



SENATE JOURNAL

STATE OF ILLINOIS

NINETY-THIRD GENERAL ASSEMBLY

70TH LEGISLATIVE DAY

THURSDAY, JANUARY 15, 2004

10:10 O'CLOCK A.M.

SENATE
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70th Legislative Day

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The Senate met pursuant to adjournment.
Senator Debbie DeFrancesco Halvorson, Kankakee, Illinois, presiding.
Prayer by Reverend Brandon Boyd, Loami Christian Church of Christ, Loami, Illinois.
Senator Link led the Senate in the Pledge of Allegiance.

Senator Haine moved that reading and approval of the Journal of Wednesday, January 14, 2004, be postponed, pending arrival of the printed Journal.
The motion prevailed.

MESSAGE FROM THE HOUSE

A message from the House by
Mr. Bolin, Assistant Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has adopted the following joint resolution, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE JOINT RESOLUTION NO. 51

BE IT RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that the two Houses shall convene in Joint Session on Thursday, January 15, 2004 at the hour of 12:00 o'clock noon, for the purpose of hearing His Excellency Governor Rod Blagojevich present to the General Assembly His Report on the Condition of the State, required by Article V, Section 13, of the Constitution of the State of Illinois.

Adopted by the House, January 14, 2004.

BRADLEY S. BOLIN, Assistant Clerk of the House

By unanimous consent, on motion of Senator Demuzio, the foregoing message reporting House Joint Resolution No. 51, was taken up for immediate consideration.

Senator Demuzio moved that the Senate concur with the House in the adoption of the resolution.
The motion prevailed.

And the Senate concurred with the House in the adoption of the resolution.
Ordered that the Secretary inform the House of Representatives thereof.

MESSAGE FROM THE GOVERNOR

Message for the Governor by Joseph B. Handley
Deputy Chief of Staff for Legislative Affairs

January, 2004

Mr. President,

The Governor directs me to lay before the Senate the following Message:

STATE OF ILLINOIS
EXECUTIVE DEPARTMENT

To the Honorable
Members of the Senate
Ninety-Third General Assembly

I have nominated and appointed the following named persons to the offices enumerated below and respectfully ask concurrence in and confirmation of these appointments of your Honorable body.

[January 15, 2004]

BANKS AND REAL ESTATE, OFFICE OF

To be Commissioner of the Office of Banks and Real Estate for a term commencing February 1, 2004 and ending January 31, 2008:

Dorance Lorenzo Padron of Glenview
Salaried

COMMERCE COMMISSION, ILLINOIS

To be member and Chair of the Illinois Commerce Commission for a term commencing January 20, 2004 and ending January 9, 2009:

Edward C. Hurley of Chicago
Salaried

EMPLOYMENT SECURITY REVIEW BOARD, DEPARTMENT OF

To be a member of the Department of Employment Security Review Board for a term commencing December 18, 2003 and ending January 17, 2005:

John T. Coli of Vernon Hills
Salaried

PROPERTY TAX APPEAL BOARD

To be a member of the Property Tax Appeal Board for a term commencing December 18, 2003 and ending January 15, 2007:

Kevin L. Freeman of Chicago
Salaried

EMPLOYMENT SECURITY ADVISORY BOARD, DEPARTMENT OF

To be a member of the Department of Employment Security Advisory Board for a term commencing December 12, 2003 and ending January 17, 2005:

Margaret Blackshere of Niles
Non-Salaried

To be a member of the Department of Employment Security Advisory Board for a term commencing December 12, 2003 and ending January 17, 2005:

Thomas E. Caliper of Marion
Non-Salaried

To be a member of the Department of Employment Security Advisory Board for a term commencing January 5, 2004 and ending January 17, 2005:

Michael L. Woods, Sr. of Tuscola
Non-Salaried

FINANCE AUTHORITY, ILLINOIS

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 17, 2006:

Joseph L. Alford of Girard
Non-Salaried

[January 15, 2004]

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 18, 2005:

Michael Goetz of Springfield
Non-Salaried

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 16, 2007:

David C. Gustman of Wilmette
Non-Salaried

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 17, 2006:

Edward H. Leonard, Sr. of Niantic
Non-Salaried

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 17, 2006:

Talat M. Othman of Long Grove
Non-Salaried

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 16, 2007:

Timothy K. Ozark of Chicago
Non-Salaried

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 16, 2007:

Andrew Rice of Lake Forest
Non-Salaried

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 16, 2007:

Joseph P. Valenti of Orland Park
Non-Salaried

To be a member of the Illinois Finance Authority for a term commencing January 1, 2004 and ending July 18, 2005:

Jill Rendleman York of Springerton
Non-Salaried

To be a member of the Heart of Illinois Regional Port District Authority for a term commencing December 2, 2003 and ending June 1, 2009:

Earl S. Moldovan of East Peoria
Non-Salaried

To be a member of the Heart of Illinois Regional Port District Authority for a term commencing December 2, 2003 and ending June 1, 2009:

Danny J. Silverthorn of Peoria
Non-Salaried

HIGHER EDUCATION, BOARD OF

To be a member of the Board of Higher Education for a term commencing November 24, 2003 and ending January 31, 2007:

Steven Taslitz of Glencoe
Non-Salaried

LABOR ADVISORY BOARD, DEPARTMENT OF

To be a member of the Department of Labor Advisory Board for a term commencing December 2, 2003 and ending January 17, 2005:

Terry L. Fairclough of Springfield
Non-Salaried

To be a member of the Department of Labor Advisory Board for a term commencing January 5, 2004 and ending January 16, 2006:

Collins Parkin Whitfield of Hinsdale
Non-Salaried

PUBLIC GUADIAN & PUBLIC ADMINISTRATOR, CUMBERLAND COUNTY

To be the Public Guardian and Public Administrator of Cumberland County for a term commencing December 2, 2003 and ending December 4, 2006:

Roy Gibson of Neoga
Non-Salaried

PUBLIC GUADIAN & PUBLIC ADMINISTRATOR, KANE COUNTY

To be the Public Guardian and Public Administrator of Kane County for a term commencing December 2, 2003 and ending December 4, 2006:

Christine Adelman of Geneva
Non-Salaried

PUBLIC GUADIAN & PUBLIC ADMINISTRATOR, WASHINGTON COUNTY

To be the Public Guardian and Public Administrator of Washington County for a term commencing December 29, 2003 and ending December 5, 2005:

John Klingenberg of Okawville
Non-Salaried

Rod Blagojevich
GOVERNOR

Under the rules, the foregoing Message was referred to the Committee on Executive Appointments.

PRESENTATION OF RESOLUTION

SENATE RESOLUTION 376

Offered by Senator Collins and all Senators:
Mourns the death of Arties Eddie Jones of Chicago.

[January 15, 2004]

SENATE RESOLUTION 377

Offered by Senator Lauzen and all Senators:
Mourns the death of Eugene G. Griffin of Aurora.

SENATE RESOLUTION 378

Offered by Senator Lauzen and all Senators:
Mourns the death of Dr. John William Hoban of Aurora.

SENATE RESOLUTION 379

Offered by Senator Lauzen and all Senators:
Mourns the death of Diane Marie Goding of Aurora.

SENATE RESOLUTION 380

Offered by Senator Lauzen and all Senators:
Mourns the death of PFC Scott Matthew Tyrrell, U.S. Army, of Mount Morris.

SENATE RESOLUTION 381

Offered by Senator Lauzen and all Senators:
Mourns the death of Marian G. Stare of Aurora.

SENATE RESOLUTION 382

Offered by Senator Watson and all Senators:
Mourns the death of Ursula Kathryn Beck of Decatur.

By unanimous consent, the foregoing resolutions were referred to the Resolutions Consent Calendar.

Senator Demuzio offered the following Senate Joint Resolution and, having asked and obtained unanimous consent to suspend the rules for its immediate consideration, moved its adoption:

SENATE JOINT RESOLUTION NO. 45

RESOLVED, BY THE SENATE OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that when the two Houses adjourn on Thursday, January 15, 2004, the Senate stands adjourned until Thursday, January 22, 2004, in perfunctory session; and when it adjourns on that day, it stands adjourned until Wednesday, January 28, 2004, in perfunctory session; and when it adjourns on that day, it stands adjourned until Tuesday, February 3, 2004 at 12:00 o'clock noon.; and the House of Representatives stands adjourned until Tuesday, January 20, 2004, in perfunctory session, and when it adjourns on that day, it stands adjourned until Thursday, January 22, 2004, in perfunctory session; and when it adjourns on that day, it stands adjourned until Monday, January 26, 2004, in perfunctory session; and when it adjourns on that day, it stands adjourned until Friday, January 30, 2004, in perfunctory session; and when it adjourns on that day, it stands adjourned until Monday, February 2, 2004, in perfunctory session; and when it adjourns on that day, it stands adjourned until Tuesday, February 3, 2004 at 12:00 o'clock noon.

The Motion prevailed.

And the resolution was adopted.

Ordered that the Secretary inform the House of Representatives thereof, and ask their concurrence therein.

Senator Cronin offered the following Senate Joint Resolution, which was ordered printed and referred to the Committee on Rules:

**SENATE JOINT RESOLUTION NO. 44
CONSTITUTIONAL AMENDMENT**

RESOLVED, BY THE SENATE OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE

[January 15, 2004]

STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that there shall be submitted to the electors of the State for adoption or rejection at the general election next occurring at least 6 months after the adoption of this resolution a proposition to amend Section 2 of Article X of the Constitution as follows:

ARTICLE X
EDUCATION

SECTION 2. STATE BOARD OF EDUCATION - STATE SUPERINTENDENT OF EDUCATION
CHIEF STATE EDUCATIONAL OFFICER

(a) There is created a State Board of Education to be elected or selected on a regional basis. The number of members, their qualifications, terms of office and manner of election or selection shall be provided by law. The Board shall advise the State Superintendent of Education concerning ~~except as limited by law, may establish~~ goals, ~~determine~~ policies, ~~provide for~~ planning and evaluating education programs, and ~~recommend~~ financing. The Board shall have such other duties and powers as provided by law.

(b) A State Superintendent of Education shall be nominated at a general primary election and elected by the electors of the State at the general election every 4 years, beginning in 2006. The State Superintendent of Education shall hold office for 4 years beginning on the second Monday of January after his or her election. To be eligible to hold the office of State Superintendent of Education a person must be a United States citizen, at least 25 years old, and a resident of the State for 10 years preceding his or her election.

The names of the candidates for State Superintendent of Education shall be printed on the ballot directly below the names of the candidates for Secretary of State.

Any vacancy in the office of State Superintendent of Education shall be filled in the manner provided in Section 7 of Article V.

The State Superintendent of Education shall be the chief educational officer of the State. The State Superintendent of Education shall establish goals, determine policies, provide for planning and evaluating education programs, and recommend financing. The State Superintendent of Education shall have such other duties and powers as provided by law. ~~The State Board of Education shall appoint a chief state educational officer.~~

(Source: Illinois Constitution.)

SCHEDULE

A State Superintendent of Education shall be elected in 2006 and thereafter. When the State Superintendent of Education initially elected under Section 2 of Article X of the Illinois Constitution takes office, the term of office of the chief state educational officer appointed by the State Board of Education shall expire. This Constitutional Amendment otherwise takes effect when the State Superintendent of Education initially elected under Section 2 of Article X of the Illinois Constitution takes office.

INTRODUCTION OF BILLS

SENATE BILL NO. 2198. Introduced by Senator Cullerton, a bill for AN ACT concerning tuberculosis sanitariums.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2199. Introduced by Senator Cullerton, a bill for AN ACT concerning tuberculosis sanitariums.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2200. Introduced by Senator Cullerton, a bill for AN ACT concerning tuberculosis sanitariums.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2201. Introduced by Senator Cullerton, a bill for AN ACT concerning forensic laboratory oversight.

[January 15, 2004]

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2202. Introduced by Senator Cullerton, a bill for AN ACT in relation to public employee benefits.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2203. Introduced by Senator Jacobs, a bill for AN ACT in relation to pensions.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2204. Introduced by Senator Jacobs, a bill for AN ACT in relation to teachers.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2205. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2206. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2207. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2208. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2209. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2210. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2211. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2212. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2213. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2214. Introduced by Senator E. Jones, a bill for AN ACT in relation to budget implementation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2215. Introduced by Senator E. Jones, a bill for AN ACT in relation to finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2216. Introduced by Senator E. Jones, a bill for AN ACT concerning finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2217. Introduced by Senator E. Jones, a bill for AN ACT in relation to finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2218. Introduced by Senator E. Jones, a bill for AN ACT regarding finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2219. Introduced by Senator E. Jones, a bill for AN ACT in relation to finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2220. Introduced by Senator E. Jones, a bill for AN ACT in relation to economic development.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2221. Introduced by Senator E. Jones, a bill for AN ACT concerning economic development.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2222. Introduced by Senator E. Jones, a bill for AN ACT in relation to economic development.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2223. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2224. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

[January 15, 2004]

SENATE BILL NO. 2225. Introduced by Senator E. Jones, a bill for AN ACT concerning criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2226. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2227. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2228. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2229. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2230. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2231. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2232. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2233. Introduced by Senator E. Jones, a bill for AN ACT concerning the legislature.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2234. Introduced by Senator E. Jones, a bill for AN ACT in relation to the legislature.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2235. Introduced by Senator E. Jones, a bill for AN ACT in relation to gaming.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2236. Introduced by Senator E. Jones, a bill for AN ACT in relation to gaming.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2237. Introduced by Senator E. Jones, a bill for AN ACT in relation to gaming.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2238. Introduced by Senator E. Jones, a bill for AN ACT in relation to insurance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2239. Introduced by Senator E. Jones, a bill for AN ACT in relation to insurance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2240. Introduced by Senator E. Jones, a bill for AN ACT in relation to insurance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2241. Introduced by Senator E. Jones, a bill for AN ACT concerning insurance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2242. Introduced by Senator E. Jones, a bill for AN ACT concerning insurance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2243. Introduced by Senator E. Jones, a bill for AN ACT concerning criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2244. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2245. Introduced by Senator E. Jones, a bill for AN ACT in relation to criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2246. Introduced by Senator E. Jones, a bill for AN ACT concerning criminal law.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2247. Introduced by Senator E. Jones, a bill for AN ACT in relation to property.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2248. Introduced by Senator E. Jones, a bill for AN ACT in relation to property.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2249. Introduced by Senator E. Jones, a bill for AN ACT in relation to property.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2250. Introduced by Senator E. Jones, a bill for AN ACT concerning professional regulation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2251. Introduced by Senator E. Jones, a bill for AN ACT concerning professional regulation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2252. Introduced by Senator E. Jones, a bill for AN ACT in relation to the regulation of professions.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2253. Introduced by Senator E. Jones, a bill for AN ACT concerning professional regulation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2254. Introduced by Senator E. Jones, a bill for AN ACT concerning professional regulation.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2255. Introduced by Senator E. Jones, a bill for AN ACT concerning public bodies.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2256. Introduced by Senator E. Jones, a bill for AN ACT in relation to public bodies.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2257. Introduced by Senator E. Jones, a bill for AN ACT in relation to public bodies.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2258. Introduced by Senator E. Jones, a bill for AN ACT concerning public bodies.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2259. Introduced by Senator E. Jones, a bill for AN ACT in relation to public bodies.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2260. Introduced by Senator E. Jones, a bill for AN ACT concerning finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2261. Introduced by Senator E. Jones, a bill for AN ACT concerning finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2262. Introduced by Senator E. Jones, a bill for AN ACT concerning finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2263. Introduced by Senator E. Jones, a bill for AN ACT concerning finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2264. Introduced by Senator E. Jones, a bill for AN ACT concerning finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

PRESENTATION OF RESOLUTION

Senator Burzynski offered the following Senate Resolution, which was referred to the Committee on Rules:

SENATE RESOLUTION NO. 383

WHEREAS, There have been frequent attempts in many states by Native American tribes to appeal to the United States Department of the Interior Bureau of Indian Affairs seeking recognized tribal title to land, including in Illinois; and

WHEREAS, If the United States Department of Interior Bureau of Indian Affairs determines that title to the land in dispute genuinely belongs to a recognized Native American tribe, then that tribe may seek to operate Indian gaming on that land without regard to state law according to the federal Indian Gaming Regulatory Act; and

WHEREAS, The federal Indian Gaming Regulatory Act requires states to enter into negotiations for a gaming compact with Indian tribes that seek to establish Indian gaming on recognized Indian lands and, if a state refuses to do so, a federal mediator may be appointed to decide the best offer for a tribal-state compact with the Native American tribe being treated as a sovereign nation not under the jurisdiction of any state laws; and

WHEREAS, Several states have argued that the federal requirement that states must negotiate compacts with Native American tribes is a violation of the states' sovereign immunity under the 11th Amendment to the United States Constitution which says that "the judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against on of the United States by Citizens of another State, or by Citizens or Subject of any Foreign State"; and

WHEREAS, In 1998, the Prairie Band of Potawatomi Indians of Kansas requested that the Department of Interior Bureau of Indian Affairs review the Band's claim to 1280 acres of land in DeKalb County, Illinois, and in 2001 the Department of Interior sent letters to the Illinois Governor and United States Speaker of the House of Representatives, Dennis Hastert, indicating that the Prairie Band may have a credible claim for unextinguished title to this land; and

[January 15, 2004]

WHEREAS, There have been recent revelations that in fact there could be more than one tribe seeking recognized title to the disputed land and any premature discussions on gaming should be avoided until the official tribal title is recognized; and

WHEREAS, If the Department of Interior Bureau of Indian Affairs does in fact eventually determine that title to the land belongs to any Native American tribe, then negotiations between the Native American tribe and the State of Illinois should become a public forum with open hearings for the purpose of receiving input from local leaders and businesses as well as other interested parties; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the Governor of the State of Illinois is strongly encouraged to convene a Joint Committee of the Senate and the House to conduct public hearings prior to agreement of any compact with a Native American tribe for Indian gaming; and be it further

RESOLVED, That the 8-member Joint Committee shall be appointed 2 each by the leader of each legislative caucus and at least 4 of the appointees shall represent districts that are within 25 miles of the territory proposed for Indian gaming; and be it further

RESOLVED, That the Joint Committee of the Senate and the House shall be charged with holding a series of public meeting in DeKalb County as well as in other counties that have existing gaming facilities located within; and be it further

RESOLVED, That the purpose of the Joint Committee of the Senate and the House is to evaluate the social and economic impact of Indian gaming on the people of Illinois and to serve the vested State and local public interest in any potential action by the Office of the Governor to establish Indian gaming in the State of Illinois; and be it further

RESOLVED, That a suitable copy of this resolution shall be delivered to the Governor of the State of Illinois.

RESOLUTIONS CONSENT CALENDAR

SENATE RESOLUTION 339

Offered by Senator Risinger and all Senators:
Mourns the death of James "Jim" Cruse of Kewanee.

SENATE RESOLUTION 340

Offered by Senator Geo-Karis and all Senators:
Mourns the death of Virginia S. "Susy" Hubbard of Grayslake.

SENATE RESOLUTION 341

Offered by Senator Lightford and all Senators:
Mourns the death of Delia B. Lightford of Chicago.

SENATE RESOLUTION 342

Offered by Senator Bomke and all Senators:
Mourns the death of Denny Best of Winter Haven, Florida.

SENATE RESOLUTION 343

Offered by Senator Lightford and all Senators:
Mourns the death of Robert Williams, Sr.

SENATE RESOLUTION 344

Offered by Senator E. Jones and all Senators:
Mourns the death of U. S. Senator Paul Simon of Makanda.

SENATE RESOLUTION 345

Offered by Senator Hunter and all Senators:
Mourns the death of Robert T. Sublewski of Chicago

SENATE RESOLUTION 346

Offered by Senator Shadid and all Senators:
Mourns the death of David W. Meister, Jr. of Peoria.

SENATE RESOLUTION 347

Offered by Senator Maloney and all Senators:
Mourns the death of Maureen Elizabeth McDonald of Chicago.

SENATE RESOLUTION 348

Offered by Senator E. Jones and all Senators:
Mourns the death of Lillian Dooley Mudzonga of Zimbabwe.

SENATE RESOLUTION 349

Offered by Senator J. Sullivan and all Senators:
Mourns the death of Todd W. "Bubba" Dicks of Warsaw.

SENATE RESOLUTION 350

Offered by Senator Risinger and all Senators:
Mourns the death of Samuel Robert Swanson II of Galesburg.

SENATE RESOLUTION 351

Offered by Senator Risinger and all Senators:
Mourns the death of Ronald L. Graffouliere of Galesburg.

SENATE RESOLUTION 352

Offered by Senator Risinger and all Senators:
Mourns the death of James E. Mecum of Cambridge.

SENATE RESOLUTION 353

Offered by Senator Silverstein and all Senators:
Mourns the death of Rabbi Oscar Z. Fasman formerly of Chicago.

SENATE RESOLUTION 354

Offered by Senator Shadid and all Senators:
Mourns the death of Laura Melany Valentine of East Peoria.

SENATE RESOLUTION 355

Offered by Senator Haine and all Senators:
Mourns the death of Clarence E. Willis, Sr. of Alton.

SENATE RESOLUTION 356

Offered by Senator Haine and all Senators:
Mourns the death of William "Bill" Little of Alton.

SENATE RESOLUTION 357

Offered by Senator Geo-Karis and all Senators:
Mourns the death of Angelo Geocaris.

SENATE RESOLUTION 358

Offered by Senator Link and all Senators:
Mourns the death of Walter Benjamin Kyle.

SENATE RESOLUTION 359

Offered by Senator Hunter and all Senators:
Mourns the death of Serina Mary Fortineaux Smith of Hazelcrest.

SENATE RESOLUTION 360

Offered by Senator J. Sullivan and all Senators:
Mourns the death of Mildred T. "Ditter" Behrends of Mason City.

SENATE RESOLUTION 361

Offered by Senator Shadid and all Senators:
Mourns the death of James Ardis, Jr. of Peoria.

SENATE RESOLUTION 362

Offered by Senator Garrett and all Senators:
Mourns the death of Sergeant Uday Singh, U.S. Army, of Lake Forest

SENATE RESOLUTION 363

Offered by Senator Haine and all Senators:
Mourns the death of David R. Polivick of Granite City.

SENATE RESOLUTION 364

Offered by Senator Haine and all Senators:
Mourns the death of Milton R. "Dick" Allen of Granite City.

SENATE RESOLUTION 365

Offered by Senator Silverstein and all Senators:
Mourns the death of Joseph T. Potasiak of Chicago.

SENATE RESOLUTION 366

Offered by Senator Silverstein and all Senators:
Mourns the death of Sister Mary Luke Makuch of Chicago.

SENATE RESOLUTION 367

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Mary Rita Madigan of Chicago.

SENATE RESOLUTION 368

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Marge Hartigan of Rogers Park.

SENATE RESOLUTION 369

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Dr. Robert G. England of Carlinville.

SENATE RESOLUTION 370

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Helen M. England of Carlinville.

SENATE RESOLUTION 371

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Reverend John E. Lass of Taylorville.

SENATE RESOLUTION 372

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Joseph "Albert" Love of Waverly.

SENATE RESOLUTION 373

Offered by Senator Viverito and all Senators:
Mourns the death of Rose Mary A. (nee Dunn) O'Shea of Willow Springs.

SENATE RESOLUTION 374

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Wayne Harms of Carlinville.

SENATE RESOLUTION 375

Offered by Senators Demuzio – E. Jones and all Senators:
Mourns the death of Fred J. Killam of Jacksonville.

SENATE RESOLUTION 376

Offered by Senator Collins and all Senators:
Mourns the death of Arties Eddie Jones of Chicago.

SENATE RESOLUTION 377

Offered by Senator Collins and all Senators:
Mourns the death of Eugene G. Griffin of Aurora.

SENATE RESOLUTION 378

Offered by Senator Lauzen and all Senators:
Mourns the death of Dr. John William Hoban of Aurora.

SENATE RESOLUTION 379

Offered by Senator Lauzen and all Senators:
Mourns the death of Diane Marie Goding of Aurora.

SENATE RESOLUTION 380

Offered by Senator Lauzen and all Senators:
Mourns the death of PFC Scott Matthew Tyrrell, U.S. Army, of Mount Morris.

SENATE RESOLUTION 381

Offered by Senator Lauzen and all Senators:
Mourns the death of Marian G. Stare of Aurora.

SENATE RESOLUTION 382

Offered by Senator Watson and all Senators:
Mourns the death of Ursula Kathryn Beck of Decatur.

Senator Halvorson moved the adoption of the foregoing resolutions.
The motion prevailed.
And the resolutions were adopted.

At the hour of 10:55 o'clock a.m., the Chair announced that the Senate stand at recess for the purpose of proceeding to the House of Representatives to meet in a joint session pursuant to House Joint Resolution No. 51.

**JOINT SESSION
12:00 O'CLOCK NOON**

The hour having arrived, the time heretofore fixed by Joint Resolution adopted by the Senate and the House of Representatives, the Joint Session convened for the purpose of receiving the Governor to deliver the State of the State Message in person to the Ninety-Third General Assembly.

The Senate, preceded by the Honorable President Jones, and Members of the Senate, appeared in the Hall of the House of Representatives and, by direction of the Speaker, took the seats assigned to them.

The two Houses being convened in Joint Session, President E. Jones of the Senate announced that a quorum of the Senate was present.

Speaker Madigan, of the House of Representatives, announced that a quorum of the House was present.

A majority of each House of the General Assembly being present, the Speaker of the House announced the Joint Session duly formed.

[January 15, 2004]

Representative Currie offered the following resolution and moved its adoption.

JOINT SESSION RESOLUTION 3

RESOLVED, That a committee of ten be appointed, five from the House, by the Speaker of the House, and five from the Senate, by the President of the Senate, to wait upon His Excellency Governor Rod Blagojevich and invite him to address the Joint Assembly.

The motion prevailed.

The President of the Senate announced his appointments, as Members of such Committee, on the part of the Senate: Senators Gary Forby, Mattie Hunter, Dale Risinger, John Sullivan and Richard Winkel.

The Speaker of the House announced the appointments, as Members of such Committee, on part of the House: Representatives Deborah Graham, Bill Grunloh, Joe Lyons, Mike McAuliffe and Ruth Munson.

His Excellency, Governor Rod Blagojevich, was admitted into the Hall of the House of Representatives, and was presented to the General Assembly, to deliver his message in person as follows:

**Governor Rod R. Blagojevich
State of the State Address
January 15, 2004**

Speaker Madigan. Senate President Jones. House Minority Leader Cross. Senate Minority Leader Watson.

Lieutenant Governor Quinn. Attorney General Madigan. Secretary of State White. Treasurer Topinka. Comptroller Hynes. Auditor General Holland. Superintendent Schiller.

Good afternoon. Thank you for the opportunity to be here today to address the General Assembly.

It's great to be back.

A year ago, we came together at a time when everything that should have been up was down.

We faced the aftermath of the worst corruption scandal in our state's long history.

At the same time, we faced the worst fiscal crisis in our state's long history- a record \$5 billion budget deficit, a budget deficit that was 13 times worse than anything we had ever seen.

We faced a failing economy, rising prescription drug prices, increasing concerns about homeland security, and a sense that state government just didn't care about the people.

And the people doubted our ability to govern, our ability to lead, our ability to solve problems.

They lost confidence in our integrity, they questioned our ability to act ethically, and they lost faith that we would put their interests before our own.

A year ago, there were far more questions than answers.

There was far more fear, than hope.

There was far more cynicism, than faith in the future.

When we came together last year, we were confronted with a number of challenges, but our task was clear: to reconnect people to their government, to show the people we could tackle difficult problems and make difficult decisions and do so without resorting to the tired, old solutions that put the special interests above the public interest, to show them we could act ethically, to show them we deserved their trust.

[January 15, 2004]

Today, thanks to the hard work, to the dedication, and to the commitment to change, of so many people in this room, I am proud to say that we are rising to the challenge.

Today, there is a growing feeling that government is once again on the people's side.

They saw that we were willing to embrace reform to do things differently, to do things better.

They saw that we weren't asking them to bail out a system in desperate need of reform.

That's what inspired their confidence. And that is what we must continue to do.

By embracing reform by showing the people we were prepared to change the way we earned their trust, change the way we treat their money, change the way we create jobs, change the way we deliver health care, change the way we give people from all walks of life the opportunity to work hard, to get ahead, and to build better lives, we've taken bold steps towards finally giving the people of Illinois a government that's of them, by them, and for them.

Thanks to Speaker Madigan, Senate President Jones, Representative Cross, Senator Watson and many others, we enacted real, meaningful ethics reform, reforms that ended the practice of the unlimited wining and dining of public officials; reforms that ended the practice of using the people's money to fund public service announcements, reforms that ended the conflict of interest that exists when government officials regulate companies one day and go to work for them the next; reforms that now require each Constitutional Officer and the Legislative branch to hire independent Inspector Generals to monitor wrongdoing; and reforms that create an independent ethics commission the first of its kind in our state's long history.

And as we began giving the people of Illinois a reason to place their trust in our ability to act ethically, we also started giving them a reason to believe we could be responsible with their money.

Last year, almost every state in the nation faced a significant fiscal challenge.

And if you look at how almost every one of those states dealt with that challenge, almost all of them either raised income or sales taxes, cut spending for education, health care, and public safety, or did a combination of both.

Not us.

Not here in Illinois.

Instead of slashing spending in areas that help people areas like health care, public safety and education, and instead of resorting to the tired, old solution of simply asking the people for more of their hard-earned money by having the will to make tough choices, by cutting over \$1.5 billion in waste and inefficiency, by merging state agencies, cutting payroll, and streamlining government, we took on a historic, record \$5 billion budget deficit and didn't raise the income tax, didn't raise the sales tax, and still invested nearly \$1 billion in new money for education, health care and public safety.

And just as we embraced change when it came to ethics reform, when it came to the budget, we began to fundamentally change the way we deliver health care in Illinois.

In the past, people used to look to Washington for ideas and for money.

Everyone assumed that because of the size of our deficit, and the inability of state government to confront and solve difficult problems, the only way to give people better and less expensive health care was by getting the federal government to solve our problems for us.

But we didn't do that.

Instead, we took matters into our own hands.

[January 15, 2004]

We started with an issue that threatens the health and the well-being of our seniors, of the disabled, and of consumers in every part of Illinois, and all across our nation.

We finally took on the issue of the high cost of prescription drugs.

Last spring, we created the first prescription drugs buying club in the nation.

By pooling the purchasing power of the State of Illinois, and of up to 1.5 million senior citizens, we've started negotiating discounts with drug manufacturers that will help our senior citizens save up to 20% on the cost of their medicine.

20% for an average senior citizen can mean hundreds of dollars of savings each year.

But we didn't stop there.

We can take pride in the fact that last year, Illinois was only one of three states in the entire nation to actually increase health care coverage for those who can't afford it.

At a time when 47 states either kept their coverage levels steady or reduced health care coverage altogether, Illinois expanded the KidCare program and the FamilyCare program, so that 65,000 children and 300,000 working men and women will now have access to health care.

That's 65,000 children and 300,000 working parents who didn't have health care, and now will even though we faced a \$5 billion budget deficit.

Illinois was the first state in the nation to ban Ephedra, a performance enhancing drug that has claimed the lives of over 100 people.

And we did it more than six months before the federal government finally acted.

And while we're on the subject of performance enhancing drugs, how is it that in the 21st century, insurance companies can cover Viagra for men, but not birth control for women?

It just isn't fair.

So last spring, Illinois became the 21st state in the nation to require health insurers to cover female contraceptives.

I'm happy we did that.

But the battle to bring down the cost of health care continues.

That's why we are going to keep fighting the big drug companies, we are going to keep fighting the federal government, and we are going to keep fighting the FDA until they give consumers in Illinois – and consumers across the nation – access to the marketplace, and an opportunity to safely and legally import prescription drugs from Canada.

We are going to keep fighting until they give us the opportunity to help our senior citizens and our consumers save as much as 50% on the cost of their prescription drugs, and the opportunity to protect our seniors, and our consumers, and our taxpayers, from being ripped off by the big drug companies, who use their clout and their influence to keep prices high.

The changes we made didn't stop with ethics, didn't stop with the budget, and didn't stop with health care either.

Last year, we finally changed the way we view work, the way we create jobs, and the way we utilize our own strengths and our own resources.

[January 15, 2004]

Instead of treating the taxpayers and their money as if they exist simply to fill the state coffers, we began to see them as more than just sources of revenue, we began to see them as people who have to get up every morning and go to work, make a living, and support their families.

And that's why we did something in the beginning of the 21st century that should have been done in the beginning of the last century: we finally passed a law that says if you're a woman and you're doing the same work as a man, you ought to be paid the same as a man – otherwise – you are breaking the law.

To make the lives of working people a little easier, we passed a law that raised the minimum wage from \$5.15 an hour to \$6.50 an hour.

The men and women who work at jobs that pay the minimum wage do the work most people don't want to do.

They work hard. They deserve our respect. And they deserved this raise.

At the same time, we developed a vision of economic development that begins with leveraging the talents of our own people, of our own regions, and the resources of our own land.

That task began with legislation authorizing the expansion of O'Hare airport – a project that will create nearly 200,000 new jobs over the next ten years.

It continued with legislation that can bring back the coal industry in Illinois – by taking advantage of new technology – and by making hundreds of millions of dollars in low interest loans available to companies who want to build clean coal power plants, right here in Illinois.

This could mean 6,000 jobs to the communities of Central and Southern Illinois that have witnessed so much hardship and so little progress over the last generation.

We didn't stop with coal either.

We extended the ethanol tax credit for ten more years, and we created a host of new incentives to encourage the production and use of biodiesel fuels.

And when it comes to taking advantage of our state's resources, we finally – finally – began to right the ship, when it comes to honoring our state's greatest human resource, not to mention this nation's greatest President – Abraham Lincoln.

Recently, former Governor Jim Edgar agreed to serve as the Chair of the Abraham Lincoln Library Foundation.

And in October, I named Richard Norton Smith, the nation's preeminent presidential historian as Director of the Abraham Lincoln Presidential Library and Museum.

With Governor Edgar and Richard Norton Smith at the helm, we can turn what has been an embarrassment and a failure – into one of this state's greatest assets and attractions.

If we do this right, the Lincoln Library could be to the City of Springfield, what the Statue of Liberty is to New York, what the Golden Gate Bridge is to San Francisco, and what Graceland is to Memphis.

On the economy, we changed the way we approach spurring development and creating jobs.

The old method of economic development was all about waiting for a company to say they were leaving, and then throwing lots of tax incentives at them.

Not anymore.

We've developed a program called Opportunity Returns, a proactive, hands-on, regionally focused plan with one goal and one goal only—creating jobs.

[January 15, 2004]

We've been working with local communities, and, with their ideas and yours, we've been developing and launching detailed plans that address the specific needs of each region of our state.

From providing low interest loans so manufacturers can buy new equipment, to providing job training so workers can upgrade their skills, to offering grants to budding entrepreneurs, to building the infrastructure needed to efficiently move goods and services, to promoting the natural resources and tourist attractions each region has to offer, we will make each region of our state more marketable, more technologically savvy, more accessible, better trained, and better equipped than ever before.

We are tired of waiting for Washington to act.

We are tired of waiting for the economic recovery to start producing real jobs.

We cannot afford to wait any longer.

We need to take action now, and that's exactly what we're doing.

And just as Illinois has launched one of the most aggressive, ambitious job creation programs in the nation, we're also taking the lead when it comes to public safety.

Illinois is now considered one of the most prepared states in the nation when it comes to counter-terrorism.

In fact, the Centers for Disease Control this year gave Illinois its highest rating when it comes to our ability to respond to a bioterrorist attack.

And we're building on this success by moving forward on our new Statewide Terrorism Intelligence Center, our new State Emergency Operating Center, and we are well on our way to providing new personal protection equipment to every first responder in our state.

At the same time that we're protecting our homeland security, we're also working to keep people safe in our towns, in our neighborhoods, and on our roads.

This year, we enacted three of the toughest driver safety laws in the nation, laws we believe can save over 140 lives every single year.

We also launched what may be the most comprehensive, technologically sophisticated AMBER Alert System in the nation.

In 2003, thanks to our new AMBER alert system the State Police recovered six abducted children using tips from people who saw or heard the AMBER Alert.

We keep crossing our fingers and praying that no child is ever abducted, but God-forbid, should it happen again, we pray our success in finding them continues.

We're not only leading the way in fighting crime. We're also leading the way when it comes to reforming the criminal justice system.

We enacted legislation that made Illinois the first state in the nation – the first state in the nation to legislatively require that all homicide interrogations be videotaped.

We required law enforcement to collect data on racial profiling so we can – once and for all put a stop to it.

And thanks to the leadership of Emil Jones and many others, we passed over a dozen major death penalty reforms – reforms that hopefully will begin to mend a broken system and heal a loss of faith in its fairness.

[January 15, 2004]

Ethics reform. Budget reform. Creating jobs. Making health care less expensive. Keeping people safe.

Last year, we made major reforms – and took major steps – in every one of those areas.

And in the area of education, we also made some noteworthy reforms.

In the area of higher education, we became the first state in the nation to require that at public universities, the tuition you pay as a freshman is not a penny more than the tuition you'll pay as a senior.

We enacted legislation that allows undocumented immigrants who attend Illinois high schools for three years – to pay in-state tuition rates at our public universities.

And while our system of educating children in kindergarten through high school needs a great deal of reform, we did take several important steps, including providing funding in last year's budget to send 8,300 at-risk children to pre-school providing \$500 million in funding for new school construction, and creating the Illinois Future Teachers Corps, a program that provides \$5,000 scholarships for new teachers.

Those were good ideas, and necessary reforms, but make no mistake about it, we need to do a lot more.

I'm not satisfied with the state of education in the State of Illinois.

The children deserve better.

The parents deserve better.

The taxpayers deserve better.

Spending more money for education, and creating more mandates for our schools, without making the real, fundamental, systemic changes, in the way we manage our schools, in the way we spend our education dollars, and in the way we hold people accountable for results, nothing we do – no matter how much money we spend will help our children learn better.

If we are really serious about fixing our schools, then we have to be serious about change and reform.

Because while Illinois is blessed with thousands of good schools, with thousands of good, hardworking, dedicated principals and administrators, with tens of thousands of smart, committed, dedicated teachers, and with millions of involved, caring parents, and most importantly, millions of kids who are eager to learn, our education system is still failing too many children.

Look at the facts:

38% of kids in the third grade can't read at the third grade level.

If you can't read, you can't learn.

36% of eighth graders do not meet eighth grade reading standards.

41% of eighth graders cannot write on an eighth grade level.

Not only that, 44% of eleventh grade students can't meet basic reading standards.

One in seven students in Illinois never graduates from high school.

And 48% of eleventh grade students taking the ACT exam are not ready for college without having to repeat classes.

We can't continue to let that happen.

[January 15, 2004]

Illinois has many great schools, Illinois has many great teachers, many great administrators, and many great principals, but if we are honest with ourselves, we can't help but admit that when it comes to educating our children, we can do better.

And while there is no one single cause – for the situation we find ourselves in, and there is no one single villain, the problem clearly begins at the top, with the Illinois State Board of Education.

In 1970, the Illinois Constitutional Convention created the State Board of Education.

The idea was to create an independent body that could regulate and support our schools without getting caught up in politics.

The idea was noble, but it isn't working.

Instead of being an independent body that could regulate and support our schools, the Illinois State Board of Education is like – an old, Soviet style bureaucracy – it's clunky and inefficient, it issues mandates, it spends money, it dictates policy, and it isn't accountable to anyone for anything.

Yes, they've operated independently, but independent of whom?

I'll tell you;

Independent of parents.

Independent of students.

Independent of teachers.

Independent of principals.

Independent of accountability.

Independent of success.

Independent of results.

Like many unaccountable bureaucracies, the Illinois State Board of Education turned into an organization that exists more for the benefit of its own administrators, than for the benefit of the children of this state.

No matter how good our local schools are, no matter how dedicated their principals and their teachers might be, no matter how involved their parents, the lack of leadership and the lack of accountability at the top – the State Board of Education's penchant for constant interference, its ever-changing rules, its ever-growing number of regulations, the crushing amounts of paperwork, handcuffs our educators, and far worse than that, shortchanges our children.

The State Board of Education will tell you the answer to our problems is more money.

But if you look at how our education dollars in Illinois are spent, and if you look at the rules and restrictions the State Board uses to tell our local schools how the money has to be spent, it becomes clear that money alone cannot solve our problems.

In Illinois, only 46 cents of every dollar spent on a child's education goes to classroom instruction.

Only 46 cents.

That means 54 cents of every dollar that's spent on a child's education goes to something other than classroom instruction.

[January 15, 2004]

That means only 46 percent of education funding actually goes to educating children.

The rest, more than half, and I keep repeating this figure because it's so astounding, never makes its way into the classroom.

Now, there will be those who will admit that kids aren't learning as well as they should, that not enough kids are learning how to read, that too many children are dropping out of school, and that we can better prepare our children for college.

But they will say that the only reason we find ourselves with these problems is that we're not spending enough money.

Let me be the first one to say – we need to invest more money in our classrooms.

But the money has to go to the classroom.

Look at the facts: while we can do better, Illinois still ranks 16th in the nation in the amount of money taxpayers invest in total per pupil spending.

But when it comes to how we spend that money, Illinois ranks only 40th in the nation then it comes to seeing that money invested in the classroom to teach our children.

40th in the nation.

Thirty nine other states do a better job than we do when it comes to how much money makes its way into the classroom.

By comparison, California – for all of its problems – does a better job than we do.

The Golden State spends 53% of their education dollars on classroom instruction.

Pennsylvania – 54%

New York 60% on classroom instruction.

We spend nearly \$20 billion on education in Illinois each year.

\$20 billion dollars.

And of the \$20 billion we spend in Illinois \$10.5 billion – never finds its way into the classroom.

\$3.4 billion goes for services like school social workers, lunches, and buses.

But \$7.1 billion goes for administration and operations.

If we just reached the national average of how much education money finds its way into the classroom for instruction, schools in Illinois would have another \$1.4 billion that could be invested directly into teaching children how to read and how to learn.

That would be great if we did – but we don't so the question is – Where is all of that money going?

Well, we know a few things: we know that not nearly enough of it is going to educate our children, we know that the incredible burden of rules and regulations imposed on local schools by the State Board of Education – makes it practically impossible for local schools to invest more money into the classroom, and we know that now we're caught in a vicious cycle, where the more rules and regulations they impose, the more the State Board of Education can justify its own existence.

[January 15, 2004]

That's the cart leading the horse, the tail wagging the dog, and patient treating the doctor, all rolled up in one.

So what does the State Board of Education do?

We know the State Board of Education spends more than \$50 million a year just to exist.

We know their 40 highest paid administrators make an average of \$90,000 per year –which is almost twice as much money as the average teacher earns.

As schools struggle to make ends meet, as kids struggle to read, as we confront the issue of teacher shortages, the State Board of Education spends the people's money on things like – high priced contracts with consulting firms, lobbying firms, and public relations firms.

In fact, rather than sever their ties with these high priced firms, the State Board recently indicated they would rather cut programs that certify private schools, programs that subsidize GED testing, and programs that certify teachers.

They chose lawyers, and consultants and public relations experts over teachers, students and schools.

What kind of priorities are those?

And as the State Board busies itself wasting the people's money, the problems only continue to mount.

Because the State Board of Education can't figure out how to properly inspect school food, 42 children in Will County became sick after eating chicken contaminated with ammonia.

Even worse, the State Board's own investigation showed that they were aware of a connection between returned food from other schools and an ammonia leak at a State Board contracted facility, but the bureaucracy failed to do anything about it.

In fact, two State Board officials were indicted in connection with this incident.

Because they ignored the risk, those children got sick.

Because the State Board couldn't figure out how to issue school report cards, 368 schools were incorrectly identified as having failed to meet new federal standards.

In fact, a recent analysis showed that the State Board's 2003 Report Cards contained 34,261 errors, affecting 75% of Illinois schools.

Under current federal law, when schools receive a failing grade, those failing schools have to change the kinds of courses they have to offer.

It means children can easily transfer out of the school, and it means a whole new series of problems, which means more paperwork and more expenses.

That may be appropriate if a school actually deserves a failing grade.

But when nearly 35,000 errors are made in school report cards, and 368 schools are incorrectly labeled as failing, that creates a serious problem, especially when the State Board is paying consultants millions of dollars to ensure the report card process goes smoothly.

Because the State Board of Education keeps changing the standards schools use to evaluate their students' progress, teachers don't know what to teach, schools don't know what to offer, and students don't know how to prepare.

To sum it up, the Illinois State Board of Education has failed in its mission.

[January 15, 2004]

It's a burden to the taxpayers.

It's a drain on local schools.

It's an albatross to our principals and teachers.

It's not helping our children.

And it hasn't lived up to what the delegates at our Constitutional Convention envisioned, something far different – something far better – than what we ended up with.

That's why, today, I am calling for change.

I am calling on the legislature to act, to end a system that's not efficient, that's not accountable, and that has failed our children year after year.

I am urging the legislature to replace that system with a Department of Education that's accountable – accountable to the Governor, accountable to the Legislature, and most importantly, accountable to the people of this state.

It would be easy to keep the current system in place where no one blames us.

It would be easy to run from this challenge.

Easy for the Governor to run from this challenge.

Easy for the legislature to run from this challenge.

Easy, but wrong.

It is time we stop running away from the problem.

It's time we started taking responsibility for our schools.

Mayor Daley took responsibility for Chicago's public schools in 1995.

It worked.

It's time we take responsibility for every school in Illinois.

If we don't make our education system accountable, it will never improve.

Without accountability, there's no one to look to for results, there's no one to look to – to make meaningful reforms and changes, there's no one to explain to the taxpayers why their money isn't being spent more wisely, there's no one to answer to parents why their children aren't doing better.

No system can work if it isn't accountable to the bottom line.

And that's the heart of the problem:

The State Board of Education answers to no one. They're responsible to no one.

And so it's not surprising that their only solution to the problems in our schools, is to not first ask; what can we do better?

Is to not ask; how can we do more with what we have?

Is to not ask; how can we change?

[January 15, 2004]

No.

They don't do that.

Their only solution to the problems in our schools – their only solution – is to ask for more of your money.

They would rather see you, the taxpayer, pay more money in taxes, have less money for your children, less money to improve your home, less money to save for college, they would rather do that – than do things differently, operate more efficiently, work harder and get better results.

Right now, we have a system that on the one hand – is completely unaccountable, and on the other hand, is more than willing to ask the taxpayers to bail them out.

The State Board of Education won't take responsibility for results, but they'll gladly ask the people for more and more of their hard earned money.

I can't think of any other place – not in business, not in sports, not in the media – not even in government, not anywhere that would allow this kind of system to survive.

Even the Berlin Wall eventually came down.

Allowing the State Board of Education to continue down this path is like throwing money down the drain.

Whether it's your position to support raising the income tax, or whether you support swapping income taxes and property taxes, or whether you support holding the line on taxes and reprioritizing spending – so more money goes into our schools, all of the arguments to support those positions fall short when only 46 cents on every dollar – that is spent on education finds its way into the classroom.

Last year, despite a \$5 billion budget deficit, we found \$400 million in new money for education.

That increase was bigger than the last two years, combined.

We increased the foundation level for general school aid last year by \$250 dollars per student.

Under our plan, we believe we can save more than \$1 billion over the next four years, every penny of which could and would be invested right into the classroom.

Perhaps even more importantly, the first thing our Department of Education would do is sit down with local schools, local principals and local administrators, and listen, and identify every mind-numbing, bureaucratic rule that takes away money, resources, time and attention from the classroom, and wipe it off the books.

Our local school districts could do a lot better if they were set free from the bureaucratic dictates of the Illinois State Board of Education, and instead were allowed to make more decisions at the local level and rely more on their own common sense. What would common sense and accountability look like in our schools?

Let's start with seven real reforms:

Currently, the State Board collects and reviews 93 different kinds of reports and forms annually, quarterly, and sometimes monthly, from 892 different school districts.

And those reports just deal with how money is spent.

Our first reform – reduce those burdens.

[January 15, 2004]

That alone, would allow our schools to spend less money on administration, and invest it directly into the classroom.

Second, we can help schools by providing them with better administrative services, for far less than they spend now.

By creating regional service centers to pool basic functions that exceed the capacity of many local districts – functions like accounting, auditing, and accounts payable, we can save \$12 to \$20 million each year, every penny of which would go right back to local schools, provided it goes back into the classroom.

At the same time, we could also provide financial advice to struggling school districts – free of charge – to help them reduce their costs, shed unnecessary bureaucracy and waste, and get back on their feet.

Third, we can help schools save between \$80 and \$180 million dollars each year by consolidating the purchase and administration of employee benefits – without removing local control over coverage levels.

By creating an employee benefits purchasing center, we could leverage our purchasing power, negotiate better deals on health insurance and other benefits for teachers, save money, and allow local schools to focus on their mission – teaching children.

Fourth, we can help schools by better managing school construction.

The state's five year school construction program ends this year.

With class sizes too large, with schools in disrepair, with schools lacking basic facilities, we can't stop now.

But we can also do better with our money.

Through better and more efficient project management, by building facilities that schools can share, by creating a local matching grant program to help schools pay for maintenance and building upkeep, and by cutting the 6% fee normally charged for project management down to 1%, we can save up to \$160 million over four years.

In the event we ultimately choose to invest \$550 million each year on school construction, with these reforms we can take that same amount of money that the State Board spends right now – and end up building 14 more schools and 350 more classrooms than the State Board of Education could.

350 more classrooms and 14 more schools, not by spending more money, but just by being more efficient.

That's 350 classrooms and 14 schools that otherwise wouldn't be built if we allow the State Board of Education to continue to run our schools.

Fifth, we can help schools by consolidating the purchasing power of our 4,000 schools and 892 districts.

We can leverage far better deals for everything from computer paper to pencils – and save over five hundred million dollars over four years.

Today some schools pay \$9.78 for Elmer's glue, while others pay just \$5.66.

Some schools pay almost \$1.00 for a pair of scissors in a 12-pack while others pay just a quarter.

By making sure all schools are getting the best possible prices, we can save as much as half a billion dollars, with every penny invested right back into the classroom.

[January 15, 2004]

Sixth, we can help schools by streamlining applications for state funding, and by re-writing programs to cut out the bureaucracy, so they can spend less time worrying about how to pay for things and more time educating children.

The State Board of Education has created more than 2,800 pages of administrative rules to govern education in Illinois.

By the way, recently, we took a walk over to Borders Bookstore, and checked on the size of a few other important books.

Here's what we found:

The King James Bible has 1009 pages – and it covers all of Christianity.

The Torah has 620 pages – and it covers all of Judaism.

The Qur'an has 635 pages – and it covers all of Islam.

So according to the State Board of Education, it takes 2,800 pages – all these rules and regulations to run our schools, more than all of the rules of Christianity, Judaism, and Islam, combined.

This – is a bureaucratic nightmare of biblical proportions.

Instead of making schools go through all of these rules, and through all of these elaborate application and approval procedures, we can streamline grant applications, and provide funding to schools on the front end, instead of making them go through a lengthy and inefficient claims and reimbursement process on the back end.

I don't know about you, but I have a lot more faith in our local schools, in their ability, in their dedication, in their commitment to helping children, than I do in the State Board of Education.

Local schools know better what their children need, they know what their teachers need, and most importantly, they're the ones who have to answer to the parents.

Every time you talk to local administrators, superintendents, principals, and teachers, they all tell you the same thing: the State Board of Education is eating up money that should be going into the classroom, and making local educators waste time filling out paperwork rather than teaching children.

Often, the State Board spends money to perform certain functions – like reviewing district claims forms, and then duplicate the work by requiring districts to hire CPA's to review and certify the forms anyway.

If you believe in your local schools, then you should show it by giving them more control, not by burying them in more and more paperwork.

Seventh, we can help schools and save money by reducing the extensive, and expensive and unnecessary management structure at the State Board of Education.

The management of a Department of Education could be integrated with the rest of state government, so we wouldn't have to replicate every single function, which is what happens under the current system.

Functions like legal, personnel, government relations, and public relations, – are all already being performed for 30 different state agencies.

We could easily perform the same services for one more agency, without having to spend the millions of dollars that currently goes to the State Board of Education, instead of to local schools.

Not only can we do it for far less money, which means more money going into the classroom, we can do it better.

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The Illinois Departments of Agriculture and Public Health can make sure that every food service operation in every district in the state is properly inspected, and they can provide a level of expertise, professionalism, and know-how – that can not only catch problems before they occur, but in cases like the chicken that made so many children in Will County sick, when our inspectors find a problem like that, unlike the State Board, they won't ignore it, they won't sweep it under the rug, they will deal with it.

These are seven common sense reforms to being accountability to education and to improve our schools.

Let's not run away from this responsibility.

Let's get it done.

Our plan does however envision a role for the State Board of Education.

When it comes to thinking about long-term ideas, researching best-practices, and looking at curricula around the nation that might be appropriate for Illinois, the State Board can provide a useful function.

But when it comes to the day to day management of our schools, to spending the taxpayers' money efficiently, to giving local schools the flexibility they need to operate, to answering to the parents and children of this state, the current model isn't working.

Now, I'm not saying that creating a Department of Education will solve all the problems in our schools.

It won't.

I'm not saying that a Department of Education or a Secretary of Education will know all of the answers to all of our problems.

They won't.

And I'm not claiming that by creating a Department of Education – that over night – will see dramatic improvement in test scores.

That will take time.

But, by creating a Department of Education that's accountable to the legislature, accountable to the governor, and most importantly, accountable to the parents and to the children of this state, this will solve more of our problems, answer more of our questions, and free up more money, more time, and more resources for the classroom, so that children can learn, test scores can improve, and the education system in Illinois gets better.

I know I'm not the only one who wants a system that's accountable, that's efficient, and that's effective.

Over the past few years, members of the legislature have proposed ideas similar to what I'm proposing today.

In fact, as recent as last spring, State Senator Bill Brady proposed legislation to create an accountable, efficient, results-oriented Department of Education.

And over the years, many other legislators have championed ideas to reform the State Board of Education, including Senate President Jones, Senator Vince DeMuzio, Senator John Jones, Representative Danny Reitz, Representative Mike Bost, Representative Bill Black, Representative Don Moffitt, Representative Monique Davis, Representative Jack Franks, Representative Mike Boland, and Representative Renee Kosel.

The idea of reforming the State Board of Education cuts across party lines.

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It transcends ideology, geography, ethnicity, and race.

It resides with everyone who thinks our children deserve better.

I think it's time we get started.

Now, making our education system efficient and accountable will go a long way. But it's not enough.

The notion of developing not just strong minds but strong bodies and a strong sense of civic responsibility goes all the way back to the Golden Age of Athens in the 5th Century B.C.

It's an ideal that helped shape our nation's commitment to public education at the beginning of our Republic.

But if you look at our schools today, it's equally clear we are falling short of those ideals.

That's why I am proposing several new programs intended to produce the following results:

Kids who learn how to read at an early age;

Parents who are involved in their child's education;

Teachers who have the training and support they need;

Kids who are healthy and focused; and

Kids who understand what it means to be part of a community.

Ask any expert and they will tell you that the single most important factor when it comes to a child's education – is learning to read.

If you can't read, chances are, you won't learn.

That's why we're taking several new steps to help kids learn how to read, and get them started as early as possible.

Last year's budget included funding to send 8,300 children from at-risk communities to pre-school.

When I introduce this year's budget in a little over one month, despite the financial pressures our state still faces, we will continue our commitment to sending kids to pre-school and getting them started in school as early as possible.

But, that isn't enough.

Studies show that reading aloud to children is the number one factor in helping them learn to read at an early age.

That's why my office and Senate President Jones' office – have teamed up to develop a personal library program – our own book of the month club – so that every single child born in Illinois – from birth to age 5 will receive a book in the mail, every month, until they start kindergarten.

And when they turn 5 they'll receive a library card.

Every child will also receive a dictionary.

We're working with the Dollywood Foundation, which has had success in implementing this program in 32 different states, including Edgar and Whiteside Counties here in Illinois.

And so far, the program has worked.

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Studies have shown that 85% of participants in the personal libraries program have said they read to their children almost every day.

That is a big step forward.

When this program is off the ground, Illinois will be the first in the nation to offer a personal library to every child five and under in the state.

Just as it seems clear that having more books in the home will help children learn to read, it seems equally clear that the more involved parents are in their child's education, the better their kids will do in school.

That's why we're bringing back Project Success, a program that was created by Governor Edgar.

Project Success brings together parents, community leaders, faith-based organizations, and providers of different services in each community to identify the needs of local students, and figure out how to meet them.

That could range from families who need health or dental care to students who need after school tutoring.

Project Success was a success here in Illinois.

At its peak, it served 350,000 families in 90 different counties.

We not only want to bring it back, we want to expand Project Success so that it serves every county in this state.

Students are one part of the equation. Parents are another. But without qualified, dedicated teachers, none of it adds up.

First, we need to make sure that those teaching our children to read have the proper training when it comes to reading.

That's why I'm proposing legislation that would require all elementary school teachers – to complete 50% of their certificate renewal requirements through coursework and activities that focus on best practices – when it comes to teaching children how to read.

Not only do we have to give teachers the tools they need, we have to free up their time, to do what they're supposed to do – teach.

Unfortunately, under the State Board's maze of teacher recertification rules – teachers are burdened with a process that includes:

a 61 page manual,

8 different types of forms,

and as many as 100 different pieces of paper they have to file – all in order to keep teaching our children.

And at the same time, the State Board has eliminated nearly all forms of technical assistance to help teachers through this arduous process.

Every minute teachers waste filling out forms is time they could be spending preparing themselves to educate their students.

And despite a process that requires teachers to fill out nearly 100 forms, the State Board has still failed to develop the programs that beginning teachers need to receive their certification, leaving 7,000 hardworking teachers in bureaucratic limbo.

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We can't attract enough teachers as it is, and they're driving 7,000 teachers away.

That's why we need to create an independent teacher certification board, so that teachers can focus on completing their professional development, and not get caught up in the State Board of Education's endless thicket of red tape.

Second, we need to make sure that struggling schools have access to reading specialists.

Specialists who help students learn to read, and offer teachers some of the new ideas out there that are being used to teach children how to read.

Third, we need to find more ways to bring teachers into the classroom.

As of October 1, nearly 1,400 teaching positions in Illinois went unfilled.

This is a national problem, so we're competing with other states.

Last spring, we enacted legislation creating the Illinois Future Teachers Corps, which provides \$5,000 and \$10,000 scholarships to college students willing to teach in Illinois.

However, college students studying education aren't the only people who may have something to add to a classroom.

Not every type of life experience is relevant to teaching.

And certain types of teachers need traditional forms of training, just like a doctor goes to medical school.

But people in other professions often can and do have something to offer our students.

That's why I'm forming a task force that includes traditionally trained teachers, education experts, and people who have come to the teaching profession by way of another career – to figure out how to develop a program for people who bring different experiences and backgrounds – and can share them in the classroom.

Involved parents, well-trained teachers, and children who begin reading at an early age are all necessary to improve education here in Illinois.

But no matter how involved a parent is, no matter how well trained a teacher is, no matter at what age a child learns to read, if a child isn't healthy, if he or she can't concentrate in school, if he or she doesn't eat a good breakfast, or doesn't get enough exercise, it's not only difficult to do well in school, it's difficult to learn the habits you need to live a healthy life.

Now, I'm not saying, that teaching children about nutrition and exercise is as important as teaching them how to read or do math.

But when you look at the crisis facing our children today – a time when more than three times as many children are overweight than they were twenty years ago, a time when Type II Diabetes has increased by 700% among children – at a time when the Director of the Yale University Center for Eating and Weight Disorders say that this could be the first generation of American children to lead shorter lives than their parents, it's clear we have to do more than just teach them reading and math.

That's why I'm proposing several initiatives that will help children eat better, exercise more, become better students, and live healthier and longer lives.

First, it's time to stop sending children mixed messages by teaching them about nutrition in the classroom, and then peddling soda and junk food just a few feet away.

That's why House Minority Leader Tom Cross and I have proposed new legislation that would ban the sale of soda and junk food from school vending machines.

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Instead of selling soda, they can sell juice, water and milk.

The companies can supply vending machines with healthy choices, just as easily as they can sell Coke, or Mountain Dew, or Dr. Pepper.

In fact, if Dr. Pepper were alive today, I'm sure he would think this is a good idea too.

Second, it's time we finally pass the Childhood Hunger Relief Act.

This act requires schools to provide breakfast to children who otherwise would not be able to afford it.

The cost of this program is estimated to be nearly \$1 million.

Yes, times are tough, but we will not balance the budget on the backs of hungry children.

Third, we've got to get our kids active again.

We live in a time with hundreds of television channels, dvd's, tivo, video games, computers, and every other possible device – that keeps kids sitting in front of a screen, instead of running around in a playground.

That's not healthy.

The quality of a child's play says a lot about a society.

It's great that our children are so computer literate.

But their day cannot start and end in front of a screen.

Children need to be active. That means running, and jumping and skipping, and not just fast forwarding, downloading and instant messaging.

I know many schools have waivers from offering physical education.

I know many schools don't have the gyms and facilities they need to give kids a place to run and exercise.

But we can't let those excuses get in the way of getting kids active again.

It's why we have to end the practice of giving schools waivers from offering physical education, it's why our school construction program has to focus on providing the facilities schools need to give their students a place to play, and it's why we have to start stressing exercise and activity in our schools again.

A Department of Education would do just that.

The initiatives I've proposed so far today are designed to help students develop healthy minds and healthier bodies.

But we still have to address their spirit.

Schools do far more than just teach reading, writing, and arithmetic.

They can help parents as they teach their children values.

They can help children learn the value and responsibilities of being good citizens.

The more involved you are with your community, the better a citizen you become.

[January 15, 2004]

That's why I'm proposing legislation that would require all high school students in Illinois to perform forty hours of community service in order to graduate.

The Chicago Public Schools already require forty hours of community service in order to graduate.

We should too.

Since every community and every district is different, I'm not going to stand here and mandate exactly how or when or where the service must be performed.

We'll leave that to the local schools.

What we will do is provide funding so that schools can develop and implement the community service requirements, and demonstrate the progress they're making.

At the same time that we're requiring students to perform service in order to graduate from high school, we also have to do more to help those students who are leaving school well before graduation.

In Illinois, one out of every seven students is a high school dropout.

The dropout rate is particularly high among African American and Latino students.

One out of every three Latino students, and one out of every five African American students, drops out of high school.

The 2000 U.S. Census showed that over 200,000 people in Illinois aged 16 to 24 had dropped out of high school.

In today's high-tech, fast paced economy, it is very difficult to get a good job without a college education.

So just imagine your odds of getting a good job without a high school diploma.

That's why we're creating a new program called GRADS.

GRADS will take the resources of over a dozen different state programs – and focus each of them towards helping students – especially Latino and African American students – stay in school.

We're going to focus the efforts of the Department of Human Services, the Department of Commerce and Economic Opportunity, the Department of Employment Security, the Department of Public Health, and the Department of Children and Family Services – all toward reducing the number of drop outs here in Illinois.

We've created this program with the help of the Black and Latino Caucuses, and I'd like to thank each of them – for their leadership on this issue.

Not every child is suited for college.

Some children just aren't interested.

But that doesn't mean they're incapable of pursuing good careers.

For those students who want to pursue other vocations, they should be able to get the instruction they need.

That's why we should expand the Illinois Tech Prep program, and other programs like it.

This program is all about helping students who have the aptitude for vocational training.

[January 15, 2004]

We have to help them make the transition from high school to a program in a technical field.

Those are the fundamentals of our plan.

Helping kids learn how to read at an early age.

Helping parents identify services that can help their children.

Helping teachers access the training and tools they need to stay up to date.

Helping bring new types of teachers into the classroom.

Making sure that kids are healthy, that they can concentrate, that they eat right, and get enough exercise.

Making sure that we teach children their responsibility as citizens, teach them the value of service, and do everything we can to help them stay in school.

Those are the fundamentals that will help our schools improve.

They will help our students learn, from the day they are born, all the way through college, and prepare them for the rest of their lives.

But to succeed, we need to do more.

If we can't administer these programs properly – if we can't implement them without taking 54 cents on the dollar away from the classroom – if we can't find ways to help schools alleviate the crushing burden of process and paperwork and bureaucracy, we're just throwing good money after bad, into a system that sells our children short.

If we do not get our school system under control – if we do not – finally make the body that oversees our schools accountable, efficient, and cost-effective, if we don't set higher standards for ourselves and for our students, and do everything it takes to achieve them, we will never make real, fundamental progress when it comes to education here in Illinois.

If you care about education – if you care about giving our children a chance at a better life, reforming the State Board of Education – is the first, and single most important step we can take.

This has to happen.

If we fail to make real changes at the top, no matter how much money we spend, we will be unable to make any real improvement – anywhere at all.

We cannot continue to make the mistakes of the past.

We cannot continue to allow the bureaucracy to stand in the way of educating our children.

At this time, at this moment, we share a unique opportunity.

An opportunity to change things, to challenge the status quo, to move forward, an opportunity to make things better.

Will it come with some struggle?

Meaningful change always does.

But for as long as we allow the State Board of Education to exist in its current form, accountable to no one, out there, beyond the reach of parents, beyond the reach of children, beyond the reach of teachers,

[January 15, 2004]

in short, beyond the reach of everyone actually affected by the quality of education in this state, our schools will never truly improve.

If we care about the people we serve, it is our duty as elected officials, our responsibility as public servants, and our obligation as citizens, to take this step.

I'm asking you to join with me in this fight.

I cannot promise it will be easy.

No fight ever is.

The State Board of Education will fight to preserve their perks – their high salaries – their bureaucracy – with everything they've got.

They've had it good for a long time, and they're not going to want to see it end.

They'll throw every roadblock they can muster in the way of reform.

They'll say that they're the only ones who really understand education, and that we should just give them more money, and that will solve the problem.

They'll try to dispute the facts and figures, but that only confirms the underlying point: the current system is failing our children.

The choice here is very simple.

If you're satisfied with the state of education in Illinois, then leave the system the way it is.

But if you think – as I do we can do better, then join us and make this change.

If you're sick and tired of hearing, year after year, that kids in Illinois are falling behind, failing tests, dropping out of school, if you're sick and tired of not being able to get your arms around the problem, because there's this big, unwieldy, unaccountable monolith out there – that keeps standing in the way, I know how you feel.

Every member in this General Assembly wants to see the schools in his or her district do well.

In fact, I think it's fair to say that every member of the General Assembly wants to see every school in Illinois do well.

And I think it's equally fair to say that virtually every member has come here and tried to make a difference to improve our schools, and I bet every member here has – at one time or another – run into the same roadblocks, the same obstacles, the same problems, experienced the same frustrations, and has felt the same discouragement at being unable to do anything about it.

It doesn't have to be that way.

We can do something about it.

We have the power to make real change, and real reforms.

And if we do, we can finally have an education system in Illinois that's accountable, that can answer for results, that can respond to change, and most importantly of all, that can do better for the children of this state.

Now is the time. This is our chance.

The hour is here. – Let us seize the moment.

[January 15, 2004]

Thank you.

At the hour of 1:37 o'clock p.m., President Jones moved that the Joint Assembly do now arise.
The motion prevailed.

AFTER RECESS

At the hour of 1:50 o'clock p.m., the Senate resumed consideration of business.
Senator Halvorson, presiding.

PRESENTATION OF RESOLUTION

Senator Brady offered the following Senate Joint Resolution, which was ordered printed and referred to the Committee on Rules:

SENATE JOINT RESOLUTION NO. 46 CONSTITUTIONAL AMENDMENT

SENATE JOINT RESOLUTION CONSTITUTIONAL AMENDMENT

RESOLVED, BY THE SENATE OF THE NINETY-THIRD GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that there shall be submitted to the electors of the State for adoption or rejection at the general election next occurring at least 6 months after the adoption of this resolution a proposition to amend Section 2 of Article X of the Illinois Constitution as follows:

ARTICLE X EDUCATION

SECTION 2. STATE BOARD OF EDUCATION - CHIEF STATE EDUCATIONAL OFFICER (REPEALED)

~~(a) There is created a State Board of Education to be elected or selected on a regional basis. The number of members, their qualifications, terms of office and manner of election or selection shall be provided by law. The Board, except as limited by law, may establish goals, determine policies, provide for planning and evaluating education programs and recommend financing. The Board shall have such other duties and powers as provided by law.~~

~~(b) The State Board of Education shall appoint a chief state educational officer.~~

(Source: Illinois Constitution.)

SCHEDULE

This Constitutional Amendment takes effect on the July 1 next following the date of the election when this Constitutional Amendment is adopted.

PRESENTATION OF RESOLUTIONS

SENATE RESOLUTION 384

Offered by Senator Harmon and all Senators:
Mourns the death of Mary Ellen Reardon formerly of Oak Park.

SENATE RESOLUTION 385

Offered by Senator Harmon and all Senators:
Mourns the death of Elsie Lunde Jacobsen of Oak Park.

By unanimous consent, the foregoing resolutions were referred to the Resolutions Consent Calendar.

MESSAGES FROM THE HOUSE

A message from the House by
Mr. Bolin, Assistant Clerk:

[January 15, 2004]

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO.

A bill for AN ACT in relation to public employee benefits.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 1705

Passed the House, as amended, January 14, 2004.

BRADLEY S. BOLIN, Assistant Clerk of the House

AMENDMENT NO. 1. Amend Senate Bill 1705 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Pension Code is amended by changing Sections 5-129.1, 5-132, 5-167.2, 5-167.4, 5-168, 6-111, 6-128, 6-128.2, 6-128.4, 6-142, 6-143, 6-151.1, 6-160, 6-164, 6-165, 6-210.1, 6-211, 6-222, 8-137, 8-150.1, 8-167, 8-172, 8-174, 8-174.1, 8-192, 11-134.1, 11-145.1, 11-163, 11-167, 11-170.1, 11-178, 11-181, 12-133, and 12-149 and adding Sections 6-124.1, 6-141.2, 6-210.2, 6-210.3, 8-138.4, 8-138.5, 8-172.1, 11-133.3, 11-133.4, 12-133.6, and 12-133.7 as follows:

(40 ILCS 5/5-129.1)

Sec. 5-129.1. Withdrawal at mandatory retirement age - amount of annuity.

(a) In lieu of any annuity provided in the other provisions of this Article, a policeman who is required to withdraw from service on or after January 1, 2000 due to attainment of mandatory retirement age and has at least 10 but less than 20 years of service credit may elect to receive an annuity equal to 30% of average salary for the first 10 years of service plus 2% of average salary for each completed year of service or fraction thereof in excess of 10, but not to exceed a maximum of 48% of average salary.

(b) For the purpose of this Section, "average salary" means the average of the highest 4 consecutive years of salary within the last 10 years of service, or such shorter period as may be used to calculate a minimum retirement annuity under Section 5-132.

(c) For the purpose of qualifying for the annual increases provided in Section 5-167.1, a policeman whose retirement annuity is calculated under this Section shall be deemed to qualify for a minimum annuity.

(d) A policeman with less than 20 years of service credit who was required to withdraw from service on or after January 1, 2000 but before June 28, 2002 due to attainment of mandatory retirement age is also entitled to have his or her retirement annuity calculated in accordance with this Section. If payment of the annuity has already begun, the annuity shall be recalculated. The resulting increase, if any, shall accrue from the starting date of the annuity; the amount of the increase relating to the period before the annuity is recalculated shall be paid to the annuitant in a lump sum, without interest.

(Source: P.A. 92-599, eff. 6-28-02.)

(40 ILCS 5/5-132) (from Ch. 108 1/2, par. 5-132)

Sec. 5-132. Minimum annuity. Any policeman who withdraws on or after July 8, 1957, or any policeman transferred to the police service of the city under the Exchange of Functions Act of 1957 who withdraws on or after July 17, 1959, after completing at least 20 years of service, for whom the annuity otherwise provided in this Article is less than that stated in this Section has a right to receive annuity as follows:

(a) If he is age 55 or more on withdrawal, his annuity after such withdrawal, shall be equal to 2% of the average salary for 4 consecutive years of highest salaries within the last 10 years of service before withdrawal, for each year of service, together with 1/6 of 1% of such average salary for each complete month of service of each fractional year, but not in excess of 75% of the average annual salary.

(b) If he is age 50 or more but less than age 55 on withdrawal, his annuity shall be equal to 2% of the average salary for the 4 highest consecutive years of the last 10 years of service for each year of service, together with 1/16 of 1% of such average salary for each month of each fractional year of service, reduced by 1/2 of 1% for each month that he is less than age 55.

(c) If he is less than age 50 on withdrawal, he may, upon attainment of age 50 or over, become entitled to the annuity provided in this Section or, he may, upon application before age 50, receive a refund of the deductions from salary, plus interest at 1 1/2% per annum if he is entitled to refund under Section 5-163.

(d) In lieu of the annuity provided in the foregoing provisions of this Section 5-132 any policeman

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who withdraws from the service after December 31, 1973, after having attained age 53 in the service with 23 or more years of service credit shall be entitled to an annuity computed as follows if such annuity is greater than that provided in the foregoing paragraphs of this Section 5-132: An annuity equal to 50% of the average salary for the 4 highest consecutive years of the last 10 years of service plus additional annuity equal to 2% of such average salary for each completed year of service or fraction thereof rendered after his attainment of age 53 and the completion of 23 years of service.

Any policeman who has completed 23 years of service prior to his attainment of age 53 in the service and continues in the service until his attainment of age 53 shall have added to his annuity, computed as provided in the immediately preceding paragraph, an additional annuity equal to 1% of such average salary for each completed year of service or fraction thereof in excess of 23 years up to age 53.

(e) In lieu of the annuity provided in the foregoing provisions of this Section any policeman who withdraws from the service either (i) after December 31, 1983 with at least 22 years of service credit and having attained age 52 in the service, or (ii) after December 31, 1984 with at least 21 years of service credit and having attained age 51 in the service, or (iii) after December 31, 1985 with at least 20 years of service credit and having attained age 50 in the service, or (iv) after December 31, 1990, with at least 20 years of service credit regardless of age, shall be entitled to an annuity to begin not earlier than upon attainment of age 50 if under that age at withdrawal, computed as follows: an annuity equal to 50% of the average salary for the 4 highest consecutive years of the last 10 years of service, plus additional annuity equal to 2% of such average salary for each completed year of service or fraction thereof rendered after his completion of the minimum number of years of service required for him to be eligible under this subsection (e). In lieu of any annuity provided in the foregoing provisions of this Section, any policeman who withdraws from the service after December 31, 2003, with at least 20 years of service credit regardless of age, shall be entitled to an annuity to begin not earlier than upon attainment of age 50, if under that age at withdrawal, equal to 2.5% of the average salary for the 4 highest consecutive years of the last 10 years of service for each completed year of service or fraction thereof. However, the annuity provided under this subsection (e) may not exceed 75% of such average salary.

(f) A policeman withdrawing after September 1, 1969, may, in addition, be entitled to the benefits provided by Section 5-167.1 of this Article if he so qualifies under that Section.

If, on withdrawal, total service is less than 20 years, the policeman shall not be entitled to an annuity under this Section but may receive an annuity under the other provisions of this Article or, if entitled thereto under Section 5--163, a refund of the deductions from salary, including, in the case of policemen transferred to the police service of the city under the Exchange of Functions Act of 1957, the additional contribution paid on salary received from August 1, 1957, to July 17, 1959, as provided in the Park Policemen's Annuity Act, together with interest at 1 1/2% per annum.

Moneys voluntarily contributed under the Policemen's Annuity and Benefit Fund Act of the Illinois Municipal Code, or the Park Policemen's Annuity Act, shall be refunded to the contributing policemen who were in service on January 1, 1954, or in the case of policemen transferred to the police service of the city under the Exchange of Functions Act of 1957, who were in service on July 17, 1959.

The age and service annuity formula in this Section shall not apply to any policeman who, having retired before July 8, 1957, or before July 17, 1959, in the case of a policeman transferred under the provisions of the Exchange of Functions Act of 1957, re-enters the police service after such dates, whichever are applicable.

(Source: P.A. 86-1488.)

(40 ILCS 5/5-167.2) (from Ch. 108 1/2, par. 5-167.2)

Sec. 5-167.2. Retirement before September 1, 1967. A retired policeman, qualifying for minimum annuity or who retired from service with 20 or more years of service, before September 1, 1967, shall, in January of the year following the year he attains the age of 65, or in January of the year 1970, if then more than 65 years of age, have his then fixed and payable monthly annuity increased by an amount equal to 2% of the original grant of annuity, for each year the policeman was in receipt of annuity payments after the year in which he attains, or did attain the age of 63. An additional 2% increase in such then fixed and payable original granted annuity shall accrue in each January thereafter. Beginning January 1, 1986, the rate of such increase shall be 3% instead of 2%.

The provisions of the preceding paragraph of this Section apply only to a retired policeman eligible for such increases in his annuity who contributes to the Fund a sum equal to \$5 for each full year of credited service upon which his annuity was computed. All such sums contributed shall be placed in a Supplementary Payment Reserve and shall be used for the purposes of such Fund account.

Beginning with the monthly annuity payment due in July, 1982, the fixed and granted monthly annuity payment for any policeman who retired from the service, before September 1, 1976, at age 50 or over with 20 or more years of service and entitled to an annuity on January 1, 1974, shall be not less than

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\$400. It is the intent of the General Assembly that the change made in this Section by this amendatory Act of 1982 shall apply retroactively to July 1, 1982.

Beginning with the monthly annuity payment due on January 1, 1986, the fixed and granted monthly annuity payment for any policeman who retired from the service before January 1, 1986, at age 50 or over with 20 or more years of service, or any policeman who retired from service due to termination of disability and who is entitled to an annuity on January 1, 1986, shall be not less than \$475.

Beginning with the monthly annuity payment due on January 1, 1992, the fixed and granted monthly annuity payment for any policeman who retired from the service before January 1, 1992, at age 50 or over with 20 or more years of service, and for any policeman who retired from service due to termination of disability and who is entitled to an annuity on January 1, 1992, shall be not less than \$650.

Beginning with the monthly annuity payment due on January 1, 1993, the fixed and granted monthly annuity payment for any policeman who retired from the service before January 1, 1993, at age 50 or over with 20 or more years of service, and for any policeman who retired from service due to termination of disability and who is entitled to an annuity on January 1, 1993, shall be not less than \$750.

Beginning with the monthly annuity payment due on January 1, 1994, the fixed and granted monthly annuity payment for any policeman who retired from the service before January 1, 1994, at age 50 or over with 20 or more years of service, and for any policeman who retired from service due to termination of disability and who is entitled to an annuity on January 1, 1994, shall be not less than \$850.

Beginning with the monthly annuity payment due on January 1, 2004, the fixed and granted monthly annuity payment for any policeman who retired from the service before January 1, 2004, at age 50 or over with 20 or more years of service, and for any policeman who retired from service due to termination of disability and who is entitled to an annuity on January 1, 2004, shall be not less than \$950.

Beginning with the monthly annuity payment due on January 1, 2005, the fixed and granted monthly annuity payment for any policeman who retired from the service before January 1, 2005, at age 50 or over with 20 or more years of service, and for any policeman who retired from service due to termination of disability and who is entitled to an annuity on January 1, 2005, shall be not less than \$1,050.

The difference in amount between the original fixed and granted monthly annuity of any such policeman on the date of his retirement from the service and the monthly annuity provided for in the immediately preceding paragraph shall be paid as a supplement in the manner set forth in the immediately following paragraph.

To defray the annual cost of the increases indicated in the preceding part of this Section, the annual interest income accruing from investments held by this Fund, exclusive of gains or losses on sales or exchanges of assets during the year, over and above 4% a year shall be used to the extent necessary and available to finance the cost of such increases for the following year and such amount shall be transferred as of the end of each year beginning with the year 1969 to a Fund account designated as the Supplementary Payment Reserve from the Interest and Investment Reserve set forth in Section 5-207.

In the event the funds in the Supplementary Payment Reserve in any year arising from: (1) the interest income accruing in the preceding year above 4% a year and (2) the contributions by retired persons are insufficient to make the total payments to all persons entitled to the annuity specified in this Section and (3) any interest earnings over 4% a year beginning with the year 1969 which were not previously used to finance such increases and which were transferred to the Prior Service Annuity Reserve, may be used to the extent necessary and available to provide sufficient funds to finance such increases for the current year and such sums shall be transferred from the Prior Service Annuity Reserve. In the event the total money available in the Supplementary Payment Reserve from such sources are insufficient to make the total payments to all persons entitled to such increases for the year, a proportionate amount computed as the ratio of the money available to the total of the total payments specified for that year shall be paid to each person for that year.

The Fund shall be obligated for the payment of the increases in annuity as provided for in this Section only to the extent that the assets for such purpose are available.

(Source: P.A. 91-357, eff. 7-29-99.)

(40 ILCS 5/5-167.4) (from Ch. 108 1/2, par. 5-167.4)

Sec. 5-167.4. Widow annuitant minimum annuity.

(a) Notwithstanding any other provision of this Article, beginning January 1, 1996, the minimum amount of widow's annuity payable to any person who is entitled to receive a widow's annuity under this

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Article is \$700 per month, without regard to whether the deceased policeman is in service on or after the effective date of this amendatory Act of 1995.

Notwithstanding any other provision of this Article, beginning January 1, 1999, the minimum amount of widow's annuity payable to any person who is entitled to receive a widow's annuity under this Article is \$800 per month, without regard to whether the deceased policeman is in service on or after the effective date of this amendatory Act of 1998.

Notwithstanding any other provision of this Article, beginning January 1, 2004, the minimum amount of widow's annuity payable to any person who is entitled to receive a widow's annuity under this Article is \$900 per month, without regard to whether the deceased policeman is in service on or after the effective date of this amendatory Act of the 93rd General Assembly.

Notwithstanding any other provision of this Article, beginning January 1, 2005, the minimum amount of widow's annuity payable to any person who is entitled to receive a widow's annuity under this Article is \$1,000 per month, without regard to whether the deceased policeman is in service on or after the effective date of this amendatory Act of the 93rd General Assembly.

(b) Effective January 1, 1994, the minimum amount of widow's annuity shall be \$700 per month for the following classes of widows, without regard to whether the deceased policeman is in service on or after the effective date of this amendatory Act of 1993: (1) the widow of a policeman who dies in service with at least 10 years of service credit, or who dies in service after June 30, 1981; and (2) the widow of a policeman who withdraws from service with 20 or more years of service credit and does not withdraw a refund, provided that the widow is married to the policeman before he withdraws from service.

(c) The city, in addition to the contributions otherwise made by it under the other provisions of this Article, shall make such contributions as are necessary for the minimum widow's annuities provided under this Section in the manner prescribed in Section 5-175.

(Source: P.A. 89-12, eff. 4-20-95; 90-766, eff. 8-14-98.)

(40 ILCS 5/5-168) (from Ch. 108 1/2, par. 5-168)

Sec. 5-168. Financing.

(a) Except as expressly provided in this Section, the city shall levy a tax annually upon all taxable property therein for the purpose of providing revenue for the fund.

The tax shall be at a rate that will produce a sum which, when added to the amounts deducted from the policemen's salaries and the amounts deposited in accordance with subsection (g), is sufficient for the purposes of the fund.

For the years 1968 and 1969, the city council shall levy a tax annually at a rate on the dollar of the assessed valuation of all taxable property that will produce, when extended, not to exceed \$9,700,000. Beginning with the year 1970 and each year thereafter the city council shall levy a tax annually at a rate on the dollar of the assessed valuation of all taxable property that will produce when extended an amount not to exceed the total amount of contributions by the policemen to the Fund made in the calendar year 2 years before the year for which the applicable annual tax is levied, multiplied by 1.40 for the tax levy year 1970; by 1.50 for the year 1971; by 1.65 for 1972; by 1.85 for 1973; by 1.90 for 1974; by 1.97 for 1975 through 1981; by 2.00 for 1982 and for each year thereafter.

(b) The tax shall be levied and collected in like manner with the general taxes of the city, and is in addition to all other taxes which the city is now or may hereafter be authorized to levy upon all taxable property therein, and is exclusive of and in addition to the amount of tax the city is now or may hereafter be authorized to levy for general purposes under any law which may limit the amount of tax which the city may levy for general purposes. The county clerk of the county in which the city is located, in reducing tax levies under Section 8-3-1 of the Illinois Municipal Code, shall not consider the tax herein authorized as a part of the general tax levy for city purposes, and shall not include the tax in any limitation of the percent of the assessed valuation upon which taxes are required to be extended for the city.

(c) On or before January 10 of each year, the board shall notify the city council of the requirement that the tax herein authorized be levied by the city council for that current year. The board shall compute the amounts necessary for the purposes of this fund to be credited to the reserves established and maintained within the fund; shall make an annual determination of the amount of the required city contributions; and shall certify the results thereof to the city council.

As soon as any revenue derived from the tax is collected it shall be paid to the city treasurer of the city and shall be held by him for the benefit of the fund in accordance with this Article.

(d) If the funds available are insufficient during any year to meet the requirements of this Article, the city may issue tax anticipation warrants against the tax levy for the current fiscal year.

(e) The various sums, including interest, to be contributed by the city, shall be taken from the revenue derived from such tax or otherwise as expressly provided in this Section. Any moneys of the city derived

from any source other than the tax herein authorized shall not be used for any purpose of the fund nor the cost of administration thereof, unless applied to make the deposit expressly authorized in this Section or the additional city contributions required under subsection (h).

(f) If it is not possible or practicable for the city to make its contributions at the time that salary deductions are made, the city shall make such contributions as soon as possible thereafter, with interest thereon to the time it is made.

(g) In lieu of levying all or a portion of the tax required under this Section in any year, the city may deposit with the city treasurer no later than March 1 of that year for the benefit of the fund, to be held in accordance with this Article, an amount that, together with the taxes levied under this Section for that year, is not less than the amount of the city contributions for that year as certified by the board to the city council. The deposit may be derived from any source legally available for that purpose, including, but not limited to, the proceeds of city borrowings. The making of a deposit shall satisfy fully the requirements of this Section for that year to the extent of the amounts so deposited. Amounts deposited under this subsection may be used by the fund for any of the purposes for which the proceeds of the tax levied under this Section may be used, including the payment of any amount that is otherwise required by this Article to be paid from the proceeds of that tax.

(h) In addition to the contributions required under the other provisions of this Article, by November 1 of the following specified years, the city shall deposit with the city treasurer for the benefit of the fund, to be held and used in accordance with this Article, the following specified amounts: \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001; \$5,040,000 in 2002; and \$4,620,000 in 2003 ; \$4,200,000 in 2004; \$3,780,000 in 2005; \$3,360,000 in 2006; \$2,940,000 in 2007; \$2,520,000 in 2008; \$2,100,000 in 2009; \$1,680,000 in 2010; \$1,260,000 in 2011; \$840,000 in 2012; and \$420,000 in 2013.

The additional city contributions required under this subsection are intended to decrease the unfunded liability of the fund and shall not decrease the amount of the city contributions required under the other provisions of this Article. The additional city contributions made under this subsection may be used by the fund for any of its lawful purposes.

(Source: P.A. 89-12, eff. 4-20-95; 90-766, eff. 8-14-98.)

(40 ILCS 5/6-111) (from Ch. 108 1/2, par. 6-111)

Sec. 6-111. Salary. "Salary": Subject to Section 6-211, the annual salary of a fireman, as follows:

(a) For age and service annuity, minimum annuity, and disability benefits, the actual amount of the annual salary, except as otherwise provided in this Article. ;

(b) For prior service annuity, widow's annuity, widow's prior service annuity and child's annuity to and including August 31, 1957, the amount of the annual salary up to a maximum of \$3,000; ;

(c) Except as otherwise provided in Section 6-141.1, for widow's annuity, beginning September 1, 1957, the amount of annual salary up to a maximum of \$6,000.

(d) "Salary" means the actual amount of the annual salary attached to the permanent career service rank held by the fireman, except as provided in subsection (e).

(e) In the case of a fireman who holds an exempt position above career service rank:

(1) For the purpose of computing employee and city contributions, "salary" means the actual salary attached to the exempt rank position held by the fireman.

(2) For the purpose of computing benefits: "salary" means the actual salary attached to the exempt rank position held by the fireman, if (i) the contributions specified in Section 6-211 have been made, (ii) the fireman has held one or more exempt positions for at least 5 consecutive years and has held the rank of battalion chief or field officer for at least 5 years during the exempt period, and (iii) the fireman was born before 1955; otherwise, "salary" means the salary attached to the permanent career service rank held by the fireman, as provided in subsection (d).

(f) Beginning on the effective date of this amendatory Act of the 93rd General Assembly, and for any prior periods for which contributions have been paid under subsection (g) of this Section, all salary payments made to any active or former fireman who holds or previously held the permanent assigned position or classified career service rank, grade, or position of ambulance commander shall be included as salary for all purposes under this Article.

(g) Any active or former fireman who held the permanent assigned position or classified career service rank, grade, or position of ambulance commander may elect to have the full amount of the salary attached to that permanent assigned position or classified career service rank, grade, or position included in the calculation of his or her salary for any period during which the fireman held the permanent assigned position or classified career service rank, grade, or position of ambulance commander by applying in writing and making all employee and employer contributions, without interest, related to the actual salary payments corresponding to the permanent assigned position or classified career service rank, grade, or position of ambulance commander for all periods beginning on or after January 1, 1995.

All applicable contributions must be paid in full to the Fund before January 1, 2006 before the payment of any benefit under this subsection (g) will made made.

Any former fireman or widow of a fireman who (i) held the permanent assigned position or classified career service rank, grade, or position of ambulance commander, (ii) is in receipt of annuity on the effective date of this amendatory Act of the 93rd General Assembly, and (iii) pays to the Fund contributions under this subsection (g) for salary payments at the permanent assigned position or classified career service rank, grade, or position of ambulance commander shall have his or her annuity recalculated to reflect the ambulance commander salary and the resulting increase shall become payable on the next annuity payment date following the date the contribution is received by the Fund.

In the case of an active or former fireman who (i) dies before January 1, 2006 without making an election under this subsection and (ii) was eligible to make an election under this subsection at the time of death (or would have been eligible had the death occurred after the effective date of this amendatory Act), any surviving spouse, child, or parent of the fireman who is eligible to receive a benefit under this Article based on the fireman's salary may make that election and pay the required contributions on behalf of the deceased fireman. If the death occurs within the 30 days immediately preceding January 1, 2006, the deadline for application and payment is extended to January 31, 2006.

Any portion of the compensation received for service as an ambulance commander for which the corresponding contributions have not been paid shall not be included in the calculation of salary.

(h) Beginning January 1, 1999, with respect to a fireman who is licensed by the State as an Emergency Medical Technician, references in this Article to the fireman's salary or the salary attached to or appropriated for the permanent assigned position or classified career service rank, grade, or position of the fireman shall be deemed to include any additional compensation payable to the fireman by virtue of being licensed as an Emergency Medical Technician, as provided under a collective bargaining agreement with the city.

(i) Beginning on the effective date of this amendatory Act of the 93rd General Assembly (and for any period prior to that date for which contributions have been paid under subsection (j) of this Section), the salary of a fireman, as calculated for any purpose under this Article, shall include any duty availability pay received by the fireman (i) pursuant to a collective bargaining agreement or (ii) pursuant to an appropriation ordinance in an amount equivalent to the amount of duty availability pay received by other firemen pursuant to a collective bargaining agreement, and references in this Article to the salary attached to or appropriated for the permanent assigned position or classified career service rank, grade, or position of the fireman shall be deemed to include that duty availability pay.

(j) An active or former fireman who received duty availability pay at any time after December 31, 1994 and before the effective date of this amendatory Act of the 93rd General Assembly and who either (1) retired during that period or (2) had attained age 46 and at least 16 years of service by the effective date of this amendatory Act may elect to have that duty availability pay included in the calculation of his or her salary for any portion of that period for which the pay was received, by applying in writing and paying to the Fund, before January 1, 2006, the corresponding employee contribution, without interest.

In the case of an applicant who is receiving an annuity at the time the application and contribution are received by the Fund, the annuity shall be recalculated and the resulting increase shall become payable on the next annuity payment date following the date the contribution is received by the Fund.

In the case of an active or former fireman who (i) dies before January 1, 2006 without making an election under this subsection and (ii) was eligible to make an election under this subsection at the time of death (or would have been eligible had the death occurred after the effective date of this amendatory Act), any surviving spouse, child, or parent of the fireman who is eligible to receive a benefit under this Article based on the fireman's salary may make that election and pay the required contribution on behalf of the deceased fireman. If the death occurs within the 30 days immediately preceding January 1, 2006, the deadline for application and payment is extended to January 31, 2006.

Any duty availability pay for which the corresponding employee contribution has not been paid shall not be included in the calculation of salary.

(k) The changes to this Section made by this amendatory Act of the 93rd General Assembly are not limited to firemen in service on or after the effective date of this amendatory Act.

(Source: P.A. 83-1362.)

(40 ILCS 5/6-124.1 new)

Sec. 6-124.1. Withdrawal at compulsory retirement age - amount of annuity.

(a) In lieu of any annuity provided in the other provisions of this Article, a fireman who is required to withdraw from service due to attainment of compulsory retirement age and has at least 10 but less than 20 years of service credit may elect to receive an annuity equal to 30% of average salary for the first 10 years of service plus 2% of average salary for each completed year of service or remaining fraction

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thereof in excess of 10, but not to exceed a maximum of 50% of average salary.

(b) For the purpose of this Section, "average salary" means the average of the fireman's highest 4 consecutive years of salary within the last 10 years of service.

(c) For the purpose of qualifying for the annual increases provided in Section 6-164, a fireman whose retirement annuity is calculated under this Section shall be deemed to qualify for a minimum annuity.

(40 ILCS 5/6-128) (from Ch. 108 1/2, par. 6-128)

Sec. 6-128. (a) A future entrant who withdraws on or after July 21, 1959, after completing at least 23 years of service, and for whom the annuity otherwise provided in this Article is less than that stated in this Section, has a right to receive annuity as follows:

If he is age 53 or more on withdrawal, his annuity after withdrawal, shall be equal to 50% of his average salary ~~determined by striking an average of 4 consecutive highest years of salary within the last 10 years of service immediately preceding the date of withdrawal.~~

An employee who reaches compulsory retirement age and who has less than 23 years of service shall be entitled to a minimum annuity equal to an amount determined by the product of (1) his years of service and (2) 2% of his average salary ~~for the 4 consecutive highest years of salary within the last 10 years of service immediately prior to his reaching compulsory retirement age.~~

An employee who remains in service after qualifying for annuity under this Section shall have added to this annuity an additional 1% of average salary for each completed year of service or fraction thereof rendered until July 21, 1959, and an additional 1% for a total of 2% of average salary from July 21, 1959. Each future entrant who has completed 23 years of service before reaching age 53 shall have added to this annuity 1% of average salary for each completed year of service or fraction thereof in excess of 23 years up to age 53. ~~"Salary" as referred to in this paragraph shall be determined by striking an average of the 4 consecutive highest years of salary within the last 10 years of service immediately preceding withdrawal.~~

(b) In lieu of the annuity provided in the foregoing provisions of this Section any future entrant who withdraws from the service either (i) after December 31, 1983 with at least 22 years of service credit and having attained age 52 in the service, or (ii) after December 31, 1984 with at least 21 years of service credit and having attained age 51 in the service, or (iii) after December 31, 1985 with at least 20 years of service credit and having attained age 50 in the service, or (iv) after December 31, 1990 with at least 20 years of service regardless of age, may elect to receive an annuity, to begin not earlier than upon attainment of age 50 if under that age at withdrawal, computed as follows: an annuity equal to 50% of ~~the average salary for the 4 highest consecutive years of the last 10 years of service,~~ plus additional annuity equal to 2% of ~~such~~ average salary for each completed year of service or fraction thereof rendered after his completion of the minimum number of years of service required for him to be eligible under this subsection (b). However, the annuity provided under this subsection (b) may not exceed 75% of ~~such~~ average salary.

(c) In lieu of the annuity provided in any other provision of this Section, a future entrant who withdraws from service after the effective date of this amendatory Act of the 93rd General Assembly with at least 20 years of service may elect to receive an annuity, to begin no earlier than upon attainment of age 50 if under that age at withdrawal, equal to 50% of average salary plus 2.5% of average salary for each completed year of service or fraction thereof over 20, but not to exceed 75% of average salary.

(d) For the purpose of this Section, "average salary" means the average of the highest 4 consecutive years of salary within the last 10 years of service.

(Source: P.A. 86-1488.)

(40 ILCS 5/6-128.2) (from Ch. 108 1/2, par. 6-128.2)

Sec. 6-128.2. Minimum retirement annuities.

(a) Beginning with the monthly payment due in January, 1988, the monthly annuity payment for any person who is entitled to receive a retirement annuity under this Article in January, 1990 and has retired from service at age 50 or over with 20 or more years of service, and for any person who retires from service on or after January 24, 1990 at age 50 or over with 20 or more years of service, shall not be less than \$475 per month. The \$475 minimum annuity is exclusive of any automatic annual increases provided by Sections 6-164 and 6-164.1, but not exclusive of previous raises in the minimum annuity as provided by any Section of this Article.

Beginning January 1, 1992, the minimum retirement annuity payable to any person who has retired from service at age 50 or over with 20 or more years of service and is entitled to receive a retirement annuity under this Article on that date, or who retires from service at age 50 or over with 20 or more years of service after that date, shall be \$650 per month.

Beginning January 1, 1993, the minimum retirement annuity payable to any person who has retired from service at age 50 or over with 20 or more years of service and is entitled to receive a retirement

annuity under this Article on that date, or who retires from service at age 50 or over with 20 or more years of service after that date, shall be \$750 per month.

Beginning January 1, 1994, the minimum retirement annuity payable to any person who has retired from service at age 50 or over with 20 or more years of service and is entitled to receive a retirement annuity under this Article on that date, or who retires from service at age 50 or over with 20 or more years of service after that date, shall be \$850 per month.

Beginning January 1, 2004, the minimum retirement annuity payable to any person who has retired from service at age 50 or over with 20 or more years of service and is entitled to receive a retirement annuity under this Article on that date, or who retires from service at age 50 or over with 20 or more years of service after that date, shall be \$950 per month.

Beginning January 1, 2005, the minimum retirement annuity payable to any person who has retired from service at age 50 or over with 20 or more years of service and is entitled to receive a retirement annuity under this Article on that date, or who retires from service at age 50 or over with 20 or more years of service after that date, shall be \$1,050 per month.

The minimum annuities established by this subsection (a) do include previous raises in the minimum annuity as provided by any Section of this Article, but do not include any sums which have been added or will be added to annuity payments by the automatic annual increases provided by Sections 6-164 and 6-164.1. Such annual increases shall be paid in addition to the minimum amounts specified in this subsection.

(b) Notwithstanding any other provision of this Article, beginning January 1, 1990, the minimum retirement annuity payable to any person who is entitled to receive a retirement annuity under this Article on that date shall be \$475 per month.

(c) The changes made to this Section by this amendatory Act of the 93rd General Assembly shall apply to all persons receiving a retirement annuity under this Article, without regard to whether the retirement of the fireman occurred prior to the effective date of this amendatory Act of 1993.

(Source: P.A. 86-273; 86-1027; 86-1028; 86-1475; 87-849; 87-1265.)

(40 ILCS 5/6-128.4) (from Ch. 108 1/2, par. 6-128.4)

Sec. 6-128.4. Minimum widow's annuities.

(a) Notwithstanding any other provision of this Article, beginning January 1, 1996, the minimum amount of widow's annuity payable to any person who is entitled to receive a widow's annuity under this Article is \$700 per month, without regard to whether the deceased fireman is in service on or after the effective date of this amendatory Act of 1995.

(b) Notwithstanding Section 6-128.3, beginning January 1, 1994, the minimum widow's annuity under this Article shall be \$700 per month for (1) all persons receiving widow's annuities on that date who are survivors of employees who retired at age 50 or over with at least 20 years of service, and (2) persons who become eligible for widow's annuities and are survivors of employees who retired at age 50 or over with at least 20 years of service.

(c) Notwithstanding Section 6-128.3, beginning January 1, 1999, the minimum widow's annuity under this Article shall be \$800 per month for (1) all persons receiving widow's annuities on that date who are survivors of employees who retired at age 50 or over with at least 20 years of service, and (2) persons who become eligible for widow's annuities and are survivors of employees who retired at age 50 or over with at least 20 years of service.

(d) Notwithstanding Section 6-128.3, beginning January 1, 2004, the minimum widow's annuity under this Article shall be \$900 per month for all persons receiving widow's annuities on or after that date, without regard to whether the deceased fireman is in service on or after the effective date of this amendatory Act of the 93rd General Assembly.

(e) Notwithstanding Section 6-128.3, beginning January 1, 2005, the minimum widow's annuity under this Article shall be \$1,000 per month for all persons receiving widow's annuities on or after that date, without regard to whether the deceased fireman is in service on or after the effective date of this amendatory Act of the 93rd General Assembly.

(Source: P.A. 89-136, eff. 7-14-95; 90-766, eff. 8-14-98.)

(40 ILCS 5/6-141.2 new)

Sec. 6-141.2. Minimum annuity for certain widows. Notwithstanding the other provisions of this Article, the widow's annuity payable to the widow of a fireman who dies on or after July 1, 1997 while an active fireman with at least 10 years of creditable service shall be no less than 50% of the retirement annuity that the deceased fireman would have been eligible to receive if he had attained age 50 and 20 years of service on the day before his death and retired on that day. In the case of a widow's annuity that is payable on the effective date of this amendatory Act of the 93rd General Assembly, the increase provided by this Section, if any, shall begin to accrue on the first annuity payment date following that

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effective date.

(40 ILCS 5/6-142) (from Ch. 108 1/2, par. 6-142)

Sec. 6-142. Wives and widows not entitled to annuities.

(A) Except as provided in subsection (B), the following wives or widows have no right to annuity from the fund:

(a) A wife or widow married subsequent to the effective date of a fireman who dies in service if she was not married to him before he attained age 63;

(b) A wife or widow of a fireman who withdraws, whether or not he enters upon annuity, and dies while out of service, if the marriage occurred after the effective date and she was not his wife while he was in service and before he attained age 63;

(c) A wife or widow of a fireman who (1) has served 10 or more years, (2) dies out of service after he has withdrawn from service, and (3) has withdrawn or applied for refund of the sums to his credit for annuity to which he had a right to refund;

(d) A wife or widow of a fireman who dies out of service after he has withdrawn before age 63, and who has not served at least 10 years;

(e) A wife whose marriage was dissolved or widow of a fireman whose judgment of dissolution of marriage from her fireman husband is annulled, vacated or set aside by proceedings in court subsequent to the death of the fireman, unless (1) such proceedings are filed within 5 years after the date of the dissolution of marriage and within one year after the death of the fireman and (2) the board is made a party to the proceedings;

(f) A wife or widow who married the fireman while he was in receipt of disability benefit or disability pension from this fund, unless he returned to the service subsequent to the marriage and remained therein for a period or periods aggregating one year, or died while in service.

(B) Beginning on the effective date of this amendatory Act of the 93rd General Assembly, the limitation on marriage after withdrawal under subdivision (A)(b) and the limitation on marriage during disability under subdivision (A)(f) no longer apply to a widow who was married to the deceased fireman before the fireman begins to receive a retirement annuity and for at least one year immediately preceding the date of death, regardless of whether the deceased fireman is in service on or after the effective date of this amendatory Act of the 93rd General Assembly; except that this subsection (B) does not apply to the widow of a fireman who received a refund of contributions for widow's annuity under Section 6-160, unless the refund is repaid to the Fund, with interest at the rate of 4% per year, compounded annually, from the date of the refund to the date of repayment. If the widow of a fireman who died before the effective date of this amendatory Act becomes eligible for a widow's annuity because of this amendatory Act, the annuity shall begin to accrue on the date of application for the annuity, but in no event sooner than the effective date of this amendatory Act.

(Source: P.A. 81-230.)

(40 ILCS 5/6-143) (from Ch. 108 1/2, par. 6-143)

Sec. 6-143. Widow's remarriage.

(a) Beginning on the effective date of this amendatory Act of the 93rd General Assembly, a widow's annuity shall no longer be subject to termination or suspension under this Section due to remarriage. Any widow's annuity that was previously terminated or suspended under this Section by reason of remarriage shall, upon application, be resumed as of the date of the application, but in no event sooner than the effective date of this amendatory Act. The resumption shall not be retroactive. This subsection (a) applies regardless of whether or not the deceased fireman was in service on or after the effective date of this amendatory Act.

(b) This subsection (b) does not apply on or after the effective date of this amendatory Act of the 93rd General Assembly.

Any annuity granted to a widow who remarries on or after December 31, 1989 shall be suspended when she remarries, unless (i) she remarries after attaining the age of 60 regardless of whether or not the deceased fireman was in service on or after the effective date of this amendatory Act of 1995 or (ii) she has been granted a Section 6-140 annuity as the widow of a fireman killed in performance of duty. An annuity suspended under this Section shall, upon application, be resumed if the subsequent marriage ends by dissolution of marriage, declaration of invalidity of marriage, or the death of the husband; this resumption shall not be retroactive.

If a widow remarries after attaining age 60 or after she has been granted an annuity under Section 6-140 and the remarriage takes place after December 31, 1989, regardless of whether or not the deceased fireman was in service on or after the effective date of this amendatory Act of 1995, the widow's annuity shall continue without interruption.

Any widow's annuity that was previously terminated by reason of remarriage prior to December 31,

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1989 or suspended shall, upon application, be resumed, as of the date of the application, if the subsequent marriage ended by dissolution of marriage, declaration of invalidity of marriage, or the death of the husband, regardless of whether or not the deceased fireman was in service on the effective date of this amendatory Act of 1995; this resumption shall not be retroactive.

When a widow dies, if she has not received, in the form of an annuity, an amount equal to the accumulated employee contributions for widow's annuity, the difference between such accumulated contributions and the sum received by her, along with any part of the accumulated contributions for age and service annuity remaining in the fund at her death, shall be refunded to the fireman's children, in equal parts to each; except that if a child is less than age 18, the part of any such amount that is required to pay an annuity to the child shall be transferred to the child's annuity reserve. If no children or descendants thereof survive the fireman, the refund shall be paid to the estate of the fireman. In making refunds under this Section, no interest shall be considered upon either the total of annuity payments made or the amounts subject to refund.

(Source: P.A. 89-136, eff. 7-14-95.)

(40 ILCS 5/6-151.1) (from Ch. 108 1/2, par. 6-151.1)

Sec. 6-151.1. The General Assembly finds and declares that service in the Fire Department requires that firemen, in times of stress and danger, must perform unusual tasks; that by reason of their occupation, firemen are subject to exposure to great heat and to extreme cold in certain seasons while in performance of their duties; that by reason of their employment firemen are required to work in the midst of and are subject to heavy smoke fumes, and carcinogenic, poisonous, toxic or chemical gases from fires; and that in the course of their rescue and paramedic duties firemen are exposed to disabling infectious diseases, including AIDS, hepatitis C, and stroke. The General Assembly further finds and declares that all the aforementioned conditions exist and arise out of or in the course of such employment.

Any active fireman who has completed 7 ~~ten~~ or more years of service and is unable to perform his duties in the Fire Department by reason of heart disease, tuberculosis, ~~or~~ any disease of the lungs or respiratory tract, AIDS, hepatitis C, or stroke resulting ~~solely~~ from his service as a fireman, shall be entitled to receive an occupational disease disability benefit during any period of such disability for which he does not have a right to receive salary.

Any active fireman who has completed 7 ~~ten~~ or more years of service and is unable to perform his duties in the fire department by reason of a disabling cancer, which develops or manifests itself during a period while the fireman is in the service of the department, shall be entitled to receive an occupational disease disability benefit during any period of such disability for which he does not have a right to receive salary. In order to receive this occupational disease disability benefit, the type of cancer involved must be a type which may be caused by exposure to heat, radiation or a known carcinogen as defined by the International Agency for Research on Cancer.

Any fireman who shall enter the service after the effective date of this amendatory Act shall be examined by one or more practicing physicians appointed by the Board, and if ~~that said~~ examination discloses impairment of the heart, lungs, ~~or~~ respiratory tract, or the existence of AIDS, hepatitis C, stroke, or any cancer, ~~then the such~~ fireman shall not be entitled to receive an occupational disease disability benefit unless and until a subsequent examination reveals no such impairment, AIDS, hepatitis C, stroke, or cancer.

The occupational disease disability benefit shall be 65% of the fireman's salary at the time of his removal from the Department payroll. However, beginning January 1, 1994, no occupational disease disability benefit that has been payable under this Section for at least 10 years shall be less than 50% of the current salary attached from time to time to the rank and grade held by the fireman at the time of his removal from the Department payroll, regardless of whether that removal occurred before the effective date of this amendatory Act of 1993.

Such fireman also shall have a right to receive child's disability benefit of \$30 per month on account of each unmarried child who is less than 18 years of age or handicapped, dependent upon the fireman for support, and either the issue of the fireman or legally adopted by him. The total amount of child's disability benefit payable to the fireman, when added to his occupational disease disability benefit, shall not exceed 75% of the amount of salary which he was receiving at the time of the grant of occupational disease disability benefit.

The first payment of occupational disease disability benefit or child's disability benefit shall be made not later than one month after the benefit is granted. Each subsequent payment shall be made not later than one month after the date of the latest payment.

Occupational disease disability benefit shall be payable during the period of the disability until the fireman reaches the age of compulsory retirement. Child's disability benefit shall be paid to such a

fireman during the period of disability until such child or children attain age 18 or marry, whichever event occurs first; except that attainment of age 18 by a child who is so physically or mentally handicapped as to be dependent upon the fireman for support, shall not render the child ineligible for child's disability benefit. The fireman thereafter shall receive such annuity or annuities as are provided for him in accordance with other provisions of this Article.

(Source: P.A. 88-528.)

(40 ILCS 5/6-160) (from Ch. 108 1/2, par. 6-160)

Sec. 6-160. Refund - Widow's annuity contributions. When a fireman attains age 63 in service and is not then married, or when an unmarried fireman withdraws before age 63 and enters upon annuity, his contributions for widow's annuity shall then be refunded to him, upon request. A refund under this Section may be repaid as provided in Section 6-142(B).

(Source: P.A. 81-1536.)

(40 ILCS 5/6-164) (from Ch. 108 1/2, par. 6-164)

Sec. 6-164. Automatic annual increase; retirement after September 1, 1959.

(a) A fireman qualifying for a minimum annuity who retires from service after September 1, 1959 shall, upon either the first of the month following the first anniversary of his date of retirement if he is age 60 (age 55 if born before January 1, ~~1955~~ ~~1945~~) or over on that anniversary date, or upon the first of the month following his attainment of age 60 (age 55 if born before January 1, ~~1955~~ ~~1945~~) if that occurs after the first anniversary of his retirement date, have his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement increased by an additional 1 1/2% in January of each year thereafter up to a maximum increase of 30%. Beginning July 1, 1982 for firemen born before January 1, 1930, and beginning January 1, 1990 for firemen born after December 31, 1929 and before January 1, 1940, and beginning January 1, 1996 for firemen born after December 31, 1939 but before January 1, 1945, and beginning January 1, 2004, for firemen born after December 31, 1944 but before January 1, 1955, such increases shall be 3% and such firemen shall not be subject to the 30% maximum increase.

Any fireman born before January 1, 1945 who qualifies for a minimum annuity and retires after September 1, 1967 but has not received the initial increase under this subsection before January 1, 1996 is entitled to receive the initial increase under this subsection on (1) January 1, 1996, (2) the first anniversary of the date of retirement, or (3) attainment of age 55, whichever occurs last. The changes to this Section made by this amendatory Act of 1995 apply beginning January 1, 1996 and apply without regard to whether the fireman or annuitant terminated service before the effective date of this amendatory Act of 1995.

Any fireman born before January 1, 1955 who qualifies for a minimum annuity and retires after September 1, 1967 but has not received the initial increase under this subsection before January 1, 2004 is entitled to receive the initial increase under this subsection on (1) January 1, 2004, (2) the first anniversary of the date of retirement, or (3) attainment of age 55, whichever occurs last. The changes to this Section made by this amendatory Act of the 93rd General Assembly apply without regard to whether the fireman or annuitant terminated service before the effective date of this amendatory Act.

(b) Subsection (a) of this Section is not applicable to an employee receiving a term annuity.

(c) To help defray the cost of such increases in annuity, there shall be deducted, beginning September 1, 1959, from each payment of salary to a fireman, 1/8 of 1% of each such salary payment and an additional 1/8 of 1% beginning on September 1, 1961, and September 1, 1963, respectively, concurrently with and in addition to the salary deductions otherwise made for annuity purposes.

Each such additional 1/8 of 1% deduction from salary which shall, on September 1, 1963, result in a total increase of 3/8 of 1% of salary, shall be credited to the Automatic Increase Reserve, to be used, together with city contributions as provided in this Article, to defray the cost of the 1 1/2% annuity increments herein specified. Any balance in such reserve as of the beginning of each calendar year shall be credited with interest at the rate of 3% per annum.

The salary deductions provided in this Section are not subject to refund, except to the fireman himself, in any case in which a fireman withdraws prior to qualification for minimum annuity and applies for refund, or applies for annuity, and also where a term annuity becomes payable. In such cases, the total of such salary deductions shall be refunded to the fireman, without interest, and charged to the aforementioned reserve.

(Source: P.A. 89-136, eff. 7-14-95.)

(40 ILCS 5/6-165) (from Ch. 108 1/2, par. 6-165)

Sec. 6-165. Financing; tax.

(a) Except as expressly provided in this Section, each city shall levy a tax annually upon all taxable property therein for the purpose of providing revenue for the fund. For the years prior to the year 1960,

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the tax rate shall be as provided for in the "Firemen's Annuity and Benefit Fund of the Illinois Municipal Code". The tax, from and after January 1, 1968 to and including the year 1971, shall not exceed .0863% of the value, as equalized or assessed by the Department of Revenue, of all taxable property in the city. Beginning with the year 1972 and each year thereafter the city shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within such city that will produce, when extended, not to exceed an amount equal to the total amount of contributions by the employees to the fund made in the calendar year 2 years prior to the year for which the annual applicable tax is levied, multiplied by 2.23 through the calendar year 1981, and by 2.26 for the year 1982 and for each year thereafter.

To provide revenue for the ordinary death benefit established by Section 6-150 of this Article, in addition to the contributions by the firemen for this purpose, the city council shall for the year 1962 and each year thereafter annually levy a tax, which shall be in addition to and exclusive of the taxes authorized to be levied under the foregoing provisions of this Section, upon all taxable property in the city, as equalized or assessed by the Department of Revenue, at such rate per cent of the value of such property as shall be sufficient to produce for each year the sum of \$142,000.

The amounts produced by the taxes levied annually, together with the deposit expressly authorized in this Section, shall be sufficient, when added to the amounts deducted from the salaries of firemen and applied to the fund, to provide for the purposes of the fund.

(b) The taxes shall be levied and collected in like manner with the general taxes of the city, and shall be in addition to all other taxes which the city may levy upon all taxable property therein and shall be exclusive of and in addition to the amount of tax the city may levy for general purposes under Section 8-3-1 of the Illinois Municipal Code, approved May 29, 1961, as amended, or under any other law or laws which may limit the amount of tax which the city may levy for general purposes.

(c) The amounts of the taxes to be levied in each year shall be certified to the city council by the board.

(d) As soon as any revenue derived from such taxes is collected, it shall be paid to the city treasurer and held for the benefit of the fund, and all such revenue shall be paid into the fund in accordance with the provisions of this Article.

(e) If the funds available are insufficient during any year to meet the requirements of this Article, the city may issue tax anticipation warrants, against the tax levies herein authorized for the current fiscal year.

(f) The various sums, hereinafter stated, including interest, to be contributed by the city, shall be taken from the revenue derived from the taxes or otherwise as expressly provided in this Section. Except for defraying the cost of administration of the fund during the calendar year in which a city first attains a population of 500,000 and comes under the provisions of this Article and the first calendar year thereafter, any money of the city derived from any source other than these taxes or the sale of tax anticipation warrants shall not be used to provide revenue for the fund, nor to pay any part of the cost of administration thereof, unless applied to make the deposit expressly authorized in this Section or the additional city contributions required under subsection (h).

(g) In lieu of levying all or a portion of the tax required under this Section in any year, the city may deposit with the city treasurer no later than March 1 of that year for the benefit of the fund, to be held in accordance with this Article, an amount that, together with the taxes levied under this Section for that year, is not less than the amount of the city contributions for that year as certified by the board to the city council. The deposit may be derived from any source legally available for that purpose, including, but not limited to, the proceeds of city borrowings. The making of a deposit shall satisfy fully the requirements of this Section for that year to the extent of the amounts so deposited. Amounts deposited under this subsection may be used by the fund for any of the purposes for which the proceeds of the taxes levied under this Section may be used, including the payment of any amount that is otherwise required by this Article to be paid from the proceeds of those taxes.

(h) In addition to the contributions required under the other provisions of this Article, by November 1 of the following specified years, the city shall deposit with the city treasurer for the benefit of the fund, to be held and used in accordance with this Article, the following specified amounts: \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001; \$5,040,000 in 2002; and \$4,620,000 in 2003 ; ~~\$4,200,000 in 2004; \$3,780,000 in 2005; \$3,360,000 in 2006; \$2,940,000 in 2007; \$2,520,000 in 2008; \$2,100,000 in 2009; \$1,680,000 in 2010; \$1,260,000 in 2011; \$840,000 in 2012; and \$420,000 in 2013.~~

The additional city contributions required under this subsection are intended to decrease the unfunded liability of the fund and shall not decrease the amount of the city contributions required under the other provisions of this Article. The additional city contributions made under this subsection may be used by the fund for any of its lawful purposes.

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(Source: P.A. 89-136, eff. 7-14-95; 90-766, eff. 8-14-98.)

(40 ILCS 5/6-210.1) (from Ch. 108 1/2, par. 6-210.1)

Sec. 6-210.1. Credit for former employment with the fire department.

(a) Any fireman who (1) accumulated service credit in the Article 8 fund for service as an employee of the Chicago Fire Department and (2) has terminated that Article 8 service credit and received a refund of contributions therefor, may establish service credit in this Fund for all or any part of that period of service under the Article 8 fund by making written application to the Board by January 1, 2000 and paying to this Fund (i) employee contributions based upon the actual salary received and the rates in effect for members of this Fund at the time of such service, plus (ii) interest thereon calculated as follows:

(1) For applications received by the Board before July 14, the effective date of this amendatory Act of 1995, interest shall be calculated

on the amount of employee contributions determined under item (i) above, at the rate of 4% per annum, compounded annually, from the date of termination of such service to the date of payment.

(2) For applications received by the Board on or after July 14, the effective date of this amendatory Act of 1995, interest shall be

calculated on the amount of employee contributions determined under item (i) above, at the rate of 4% per annum, compounded annually, from the first date of the period for which credit is being established under this subsection (a) to the date of payment.

(b) A fireman who, at any time during the period 1970 through 1983, was an employee of the Chicago Fire Department but did not participate in any pension fund subject to this Code with respect to that employment may establish service credit in this Fund for all or any part of that employment by making written application to the Board by January 1, 2005 2000 and paying to this Fund (i) employee contributions based upon the actual salary received and the rates in effect for members of this Fund at the time of that employment, plus (ii) interest thereon calculated at the rate of 4% per annum, compounded annually, from the first date of the employment for which credit is being established under this subsection (b) to the date of payment.

(c) A fireman may pay the contributions required for service credit under this Section established on or after July 14, the effective date of this amendatory Act of 1995 in the form of payroll deductions, in accordance with such procedures and limitations as may be established by Board rule and any applicable rules or ordinances of the employer.

(d) Employer contributions shall be transferred as provided in Sections 6-210.2 and 8-172.1. The employer shall not be responsible for making any additional employer contributions for any credit established under this Section.

(Source: P.A. 89-136, eff. 7-14-95.)

(40 ILCS 5/6-210.2 new)

Sec. 6-210.2. City contributions for paramedics. Municipality credits computed and credited under Article 8 for all firemen who (1) accumulated service credit in the Article 8 fund for service as a paramedic, (2) have terminated that Article 8 service credit and received a refund of contributions, and (3) are participants in this Article 6 fund on the effective date of this amendatory Act of the 93rd General Assembly shall be transferred by the Article 8 fund to this Fund, together with interest at the rate of 11% per annum, compounded annually, to the date of the transfer, as provided in Section 8-172.1 of this Code. These city contributions shall be credited to the individual fireman only if he or she pays for prior service as a paramedic in full to this Fund.

(40 ILCS 5/6-210.3 new)

Sec. 6-210.3. Payments and rollovers.

(a) The Board may adopt rules prescribing the manner of repaying refunds and purchasing any other credits permitted under this Article. The rules may prescribe the manner of calculating interest when payments or repayments are made in installments.

(b) Rollover contributions from other retirement plans qualified under the Internal Revenue Code of 1986 may be used to purchase any optional credit or repay any refund permitted under this Article.

(40 ILCS 5/6-211) (from Ch. 108 1/2, par. 6-211)

Sec. 6-211. Permanent and temporary positions; exempt positions above career service rank.

(a) Except as specified in subsection (b), no annuity, pension or other benefit shall be paid to a fireman or widow, under this Article, based upon any salary paid by virtue of a temporary appointment, and - all contributions, annuities and benefits shall be related to the salary which attaches to the permanent position of the fireman.

Any fireman temporarily serving in a position or rank other than that to which he has received permanent appointment shall be considered, while so serving, as though he were in his permanent

position or rank, except that no increase in any pension, annuity or other benefit hereunder shall accrue to him by virtue of any service performed by him subsequent to attaining the compulsory retirement age provided by law or ordinance.

This Section ~~does shall~~ not apply to any person certified to the fire department by the civil service commission of the city, during the period of probationary service.

A fireman who holds a position at the will of the Fire Commissioner or other appointing authority, whether or not such position is an "exempt" position, shall be deemed to hold a temporary position, ~~and such employee's contributions and benefits shall be based upon the employee's permanent career service salary. The provisions of this paragraph shall be retroactive to January 1, 1976.~~

(b) Beginning on the effective date of this amendatory Act of the 93rd General Assembly, for service in an exempt position above career service rank, employee contributions shall be based on the actual full salary attached to the exempt rank position held by the fireman.

For service in an exempt position above career service rank, benefit computations under this Article shall be based on the actual full salary attached to the exempt rank position held by the fireman if and only if:

(1) employee contributions have been paid on the actual full salary attached to the exempt rank position held by the fireman for all service on or after January 1, 1994 in an exempt position above career service rank;

(2) the fireman has held one or more exempt positions for at least 5 consecutive years (or, in the case of a fireman who retired due to attainment of compulsory retirement age before December 1, 2003, held one or more exempt positions for a consecutive period of at least 3 years and 9 months and made the payment required under subsection (c) for a period of at least 5 years) and has held the rank of battalion chief or field officer for at least 5 years (at least 3 years and 9 months in the case of a fireman who retired due to attainment of compulsory retirement age before December 1, 2003) during the exempt period; and

(3) the fireman was born before 1955.

(c) For service prior to the effective date of this amendatory Act of the 93rd General Assembly in an exempt position above career service rank for which contributions have been paid only on the salary attached to the fireman's permanent career service rank, a fireman may make the contributions required under subsection (b) by paying to the Fund before the later of the date of retirement or 6 months after the effective date of this amendatory Act, but in no event later than July 1, 2005, an amount equal to the difference between the employee contributions actually made for that service and the employee contributions that would have been made based on the actual full salary attached to the exempt rank position held by the fireman on or after January 1, 1994, plus interest thereon at the rate of 4% per year, compounded annually, from the date of the service to the date of payment (or to the date of retirement if retirement is before the effective date of this amendatory Act). In the case of a fireman who retired in an exempt rank position after January 1, 1994 and before January 1, 1999 and in the case of a fireman who retired due to attaining compulsory retirement age before December 1, 2003, the payment under this subsection (c) shall be for a period of at least 5 years.

If a fireman dies while eligible to make the contributions required under subsection (b) but before the contributions are paid, the fireman's widow may elect to make the contributions.

(d) Subsection (e) of Section 6-111 and the changes made to this Section by this amendatory Act of the 93rd General Assembly apply to a fireman who retires (or becomes disabled) on or after January 1, 1994. In the case of a benefit payable on the effective date of this amendatory Act, the resulting increase in benefit shall begin to accrue with the first benefit payment period commencing after the required contributions are paid.

(e) If a fireman or his survivors do not qualify to have benefits computed on the full amount of salary received for service in an exempt position as provided in subsection (b), benefits shall be computed on the basis of the salary attached to the permanent career service rank, and a refund of any employee contributions paid on the difference between the actual salary and the salary attached to the permanent career service rank shall be payable to the fireman upon termination of service, or to the fireman's widow or estate upon the fireman's death.

(f) The tax levy computed under Section 6-165 shall be based on employee contributions, including the payments of employee contributions under subsections (a), (b), and (c) of this Section 6-211.

(g) The city shall pay to the Fund on an annual basis, in addition to the usual city contributions, an amount at least equal to the sum of (1) the increase in normal cost resulting from subsection (e) of Section 6-111 and the changes made to this Section by this amendatory Act of the 93rd General Assembly, plus (2) amortization (over a period of 30 years from the effective date of this amendatory Act) of the initial unfunded liability resulting from subsection (e) of Section 6-111 and the changes made

to this Section by this amendatory Act of the 93rd General Assembly. The payment required under this subsection shall be no less than \$400,000 per year. Payment shall begin with the first calendar year commencing after the effective date of this amendatory Act and shall be in addition to the tax levy otherwise calculated under Section 6-165. The city may increase that tax levy by the amount of the payment required under this subsection, or it may utilize any funds appropriated for this purpose.

(Source: P.A. 83-16.)

(40 ILCS 5/6-222) (from Ch. 108 1/2, par. 6-222)

Sec. 6-222. Administrative review.

(a) The provisions of the Administrative Review Law, and all amendments and modifications thereof and the rules adopted pursuant thereto shall apply to and govern all proceedings for the judicial review of final administrative decisions of the retirement board hereunder. The term "administrative decision" is as defined in Section 3-101 of the Code of Civil Procedure.

(b) If any fireman whose application for either a duty disability benefit under Section 6-151 or for an occupational disease disability benefit under Section 6-151.1 has been denied by the Retirement Board brings an action for administrative review challenging the denial of disability benefits and the fireman prevails in the action in administrative review, then the prevailing fireman shall be entitled to recover from the Fund court costs and litigation expenses, including reasonable attorney's fees, as part of the costs of the action.

(Source: P.A. 82-783.)

(40 ILCS 5/8-137) (from Ch. 108 1/2, par. 8-137)

Sec. 8-137. Automatic increase in annuity.

(a) An employee who retired or retires from service after December 31, 1959 and before January 1, 1987, having attained age 60 or more, shall, in January of the year after the year in which the first anniversary of retirement occurs, have the amount of his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement increased by a further 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%, and beginning with January of the year 1984 such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article. An employee who retires on annuity after December 31, 1959 and before January 1, 1987, but before age 60, shall receive such increases beginning in January of the year after the year in which he attains age 60.

An employee who retires from service on or after January 1, 1987 shall, upon the first annuity payment date following the first anniversary of the date of retirement, or upon the first annuity payment date following attainment of age 60, whichever occurs later, have his then fixed and payable monthly annuity increased by 3%, and such annuity shall be increased by an additional 3% of the original fixed annuity on the same date each year thereafter. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

(a-5) Notwithstanding the provisions of subsection (a), upon the first annuity payment date following (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002, ~~the date 60 days after the effective date of this amendatory Act of the 92nd General Assembly,~~ whichever occurs latest, the monthly annuity of an employee who retires on annuity prior to the attainment of age 60 and ~~who~~ has not received an increase under subsection (a) shall be increased by 3%, and the ~~such~~ annuity shall be increased by an additional 3% of the current payable monthly annuity, including any ~~such~~ increases previously granted under this Article, on the same date each year thereafter. The increases provided under this subsection are in lieu of the increases provided in subsection (a).

(a-6) Notwithstanding the provisions of subsections (a) and (a-5), for all calendar years following the year in which this amendatory Act of the 93rd General Assembly takes effect, an increase in annuity under this Section that would otherwise take effect at any time during the year shall instead take effect in January of that year.

(b) Subsections (a), ~~and~~ (a-5) ~~and~~ (a-6) are not applicable to an employee retiring and receiving a term annuity, as herein defined, nor to any otherwise qualified employee who retires before he makes employee contributions (at the 1/2 of 1% rate as provided in this Act) for this additional annuity for not less than the equivalent of one full year. Such employee, however, shall make arrangement to pay to the fund a balance of such 1/2 of 1% contributions, based on his final salary, as will bring such 1/2 of 1% contributions, computed without interest, to the equivalent of or completion of one year's contributions.

Beginning with January, 1960, each employee shall contribute by means of salary deductions 1/2 of 1% of each salary payment, concurrently with and in addition to the employee contributions otherwise

made for annuity purposes.

Each such additional contribution shall be credited to an account in the prior service annuity reserve, to be used, together with city contributions, to defray the cost of the specified annuity increments. Any balance in such account at the beginning of each calendar year shall be credited with interest at the rate of 3% per annum.

Such additional employee contributions are not refundable, except to an employee who withdraws and applies for refund under this Article, and in cases where a term annuity becomes payable. In such cases his contributions shall be refunded, without interest, and charged to such account in the prior service annuity reserve.

(Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02; revised 8-26-02.)

(40 ILCS 5/8-138.4 new)

Sec. 8-138.4. Early retirement incentive.

(a) To be eligible for the benefits provided in this Section, an employee must:

(1) have been a contributor to the Fund who (i) on October 15, 2003, was in active payroll status as an employee; (ii) returns to active payroll status from an approved leave of absence prior to December 15, 2003; (iii) on October 15, 2003, is receiving ordinary or duty disability benefits under Section 8-160 or 8-161; or (iv) has been subjected to an involuntary termination or layoff by the employer and restored to service by his or her employer prior to January 31, 2004;

(2) have not previously retired under this Article;

(3) file with the Board on or before January 30, 2004, a written election requesting the benefits provided in this Section;

(4) withdraw from service on or after January 31, 2004 and on or before February 29, 2004 (or the date established under subsection (a-5), if applicable); and

(5) by the date of withdrawal or by February 29, 2004, whichever is earlier, have attained age 50 with at least 10 years of creditable service in this Fund, without including any creditable service established under this Section, and a total of at least 70 combined years of age and creditable service, without including any creditable service established under this Section, in one or more of the participating systems under the Retirement Systems Reciprocal Act.

A person is not eligible for the benefits provided in this Section if the person (i) elects to receive the alternative annuity for city officers under Section 8-243.2, or (ii) elects to receive a retirement annuity calculated under the alternative formula formerly set forth in Section 20-122.

(a-5) To ensure that the efficient operation of employers under this Article is not jeopardized by the simultaneous retirement of large numbers of critical personnel, each employer may, for its critical employees, extend the February 29, 2004 deadline for terminating employment under this Article established in subdivision (a)(4) of this Section to a date not later than May 31, 2004 by so notifying the Fund by January 31, 2004.

(b) An eligible employee may establish up to 5 years of creditable service under this Section, in increments of one month, by making the contributions specified in subsection (d). In addition, for each month of creditable service established under this Section, a person's age at retirement shall be deemed to be one month older than it actually is, except for determination of eligibility for automatic annual increases under Sections 8-137 and 8-137.1. Furthermore, an eligible employee must establish at least the amount of age and creditable service necessary to bring his or her age and total creditable service, including service in this Fund, service established under this Section, and service in any of the other participating systems under the Retirement Systems Reciprocal Act, to a minimum that will satisfy the requirements of Section 8-138.

The creditable service under this Section may be used for all purposes under this Article and the Retirement Systems Reciprocal Act, except for the computation of average annual salary and the determination of salary, earnings, or compensation under this or any other Article of this Code.

(c) An eligible employee shall be entitled to have his or her retirement annuity calculated in accordance with the formula provided in Section 8-138, except that the annuity shall not be subject to reduction because of withdrawal or commencement of the annuity before attainment of age 60.

(d) For each month of creditable service established under this Section, the employee must pay to the Fund an employee contribution, to be calculated by the Fund, equal to 4.25% of the member's monthly salary rate on October 15, 2003. The employee may elect to pay the entire contribution before the retirement annuity commences, or to have it deducted from the annuity over a period not longer than 24 months. If the retired employee dies before the contribution has been paid in full, the unpaid installments may be deducted from any annuity or other benefit payable to the employee's survivors.

All employee contributions paid under this Section shall not be deemed contributions made by employees for annuity purposes under Section 8-173, and shall be made and credited to a special reserve,

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without interest. Employee contributions paid under this Section may be refunded under the same terms and conditions as are applicable to other employee contributions for retirement annuity.

(e) Notwithstanding Section 8-165, an annuitant who reenters service under this Article after receiving a retirement annuity based on benefits provided under this Section thereby forfeits the right to continue to receive those benefits, and shall have his or her retirement annuity recalculated at the appropriate time without the benefits provided in this Section.

(f) No employer action in declaring an employee to be a critical employee pursuant to subsection (a-5) shall be construed as an impairment of any pension benefit or entitlement. No early retirement option or resultant benefit conferred under this Section shall, in any manner, vest for any employee until the earlier date of the employer's decision to release the employee from service or May 31, 2004.

(40 ILCS 5/8-138.5 new)

Sec. 8-138.5. Early retirement incentive for employees who have earned maximum pension benefits.

(a) A person who is eligible for the benefits provided under Section 8-138.4 and who, if he or she had retired on or before February 29, 2004, would have been entitled to a pension equal to 80% of his or her highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding February 29, 2004 without receiving the benefits provided in Section 8-138.4, may elect, by filing written election with the Fund by January 30, 2004, to receive a lump sum from the Fund equal to 100% of his or her salary on February 29, 2004 or the date of withdrawal, whichever is earlier. To be eligible to receive the benefit provided under this Section, the person must withdraw from service on or after January 31, 2004 and on or before February 29, 2004 (or the date established under subsection (b), if applicable). If a person elects to receive the benefit provided under this Section, his or her retirement annuity otherwise payable under Section 8-138 shall be reduced by an amount equal to the actuarial equivalent of the lump sum.

(b) To ensure that the efficient operation of employers under this Article is not jeopardized by the simultaneous retirement of large numbers of critical personnel, each employer may, for its critical employees, extend the February 29, 2004 deadline for terminating employment under this Article established in subdivision (a) of this Section to a date not later than May 31, 2004 by so notifying the Fund by January 31, 2004.

(40 ILCS 5/8-150.1) (from Ch. 108 1/2, par. 8-150.1)

Sec. 8-150.1. Minimum annuities for widows. The widow (otherwise eligible for widow's annuity under other Sections of this Article 8) of an employee hereinafter described, who retires from service or dies while in the service subsequent to the effective date of this amendatory provision, and for which widow the amount of widow's annuity and widow's prior service annuity combined, fixed or provided for such widow under other provisions of this Article is less than the amount provided in this Section, shall, from and after the date her otherwise provided annuity would begin, in lieu of such otherwise provided widow's and widow's prior service annuity, be entitled to the following indicated amount of annuity:

(a) The widow of any employee who dies while in service on or after the date on which he attains age 60 if the death occurs before July 1, 1990, or on or after the date on which he attains age 55 if the death occurs on or after July 1, 1990, with at least 20 years of service, or on or after the date on which he attains age 50 if the death occurs on or after the effective date of this amendatory Act of 1997 with at least 30 years of service, shall be entitled to an annuity equal to one-half of the amount of annuity which her deceased husband would have been entitled to receive had he withdrawn from the service on the day immediately preceding the date of his death, conditional upon such widow having attained the age of 60 or more years on such date if the death occurs before July 1, 1990, or age 55 or more if the death occurs on or after July 1, 1990, or age 50 or more if the death occurs on or after January 1, 1998 and the employee is age 50 or over with at least 30 years of service or age 55 or over with at least 25 years of service. Except as provided in subsection (k), this widow's annuity shall not, however, exceed the sum of \$500 a month if the employee's death in service occurs before January 23, 1987. The widow's annuity shall not be limited to a maximum dollar amount if the employee's death in service occurs on or after January 23, 1987.

If the employee dies in service before July 1, 1990, and if such widow of such described employee shall not be 60 or more years of age on such date of death, the amount provided in the immediately preceding paragraph for a widow 60 or more years of age, shall, in the case of such younger widow, be reduced by 0.25% for each month that her then attained age is less than 60 years if the employee was born before January 1, 1936 or dies in service on or after January 1, 1988, or by 0.5% for each month that her then attained age is less than 60 years if the employee was born on or after July 1, 1936 and dies in service before January 1, 1988.

If the employee dies in service on or after July 1, 1990, and if the widow of the employee has not

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attained age 55 on or before the employee's date of death, the amount otherwise provided in this subsection (a) shall be reduced by 0.25% for each month that her then attained age is less than 55 years; except that if the employee dies in service on or after January 1, 1998 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (a) shall be reduced by 0.25% for each month that her then attained age is less than 50 years.

(b) The widow of any employee who dies subsequent to the date of his retirement on annuity, and who so retired on or after the date on which he attained the age of 60 or more years if retirement occurs before July 1, 1990, or on or after the date on which he attained age 55 if retirement occurs on or after July 1, 1990, with at least 20 years of service, or on or after the date on which he attained age 50 if the retirement occurs on or after the effective date of this amendatory Act of 1997 with at least 30 years of service, shall be entitled to an annuity equal to one-half of the amount of annuity which her deceased husband received as of the date of his retirement on annuity, conditional upon such widow having attained the age of 60 or more years on the date of her husband's retirement on annuity if retirement occurs before July 1, 1990, or age 55 or more if retirement occurs on or after July 1, 1990, or age 50 or more if the retirement on annuity occurs on or after January 1, 1998 and the employee is age 50 or over with at least 30 years of service or age 55 or over with at least 25 years of service. Except as provided in subsection (k), this widow's annuity shall not, however, exceed the sum of \$500 a month if the employee's death occurs before January 23, 1987. The widow's annuity shall not be limited to a maximum dollar amount if the employee's death occurs on or after January 23, 1987, regardless of the date of retirement; provided that, if retirement was before January 23, 1987, the employee or eligible spouse repays the excess spouse refund with interest at the effective rate from the date of refund to the date of repayment.

If the date of the employee's retirement on annuity is before July 1, 1990, and if such widow of such described employee shall not have attained such age of 60 or more years on such date of her husband's retirement on annuity, the amount provided in the immediately preceding paragraph for a widow 60 or more years of age on the date of her husband's retirement on annuity, shall, in the case of such then younger widow, be reduced by 0.25% for each month that her then attained age was less than 60 years if the employee was born before January 1, 1936 or withdraws from service on or after January 1, 1988, or by 0.5% for each month that her then attained age is less than 60 years if the employee was born on or after January 1, 1936 and withdraws from service before January 1, 1988.

If the date of the employee's retirement on annuity is on or after July 1, 1990, and if the widow of the employee has not attained age 55 by the date of the employee's retirement on annuity, the amount otherwise provided in this subsection (b) shall be reduced by 0.25% for each month that her then attained age is less than 55 years; except that if the employee retires on annuity on or after January 1, 1998 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (b) shall be reduced by 0.25% for each month that her then attained age is less than 50 years.

(c) The foregoing provisions relating to minimum annuities for widows shall not apply to the widow of any former municipal employee receiving an annuity from the fund on August 9, 1965 or on the effective date of this amendatory provision, who re-enters service as a municipal employee, unless such employee renders at least 3 years of additional service after the date of re-entry.

(d) In computing the amount of annuity which the husband specified in the foregoing paragraphs (a) and (b) of this Section would have been entitled to receive, or received, such amount shall be the annuity to which such husband would have been, or was entitled, before reduction in the amount of his annuity for the purposes of the voluntary optional reversionary annuity provided for in Section 8-139 of this Article, if such option was elected.

(e) (Blank).

(f) (Blank).

(g) The amendatory provisions of this amendatory Act of 1985 relating to annuity discount because of age for widows of employees born before January 1, 1936, shall apply only to qualifying widows of employees withdrawing or dying in service on or after July 18, 1985.

(h) Beginning on January 1, 1999, the minimum amount of widow's annuity shall be \$800 per month for life for the following classes of widows, without regard to the fact that the death of the employee occurred prior to the effective date of this amendatory Act of 1998:

(1) any widow annuitant alive and receiving a life annuity on the effective date of

this amendatory Act of 1998, except a reciprocal annuity;

(2) any widow annuitant alive and receiving a term annuity on the effective date of this amendatory Act of 1998, except a reciprocal annuity;

(3) any widow annuitant alive and receiving a reciprocal annuity on the effective date of this amendatory Act of 1998, whose employee spouse's service in this fund was at least 5 years;

(4) the widow of an employee with at least 10 years of service in this fund who dies after retirement, if the retirement occurred prior to the effective date of this amendatory Act of 1998;

(5) the widow of an employee with at least 10 years of service in this fund who dies after retirement, if withdrawal occurs on or after the effective date of this amendatory Act of 1998;

(6) the widow of an employee who dies in service with at least 5 years of service in this fund, if the death in service occurs on or after the effective date of this amendatory Act of 1998.

The increases granted under items (1), (2), (3) and (4) of this subsection (h) shall not be limited by any other Section of this Act.

(i) The widow of an employee who retired or died in service on or after January 1, 1985 and before July 1, 1990, at age 55 or older, and with at least 35 years of service credit, shall be entitled to have her widow's annuity increased, effective January 1, 1991, to an amount equal to 50% of the retirement annuity that the deceased employee received on the date of retirement, or would have been eligible to receive if he had retired on the day preceding the date of his death in service, provided that if the widow had not attained age 60 by the date of the employee's retirement or death in service, the amount of the annuity shall be reduced by 0.25% for each month that her then attained age was less than age 60 if the employee's retirement or death in service occurred on or after January 1, 1988, or by 0.5% for each month that her attained age is less than age 60 if the employee's retirement or death in service occurred prior to January 1, 1988. However, in cases where a refund of excess contributions for widow's annuity has been paid by the Fund, the increase in benefit provided by this subsection (i) shall be contingent upon repayment of the refund to the Fund with interest at the effective rate from the date of refund to the date of payment.

(j) If a deceased employee is receiving a retirement annuity at the time of death and that death occurs on or after June 27, 1997, the widow may elect to receive, in lieu of any other annuity provided under this Article, 50% of the deceased employee's retirement annuity at the time of death reduced by 0.25% for each month that the widow's age on the date of death is less than 55; except that if the employee dies on or after January 1, 1998 and withdrew from service on or after June 27, 1997 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (j) shall be reduced by 0.25% for each month that her age on the date of death is less than 50 years. However, in cases where a refund of excess contributions for widow's annuity has been paid by the Fund, the benefit provided by this subsection (j) is contingent upon repayment of the refund to the Fund with interest at the effective rate from the date of refund to the date of payment.

(k) For widows of employees who died before January 23, 1987 after retirement on annuity or in service, the maximum dollar amount limitation on widow's annuity shall cease to apply, beginning with the first annuity payment after the effective date of this amendatory Act of 1997; except that if a refund of excess contributions for widow's annuity has been paid by the Fund, the increase resulting from this subsection (k) shall not begin before the refund has been repaid to the Fund, together with interest at the effective rate from the date of the refund to the date of repayment.

(l) In lieu of any other annuity provided in this Article, an eligible spouse of an employee who dies in service ~~on or after January 1, 2002 (regardless of whether that death in service occurs prior to at least 60 days after~~ the effective date of this amendatory Act of the ~~93rd~~ ~~92nd~~ General Assembly) with at least 10 years of service shall be entitled to an annuity of 50% of the minimum formula annuity earned and accrued to the credit of the employee at the date of death. For the purposes of this subsection, the minimum formula annuity earned and accrued to the credit of the employee is equal to 2.40% for each year of service of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80% of the highest average annual salary. This annuity shall not be reduced due to the age of the employee or spouse. In addition to any other eligibility requirements under this Article, the spouse is eligible for this annuity only if the marriage was in effect for 10 full years or more.

(Source: P.A. 92-599, eff. 6-28-02.)

(40 ILCS 5/8-167) (from Ch. 108 1/2, par. 8-167)

Sec. 8-167. Restoration of rights. An employee who has withdrawn as a refund the amounts credited for annuity purposes, and who (i) re-enters service of the employer and serves for periods comprising at

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least ~~90 days~~ ~~2 years~~ after the date of the last refund paid to him or (ii) has completed at least 2 years of service under a participating system (as defined in the Retirement Systems Reciprocal Act) other than this Fund after the date of the last refund, shall have his annuity rights restored by compliance with the following provisions:

(a) After ~~that 90 day or such~~ 2 year period, whichever applies, he shall repay in full to the fund, while in service, ~~in full~~ all refunds received, together with interest at the effective rate from the dates of refund to the date of repayment. ~~;~~

(b) If payment is not made in a single sum, the repayment may be made in installments by deductions from salary or otherwise in such manner and amounts and manner as the board, by rule, may prescribe, with interest at the effective rate accruing on unpaid balances. ~~;~~

(c) If the employee withdraws from service or dies in service before full repayment is made, service credit shall be restored in accordance with Section 8-230.3(b).

(d) If the employee repays the refund while participating in a participating system (as defined in the Retirement Systems Reciprocal Act) other than this Fund, the service credit restored must be used for a proportional annuity calculated in accordance with the Retirement Systems Reciprocal Act. If not so used, the restored service credit shall be forfeited and the amount of the repayment shall be refunded, without interest, such rights shall not be restored, but the amount, including interest, repaid by him, but without any further interest otherwise normally credited, shall be refunded to him or to his widow, or in the manner provided by the refund provisions of this Article if no widow survives.

This Section applies also to any person who received a refund from any annuity and benefit fund or pension fund which was merged into and superseded by the annuity and benefit fund provided for in this Article on or after December 31, 1959. Upon repayment such person shall receive credit for all annuity purposes in the annuity and benefit fund provided for in this Article for the period of service covered by the repayment such refund.

The amount of refund repayment is considered as salary deductions for age and service annuity and widow's annuity purposes in the case of a male person. In the latter case the amount of refund repayment is allocated in the applicable proportion for age and service and widow's annuity purposes. Such person shall also be credited with city contributions for age and service annuity, and widow's annuity if a male employee, in the amount which would have been credited and accrued if such person had been a participant in and contributor to the annuity and benefit fund provided for in this Article during the period of such service on the basis of his salary during such period.

(Source: P.A. 81-1536.)

(40 ILCS 5/8-172) (from Ch. 108 1/2, par. 8-172)

Sec. 8-172. Refunds - Transfer of city contributions. Whenever any amount is refunded as provided in Sections 8-168 and 8-169, except in the case of a male employee who becomes a widower while in service after he becomes age 65, the amounts to the credit of the male employee from contributions by the city, shall be transferred to the prior service annuity reserve. Thereafter, except as otherwise provided in Section 8-172.1, any such amounts shall become a credit to the city and, with interest thereon at the effective rate, be used to reduce the amount which the city would otherwise pay during a succeeding year.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/8-172.1 new)

Sec. 8-172.1. Transfer of city contributions for paramedics.

(a) Municipality credits computed and credited under this Article 8 for all persons who (1) accumulated service credit in this Article 8 fund for service as a paramedic, (2) have terminated that Article 8 service credit and received a refund of contributions, and (3) are participants in the Article 6 fund on the effective date of this amendatory Act of the 93rd General Assembly shall be transferred by this Article 8 fund to the Article 6 fund together with interest at the rate of 11% per annum, compounded annually, to the date of transfer. The city shall not be responsible for making any additional employer contributions to the Fund to replace the amounts transferred under this Section.

(b) Municipality credits computed and credited under this Article 8 for all persons who (1) accumulated service credit in this Article 8 fund for service as a paramedic, (2) have terminated that Article 8 service credit and received a refund of contributions, and (3) are not participants in the Article 6 fund on the effective date of this amendatory Act of the 93rd General Assembly shall be used as provided in Section 8-172.

(40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

Sec. 8-174. Contributions for age and service annuities for present employees and future entrants. (a) Beginning on the effective date and prior to July 1, 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 5%; and beginning July 1, 1953, and prior to January 1, 1972, 6%; and beginning

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January 1, 1972, 6-1/2% of each payment of the salary of each present employee and future entrant shall be contributed to the fund as a deduction from salary for age and service annuity.

Such deductions beginning on the effective date and prior to July 1, 1947 shall be made for a future entrant while he is in the service until he attains age 65 and for a present employee while he is in the service until the amount so deducted from his salary with the amount deducted from his salary or paid by him according to law to any municipal pension fund in force on the effective date with interest on both such amounts at 4% per annum equals the sum that would have been to his credit from sums deducted from his salary if deductions at the rate herein stated had been made during his entire service until he attained age 65 with interest at 4% per annum for the period subsequent to his attainment of age 65. Such deductions beginning July 1, 1947 shall be made and continued for employees while in the service.

(b) Concurrently with each employee contribution beginning on the effective date and prior to July 1, 1947 the city shall contribute 5 3/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of each payment of such salary until the employee attains age 65. Notwithstanding any provision of this subsection (b) to the contrary, the city shall not make a contribution for any credit established by an employee under subsection (b) of Section 8-138.4.

(c) Each employee contribution made prior to the date the age and service annuity for an employee is fixed and each corresponding city contribution shall be credited to the employee and allocated to the account of the employee for whose benefit it is made.

(Source: P.A. 81-1536.)

(40 ILCS 5/8-174.1) (from Ch. 108 1/2, par. 8-174.1)

Sec. 8-174.1. Employer contributions on behalf of employees.

(a) The employer may make and may incur an obligation to make contributions on behalf of its employees in an amount not to exceed the employee contributions required by Sections 8-137, 8-161, 8-174, 8-182 and 8-182.1 for all salary earned after December 31, 1981. If such employee contributions are not made or an obligation to make such contributions is not incurred by the employer on behalf of its employees, the amount that could have been contributed shall continue to be deducted from salary. If employee contributions are made by the employer on behalf of its employees, they shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code; however, each city shall continue to withhold Federal and State income taxes based upon these contributions until the Internal Revenue Service or the Federal courts rule that pursuant to Section 414(h) of the United States Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available. The employer may make these contributions on behalf of its employees by a reduction in the cash salary of the employee or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. The employer shall pay these employee contributions from the same source of funds used in paying salary to the employee or, if the employer is a Board of Education, it may also or alternatively pay such contributions in whole or in part from the proceeds of the pension contribution liability tax authorized by Section 34-60.1 of the School Code, as amended. If such a tax is levied with respect to any fiscal year of a Board of Education, that portion of the contributions to be paid by the Board of Education on behalf of its employees for that fiscal year from the proceeds of such a tax shall not be due and payable into the Fund until the collection, in the calendar year following the calendar year in which such levy was made, of the actual tax bills extending the second installment of real estate taxes for the Board of Education for that calendar year, pursuant to Section 21-30 of the Property Tax Code, and such Board of Education shall not be required to pay those contributions to be paid from the proceeds of such a tax into the Fund except as collected from the extension of the actual tax bills. If employee contributions are made by the employer on behalf of its employees, they shall be treated for all purposes of this Article 8, including Section 8-173, in the same manner and to the same extent as employee contributions made by employees and deducted from salary; provided, however, that contributions which are made by a Board of Education on behalf of its employees shall not be treated as a pension or retirement obligation of the Board of Education for purposes of Section 12 of "An Act in relation to State revenue sharing with local governmental entities", approved July 31, 1969, as amended. For purposes of Section 8-173, contributions made by a Board of Education on behalf of its employees shall be treated as contributions made by or on behalf of employees to the Fund for the fiscal year for which the Board of Education incurred the obligation to make such contributions.

(b) Subject to the requirements of federal law and the rules of the Board, the Fund may allow the employee to elect to have the employer make on behalf of the employee the optional contributions that the employee has elected to pay to the Fund, and the contributions so made on the employee's behalf shall be treated as employer contributions for the purpose of determining federal tax treatment. The employer shall make contributions on behalf of an employee by a reduction in the cash salary of the

employee and shall pay contributions from the same source of funds that is used to pay earnings of the employee. The election to have the contributions made on the employee's behalf is irrevocable, and the optional contributions may not thereafter be prepaid, by direct payment or otherwise.

If the provision authorizing the optional contribution requires payment by a stated date (rather than the date of withdrawal or retirement), the requirement will be deemed to have been satisfied if (i) on or before the stated date the employee executes a valid irrevocable election to have the contributions made on his or her behalf under this subsection, and (ii) the contributions made on his or her behalf are in fact paid to the Fund as provided in the election.

If employee contributions are made by the employer on the employee's behalf under this subsection, they shall be treated for all purposes of this Article 8, including Section 8-173, in the same manner and to the same extent as optional employee contributions made prior to the date made on the employee's behalf.

(Source: P.A. 88-670, eff. 12-2-94.)

(40 ILCS 5/8-192) (from Ch. 108 1/2, par. 8-192)

Sec. 8-192. Board created. A board of 5 members shall constitute a Board of Trustees authorized to carry out the provisions of this Article. The board shall be known as the Retirement Board of the Municipal Employees', Officers', and Officials' Annuity and Benefit Fund of the city, or for the sake of brevity may also be known and referred to as the Retirement Board of the Municipal Employees' Annuity and Benefit Fund of such city. The board shall consist of the city comptroller, the city treasurer, and 3 members who shall be employees, to be elected as follows:

Within 30 days after the effective date, the mayor of the city shall arrange for and hold an election.

One employee shall be elected for a term ending on the first day in the month of December of the first year next following the effective date; one for a term ending December 1st of the following year; and one for a term ending on December 1st of the second following year.

The city comptroller, with the approval of the board, may appoint a designee from among employees of the city who are versed in the affairs of the comptroller's office to act in the absence of the comptroller on all matters pertaining to administering the provisions of this Article.

The members of a Retirement Board of a municipal employees', officers', and officials' annuity and benefit fund holding office in a city at the time this Article becomes effective, including elective and ex-officio members, shall continue in office until the expiration of their terms and until their respective successors are elected or appointed and have qualified.

An employee member who takes advantage of the early retirement incentives provided under this amendatory Act of the 93rd General Assembly may continue as a member until the end of his or her term.

(Source: P.A. 85-964.)

(40 ILCS 5/11-133.3 new)

Sec. 11-133.3. Early retirement incentive.

(a) To be eligible for the benefits provided in this Section, an employee must:

(1) have been a contributor to the Fund who (i) on October 15, 2003, was in active payroll status as an employee; (ii) returns to active payroll status from an approved leave of absence prior to December 15, 2003; (iii) on October 15, 2003, is receiving ordinary or duty disability benefits under Section 11-155 or 11-156 or (iv) has been subjected to an involuntary termination or layoff by the employer and restored to service by his or her employer prior to January 31, 2004;

(2) have not previously retired under this Article;

(3) file with the Board on or before January 30, 2004, a written election requesting the benefits provided in this Section;

(4) withdraw from service on or after January 31, 2004 and on or before February 29, 2004 (or the date established under subsection (a-5), if applicable); and

(5) by the date of withdrawal or by January 31, 2004, whichever is earlier, have attained age 50 with at least 10 years of creditable service in this Fund, without including any creditable service established under this Section, and a total of at least 70 combined years of age and creditable service, without including any creditable service established under this Section, in one or more of the participating systems under the Retirement Systems Reciprocal Act.

A person is not eligible for the benefits provided in this Section if the person elects to receive a retirement annuity calculated under the alternative formula formerly set forth in Section 20-122.

(a-5) To ensure that the efficient operation of employers under this Article is not jeopardized by the simultaneous retirement of large numbers of critical personnel, each employer may, for its critical employees, extend the February 29, 2004 deadline for terminating employment under this Article established in subdivision (a)(4) of this Section to a date not later than May 31, 2004 by so notifying the

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Fund by January 31, 2004.

(b) An eligible employee may establish up to 5 years of creditable service under this Section, in increments of one month, by making the contributions specified in subsection (d). In addition, for each month of creditable service established under this Section, a person's age at retirement shall be deemed to be one month older than it actually is, except for determination of eligibility for automatic annual increases under Sections 11-134.1 and 11-134.3. Furthermore, an eligible employee must establish at least the amount of age and creditable service necessary to bring his or her age and total creditable service, including service in this Fund, service established under this Section, and service in any of the other participating systems under the Retirement Systems Reciprocal Act, to a minimum that will satisfy the requirements of Section 11-134.

The creditable service under this Section may be used for all purposes under this Article and the Retirement Systems Reciprocal Act, except for the computation of average annual salary and the determination of salary, earnings, or compensation under this or any other Article of this Code.

(c) An eligible employee shall be entitled to have his or her retirement annuity calculated in accordance with the formula provided in Section 11-134, except that the annuity shall not be subject to reduction because of withdrawal or commencement of the annuity before attainment of age 60.

(d) For each month of creditable service established under this Section, the employee must pay to the Fund an employee contribution, to be calculated by the Fund, equal to 4.25% of the member's monthly salary rate on October 15, 2003. The employee may elect to pay the entire contribution before the retirement annuity commences, or to have it deducted from the annuity over a period not longer than 24 months. If the retired employee dies before the contribution has been paid in full, the unpaid installments may be deducted from any annuity or other benefit payable to the employee's survivors.

All employee contributions paid under this Section shall not be deemed contributions made by employees for annuity purposes under Section 11-169, and shall be made and credited to a special reserve, without interest. Employee contributions paid under this Section may be refunded under the same terms and conditions as are applicable to other employee contributions for retirement annuity.

(e) Notwithstanding Section 11-161, an annuitant who reenters service under this Article after receiving a retirement annuity based on benefits provided under this Section thereby forfeits the right to continue to receive those benefits, and shall have his or her retirement annuity recalculated at the appropriate time without the benefits provided in this Section.

(f) No employer action in declaring an employee to be a critical employee pursuant to subsection (a-5) shall be construed as an impairment of any pension benefit or entitlement. No early retirement option or resultant benefit conferred under this Section shall, in any manner, vest for any employee until the earlier date of the employer's decision to release the employee from service or May 31, 2004.

(40 ILCS 5/11-133.4 new)

Sec. 11-133.4. Early retirement incentive for employees who have earned maximum pension benefits.

(a) A person who is eligible for the benefits provided under Section 11-133.3 and who, if he or she had retired on or before February 29, 2004, would have been entitled to a pension equal to 80% of his or her highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding February 29, 2004 without receiving the benefits provided in Section 11-133.3, may elect, by filing a written election with the Fund by January 30, 2004, to receive a lump sum from the Fund equal to 100% of his or her salary on February 29, 2004 or the date of withdrawal, whichever is earlier. To be eligible to receive the benefit provided under this Section, the person must withdraw from service on or after January 31, 2004 and on or before February 29, 2004 (or the date established under subsection (b), if applicable). If a person elects to receive the benefit provided under this Section, his or her retirement annuity otherwise payable under Section 11-134 shall be reduced by an amount equal to the actuarial equivalent of the lump sum.

(b) To ensure that the efficient operation of employers under this Article is not jeopardized by the simultaneous retirement of large numbers of critical personnel, each employer may, for its critical employees, extend the February 29, 2004 deadline for terminating employment under this Article established in subdivision (a) of this Section to a date not later than May 31, 2004 by so notifying the Fund by January 31, 2004.

(40 ILCS 5/11-134.1) (from Ch. 108 1/2, par. 11-134.1)

Sec. 11-134.1. Automatic increase in annuity.

(a) An employee who retired or retires from service after December 31, 1963, and before January 1, 1987, having attained age 60 or more, shall, in the month of January of the year following the year in which the first anniversary of retirement occurs, have the amount of his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement increased by a further 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall

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be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning January, 1984, such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article. An employee who retires on annuity after December 31, 1963 and before January 1, 1987, but prior to age 60, shall receive such increases beginning with January of the year immediately following the year in which he attains the age of 60 years.

An employee who retires from service on or after January 1, 1987 shall, upon the first annuity payment date following the first anniversary of the date of retirement, or upon the first annuity payment date following attainment of age 60, whichever occurs later, have his then fixed and payable monthly annuity increased by 3%, and such annuity shall be increased by an additional 3% of the original fixed annuity on the same date each year thereafter. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

(a-5) Notwithstanding the provisions of subsection (a), upon the first annuity payment date following (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002, ~~the date 60 days after the effective date of this amendatory Act of the 92nd General Assembly,~~ whichever occurs latest, the monthly annuity of an employee who retires on annuity prior to the attainment of age 60 and ~~who~~ has not received an increase under subsection (a) shall be increased by 3%, and the ~~such~~ annuity shall be increased by an additional 3% of the current payable monthly annuity, including any ~~such~~ increases previously granted under this Article, on the same date each year thereafter. The increases provided under this subsection are in lieu of the increases provided in subsection (a).

(a-6) Notwithstanding the provisions of subsections (a) and (a-5), for all calendar years following the year in which this amendatory Act of the 93rd General Assembly takes effect, an increase in annuity under this Section that would otherwise take effect at any time during the year shall instead take effect in January of that year.

(b) Subsections (a), ~~and (a-5)~~, and (a-6) are not applicable to an employee retiring and receiving a term annuity, as defined in this Article, nor to any otherwise qualified employee who retires before he shall have made employee contributions (at the 1/2 of 1% rate as hereinafter provided) for the purposes of this additional annuity for not less than the equivalent of one full year. Such employee, however, shall make arrangement to pay to the fund a balance of such 1/2 of 1% contributions, based on his final salary, as will bring such 1/2 of 1% contributions, computed without interest, to the equivalent of or completion of one year's contributions.

Beginning with the month of January, 1964, each employee shall contribute by means of salary deductions 1/2 of 1% of each salary payment, concurrently with and in addition to the employee contributions otherwise made for annuity purposes.

Each such additional employee contribution shall be credited to an account in the prior service annuity reserve, to be used, together with city contributions, to defray the cost of the specified annuity increments. Any balance as of the beginning of each calendar year existing in such account shall be credited with interest at the rate of 3% per annum.

Such employee contributions shall not be subject to refund, except to an employee who resigns or is discharged and applies for refund under this Article, and also in cases where a term annuity becomes payable.

In such cases the employee contributions shall be refunded him, without interest, and charged to the aforementioned account in the prior service annuity reserve.

(Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02; revised 8-26-02.)

(40 ILCS 5/11-145.1) (from Ch. 108 1/2, par. 11-145.1)

Sec. 11-145.1. Minimum annuities for widows.

The widow otherwise eligible for widow's annuity under other Sections of this Article 11, of an employee hereinafter described, who retires from service or dies while in the service subsequent to the effective date of this amendatory provision, and for which widow the amount of widow's annuity and widow's prior service annuity combined, fixed or provided for such widow under other provisions of said Article 11 is less than the amount hereinafter provided in this section, shall, from and after the date her otherwise provided annuity would begin, in lieu of such otherwise provided widow's and widow's prior service annuity, be entitled to the following indicated amount of annuity:

(a) The widow of any employee who dies while in service on or after the date on which he attains age 60 if the death occurs before July 1, 1990, or on or after the date on which he attains age 55 if the death occurs on or after July 1, 1990, with at least 20 years of service, or on or after the date on which he attains age 50 if the death occurs on or after the effective date of this amendatory Act of 1997 with at least 30 years of service, shall be entitled to an annuity equal to one-half of the amount of annuity which

her deceased husband would have been entitled to receive had he withdrawn from the service on the day immediately preceding the date of his death, conditional upon such widow having attained age 60 on or before such date if the death occurs before July 1, 1990, or age 55 if the death occurs on or after July 1, 1990, or age 50 if the death occurs on or after January 1, 1998 and the employee is age 50 or over with at least 30 years of service or age 55 or over with at least 25 years of service. Except as provided in subsection (j), the widow's annuity shall not, however, exceed the sum of \$500 a month if the employee's death in service occurs before January 23, 1987. The widow's annuity shall not be limited to a maximum dollar amount if the employee's death in service occurs on or after January 23, 1987.

If the employee dies in service before July 1, 1990, and if such widow of such described employee shall not be 60 or more years of age on such date of death, the amount provided in the immediately preceding paragraph for a widow 60 or more years of age, shall, in the case of such younger widow, be reduced by 0.25% for each month that her then attained age is less than 60 years if the employee was born before January 1, 1936, or dies in service on or after January 1, 1988, or 0.5% for each month that her then attained age is less than 60 years if the employee was born on or after January 1, 1936 and dies in service before January 1, 1988.

If the employee dies in service on or after July 1, 1990, and if the widow of the employee has not attained age 55 on or before the employee's date of death, the amount otherwise provided in this subsection (a) shall be reduced by 0.25% for each month that her then attained age is less than 55 years; except that if the employee dies in service on or after January 1, 1998 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (a) shall be reduced by 0.25% for each month that her then attained age is less than 50 years.

(b) The widow of any employee who dies subsequent to the date of his retirement on annuity, and who so retired on or after the date on which he attained age 60 if retirement occurs before July 1, 1990, or on or after the date on which he attained age 55 if retirement occurs on or after July 1, 1990, with at least 20 years of service, or on or after the date on which he attained age 50 if the retirement occurs on or after the effective date of this amendatory Act of 1997 with at least 30 years of service, shall be entitled to an annuity equal to one-half of the amount of annuity which her deceased husband received as of the date of his retirement on annuity, conditional upon such widow having attained age 60 on or before the date of her husband's retirement on annuity if retirement occurs before July 1, 1990, or age 55 if retirement occurs on or after July 1, 1990, or age 50 if the retirement on annuity occurs on or after January 1, 1998 and the employee is age 50 or over with at least 30 years of service or age 55 or over with at least 25 years of service. Except as provided in subsection (j), this widow's annuity shall not, however, exceed the sum of \$500 a month if the employee's death occurs before January 23, 1987. The widow's annuity shall not be limited to a maximum dollar amount if the employee's death occurs on or after January 23, 1987, regardless of the date of retirement; provided that, if retirement was before January 23, 1987, the employee or eligible spouse repays the excess spouse refund with interest at the effective rate from the date of refund to the date of repayment.

If the date of the employee's retirement on annuity is before July 1, 1990, and if such widow of such described employee shall not have attained such age of 60 or more years on such date of her husband's retirement on annuity, the amount provided in the immediately preceding paragraph for a widow 60 or more years of age on the date of her husband's retirement on annuity, shall, in the case of such then younger widow, be reduced by 0.25% for each month that her then attained age was less than 60 years if the employee was born before January 1, 1936, or withdraws from service on or after January 1, 1988, or 0.5% for each month that her then attained age was less than 60 years if the employee was born on or after January 1, 1936 and withdraws from service before January 1, 1988.

If the date of the employee's retirement on annuity is on or after July 1, 1990, and if the widow of the employee has not attained age 55 by the date of the employee's retirement on annuity, the amount otherwise provided in this subsection (b) shall be reduced by 0.25% for each month that her then attained age is less than 55 years; except that if the employee retires on annuity on or after January 1, 1998 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (b) shall be reduced by 0.25% for each month that her then attained age is less than 50 years.

(c) The foregoing provisions relating to minimum annuities for widows shall not apply to the widow of any former employee receiving an annuity from the fund on August 2, 1965 or on the effective date of this amendatory provision, who re-enters service as a former employee, unless such employee renders at

least 3 years of additional service after the date of re-entry.

(d) (Blank).

(e) (Blank).

(f) The amendments to this Section by this amendatory Act of 1985, relating to changing the discount because of age from 1/2 of 1% to 0.25% per month for widows of employees born before January 1, 1936, shall apply only to qualifying widows whose husbands die while in the service on or after August 16, 1985 or withdraw and enter on annuity on or after August 16, 1985.

(g) Beginning on January 1, 1999, the minimum amount of widow's annuity shall be \$800 per month for life for the following classes of widows, without regard to the fact that the death of the employee occurred prior to the effective date of this amendatory Act of 1998:

(1) any widow annuitant alive and receiving a term annuity on the effective date of this amendatory Act of 1998, except a reciprocal annuity;

(2) any widow annuitant alive and receiving a life annuity on the effective date of this amendatory Act of 1998, except a reciprocal annuity;

(3) any widow annuitant alive and receiving a reciprocal annuity on the effective date of this amendatory Act of 1998, whose employee spouse's service in this fund was at least 5 years;

(4) the widow of an employee with at least 10 years of service in this fund who dies after retirement, if the retirement occurred prior to the effective date of this amendatory Act of 1998;

(5) the widow of an employee with at least 10 years of service in this fund who dies after retirement, if withdrawal occurs on or after the effective date of this amendatory Act of 1998;

(6) the widow of an employee who dies in service with at least 5 years of service in this fund, if the death in service occurs on or after the effective date of this amendatory Act of 1998.

The increases granted under items (1), (2), (3) and (4) of this subsection (g) shall not be limited by any other Section of this Act.

(h) The widow of an employee who retired or died in service on or after January 1, 1985 and before July 1, 1990, at age 55 or older, and with at least 35 years of service credit, shall be entitled to have her widow's annuity increased, effective January 1, 1991, to an amount equal to 50% of the retirement annuity that the deceased employee received on the date of retirement, or would have been eligible to receive if he had retired on the day preceding the date of his death in service, provided that if the widow had not attained age 60 by the date of the employee's retirement or death in service, the amount of the annuity shall be reduced by 0.25% for each month that her then attained age was less than age 60 if the employee's retirement or death in service occurred on or after January 1, 1988, or by 0.5% for each month that her attained age is less than age 60 if the employee's retirement or death in service occurred prior to January 1, 1988. However, in cases where a refund of excess contributions for widow's annuity has been paid by the Fund, the increase in benefit provided by this subsection (h) shall be contingent upon repayment of the refund to the Fund with interest at the effective rate from the date of refund to the date of payment.

(i) If a deceased employee is receiving a retirement annuity at the time of death and that death occurs on or after June 27, 1997, the widow may elect to receive, in lieu of any other annuity provided under this Article, 50% of the deceased employee's retirement annuity at the time of death reduced by 0.25% for each month that the widow's age on the date of death is less than 55; except that if the employee dies on or after January 1, 1998 and withdrew from service on or after June 27, 1997 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (i) shall be reduced by 0.25% for each month that her age on the date of death is less than 50 years. However, in cases where a refund of excess contributions for widow's annuity has been paid by the Fund, the benefit provided by this subsection (i) is contingent upon repayment of the refund to the Fund with interest at the effective rate from the date of refund to the date of payment.

(j) For widows of employees who died before January 23, 1987 after retirement on annuity or in service, the maximum dollar amount limitation on widow's annuity shall cease to apply, beginning with the first annuity payment after the effective date of this amendatory Act of 1997; except that if a refund of excess contributions for widow's annuity has been paid by the Fund, the increase resulting from this subsection (j) shall not begin before the refund has been repaid to the Fund, together with interest at the effective rate from the date of the refund to the date of repayment.

(k) In lieu of any other annuity provided in this Article, an eligible spouse of an employee who dies in service ~~on or after January 1, 2002 (regardless of whether that death in service occurs prior to at least 60 days after~~ the effective date of this amendatory Act of the ~~93rd 92nd~~ General Assembly) with at least 10 years of service shall be entitled to an annuity of 50% of the minimum formula annuity earned and

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accrued to the credit of the employee at the date of death. For the purposes of this subsection, the minimum formula annuity earned and accrued to the credit of the employee is equal to 2.40% for each year of service of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80% of the highest average annual salary. This annuity shall not be reduced due to the age of the employee or spouse. In addition to any other eligibility requirements under this Article, the spouse is eligible for this annuity only if the marriage was in effect for 10 full years or more.

(Source: P.A. 92-599, eff. 6-28-02.)

(40 ILCS 5/11-163) (from Ch. 108 1/2, par. 11-163)

Sec. 11-163. Restoration of rights. An employee who has withdrawn as a refund the amounts credited for annuity purposes, and who (i) re-enters service of the employer and serves for periods comprising at least 90 days ~~2 years~~ after the date of the last refund paid to him or (ii) has completed at least 2 years of service under a participating system (as defined in the Retirement Systems Reciprocal Act) other than this Fund after the date of the last refund, shall have his annuity rights restored by making application to the board in writing for the privilege of re-instating such rights and by compliance with the following provisions:

(a) After that 90 day or 2 year period, whichever applies, he shall repay in full to the Fund, while in service, ~~in full~~ all refunds received, together with interest at the effective rate from the application dates of such refund or refunds to the date of repayment.;

(b) If payment is not made in a single sum, repayment may be made in installments by deductions from salary or otherwise, in such manner and amounts as the board, by rule, may prescribe, with interest at the effective rate accruing on the unpaid balance ~~employee may elect~~. The employee shall be credited with interest at the effective rate from the date of each installment until full repayment is made.

(c) If the employee withdraws from service or dies in service before full repayment is made, service credit shall be restored in accordance with Section 11-221.2(b).

(d) If the employee withdraws from service or dies in service ~~or~~ during the required 90 day or 2 year period, any repayments made shall be refunded, without interest thereon and in accordance with the refund provisions of this Article.

(e) If the employee repays the refund while participating in a participating system (as defined in the Retirement Systems Reciprocal Act) other than this Fund, the service credit restored must be used for a proportional annuity calculated in accordance with the Retirement Systems Reciprocal Act. If not so used, the restored service credit shall be forfeited and the amount of the repayment shall be refunded, without interest.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-167) (from Ch. 108 1/2, par. 11-167)

Sec. 11-167. Refunds in lieu of annuity. In lieu of an annuity, an employee who withdraws, and whose annuity would amount to less than \$800 a month for life may elect to receive a refund of the total sum accumulated to his credit from employee contributions for annuity purposes.

The widow of any employee, eligible for annuity upon the death of her husband, whose annuity would amount to less than \$800 a month for life, may, in lieu of a widow's annuity, elect to receive a refund of the accumulated contributions for annuity purposes, based on the amounts contributed by her deceased employee husband, but reduced by any amounts theretofore paid to him in the form of an annuity or refund out of such accumulated contributions.

Accumulated contributions shall mean the amounts including interest credited thereon contributed by the employee for age and service and widow's annuity to the date of his withdrawal or death, whichever first occurs, and including the accumulations from any amounts contributed for him as salary deductions while receiving duty disability benefits; provided that such amounts contributed by the city after December 31, 1983 while the employee is receiving duty disability benefits and amounts credited to the employee for annuity purposes by the fund after December 31, 2000 while the employee is receiving ordinary disability benefits shall not be included.

The acceptance of such refund in lieu of widow's annuity, on the part of a widow, shall not deprive a child or children of the right to receive a child's annuity as provided for in Sections 11-153 and 11-154 of this Article, and neither shall the payment of a child's annuity in the case of such refund to a widow reduce the amount herein set forth as refundable to such widow electing a refund in lieu of widow's annuity.

(Source: P.A. 91-887, eff. 7-6-00; 92-599, eff. 6-28-02; revised 10-22-02.)

(40 ILCS 5/11-170.1) (from Ch. 108 1/2, par. 11-170.1)

Sec. 11-170.1. Pickup of employee contributions.

(a) The employer may pick up the employee contributions required by Sections 11-156, 11-170, 11-174 and 11-175.1 for salary earned after December 31, 1981. If employee contributions are not picked up, the amount that would have been picked up under this amendatory Act of 1980 shall continue to be deducted from salary. If contributions are picked up they shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code; however, the employer shall continue to withhold Federal and state income taxes based upon these contributions until the Internal Revenue Service or the Federal courts rule that pursuant to Section 414(h) of the United States Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available. The employer shall pay these employee contributions from the same source of funds which is used in paying salary to the employee. The employer may pick up these contributions by a reduction in the cash salary of the employee or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. If employee contributions are picked up they shall be treated for all purposes of this Article 11, including Section 11-169, in the same manner and to the same extent as employee contributions made prior to the date picked up.

(b) Subject to the requirements of federal law and the rules of the Board, the Fund may allow the employee to elect to have the employer pick up the optional contributions that the employee has elected to pay to the Fund, and the contributions so picked up shall be treated as employer contributions for the purpose of determining federal tax treatment. The employer shall pick up the contributions by a reduction in the cash salary of the employee and shall pay contributions from the same source of funds that is used to pay earnings of the employee. The election to have the contributions picked up is irrevocable, and the optional contributions may not thereafter be prepaid, by direct payment or otherwise.

If the provision authorizing the optional contribution requires payment by a stated date (rather than the date of withdrawal or retirement), the requirement will be deemed to have been satisfied if (i) on or before the stated date the employee executes a valid irrevocable election to have the contributions picked up under this subsection, and (ii) the picked-up contributions are in fact paid to the Fund as provided in the election.

If employee contributions are picked up under this subsection, they shall be treated for all purposes of this Article 11, including Section 11-169, in the same manner and to the same extent as optional employee contributions made prior to the date picked up.

(Source: P.A. 81-1536.)

(40 ILCS 5/11-178) (from Ch. 108 1/2, par. 11-178)

Sec. 11-178. Contributions by city for prior service annuities and other benefits.

The city shall make contributions to provide prior service and widow's prior service annuities, and other annuities and benefits, as follows:

1. To credit to the city contribution reserve such amounts required from the city but not contributed by it for age and service and prior service annuities, and widow's annuities and widows' prior service annuities;

2. To meet such part of any minimum annuity as shall be in excess of the age and service annuity and prior service annuity, and to meet such part of any minimum widow's annuity in excess of the amount of widow's annuity and widow's prior service annuity;

3. To provide a sufficient balance in the investment and interest reserve to permit a transfer from that reserve to other reserves of the fund. Whenever the balance of the investment and interest reserve is not sufficient to permit a transfer from that reserve to any other reserve, the city shall contribute sums sufficient to make possible such transfer;

4. An amount equal to the difference between (1) the sum produced by the tax levy stated in Section 11-169 and (2) all sums required for the purposes of this Article 11 in accordance with the provisions of this Article 11 except those stated in this Section, shall be applied for purposes of this Section.

Provided that if in any year such total sums together with all other sums required during such year for the other purposes of the fund, are in excess of the total amount contributed by the city during such year, the sums required for purposes other than those stated in this section shall first be provided for. The balance shall then be applied for the purposes stated in this section.

All such contributions shall be credited to the prior service annuity reserve. When the balance of this reserve equals its liabilities (including in addition to all other liabilities, the present values of all annuities, present or prospective, according to the applicable mortality tables and rates of interest, but excluding any liabilities arising under Sections 11-133.3 and 11-133.4), the city shall cease to contribute the sum stated in this section.

If annexation of territory and the employment by the city of any person employed as a city laborer in any such territory at the time of annexation, after the city has ceased to contribute as herein provided, results in additional liabilities for prior service annuity and widow's prior service annuity for any such employee, contributions by the city for such purposes shall be resumed.

Notwithstanding any provision in this Section to the contrary, the city shall not make a contribution for credit established by an employee under subsection (b) of Section 11-133.3.

(Source: Laws 1965, p. 2292.)

(40 ILCS 5/11-181) (from Ch. 108 1/2, par. 11-181)

Sec. 11-181. Board created. A board of 8 members shall constitute the board of trustees authorized to carry out the provisions of this Article. The board shall be known as the Retirement Board of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of the city. The board shall consist of 5 persons appointed and 2 employees and one annuitant elected in the manner hereinafter prescribed.

The appointed members of the board shall be appointed as follows:

One member shall be appointed by the comptroller of the city, who may be himself or anyone chosen from among employees of the city who are versed in the affairs of the comptroller's office; one member shall be appointed by the City Treasurer of the city, who may be himself or a person chosen from among employees of the city who are versed in the affairs of the City Treasurer's office; one member shall be an employee of the city appointed by the president of the local labor organization representing a majority of the employees participating in the Fund; and 2 members shall be appointed by the civil service commission or the Department of Personnel of the city from among employees of the city who are versed in the affairs of the civil service commission's office or the Department of Personnel.

The member appointed by the comptroller shall hold office for a term ending on December 1st of the first year following the year of appointment. The member appointed by the City Treasurer shall hold office for a term ending on December 1st of the second year following the year of appointment. The member appointed by the civil service commission shall hold office for a term ending on the first day in the month of December of the third year following the year of appointment. The additional member appointed by the civil service commission under this amendatory Act of 1998 shall hold office for an initial term ending on December 1, 2000, and the member appointed by the labor organization president shall hold office for an initial term ending on December 1, 2001. Thereafter each appointive member shall be appointed by the officer or body that appointed his predecessor, for a term of 3 years.

The 2 employee members of the board shall be elected as follows:

Within 30 days from and after the appointive members have been appointed and have qualified, the appointive members shall arrange for and hold an election.

One employee shall be elected for a term ending on December 1st of the first year next following the effective date; one for a term ending on December 1st of the following year.

An employee member who takes advantage of the early retirement incentives provided under this amendatory Act of the 93rd General Assembly may continue as a member until the end of his or her term.

The initial annuitant member shall be appointed by the other members of the board for an initial term ending on December 1, 1999. The annuitant member elected in 1999 shall be deemed to have been elected for a 3-year term ending on December 1, 2002. Thereafter, the annuitant member shall be elected for a 3-year term ending on December 1st of the third year following the election.

(Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

(40 ILCS 5/12-133) (from Ch. 108 1/2, par. 12-133)

Sec. 12-133. Fixed benefit retirement annuity.

(a) Subject to the provisions of paragraph (b) of this Section, the retirement annuity for any employee who withdraws from service on or after January 1, 1983 and before January 1, 1990, at age 60 or over, having at least 4 years of service, shall be 1.70% for each of the first 10 years of service; 2.00% for each of the next 10 years of service; 2.40% for each year of service in excess of 20 but not exceeding 30; and 2.80% for each year of service in excess of 30, with a pro-rated amount for service of less than a full year, based upon the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, provided that: (1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/2 of 1% for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 55 or over but less than age 60, having at least 35 years of service, shall not be subject to the reduction in his retirement annuity because of retirement below age 60; (2) the annuity shall not exceed 75% of such average annual salary; (3) the actual salary shall be considered in the computation of this annuity.

The retirement annuity for any employee who withdraws from service on or after January 1, 1990 and

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prior to December 31, 2003 at age 50 or over with at least 10 years of service, or at age 60 or over with at least 4 years of service, shall be 1.90% for each of the first 10 years of service, 2.20% for each of the next 10 years of service, 2.40% for each of the next 10 years of service, and 2.80% for each year of service in excess of 30, with a pro-rated amount for service of less than a full year, based upon the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, provided that:

(1) if retirement of the employee occurs below age 60, such annuity shall be reduced

1/4 of 1% (1/2 of 1% in the case of withdrawal from service before January 1, 1991) for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 50 or over having at least 30 years of service shall not be subject to the reduction in retirement annuity because of retirement below age 60;

(2) the annuity shall not exceed 80% of such average annual salary; and

(3) the actual salary shall be considered in the computation of this annuity.

An employee who withdraws from service on or after December 31, 2003, at age 50 or over with at least 10 years of service or at age 60 or over with at least 4 years of service, shall receive, in lieu of any other retirement annuity provided for in this Section, a retirement annuity calculated as follows: for each year of service immediately preceding the date of withdrawal, 2.40% of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, with a prorated amount for service of less than a full year, provided that:

(1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/4 of 1% for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 50 or over having at least 30 years of service shall not be subject to the reduction in retirement annuity because of retirement below age 60;

(2) the annuity shall not exceed 80% of such average annual salary; and

(3) the actual salary shall be considered in the computation of this annuity.

Notwithstanding any other formula, the annuity for employees retiring on or after January 31, 2004 and on or before February 29, 2004 with at least 30 years of service shall be 80% of average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal.

(b) In lieu of the retirement annuity provided as an actuarial equivalent of the total accumulations from contributions by the employee, contributions by the employer, and prior service annuity plus regular interest, an employee in service prior to July 1, 1971 shall be entitled to the largest applicable retirement annuity provided in this Section if the same is larger than the annuity provided in other Sections of this Article.

(c) The following schedule shall govern the computation of service for the fixed benefit annuities provided by this Section: Service during 9 months or more during any fiscal year shall constitute a year of service; 6 to 8 months, inclusive, 3/4 of a year; 3 to 5 months, inclusive, 1/2 year; less than 3 months, 1/4 of a year; 15 days or more in any month, a month of service.

(d) The other provisions of this Section shall not apply in the case of any former employee who is receiving a retirement annuity from the fund and who re-enters service as an employee, unless the employee renders from and after the date of re-entry, at least 3 years of additional service.

(Source: P.A. 86-272; 86-1488; 87-794.)

(40 ILCS 5/12-133.6 new)

Section 12-133.6. Early retirement incentive.

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

(1) have been, on November 1, 2003, an employee (i) contributing to the Fund in active payroll status in a position of employment under this Article, (ii) returning to active payroll status from an approved leave of absence prior to December 1, 2003, (iii) receiving ordinary or duty disability benefits under Section 12-140, 12-142, or 12-143 or (iv) or have been subjected to an involuntary termination or layoff by the employer and restored to service by his or her employer prior to January 31, 2004;

(2) have not previously retired under this Article;

(3) file with the Board before January 31, 2004 a written election requesting the benefits provided in this Section;

(4) withdraw from service on or after January 31, 2004 and on or before February 29, 2004 (or the date established under subsection (a-5), if applicable); and

(5) have, by the date of withdrawal or by February 29, 2004, whichever is earlier, attained age 50 with at least 10 years of creditable service in one or more participating systems under the Retirement Systems Reciprocal Act, without including any creditable service established under this Section.

(a-5) To ensure that the efficient operation of employers under this Article is not jeopardized by the

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simultaneous retirement of large numbers of critical personnel, each employer may, for its critical employees, extend the February 29, 2004 deadline for terminating employment under this Article established in subdivision (a)(4) of this Section to a date not later than May 31, 2004 by so notifying the Fund by January 31, 2004.

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

The creditable service established under this Section may be used for all purposes under this Article and the Retirement Systems Reciprocal Act, except for the computation of highest average annual salary under Section 12-133 or the determination of salary under this or any other Article of this Code.

(c) For each month of creditable service established under this Section, the person must pay to the Fund an employee contribution to be determined by the Fund, equal to 4.50% of the person's monthly salary rate on the date of withdrawal from service. Subject to the requirements of subsection (d), the person may elect to pay the required employee contribution before the retirement annuity commences or through deductions from the retirement annuity over a period not longer than 24 months.

If a person who retires dies before all payments of the employee contribution have been made, the remaining payments shall be deducted from any survivor or death benefits payable to the employee's surviving spouse or beneficiary.

Notwithstanding any provision in this Article to the contrary, all employee contributions paid under this Section shall not be deemed employee contributions for the purpose of determining the tax levy under Section 12-149. Notwithstanding any provision in this Article to the contrary, the employer shall not make a contribution for any credit established by an employee under subsection (b) of this Section. Employee contributions made under this Section may be refunded under the same terms and conditions as other employee contributions under this Article.

(d) A person who retires under the provisions of this Section shall be entitled to have his or her retirement annuity calculated under the provisions of Section 12-133, except that the retirement annuity shall not be subject to reduction for retirement under age 60.

(e) Notwithstanding Section 12-146 of this Article, an annuitant who reenters service under this Article after receiving a retirement annuity based on additional benefits provided under this Section thereby forfeits the right to continue to receive those benefits, and upon again retiring shall have his or her retirement annuity recalculated at the appropriate time without the additional benefits provided in this Section.

(f) No employer action in declaring an employee to be a critical employee pursuant to subsection (a-5) shall be construed as an impairment of any pension benefit or entitlement. No early retirement option or resultant benefit conferred under this Section shall, in any manner, vest for any employee until the earlier date of the employer's decision to release the employee from service or May 31, 2004.

(40 ILCS 5/12-133.7 new)

Sec. 12-133.7. Early retirement incentive for employees who have earned maximum pension benefits. A person who is eligible for the benefits provided under Section 12-133.6 and who, if he or she had retired on or before February 29, 2004, would have been entitled to a pension equal to 80% of his or her highest average salary for any 4 consecutive years within the last 10 years of service immediately preceding February 29, 2004 without receiving the benefits provided in Section 12-133.6 may elect, by filing a written election with the Fund by January 30, 2004, to receive a lump sum from the Fund on his or her last day of employment equal to 100% of his or her salary for the year ending on February 29, 2004 or the date of withdrawal, whichever is earlier. To be eligible to receive the benefit provided under this Section, the person must withdraw from service on or after January 31, 2004 and on or before February 29, 2004. If a person elects to receive the benefit provided under this Section, his or her retirement annuity otherwise payable under Section 12-133 shall be reduced by an amount equal to the actuarial equivalent of the lump sum. If a person elects to receive the benefit provided under this Section, the resulting reduction in retirement annuity under this Section shall not affect the amount of any widow's service annuity or widow's prior service annuity under Section 12-135 or any optional reversionary annuity for a surviving spouse under Section 12-136.1.

(40 ILCS 5/12-149) (from Ch. 108 1/2, par. 12-149)

Sec. 12-149. Financing. The board of park commissioners of any such park district shall annually levy a tax (in addition to the taxes now authorized by law) upon all taxable property embraced in the district, at the rate which, when added to the employee contributions under this Article and applied to the fund created hereunder, shall be sufficient to provide for the purposes of this Article in accordance with the

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provisions thereof. Such tax shall be levied and collected with and in like manner as the general taxes of such district, and shall not in any event be included within any limitations of rate for general park purposes as now or hereafter provided by law, but shall be excluded therefrom and be in addition thereto. The amount of such annual tax to and including the year 1977 shall not exceed .0275% of the value, as equalized or assessed by the Department of Revenue, of all taxable property embraced within the park district, provided that for the year 1978, and for each year thereafter, the amount of such annual tax shall be at a rate on the dollar of assessed valuation of all taxable property that will produce, when extended, for the year 1978 the following sum: 0.825 times the amount of employee contributions during the fiscal year 1976; for the year 1979, 0.85 times the amount of employee contributions during the fiscal year 1977; for the year 1980, 0.90 times the amount of employee contributions during the fiscal year 1978; for the year 1981, 0.95 times the amount of employee contributions during the fiscal year 1979; for the year 1982, 1.00 times the amount of employee contributions during the fiscal year 1980; for the year 1983, 1.05 times the amount of contributions made on behalf of employees during the fiscal year 1981; and for the year 1984 and each year thereafter, an amount equal to 1.10 times the employee contributions during the fiscal year 2-years prior to the year for which the applicable tax is levied. As used in this Section, the term "employee contributions" means contributions by employees for retirement annuity, spouse's annuity, automatic increase in retirement annuity, and death benefit.

In respect to park district employees, other than policemen, who are transferred to the employment of a city by virtue of the "Exchange of Functions Act of 1957", the corporate authorities of the city shall annually levy a tax upon all taxable property embraced in the city, as equalized or assessed by the Department of Revenue, at such rate per cent of the value of such property as shall be sufficient, when added to the amounts deducted from the salary or wages of such employees, to provide the benefits to which such employees, their dependents and beneficiaries are entitled under the provisions of this Article. The park district shall not levy a tax hereunder in respect to such employees. The tax levied by the city under authority of this Article shall be in addition to and exclusive of all other taxes authorized by law to be levied by the city for corporate, annuity fund or other purposes.

All moneys accruing from the levy and collection of taxes, pursuant to this section, shall be remitted to the board by the employers as soon as they are received. Where a city has levied a tax pursuant to this Section in respect to park district employees transferred to the employment of a city, the treasurer of such city or other authorized officer shall remit the moneys accruing from the levy and collection of such tax as soon as they are received. Such remittances shall be made upon a pro rata share basis, whereby each employer shall pay to the board such employer's proportionate percentage of each payment of taxes received by it, according to the ratio which its tax levy for this fund bears to the total tax levy of such employer.

Should any board of park commissioners included under the provisions of this Article be without authority to levy the tax provided in this Section the corporation authorities (meaning the supervisor, clerk and assessor) of the town or towns for which such board shall be the board of park commissioners shall levy such tax.

Employer contributions to the Fund may be reduced by \$5,000,000 for calendar years 2004 and 2005.
(Source: P.A. 81-1536.)

Section 90. The State Mandates Act is amended by adding Section 8.28 as follows:
(30 ILCS 805/8.28 new)

Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 93rd General Assembly.

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

Under the rules, the foregoing **Senate Bill No. 1705**, with House Amendment No. 1 was referred to the Secretary's Desk.

A message from the House by
Mr. Bolin, Assistant Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:
HOUSE BILL 600

A bill for AN ACT in relation to pensions.
Which amendment is as follows:

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Senate Amendment No. 1 to HOUSE BILL NO. 600
Concurred in by the House, January 15, 2004.

BRADLEY S. BOLIN, Assistant Clerk of the House

INTRODUCTION OF BILLS

SENATE BILL NO. 2265. Introduced by Senator W. Jones, a bill for AN ACT relating to education.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2266. Introduced by Senator Brady, a bill for AN ACT concerning education.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2267. Introduced by Senator Risinger, a bill for AN ACT in relation to the regulation of professions.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2268. Introduced by Senator Silverstein, a bill for AN ACT concerning the Metropolitan Water Reclamation District.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2269. Introduced by Senator Obama, a bill for AN ACT concerning health care.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2270. Introduced by Senator J. Sullivan, a bill for AN ACT concerning the Department of Public Health.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2271. Introduced by Senator Haine, a bill for AN ACT concerning public access to physical therapists.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

SENATE BILL NO. 2272. Introduced by Senator Jacobs, a bill for AN ACT concerning recreational trails.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

At the hour of 1:53 o'clock p.m., pursuant to **Senate Joint Resolution No. 45**, the Chair announced the Senate stand adjourned until Thursday, January 22, 2004 at 12:00 o'clock noon.

[January 15, 2004]