the risk to the state of doing something like that, for example, is that it's a more expensive way to run the system. In my opening remarks, I gave the example... I had asked our actuaries earlier this year, what if, you know, we got 100 percent funded by 2037,

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

no unfunded liability out there at all, what would the normal costs be? And the act... now, it's partly due to the unfunded liability, it's partly due to some demographics. Baby boomers will have largely moved through the system by 2037. But the normal costs of the retirement system in 2037, would be 3.75 percent of pay, a very inexpensive way... a very inexpensive cost for, I think, a good and well designed retirement program. If we're less than 100 percent funded, your cost is going to be higher than that and so that's where you get to the balancing of... of... you know, is it... is it worth it in essence to carry a certain amount of debt and to have the carrying cost on that debt."

Lang: "One last question. So, if you were funded, let's say, at 75 percent, there wouldn't be any risk to the annuitants, is that correct?"

Dan Slack: "That's correct."

Lang: "And it would just be a budgetary item for the General Assembly moving forward."

Dan Slack: "Yeah. I think that's correct."

Lang: "And even today at 69.3 percent, your system's not at any risk, the annuitants are not at any risk; this is a budgetary issue."

Dan Slack: "It is a budgetary issue, but I do think that there is some perceived risk on our participants and beneficiaries knowing that there's not 100 percent of the money there that's... that needs to be. My participants and annuitants have voiced to me, when I have talked to them which I do regularly, strong feelings, feeling that over

STATE OF ILLINOIS
95th GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
TRANSCRIPTION DEBATE
SIXTH SPECIAL SESSION

2nd Legislative Day / Comm. of the Whole

7/10/2007

their careers they have paid their 8 percent, which is the contribution at the State University's Retirement System, into the system, and they feel like... that their employer, the State of Illinois, should step up and pay its contribution. So, there is a... and I don't want to belittle that, that's a very strongly felt and a genuine opinion by... by my participants and I think it's somewhat deserved."

Lang: "It is an important opinion, but it is also a fact that the Constitution of the State of Illinois requires us to make all pension payments. Is that correct?"

Dan Slack: "That is correct."

Lang: "Thank you. I've really appreciated your testimony today, Sir. Thank you for your honesty."

Dan Slack: "Thank you, Leader Lang."

Speaker Hannig: "Yeah. So, we've... we've finished now with all the testimony and we thank our guests for being here. And Representative Currie now move... moves that the Committee of the Whole arise. All in favor say 'aye'; opposed 'nay'. The 'ayes' have it. Now, Representative Currie moves that the Sixth Special Session adjourn until tomorrow at the hour of 2 p.m. All in favor say 'aye'; opposed 'nay'. The 'ayes' have it. And the Sixth Special Session stands adjourned."